WURTS ASSOCIATES

MEMORANDUM

To: **Wurts & Associates Clients**

From: **Curtis Yasutake, Performance Analyst**

Date: **April 7, 2009**

Re: **March 2009 Market Commentary**

Market Performance Review

Asset Class	Benchmark	March	YTD	1-Year	3-Year	5-Year
Domestic Stocks	S & P 500	8.8%	-11.0%	-38.1%	-13.1%	-4.8%
International Stocks	MSCI EAFE	6.4%	-13.9%	-46.2%	-14.1%	-1.8%
Emerging Market Stocks	MSCI EM	14.4%	1.0%	-46.9%	-7.9%	6.3%
Aggregate Bonds	BC Aggregate	1.4%	0.1%	3.1%	5.8%	4.0%
Treasury Bonds	BC Treasury	2.2%	-1.3%	7.5%	8.5%	5.4%
High Yield Bonds	BC High Yield	3.2%	6.0%	-19.3%	-4.7%	-0.1%
Real Estate	FTSE NAREIT All	4.4%	-29.8%	-55.8%	-24.7%	-9.4%
Commodities	Dow Jones - AIG	3.6%	-6.3%	-45.0%	-9.8%	-3.3%

Periods longer than one year are annualized.

Macro Commentary

Markets rallied for three straight weeks on mixed economic data and the newest wave of government bailout programs. Housing starts and existing home sales rose far more than expected, lending hope that government efforts to revive the housing market may be working. Retail sales also fell less than expected. On the other side of the coin, domestic industrial production was down more than expected with output and industrial capacity utilization falling to record lows. Unemployment increased 0.40% to 8.5%, and is widely expected to approach double digit levels this year. However, with expectations already at incredibly low levels, pockets of positive economic data in retail and real estate helped investors gain confidence the economy may be stabilizing.

Further help to the markets came in the form of government programs. Concerns regarding plans to stabilize the financial sector were assuaged by the "Public-private investment plan." The program involves setting up several investment funds with capital seeded by the government to purchase toxic assets at above market prices from financial institutions to bolster their balance sheets. Additionally, the government announced a $1.3 trillion plan to purchase long-term treasuries and mortgage-backed securities in an attempt to maintain or lower mortgage rates. While the plans were met with mixed opinions and worries of inflation, the capital markets responded favorably.

Asset Class Commentary

The bulls were back after an extended hiatus, as all asset classes recorded positive returns in March. Financials led stocks higher with emerging markets outperforming developed markets. High yield debt outperformed Treasuries as investors took advantage of historically high spread levels. Even REITs turned dismal performance around with positive gains on optimistic housing headlines. Commodities also increased on the possibility that better than expected economic data could indicate a near term end to this recession.

The lingering questions surrounding the stability of some of the biggest financial institutions were answered in the form of government programs listed above, a change in mark-to-market accounting, and news that Citi, Bank of America, and JP Morgan were all profitable in the first two months of the year. With some of the uncertainty clearing, investors were able to form more solid expectations about the stability of the economy and snapped up some of the bargains in risky assets.

The upcoming earnings season will bring crucial indicators of the state of the economy and will likely dictate the performance of the markets over the next few months. Investors will have an especially sharp eye on companies' forecasts for the remainder of the year as extremely low expectations are already priced into the market for first quarter earnings. Economic indicators will also play a key role in forming investors' expectations. While some concerns were addressed in March, it is clearly too early to determine if we are near the end of this recession.