UPDATE

April 2009

ABOUT OUR COMPANY

Company Profile:

Concord Investment Counsel is an Irvine based, fee-only investment management company specializing in Domestic Equity and Domestic Fixed Income Management. Our prudent investment philosophy is ideal for conservative investors seeking growth, income, and risk management.

Investment Strategy:

Concord invests in mid- to large-cap growth oriented companies with strong leadership, superior products, and sustainable growth plans. Our investment strategy incorporates both growth and value methodologies.

Company Goals:

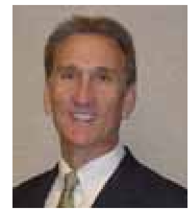
- *High Alpha*
- *Low Tracking Error*
- *Average Volatility*
- *Excellent Client Communications*
- *Comfortable Relationships*

CONCORD
Investment
Counsel

2020 Main St. Suite 300
Irvine, CA 92614
Phone: 949-852-4100 or 800-497-9400
Fax: 949-852-4106
www.cichome.com

Economic & Financial Market Review &

Navigating Rough Waters



Mitch Pletcher
President & Chief Investment Officer

Many challenges lie ahead as America tries to dig its way out of the worst recession since the 1930's. President Obama, Fed Chairman Bernanke and Treasury Secretary Geithner have acted quickly and boldly with strong and innovative ideas – but thus far, pessimism has greeted most of our leaders' plans. Equity markets have retreated back to levels of almost a decade ago. Corporate and municipal bond yields have skyrocketed to historical spreads relative to Treasuries. Commodity markets have plunged 50% or more. Real estate has held up much better than other risk assets, but given its unprecedented rise from 1995-2006, it seems almost unrealistic to think the fall is over. Government intervention will likely be responsible at least for providing a more orderly decline, but one that may well continue.

The American ship has taken on water for 17 months since this storm hit. The major damage to the boat lies in our banking sector, so the crew has tried to plug the holes with a multi-trillion dollar bailout plan. Until just recently, passengers were frightened and pessimistic about the ship's outlook, with many abandoning ship by selling off assets and moving to the safe haven of cash and Treasuries. Yet some optimism has emerged now that repairs to the ship may be holding a tight seal against the wave of problems engulfing us.

Geithner's plan for drawing private capital to buy distressed bank assets seems reasonable, while new, more lenient rules for valuing bank assets have helped as well. These responses, combined with a slightly tougher stance for restructuring banks that are too sick to survive in their current format, has seemed like the right fix for our troubled ship.

Banking problems are not our only serious threat, however. American capitalism sustained damage as well. Greedy, self-serving corporate management grew strong through the last several years of this great American growth cycle that began in the early 80's. By the year 2000, most American mega-cap corporate giants had grown into unwieldy, unmanageable businesses lacking synergy and righteous governance.

The government and regulators were unaware of the troubled state we were in at the time and made the problem worse by flooding the market with cheap money and ridiculously easy terms. They carelessly moved to end the earlier recession quickly rather than purge the system of the greed growing within. As we know, things got a lot worse as government actions undoubtedly fueled the fire. Now we must combine sensible monetary stimulation with restructuring and better corporate regulation.

Socialistic ways will likely seep into our capitalistic system as a result of the damage done by the vultures that preyed on our great American economy. Fortunately, since America is full of optimists within a bed of deep-rooted capitalism, there is reason to believe that another great cycle of growth lies ahead for America.

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Continued on page 2

Economic & Financial Market Review & Outlook

Continued from page 1

It's hard to put a time frame on when this recession will end. Despite the magnitude of our problems, American wisdom, experience, innovation, political resolve, and strong global position are reasons to hold on to optimism. It's been a long recession already at 17 months; but I suspect we'll face another 6-12 months of headwinds before things stabilize.

One can't imagine our economy back in growth mode until housing bottoms. Since current incomes don't yet match current pricing, either home prices must fall another 20% or financing costs need to drop by the equivalent amount. With this in mind, the government's goal is to get fixed rate mortgages down to 4% or so. Bernanke recently announced a plan to buy Treasury and mortgage securities in an attempt to inflate our way out of this housing problem. The equity markets have since realized a 20% or more gain in a vote of confidence.

The past quarter was uncomfortable as stocks continued to decline through January and February. Fortunately, a strong rally emerged in early March that carried growth indices almost back to even for the year. Concord's Growth Model portfolio declined 6.7% for the quarter, compared to the S&P 500 which was down 11%. Since markets typically bottom 6-9 months before the economy does, the current rally is a sign that investors now believe the economy will bottom by year end.

We remain concerned

Sector Review *03/31/09*

Best Performers	Quarterly % Change	Worst Performers	Quarterly % Change
Nonferrous Metals	31.80	Life Insurance	-45.19
Mobile Telecommunications	23.21	Airlines	-44.36
Farming & Fishing	17.44	Diversified REITs	-42.57
Apparel Retailers	12.55	Paper	-40.63
Internet	11.56	Full Line Insurance	-39.85
Computer Services	11.38	Hotel & Lodging REITs	-39.38
Specialty Retailers	11.26	Retail REITs	-37.55
Investment Services	9.37	Banks	-37.44
Gold Mining	9.16	Aluminum	-35.50
Semiconductors	6.89	Alternative Electricity	-35.28

Source: The Wall Street Journal

Market Diary *03/31/09*

Equity Returns	Quarterly Change	YTD Change		Quarterly Change	YTD Change
US Large Cap Core	-9.81%	-9.81%	Mid Cap Core	-8.16%	-8.16%
US Large Cap Growth	-3.73%	-3.73%	Small Cap Core	-12.61%	-12.61%
US Large Cap Value	-13.15%	-13.15%	International	-12.68%	-12.68%

Returns are mutual fund averages from Lipper as reported by The Wall Street Journal. Performance includes dividends.

CIC Asset Allocation Growth	-4.60%	-4.60%	S&P 500	-11.67%	-11.67%
CIC Growth	-6.71%	-6.71%	DJIA	-13.30%	-13.30%
CIC Diversified Equity	-6.66%	-6.66%	Nasdaq	-3.07%	-3.07%

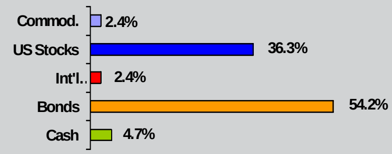
The data above for Asset Allocation Growth, Growth and Diversified Equity are CIC model portfolios and not composites of client accounts. Performance data for equity indices and CIC model portfolios listed here exclude dividends and are gross of fees. The information and data contained in this newsletter were obtained from sources considered to be accurate. Their accuracy and/or completeness cannot be guaranteed.

CIC Managed Assets

Balanced Portfolios

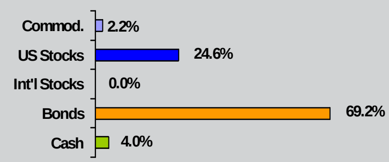
Asset Allocation for Growth
A dynamic blend of stocks, bonds, and cash for moderate investors with a bias toward growth balanced by income-producing investments.

Allocation as of 03/31/09:



Asset Allocation for Income
A portfolio of stocks, bonds, and cash for moderately-conservative investors seeking income and growth with relative stability.

Allocation as of 03/31/09:



Equity Portfolios

Growth
A portfolio of large- and mid-cap US stocks that are industry leaders with strong brands and timely products.

Diversified Equity
A global, all-cap equity portfolio following economic trends across capitalization and geographic ranges.

Focused REIT
A portfolio of companies whose primary business is owning and leasing real properties.

Fixed Income Portfolios

Strategic Total Return Bond
A diversified portfolio of mid-and long-term bonds, actively managed for yield, capital preservation, and strategic capital gains.

Ultra Short-Term Bond
A short-duration bond portfolio offering active management for yield, safety, and liquidity.

Research Spotlight

By Brian Thomas

Hewlett-Packard

Less than ten years ago, Hewlett-Packard was almost solely dependent on printer-ink supplies. Following strategic mistakes like buying Compaq at the height of the tech boom, the company found itself lacking in leadership and squandering a storied brand. Investors resorted to calls to "create value" by spinning off the profitable imaging and printing business, as then-CEO Carly Fiorina's vision for the company was slowly dying. Fiorina was replaced in 2005 by Mark Hurd, who spent 25 years at National Cash Register developing a keen cost-cutting acumen. Hurd now sits atop one of the biggest information-technology companies in the world. Since his arrival, each of HP's business units has grown more profitable, revenues have grown more than 50% and earnings have more than doubled.

HP operates in three businesses: imaging and printing, which has long been a cash cow (26% of sales); personal systems, which includes the personal-computer unit and other consumer electronics (36% of sales); and technology solutions, which consists mostly of enterprise servers, storage, and business software and services such as outsourcing (38% of sales). Since roughly a third of these revenues are recurring, HP has qualified as a defensive play in this tough tech spending environment. The company also has the size and diversification that allow it to perform well in slow-to-no-growth economies. It is diversified geographically (about 60% of sales come from abroad), in product lines, and in exposure to both consumer and enterprise markets. The company's strategy is twofold: continue to cut costs via rigorous financial accountability, and grow market share as a compelling "one-stop shop" for consumer and corporate digital data needs.

Hurd's two part initiative has been very successful over the last four years. Going forward, the biggest boost to profits and margins should come from EDS, the Texas-based outsourcing firm acquired last year. EDS will help HP compete more aggressively with IBM for big corporate deals by offering integrated technology solutions. EDS's offering is now more complete with HP, and Hewlett is expected to use the outsourcing business to assist in the selling of more servers, storage arrays and business software. There are also short-term benefits from slashing costs at EDS, Hurd's specialty.

While the EDS deal levels the playing field with IBM, there remains an important distinction between the two: the consumer market. HP has the third-highest consumer revenue among consumer electronics firms, following Apple and printer-maker Lexmark. About 25% of overall sales come from consumer products, compared with less than 1% at IBM. Worries about empty shopping malls have weighed on the shares, but fears are likely exaggerated given that inkjet supplies account for 98% of HP's consumer-driven profits. PC unit sales growth will also slow in 2009, putting further pressure on consumer products. While this creates a headwind for the company, it's the diversity of end-markets which will also make for a robust recovery when the economy rebounds.

While HP's size and growth have become a virtue, it has also made the company vulnerable to the ills of the global macro economy. A stronger dollar has a negative effect on revenue. The EDS purchase was financed with commercial paper that has to be refinanced. HP has a large defined-benefit pension plan which has been hit hard by the bear market. Cisco is looking to grow by meddling in the server market. Mark Hurd's next four years are likely to be as challenging as the first four, but he has proven he can execute. If the strategy is sound, then HP is likely to gain share in this environment. At a 9 forward PE, it is being valued lower than IBM at 11x and a struggling Dell at 10x. Expectations for Hewlett-Packard appear to have room to rise.

Bond Market Review

By Steve Davis

The first quarter of 2009 saw continued volatility in the bond markets. Aggregate bond indexes outperformed equities for the quarter, as the dramatic late-quarter stock market rally from bear-market lows only marginally offset the sharp declines that investors experienced over the past six months. Bond investors marginally lowered their aversion to risk by rolling out of safe-haven Treasuries in favor of bonds offering higher yields.

The Treasury and Federal Reserve continued their aggressive policy actions to thaw credit markets and stimulate economic recovery. The Treasury unveiled their public-private plan to scrub off up to $1 trillion in toxic assets from bank balance sheets. The Federal Reserve signaled that it would further push down borrowing costs by holding the Fed Funds rate at or near zero percent. The Fed also announced it will buy $300 billion in Treasuries over a six-month period and purchase $750 billion of mortgage-backed security and agency debt. The 1st quarter also saw a surge, to the tune of approximately $400 billion, in the issuance of investment-grade debt by high quality companies. But lower-quality companies are finding debt sales more difficult unless they want to pay 15% or more to borrow money.

Mortgage-backed securities and select corporate bonds outperformed Treasury bonds for the first time since last year's second quarter. 10-year Treasury bonds fell 3.3% for the quarter as yields rallied from 2.2% to 2.7%. Longer-term Treasury bonds were down even more. Fixed-rate mortgage-backed securities as measured by the Barclays MBS Fixed-Rate Bond Fund (MBB) were up over 1% for the quarter. High-quality non-financial company-issued debt was in high demand during the first quarter. These issues offered more attractive yields than those offered on Treasury debt, yet solid credit ratings make default unlikely no matter how tumultuous the economy gets. Concord purchased a few of these issues over the past couple of months. Treasury Inflation-Protected Securities (TIPS) were up 4.5% for the quarter, as the government's loose monetary policy has left the door open for rising inflation expectations.

Investment-grade and high-yield bond spreads over Treasuries remain at elevated levels. Investment-grade spreads held at approximately 6% for the quarter, while high-yield spreads showed a bit more volatility, ending the quarter over 16%. Even though default rates to this point have been low in the junk bond market, defaults are expected to rise significantly next year, which is why spreads have widened so much. Many investors feel that spreads have over-compensated for default levels, and therefore see value in this area of the bond market for the more risk tolerant investor. Also, the spread on a 30-year fixed-rate Fannie Mae mortgage over Treasuries narrowed to 1.18%, nearly half the level seen as recently as November 2008.

The credit markets have continued their methodical thaw from the frozen levels of several months ago. The appetite for higher yield has increased in areas of the bond market, but spreads remain elevated overall. Should spreads tighten, investors will continue to increase their risk tolerance and move away from safe-haven Treasuries and into more spread product.

Renewed Optimism Introduces a Rally

By Michael Buccowich

Broad-based optimism during March created a dramatic turnaround following the abysmal 2008 bear market that prevailed deep into 2009, including fresh market lows on March 9. The major stock indices on the Dow, Nasdaq, and S&P trended solidly higher for the month, advancing from 16% to 20% above the trough. Expecting rallies out of the trough to last can be disappointing (especially when the stock market moves too high, too fast), but the recent gains of this secondary trend are an important part of the bottoming process.

A closer look at the table below reveals the breadth of the rally in the MTD column, with participation as deep as were last year's declines. Emerging markets made the biggest breakout of the group. The 1 Year column reminds us how painful the past 12 months have been; and a glance across the top rows makes it clear that we've endured a lost decade for large cap stocks. Even so, large cap growth has bested its companions since the year began. The fixed income numbers show the lukewarm performance bonds have given our asset allocations over the YTD and 1 Year periods due to the credit crisis, a condition that will continue if interest rates rise in the near future.

	Index Name	MTD	QTD	YTD	1 Year	3 Years	5 Years	10 Years
Large-Cap Equity	S&P 500	8.76	-11.01	-11.01	-38.09	-13.06	-4.76	-3.00
	Russell 1000® Growth	8.92	-4.12	-4.12	-34.28	-11.28	-4.38	-5.26
	Russell 1000® Value	8.55	-16.77	-16.77	-42.42	-15.40	-4.94	-0.62
Mid-Cap Equity	Russell Midcap®	9.15	-8.98	-8.98	-40.81	-15.53	-3.53	2.27
Small-Cap Equity	Russell 2000®	8.93	-15.95	-14.95	-37.50	-16.80	-5.24	1.93
International Equty	MSCI Eur/Asia/Far East	6.34	-13.94	-13.94	-46.51	-14.47	-2.18	-0.80
	MSCI Emerging Markets	14.37	0.95	0.95	-47.07	-8.15	5.91	7.84
Fixed Income	Barclays Aggregate Bond	1.39	0.12	0.12	3.13	5.78	4.13	4.52
	Barclays Short Treasury	0.09	0.07	0.07	1.69	3.96	3.34	3.50
Commodities	S&P GSCI	4.51	-10.64	-10.64	-56.50	-18.25	-6.33	4.95

Percent returns ending 03/31/09. Source: Barclays Global Investors

Encouragement to Stay Engaged

By Michael Buccowich

Historic S&P 500 Bear Markets:

Peak S&P 500	Date	Trough S&P 500	Months	Decline	12 Months from Trough
31.92	06/01/1932	4.41	33	-86.20%	120.90%
9.31	02/27/1933	5.53	5	-40.60%	95.40%
12.20	10/21/1933	8.56	3	-29.80%	5.30%
11.81	03/14/1934	8.06	1	-31.80%	81.40%
18.68	03/31/1938	8.50	12	-54.50%	29.20%
13.79	04/08/1939	10.19	5	-26.10%	23.60%
13.21	06/10/1940	8.99	8	-31.90%	9.20%
11.40	04/28/1942	7.47	17	-34.50%	53.70%
19.25	05/17/1947	13.72	12	-28.70%	21.10%
17.07	06/13/1949	13.55	12	-20.60%	42.10%
49.75	10/22/1957	38.89	14	-21.80%	31.00%
72.64	06/26/1962	52.32	6	-28.00%	32.70%
94.06	10/07/1966	73.20	8	-22.20%	33.20%
108.37	05/26/1970	69.29	18	-36.10%	43.70%
120.24	10/03/1974	62.28	21	-48.20%	38.00%
140.52	08/12/1982	102.42	21	-27.10%	58.30%
336.77	12/04/1987	223.92	4	-33.50%	22.80%
1527.50	10/09/2002	776.76	31	-49.10%	33.70%
1565.20	03/09/2009	676.53	17	-56.80%	17.90%*
		Average:	**13**	**-37.20%**	**43.10%**

Are we done yet? How long will the current bear market last? How low will it go? How long will it take to recover?

You should be suspicious of anyone who claims to know the answers to these questions. But the chart on your left at least offers some encouragement from history.

The data records some 19 bear markets in the S&P 500 since the late 1920s lasting from one to 33 months with an average duration of 13 months. At 17 months, the current bear is starting to look long in the tooth by comparison.

Declines from earlier peaks among these 80 years of bear markets range from 21% to 86%, with an average decline of 37%. At a 57% decline, the current bear is second only to the Great Crash of 1929.

As if these facts don't already have our attention, the historic market levels one year after each trough should give us pause. These rebounds have ranged from 5% to 121%, with average growth of 43%.

We know fresh lows were only recently established and may be tested. We also know things don't necessarily happen just like they did before. But with an 18% advance thus far from the low on March 9, there may be a lot of room to grow from here.

The American stock market always has managed to emerge from calamity to achieve ever-higher levels of growth. We believe this time will be no different.

* Time from recent trough is less than one year. Data shown through 03/31/2009. Source: Global Financial Data and CIR - US Equity Strategy