

Dear Client,

A cyclical recovery in employment is inevitable, whether it began with the data released for March remains to be seen. The 162,000 was below the optimistic estimate of 300,000 but may be beneficial to stocks by delaying the Fed's anticipated raising of short-term interest rates. We would expect a slow-but-steady increase in employment as the domestic and international economies improve. However, the magnitude of secular rise over the longer-term will be well below that of prior recoveries. This is what is now being characterized as the "new normal".

More relevant over the coming weeks will be quarterly earnings: again beating estimates and resulting in a floor on equity values. The Table below shows selected sector estimated earnings for First Quarter 2010 and actual earnings in the same quarter 2009. As might be expected, the Energy and Materials sectors are estimated to improve from their recessionary levels, although the economic recovery has not significantly impacted Industrials. Information Technology is a recipient of capital spending while the reemergence of the consumer is reflected in the estimated strong gains in the Consumer Discretionary sector.

S&P Sectors	Q1 '09A	Q1 '10E	% Change	1Yr Price %
Consumer Discretionary	.52	2.86	450.0%	69.3
Consumer Staples	4.00	4.37	9.3%	35.6
Energy	- .50	7.97	----	37.5
Financials	.50	2.74	448.0%	83.1
Health Care	6.10	6.84	12.1%	34.7
Industrials	3.00	3.32	10.7%	72.7
Information Technology	2.68	5.24	95.5%	49.6
Materials	1.06	2.41	127.4%	55.0
Utilities	3.25	3.58	10.2%	20.0
S&P 500	10.11	17.17	37.4%	49.5

Source: Standard & Poor's

Also of interest is the annual return of the sectors on the right side of the table. Financials show the largest gain year over year, followed by Industrials, Consumer Discretionary, Materials, and Technology. There is some correlation with earnings and share prices but prices typically precede earnings by six months or so. This is evident in the Industrial sector where prices have advanced ahead of the cyclical recovery. The rebound in Finance may be nearing completion while Technology may be warming up for a run. .

We remain cautiously optimistic about the market in general and expect prices and earnings to continue their rebound in the quarters ahead. We see the most opportunity in Technology, Health Care, Industrials and Consumer stocks and will be positioning

portfolios in stocks and ETFs which will benefit the most from these themes. We expect a modest rise in interest rates reflecting increased demand for capital and the Federal Reserve tightening slightly in order to keep inflation in check. We are in the sweet spot for stocks, with low rates, rapidly increasing earnings, increasing employment and spending, a bottoming or recovering housing market, and little inflation. It remains to be seen how higher budget deficits and taxes will impact the markets.

Enclosed is your client information sheet. Please review for accuracy. If you find any discrepancies please contact Tracy Taylor at (603) 227-5256 or ttaylor@hutchco.net.

As required by the SEC we offer our form ADV every year. If you would like a copy please let me know. As always please feel free to call or email bhutchens@hutchco.net with any questions or concerns.

Sincerely,

William D Hutchens, Jr., CFA