



1ST QUARTER 2010

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S&P Sector Performance (YTD 03/31)

Consumer Discretionary	10.05%
Consumer Staples	5.04%
Energy	0.08%
Financials	10.82%
Health Care	2.89%
Industrials	12.45%
Information Technology	1.67%
Materials	2.41%
Telecom Services	-5.66%
Utilities	-4.61%

Source: Standard & Poor's. Returns are price change only.

Points of Interest:

- ◆ In 2009, S&P 500 companies reduced or eliminated some \$50 billion of dividend payments to shareholders. The most reductions ever. (Standard and Poor's)
- ◆ In the first quarter of 2010, 78 companies of the S&P 500 either increased or initiated dividends compared with only one decrease. (Standard and Poor's)
- ◆ The S&P 500 has now posted four consecutive quarters of positive returns. The 5.4% return of 2010's first quarter was the best first quarter of any calendar year since 1998. (Standard and Poor's)

CONTINUED SIGNS OF RECOVERY

The economy continues to show signs that a sustainable recovery is under way. Both equity and fixed income markets began 2010 much the same way as they ended those of 2009. All of the capital market indices (shown in the table to the right) reported strong positive returns for the quarter. Interestingly, in a reversal of the recent past, domestic equity returns significantly outpaced those of developed international markets around the world. In doing so, they provide a clear indication that the United States is leading the rest of the world in the recovery phase of the "Great Recession." Although there certainly are areas of the economy that will continue to be weak for the foreseeable future, there also are signs that a recovery has taken hold in the United States. Real GDP grew at an annual rate of 5.6% in the last quarter of 2009. The manufacturing sector of the economy is expanding, non-farm payrolls showed growth in March, and home prices have generally stabilized according to the S&P Case-Shiller Index. These types of

Capital Markets	YTD	QTR	2009	5 YR
S&P 500 (1,169)	5.39%	5.39%	26.46%	1.92%
S&P 500 / Citi Growth	3.71%	3.71%	31.57%	2.44%
S&P 500 / Citi Value	7.09%	7.09%	21.18%	1.26%
S&P 400 (790)	9.09%	9.09%	37.38%	5.17%
Dow Jones Industrials (10,857)	4.82%	4.82%	22.68%	3.34%
NASDAQ (2,398)	5.68%	5.68%	43.89%	3.70%
MSCI EAFE (Foreign)	0.87%	0.87%	31.78%	3.75%
Barcap Intr Govt / Credit	1.54%	1.54%	5.25%	5.16%
3 Month Treasury Bill	0.03%	0.03%	0.16%	2.82%

YTD 03/31; Source: Morningstar Principia. Returns are total returns. 5 yr return is annualized

signals helped equity markets to negotiate an 8% decline in late January and early February before regaining their footing and ending the quarter with a strong performance. This late quarter rebound was led by the Consumer Discretionary, Industrial and Financial sectors. On the fixed income side, yields have remained low as the Federal Reserve has held

down short term interest rates to promote economic growth. Politically, strong opposition to the administration's headline policies have resulted in a somewhat more moderate healthcare bill and in protracted negotiations on new financial regulations. Removing any uncertainty associated with political issues is typically beneficial to capital markets.

MISCELLANEOUS

▪ In addition to our quarterly report, clients of MMPW also receive monthly or quarterly statements from their custodians. Although we reconcile the custodian's statement to the information contained in our portfolio management system, we urge

you to compare both statements. In the event that you are not receiving a statement from your custodian or if you have questions about either, please let us know.

▪ Unless Congress passes legislation to reinstate it, there is no federal estate tax in 2010,

and the rules regarding stepped-up basis have been limited. Therefore, to some degree, the estate tax has been replaced by an increase in capital gains tax. In 2011, both the estate tax and the unlimited step-up in basis, as the law is now written, will be reinstated.