

# RBF Weekly Market Commentary

## April 21, 2014

### The Markets

"Donetsk is a British city! God Save the Queen." In a parody worthy of *The Onion*, an online poll suggested citizens of the Ukrainian city of Donetsk would like to secede and join Britain. The city, which was founded by Welsh steel worker John Hughes in the 19<sup>th</sup> century, has been the site of conflict between pro-government and pro-Russian groups recently.

Ignoring the Donetsk poll, which showed 61 percent of citizens favored accession to Britain, the European Union, the United States, Ukraine, and the Russian Federation reached an agreement on Thursday to "Refrain from any violence, intimidation, or provocative actions... All illegal armed groups must be disarmed; all illegally seized buildings must be returned to legitimate owners; all illegally occupied streets, squares, and other public places in Ukrainian cities and towns must be vacated." Russia's Micex index closed higher on the news; however, the gains may be short-lived as pro-Russian separatists refused to comply and continued to occupy government buildings in nine cities and towns in eastern Ukraine (including Donetsk).

Just across the Asian continent, China missed its government's target for economic growth (7.5 percent) during the first quarter of 2014, although it exceeded the expectations of economists who had estimated growth at 7.2 percent. The country's gross domestic product (GDP) grew by 7.4 percent.

In America and across the globe, news of conflict in Ukraine and slowing growth in China were trumped by positive economic data and the Federal Reserve's reassurance it was committed to keeping interest rates low for some time. The majority of indices tracked and reported by *Barron's International Recap* showed gains for the week.

Data as of 4/17/14	1-Week	Y-T-D	1-Year	3-Year	5-Year	10-Year
Standard & Poor's 500 (Domestic Stocks)	2.7%	0.9%	20.2%	12.6%	16.5%	5.1%
10-year Treasury Note (Yield Only)	2.7	NA	1.7	3.4	2.9	4.4
Gold (per ounce)	-1.4	8.1	-6.7	-4.5	8.3	12.4
DJ-UBS Commodity Index	0.9	9.5	5.7	-6.8	4.7	-0.8
DJ Equity All REIT TR Index	2.1	10.4	2.1	11.1	22.2	9.7

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.

**IT MAY NOT COME AS A SURPRISE TO LEARN MEN AND WOMEN** have different priorities and worries. A recent survey by *U.S. Trust* found wealthy women – those with \$3 million or more in investable assets – have goals similar to those of wealthy men, but they prioritize differently. The survey reported:

“Women create and control an increasing share of wealth and have a powerful economic influence in the workforce and at home – as business owners, executives, investors, philanthropists, consumers, caregivers, and role models for the next

generation. They have a distinct perspective and set of behaviors, shaped by their experiences, upbringing, outlook, and goals that uniquely affect their income, financial security, wealth, and wealth planning needs.”

For example, when it comes to investing, almost two-thirds of women surveyed think it’s important to consider the social, political, and/or environmental effects of the companies in which they invest (42 percent of men share this belief). In fact, more than half are willing to accept a lower investment return if they believe the company in which they’re investing has a positive social impact. Close to three-fourths simply don’t want to invest in companies that have negative social or environmental influences.

On the family front, more than a third of women indicated they devote more time to caring for aging parents and other relatives than do their spouses. In some cases, women said care giving has affected their career advancement and/or income levels; however, relatively few have taken time to calculate the monetary value of the time they’ve spent providing care.

A 2013 Congressional Budget Office report estimated the economic value of caregiving for older Americans was about \$234 billion in 2011. It arrived at its estimate by multiplying \$21 per hour (the average wage of a home health aide in 2011) by 11.2 billion hours of donated care. Despite the cost, or perhaps because they don’t understand it, the vast majority of survey participants had no formal plans in place to provide for family members who might need support.

When it comes to taxes, a lot of people – male and female – are perplexed. Three-fourths of women are unclear about the effects of tax law changes on investments and income (as compared to 62 percent of men). Regardless of confusion, high net worth investors of both men and women felt pursuing higher returns was more important than letting tax matters determine their investment choices.

## **Weekly Focus – Think About It**

“My mother said I must always be intolerant of ignorance but understanding of illiteracy. That some people, unable to go to school, were more educated and more intelligent than college professors.”

*--Maya Angelou, American author and poet*

Best regards,

Tony Kalinowski

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\* 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.
- \* Past performance does not guarantee future results. Investing involves risk, including loss of principal.
- \* 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.

Sources:

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