FINANCIAL MANAGEMENT GROUP, INC.

2003 INVESTMENT & ECONOMIC OUTLOOK

The investment performance results of major stock and bond indexes for the calendar year were as follows:

Index	December 2002	QTD	**YTD**	Description
S&P 500	-6.03%	+7.92%	**-23.37%**	Large-cap stocks
NASDAQ Composite	-9.69%	+13.94%	**-31.53%**	Large-cap tech stocks
Russell 1000 Growth	-6.91%	+7.15%	**-27.88%**	Large-cap growth stocks
Russell 1000 Value	-4.34%	+9.22%	**-15.52%**	Large-cap value stocks
Russell 2000 Growth	-6.90%	+7.50%	**-30.26%**	Small-cap growth stocks
Russell 2000 Value	-4.27%	+4.92%	**-11.43%**	Small-cap value stocks
MSCI EAFE	-5.19%	+4.41%	**-17.06%**	Europe, Australasia & Far East Index
Lehman Aggregate	+2.07%	+1.59%	**+10.26%**	U.S. Government Bonds
Lehman High Yield	+1.40%	+6.15%	**-1.41%**	High-yield corporate bonds
Through December 31, 2002.				

For the first time in 60 years, all of the major equity indexes posted losses for a third year in a row. However, the global diversification with periodic rebalancing of our clients investments cushioned their portfolio performance from the traumatic declines in value that have generally occurred for investors during the past thirty-six months. Furthermore, they are positioned for future growth in portfolio value without an onerous amount of "catch-up" required as the investment environment improves.

The year 2002 was volatile throughout and particularly severe during the third quarter when virtually every asset class experienced double-digit decreases in value, with the exception of bonds. The fourth quarter, however, staged an impressive rebound, as shown above, displaying how fast and unexpected impressive growth can occur. In our opinion, the bottoming out process for the equity markets has occurred. We expect strong performance to occur starting in the second quarter, resulting in positive returns for the portfolios in 2003.

As we begin 2003, investor uncertainty remains as we creep towards war with Iraq in combination with the global confrontation involving North Korea. However, historically when an actual war event occurs, investor sentiment typically turns bullish once clarity is established. Our assessment is that business investment and growth, stimulated by government policy, will supplant consumer spending in sustaining the domestic economy recovery.

We are bullish about a return to growth being achieved for the equity positions in client portfolios starting sometime during the second quarter. This includes strong international investment performance due to current low foreign stock valuations relative to those of US stocks. As a result, we are strategically allowing the actual international weightings to exceed the targets established for each individual client portfolio in order to capture anticipated growth opportunities.

(OVER)

Investors become "irrationally despondent" and nervous when equity markets faltered. As a result, many investors gripped by fear have bailed out of equities by shifting to bond holdings or cash equivalents. However, typical of poor market timing investment behavior, they made shifts too late and in the wrong direction. Specifically, in 2002, the largest single month exodus from equity mutual funds occurred in September just prior to the best equity performing month of the entire year occurring in October. The same poor timing scenario occurred in March and April of 2001.

So far during 2003, investors are continuing to flee from downtrodden equity positions and pouring huge amounts of money into bonds and other fixed income investments. In our opinion, they are surely heading for disappointing results when the underlying strong fundamentals of the economy become realized and the war uncertainty is clarified by the second quarter. As interest rates start to reverse upward from their current historic low levels, the performance of fixed income investments will no longer outperform equity investments as has occurred for the past thirty-six months. This will then result in diminishing investor skittishness and a shifting back to equities. However, once again the investor will be improperly positioned in the wrong place, wrong time, and the ineffectiveness of market timing being reinforced.

Today's investor profile is in stark contrast to the "irrational exuberance" that was present prior to the existing painful bear market adjustment which started thirty-six months ago. Bear market impatience and fear has replaced previous bull market imprudence and greed. The good news is that this "bad news" negativism can be positive going forward, just as an ebullient and over exuberant investment environment can bode bad news for future investment performance.

Overall in structuring investment portfolios, we tune out prevailing professional confusion and noisy media hype, causing us to appear contrarian at times. Our investment philosophy is to preserve value during difficult times via well-structured diversification and rebalancing, not market timing, and be alert for opportunistic growth as it materializes on a global asset class basis. The benefit from this approach is portfolio preservation during tough times as well as achieving portfolio growth during improving times which we anticipate to materialize in the second quarter.

We encourage you to discuss with us any aspects of the structure and performance of our investment approach in order to fully understand how you might benefit.

Brett Wilder, CFP President & CEO	David Wilder, CFP, CTFA, MST Executive Vice President	Robert Siegmann Executive Vice President	J. Brock Dexter Executive Vice President

Bloomberg's "Wealth Manager" magazine has again ranked us one of the "Top 150" independent financial advisors in the country. Importantly, our success is derived from satisfied client referrals. Please encourage others to contact us 513-984-6696 for an initial no obligation consultation or to view our Internet website www.fmgonline.com when a referral opportunity occurs.