

**2010 YTD
Market
Performance***

**S&P 500
+5.1%**

**Dow Jones
+4.72%**

**NASDAQ
+5.55%**

**MSCI EAFE
-0.09%**

**BarCap US
Agg Bond
+1.67%**

**Market Data
supplied by
Morningstar*

Is There Still Life in the Market?

This edition of StraightTalk will have quite a bit in it and though I apologize for the staccato nature, it contains some good information for you.

On March 6th 2009, the S&P 500 Index hit a low of 666.79 and as we sit on March 28, 2010, just over a year since, the S&P rests at 1166.59, an increase of 74.96%. Believe it or not there are still money managers yet to engage in the market. There aren't that many but there is still ample cash sitting on the sidelines and along with the following leading positive indicators, there could be an additional 10% - 15% tacked on.

Interest Rates – Remain low

The FOMC is keeping rates "exceptionally low for an extended period of time." The 0% - .25% was instituted to respond to a financial emergency. The "emergency" may be quelled in the government's eyes and while we do not believe inflation is near we think the rates may increase sooner than some believe.

Corporate Earnings – Gaining momentum

The year over year comparisons will stay very favorable for the next two quarters due to decreased costs, lower debt, and an increase in demand for products and services. We believe that there will be positive surprises in regard to earnings.

Job Growth – Muted but getting better

Unemployment remains near 10% and while that is a cause for concern the leading indicators for job growth – corporate earnings, the demand for goods and services, and temporary employment numbers - are all positive.

Where to Invest?

Your current asset allocation should be at normal levels – meaning that you should continue to maintain an appropriate amount in equities and fixed income depending on your risk tolerance levels. Within those two classes we are targeting the following categories:

Equities - Large Cap Value (dividend paying companies), natural resources, health care, international (Australia, Canada, and China).

Fixed Income - Safe short term paper - treasuries, governments, municipals, CDs. Treasury Inflation Protected Securities (TIPS) and select high yield paper.

A Comment about Insurance Products

For the last few months we have seen an increasing number of insurance sales used as a replacement for a well diversified portfolio. Even though they sound great there may be many hidden costs (including very high commissions), negative tax issues, and long term holding periods and surrender fees that are not fully understood.

StraightLine is a strong research firm, but more importantly, a fiduciary to you. Please allow us to review these programs for you before you make any decisions. Insurance products certainly have a right place, but they also can be used inappropriately.