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What a difference a year makes

Entering the next phase of this bull market

If the stock market feels different this year, you're not imagining things. Below we've charted the S&P 500 for five month periods ending on March 31---both this year and last.

It's not just the direction that has changed. To illustrate the dramatic change in volatility we've drawn each chart the same size, both cover about 70 points on the S&P or 600 points on the Dow. Last year daily moves of 100 to 300 Dow points were normal and this year the market is moving 40 to 50 points most days.

Chart 1 - S&P 500, Nov - Mar, 2008-09

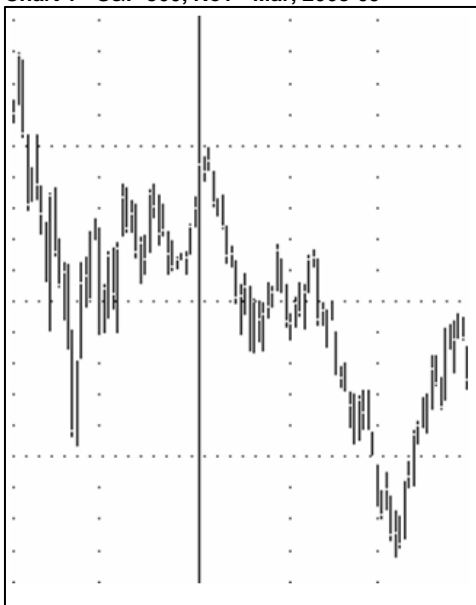
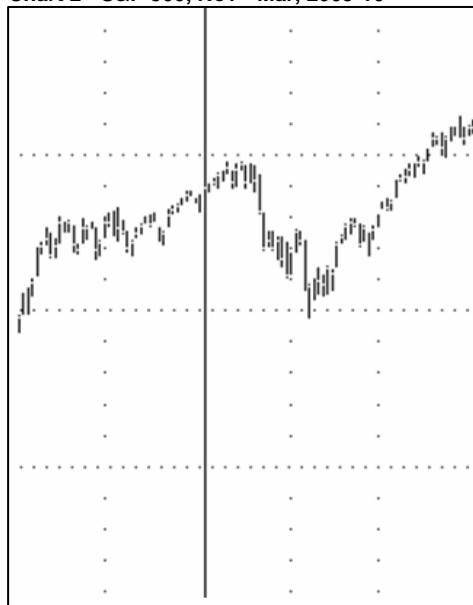


Chart 2 - S&P 500, Nov - Mar, 2009-10



In Chart 1 the S&P began the period at 967 and ended at 797. In Chart 2 the index began November at 1036 and ended March at 1169.

Last year investors wondered if the March low marked the end of the bear market. Strangely, this debate continues in some quarters. Last year we were told to expect a replay of the 1930's, while this year consumer spending hit a new record high in February.

In our assumptions list for 2010 we said that the market's initial "relief" phase was over and a new phase was beginning---one based on earnings growth. Well the earnings are proving better than expected and the market is responding the way you might expect, by grinding higher and leaving the skeptics behind.

There's still plenty to worry about, there always is. But with the first decent (though wimpy) jobs gain in three years and five months of gains in consumer spending, investors should be worried about missing this market rather than looking for another dip.

DOCK STREET ASSET MANAGEMENT

Our quarterly reports will be issued in the next couple of weeks and will show good results for the first quarter. Our portfolios kept pace with the market for the quarter after a very tough January. Happily we are close to eliminating the losses sustained in 2008 while the major indexes remain well below those levels.

Best regards,



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A copy of our Form ADV Part II regarding our advisory services and fees is available upon request.

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