The Markets
an economic overview

January 2010

GDP Growth Continues

The U.S. economy (real GDP) increased at an annualized rate of 5.7% (advance estimates) during the fourth quarter providing two consecutive quarters of growth after a long period of economic decline.

US Real GDP Growth	Q4 2008	Q1 2009	Q2 2009	Q3 2009	Q4 2009
	-0.05%	-6.10%	-6.40%	2.60%	3.50%

GDP = consumer spending + business investment + government + exports - imports. source: www.bloomberg.com.

The increase in the GDP is a result of positive contributions from private inventory investment, exports and personal consumptions. Personal consumption rose 2%, which is somewhat unexpected given the continued lack of consumer credit growth. Exports continued in their fast pace of growth with an additional 18.1% on top of 17.8% in the third quarter. Imports also increased 10.5% but this number was down from the 21.3% increase last quarter. Real federal government consumption expenditures and gross investment was virtually flat at .1% increase compared with an increase of 7.9% in the third quarter and 11.4% in the second.

Consumer Price Index	1 Year	2 Year	3 Year	4 Year
	2.81%	2.28%	2.56%	2.57%

Consumer Price Index numbers are annualized through 12/31/2009. source: Morningstar Advisor Workstation

Looking Forward

The federal governments around the world are still the key players to watch as we look ahead. As stated in their January 27, 2010 press release, the Fed will continue to maintain the target range for the federal funds rate at 0 to .25 percent. Given the economy's condition, this rate will continue to stay low for an extended period. They anticipate purchases of mortgages and agency debt will cease by the end of the first quarter. On the global front, China has already begun pulling back bank lending by increasing reserve requirements in order to curb overheating of prices in housing.

There are certainly signs indicating the economy is recovering; primarily seen in the upturn of corporate profits. This could result in what may be the beginning of a new round of business spending. Yet, with double digit unemployment, a foreclosure growth rate over twenty percent and the depressed net worth statements of the average American consumer, we still have substantial headwinds to overcome.

VANTAGE FINANCIAL PARTNERS LIMITED

Equity Markets

Stocks continued their growth through the fourth quarter. The excellent equity returns for the quarter and for the year were due to a combination of improved earnings and multiple Price to Earnings (P/E) expansion. Interestingly, this market appreciation was accomplished without the full participation of the retail investor as retail equity mutual funds and ETFs showed a net outflow for the year. The market rebound has especially benefited those companies whose survival was in question a year ago. The result has been that many quality stocks are trading at similar or lower valuations than some of the lower quality equities. We will continue to add to investment vehicles with a focus on companies showing a strong cash flow and earnings growth. We anticipate a more accurate valuation of these positions as the year progresses.

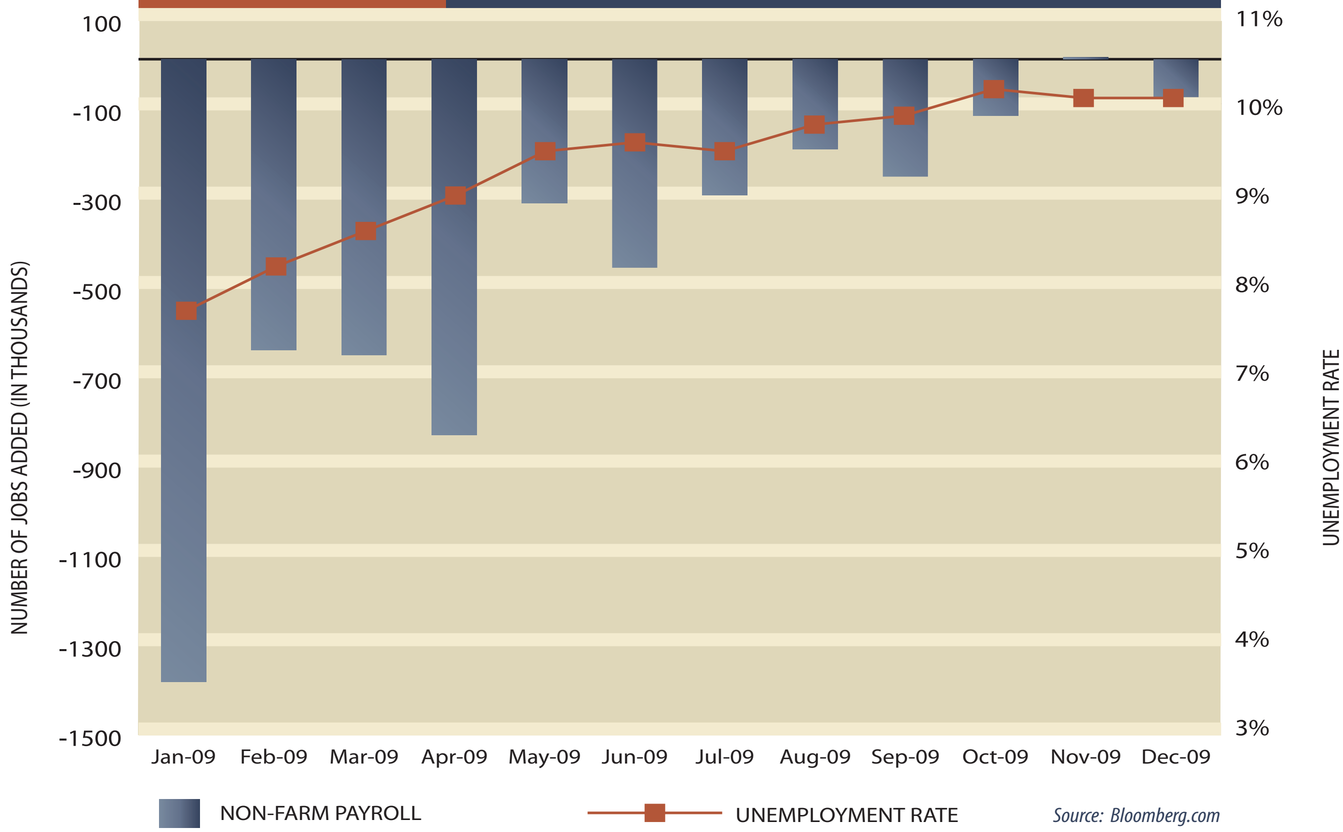
The earnings for the companies in the S&P 500 are predicted to be around $75 for 2010. Using this number and a reasonable multiple of 15 to 16 (P/E) we could see a modest return for the year on the index. While these earnings appear reasonable we still have a very soft economy that will hinder the top line (revenue) growth of these companies. Much of the increase in profits is coming from increased productivity (i.e. technology gains and reduction of costs/payrolls).

We anticipate that the equity markets will remain volatile given the leveraged consumer, high unemployment and a debt-constrained U.S. government. The fundamentals of investing begin with the idea that investors demand a premium for taking on risk. We have seen over this past cycle how quickly the investors risk appetite can change. In the first quarter, investors wanted little to no risk and by the end of the year the desire for risk resulted in much higher market valuations. We intend to look for opportunities to take advantage of the inefficiencies resulting from these major swings.

Major Indices	Returns *						Risk *			
	Qtr 4 2009	2008	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
Lehman Bros Agg Bond Index	20.00%	5.24%	5.93%	6.04%	4.97%	6.33%	3.34%	4.17%	3.70%	3.83%
Lehman Bros Muni Bond Index	-0.96%	-2.47%	12.91%	4.41%	4.32%	5.75%	5.79%	6.00%	4.87%	4.65%
Dow Jones Industrial Average	15.82%	-31.93%	-7.38%	-3.30%	1.85%	1.62%	26.74%	18.21%	14.92%	15.67%
S&P 500 Index	6.03%	-37.00%	26.37%	-5.61%	0.38%	-1.01%	22.11%	19.79%	15.95%	16.05%
NASDAQ Composite Index	3.84%	-33.79%	27.15%	-5.97%	0.52%	10.53%	29.31%	25.14%	21.32%	20.14%
Russell 2000 Small Cap Index	2.18%	-43.38%	31.78%	-6.04%	3.54%	4.76%	35.25%	20.49%	19.92%	15.73%
MSCI EAFE (Foreign) Index	8.55%	-53.33%	78.51%	5.11%	15.51%	10.11%	29.37%	31.55%	27.38%	24.79%
MSCI EM (Emrg. Mrkts) Index	15.91%	-40.00%	54.35%	0.84%	4.22%	-6.41%	45.08%	23.70%	20.49%	29.44%
DJ Wilshire REIT Index	9.18%	-39.20%	28.46%	-13.65%	-0.07%	10.67%	49.95%	41.42%	33.46%	25.70%
DJ / AIG Commodity Index	9.03%	-35.65%	18.91%	-3.83%	1.96%	7.13%	16.39%	23.23%	20.41%	17.42%
Goldman Sachs Commodity Index	-1.76%	-46.49%	-44.52%	-10.80%	-6.71%	4.50%	40.74%	31.29%	28.56%	25.37%

** 1, 3, 5 and 10 year return & risk numbers are as of 12/30/2009. Standard deviation (risk) is a statistical measure of volatility of a portfolio's returns around its mean.*
Past performance is no guarantee of future results. source: Morningstar Advisor Workstation

U.S. Job Market



Source: Bloomberg.com

Interest Rates & Fixed Income

What a difference a year makes as U. S. treasury securities finished 2009 with the worst performance in 20 years, significantly lagging other global sovereigns. This, after these same treasuries were everyone's 'darling' when they were the only major category to perform well in 2008. In contrast, corporate debt finished strong, having one of the best years on record. As mentioned in prior newsletters, we spent most of the year moving down the credit ladder which has worked well as credit spreads narrowed significantly (the spread between treasuries and corporate bonds).

The focus now is on the direction of interest rates. The credit markets have already begun a significant price increase on long term rates. The yield differential between 2 and 30 year treasury rates are the widest in 17 years. Given that short term rates are so low, this was inevitable. It is also important to note that over 40% of all U.S. Treasury obligations will need to be refinanced by the end of 2010 and over 50% by 2011. This will mean that a large number of these instruments could be coming due at a time when interest rates will already need to be raised by the Fed to keep inflation in check. The combination could lead to a sharper move up in interest rates than anticipated. Given this scenario we will continue to short treasuries in many of our portfolios.

In this New Normal environment it is instructive to observe that the operative word is "new" and that the use of historical models and econometric forecasting based on the experience of the past several decades may not only be useless, but counterproductive… Bill Gross, PIMCO Bond manager (named bond manager of the decade by Morningstar)

Key Rates

Prime Rate	3.25%	10 YR Treasury Yield	3.66%
1 YR CD Rate	1.36%	30 YR Fixed Mortgage Rate	5.16%

as of January 30, 2010 *source: Bloomberg.com*

Commodities & Real Estate

Hard Metals were the big contributor to the commodity index while the agriculture as a group moderated the index' returns. Gold made most of the headlines with its 24% return, however copper turned in an unprecedented 139% return. China has been a big purchaser of copper for its infrastructure needs. The biggest agriculture return, sugar, was up 91%. (perhaps the result of a sugar high?) The commodity markets will see continued volatility in the months ahead as investors attempt to determine the degree of the economic recovery.

The REITs have a similarity to the corporate equities in that the highly cyclical areas were rewarded at a much faster pace than the defensive part of the asset class. An issue in the commercial real estate market exists as there are approximately $1.5 trillion in commercial real estate loans coming due over the next 24-36 months. Since many of the mortgagees may not qualify under the more stringent lending guidelines in force today, the concern is who will take the hit, the banks that made these loans or the property owners? This looks to keep market values from any type of near term recovery. Part of the answer may come in the form of acquisitions from many of the publicly traded REITs that have already addressed their near and medium term capital needs.

Overall, we continue to remain somewhat under-weighted in both commodities and real estate equities. We continue to watch for signs of further stabilization before we add significantly to these areas.

LPL Benchmark Performance	Returns *						Risk *			
	Qtr 4 2009	2008	1 Year	3 Year	5 Year	10 Year	1 Year	3 Year	5 Year	10 Year
Aggressive Growth	5.61%	-35.65%	26.92%	-4.95%	94.00%	1.00%	21.53%	19.57%	15.84%	15.67%
Growth	4.76%	-30.17%	23.61%	-3.08%	1.72%	1.14%	18.43%	16.68%	13.48%	13.20%
Growth with Income	3.63%	-22.35%	19.16%	-68.00%	2.66%	2.56%	14.33%	12.88%	10.39%	9.97%
Income with Moderate Growth	2.49%	-13.93%	14.55%	1.54%	3.46%	3.80%	10.22%	9.16%	7.39%	6.88%
Income with Capital Preservation	1.34%	-4.89%	9.86%	3.61%	4.14%	4.89%	6.22%	5.73%	4.69%	4.22%

** Risk figures and the 1, 3, 5 and 10 year return numbers are as of 12/31/2009. Standard deviation (risk) is a statistical measure of the volatility of a portfolio's returns around its mean.*
source: LPL Financial Services

TThe benchmark data quoted represents past performance of indices as reported by LPL Financial. Investment return and principle value will fluctuate so that an investor's shares, when redeemed may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. Call Vantage for current performance information.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

LPL Income with Capital Preservation Benchmark
20% Russell 3000, 70% LB Aggregate Bond Index, 10% U.S. Tbill

LPL Income with Moderate Growth Benchmark
40% Russell 3000, 53% LB Aggregate Bond Index, 7% U.S. Tbill

LPL Growth with Income Benchmark
60% Russell 3000, 35% LB Aggregate Bond Index, 5% U.S. Tbill

LPL Growth Benchmark
80% Russell 3000, 15% LB Aggregate Bond Index, 5% U.S. Tbill

LPL Aggressive Growth Benchmark
95% Russell 3000, 5% U.S. Tbill

VANTAGE FINANCIAL PARTNERS LIMITED

Nine North Vail Avenue
Arlington Hts., IL 60005

PHONE (847) 590-9191
FAX (847) 590-9009

www.vantagefinancial.com