

Submitted to Advise for approval Mon Aug 8 13:05:12 CDT 2011

Our August view

S&P announced on August 7th that it was downgrading the US credit rating from AAA to AA+, and it assigned a negative outlook to this new rating. This has naturally raised many questions among our clients – including: what is Financial Concepts planning to do? And, what do I need to do?

S&P's unprecedented step has triggered immense debate, interest and concern. Looking forward, we anticipate markets to be both volatile and, at instances, lacking normal liquidity. Given that we are in uncharted waters, it is difficult to be both precise and accurate about movements in specific markets. Sentiment will also be impacted by what is taking place in Europe and further downgrade announcements.

You do not want to make forced transactions in markets like this. Unless there is a changed view of fundamentals or emergency liquidity needs to be raised, sells should be avoided. Instead, the key is to have the ability to react to opportunities.

Financial Concepts does not rely on the ratings services for its due diligence work. We maintain independent analysis and methodology. Therefore, the S&P action does not involve a major change to our investment positioning.

Needless to say, Financial Concept's plan is to continue to diligently watch both fundamental and technical factors and, as always, be well-guided by our clients' investment objectives. We look to protect principal and seek attractive return opportunities that may present themselves.

While the ratings change is a newsworthy event, we hope that the "silver lining" is greater attention to a longer term solution that will put the United States back on a path to economic prosperity. Please rest assured that, irrespective of what happens in Washington DC and Europe, we will do our utmost to continue to deliver to you the investment management and financial advice that you deserve.

These are the views of Financial Concepts, LLC and are based on information from sources believed to be reliable. However, these opinions may change as information becomes outdated. Past performance is no guarantee of future results.