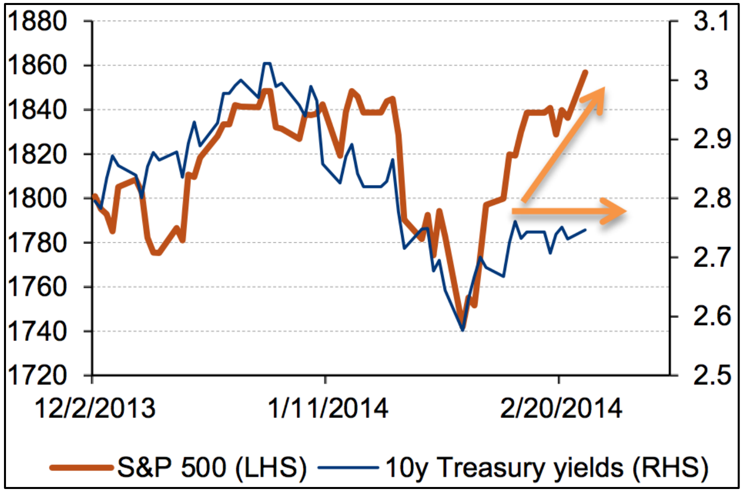
Market Recap

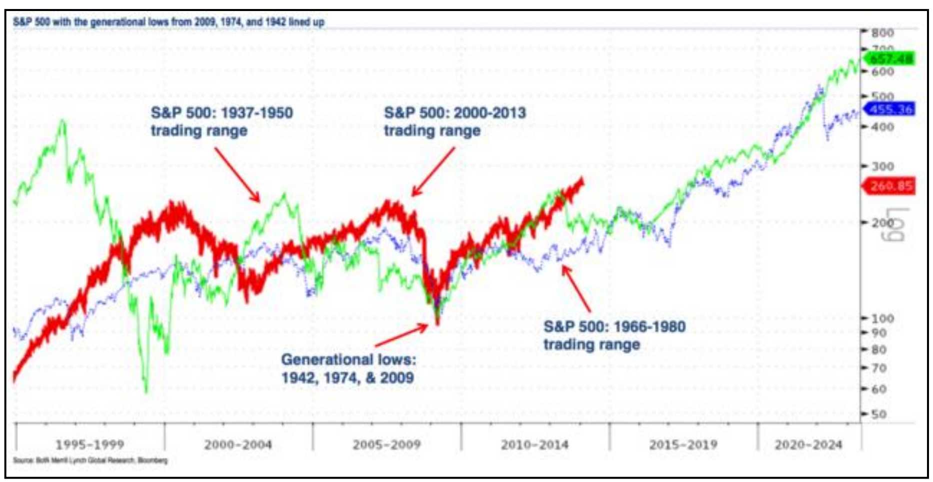
S&P 500 versus 10-Year Treasury Yield



Source: Bloomberg

Since early December, the S&P 500 index and Treasury yields have largely moved in tandem. That correlation began to break down in early February, however, at which point they diverged as the stock market raced back to all-time highs while Treasury yields stayed at depressed levels. The disconnect has equity investors worried about a pullback in the stock market, while it has bond investors concerned that the gap will close, sending yields higher but bond prices lower. The primary driver behind the recent disconnect is weaker-than-expected December, January, and February economic data releases which caused bond investors to cover their short positions, pushing yields lower. The concern for the stock market now is that weather may not, in fact, be the driver behind the recent slowdown in economic activity, but that other, more fundamental, factors are to blame which would not justify the recent rise in stock prices.

S&P 500 Generational Lows from 2009, 1974, and 1942

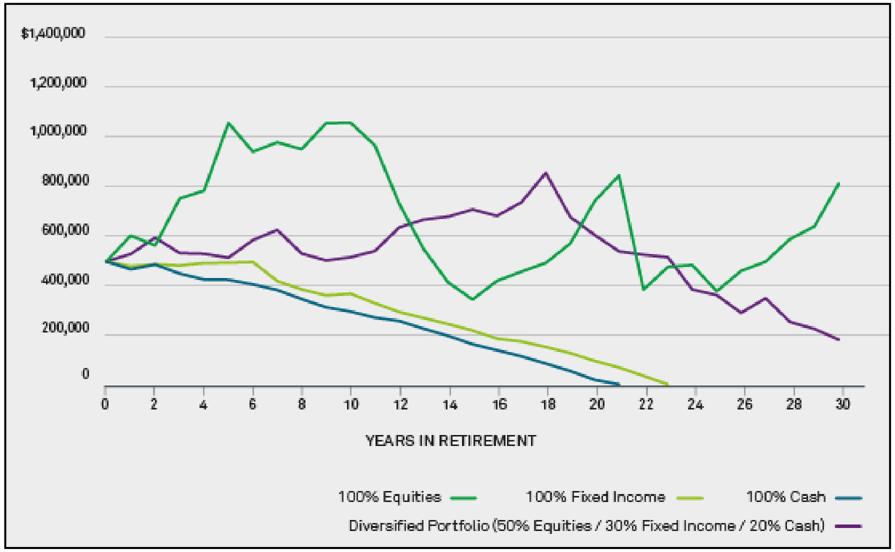


Source: BAML

Every 30 years or so, equity markets hit what has been described as a “generational low”. The low, initiated by a rapid sell-off in the market due to economic drivers, is also typically exacerbated by a combination of fear and panic, as last seen in early 2009. Evaluating the current market recovery from the 2009 generational low vs. prior recoveries, we see that the current 160% rally is well ahead of those experienced in the 1940s and 1970s, and may see a correction before continuing to rise. However, if the prior recoveries offer guidance, there is also reason to expect that this new secular bull market may continue for some time, and perhaps through the next decade.

Market Recap

Value of $500,000 Portfolio with 5% Inflation-Adjusted Withdrawals



Source: Blackrock

Global Retirement Index – Top 20 Nations for 2014

1. Switzerland (ranked 2nd in 2013)	8. Finland (6)	15. France (10)
2. Norway (1)	9. New Zealand (22)	16. Czech Republic (17)
3. Austria (5)	10. Luxembourg (3)	17. Republic of Korea (27)
4. Sweden (4)	11. Iceland (23)	18. United Kingdom (20)
5. Australia (11)	12. Belgium (14)	19. United States (19)
6. Denmark (8)	13. Netherlands (7)	20. Israel (12)
7. Germany (9)	14. Canada (13)	

Source: Natixist

No investor likes to lose money, but a big risk for many investors is being too conservative with their investment choices. This level of conservatism is often common with retirees who adopt the stance that retirement savings should not be subject to market risk. Although taking a conservative approach to investing when approaching – and once in - retirement may be prudent, being too conservative often depletes portfolios prematurely. A portfolio solely concentrated in cash or in bonds may not be sufficient to sustain one's lifestyle in retirement, especially if spending is adjusted with inflation. A better option may be to employ strategies to achieve both appreciation and downside protection through a well-diversified growth portfolio. A 'total return' approach would utilize equities and bonds and would create the opportunity to distribute both traditional income as well as appreciation.

According to a recent report , the U.S. ranks 19th for retirees among 150 countries surveyed. The ranking is based on health care, finances, economic well-being and quality of life factors. European countries took eight of the top 10 spots, buoyed by strong social programs for older citizens. Switzerland, for example, is known for its strong public and private pension system, while Austria has a highly-regarded universal healthcare system. In contrast, American workers are increasingly saving for retirement on their own, while high healthcare costs are an added burden. Among the highest trending nations, Australia rose to fifth place this year, boasting a growing economy and extremely low levels of unemployment. New Zealand rose from 22nd to ninth place, in part due to improved income equality. South Korea also climbed the list this year, rising from 27th to 17th, thanks to strong economic growth and higher interest rates.

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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