



# ALL STAR FINANCIAL

Contact Information: asf@allstarfinancial.com  
**Main Number** 952-896-3820  
 Bob Klefsaas 952-896-3816  
 Maren Aipperspach 952-896-3817  
 Bruce Bonner 952-896-3818  
 Paul Sommerstad 952-896-3835  
 Nick Hohn 952-896-3823  
 Kris Collins 952-896-3829  
 Evan Klefsaas 952-896-3815  
 Valerie Moorhead 952-896-3826

## Weekly Market Wrap March 8, 2010

### Review - Week Ending 03/05/2010

Stocks rallied last week as economic data generally firmed and the closely watch jobs data came in slightly better than expected. Domestic stocks slightly outperformed foreign stocks with small caps and mid-cap stocks leading the market. This week brings a relatively light economic and earnings calendar with much of the market focus back on legislation in Washington, D.C.

### Commentary/Highlights

- **AIG Selling Assets, Paying off Uncle Sam:** Fresh off last week's \$35 billion sale of its Asian life insurance subsidiary to Prudential PLC, AIG announced they are selling American Life Insurance Company, its 2nd largest foreign life insurance company to Met Life for \$15 billion. The cash portion of proceeds are further reducing government debt and leaving AIG with a roughly 20% ownership stake in MetLife.
- **High Yield Bonds Still Have Value:** Pioneer Funds, a leading bond fund manager, still sees value in corporate and global high yield bonds. They point out that in recent periods when high yield spreads have been at levels similar to recent prices, high bonds have returned 5-10% annually over the next five years.
- **Housing Crisis Update:** The housing crisis continues to weigh on both the banking sector and consumers. The treasury recently announced they will start paying homeowners facing foreclosure \$1500 to relocate where lenders accept a short-sale, accepting less than full mortgage balance. In other efforts, Fannie Mae and Freddie Mac, the government sponsored housing agencies are stepping up efforts to have large banks repurchase mortgage loans with faulty documentation, perhaps as much as \$21 billion worth according to Bloomberg, up from \$5 billion in buybacks last year. Banks most affected include Citigroup, Wells Fargo, Bank America, and JP Morgan.
- **Anniversary Week:** This week marks two key anniversary dates for investors over the last decade. The week marks the 1-year anniversary of the rally that began at the market lows of March 9, 2009, and the "Dot.com" crash that began when the market peaked on March 10, 2000. Since the March 9, 2009 low, the S&P 500 Index has rallied over 71% as of Friday's close. However, the S&P 500 it is still 18% under its price level a decade ago, despite a 62% increase in corporate profits over the decade. **Long-term bargains?**
- **Economic Update:** After several weeks of lethargic economic data, last week's releases generally reflected the economic recovery is largely on track. Personal income and spending both rose in January, and the ISM Manufacturing Index February reading came in at a healthy 56.5, its seventh month in a row in expansion territory, while the ISM Service Sector Index rose to 53, its highest level in a year. Unemployment remained at 9.7%, but with productivity growing at 6.9%, hiring appears to be just around the corner.

Index/Portfolio Returns	% Change Week	% Change QTD	% Change YTD
Barclays Aggregate Bond	-0.08%	+1.82%	+1.82%
Barclays High Yield	+1.17%	+2.62%	+2.62%
Dow Jones Industrial	+2.39%	+1.83%	+1.83%
S&P 500 Index	+3.14%	+2.50%	+2.50%
Russell 3000	+3.43%	+3.08%	+3.08%
MSCI EAFE Index	+3.30%	-1.93%	-1.93%
MSCI EAFE Small Cap	+3.14%	+0.70%	+0.70%
NASDAQ Composite	+3.94%	+2.52%	+2.52%
Russell 2000	+5.98%	+6.29%	+6.29%