



April 2010

What a difference six weeks makes! It was not long ago that we were digging ourselves out from under all of the snow thinking winter would never end. Now, the weather is beautiful, the trees are blooming and baseball season has started. During this same period, the Dow Jones Industrial Average has risen above 11,000 again and there are positive signs that the economy is recovering. Between the weather and our rising account values, we feel better.

The S & P 500 gained over 5% this past quarter, posting the best start to a year since 1998, and is up over 60% off its lows in March 2009. We are no longer concerned that the world as we know it is coming to an end. Earnings are up, retail sales are up, unemployment dropped below 10%, interest rates are still low and inflation is in check. Businesses report high levels of cash on hand and many have increased dividends. Things feel better.

Despite the good feelings in the air, there is still a cloud of uncertainty and concern that is making investors nervous. Have we come too far too fast? Will the recovery ultimately be V, W or square root shaped? When will interest rates rise? When will we see meaningful movement upwards in housing prices and downwards in the unemployment rate? How will consumers increase spending when they are decreasing debt and the job market is still weak? Will the government reduce spending in order to reduce deficits or how much will taxes increase? Will the unwinding of the stimulus be successful?

Whether you choose to focus on the positives or the negatives, there is broad agreement that the steps taken by the government stabilized the financial crisis we faced a year ago. The issue is not whether the economy will recover, but when and at what rate and whether there might be another stumble along the way. While the recovery in 2010 looks good, determining the outlook for the economy and the financial markets in the following years remains challenging.

In uncertain times such as today, the key to investing successfully is to develop a sound plan and have the discipline to stick with it. This is why it is important that together we develop a plan for meeting your long-term needs and modify it as circumstances warrant. We believe in the benefits of diversification. As global markets have become more correlated, we have worked hard to add funds to the portfolios that will lower correlation, volatility and downside risk while still providing upside market potential. We are continuing our implementation of new models which include diversifying strategies, real assets, and foreign and real return fixed income funds which add diversification benefits and provide some inflationary hedges.

I am pleased to announce that Walden Capital has been named one of the 2010 Wealth Managers of the Northeast by Goldline Research, an independent research firm. The selection was announced in a recent issue of *Forbes* magazine. As you know, I enjoy what I do every day - working with my clients to help them achieve their life goals. To be chosen for this honor is icing on the cake!

As always, please call me if you have any questions or concerns. Enjoy your spring!

A handwritten signature in black ink, appearing to read 'Jill', is located in the bottom right corner of the page.