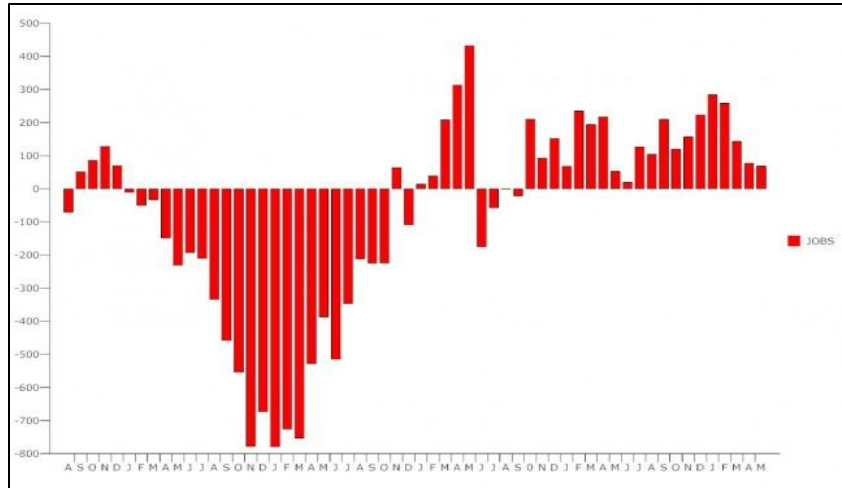


Market Recap

Monthly Nonfarm Payroll Jobs Added



Source: U.S. Department of Labor

Sovereign Debt Yields



Source: Tradeweb, WSJ

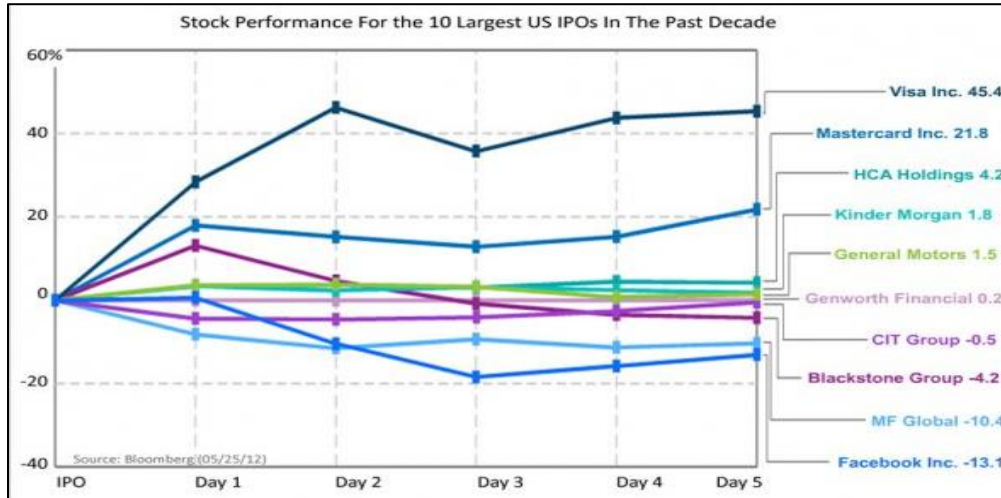
Job creation slowed dramatically in May, with nonfarm payrolls growing by only 69,000, increasing the unemployment rate by one-tenth of a percentage point to 8.2%. It was the smallest gain in a year, providing additional support to the view that the economy has lost momentum. Economists were forecasting an increase in payrolls of 155,000. The average for the first quarter was 226,000 jobs a month. Broad uncertainty related to Europe's debt crisis, the potential for tax increases and government spending cuts in the U.S. next year, and signs of slower growth in developing countries were cited as drivers for the disappointing data. If the labor market continues to stall, the Federal Reserve may be compelled to continue measures to stimulate the economy. A \$400 billion Fed bond-buying program, meant to reduce long-term interest rates, ends this month. The jobs report increases the likelihood that the central bank will not deviate from its plan to keep rates low.

With the prospect of slowing global growth and strong demand from investors for safe assets, yields on the 10-year Treasury note have fallen to record lows. As of the market close on 5/31, yields hit 1.58%*. Nonetheless, investors continue to show interest in Treasuries, as there are few appealing alternatives for those looking for safety. Since 2008, interest rates have moved lower amid a global effort by central banks to keep rates low, hoping to encourage borrowing and stimulate their economies. Recently, global fears have pushed rates even lower. Yields on bonds issued by European countries still seen as safe are even lower than Treasuries. For example, yields on 10-year German bonds, known as bunds, are at a record low of 1.207%. Bonds issued by Britain, Switzerland, Denmark, Sweden, Finland, and Japan are also yielding less than U.S. bonds.

*Note: Yields fell below this level in trading on 6/1/12.

Market Recap

Change in Stock Price During the First Five Days of Trading



Source: Bloomberg

Queen Elizabeth II Diamond Jubilee



Source: Royal Bank of Scotland

The Royal Bank of Scotland celebrated the 60-year reign of Queen Elizabeth II by issuing 20 million pounds (\$31 million) worth of 10-pound notes with four images of the queen from the 1940s to the 21st century. Many of the commemorative notes have been donated to charity.

The Facebook initial public offering holds the record as the largest technology offering, raising more than \$16 billion. It also has the distinction of being the worst-performing IPO among the 10 largest deals of the past decade. Shares of Facebook fell 13% during its initial five days of trading, exceeding the previous worst-performing IPO - MF Global Holdings - which declined 10%. At the other end of the spectrum, Visa posted the best results among the largest deals, increasing 45%. Facebook and Morgan Stanley, its lead underwriter, have faced sharp criticism for the handling of the IPO. In the final days preceding the offering, the number of shares sold in the IPO increased by 25% to 421.2 million and the asking price increased to \$38 from the anticipated \$28 to \$35 range.

On Saturday, Britain embarks on four days of pomp, pageantry, and patriotism to mark Queen Elizabeth's 60th year on the throne, with the monarchy's popularity surging and celebrations bringing cheer to a nation struggling in harsh economic times. Having acceded to the throne in February 1952 on the death of her father George VI when Winston Churchill was prime minister, Elizabeth II is now the longest-lived British monarch and the second longest-serving monarch behind only her great-great-grandmother Victoria. During her reign, there have been 12 British prime ministers, two of whom (Tony Blair and David Cameron) were not yet born when she took the crown. The last 60 years have seen 12 U.S. presidents - from Harry Truman to Barack Obama (also born during her reign) - and six popes. She has made 261 official overseas visits to 116 countries. While almost half of Britons believe Britain has changed for the worse during Queen Elizabeth's 60-year reign, most think that the Diamond Jubilee celebrations will be good for business and Britain's image.

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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