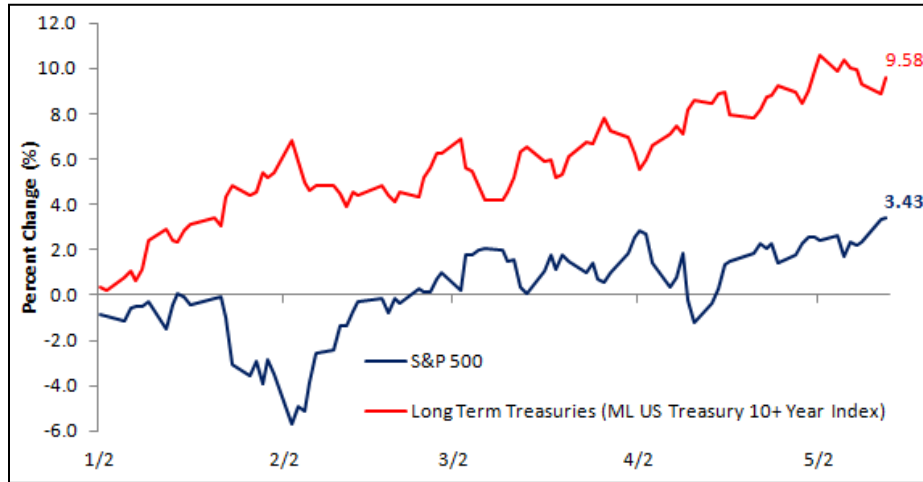


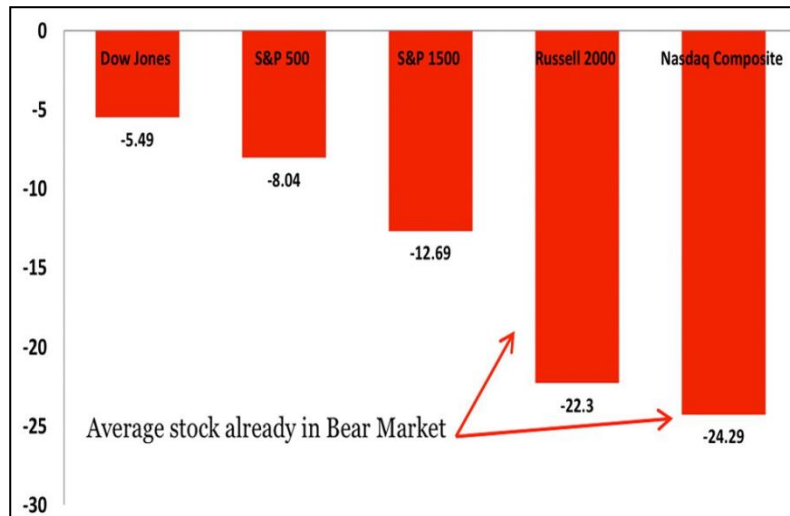
Market Recap

YTD Total Return of S&P 500 versus 10-Year Treasury



Source: Bespoke

Average Stock % Below its 52-Week High



Source: Bloomberg

Heading into 2014, the vast majority of market strategists favored stocks over bonds. Economists were forecasting that the yield on the 10-year US Treasury would increase from ~3% at the start of 2014 to 3.38% (resulting in a decline in price) by year-end. Thus far, this collective wisdom has been wrong. Bonds have rallied as investors seek safety, worrying about the waning U.S. recovery. First quarter GDP growth was anemic, hampered by a slowdown in important areas of the economy including retail and housing. Inflation, which threatens to hurt the value of bonds over time, has remained at suppressed levels. Instead of rising, the yield on the 10-year has fallen to ~2.50%, which is the lowest level in more than six months. As a result, even though the S&P 500 is trading near all-time highs, equity returns are far behind Treasuries year-to-date.

The S&P 500 is hovering around its all-time high, however, this obscures the fact that stocks of many companies have declined significantly this year. The current “breath” of the market (measured by stocks reaching 52-week highs versus lows) is weak as more companies trend downward. Often at the end of bull markets, large cap stocks continue to rise, while smaller stocks begin to flatten. The S&P 500 is cap-weighted, which means larger companies like Apple and ExxonMobil have a much greater impact on the index. At present, the average S&P 500 stock is down 8.04% from its 52-week high, while the average stock in the Russell 2000 and NASDAQ Composite is down by more than 20% (reaching bear market territory). Historically, divergence of this magnitude is concerning, potentially signaling a change in market sentiment.

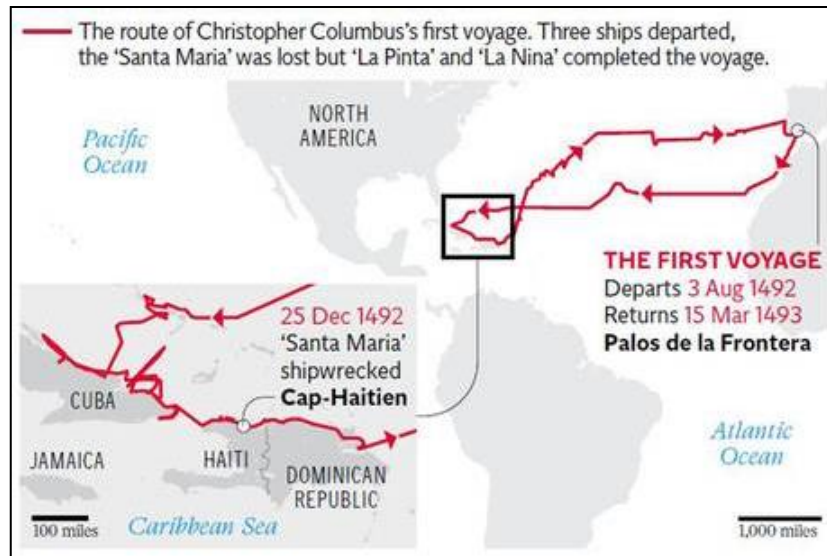
Market Recap

Annual Income in Retirement by Gender



Source: U.S. Census Data

The Journey of the *Santa Maria*



Source: Keith Pickering

Women are almost twice as likely as men to live below the poverty line during retirement. On average, women 65 years and older live on a median income of ~\$16,000 a year (~\$11,000 less than men), with many retired women relying solely on Social Security benefits. The problem stems from women earning and saving less over their lifetimes, coupled with longer life expectancies. On average, full-time working women earn 77 cents for every dollar a man earns, directly impacting their savings and ultimate Social Security payouts. In addition, female workers hold two-thirds of all part-time jobs, which do not offer employer-sponsored retirement benefits. Women also work 12 years less than their male counterparts over the course of their careers, being more likely to take time off work to raise children or to care for a sick spouse or aging parents. Because Social Security benefits are based on a worker's top 35 years of earnings, time out of the workforce can result in a smaller benefit throughout retirement.

More than five centuries after Christopher Columbus's flagship, the *Santa Maria*, sank in the Caribbean, archaeologists believe they may have discovered the vessel's long-lost remains off the north coast of Haiti. In 1492, Columbus sailed from southern Spain with three ships – the *Santa Maria*, the *Nina*, and the *Pinta* – in search of a new western route to Asia. After 37 days, Columbus reached the Bahamas, but the *Santa Maria*, with Columbus on board, drifted at night onto a reef off the northern coast of Haiti and had to be abandoned. Initially spotting the wreck in 2003, undersea explorer Barry Clifford spent a decade piecing together related facts (e.g. the nearby site of a fort constructed with timber from the *Santa Maria*) and studying the topography of the ocean floor to declare that his find is the *Santa Maria*. If proven, this will be one of the world's most important marine archaeological discoveries.

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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