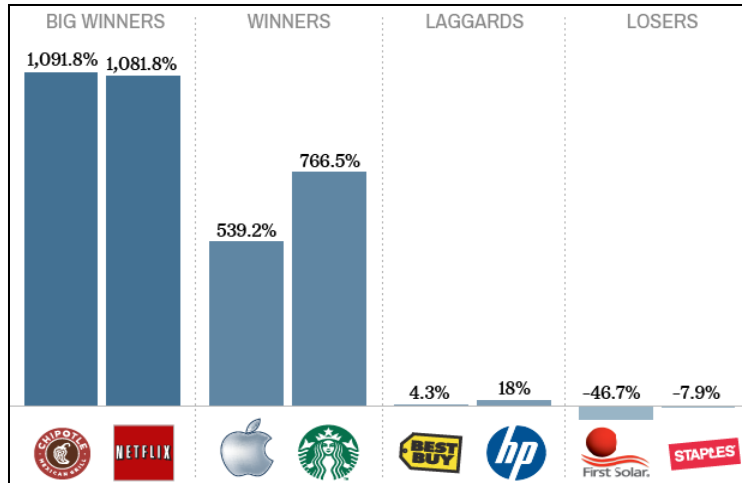


Market Recap

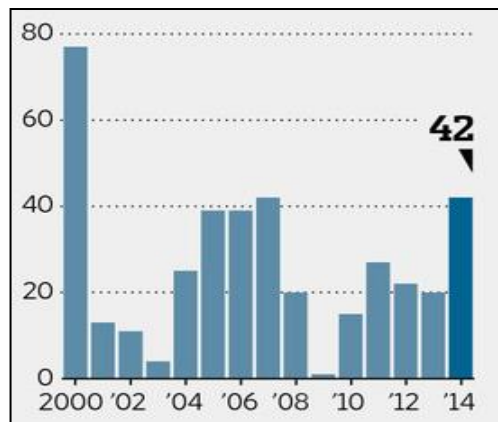
S&P 500 Winners and Losers



Source: Factset

The stock market rally recently celebrated its fifth anniversary. During this time, the S&P 500 stock index gained nearly 180%. A look back at the best and worst performing S&P 500 stocks highlights the stark contrast among the participants. Online travel companies Priceline and Expedia were two of the biggest winners, gaining 1,646% and 1,182%, respectively. Netflix and casino company Wynn Resorts also topped over 1,000% in gains. Chipotle, Whole Foods, Starbucks, Apple and Amazon jumped between 500% and 1,000%. But there were a few stocks that were left behind, among them Avon Products, Hewlett-Packard and Cliffs Natural Resources. Best Buy which was one of the best performers in 2013, was up only 4% over the past five years. A few stocks missed the rally entirely, including Staples and First Solar, whose shares declined 47%, giving it the dubious distinction as the bull market's biggest loser.

Number of IPOs through February

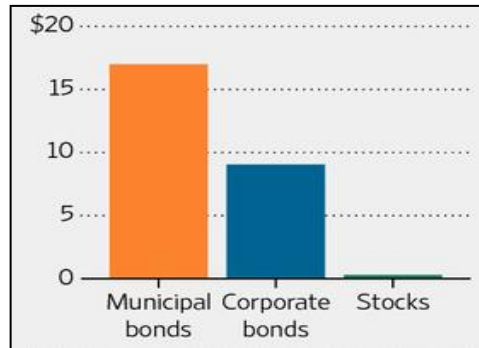


Source: Dealogic

Hoping to take advantage of soaring stock prices and investor demand, companies are going public at the fastest pace in years. In the first two months of this year, 42 companies went public, tied with 2007 as the busiest start to a year for IPOs since 2000. Some may fear that a high number of IPOs may be an indicator of future market collapse given that 2007 was the eve of the financial crisis, and 2000 preceded the technology bubble. However, other indicators show no clear patterns between the three peak years. Today, investors are paying a median 14.5 times annual sales, compared with six times in 2007. At the height of the Internet frenzy in early 2000, they paid 30 times sales. Investors willing to take a chance on new listings this year have been rewarded handsomely. The average IPO in 2014 has risen 19% from its debut price.

Market Recap

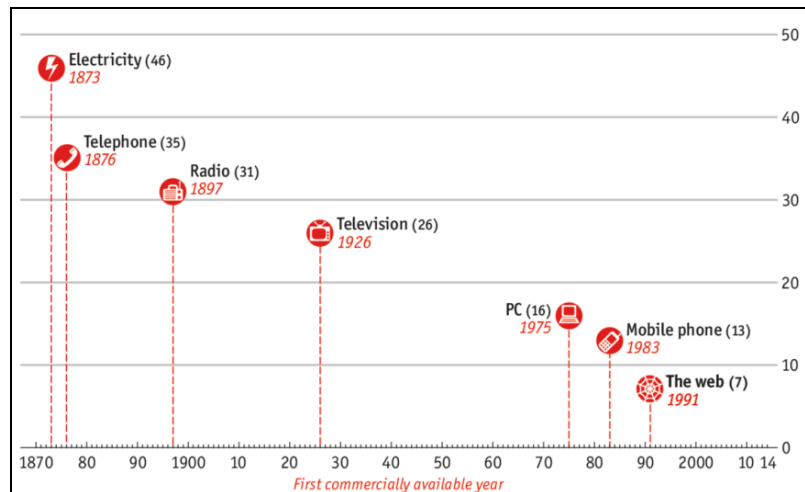
Average Broker Profit on \$1,000 Trade in 2013



Source: WSJ

According to a study by The Wall Street Journal, individuals purchasing municipal bonds through a broker are paying about twice as much in trading commissions as they pay for corporate bonds and sixteen times what they pay for stocks. Municipal bonds are especially popular with individual investors as the strategy provides consistent, tax-free income. Brokers of stocks and corporate bonds must disclose market pricing and give individuals 'best execution' on trades, ensuring they receive the best prices possible. Those protections are absent in the municipal-bond industry, allowing brokers to pocket higher spreads by buying the bonds low and selling them with high mark-ups. Regulators largely overlooked municipal debt as they transformed much of Wall Street over the past 20 years, but are studying the asset class and its sales practices more closely now.

Technology Adoption (Years Until Used by One-Quarter of U.S. Population)



Source: Singularity

The concept of the world wide web dates back to 1989 when British physicist Tim Berners-Lee wrote a memo to his boss modestly entitled "Information Management: A Proposal". His proposal sought to share information over a computer network termed 'a web'. The web was to link notes (like references) making them more useful than a fixed hierarchical system. Although the initial response of his boss to the idea was lukewarm ("Vague, but exciting..."), he managed to implement the first communication via the internet through hypertext transfer protocol (http) later that year, and the rest is history. The World Wide Web is now regarded as the fastest-adopted technology. It took only seven years from the first pages in 1991 for the web to be used by a quarter of the U.S. population. That compares with 46 years for electricity, 35 years for the phone and 26 years for television. My, how our lives have changed!

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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