

Market Recap

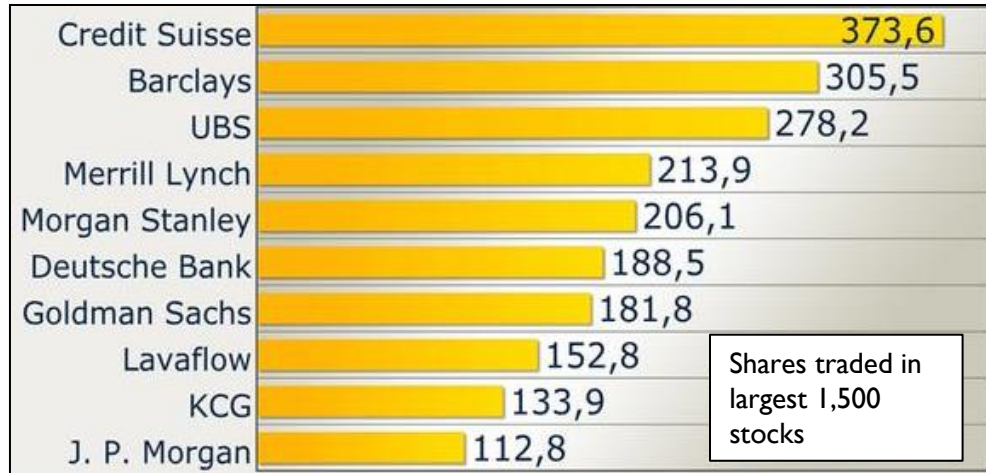
S&P 500 Index Stock Price Movement and Earnings Growth



Source: FactSet; WSJ

Several recent events have bolstered the notion of a sustained bull market. Last week, the European Central Bank took aggressive steps to ease policy, the May employment report showed that the U.S. economy may be recovering from its winter hangover, and many of the beaten-down small-company and technology stocks staged a rebound. The broad market has weathered the step-down of the Federal Reserve's easing policy, and largely ignored the decline in GDP during the first quarter of 2014. Investors seem to be paying attention to fundamentals and prices. As a result, stocks are keeping closer pace with company earnings. S&P 500 companies are forecasting profits for the first half of this year to be 3.8%, a pace not far from the index's 5.5% year-to-date gain. That is in contrast with 2013, when stock prices rose much more quickly than earnings, leading to a jump in valuations. Barring unforeseen market shocks, the bull market may continue to run.

Dark Pools Shares Traded During the Week of May 12th (in Millions)

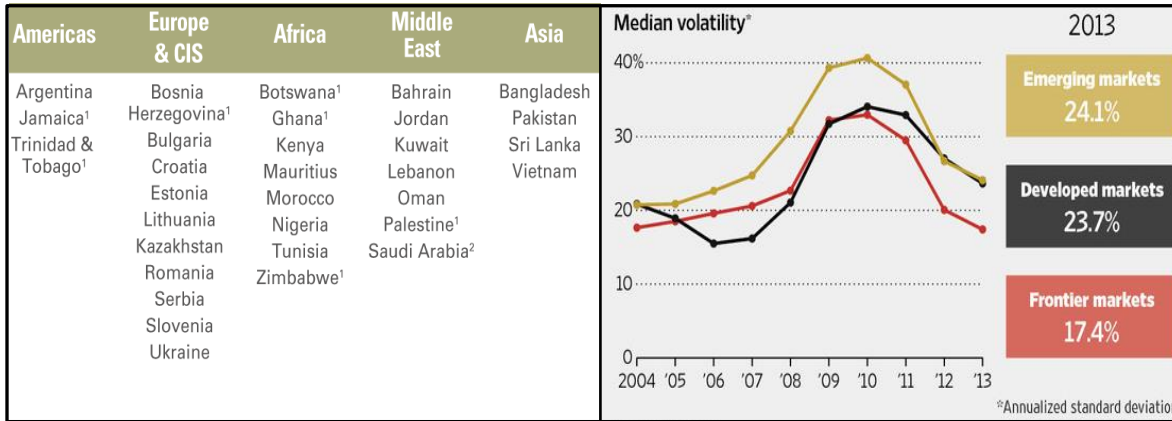


Source: Finra

One of the subplots of the recent focus on high-frequency trading is the increased utilization of "dark pools" (private, unregulated trading venues outside a market exchange). Dark pools account for nearly 37% of all stock transactions and are led by well-known broker-dealers. High-frequency traders (using computers and telecommunications networks to rapidly buy and sell shares) are able to hide within dark pools because transactions are not listed and the trading partners are anonymous. Critics underscore that off-exchange trading hurts the ability of the market to accurately price securities. Dark pool proponents say they offer big institutional investors the opportunity to buy or sell stocks without moving prices. This week, Credit Suisse and Goldman Sachs released documents that share details about their dark pool operations. The move was applauded as the first step in lifting the veil on the industry practice.

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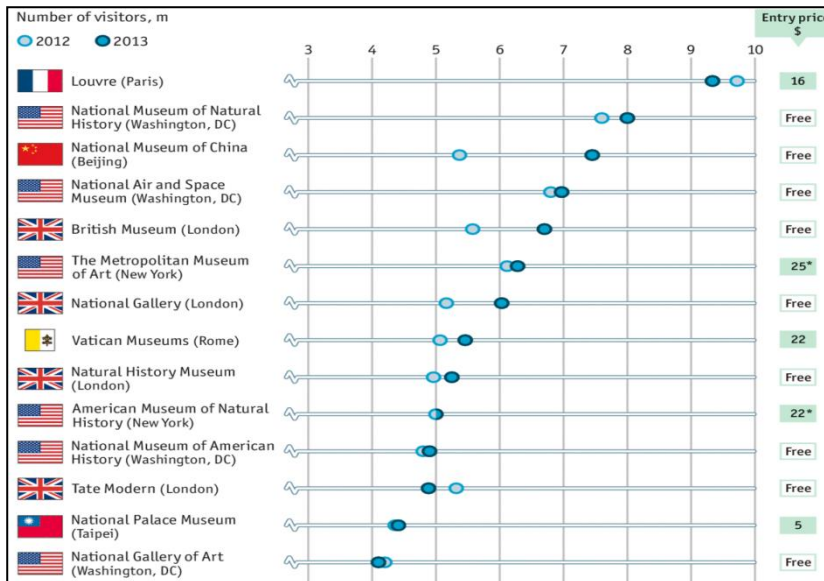
Frontier Markets Volatility



Source: LR Global; MSCI

Since the start of 2013, the MSCI Frontier Markets Index (comprised of smaller, lesser-known emerging markets whose stock exchanges do not meet the size and liquidity requirements of the emerging-markets index) has increased more than 50%. This dwarfs both the Developed Markets and Emerging Markets Indexes, which report returns of 32% and 0%, respectively. Frontier markets are often thought of as risky and unstable. However, recent data suggests that they may actually be less volatile than their more-established peers. Weekly returns of 80 stock-exchange indexes across all markets show that frontier markets' indexes were significantly less volatile than emerging markets, and, since 2009, even developed markets. The lower volatility is attributed to their limited exposure to the global financial system. Frontier markets, relying less on inflows of short-term-gain-driven foreign capital, are supported by local investors with long-term development goals.

Most Popular Museums (Visits in Millions)



Source: Themed Entertainment Association

Holding on to its spot of prominence, the Louvre was once again the world's most popular museum in 2013 with more than 9 million visitors. Unlike most museums in London and Washington, DC, the Louvre charges €12 (\$16) to view the Mona Lisa and its other works of art. However, the Louvre faces some competition from Beijing's National Museum of China, as the latter eclipses all others as the fastest-growing museum in terms of visits. The Themed Entertainment Association, which compiles the museum data, also tracks theme park visits. Merging theme park and museum data, the most popular overall attraction is the Magic Kingdom at Walt Disney World in Orlando, Florida, receiving 18.6 million visitors in 2013 -- double the Louvre's figures.

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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