Market Commentary

April 2009

First Quarter Recap

The markets began the first quarter of the new year on rocky footing. Leading into the first quarter, hopes built that the newly-elected president and his administration would aggressively focus on the difficulties facing the financial markets and the economy. However, as the administration took shape and policies were unveiled, there was some concern that the laser focus required to address the ills of the economy was not present. This perceived lack of focus exhibited by the new administration, along with the concerns over the potential nationalization of many of our nation's largest banks and the continued economic weakness, greatly increased uncertainty amongst market participants, causing an already weak January for the equity markets to further deteriorate into February. The selling panic that ensued climaxed into the quarter's closing low point for equities on 3/9/2009. At the March 9th closing low, the S&P 500 was down 24.6% year-to-date, the broad based Wilshire 5000 had dropped 24.1% and the international equity markets, as measured by the MSCI EAFE, were down 26.0%. This sell-off also pushed the financial sector of the S&P 500 to generate a year-to-date loss of 50.4% through March 9th. From these lows through the end of the first quarter on March 31st, the S&P 500 rallied 18.1% while the Wilshire 5000 and MSCI generated returns of 18.5% and 16.3% respectively. As noted in our Performance Matrix below, the S&P 500, Wilshire 5000 and MSCI EAFE all generated negative returns for the quarter. The big question that remains is the durability of this latest rally and whether or not the 3/9/2009 closing low of 676.53 for the S&P 500 marks the closing low for this bear market. The last major rally in the equity markets occurred from the 10/20/2008 closing low of 752.44 for the S&P 500 and generated a 24.2% return over the ensuing 30 trading days that saw the index peak at 934.70 on 1/6/2009 before selling off. The March rally seems to have a bit more spring than November's rally. It took only 16 trading days to generate the 18.1% return prior to quarter's end and, as of mid-April, the rally has continued to endure. The impetus for this latest rally was a host of economic releases—some positive, while others showed signs of a slowing in the rate of decline in the economy. In addition, the CEO of Citibank publicly released an internal memo speaking of the company's strength during the first few months of the new year, which elicited hopes that the battered financial sector was on the mend. These releases were followed by upbeat comments from Fed Chairman Ben Bernanke on the economic recovery.

PERFORMANCE MATRIX

Index	2009 1Q
S&P 500	-11.0%
Russell 1000 Growth	-4.1%
Russell 1000 Value	-16.8%
Russell Mid Cap	-9.0%
Russell 2000 (small cap)	-15.0%
Wilshire 5000	-10.1%
MSCI EAFE (international, $, net)	-13.9%
Barclays Capital Municipal Bond	4.2%
Barclays Capital Aggregate Bond	0.1%

During the quarter, the fixed income (bond) markets tended to exhibit a reversionary return to a more normalized market as some of last year's liquidity freeze thawed. Municipal bonds as measured by the Barclays Capital Municipal Bond index, generated a very strong return of 4.2% for the first quarter after generating a negative return of 2.5% last year. The Barclays Capital Aggregate Bond index generated a modest 0.1% quarterly return after last year's 5.2% return. More telling of this liquidity thaw and perhaps a change in risk appetite of market participants is what transpired in the treasury bond market. After last year's blazing performance for 10 and 30 year Treasury Bonds, up 20.1 and 43.1% respectively according to Barclays Capital, treasuries have started to come back to earth. Through the first quarter, 10 and 30 year Treasury Bonds are down 2.7% and 13.5% respectively. In contrast, the higher quality segments of the corporate high yield bond market (the risky segment of the bond market) have generated returns of 9.0%. No doubt, some of the poor performance exhibited by the treasury bonds can be attributed to the financing needs of the government and the looming threat of potential inflation.

The commodity markets performed in line with domestic large cap equities. The S&P/Goldman Sachs Commodity Index, a basket of commodities, fell by approximately 10.6% during the quarter. This quarter saw the price of gold rise by approximately 4.2%. However, as the deterioration in the equity markets began to accelerate in early February, the price of gold spiked closing at $1002.20 per ounce (+13.2%), which was very close to the 2008 high which occurred in March, 2008. Given the amount of market volatility and stress visited upon our markets and economy, one would have expected better performance from this commodity.

To provide you with additional insight into the performance of the S&P 500, we have included our standard S&P 500 sector performance chart. As you can see from the exhibit below, nine of the ten sectors of the S&P 500 generated negative returns during the first quarter. The worst performing sectors for this quarter were Financials and Industrials down 29.5% and 21.8% respectively. These two sectors are very sensitive to the ongoing credit crisis hence their poor performance relative to other sectors and the S&P 500 as a whole. The Information Technology sector was the only sector in positive territory for the quarter. Technology companies tend to have very healthy balance sheets and minimal financing needs that would require access to the capital markets, thus providing insulation from the financial maelstrom. Many of these companies also have fairly large recurring revenue streams, which may add a level of clarity that market participants desire.

When you compare the sector weightings of the S&P 500 using the 3/31/09 quarter-end weights vs. those on 12/31/2007, the start of our economy's problems, several major shifts have occurred. The largest and least surprising is the change in the Financials which had a sector weighting of approximately 17.6% on 12/31/2007 vs. a 10.8% weighting at quarter-end. The next largest decline was in Industrials at 11.5% vs. 9.7%. Positive sector weight changes occurred in the following sectors: Heath Care 12.0% vs. 15.3%, Consumer Staples 10.2% vs. 12.8% and Information Technology 16.7% vs. 18.0%. Perhaps this portends better times ahead once the economic clouds clear since these sectors tend to offer better revenue and earnings clarity.

S&P 500 SECTOR PERFORMANCE

S&P 500 Sector	**Sector Wt. (3/31/09)**	**2009 1Q**
Energy	13.0%	-12.1%
Materials	3.3%	-2.8%
Industrials	9.7%	-21.8%
Consumer Discretionary	8.8%	-8.6%
Consumer Staples	12.8%	-11.3%
Health Care	15.3%	-8.5%
Financials	10.8%	-29.5%
Information Technology	18.0%	4.0%
Telecommunications Services	4.0%	-8.5%
Utilities	4.3%	-11.9%
S&P 500	**100.0%**	**-11.0%**

Outlook

With the strong March rally still unfolding in April and the various dashes of marginally positive economic releases, it seems as if many market participants are starting to look at the equity markets in a new light. The equity markets have even shown the ability to ride out some negative news releases that would have sent the markets reeling during the first two months of the year. Anecdotally, it appears that the fear of being in the equity markets is starting to be replaced with the fear of not being in the equity markets. Are we out of the woods yet? Only time will tell. However, there are some positive trends and events in place, which should prove to be positive for equities in the coming years. First and most significant, the government is spending and finding innovative ways to inject needed capital into our economy. In the Federal Reserve's 3/18/2009 press release, they state "the Federal Reserve will employ all available tools to promote economic recovery and to preserve price stability." In this press release, they also stated they will increase the Federal Reserve's balance sheet by purchasing an additional $750 billion of mortgage back securities and $300 billion of long-term Treasury securities. These acts should have a direct and positive impact on mortgage rates, a plus for the ailing housing market. According to CNNMoney.com's bailout tracker, the government through its various programs has committed a total of $10.5 TRILLION to solve the ills of the economy. Of course, this will take some time to rollout, however, this is a significant amount of liquidity considering the annual GDP of our economy is $14 trillion. Many of these programs will have a clear and positive impact on a broad segment of our population, while some of the initiatives seem to have less clear outcomes. Nonetheless, the government is fully engaged in the battle to preempt the deflationary forces that threaten to grip the global economy. Inflation may be an issue for a later date.

Other macro items that bode well for equities include the thawing of the credit markets, the positive shape of the treasury yield curve, and the recent willingness of investors to accept more risk. Finally, the 3/9/2009 recent market bottom does offer some telling insight into the actions of market participants. Though many equity indices established new bear market lows for this cycle, the list of individual stocks making new lows was less inclusive than in the November, 2008 bottom. The selling was more discriminative, which implies less panic, more thought and hints at a movement towards normalization. Though this recent rally is encouraging, we should keep in mind that our economy still has very serious issues to address and reasoned caution is the best course of action.

As you know, we are closely monitoring the financial markets and our clients' investment programs. If you have any questions or concerns regarding your portfolio or the markets, please feel free to contact us.

Other Matters

Mintz Levin Financial Advisors, LLC, a financial planning and investment advisory firm registered with the U.S. Securities and Exchange Commission, updated its Form ADV last year. If you would like to receive our current Part II of Form ADV, please contact Mintz Levin Financial Advisors, LLC in writing, or call us at (617)-348-1737. Further, we have enclosed the Privacy Policy Statement for Mintz Levin Financial Advisors, LLC for your records.

Also, in accordance with SEC regulations, we request that you contact us in the event that there have been any material changes in your financial circumstances or investment objectives, or if you wish to impose any reasonable restrictions on the management of your accounts or modify existing restrictions on the management of your accounts.

Sincerely,

Mintz Levin Financial Advisors, LLC