MainStreet Advisors
Financial Market Update

March 12, 2010

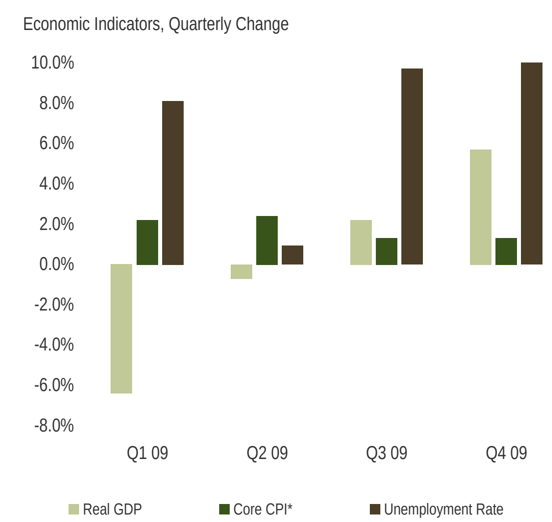
Economic Update

The U.S. Department of Commerce reported that despite massive blizzards and declining demand for autos, retail sales climbed 0.3% in February. This is an encouraging because retail sales serve as an indicator of consumer spending. Retailers, which have kept inventories low in recent months, may be preparing for a rebound in shopping this spring. Data released from the Federal Reserve this week indicated that business inventories remained unchanged in January. According to Bloomberg, the trend suggests that the correction in business inventories has finished and will likely enter the restocking cycle soon.

The Thompson Reuters/University of Michigan Surveys of Consumer showed that consumer sentiment retreated early this month but remained relatively anchored to its six-month average. Reuters reported that this is likely because consumers no longer believe the unemployment rate will continue to climb, although they do not expect much improvement this year.

The U.S. international trade deficit narrowed to $37.3 billion in January, as shown by data released by the Commerce Department on Thursday. Exports declined $0.5 billion from December, while imports fell $3.1 billion. Economists attributed the lower export activity to the severe winter weather, volatile aircraft sales, and higher than normal December activity, according to the Wall Street Journal.

Data released this week by the Fed indicated that U.S. household debt declined at an annual rate of 1.25% in the fourth quarter—the seventh consecutive decline. Household debt contracted 1.75% in 2009, marking the first annual decline reported. In addition, household net worth increased $0.7 trillion in the fourth quarter to an estimated $54.2, a positive sign that people are deleveraging their personal balance sheets.



Source: Bureau of Economic Analysis, Bureau of Labor Statistics
*Core CPI excludes energy and food prices from the calculation of the Consumer Price Index

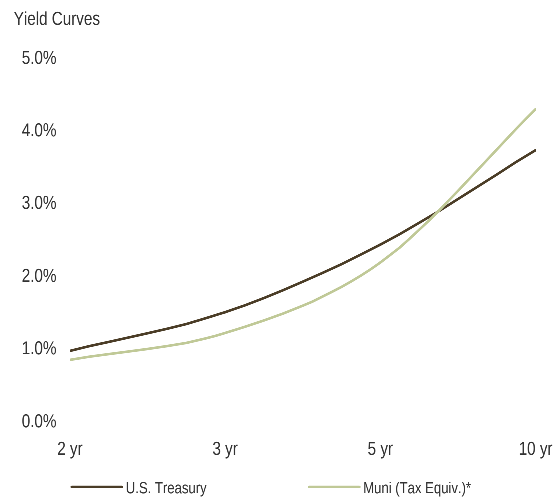
Mar. 9th	ICSC-Goldman Same Store Sales, Wkly. Chg.	2.9%
Mar. 10th	MBA Purchase Applications Index, Wkly. Chg.	5.7%
Mar. 10th	Wholesale Inventories, Jan. Monthly Chg.	-0.2%
Mar. 10th	EIA Petroleum Status Report, Wkly. Chg.	1.4M Barrels
Mar. 11th	International Trade Balance Level, January	-37.3B
Mar. 11th	Initial Jobless Claims (Week ending 3/6)	462,000
Mar. 11th	EIA Natural Gas Report, Wkly. Chg.	-111 bcf
Mar. 12th	Retail Sales, Dec. Monthly Chg.	0.3%
Mar. 12th	Consumer Sentiment Index, March	72.5
Mar. 12th	Business Inventories, Jan. Monthly Chg.	0.0%

Source: Bureau of Economic Analysis, U.S. Department of Commerce, Federal Reserve Banks, U.S. Department of Labor, Thompsons Reuters.

Bond Market Update

U.S. Treasuries finished the week modestly lower amid mixed economic data, which increased uncertainties about the pace of the economic recovery. An increase in supply as the Treasury Department sold $74 billion of three-, 10- and 30-year debt this week also weighed on the markets. Meanwhile, traders added to bets that inflation will accelerate as the spread between the 10-year Treasury note and similar maturity TIPS, a gauge of trader expectations for consumer prices, rose to 2.27% from 2.16% two weeks ago.

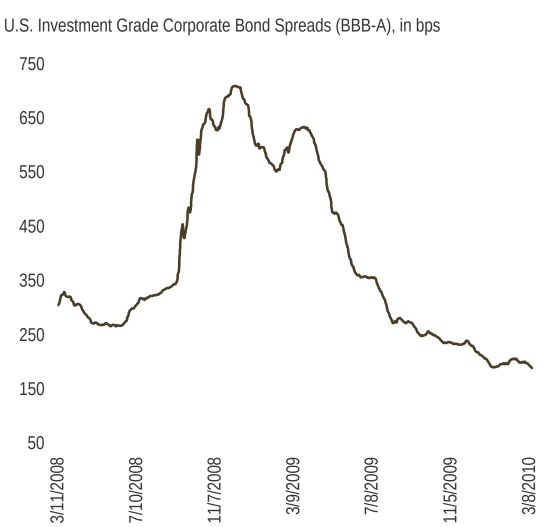
According to a recent report from EPFR Global, high-yield mutual funds took in more than $1 billion during the most recent week, the most since the research firm began publishing weekly data on this sector a decade ago. The spread, or difference in yield, between high-yield bonds and similar maturity Treasuries narrowed to 6.15%, down from this year's high of 7.03% on February 12. In a sign fundamentals in the high yield sector are beginning to strengthen, credit rating upgrades by Moody's are poised to outpace downgrades for the second straight quarter, the first time this has happened since 2006. This, along with lower default rates and still relatively wide spreads, makes this sector attractive once again.



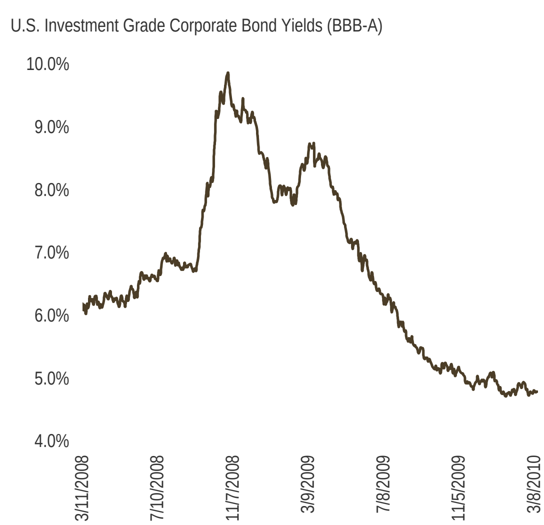
Source: U.S. Department of Treasury, Standard & Poor's, FTN Financial
*Taxable Equivalent rate is calculated by using a 35% tax margin

Issue	3.5.10	3.12.10	Change
3 month T-Bill	0.14%	0.16%	0.02%
2-Year Treasury	0.86%	0.97%	0.11%
5-Year Treasury	2.28%	2.43%	0.15%
10-Year Treasury	3.61%	3.73%	0.12%
30-Year Treasury	4.56%	4.66%	0.10%

Source: Bloomberg, FTN Financial, The Wall Street Journal, U.S. Department of Treasury.



Source: Merrill Lynch



Source: Merrill Lynch

Stock Market Update

Stocks ended a quiet week modestly higher with the Dow Jones Industrial Average (DJIA) gaining 58.49 points, or 0.55%, to close Friday at 10,624.69. The broader S&P 500 closed at 1,149.99, up 0.99% or 11.3 points. The technology-heavy Nasdaq Composite gained 1.78% for the week.

Tuesday marked the one-year anniversary of the market bottom, during which the S&P 500 has risen nearly 70% from off its closing low of 676.53 made on March 9, 2009. Similarly, the DJIA has gained over 62% from its low of 6,547.05.

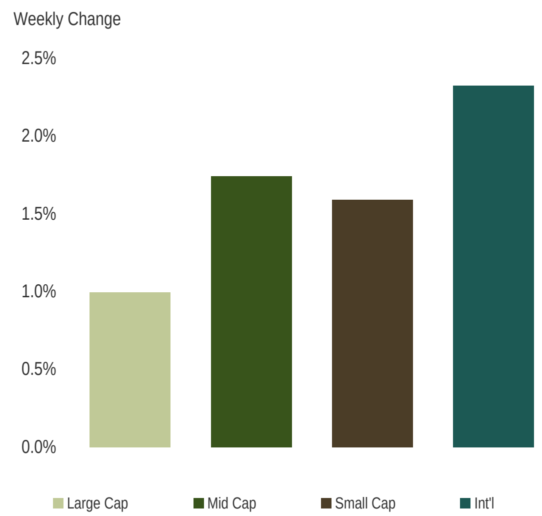
Stocks received a boost when Bank of America Merrill Lynch analysts raised their earnings forecast for the S&P 500 Index from $73 to $75 a share. Chief U.S. equity strategist David Bianco sees better-than-expected earnings from technology, consumer discretionary and healthcare stocks, according to MarketWatch. Additional good news came on Thursday when Citigroup CEO Vikram Pandit announced that the bank's performance would improve this year, spurring speculation that the government would sell the stake in the company acquired during the financial crisis.

Financial stocks and technology stocks led the way this week with 2.1% and 1.97% gains, respectively. Consumer staples, healthcare, and utilities trailed this week losing 0.40%, 0.56%, and 0.40%, respectively, as investors rotated out of traditionally defensive stocks.

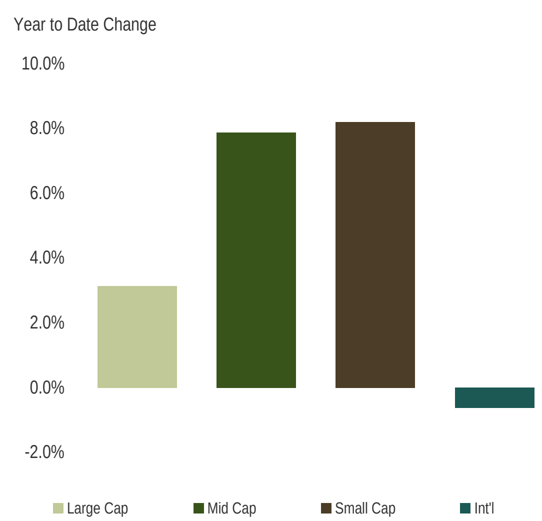
Stocks in China rose early in the week only to fall on concern that China would tighten its monetary policy further after a larger than expected increase in consumer prices. The Shanghai Stock Exchange A Shares Index lost 0.58% for the week.

Issue	3.5.10	3.12.10	Change
Dow Jones	10,566.20	10,624.69	0.55%
S&P 500	1,138.69	1,149.99	0.99%
NASDAQ	2,326.35	2,367.66	1.78%
Russell 1000 Growth	508.92	513.59	0.92%
S&P MidCap 400	770.47	783.88	1.74%
Russell 2000	666.02	676.59	1.59%
MSCI EAFE	1,527.84	1,563.33	2.32%
MSCI EM	961.34	989.83	2.96%
MSCI Small Cap	141.92	145.11	2.25%

Prices reflect most recent data available at the time of publication
Source: Bloomberg, Russell Investment Company, Standard & Poor's, Morgan Stanley Capital International, The Wall Street Journal, MarketWatch.



Source: Standard & Poor's, Russell Investment Company, MSCI



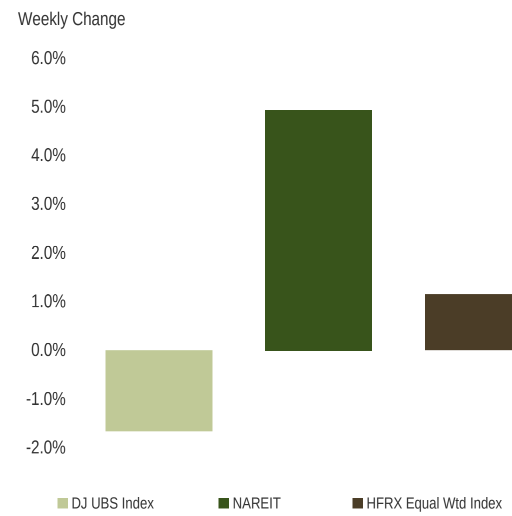
Source: Standard & Poor's, Russell Investment Company, MSCI

Alternative Investments Market Update

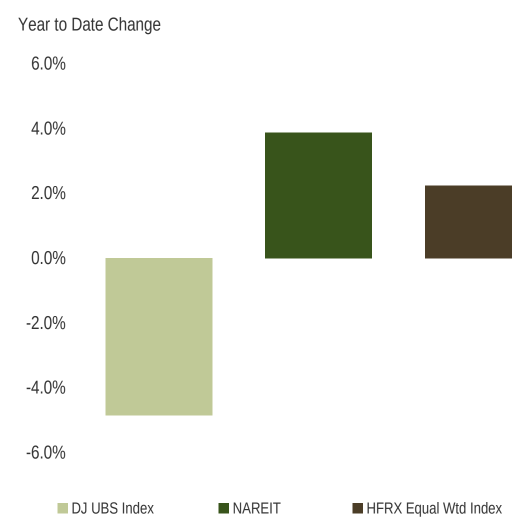
Private Equity giant Kohlberg Kravis Roberts & Co. LLP made an initial filing with the SEC to have the company listed and traded on the New York Stock Exchange. Although is an expected event, it is happening nearly two and a half years after rival Blackstone Group completed their IPO near the top of the market in June of 2007.

Goldman Sachs recently published a report that details the top 50 holdings of hedge funds as of late February. The top five spots were held by Apple (AAPL), Pfizer (PFE), Bank America (BAC), Google (GOOG) and JPMorgan (JPM). The report also indicated that media company Liberty Media (LSTZA) was the most commonly held security at 45%.

In commodities news this week, positive surprises in consumer related economic data caused sharp declines of 1-2% in the price of gold at the time of the announcement. Gold declined nearly 2.6% for the week, but remained above the psychologically important level of $1100 per ounce. Crude oil, however, continued to creep higher and trade above $80 all week, closing at $81.20 per barrel. Meanhwile, sugar has declined nearly 28% since reaching an all time high of 30 cents a pound on fears that Brazilian and Indian crops were expected to be well below consensus forecasts. However, great weather and growing conditions have more than assuaged those fears as sugar closed the week at 19.8 cents per pound.



Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research



Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research

Issue	Previous Week	Current[1]	Change
Gold	1,132.30	1,102.70	-2.61%
Crude Oil Futures	81.75	81.19	-0.69%
Copper	342.30	339.00	-0.96%
Sugar	22.19	19.67	-11.36%
HFRX Equal Wtd. Strat. Index	1,123.92	1,136.75	1.14%
HFRX Equity Hedge Index	1,137.28	1,136.75	-0.05%
HFRX Equity Market Neutral	998.13	992.41	-0.57%
HFRX Event Driven	1,364.12	1,370.99	0.50%
HFRX Merger Arbitrage	1,459.01	1,468.95	0.68%
Dow Jones UBS Commodity Index	134.68	132.44	-1.66%
FTSE/NAREIT All REIT	111.20	116.69	4.94%

1 Prices reflect most recent data available at the time of publication
Source: Dow Jones, National Association of Real Estate Investment Trusts, Hedge Fund Research, Bloomberg, The Wall Street Journal, The International Monetary Fund.

MainStreet Advisors performance results reflect time-weighted rates of returns based upon MainStreet Advisors proprietary trading strategies. Performance results reflect the reinvestment of dividends and other earnings as well as the deduction of management and transaction fees. Performance does not reflect additional fees charged by institutions MainStreet Advisors provides investment services. In some cases performance reflects the quarterly rebalancing of assets based upon MainStreet Advisors Tactical Asset Allocation Models.

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