



October 3, 2012

Dear Clients and Friends,

We've grown! We're delighted to announce that Wendy Weaver joined FBB Capital Partners last quarter, bringing her many years of portfolio management experience to our firm. Wendy is a Certified Financial Planner, having specialized in financial planning for widows, retirees and families. She will be working alongside Kathleen Hastings and Maggi Keating, adding "bench depth" to the FBB team. (Pardon the baseball reference – with the Nationals clinching their first division title this week, we confess to a minor diversion!)

We've been remiss in announcing other changes to our roster in recent years. Laurie Keegan is now our Chief Compliance Officer, recently taking that helm from yours truly, as the greatly increased regulatory burden since the '08-'09 financial crisis has made compliance a full time job for an expanding firm like ours. Sheleen Schiera has been providing portfolio and administrative support in our Easton MD office, and Katie Cronin fills a similar role at our main Bethesda location. And last but not least, Carl Young joined us as a portfolio analyst, backing up our portfolio managers with client account reviews and securities research.

You can see and read about the FBB team at our website, www.fbbcapitalpartners.com. While you're there, please check out our "blog" style news page, where we provide access to selected articles from multiple sources on investing, economics, and financial planning. Be sure to bookmark that page, as we will be updating it throughout the business week.

*"We cling to our own point of view, as though everything depended on it.
Yet our opinions have no permanence; like autumn and winter, they gradually pass away."
- Chinese philosopher Zhuangzi*

Financial market participants liked what they heard from central bankers in the third quarter of 2012, sending both stocks and bonds higher in the period. US markets cheered Fed Chairman Bernanke's decision for another round of **monetary easing**, while pressure eased on European bonds after ECB President Mario Draghi launched his plan for saving the Eurozone banks (and the Euro currency) from disintegration. Bernanke did express "**grave concern**" over **labor market conditions**, which deteriorated in the quarter, though the US housing market continued its nascent upturn, which we highlighted earlier this year on our quarterly conference calls.

In the near term, investors will probably greet the upcoming **US presidential election** with a shrug of the shoulders, as historically Election Day has not been a market moving event. More earth-shaking, in our opinion, will be the post-election Congressional battle over the looming **fiscal cliff**. Failure to resolve this issue before its built-in "sequestration" failsafe would likely lead to a marked reduction in US GDP growth in the year ahead, as major tax hikes and spending cuts would kick in at the same time.

On that topic, we want to turn your attention to two articles you can access for free at ThirdWay.org, the web site for a centrist economic think tank. The sibling publications, "*Taxing the Wealthy Can't Fix the Deficit*" and "*Spending Cuts Won't Fix the Deficit*" address, and largely dismiss, the polarized partisan views espoused by many in Congress. We second their opinion that **strict ideological fixes won't solve the US' fiscal problems**, and are therefore encouraged to hear very recent news that Senate leaders are working on a plan to address the Fiscal Cliff in a post-election session of Congress. If they can convince both houses of Congress to meet in the middle, the fiscal cliff may, like autumn in DC, swiftly pass away.

Sincerely yours,

Mitch Schlesinger
FBB Capital Partners

P.S. A hearty **congratulations to Susan Fulton** on her inclusion in WealthManagement.com's "**Top 25 Women RIAs**" list! Having founded the firm 25 years ago, this recognition is long overdue!