

The image shows a blue-tinted globe with a map overlay. The map includes labels for 'MANITOBA', 'ONTARIO', 'NEWFOUNDLAND', and 'Hudson Bay'. A compass rose is visible on the right side of the globe. The FPCM logo is in the top left corner, and the company name 'FINANCIAL PARTNERS CAPITAL MANAGEMENT, LLC' is to its right.

FPCM FINANCIAL PARTNERS
CAPITAL MANAGEMENT, LLC

A Guide to Your Weekly, Monthly, & Quarterly Reports

Note: Throughout this report, you can click on **Blue** text for more detailed information.

The following report is useful to help you understand your asset allocation.

Asset Class Summary

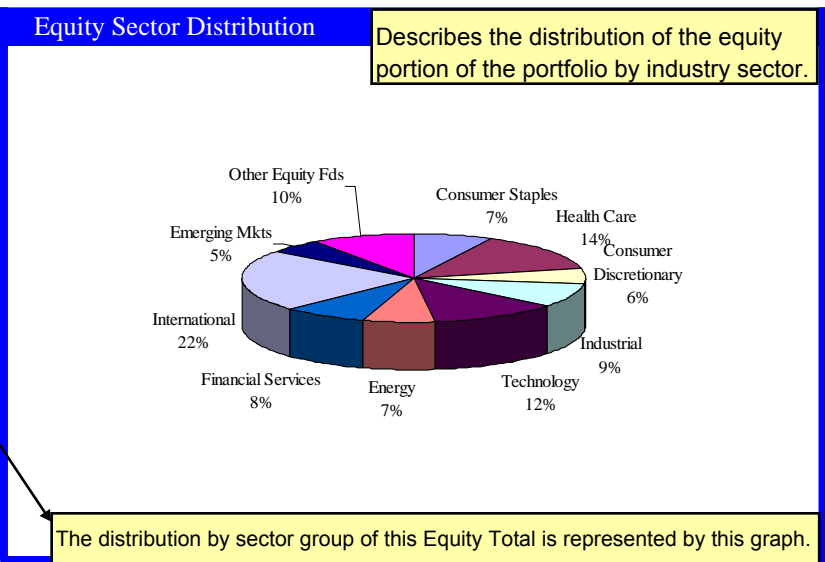
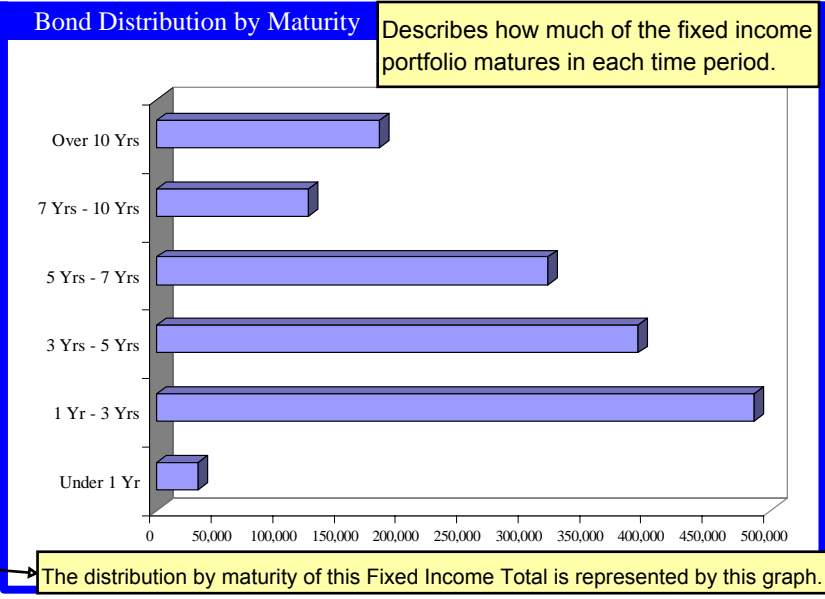
September 30, 2009

| Security Type | Market Value | Pct. Assets |
|-------------------------------------|------------------|--------------|
| CASH AND EQUIV. | | |
| CASH AND EQUIVALENTS (US-\$) | 447,942 | 10.8 |
| | 447,942 | 10.8 |
| FIXED INCOME (US\$) | | |
| GOVERNMENT/AGENCIES BONDS (US-\$) | 238,134 | 5.7 |
| GOVERNMENT BONDS (NON US-\$) | 182,582 | 4.4 |
| MORTGAGE BACKED SECURITIES | 165,672 | 4.0 |
| CORPORATE BONDS (US-\$) | 931,003 | 22.4 |
| OTHER FX SECURITIES | 626,859 | 15.1 |
| PREFERRED STOCK (FIXED INC) (US-\$) | 76,853 | 1.8 |
| BOND FUNDS (US-\$) | 122,677 | 2.9 |
| Accrued Interest | 17,653 | 0.4 |
| | 2,361,433 | 56.7 |
| EQUITY | | |
| COMMON STOCK & EQUITY FUNDS | 1,356,267 | 32.6 |
| EQUITY CALL OPTIONS | 3,300 | -0.1 |
| | 1,352,967 | 32.5 |
| TOTAL PORTFOLIO | 4,162,342 | 100.0 |
| EQUITY | | |
| EQUITY ASSETS -NON SUPERVISED | 10,144 | |
| | 10,144 | |
| GRAND TOTAL | 4,172,486 | |

Total assets directly managed by Financial Partners.

Your account total which includes both supervised and unsupervised assets.

NOTE: This report does not replace or supersede your custodian statement. Information has been obtained from sources which we believe to be reliable. Market prices are subject to daily fluctuations.



PORTFOLIO APPRAISAL
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Current Market Price

For Bonds: Yield to Maturity
For Equities: Dividend Yield

| Quantity | Security | Security Symbol | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield |
|--|---|-----------------|-----------|------------|--------|--------------|-------------|------------|
| CASH AND EQUIVALENTS (US-\$) | | | | | | | | |
| | Fidelity Advisor World Money CL I | xnepx | | 447,942 | | 447,942 | 10.8 | 0.0 |
| GOVERNMENT/AGENCIES BONDS (US-\$) | | | | | | | | |
| 25,000 | Federal Home Loan Bank (Callable; Step 0.375 every 3mo) 2.000% Due 10-14-15 | 3133xuys6 | 100.06 | 25,015 | 99.73 | 24,934 | 0.6 | 2.1 |
| 90,000 | United States Treasury Inflation Indexed Note (Price Incl Factor) 2.500% Due 07-15-16 | 912828f9 | 100.14 | 90,130 | 114.31 | 102,876 | 2.5 | 0.4 |
| 60,000 | FHLMC 4.400% Due 08-25-16 | 3128x9at7 | 100.02 | 60,015 | 100.40 | 60,241 | 1.4 | 4.4 |
| 50,000 | Federal Home Loan Bank (Step-up 3% 9/11; 4% 9/13; Max 7%; Callable 3/10) 3.000% Due 09-30-16 | 3128x9eb2 | 100.03 | 50,015 | 100.17 | 50,083 | 1.2 | 3.0 |
| | Accrued Interest | | | | | 745 | 0.0 | |
| | | | | 225,175 | | 238,879 | 5.7 | 2.1 |
| GOVERNMENT BONDS (NON US-\$) | | | | | | | | |
| 120,000 | European Invnt BK EIB (EUR) 3.625% 0.000% Due 10-15-11 | I32484sm7 | 129.83 | 155,793 | 152.15 | 182,582 | 4.4 | -18.6 |
| | Accrued Interest | | | | | 0 | 0.0 | |
| | | | | 155,793 | | 182,582 | 4.4 | 18.6 |
| MORTGAGE BACKED SECURITIES | | | | | | | | |
| 890 | Federal Home Mortgage Gold (FGTW) 6.500% Due 11-01-13 | 31335hbj1 | 93.67 | 833 | 107.82 | 959 | 0.0 | 4.3 |
| 41,579 | Countrywide Home Loans 2003-15 1A1 (FRN 1mL+50bp) 5.459% Due 06-25-18 | 12669eeg7 | 98.45 | 40,936 | 95.39 | 39,663 | 1.0 | 3.3 |
| 55,088 | FHR 2725 FB (FRN 1ML +65) 6.052% Due 10-15-33 | 31394mvq0 | 100.29 | 55,249 | 96.78 | 53,312 | 1.3 | 1.9 |
| 37,254 | FNCL 725027 2003 5.000% Due 11-01-33 | 31402cpl0 | 96.78 | 36,055 | 103.82 | 38,676 | 0.9 | 5.2 |

Calculating Total Cost for Bonds (not including accrued interest):
Quantity=25,000
Unit Cost=100.06%
Total Cost
=25,000*100.06%
=\$25,015

Calculating Market Value for Bonds:
Quantity=60,000
Price=100.4%
Market Value
=60,000*100.4%
=\$60,241

Accrued Interest is interest income earned on a bond that has not yet been received. In this example, this line reports Total Accrued Interest on the Government/Agency Bonds held in this portfolio.

Mortgage Backed Securities pay interest on a monthly basis and sometimes principal. The quantity reflects the outstanding bonds net of amortizations.

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| Quantity | Security | Security Symbol | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield |
|--------------------------------|--|-----------------|-----------|------------|--------|--------------|-------------|------------|
| 32,456 | Freddie Mac FHR 3261 DA 5.500% Due 01-15-37 Accrued Interest | 31397enp6 | 99.12 | 32,172 | 101.87 | 33,061 | 0.8 | 3.5 |
| | | | | | | 425 | 0.0 | |
| | | | | 165,245 | | 166,097 | 4.0 | 3.3 |
| CORPORATE BONDS (US-\$) | | | | | | | | |
| 30,000 | American International Group 4.700% Due 10-01-10 | 026874av9 | 101.56 | 30,468 | 96.56 | 28,968 | 0.7 | 8.5 |
| 25,000 | SBC Communications Inc. 6.250% Due 03-15-11 | 78387gad5 | 105.52 | 26,381 | 106.60 | 26,649 | 0.6 | 1.7 |
| 100,000 | AT&T Corp. (COUPON RTG RESET 25bp) | 001957bc2 | 111.46 | 111,464 | 110.77 | 110,768 | 2.7 | 2.1 |
| 50,000 | SBC Communications 7.300% Due 11-15-11 | 78387gah6 | 104.67 | 52,333 | 108.48 | 54,242 | 1.3 | 2.1 |
| 35,000 | Time Warner, Inc. (call 2012) 5.875% Due 02-01-12 | 00184aaf2 | 104.54 | 36,591 | 110.08 | 38,529 | 0.9 | 2.8 |
| 100,000 | Diageo Finance NV 6.875% Due 05-01-12 | 25244sad3 | 102.36 | 102,359 | 108.63 | 108,630 | 2.6 | 2.9 |
| 50,000 | Emerson Electric 5.500% Due 04-01-13 | 291011at1 | 98.27 | 49,135 | 106.93 | 53,465 | 1.3 | 2.5 |
| 125,000 | GlaxoSmithKline Cap Inc 4.500% Due 05-01-13 | 377372ac1 | 100.13 | 125,166 | 107.43 | 134,291 | 3.2 | 2.7 |
| 25,000 | IBM Corp. 4.850% Due 05-15-13 | 459200gn5 | 104.36 | 26,090 | 114.00 | 28,500 | 0.7 | 2.8 |
| 25,000 | Duke Energy Carolinas 6.500% Due 10-15-13 | 26442caf1 | 100.12 | 25,031 | 110.48 | 27,619 | 0.7 | 3.1 |
| 30,000 | Procter & Gamble 5.750% Due 11-15-13 | 742718dl0 | 102.22 | 30,665 | 107.43 | 32,229 | 0.8 | 2.8 |
| 20,000 | Citigroup Inc. 4.600% Due 01-15-14 | 172967ez0 | 100.34 | 20,069 | 99.85 | 19,971 | 0.5 | 5.6 |
| 25,000 | Merck & Co. Inc. 5.500% Due 10-15-14 | 589331ak3 | 92.67 | 23,167 | 108.76 | 27,190 | 0.7 | 3.0 |
| 30,000 | Home Depot Inc 4.750% Due 03-01-15 | 437076ap7 | 101.60 | 30,480 | 104.55 | 31,365 | 0.8 | 4.6 |
| 50,000 | Wells Fargo Co 5.400% Due 03-01-16 | 949746nx5 | 99.85 | 49,924 | 105.04 | 52,519 | 1.3 | 4.9 |
| | 5.625% Due 12-11-17 | | | | | | | |

Yield to Maturity Example: This bond was purchased close to par at an approximate yield to maturity of 5.75%; however, at the current price of 110.48, the bond is trading at a yield to maturity of 3.1%.

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| Quantity | Security | Security Symbol | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield |
|--|--|-----------------|-----------|------------|--------|--------------|-------------|------------|
| 90,000 | Prudential Fin (FRN Monthly CPI YO+275) 1.320% Due 08-10-18 | 74432ran3 | 100.03 | 90,030 | 77.25 | 69,525 | 1.7 | 4.5 |
| 70,000 | Motorola Inc. 6.500% Due 11-15-28 | 620076ap4 | 99.84 | 69,891 | 82.48 | 57,737 | 1.4 | 8.5 |
| 30,000 | JPMorgan Chase & Co 7.900% Due 04-29-49 Accrued Interest | 46625hha1 | 90.55 | 27,165 | 96.02 | 28,805 | 0.7 | 8.4 |
| | | | | | | 16,483 | 0.4 | |
| | | | | 926,410 | | 947,486 | 22.8 | 3.7 |
| OTHER FX SECURITIES | | | | | | | | |
| 615 | Currency Shares Canadian Dollar | fxc | 88.29 | 54,296 | 93.16 | 57,293 | 1.4 | 0.0 |
| 3,895 | Currency Shares Euro Trust | fxe | 139.04 | 541,550 | 146.23 | 569,566 | 13.7 | 0.0 |
| | | | | 595,846 | | 626,859 | 15.1 | 0.0 |
| PREFERRED STOCK (FIXED INC) (US-\$) | | | | | | | | |
| 3,200 | Deutsche BK Cap Trst II 6.55% (Call 2017) | dxb | 25.15 | 80,485 | 20.74 | 66,368 | 1.6 | 7.9 |
| 900 | RBS 7.25% Pfd T (Call 12/12 @25) | rbsprt | 25.02 | 22,515 | 11.65 | 10,485 | 0.3 | 15.6 |
| | | | | 103,000 | | 76,853 | 1.8 | 8.9 |
| BOND FUNDS (US-\$) | | | | | | | | |
| 5,530.973 | Templeton Global Bond Fund Class N | qweqq | 18.08 | 100,025 | 22.18 | 122,677 | 2.9 | 0.0 |
| COMMON STOCK & EQUITY FUNDS | | | | | | | | |
| Consumer Staples | | | | | | | | |
| 475 | Diageo PLC Spons. ADR | deo | 75.60 | 35,912 | 61.49 | 29,208 | 0.7 | 3.7 |
| 1,475 | Wal-Mart Stores | wmt | 36.07 | 53,200 | 49.09 | 72,408 | 1.7 | 2.2 |
| | | | | 89,112 | | 101,615 | 2.4 | 2.6 |
| Health Care | | | | | | | | |
| 800 | Baxter International Inc. | bax | 32.81 | 26,249 | 57.01 | 45,608 | 1.1 | 1.8 |
| 875 | Covidien PLC Shares | cov | 39.87 | 34,886 | 43.26 | 37,852 | 0.9 | 1.7 |
| 1,550 | Pfizer Inc. | pfe | 32.61 | 50,550 | 16.55 | 25,652 | 0.6 | 3.9 |
| 1,050 | St Jude Medical Inc | stj | 36.59 | 38,416 | 39.01 | 40,960 | 1.0 | 0.0 |

Calculating Total Cost for Equities:
Quantity=1,475
Unit Cost=\$36.07
Total Cost
=1,475*\$36.07
=\$53,200

Calculating Market Value for Equities:
Quantity=1,050
Price=\$39.01
Market Value
=1,050*\$39.01
=\$40,960

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| Quantity | Security | Security Symbol | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | |
|--|---|-----------------|-----------|------------|--------|--------------|-------------|------------|--|
| 475 | iShares Nasdaq Biotechnology Index | ibb | 72.58 | 34,475 | | | | | |
| | | | | 184,576 | | | | | |
| <div style="border: 1px solid black; background-color: yellow; padding: 5px;"> <p>Dividend Yield Example: Dividend=Dividend Yield*Price Dividend=1.8%*\$21.75=\$0.40 This equity currently pays an annual dividend of \$0.40/share.</p> </div> | | | | | | | | | |
| Consumer Discretionary | | | | | | | | | |
| 675 | PetSmart, Inc. | petm | 20.60 | 13,908 | 21.75 | 14,681 | 0.4 | 1.8 | |
| 666 | Time Warner Inc. | twx | 53.95 | 35,931 | 28.78 | 19,167 | 0.5 | 2.6 | |
| 862 | Viacom Inc. Class B NEW | via.b | 41.46 | 35,734 | 28.04 | 24,170 | 0.6 | 1.0 | |
| 1,500 | iShares DJ U.S. Home Construction Index | itb | 15.48 | 23,217 | 12.31 | 18,465 | 0.4 | 0.6 | |
| | | | | 108,790 | | 76,484 | 1.8 | 1.5 | |
| Industrial | | | | | | | | | |
| 1,200 | ABB Ltd. | abb | 11.35 | 13,616 | 20.04 | 24,048 | 0.6 | 0.0 | |
| 1,800 | General Electric | ge | 28.28 | 50,909 | 16.42 | 29,556 | 0.7 | 2.4 | |
| 625 | Honeywell, Inc. | hon | 36.82 | 23,014 | 37.15 | 23,219 | 0.6 | 3.3 | |
| 650 | Tyco International Limited New | tyc | 43.32 | 28,159 | 34.48 | 22,412 | 0.5 | 2.4 | |
| 350 | United Parcel Service-CL B | ups | 68.05 | 23,816 | 56.47 | 19,764 | 0.5 | 3.2 | |
| | | | | 139,514 | | 118,999 | 2.9 | 2.2 | |
| Technology | | | | | | | | | |
| 2,150 | Applied Materials Inc. | amat | 13.75 | 29,558 | 13.38 | 28,767 | 0.7 | 1.8 | |
| 1,700 | Cisco Systems | cscs | 19.06 | 32,394 | 23.54 | 40,018 | 1.0 | 0.0 | |
| 60 | Google Inc. | goog | 380.03 | 22,802 | 495.85 | 29,751 | 0.7 | 0.0 | |
| 400 | Intel Corp. | intc | 14.43 | 5,772 | 19.57 | 7,828 | 0.2 | 2.9 | |
| 2,300 | Microsoft Corp. | msft | 26.96 | 62,012 | 25.72 | 59,156 | 1.4 | 2.0 | |
| | | | | 152,538 | | 165,520 | 4.0 | 1.2 | |
| Energy | | | | | | | | | |
| 700 | Chevrontexaco Corp. (N/C Chevron Corp.) | cvx | 69.00 | 48,301 | 70.43 | 49,301 | 1.2 | 3.9 | |
| 2,300 | Williams Cos | wmb | 22.59 | 51,955 | 17.87 | 41,101 | 1.0 | 2.5 | |
| | | | | 100,256 | | 90,402 | 2.2 | 3.2 | |
| Financial Services | | | | | | | | | |
| 729 | Bank of America | bac | 47.29 | 34,474 | 16.92 | 12,335 | 0.3 | 0.2 | |

This equity does not pay a dividend.

This represents the percentage of the total portfolio that is invested in Applied Materials.

This represents the percentage of the total portfolio that is invested in the Technology sector

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| Quantity | Security | Security Symbol | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield |
|------------------|-------------------------------------|-----------------|-----------|------------|----------|--------------|-------------|------------|
| 2 | Berkshire Hathaway, Inc. CL B | brk.b | 2,832.36 | 5,665 | 3,323.00 | 6,646 | 0.2 | 0.0 |
| 4,766 | Citigroup Inc. | c | 3.42 | 16,314 | 4.84 | 23,067 | 0.6 | 0.0 |
| 1,575 | JPMorgan Chase & Co. | jpm | 36.15 | 56,940 | 43.82 | 69,016 | 1.7 | 0.5 |
| | | | | 113,392 | | 111,065 | 2.7 | 0.3 |
| International | | | | | | | | |
| 345 | Harbor International Fund | hainx | 43.86 | 15,125 | 52.63 | 18,148 | 0.4 | 1.5 |
| 1,494 | Scout International | umbwx | 31.79 | 47,500 | 28.12 | 42,016 | 1.0 | 0.8 |
| 570 | iShares MSCI EMU Index | ezu | 62.71 | 35,745 | 38.01 | 21,666 | 0.5 | 3.9 |
| 6,300 | iShares MSCI Japan Index | ewj | 11.70 | 73,719 | 9.94 | 62,622 | 1.5 | 1.0 |
| 954 | iShares MSCI Pacific ex-Japan Index | epp | 59.33 | 56,601 | 40.53 | 38,666 | 0.9 | 1.5 |
| 3,150 | iShares S&P Europe 350 Index | iev | 33.67 | 106,052 | 38.54 | 121,401 | 2.9 | 3.7 |
| | | | | 334,742 | | 304,519 | 7.3 | 2.3 |
| Emerging Mkts | | | | | | | | |
| 986 | Lazard Emerging Mkts Fund | lzoex | 17.95 | 17,702 | 17.68 | 17,439 | 0.4 | 2.4 |
| 1,275 | iShares MSCI Emerging Markets Index | eem | 30.15 | 38,438 | 38.91 | 49,610 | 1.2 | 1.3 |
| | | | | 56,140 | | 67,050 | 1.6 | 1.6 |
| Other Equity Fds | | | | | | | | |
| 800 | S&P 400 Mid-Cap Dep. Recpt. | mdy | 93.33 | 74,662 | 125.27 | 100,216 | 2.4 | 1.2 |
| 300 | S&P 500 Depository Receipt | spy | 126.90 | 38,070 | 105.59 | 31,677 | 0.8 | 1.9 |
| | | | | 112,732 | | 131,893 | 3.2 | 1.4 |
| | | | | 1,391,792 | | 1,356,267 | 32.6 | 1.8 |

EQUITY CALL OPTIONS

| | | | | | | | | |
|----|--|-------|------|--------|------|--------|------|--|
| -5 | iShares MSCI Emerging Market Jan 36 Call | eemaj | 2.68 | -1,338 | 4.55 | -2,275 | -0.1 | |
| -5 | ABB Ltd Spon ADR March 20 Call | abbcd | 1.61 | -803 | 2.05 | -1,025 | 0.0 | |
| | | | | -2,141 | | -3,300 | -0.1 | |

TOTAL SUPERVISED

4,109,087 4,162,342 100.0 2.7

Supervised assets are those assets which are actively managed and billed by Financial Partners.

Financial Partners utilizes **options** to hedge a position in the portfolio. For example, this portfolio has sold call options to partially hedge the holdings in ABB. In this case, 5 contracts were sold (500 shares) at \$20 in March 2010 for a premium of \$1.61 per share.

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| Quantity | Security | Security Symbol | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield |
|--------------------------------------|----------|-----------------|-----------|------------------|-------|------------------|-------------|------------|
| EQUITY ASSETS -NON SUPERVISED | | | | | | | | |
| 150 | XYZ Corp | xyz | 115.30 | 17,295 | 67.63 | 10,144 | | 0.0 |
| TOTAL UNSUPERVISED | | | | 17,295 | | 10,144 | 0.0 | 0.0 |
| GRAND TOTAL | | | | 4,126,382 | | 4,172,486 | | 2.7 |

Unsupervised Assets are those assets which are not actively managed nor billed by Financial Partners.

This Grand Total represents the sum of both Supervised and Unsupervised Assets.

The difference between these two measures unrealized net gains or losses.

Portfolio market value as of the date of the report.

This represents the estimated average yield for the portfolio, which is not to be confused with performance.

NOTE: This report does not replace or supersede your custodian statement. Information has been obtained from sources which we believe to be reliable. Market prices are subject to daily fluctuations. "Yield" column reflects Yield-to-Maturity on Cost for bonds and Current-Yield on Cost for stocks. Please disregard "Yield" figure for NON-U.S. Dollar bonds.

PERFORMANCE BY ASSET CLASS - NET OF FEES

Time Period for the performance report.

From 12-31-08 To 09-30-09

| | CASH AND EQUIV. | FIXED INCOME (US\$) | FIXED INC (NON-US\$) | TAX EXEMPT | EQUITY | OTHER | Total Portfolio |
|----------------------------|-----------------|---------------------|----------------------|--------------|---------------|--------------|-----------------|
| Market Value on 12-31-08 | 229,187 | 2,330,941 | 0 | 0 | 1,116,338 | 0 | 3,676,467 |
| Accrued Interest | 0 | 16,914 | 0 | 0 | 0 | 0 | 16,914 |
| Purchases/Contributions | 907,774 | 474,992 | 0 | 0 | 116,418 | 0 | 65,105 |
| Sales/Withdrawals | -661,530 | -726,540 | 0 | 0 | -157,786 | 0 | -111,777 |
| Transfers In | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Realized Gains | 0 | 17,510 | 0 | 0 | 16,952 | 0 | 34,462 |
| Unrealized Gains | 0 | 184,756 | 0 | 0 | 245,155 | 0 | 429,912 |
| Interest Income | 221 | 53,615 | 0 | 0 | 0 | 0 | 53,837 |
| Dividend Income | 0 | 8,505 | 0 | 0 | 15,889 | 0 | 24,394 |
| Change in Accrued Interest | 0 | 739 | 0 | 0 | 0 | 0 | 739 |
| Management Fees | -27,711 | 0 | 0 | 0 | 0 | 0 | -27,711 |
| Portfolio Fees | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Market Value on 09-30-09 | 447,942 | 2,343,780 | 0 | 0 | 1,352,967 | 0 | 4,144,688 |
| Accrued Interest | 0 | 17,653 | 0 | 0 | 0 | 0 | 17,653 |
| Total Fees | -27,711 | 0 | 0 | 0 | 0 | 0 | -27,711 |
| Total Gain after Fees | -27,490 | 265,126 | 0 | 0 | 277,996 | 0 | 515,633 |
| IRR for 0.75 Years | -7.83% | 11.96% | 0.00% | 0.00% | 25.03% | 0.00% | 14.04% |

Total value of the portfolio as of 12/31/08 (the beginning of the performance period) was \$3,676,467+\$16,914=\$3,693,381

You deposited \$65,105 during the last year and bought \$474,992 of Fixed Income and \$116,418 of Equities.

You withdrew \$111,777 and sold \$726,540 of Fixed Income and \$157,786 of Equities.

Your capital gains were \$34,462 + \$429,912=\$464,374

Interest received.

Dividends received.

Change in interest earned but not yet received.

Management fees charged to your account.

Total value of the portfolio as of 09/30/09 (the end of the performance period) was \$4,144,688+\$17,653=\$4,162,341

Total Gains for the period were \$515,633. Total Gains=Realized Gains+Unrealized Gains+Interest Income+Dividend Income+Accrued Interest-Fees

Note: This is different than your Realized Gains for tax purposes. For Performance Reports, capital gains (Realized Gains + Unrealized Gains) are calculated as the difference between fair market value at end of the reporting period vs. the beginning of the period. In this example, capital gains were calculated from 12/31/08 to 9/30/09.

Returns before management fees for each asset class.

This Net Internal Rate of Return is calculated based on a discounted cash flow of the portfolio; however, if there have been significant flows for the account during the period, this may not be accurate.

REALIZED GAINS AND LOSSES

From 12-31-08 Through 10-16-09

This report indicates the Realized Gains for the year.

| Open Date | Close Date | Quantity | Security | Cost Basis | Proceeds | Gain Or Loss | |
|--------------------------|------------|----------|--|------------|----------|--------------|-----------|
| | | | | | | Short Term | Long Term |
| <i>Supervised Assets</i> | | | | | | | |
| 06-28-02 | 01-02-09 | 1 | Bank of America | 37 | 11 | | -26 |
| 06-28-02 | 01-02-09 | 1 | Bank of America | 50 | 13 | | -37 |
| 05-21-02 | 01-02-09 | 1 | Bank of America | 42 | 11 | | -31 |
| 11-16-07 | 01-02-09 | 1 | Bank of America | 59 | 13 | | -46 |
| 07-30-97 | 01-15-09 | 26 | Federal Home Mortgage Gold (FGTW) 6.500% Due 11-01-13 | 24 | 26 | | 2 |
| 07-30-97 | 01-15-09 | 43 | Federal Home Mortgage Gold (FGTW) 6.500% Due 11-01-13 | 40 | 43 | | 3 |
| 01-21-04 | 01-15-09 | 0 | FHR 2725 FB (FRN 1ML +65) 6.052% Due 10-15-33 | 0 | 0 | | 0 |
| 01-21-04 | 01-15-09 | 0 | FHR 2725 FB (FRN 1ML +65) 6.052% Due 10-15-33 | 0 | 0 | | 0 |
| 01-21-04 | 01-15-09 | 0 | FHR 2725 FB (FRN 1ML +65) 6.052% Due 10-15-33 | 0 | 0 | | 0 |
| 07-31-06 | 01-22-09 | 200 | Family Dollar Stores | 4,560 | 5,653 | | 1,094 |
| 05-01-03 | 01-25-09 | 439 | Countrywide Home Loans 2003-15 1A1 (FRN 1mL+50bp) 5.459% Due 06-25-18 | 429 | 439 | | 10 |
| 05-01-03 | 01-25-09 | 135 | Countrywide Home Loans 2003-15 1A1 (FRN 1mL+50bp) 5.459% Due 06-25-18 | 135 | 135 | | 0 |
| 05-01-03 | 01-25-09 | 169 | Countrywide Home Loans 2003-15 1A1 (FRN 1mL+50bp) 5.459% Due 06-25-18 | 169 | 169 | | 0 |
| 03-11-08 | 01-25-09 | 195 | FNCL 725027 2003 5.000% Due 11-01-33 | 188 | 195 | 6 | |
| 03-11-08 | 01-25-09 | 243 | FNCL 725027 2003 | 235 | 243 | 8 | |

Form 1099 from your custodian: In addition to all interest & dividend income reported to the IRS, the 1099 includes information on realized capital gains and losses, but since the 'tax lot' detail is often incomplete, it should not be used to prepare your income tax returns. Also, please be aware that the custodian often issues 'corrected' 1099s late in February or early March.

Recommendation: To ensure the accurate preparation of your income tax returns, you should provide your income tax preparer with both Form 1099, and the FPCM-provided realized capital gains and losses statement, instructing them to use the FPCM report to prepare Schedule D of your income tax returns.

Note: This report includes Fixed Income gains and losses whose tax treatment could vary.

REALIZED GAINS AND LOSSES

From 12-31-08 Through 10-16-09

| Open Date | Close Date | Quantity | Security | Cost Basis | Proceeds | Gain Or Loss | | |
|--|------------|----------|---|------------|-----------|--------------|-----------|----------|
| | | | | | | Short Term | Long Term | |
| 02-28-08 | 09-30-09 | 40,000 | Willis North America Inc. 5.125% Due 07-15-10 | 40,101 | 41,100 | | 999 | |
| 02-28-08 | 09-30-09 | 30,000 | Willis North America Inc. 5.125% Due 07-15-10 | 30,079 | 30,825 | | 746 | |
| 02-28-08 | 09-30-09 | 35,000 | Willis North America Inc. 5.125% Due 07-15-10 | 35,090 | 35,962 | | 873 | |
| 07-31-06 | 10-12-09 | 100 | Microsoft Corp. | 2,423 | 2,564 | | 141 | |
| 12-01-06 | 10-12-09 | 2 | Wells Fargo & Co. | 56 | 45 | | -12 | |
| 09-01-06 | 10-12-09 | 1 | Wells Fargo & Co. | 48 | 39 | | -10 | |
| 01-28-09 | 10-12-09 | 25 | Wal-Mart Stores | 1,219 | 1,249 | 30 | | |
| 07-21-09 | 10-12-09 | 50 | Wal-Mart Stores | 2,430 | 2,498 | 68 | | |
| 09-01-06 | 10-15-09 | 0 | Wells Fargo & Co. | 8 | 6 | | -1 | |
| 07-30-97 | 10-15-09 | 29 | Federal Home Mortgage Gold (FGTW) 6.500% Due 11-01-13 | 27 | 29 | | 2 | |
| 07-30-97 | 10-15-09 | 48 | Federal Home Mortgage Gold (FGTW) 6.500% Due 11-01-13 | 45 | 48 | | 3 | |
| 01-21-04 | 10-15-09 | 111 | FHR 2725 FB (FRN 1ML +65) 6.052% Due 10-15-33 | 112 | 111 | | 0 | |
| 01-21-04 | 10-15-09 | 148 | FHR 2725 FB (FRN 1ML +65) 6.052% Due 10-15-33 | 149 | 148 | | 0 | |
| 01-21-04 | 10-15-09 | 223 | FHR 2725 FB (FRN 1ML +65) 6.052% Due 10-15-33 | 223 | 223 | | -1 | |
| 01-11-07 | 10-15-09 | 1,079 | Freddie Mac FHR 3261 DA 5.500% Due 01-15-37 | 1,070 | 1,079 | | 9 | |
| 01-11-07 | 10-15-09 | 771 | Freddie Mac FHR 3261 DA 5.500% Due 01-15-37 | 764 | 771 | | 7 | |
| TOTAL GAINS | | | | | | 21,691 | 43,223 | |
| TOTAL LOSSES | | | | | | 0 | -151,321 | |
| TOTAL REALIZED GAIN/LOSS NO CAPITAL GAINS DISTRIBUTIONS | | | | | 1,203,606 | 1,117,200 | 21,691 | -108,097 |

This is a Fixed Income transaction for which the tax treatment of the gains or losses should be reviewed by your accountant.

Wal-Mart was sold for a \$68 short-term capital gain.

Total Gains = Total Short Terms Gains + Total Long Term Gains
= \$21,691 + \$43,223
= \$64,914

Total Losses were \$151,321.

Total Net Gains and Losses
= Net Short Term Gains/Losses + Net Long Term Gains/Losses
= \$21,691 + (-\$108,097)
= -\$86,406

This shows your fee statement for the period.

STATEMENT OF MANAGEMENT FEES

| | | |
|--|-----------|---------------|
| For The Period 06-30-09 To 09-30-09 | | |
| Portfolio Valuation with Accrued Interest as of 09-30-09 | \$ | 4,162,342 |
| 4,162,342 @ 1.000 % per annum | | 10,406 |
| Management Fee | \$ | 10,406 |
| TOTAL DUE AND PAYABLE | \$ | 10,406 |

**** NOTE: Fees will be withdrawn from your custody account.**

FPCM OPTION TRADING STRATEGIES

FPCM uses options strategies primarily for hedging purposes. The aim of these strategies is to: (a) limit downside risk (e.g. Buying Puts), (b) reduce downside risk (Selling Covered Calls), (c) guarantee a maximum purchase price (Buying Calls), or (d) reduce the purchase price (Selling Puts). In general, FPCM only buys or sells a number of option contracts equivalent to the amount of outright shares that it would have bought or sold. FPCM does not use Options to increase the leverage of the account. The following strategies summarize the most common option strategies that FPCM will use:

- **SELLING COVERED CALLS:**

This strategy involves Selling Call Options (i.e. the obligation to sell a security at a given price) on a security that is already owned. The objective of this strategy is to both generate current income and reduce the downside risk by “selling away” part of the upside potential. This strategy is usually used in cases where the underlying security is selling close to fair value and the option premium is high.

- **BUYING PROTECTIVE PUTS:**

This strategy involves Buying Put Options (i.e. the right to sell a security at a given price) on a security that it is already owned. The objective of this strategy is to guarantee a minimum-selling price on a given security, thus limiting the downside risk (i.e. “buying insurance”). Upside potential is only reduced by the price paid for the option. In some instances it could be convenient to buy Put Options on an index, such as the S&P500, to limit the overall risk of the equity portfolio.

- **SELLING PUTS TO BUY STOCK AT A LOWER PRICE:**

This strategy involves Selling Put Options (i.e. the obligation to buy a security at a given price). This strategy is usually used when we would like to purchase a particular security at a lower level than the current market price. FPCM would only sell a number of Put contracts equivalent to the number of shares that we would have bought at such exercise price (i.e. the downside risk is similar to buying the shares outright).

- **BUYING CALLS:**

This strategy involves Buying Call Options (i.e. the right to buy a security at a given price). The strategy would be used to guarantee a maximum purchase price for a security. This strategy could also be used to limit the risk of a Short position in a security. As in the case of “Selling Puts” FPCM would only buy a number of Call contracts equivalent to the number of shares that it would have bought at such exercise price (i.e. the downside risk is equivalent to buying the shares outright).

THIS SUMMARY DOES NOT INTEND TO REPLACE THE OPTION DISCLOSURE DOCUMENT. CLIENTS SHOULD CAREFULLY READ THE DOCUMENT TO HAVE A FULL UNDERSTANDING OF OPTION TRANSACTIONS IN THE CONTEXT OF THEIR PORTFOLIOS. OPTION TRADING IS SUBJECT TO APPROVAL BY COMPLIANCE.