BRADYCO

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Results

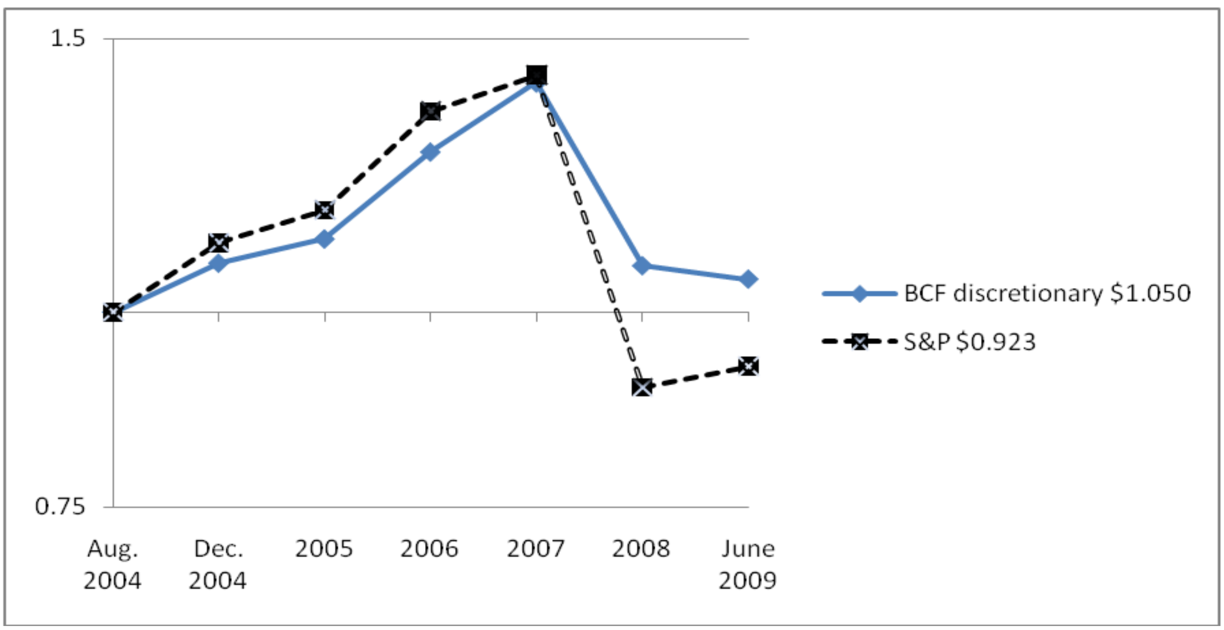
The Bradyco composite result for the 1st half of 2009 was a loss of 2.0%, net of expenses and investment management fees, while the S&P 500 index, including dividends, gained 3.2%.

The following table compares our results versus the S&P 500 index over time. Complete results are included at the end of this letter.

	2009 YTD as of 6/30/09	2008	Last 2 yrs. as of 6/30/09	Last 3 yrs. as of 6/30/09	Since Inception 08/04-06/09
Bradyco composite	-2.0%	-23.8%	-10.8%	-2.7%	1.0%
S&P 500 (w/Div)	3.2%	-37.0%	-19.9%	-8.2%	-1.6%
Difference	-5.2%	13.2%	9.2%	5.6%	2.6%

Returns are annualized; past performance is no guarantee of future results.

The following graph compares the performance of one dollar invested by Bradyco Financial since 7/31/04 to one dollar invested in the S&P 500 index.



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How do I view our results? My goal is to outperform the stock market (as represented by the S&P 500 index including dividends) over time. So far in 2009, we have underperformed the index by 5.2%. This is not surprising. Much of the stock market's 2009 gains resulted from the recovery of stocks that underperformed in 2008 (when we beat the market by 13%). Since our stocks did better than average in 2008, they had less ground to make up in 2009. Our long-term performance remains strong. After nearly 5 years, our cumulative results have exceeded those of the stock market by 2.6% per year.

Commentary

Last year's awful results continued into 2009 with the stock market falling another 25% before hitting a low on March 9th (this represented a drop of over 50% from January 1st, 2008). Investors worried that our economy was headed for a depression led by our fragile banking system.

After months of rumors that some of our nation's biggest banks were about to be nationalized, investors decided in early March that such cataclysmic fears were unfounded. Instead, the government took several other actions to stimulate the economy and the credit markets. Investors interpreted these developments along with other bits of economic information (what has been coined the "green shoots") as evidence that stocks were oversold and thus, began a rally of 37%, which essentially put the market about back to slightly above where it began the year. (A reminder for the math challenged **-** percentage changes can be deceiving. For example, if the stock market begins at $900 and drops **50%** to $450, it has to gain twice as much, **100%,** just to return to where it started -- $900.)

Our stocks have not fully shared in this explosive rally. In fact, as reported by WSJ columnist Jason Zweig, "…since the market struck bottom on March 9, it has again been the cruddiest stocks that have covered investors with glory." The kind of high quality companies that I favor clearly do not fit that description!

Many observers think another pullback by the stock market may be forthcoming. While I agree with the logic of their arguments, I am cautious about such pronouncements. As I have pointed out before, the stock market has a habit of humbling anyone making short-term predictions. Thus, I can assure you that I have a plan for a variety of scenarios. What I won't do is change my strategy of buying good companies with strong prospects – even if such stocks briefly underperform.

Lessons Learned

This summer marks Bradyco Financial's fifth anniversary. I want to thank you for the confidence that you have placed in me during this period. It has been an honor to serve you. As I look back upon the last 5 years, I am reminded of a recent inquiry "what have I learned?" While the question referred to the recent economic crisis, my answer would be the virtually the same if it had referred to the last 5 years. What have I learned?

- Don't spend your time focused on the rear view mirror. The only thing that matters to your future investment results is how well you are invested going forward. The past is over; we only have power to affect the future.

- Similarly, don't worry about the short-term direction of the stock market. The key is what prices the market offers you. When you find a good company selling at a discount, buy it regardless of what is happening to the overall market.

- Think long-term. Our chief advantage over WallStreet is our ability to take advantage of WallStreet's short-term thinking. Big investors are so focused on their short-term performance, they often avoid stocks with promising futures just because they are temporarily out-of-favor.

- Valuation vs. company selection. While getting a good price on a stock is important, picking the right companies to invest in tends to be even more important. When I review my biggest mistakes, most were because I bought the *wrong* company not that I paid *too much* for the right company.

- The best companies share four characteristics. They are profitable, they are run by honest and competent managers, they have a durable competitive advantage and they have predictable long-term revenue. Thus, I regret that our holdings in Wm. Wrigley Jr. Co. (the profitable and predictable gum maker) were converted to cash when it was acquired by privately held, Mars, Inc. In the same vein, I have reluctantly declined to buy stock in Apple, Inc. despite my admiration for the company and its products, because the electronics industry is too unpredictable.

- Costs matter. My goal is to keep our costs to a minimum. Thus, I pick individual stocks rather than buying mutual funds and I purchase those stocks for a minimal cost (generally $8 or $18 per trade). In those rare cases where I do invest in mutual funds, I buy low cost funds without loads (e.g. sales charges).

Last fall's meltdown reminded me of one other lesson:

- Beware of uncommon events such as 100 year floods that occur more often than advertised. The collapse of Long-Term Capital Management in 1998 foreshadowed some of the problems that hit WallStreet in 2007-2008, when its financial models failed to include rare, but foreseeable outcomes that eventually took place. AIG is one glaring example of this phenomenon.

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What's Ahead

While I do not believe in trying to predict the short-term direction of the stock market, I will point out that the recent news on our economy is mixed. The good news is that all the "worst case" scenarios are off the table. Our nation's economy is no longer in the freefall that we saw last fall.

While the worst of the economic collapse may be over, there is little agreement among economists as to how our economic recovery is going to play out. Our recent crisis was unique and I expect that how we emerge from this event is likely to be equally distinctive. What we do know is that the actions of our Federal government were unprecedented and that they will have consequences. What is less clear is exactly what those consequences will be?

Given this uncertainty, as investors, I think we should be prepared for a slower than normal recovery, which could depress stock market returns over the coming 5-10 yrs. Still, I believe that investments in the right companies will help us prosper regardless of what happens to the economy, the inflation rate, the dollar, etc.

Thank you for your confidence.

Brad

All Assets	**Bradyco Composite (all)**	**Growth Composite**	**Growth & Income Composite**	**S&P 500 Index**
08/04 – 12/04	7.5%	7.3%	8.0%	10.9%
2005	3.7%	3.5%	4.4%	4.9%
2006	13.8%	14.3%	12.8%	15.8%
2007	10.8%	12.7%	6.0%	5.5%
2008	-23.8%	-25.5%	-18.6%	-37.0%
01-09 -- 06-09	-2.0%	-1.7%	-2.8%	3.2%
08/04 – 06/09	1.0%	1.0%	1.3%	-1.6%

All returns over 12 months are annualized and net of all expenses including investment management fees and trading expenses. All composite returns are asset-weighted monthly and include cash. All calculations use prices provided by Fidelity Investments. Non-discretionary accounts and accounts with 100% cash are not included. Index returns reflect the reinvestment of dividends.

Stocks only	**Bradyco Composite (all)**	**Growth Composite**	**Growth & Income Composite**	**S&P 500 Index**
08/04 – 12/04	9.8%	8.4%	16.6%	10.9%
2005	5.0%	3.5%	10.8%	4.9%
2006	18.0%	17.3%	19.8%	15.8%
2007	14.5%	16.5%	7.9%	5.5%
2008	-27.7%	-29.0%	-22.7%	-37.0%
01-09 -- 06-09	-3.6%	-3.1%	-5.1%	3.2%
08/04 – 06/09	1.7%	1.1%	4.2%	-1.6%

All returns over 12 months are annualized and do NOT include investment management fees. All returns are asset-weighted monthly and do not include any non-stock investments including equity mutual funds. All calculations use prices provided by Fidelity Investments. Non-discretionary accounts and accounts with 100% cash are not included. Index returns reflect the reinvestment of dividends.