RBF Weekly Market Commentary
April 28, 2014

The Markets

Newton's third law says for every action there is an equal and opposite reaction. Since things became tense between Ukraine and Russia, we've been getting a primer on the relative strength of diplomatic, economic, financial, and military actions and reactions.

Taking things over isn't anything new for Russian President Vladimir Putin. A decade ago, he nationalized Yukos (a large publicly held Russian oil company) after jailing its founder for tax evasion and fraud. The financial repercussions of the takeover are still rippling through the global economy. In 2012, Russia lost a lawsuit filed by foreign shareholders of Yukos Oil and was ordered to pay damages.

Not long after the Yukos debacle, Putin lamented the demise of the Soviet Union was the greatest geopolitical catastrophe of the century. In 2014, he annexed Crimea – the first time a European nation has taken territory from another European nation since World War II – justifying the action in many ways, including by saying the Crimean peninsula should have been returned to Russia in 1991 when the Soviet Union dissolved. The West responded by imposing sanctions.

Today, Russia's economy is in distress in part because of sanctions, according to *Bloomberg BusinessWeek*. Just last week, Standard & Poor's knocked the country's debt rating down to one level above junk, and Russia's central bank raised rates for the second time since March significantly increasing the cost of borrowing for businesses and individuals. Inflation is high in Russia – above seven percent – although, as one economist pointed out, raising rates had little to do with inflation and much to do with supporting the ruble and discouraging the flight of capital from Russia. During the first quarter of 2014, $50 billion was pulled out of Russia, and estimates suggest that amount could rise to $200 billion by year-end depending on what happens in Ukraine.

The Russian central bank wasn't the only one taking action last week. On Thursday, despite threats of further economic sanctions, Russia placed thousands of troops along the Ukrainian border for military exercises. Additional sanctions are likely to be imposed on Russia this week. We'll soon have more insight into which actions speak the loudest.

Escalating tensions affected stock markets around the world last week, and many indices finished the week lower than they started.

Data as of 4/25/14	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	-0.1%	0.8%	17.5%	11.8%	16.8%	5.1%
10-year Treasury Note (Yield Only)	2.7	NA	1.7	3.4	2.9	4.4
Gold (per ounce)	0.2	8.3	-10.3	-4.6	7.5	12.6
DJ-UBS Commodity Index	0.3	9.8	4.1	-7.5	4.9	-0.6
DJ Equity All REIT TR Index	0.3	10.8	0.3	10.0	23.1	10.0

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.

HOW LONG WILL YOU LIVE? Life expectancy plays an important role in financial planning. It influences decisions about how much to save, invest, and/or insure to cover retirement, healthcare, long-term care, and other needs that may crop up over the course of a lifetime. Of course, there are some important nuances to life expectancy.

First and foremost, life expectancy changes throughout your lifetime. In 2010, according to the *Centers for Disease Control and Prevention*, the average life expectancy for a newborn was 78.7 years, while a 65-year-old could expect to live to about age 84 and a 75-year-old to age 87.

Second, during the past two centuries, life expectancy increased by leaps and bounds. In the 1900s, most people didn't live past age 50, according to the National Institute on Aging. By the end of the first decade of the 21st century, people were living beyond age 70. Not everyone's life expectancy has increased at the same pace. A 2012 Brookings Institute article said:

> "Analysts have long recognized the powerful association between personal income and expected life spans. People with higher incomes tend to live longer than people with lower incomes. Statistical tabulations suggest that the relationship is nonlinear. A $10,000 increase in annual income does more to lift the life expectancy of someone who lives on a meager income than it does to boost the life span of someone who is already well off."

Gender plays an important role, too. While it's true women have lived longer than men for decades, the gap has been closing. Since 1980, men's life expectancy at birth has increased from 70 years to 76.2 years – a gain of more than six years. Women's life expectancies at birth have increased from 77.4 years to 81 years – a gain of less than four years.

Life expectancy isn't the only thing that can have a significant effect on your financial plans. If your plan hasn't been thoroughly reviewed in the past year or so, you may want to contact your financial professional. It's time for a planning checkup!

Weekly Focus – Think About It

"One looks back with appreciation to the brilliant teachers, but with gratitude to those who touched our human feelings. The curriculum is so much necessary raw material, but warmth is the vital element for the growing plant and for the soul of the child.

--Carl Jung, Swiss psychotherapist

Best regards,

Tony Kalinowski

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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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* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
* You cannot invest directly in an index.
* Consult your financial professional before making any investment decision.
* Economic forecasts set forth may not develop as predicted and there can be no guarantee that strategies promoted will be successful.
* Stock investing involves risk including loss of principal.

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