



FOURTH STREET PERFORMANCE PARTNERS
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April 2010: Market Review

The second quarter of 2010 began with more positive performance from U.S. equities. The NASDAQ Composite led the way in April, up 2.64% for the month and 8.46% year-to-date. The S&P 500 gained 1.58% in April and has risen 7.05% so far this year. The Dow Jones Industrial Average was up 1.53% for the month and has gained 6.42% over the last four months.

U.S. economic data indicates an improving economy that is still not completely healthy. Initial GDP reports show that the U.S. economy grew at a 3.2% annual rate in the first quarter of 2010, driven by an increase in consumer spending. Consumer confidence hit its highest level since September 2008, but remains far below a level signaling strong growth. The unemployment rate remains high at just under 10%. Real estate remains problematic, as spending on both housing and commercial real estate projects declined.

Value outperformed growth across all capitalizations of U.S. equities in April. Among small cap stocks, the Russell 2000 Value Index gained 7.00% in April while the Russell 2000 Growth Index added 4.20%. In large cap stocks, the Russell 1000 Value Index rose 2.59% for the month, while the Russell 1000 Growth was up 1.12%. Value has dominated growth across all capitalizations so far this year.

International equity markets did not share in the positive performance of the U.S. equity markets in April. The debt crises of certain Southern European nations and the resulting impact on the euro hurt the MSCI EAFE Index, which lost (2.10%) in April and is now down (1.88%) year-to-date. The MSCI Pacific Index was down (0.24%) for the month, but has gained 5.15% for the year. The MSCI Emerging Markets Index was a bright spot for the month, up 0.96% in April and 3.09% so far in 2010.

Performance was solid across most fixed income investments in April, regardless of risk level. The Barclays U.S. Treasury Composite Index gained 1.05% for the month and has added 2.18% year-to-date. The Barclays U.S. Aggregate Index was up 1.04% in April and has gained 2.84% in the first four months of 2010. The Barclays Corporate High Yield Index continues to perform well in 2010, gaining 2.34% for the month and 7.07% so far for the year.

April delivered more of what investors have grown accustomed to over the past 14 months: mixed economic news and positive equity performance. With financial reform looming in Washington, the next several weeks could prove important in investors' future expectations of U.S. markets.