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Dear Valued Investor:

It is amazing where we sit today and how the mood and sentiment of investors has changed. With the market's about-face starting March 9 and its near 35% rally off the bottom, the world does not feel quite so scary, the markets look less menacing, and our futures appear less fuzzy. But it's crazy how we got here.

Remember the fall of 2008. It seems a millennium ago, but in reality, it was only nine months back. In September, we all witnessed a lifetime worth of events in just 30 days. Oil hit an all-time high, Russia invaded Georgia, Hurricane Ike wreaked devastation, not to mention Fannie, Freddie, Washington Mutual, Lehman, AIG, and many other headline firms all failed. Oh, and we closed the third quarter with the largest single point drop in the Dow's 100+ year history. It was scary times and as we the started the fourth quarter, the S&P 500 had dropped around 40% from a level in the 1500s to the 900s.

Now fast forward to today. We are up 35% from the lows of 667 on the S&P 500 Index, housing and employment are still negative but they seem to be stabilizing, the economic backdrop is improving, and most other markets have followed with sizeable gains. And guess where we are? The 900s on the S&P 500, right where we were in early October when fear gripped us.

So why does 900 seem so promising now, when the same level was so dismal before? Frankly, it is all about the direction. Up just feels better and down just stinks. In fact, I have always wondered why the market is quoted as a "level". I guess I now know why. It's because level is a palindrome, a word that can be spelled the same way backwards and forward. Like the word level, the market can be at 900 but be in forward or reverse. You see, it's not the level that actually matters; it is the direction that we all care about. Where we stand isn't nearly as important as the destination. As a hopeful and optimistic society, we really care most about our path towards tomorrow, not just where we stand today.

Speaking on optimism for the future, I remain constructive on the prospects for further market improvement throughout the rest of 2009. With the S&P 500 trading at about 920, we are likely to see lower levels at some point here in the summer, as the market digests its rapid moves off the lows seen in March. However, I remain convinced that any retest will be small (we will take up 35% followed by down 10% any day!) and the market may potentially make new 2009 highs by the end of the year.

While many aspects of the economy still remain weak, the real data to focus on is not where we are but rather the direction. Just like our example about how the S&P 500's level of 900 can feel good or bad, so can weak economic data. If the trend is negative with accelerating bad news, then the economy is sick, like it was for much of 2008 and early 2009. But the trend has shifted in the last few months towards improving or at least decelerating bad news, which poses a positive backdrop for further economic improvement.

Make no doubt about it, this market still has many difficult challenges ahead of it. But the good news keeps getting better, the bad news keeps getting less bad, and the economic weather forecast has shifted from a cold rain to partly sunny. Heck, partly sunny is pretty good weather for us in Boston and I know the market will be equally excited to put away the umbrellas. As always, I encourage you to contact your financial professional with questions or concerns.

Best Regards,

Burt White
Chief Investment Officer
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