BURKETT FINANCIAL SERVICES, LLC

Registered Investment Advisor

2009 1st Quarter Report

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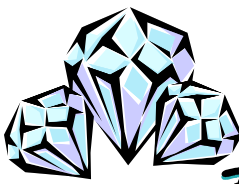
For investors, the first quarter was a case of one step forward and two steps back but allow us to emphasize the positive because we get too much of the negative via nightly news and 24/7 CNBC.



As the Federal Reserve, Treasury and governments around the world stepped up efforts to address the financial crisis, fears of a systemic collapse abated and investors showed glimmers of willingness to take on more risk. Even with these efforts, stocks posted their sixth consecutive losing quarter (the worst stretch since 1968-1970). However March, and specifically the last three weeks of March, were the best three week stretch since 1982 – rising more than 20%.

The Dow Jones Industrial Average finished the first quarter down 13% but it rose 7.7% in March. The Standard & Poor's 500-stock index, meanwhile, lost 12% in the quarter but was up 8.5% for the month of March and the tech-stock-led NASDAQ Composite Index lost just 3.1% in the quarter and posted its best March in history, with an 11% gain.

Amid the uncertainty, there continued to be big swings during the latest quarter. The Dow finished either 2% higher or 2% lower on one-third of the trading days which was much less than the 61% of trading days in 2008's fourth quarter.

For much of the quarter, ups and downs in the market reflected investors' changing opinions about efforts in Washington to address the financial crisis. While initially down, the reactions to the administration's plans began to turn and we had some better than expected news from the financial sector. Citigroup Chief Executive Vikram Pandit said his company was profitable during the first two months of the year and his comments were soon echoed by top executives of J.P. Morgan Chase and Bank of America. Not far behind was news from the Federal Reserve that it was expanding its efforts to pump money into the economy, and a report showing an unexpected bounce in home sales. When Mr. Geithner unveiled details of the Treasury's plan to buy toxic debt from banks and Wall Street firms, there was a rally in the stock market.

Stocks were able to garner some support from improvements in the bond market, as investment-grade issuers such as Boeing, Pfizer and Walt Disney were able to attract investor interest. Commodities, too, responded to hopes that demand would recover amid government efforts around the globe to stabilize economies. The Dow Jones-AIG Commodity Index, down 13% through March 2, ended the quarter down 6.4% thanks to a bounce in oil and industrial-metals prices.

For a turn-around in the markets to hold:

•**The economy must stabilize.** While few on Wall Street expect the economic data to get better any time soon, the mere fact that things are not getting worse could give investors the confidence to start betting on a recovery. A very much used term is now "less bad".

•**The rescue plans must work.** We need to see government programs implemented and show positive results. Investors will be closely monitoring the success of the Treasury Department's plan to rid banks of toxic assets to free up lending.

•**The profit picture must brighten.** First-quarter earnings are expected to be dreadful, with analysts predicting a 35.6% drop, Thomson Reuters says.
Another big wild card: Stocks could get a boost if the U.S. accounting standards board this week allows banks to value toxic assets in a less onerous way, which would improve their capital positions.

Lastly, while home prices in many parts of the country have experienced severe drops, there is a bright spot here as well – the median price of existing homes rose from $164,800 in January to $165,400 in February, the first increase since June, the National Association of Realtors says and existing home sales also rose 5.1% in February.
Please call us to schedule a meeting or simply call us to talk about matters.

~Burkett Financial Services, LLC