











The Economy

While we are not out of the woods yet, the 162,000 increase in non-farm payrolls in March along with the upward revisions to January and February's totals (+62,000) could signal the worst is behind us. At March's pace, however, it would still take approximately 50 months to regain the 8.2 million jobs lost since the start of the recession. Look for taxes to garner more of the discussion heading into the second half of 2010. The average general sales tax rate reached 8.629% at the end of 2009, according to Vertex. That is the highest rate since the company began tracking such data in 1982.

Consumer Confidence 52.5 (Mar) 46.0 (Feb) 	Crude Oil (Mo.-End) \$83.76 (Mar) \$79.66 (Feb) 	Personal Spending 0.3% (Feb) Jan up 0.5% 	ISM Manufacturing 59.6 (Mar) 56.5 (Feb) 	ISM Non-Manufacturing 55.4 (Mar) 53.0 (Feb) 
Gold (Mo.-End) \$1113.30 (Mar) \$1118.90 (Feb) 	Natural Gas (Mo.-End) \$3.87 (Mar) \$4.81 (Feb) 	Factory Orders 0.6% (Feb) Jan up 1.7% 	New Home Sales 308,000 (Feb) 309,000 (Jan) 	Existing Home Sales 5.02M (Feb) 5.05M (Jan) 

The Stock Market


Indices (Source: Bloomberg)

	Mar.	12-mo.
S&P 500	6.0%	49.7%
DJIA	5.3%	46.9%
NASDAQ 100	7.7%	59.3%
S&P 400	7.1%	64.0%
Russell 2000	8.1%	62.8%
MSCI World (ex U.S.) (USD)	6.5%	56.6%
MSCI Emerging Markets (USD)	8.1%	81.1%

Growth/Value (Source: Bloomberg)

	Mar.	12-mo.
S&P 500 Citigroup Growth	5.7%	45.4%
S&P 500 Citigroup Value	6.4%	54.6%
S&P Midcap 400/Citigroup Growth	7.9%	62.9%
S&P Midcap 400/Citigroup Value	6.4%	65.5%
Russell 2000 Growth	7.9%	60.3%
Russell 2000 Value	8.3%	65.1%

One hundred and twenty-four out of the 134 subsectors (92.5%) that comprise the S&P 500 posted a gain in March, up from 101 last month. Industrials and Financials were the top performing major sectors, up 8.9%, according to S&P. In March, the dividend-payers (368) in the S&P 500 (equal weight) posted a total return of 6.70%, vs. 8.61% for the non-payers (132), according to Standard & Poor's. Year-to-date through March, the payers were up 8.37%, vs. a gain of 8.35% for the non-payers. For the 12-month period ended March '10, payers were up 73.46%, vs. a gain of 85.84% for the non-payers. The number of dividend increases y-t-d totaled 70, up from 54 at this point in 2009. One company decreased its dividend, down from 40 last year. The Q1'10 edition of the *Investment Manager Outlook* (released March 24), a survey of investment managers conducted by Russell Investment Group, found that 60% of those money managers polled believe U.S. equities are fairly valued. Managers are most bullish on the following asset classes: Emerging Market Equities (66%); U.S. Large-Cap Growth (64%); U.S. Small-Cap Growth (55%); U.S. Mid-Cap Growth (54%); and U.S. Large-Cap Value (53%). The asset classes managers are least bullish on are Cash (6%) and Treasuries (6%). The sectors managers are most bullish on are Technology (79%), Health Care (63%) and Materials and Processing (49%).

U.S. Dollar (U.S. Trade-Weighted Basket) +0.1% (Mar) +1.8% (2010)  \$ was down 5.9% in '09	CBOE Total Equity Options (# of contracts in millions) Mar: 56.2 (+42.3%)  Feb: 39.5 (-21.6%) Record 7/08: 67.2 million	Short Interest (NYSE) Mar 15: 14.13B (+0.9%)  Feb 12: 14.00B (+4.9%) Record 7/08: 18.61 billion shares	VIX Volatility Index (S&P 500)  17.59 (3/31) 19.50 (2/26) Record 11/20/08: 80.86
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The Bond Market

Index (Source: Barclays)

	Mar.	12-Mo.	Yield
U.S. Treasury: Intermediate	-0.68%	0.01%	2.06%
GNMA 30 Year	0.16%	5.14%	4.18%
Municipal Bond (22+)	0.48%	17.35%	5.11%
U.S. Aggregate	-0.12%	7.69%	3.47%
Intermediate Corporate	0.39%	21.58%	3.92%
U.S. Corporate High Yield	3.13%	56.18%	8.47%
Global Aggregate	-0.76%	10.23%	2.90%
Global Emerging Markets	2.84%	34.94%	5.88%

New month, same story. Riskier debt continued its dominance in March. High yield corporates and emerging markets debt dusted their investment-grade counterparts. What is even more interesting is the demand for higher yielding paper is so strong it is sopping up record levels of new supply. Global issuance of speculative-grade debt totaled \$67.8 billion in Q1'10, an all-time high for the first three months of the year, according to Thomson Reuters. Lower perceived risk has made this trade a slam dunk for investors. The global speculative-grade default rate stood at 11.6% in February, down from 12.5% in January, according to Moody's. Moody's is now forecasting a default rate of 2.9% by December 2010. The Fed has stated its intention to keep short-term rates low for an extended period, but that guidance could change on a dime.

Key Rates as of March 31		Key Yield Spread		2010 Debt Issuance through February		
		The spread between the Merrill Lynch High Yield Master II Index and the 10-Yr. T-Bond was 480 basis points on 3/31/10, down from 546 on 2/26/10. It was 1,596 on 3/31/09. (Source: Bloomberg)		(Source: Thomson Reuters)		
		Debt Category	\$ Amount	% change over '09		
Fed Funds	0-0.25%	Treasury	\$305.3 Billion	+45.5%		
2-Yr. T-Note	1.02%	Corporate	\$154.3 Billion	-1.4%		
10-Yr. T-Bond	3.83%	Convertible	\$1.9 Billion	+206.3%		
30-Yr. Mortgage	5.23%	Asset-Backed	\$18.3 Billion	+155.4%		
Bond Buyer 40	5.26%	Municipal	\$59.4 Billion	+27.6%		
(Source: Bloomberg)						

Equity funds reported net cash inflows totaling \$117 billion in 2/10, vs. \$16.9 billion of inflows in 1/10, according to the Investment Company Institute. Bond fund inflows totaled \$26.5 billion, vs. \$27.3 billion of inflows in 1/10. Money Market fund outflows totaled \$77.3 billion, vs. \$103.4 billion of outflows in 1/10. Y-T-D through February, equity funds reported net inflows totaling \$17.0 billion, vs. \$53.8 billion in inflows for bond funds and \$180.7 billion in outflows for MMFs.

Index	10-Yr. High Value	Date	10-Yr. Low Value	Date	Month-End Value	% Off High Value	YTD Return (USD)	Month-End Yield
S&P 500	1565.15	10/09/07	676.53	03/09/09	1169.43	-25.28%	5.39%	1.83%
S&P 500/Citigroup Growth	939.41	07/17/00	363.99	03/09/09	601.57	-35.96%	3.71%	1.48%
S&P 500/Citigroup Value	836.19	07/13/07	307.16	03/09/09	559.06	-33.14%	7.09%	2.17%
S&P 400	926.23	07/13/07	372.88	10/09/02	789.90	-14.72%	9.09%	1.41%
S&P 400/Citigroup Growth	383.70	06/05/08	162.27	10/09/02	343.15	-10.57%	9.46%	0.92%
S&P 400/Citigroup Value	361.18	06/04/07	134.45	04/14/00	285.72	-20.89%	8.76%	1.89%
S&P 100	829.83	09/01/00	322.13	03/09/09	534.91	-35.54%	4.61%	1.99%
DJIA	14164.53	10/09/07	6547.05	03/09/09	10856.63	-23.35%	4.82%	2.51%
NASDAQ 100	4397.84	03/31/00	804.64	10/07/02	1958.34	-55.47%	5.44%	0.65%
Russell 2000	855.77	07/13/07	327.04	10/09/02	678.64	-20.70%	8.85%	1.21%
Russell 2000 Growth	455.25	10/10/07	169.69	10/09/02	368.71	-19.01%	7.61%	0.61%
Russell 2000 Value	1276.63	06/04/07	465.24	04/14/00	948.53	-25.70%	10.02%	1.76%
Russell 3000	907.58	10/09/07	389.61	03/09/09	688.74	-24.11%	5.94%	1.75%
MSCI World x U.S. (USD)	2389.57	10/31/07	809.32	03/12/03	1608.79	-32.67%	1.47%	N/A
MSCI Emerging Markets (USD)	1338.49	10/29/07	245.64	09/21/01	1010.33	-24.52%	2.34%	N/A
Bovespa/Brazil (USD)	73516.81	05/20/08	8370.88	10/16/02	70371.54	-4.28%	3.32%	2.78%
RTS/Russia (USD)	2487.92	05/19/08	131.02	01/03/01	1572.48	-36.80%	8.85%	1.17%
Bombay SE 500/India (USD)	8882.28	01/07/08	792.18	09/21/01	6919.55	-22.10%	1.25%	0.99%
Shanghai Composite/China (USD)	6092.06	10/16/07	1011.50	07/11/05	3109.11	-48.96%	-5.12%	1.26%
KOSPI/South Korea (USD)	1.52	01/18/10	0.69	03/09/09	1.50	-1.69%	3.57%	1.25%
Hang Seng (USD)	31638.22	10/30/07	8409.01	04/25/03	21239.35	-32.87%	-2.65%	2.49%
MSCI Euro (USD)	1550.84	09/04/00	539.93	03/09/09	875.78	-43.53%	-0.10%	3.62%
S&P Consumer Discretionary	318.54	06/04/07	125.72	03/09/09	258.69	-18.79%	10.47%	1.33%
S&P Consumer Staples	306.61	12/10/07	171.55	03/31/00	288.13	-6.03%	5.82%	2.83%
S&P Energy	668.81	05/20/08	163.83	07/23/02	430.31	-35.66%	0.62%	2.07%
S&P Utilities	223.91	12/10/07	77.27	10/09/02	150.70	-32.70%	-3.54%	4.32%
S&P Financials	509.55	02/20/07	81.74	03/06/09	214.75	-57.85%	11.16%	1.05%
S&P Banks	414.38	02/20/07	49.02	03/05/09	148.71	-64.11%	18.92%	0.95%
FTSE NAREIT Equity REITs	676.54	02/07/07	163.57	03/06/09	377.43	-44.21%	10.02%	3.58%
S&P Health Care	444.98	12/28/00	252.84	03/05/09	372.68	-16.25%	3.40%	1.97%
S&P Pharmaceuticals	496.83	12/28/00	214.50	03/03/09	305.92	-38.43%	0.74%	3.52%
NYSE Arca Biotechnology	1253.57	03/23/10	280.09	07/10/02	1227.55	-2.08%	30.30%	1.29%
S&P Information Technology	924.95	04/07/00	172.88	10/09/02	376.89	-59.25%	1.91%	0.86%
Philadelphia Semiconductor	1269.30	06/21/00	171.32	11/20/08	366.57	-71.12%	2.12%	1.08%
S&P Telecom Services	322.00	04/03/00	79.00	09/30/02	108.15	-66.41%	-4.32%	5.71%
S&P Industrials	381.16	10/09/07	132.83	03/09/09	273.25	-28.31%	13.06%	2.02%
S&P Materials	285.91	05/16/08	102.55	10/09/02	204.62	-28.43%	2.88%	1.65%
Philadelphia Gold & Silver	206.37	03/14/08	41.85	11/17/00	165.28	-19.91%	-1.61%	0.57%
Reuters/Jefferies CRB	473.52	07/02/08	183.52	10/22/01	273.34	-42.27%	-3.54%	N/A
Merrill Lynch Perpetual Preferred	197.85	05/08/07	51.79	03/09/09	143.18	-27.63%	6.24%	7.33%
Merrill Lynch High Yield Master II	237.75	03/30/10	106.67	10/10/02	237.70	-0.02%	4.75%	8.63%