

WEEKLY MARKET COMMENTARY

For the Week of May 18, 2015

THE MARKETS

U.S. stocks remained steady Friday following a week of modest gains, despite consumer attitudes and weak economic data. The S&P 500 closed at a record high for a second straight session. Markets will be closed Monday, May 25, in observance of Memorial Day. For the week, the Dow rose 0.56 percent to close at 18,272.56. The S&P gained 0.38 percent to finish at 2,122.73 and the NASDAQ climbed 0.89 percent to end the week at 5,048.29.

Returns Through 05/15/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.56	3.48	13.70	15.94	14.36
NASDAQ Composite (PR)	0.89	6.59	24.06	20.38	16.56
S&P 500 (TR)	0.38	3.89	15.77	19.36	15.75
Barclays US Agg Bond (TR)	0.03	0.86	3.18	2.32	3.89
MSCI EAFE (TR)	1.44	11.32	3.20	14.74	9.69

Source: Morningstar.com. *Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

A Lot More — The estimated proved oil reserves in the U.S. have increased 64 percent in four years, increasing from 22.3 billion barrels of crude oil as of Dec. 31, 2009, to 36.5 billion barrels as of Dec. 31, 2013. The estimated proved natural gas reserves in the U.S. have increased 25 percent in four years, increasing from 283.9 trillion cubic feet of natural gas to 354.0 trillion cubic feet as of Dec. 31, 2013 (source: Department of Energy, BTN Research).

Rental Business is Booming — The number of households in the U.S. has increased by 1.48 million (to 116.2 million) in the past 12 months through March 31, 2015, a combination of 1.87 million new renters and a reduction of 390,000 homeowners (source: Census Bureau, BTN Research).

Nothing for Me — One out of seven American workers (14 percent) surveyed in early April 2015 (a total of 1,015 people participated) do not believe Social Security will ever pay them a penny of retirement benefits (source: Gallup, BTN Research).

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WEEKLY FOCUS – Controlling the Flow During Retirement

During your working years, your retirement planning is fairly straight forward. The name of the game is to earn money, set it aside and nurture it to make it grow. Usually, the bigger your pool when you retire, the better. Our job as your financial consultant is to help you find ways to achieve that goal of filling the pool.

About five to seven years before retirement, the game starts to change. You may start looking at releasing some of what you've poured into the pool. Your strategy becomes more like operating a reservoir dam. You need to let some water (money) out. How much and how fast is a tricky decision. You want to let out enough so that life downstream can remain healthy and vital.

You also have to look upstream from the dam at what's filling the reservoir. During your working years, your income did most of that. During retirement, salary and wages have dried up, so to speak. What other sources – Social Security, inheritance, income from investments – will be flowing into the reservoir? What could threaten those sources, reducing them or causing them to disappear entirely?

Between the inflow and the outflow is the reservoir, or the water reserved for possible drought. You have to balance the amount coming in against the amount going out to keep the reservoir at a safe level. If inflows decline, you may need to slow the outflow to avoid draining the reservoir too soon. If you plan to eventually turn the reservoir over to the next generation, how much do you want left in the pool when that time comes? These legacy desires will also impact how much you need to flow in and how much you can allow to flow out.

Our job is to serve as sort of a civil engineering consultant for your reservoir, helping you find the cracks in the dam, looking for additional sources of inflow, and monitoring outflow to avoid prematurely draining the pool. Part of our partnership relies on keeping both sides aware of conditions affecting the dam and the life surrounding it. We welcome your calls and emails to keep us up to date on any changes that might affect your reservoir, and we look forward to bringing you our ideas on how to maintain the balance you want in retirement.



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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. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SA#1201471.1