

SEPTEMBER HIGHLIGHTS

- One year anniversary of the greatest financial crisis since the Great Depression
- Federal Reserve Chairman Ben Bernanke states that the recession has technically ended
- Nonfarm-payrolls decline by 263,000 in September, increasing the unemployment rate to 9.8%
- General Motors will shut down it's Saturn brand after a deal with Penske Automotive Group fell through
- Gold reached \$1,000/oz for the first time since February
- 2nd quarter 2009 earnings season ends with 67% of companies beating estimates, while profits fell 41.09%

SEPTEMBER STOCK MARKET BAROMETER and KEY RATES

Gold	5.93%
NASDAQ	5.64%
Small Cap	5.63%
Mid Cap	3.90%
S&P 500	3.57%
International	3.11%
Dow	2.27%
Oil	0.93%

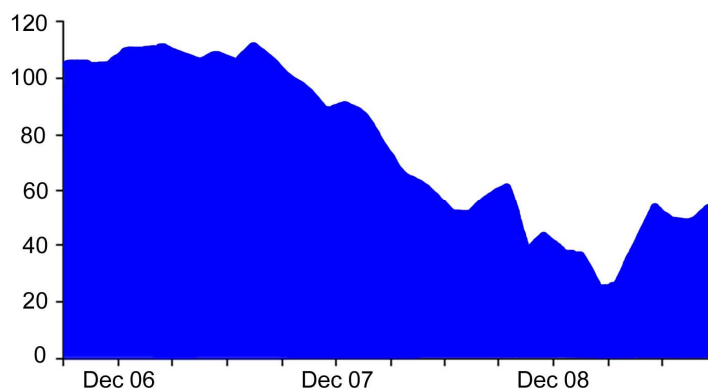
US Unemployment	9.80%
MI Unemployment	15.20%
3 Month T-Bill	0.11%
10 Year Treasury Note	3.31%
Prime	3.25%
Avg. 30 Yr Fixed Mortgage	5.16%
Avg. 1 Yr Jumbo CD	1.62%

WHAT A DIFFERENCE A YEAR MAKES

Take a moment and think back to what was unfolding just one year ago. AIG, Fannie and Freddie were bailed out by the U.S. government, Lehman Brothers filed for bankruptcy, Washington Mutual failed, and Wells Fargo took over Wachovia. Bank of America was forced by the government to consummate a buyout of Merrill Lynch, the massive TARP program was rushed through Congress to save the banks, FDIC insurance was increased to \$250,000, and the Treasury department guaranteed \$4 trillion in money market funds among other things. It felt as though capitalism, free-markets and the American dream were on the verge of collapse.

Now fast forward to current times and look at how far we've come. The economy is off life support and has made it out of intensive care, courtesy of the U.S. government throwing money at problems, some real, some perhaps imagined. While we are still far from a full recovery, each day without a reoccurrence of last year's bad news is a step in the right direction. A good example of our location in the road to recovery is the Conference Board Consumer Confidence Index, which has doubled from it's February low but is still half of it's 2007 values. The index is a good barometer of business and consumer activity.

Consumer Confidence



Source: Bloomberg as of September 30, 2009

However, regardless of the improvement in confidence, we remain cautiously optimistic. The Conference Board released September's number on the 29th, reporting a drop from August. This was an indication that despite climbing out of last year's hole, U.S. consumers are still weary and contending with a 9.8% (15.2% in Michigan) unemployment rate. As we discussed in our September 2009 issue, we believe in the "New Normal", a phrase coined by William Gross of Pacific Investment Management Company (PIMCO). All economic indicators are signaling that this recession has bottomed. With that said, we expect a new, less robust normal growth scenario will emerge – where 5% GDP growth is a number of the past giving way to a future of 3% annual GDP growth.

ABOUT US

MBT Wealth Management Group is the Asset Management division of MBT Financial Corp., a \$1.4 Billion bank based in Monroe, Michigan. We primarily engage clients in fee-based, highly service-oriented investment accounts tailored to their specific needs. We also offer commission-based and insurance services through MBT Investments, our local brokerage option. We appreciate the support our clients have given us since 1942 in allowing us to serve their financial needs with sophisticated products and proactive service.

QUESTIONS BERNIE MADOFF ASKED TODAY IN PRISON

- Has it been 150 years yet?
- Who do I have to swindle to get a freshly-pressed jumpsuit?
- Which way to the penthouse cell?
- Because of my business dealings with the Latin Kings, can you keep me away from the Crips?
- What mixes better in a toilet, sangria or daiquiris?
- Will I get special treatment if I help the guards hide money from the IRS?
- I'd like the truffle-crusted halibut.
- Did I mention that it was an April Fools' prank that just got out of control?
- Will someone TiVo "America's Got Talent" for me for the next 149 years?
- Is it ok if I decline a conjugal request from my wife?

Source: David Letterman

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ALTERNATIVE INVESTMENTS

In the aftermath of last year's financial market crises many individual investors found their portfolios to be more volatile than they originally thought. Even those invested in both stocks and bonds did not escape the meltdown. Now more than ever, especially given the correlation inherent in the markets, it is important to diversify outside of traditional asset classes and into alternative investments. Alternative investments include commodities, real-estate, derivatives and hedge funds. Historically many people have shied away from hedge funds because of high fees, poor liquidity, limited transparency, minimum investment requirements and tax reporting issues. This is unfortunate given that hedge funds have the potential to deliver substantial returns relative to their risk profile, while at the same time offering low correlation to traditional asset classes.

The MBT Wealth Management Group utilizes a product in client portfolios which offers exposure to the hedge fund space, via replication strategies, without the negative features of conventional hedge fund investing. Specifically, we have partnered with Goldman Sachs to offer a mutual fund that mimics the performance of the Goldman Sachs Absolute Return Tracker Index. This index has very low correlation to stocks and bonds, reducing volatility within client portfolios.

A FALL FROM GRACE

As the global reserve currency the U.S. dollar should have acted as a safe haven in the flight to quality over the past year. Instead, the dollar has weakened against a basket of major currencies as the U.S. government continues down the road of increasing deficit spending, low Fed borrowing rates and large trade deficits. We believe that the dollar will remain weak, as is reflected in our strategic portfolio allocations. We maintain significant positions in developed and developing markets as foreign-denominated assets become more valuable. When investing domestically we are also seeking multinational U.S. companies with significant operations internationally. Finally, we are allocating a portion of client portfolios to commodities since this asset class tends to gain in value as the U.S. dollar weakens.

WMG STRATEGY CORNER

Our Investment strategy going into October 2009 continues to be conservatively biased, with an increasing tolerance for risk versus last quarter. Our equity strategy emphasizes Large Cap stocks, with specific overweighting in Materials, Energy, Technology and Industrials as cyclical stocks continue their recovery. We've underweighted Consumer stocks as we view the consumer recovery to be less robust. We maintain significant asset allocations to Small Caps, Developing Markets, and Alternatives, such as Commodities, Real Estate and other low correlation asset classes.

In Fixed Income we are currently emphasizing investment-grade credits with short-to-intermediate term maturities, and we are carrying a significant allocation in high-yield and international bonds. We continue to participate in the recent bond bull market. However, we have reservations regarding the long-term sustainability of the rally and are regularly evaluating our current bond allocations.

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