

# Markets



## *Spring Blooms*

### **AFTER STOCKS SUFFERED THEIR WORST FIRST QUARTER IN**

five years, the second quarter started with a bang. Stocks sprouted in April and the DJIA gained 4.7%, its best monthly gain in four years. The broader S&P 500 index gained 4.9% last month, it's first positive month since the malaise started last October. The small-cap Russell 2000 was up 4.1% and the tech-heavy Nasdaq, 5.9%.

Domestically, natural resource funds led, followed by communications and technology, then utilities and real estate funds. As with the indexes, large-cap funds outperformed small-cap funds in April. Growth funds outperformed value funds.

Energy and natural resources funds continue to lead as strong demand kept upward pressure on commodity prices and raw materials. These funds, along with real estate and emerging markets funds dominate, small-cap value funds and those focused in financial services and health care remain near the bottom of the ranks. Gold was the only sector posting declines for the month.

Foreign funds kept pace with their U.S. counterparts last month, despite the dollar strengthening. Latin America and Asia were the strongest areas. Diversified emerging market funds gained 8% on average.

The dollar has been in a long downtrend for the past few years, but, now many think it is oversold and due for a recovery.

Top ranked funds are a good mix of international or global and domestic, internationals continue to represent large parts of our portfolios.

Stock market volatility is a fact of life. Markets move unpredictably, and most short-term price movement is nothing more than noise. Long-term price movements however, can constitute a trend.

Upgrading portfolios are continually changing reflections of current market leadership. But from mid

2000 to 2003 our exposure shifted as leadership changed to favor small-cap and value style investing.

Internationals dominated our portfolios for several years, and now we are moving back toward larger-cap domestic funds.

As long as market leadership continues to rotate – which it undoubtedly must– Upgrading will lead us to those areas of the market showing strength.

### Important Notice:

An important tool in estate preservation and for sustaining your funds through retirement is long term care insurance.

Recent tax law changes increase the deductibility of the premiums for individuals, C-corporations and S-corporations.

Ohio is in the process of passing “partnership” legislation, which is very important to our clients.

We are prepared to address these changes with respect to your circumstances. Give us a call to talk to you about how these changes effect you!

**Thank you for your business,**

**P. Michael Valley II**

\*Disclosure: Whenever you invest, you are at risk of loss of principal as the market does fluctuate. Past performance is not indicative of future results. Market Leadership numbers are provided by DAL Investments. You may obtain additional information from [www.noloadfundx.com](http://www.noloadfundx.com). Wall Street Financial Group, Inc. is not responsible for any information obtained from this website. Education herein is for educational purposes only and does not constitute a solicitation for a sale. Wall Street Financial Group, Inc. did not assist in the preparation of this material, although it is from sources deemed to be reliable, its accuracy and completeness cannot be guaranteed. Opinions expressed are those of the author and are not necessarily those of Wall Street Financial Group, Inc.

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