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What do you wish you'd saved for?

Imagine you could go back 10 years and save for something different. What would your future self tell you to do now and are you listening?

People in their:	20s	30s	40s
Down payment – house	43%	52%	26%
Down payment – car	25%	13%	6%
Retirement / Investment	30%	50%	62%
Emergency fund	41%	44%	43%
Travel money	51%	31%	31%
Kids	5%	13%	21%
Insurance	6%	3%	5%
Starting a company	30%	27%	23%

How much do you FEEL you should have saved by now?

20s	30s	40s
\$10-25K	\$50-100K	\$200-500K

Who do you wished you'd saved for?

People in their:	20s	30s	40s
Myself	83%	63%	55%
My spouse/partner	11%	21%	19%
My parents	3%	3%	2%
My kids	3%	13%	24%

*Surveys by Ramit Sethi.

As people get older, their #1 wish tends to be that they had invested more for retirement. People tend to spend a lot and wish they had saved more. Priorities change to saving for family. Avoid being like everyone else and plan to save more now. Your future self will thank you!

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Market Update and Commentary

Over the past couple of months, fears of European government defaults have begun to spook the markets, starting with Greece and spreading to the other PIIGS countries (Portugal, Ireland, Italy, Greece, and Spain). These countries have public sector debts that are excessive relative to their economic growth as measured by a Debt to GDP ratio. Consequently, bond investors are shunning their credit markets, causing rates to spike and disrupting government revenue raising bond auctions. These countries have received guarantees of funding through the European Union (to the tune of a \$1 Trillion recent emergency commitment over the next 3 years), in return for assurances that they will reduce their budgets significantly. Equity markets have responded fearfully to the increased credit costs that have tightened bank lending, as well as the austerity measures to reduce government budgets, both hindrances to an already anemic recovery.

While equity markets in the US have reacted to the downside as well, they have been the cleanest dirty shirt in the room, declining by a smaller percentage than foreign equity markets. The US certainly has its own fair share of worries regarding excessive government borrowing and spending relative to GDP, but appears to be undergoing one of the stronger economic recoveries amongst developed nations. However, with equity markets being forward looking in nature, the current weakness may be indicative of a potential slowdown in the global recovery.

US markets have rallied 80%+ off of the March 2009 lows, with a number of 5-8% setbacks along the way. However, during the second year of a recovery from recession, there tends to be a reduced potential for high returns together with greater volatility as markets gyrate between improving economic strength and fears of a double dip back downward. The standard playbook then calls for a renewed push upwards towards the end of year 2. As we discussed in previous newsletters, we expect 2010 to exhibit this type of year 2, volatile range-bound behavior, with 2-4 month moves of 10-15% in either direction. Most recently, we have declined by 12% off of the April highs, but still remain within the realm of our 10-15% expected range-bound channel (see Chart 1). We are closely monitoring the situation to see if we remain in an uptrend (potential scenario), have morphed into more of a sideways market trend (higher probability scenario), or if we are potentially dipping back downward into recession (less likely scenario).

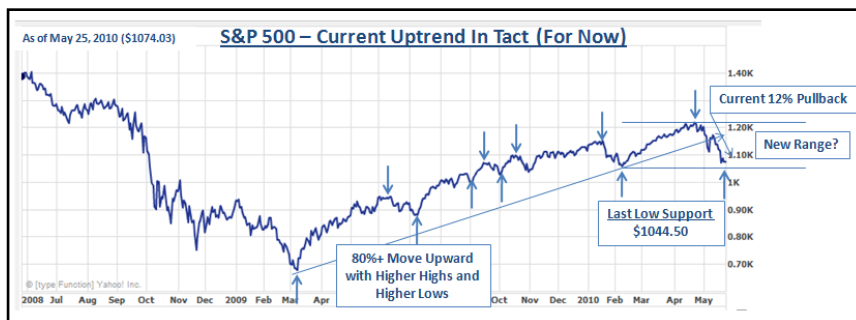


Chart 1: US Equities = S&P 500

It is imperative to keep a long-term view of investing and to control one's emotions in the current environment, in order to not get spooked out of the market when asset prices temporarily decline.



Market Update (continued)

We believe that markets are undergoing a transition from a cyclical bull market in the last year, to a sideways choppy market. If we are correct, this new environment will garner little returns for buy-and-hold investors, while it will favor active approaches that sell into strength and buy into weakness. Additionally, different asset classes will tend to rotate in and out of favor, with the US currently leading over international markets, and defensive sectors leading over more cyclical ones. We will continue to monitor these trends, actively reallocating and rebalancing into sectors of weakness and out of sectors of strength, buying low and selling high until the market breaks out of the range. Utilizing this approach will result in uneven results that at times will trail US indexes, and at times will test investor emotions, but aims to achieve superior returns over the longer-term.

Millionaire Stats

We recently reread one of our favorite classics regarding the demographics of millionaires in America, "The Millionaire Next Door", by Thomas Stanley. This book highlights an exhaustive survey to identify the true qualities of millionaires rather than myth or folklore. Contrary to popular belief, 80% of millionaires in America are self-made and first generation. Interestingly, many of these individuals share similar characteristics....how do you stack up relative to these findings?

Millionaires in America – How Do You Stack Up?

Statistics	Observations	Stated Success Factors
<ul style="list-style-type: none"> • 80% are first generation • Average \$1.6 Million net worth • Expenses are < 7% of total wealth • 20% of income saved per year • 2/3rds work between 45-55 hrs/wk 	<ul style="list-style-type: none"> • Live well below their means • Effectively allocate time & energy • Have a plan and track it • Choose financial freedom over social status • Choose personal accountability over financial support from others 	<ul style="list-style-type: none"> • Are honest with all people • Are well disciplined • Get along with people • Work harder than others • Rely on experts & advisors

As always, we encourage you to pursue life's dreams while we help you achieve your financial goals!

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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