April 20, 2009

To MCA Clients and Friends:

We are pleased to bring you our report for the first quarter of 2009.

As we move into the second quarter of 2009, we do so amidst a decidedly more optimistic tone than has existed during the previous 3 quarters. We are not suggesting that the global recession that virtually all countries have been experiencing is over – quite the contrary. There is likely to be more bad news ahead, particularly on the jobless front. Furthermore, the consumer, who is so important to a consumer-driven economy like the US, is likely to continue to improve his personal balance sheet by paying down debt and saving, rather than spending. In addition, consumer and business credit is unlikely to be as available in the foreseeable future as it has been in the past. What we are suggesting, however, is that the massive reflationary effort being undertaken by our government, and most other governments around the world, is bearing fruit and that the recovery that ensues is likely to be more sound and sustainable than past recoveries. U.S. economic policy in the near term will continue to focus on moving our economy back toward a growth rate in nominal GDP of 4%-6%. Although this return to a more normalized growth rate may not occur for several years, our policy makers are determined to not repeat the mistakes of Japan in the 1990's when the fear of inflation resulted in too little being done to "reflate" the second largest economy in the world. As a result, Japan suffered through what has been termed the "lost decade" of the 1990's.

This economic backdrop, we believe, bodes well for riskier assets, and especially equities, in the near and intermediate term. We believe that the recent rally in equities (as measured by the Dow Jones Industrial Average) of over 20% from recent lows, as measured by the Dow Jones Industrials, is a sign that at least some investor confidence is returning to the markets. By virtually any historical indicator, equities are attractively valued for long term investors. Confidence has been the missing ingredient that has held back any kind of sustained rally since the beginning of the year. We believe this phenomenon may be changing. Couple this with the massive amount of cash on hand of approximately $8.3 trillion[1] (greater than the total market capitalization of the S&P 500, or even the Wilshire 5000), much of which is sidelined and waiting to be put to work in the market, and you have the ingredients of a potentially strong upward trend in the equity markets.

---

[1] So-called "M2", which is a measure of the U.S. money supply that includes all but the largest of time deposits, balances in institutional money funds, depository institution re-purchase liabilities and Eurodollar holdings of U.S. residents.

MIDWEST CAPITAL ADVISORS, LLC

3001 Orchard Vista Drive SE, Grand Rapids, Michigan 49546
Phone 616/454-9600; Fax 616/454-9608
www.midwestcap.com

When will this rally begin to gain serious momentum? We admit to not knowing the precise answer to this question. As we have often said, we are not market timers, but rather students of the market who believe that investment opportunities like the one that exists today come along very rarely. Although there is likely to be continued volatility over the near term, we believe that investors with cash available for investment should, consistent with their overall investment plan of course, take advantage of this volatility by wading back into the markets with the dips that inevitably occur as a new uptrend is established over time.

We thank you for your confidence in Midwest Capital Advisors, and, as always, we welcome your thoughts and questions.

Sincerely,

George P. Wanty, III *Henry G. Swain*