



## March 2011 Capital Markets Review

*M Wealth provides Member Firms with exceptional fee-based wealth management solutions for their clients.*

*To help Member Firms grow their wealth management businesses, M Wealth offers everything from component solutions and value-added wealth services to turnkey asset management and investment consulting.*

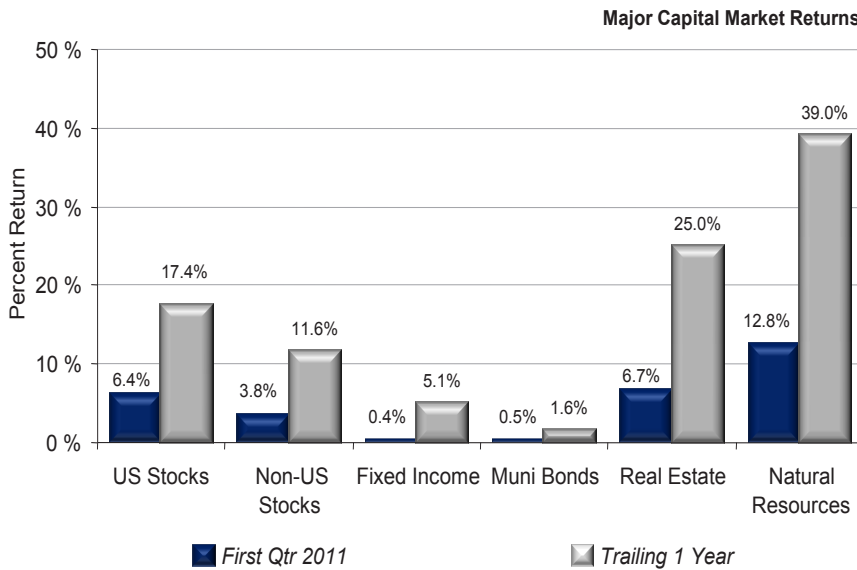
INDEX	PERIOD ENDING MARCH 31, 2011					
	QTR	YTD	1 YR RETURN	3 YR RETURN	5 YR RETURN	10 YR RETURN
<b>BROAD MARKET EQUITY</b>						
S&P 500 Index	5.92%	5.92%	15.65%	2.36%	2.62%	3.29%
Russell 1000 Index	6.24%	6.24%	16.69%	2.98%	2.93%	3.83%
Russell 2000 Index	7.94%	7.94%	25.79%	8.57%	3.35%	7.87%
Russell 2000 Growth Index	9.24%	9.24%	31.04%	10.16%	4.34%	6.44%
Russell 2000 Value Index	6.60%	6.60%	20.63%	6.76%	2.23%	9.01%
<b>NON-US DEVELOPED MARKETS EQUITY</b>	QTR	QTR	1 YR RETURN	3 YR RETURN	5 YR RETURN	10 YR RETURN
MSCI World Ex U.S.	3.82%	3.82%	11.61%	(2.23%)	1.99%	5.96%
<b>EMERGING MARKETS EQUITY</b>	QTR	QTR	1 YR RETURN	3 YR RETURN	5 YR RETURN	10 YR RETURN
MSCI Emerging Markets Index	1.69%	1.69%	15.89%	1.96%	8.25%	14.10%
<b>FIXED INCOME</b>	QTR	QTR	1 YR RETURN	3 YR RETURN	5 YR RETURN	10 YR RETURN
90 Day U.S. Treasury Bills	0.03%	0.03%	0.15%	0.43%	2.08%	2.14%
<b>REAL ASSETS / NATURAL RESOURCES</b>	QTR	QTR	1 YR RETURN	3 YR RETURN	5 YR RETURN	10 YR RETURN
Dow Jones U.S. Select REIT	6.70%	6.70%	24.44%	1.48%	0.66%	11.25%
S&P North American Natural Resources Index	12.76%	12.76%	39.02%	5.09%	9.72%	12.00%

### Commentary

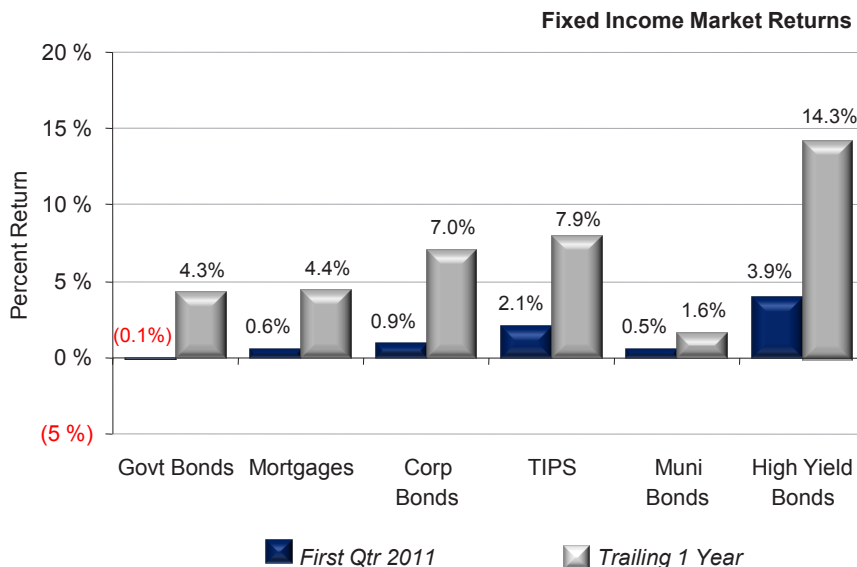
- ❖ The U.S. equity markets returned 6.4 percent for the first quarter of 2011 supported by healthier economic growth, marginally improved employment figures, and the government's implementation of the second round of monetary stimulus, otherwise known as "QE2." Despite significant political, economic, and natural disaster events that occurred outside of the country, U.S. equity market volatility decreased during the quarter.
- ❖ Small-capitalization issues outperformed their large-capitalization counterparts in the quarter evidencing a continued preference for risk assets among investors. On a broad basis, value and growth issues performed in line for the quarter.
- ❖ Outside of the U.S., the headlines were dominated by the 9.0 magnitude earthquake that struck Japan on March 11, resulting in a devastating tsunami and an ongoing crisis at the Fukushima Daiishi nuclear power plant. The developed international equity markets, however, still posted a return of 3.8 percent as the favorable results in developed Europe more than offset the negative impact of Japan.
- ❖ Value stocks earned a premium relative to growth issues, and small-capitalization issues trailed their large-capitalization counterparts.
- ❖ Emerging markets trailed their developed counterparts for the quarter as investors were concerned over political unrest in the Middle East, and the signaling and implementation

of monetary tightening by a number of countries.

- ❖ A weaker U.S. dollar versus most major currencies benefited the returns of U.S. dollar-based investors for the quarter.
- ❖ The aggregate U.S. fixed income market posted a slightly positive return in the quarter with corporate credits driving most of the return for the period. Treasury securities sold off modestly during the quarter with the largest impact coming from rising yields at the long end of the curve. Municipal bonds were positive for the quarter as institutional investors favored the yield advantage over comparable Treasuries. High yield was the strongest performing segment of the market as favorable corporate earnings and lower expected defaults continued to encourage market participants.



Note: The above indices represent the returns of the asset classes within the above chart: U.S. Stocks – Russell 3000, Non-U.S. Stocks – MSCI World ex U.S., Fixed Income – Barclays Aggregate, Muni Bonds – Barclays Municipal, Real Estate – Wilshire REIT, and Natural Resources – S&P North American Natural Resources.



Note: The above indices represent the returns of the Fixed Income markets in the above charts: Govt – Barclays Gov., Mortgages – Barclays Mortgages, Corporate – Barclays Credit, TIPS – Barclays U.S. TIPS, Municipals – Barclays Municipal, High Yield – Barclays High Yield.

## For More Information

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