FINANCIAL MANAGEMENT
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APT Financial Management
Weekly Market Commentary
May 19, 2014

The Markets

Americans have long relied on standards and averages to help them gauge the performance of everything from intelligence to athletics to the economy. So far, in 2014, American stock markets have been grinding along without making much progress in either direction and that has left many people looking for guidance about what they can expect in the future.

Last week, a writer at *Barron's* enlisted Jeremy Siegel, a finance professor at Wharton, to help explore the question by updating data used in a 2009 article. That piece had looked at the performance of the U.S. stock market over 142 years and found "below-average returns over five- and 10-year periods generally are followed by above-average returns in the next five and 10 years." In the new article, Siegel and his associates looked at rolling five-, 10-, 20-, and 30-year return periods through the end of 2013 and found:

> "For the 60 months ended in April, the compounded annual real return was nearly 17 percent, well above the median 7.17 percent for all five-year periods. (Taxes and investment fees aren't included.) That suggests the next five years could run below the average.
>
> While that might temper bullishness, in the 120-month period ended April, the compounded annual real return was just 5.58 percent, a full percentage point below the 6.64 percent median 10-year annual return for all the periods measured – again, since 1871."

Despite the mixed signals provided by long-term averages, Siegel told *Barron's* "the odds-on bet" is the Dow Jones Industrial Average will hit 18,000 by the end of the year (although there may be corrections along the way). His expectations are interest rates will remain lower than has been suggested and earnings will experience strong growth.

It's a good idea to take the esteemed professor's thoughts with a grain of salt. An eight-year study of market pundits found they were right about 47 percent of the time.

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Data as of 5/16/14	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.2%	1.6%	13.8%	12.2%	15.6%	5.7%
10-year Treasury Note (Yield Only)	2.5	NA	1.9	3.2	3.2	4.7
Gold (per ounce)	0.8	7.5	-6.5	-4.9	7.0	12.9
DJ-UBS Commodity Index	-1.1	7.6	3.3	-5.3	2.5	-0.9
DJ Equity All REIT TR Index	1.9	14.9	0.3	11.3	22.6	10.7

S&P 500, Gold, DJ-UBS Commodity Index returns exclude reinvested dividends (gold does not pay a dividend) and the three-, five-, and 10-year returns are annualized; the DJ Equity All REIT TR Index does include reinvested dividends and the three-, five-, and 10-year returns are annualized; and the 10-year Treasury Note is simply the yield at the close of the day on each of the historical time periods.
Sources: Yahoo! Finance, Barron's, djindexes.com, London Bullion Market Association.
Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly. N/A means not applicable.

THE MARKET ISN'T THE ONLY THING THAT CAN PUT A HITCH IN YOUR FINANCIAL PLAN'S GIDDY-UP. The overall rate of divorce in the United States trended lower between 2000 and 2011 (the latest dates the *Centers for Disease Control* has made available). In 2000, there were about four divorces or annulments per 1,000 Americans (total population). By 2011 that rate had fallen slightly to 3.6 per 1,000. As they often do, Baby Boomers bucked the trend. The divorce rate for Americans over age 50 has trended higher. *The New York Times* wrote:

> "A half-century ago, only 2.8 percent of Americans older than 50 were divorced. By 2000, 11.8 percent were. In 2011, according to the Census Bureau's American Community Survey, 15.4 percent were divorced and another 2.1 percent were separated. Some 13.5 percent were widowed.
>
> While divorce rates over all have stabilized and even inched downward, the divorce rate among people 50 and older has doubled since 1990, according to an analysis of census data by professors at Bowling Green State University in Bowling Green, Ohio. That's especially significant because half the married population is older than 50."

Anytime you experience a significant life change, such as a divorce late in life, it's important to let us know. We can offer strategies to help compensate for any cash flow disruption and tactics for managing taxes when splitting large assets, such as qualified retirement plans. In addition, we can help with essential (and often forgotten) steps, including reviewing and revising beneficiary designations (on retirement plans, investment accounts, and insurance policies) as well as modifying powers of attorney, named trustees, and other designations. We also can coordinate our efforts with those of your attorney and/or accountant.

Weekly Focus – Think About It

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"Good judgment comes from experience, and a lot of that comes from bad judgment."

--*Will Rogers, American humorist and commentator*

Best regards,

Leo A. Pitre, MBA, CFP®, CEP®

P.S. Please feel free to forward this commentary to family, friends, or colleagues. If you would like us to add them to the list, please reply to this e-mail with their e-mail address and we will ask for their permission to be added.

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* Government bonds and Treasury Bills are guaranteed by the U.S. government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value. However, the value of fund shares is not guaranteed and will fluctuate.
*Corporate bonds are considered higher risk than government bonds but normally offer a higher yield and are subject to market, interest rate and credit risk as well as additional risks based on the quality of issuer coupon rate, price, yield, maturity, and redemption features.
* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. You cannot invest directly in this index.
* The Standard & Poor's 500 (S&P 500) is an unmanaged index. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.
* The 10-year Treasury Note represents debt owed by the United States Treasury to the public. Since the U.S. Government is seen as a risk-free borrower, investors use the 10-year Treasury Note as a benchmark for the long-term bond market.
* Gold represents the London afternoon gold price fix as reported by the London Bullion Market Association.
* The DJ Commodity Index is designed to be a highly liquid and diversified benchmark for the commodity futures market. The Index is composed of futures contracts on 19 physical commodities and was launched on July 14, 1998.
* The DJ Equity All REIT TR Index measures the total return performance of the equity subcategory of the Real Estate Investment Trust (REIT) industry as calculated by Dow Jones.
* Yahoo! Finance is the source for any reference to the performance of an index between two specific periods.
* Opinions expressed are subject to change without notice and are not intended as investment advice or to predict future performance.

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