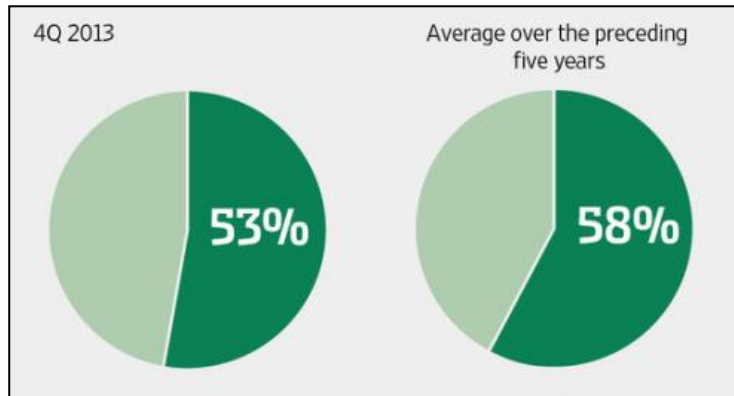


Market Recap

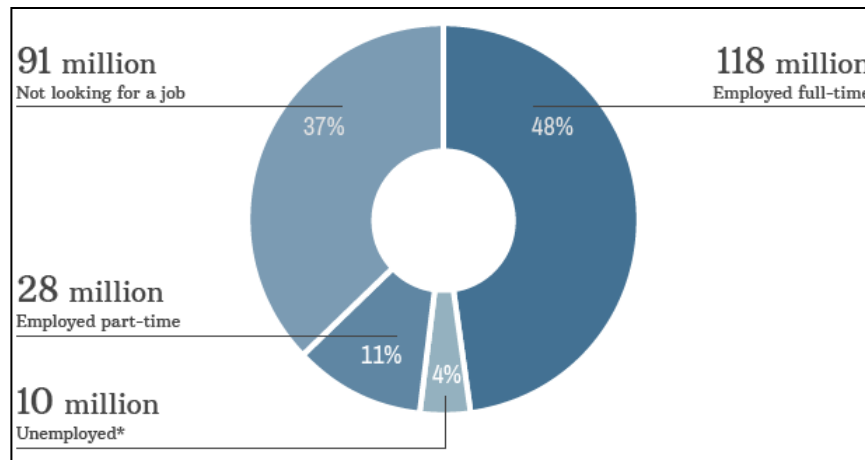
Percentage of S&P 500 Companies Whose Share Price Rose after Exceeding Earnings Forecasts



Source: Factset

Amid rising concerns of soft economic data and the unwinding of the Federal Reserve's aggressive stimulus program, investors have been unforgiving during this company earnings season. Many stocks have suffered large share-price declines when investors deemed their quarterly reports to be disappointing, even after earnings met or exceeded analyst estimates. This behavior is attributed to closer scrutiny of the *composition* of company profits – not just the bottom-line numbers. Many investors have been seeking “high-quality” earnings that demonstrate a company’s capacity to adjust to future economic and market challenges. Earnings quality is reflected in such measures as profit margins, profit outlooks, and cash flow. Investors have rewarded firms seen to be investing in future growth through acquisitions or spending on research, while punishing others whose earnings are seen to be of poorer quality.

Job Status of 247 Million Americans, over age 16



Source: Bureau of Labor Statistics

U.S. payrolls rose a seasonally-adjusted 113,000 jobs in January after December's lackluster gain of 75,000 jobs, marking the weakest two-month stretch of job creation in three years. At the same time, the unemployment rate ticked down to 6.6% (the lowest level since late 2008). A shortcoming of the unemployment rate as a measure of the job market is that it only includes people who have actively searched for work within the last four weeks. Therefore, it does not consider those Americans who simply have given up looking. Approximately 91 million adults do not work and are not seeking employment. They make up 37% of the population (the highest level on record since 1978), dwarfing the 10 million “unemployed” workers. In addition to discouraged workers, this group also includes people who are retired, enrolled in school, or staying at home to take care of young children or elderly relatives.

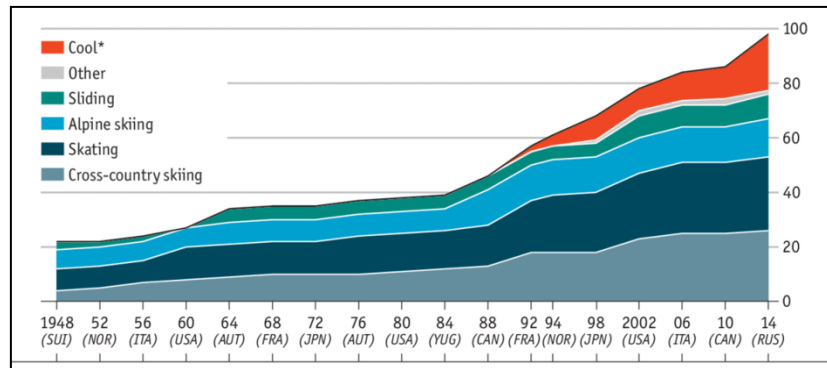
Market Recap

20 Largest University Endowments

Rank	School	Endowment	Change from 2012
1	Harvard University	\$32,334,293,000	6.2%
2	Yale University	\$20,780,000,000	7.4%
3	University of Texas System	\$20,448,313,000	12.0%
4	Stanford University	\$18,688,868,000	9.7%
5	Princeton University	\$18,200,433,000	7.4%
6	Massachusetts Institute of Technology	\$11,005,932,000	6.8%
7	Texas A&M University System and Foundations	\$8,732,010,000	14.3%
8	University of Michigan	\$8,382,311,000	9.0%
9	Columbia University	\$8,197,880,000	7.1%
10	Northwestern University	\$7,883,323,000	10.7%
11	University of Pennsylvania	\$7,741,396,000	14.6%
12	University of Notre Dame	\$6,856,301,000	8.3%
13	University of Chicago	\$6,668,974,000	1.5%
14	University of California	\$6,377,379,000	7.0%
15	Duke University	\$6,040,973,000	8.7%
16	Emory University	\$5,816,046,000	6.5%
17	Washington University in St. Louis	\$5,651,860,000	8.1%
18	Cornell University	\$5,272,228,000	6.6%
19	University of Virginia	\$5,166,660,000	7.9%
20	Rice University	\$4,836,728,000	9.5%

Source: NACUBO-CommonFund Study of Endowments

Number of Winter Olympics Events



Source: IOC

College endowments made a comeback last year, gaining 11.7% on average in the 12 months that ended June 30 amid a rally in stocks. The gains followed an average -0.3% loss in fiscal 2012, and allowed colleges to continue to rebuild from deep market losses during the recession. Harvard University's endowment was worth more than \$32 billion last year, continuing its long-standing position as the largest college endowment. Most universities rely on their endowments to fund financial aid and other student and faculty programs, representing, on average, 8.8% of their operating budgets. Able to capitalize on stronger returns as well as an increase in endowment giving, the average spending rate from these endowments also increased to 4.4% (up from 4.2% in 2012).

The winter Olympics started this week in Sochi, Russia. Before the athletes even began competing, one record had already been broken. With 12 new events, these games will have the most medals awarded in any winter Olympics. Since the first winter Olympics in 1924, the total has grown from 16 to 98. This year's new additions have focused on events designed to attract younger audiences. Organizers have branded the event "Hot. Cool. Yours." More than half of all Americans who watched the 2010 winter Olympics were over 50. Teenagers hardly tuned in. Sponsors such as Coca-Cola and McDonald's, as well as broadcasters and advertisers are seeking to draw in a younger audience. New events, which include the ski half-pipe, snowboard slope-style, and the luge team relay, were chosen partly because they attract lots of YouTube views and Twitter followers and appeal to younger viewers.

Contact: If you have any questions or comments, please do not hesitate to contact us at 703.992.6164. For more information about Harbour Capital Advisors, please visit our website at www.harbourcapitaladvisors.com.

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