BRADYCO

Bradley F. Richardson

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Results

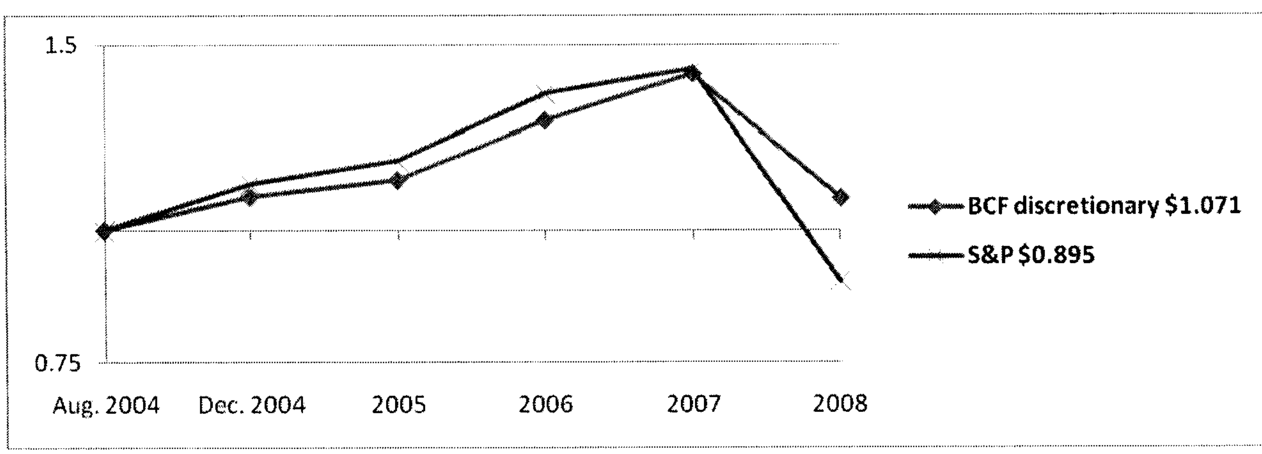
The Bradyco composite result for 2008 was a loss of 23.8%, net of expenses and investment management fees, while the S&P 500 index, including dividends, lost 37%.

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

	2008	Last 2 yrs.	Last 3 yrs.	Since Inception
Bradyco Composite	-23.8%	-8.1%	-1.3%	1.6%
S&P 500	-37.0%	-18.5%	-8.4%	-2.5%
Difference	13.2%	10.4%	7.1%	4.1%

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.



Bradyco Financial
16 Sargent Street • Cambridge, MA 02140-2514
TEL (617) 945-1991 • FAX (617) 812-7787 • Brad@BradycoFinancial.com
www.BradycoFinancial.com

How do I view our results? My goal is to outperform the stock market (as represented by the S&P 500 index including dividends) and in 2008, we did that by 13%. More importantly, after almost 4 ½ years, our cumulative results have exceeded those of the stock market by 4.1% per year. Our results have not exceeded the market every year, because I would rather hold cash than invest in stocks that are not "on sale." (The stocks that I have invested in have done better than the S&P index in every year except for the last 5 months of 2004.) Over the long run I believe this strategy will result in superior returns.

Commentary

Let's start with a collective sigh (or should it be a groan) that 2008 is finally over! A stock market meltdown, numerous government bailouts, a multi-billion dollar fraud, and two snow storms in Las Vegas -- in 2008, we saw it all! So far, 2009 is not looking much better.

So how should we react to this? It is understandable to be concerned. Major market drops tend to occur during periods of low confidence and high uncertainty. Our current times clearly fit both descriptions.

Yet, 2008, for all its downsides, proved the value of our long-term approach. In October of 2007, when the economy looked strong and the S&P 500 index hit an all-time high, we stuck to our strategy of thinking long-term and only buying good companies selling at a discount. When times got tough in 2008, this strategy proved itself as our investments held up much better than the market averages.

In times like these, it is all the more important for us to step back from our emotions and think logically about the past, present, and future. While I believe that our financial system is broken and that fixing it won't be easy, I am confident that in time, our current problems will be addressed and America's economy will bounce back. It will take time and it may be a slower and more difficult recovery than we are used to, but it will happen.

When the stock market does recover, we will be well positioned. The recent downturn has provided ample opportunities to invest in good companies at discount prices. Further, many of us investors have benefited from two takeovers in 2008 when Mars, Inc. purchased Wm. Wrigley Jr. Company and Belgium's InBev purchased Anheuser-Busch Companies, Inc. While I was disappointed that we are no longer invested in these two great companies which have strong market franchises, since both were cash deals, I was able to use the proceeds from these sales to invest in other good companies selling at reasonable prices.

Before closing this newsletter, I wanted to mention a topic that has been in the news a great deal lately – the reported multi-billion dollar "Ponzi scheme" involving Bernard L. Madoff. While the scope was much larger, it has much in common with a similar event that took place in the Boston area in 2004 involving Bradford C. Bleidt who defrauded investors of $27 million. While much could be said about both situations, the key point for investors to remember is that both money managers kept their client's funds together with their own and did not use the services of an outside firm. If investors had insisted that their funds be retained by a custodial firm such as Fidelity Investments – where one's balances can be checked 24 hrs./day 7 days/week over the Internet – the fraud would be extremely difficult, if not impossible to pull off. To quote a former President, when dealing with investment advisors "Trust, but verify."

As unnerving as 2008 was, our country's economy remains the strongest in the world and over time, it will bounce back. In the near-term, though, it is quite possible that both our economy and the stock market will get worse before they get better. If this happens, we need to remember to think long-term and stay the course. If we do, 10-20 years from now, we will look back upon our current crisis and wonder why we didn't invest more of our assets in the stock market.

Thank you for your confidence.

Brad

P. S. Effective with this newsletter, I am changing the publication schedule from quarterly to bi-annual. The next newsletter will be issued in July.

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%
08/04 – 12/08	1.6%	1.5%	2.1%	-2.5%

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%
08/04 – 12/08	2.7%	1.9%	6.0%	-2.5%

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.

Editorial Note: those with an eye for detail may notice that the beginning period used for performance results in this newsletter is written as “08/04-12/4” instead of “07/04-12/04,” which was used in the past. What changed? The actual start date was and is the last day of July 2004, but it makes more sense to use August 2004, which was our first full month of operation. I apologize for the confusion.