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THE ACTIVE MONEY MANAGEMENT SYSTEM®

We are excited to announce our newest service offering through our sister company, LotusGroup Advisors: financial education workshops focused on working professionals, ages 30 - 50.

EMPLOYER BENEFITS

Financially stable employees are more productive. In addition, we customize the course based on company-specific plans so participation rates increase.

EMPLOYEE BENEFITS

We focus on helping you actively manage your situation by addressing issues and challenges you face today. Learn how to optimize your cash flow, reduce taxes, save for goals, and invest intelligently while avoiding mistakes.

WHAT'S UNIQUE?

This is different from the typical "401K provider" and "retirement planning". We are addressing what you face today and for the next 20-30 years. Our principles will show you how to generate real investment returns that exceed the average return.

If you are interested in bringing this course to your company, please contact Raphael (martorello@mmmwealth.com) for more information on getting started.

www.MMMWealth.com

Market Update - A Continued March Upwards

Investment markets have been recovering from the worst recessionary decline since the Great Depression, rebounding strongly over the last year despite the doomsday prognostications of many. Equity markets continued their choppy advance during Q1/10, with the S&P 500 posting a 4.87% return, despite a temporary intra-quarter decline of close to 10% from mid-January to mid-February (see Chart I – S&P 500).

Equity markets tend to be leading indicators of economic markets as we've discussed in the past, often predicting conditions six months or more in advance. Rebounding in early to mid-2009, equity markets predicted an economic rebound would begin in late 2009. True to form, economic recovery began to take hold late last year, with GDP and corporate profits posting strong gains in Q4/09. Consumer spending was the next indicator to turn positive, showing an increase in early 2010. Most recently, lagging indicators began turning positive as well, with US employment finally posting a gain of 162,000 jobs for the month of March. Given that equity markets are *leading* indicators, it is poor practice to make investment decisions using *current* economic conditions. However, this doesn't stop many economists and columnists from offering faulty investment advice based on their observations of the current situation and faulty projections of current trends persisting indefinitely into the future. Worse yet, this doesn't stop the masses from listening to this erroneous advice, helping them to feel better emotionally by being part of the consensus, while simultaneously decimating their portfolios by missing huge rallies. The fact remains that equity markets rebound well before economics improve. Interestingly, the opposite is also true, that equity markets peak and begin declines prior to the economy weakening. Consequently, it is important to have a contrarian and forward-looking view when trying to anticipate moves in the market.

Chart 1 - S&P 500 (Last 2 Years)



Looking forward, we are forecasting continued growth, albeit in a slower and choppier manner than experienced during the past year. Positives include the standard set of improvements that are realized post-recession, including a return of business spending to rebuild inventories, high productivity leading to increased corporate profits, a refocused workforce, and a freer flow of credit that helps both businesses and households fund projects. However, this hasn't been a standard recession, and negatives lurk on the horizon. We may still see a new wave of negative economic data from housing defaults, higher taxes, stimulus wind-down, and the potential for increased inflation (e.g., oil has rebounded back up to \$85 per barrel recently) during the back-half of 2010.

Market Update (cont.)

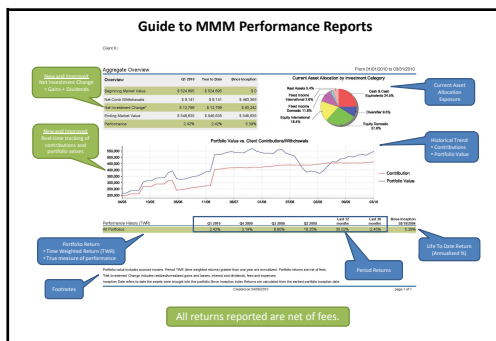
Our belief is that the traditionally high levels of economic growth after a typical recession will be- slowed by these ongoing negatives, with markets temporarily bouncing up and down based on what they are focused on for the given week / month. If this trend continues to play out, it will be important to actively move in contrast to prevailing emotions, selling positions on good news that results in temporary spikes upward (“sell the rips”), while buying back on negative news that drives the market downward (“buy the dips”).

Launch of IAS - Our New Client Management Software

We are proud to announce the launch of “IAS – Interactive Advisory Software” for our clients. This new system replaces our previous portfolio management tool, which primarily supported only internal operations. The new system not only provides stronger capabilities for us to manage your portfolios, it also integrates together with our reporting and financial planning capabilities, to ultimately provide you with better and more efficient access to your financial information and documents.

Over the last six months, our investment team has been utilizing the new system to manage your accounts. Additionally, our back-office team worked countless hours to diligently transition and convert all client accounts and historical data, ensuring accurate performance history reporting. This effort included all data from TD Ameritrade accounts as well as “Held-Away” accounts (e.g., 401Ks, 529s, etc). Our aim was to make this transition completely transparent to our clients, and we are happy to report that we achieved that goal.

For the current quarter, we are providing client reports out of this new system for the first time. We worked hard to replicate the custom reports you received in the past, with some targeted enhancements based on client feedback. Within this quarter’s reporting package, we have also included a legend to help describe the sections of your 1-page Aggregate Overview report and the enhancements we made to it (e.g., enhanced performance graph and combined gains and dividends into one “Net Investment Change” line).



Aggregate Overview - Example of Provided Legend

We are constantly improving our services and offerings, while maintaining the highest levels of integrity in our delivery of these to you. Your ongoing trust is imperative to our mutual success, and consequently we continue to build around this philosophy. We will reach out to you individually as more areas of this new tool become available in the coming year. In return, we ask for your feedback along the way, so that we may continue to exceed your expectations.

As always, we encourage you to pursue life’s dreams as we manage, protect, and grow your wealth.

Warm Regards,

Raphael & Megan Martorello
MMM - Martorello Money Management, Inc.

QUESTIONS?

As always, we are available to discuss any questions you may have regarding our progress towards your financial and investment objectives.

REFERRALS?

We appreciate your referrals as they are the lifeline to our business. Please let your family, friends and colleagues know about our wealth management services.

Contact Us

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