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## March 2010: Market Review

More than a year after the market bottom of March 9, 2009, the U.S. equity market returns remained strong, with the S&P 500 up 73% since the bottom. The NASDAQ Composite gained 7.14% in March and is up 5.68% year-to-date. The S&P 500 was up 6.03% for the month and has gained 5.39% so far this year. The Dow Jones Industrial Average rose 5.31% for the month and is up 4.82% through the first three months of 2010.

The U.S. economy continues to show mixed signs of recovery. Home loan demand hit its highest level since October 2009, although this may be a result of the homebuyer tax credit expiring in April. Inventories held by manufacturers rose in February, as did industrial factory orders, but both numbers were disappointing to economists seeking more robust signs of economic recovery and confidence. Globally, Greece was able to raise money to temporarily alleviate the country's debt crisis. However, the high interest rate it will pay shows the lingering concerns of lenders about the situation.

Value outperformed growth across all capitalizations of U.S. equities in March, although both styles did well. Among large cap stocks, the Russell 1000 Value Index gained 6.51% for the month, while the Russell 1000 Growth was up 5.78%. In small cap stocks, the Russell 2000 Value Index rose 8.32% in March while the Russell 2000 Growth Index added 7.94%. Year-to-date, value continues to dominate growth across all capitalizations.

International equity markets regained a positive direction in March after stumbling during the first two months of 2010 due to currency concerns. The MSCI EAFE Index rose 5.81% in March and turned positive year-to-date, up 0.22%. The MSCI Emerging Markets Index gained 7.95% for the month and has returned 2.11% in 2010.

Among fixed income investments in March, riskier bond categories outperformed U.S. Treasury Bonds. The Barclays U.S. Treasury Composite Index lost (0.85%) for the month, but has gained 1.12% year-to-date. The Barclays U.S. Aggregate Index fell (0.12%) in March, but managed a positive gain of 1.78% in the first quarter. The Barclays Corporate High Yield Index has been the best performing bond index in 2010, gaining 3.13% for the month and 4.62% for the year.

With the U.S. equity rally extending its gains beyond the one-year mark, investors are wondering how much higher stocks can go, especially with a full economic recovery still struggling to find solid footing.