

# WEEKLY MARKET COMMENTARY

For the Week of Aug. 4, 2014

## THE MARKETS

U.S. stocks fell for the second consecutive day Friday, causing the S&P 500 to post its biggest weekly decline since 2012. Concerns over Argentina's default, an unexpected rise in the unemployment rate and data showing U.S. job growth slowed in July contributed to the decline. For the week, the Dow fell 2.74 percent to close at 16,493.37. The S&P lost 2.66 percent to finish at 1,925.15 and the NASDAQ dropped 2.18 percent to end the week at 4,352.64.

Returns Through 08/01/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-2.74	0.77	8.03	13.68	15.44
NASDAQ Composite (PR)	-2.18	4.22	18.42	16.62	17.08
S&P 500 (TR)	-2.66	5.36	15.15	16.89	16.72
Barclays US Agg Bond (TR)	-0.12	3.91	4.78	3.03	4.52
MSCI EAFE (TR)	-2.13	1.95	13.09	8.04	9.23

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.

**More Than a Trillion Dollars Today** — The federal government got into the "student loan" business initially in 1958 when it offered direct, low-interest loans to college students. Those students that became teachers were offered debt cancellation (source: Urban Institute, Brookings Institute, BTN Research).

**Need a Job?** — American employers have added 1.385 million new workers (i.e., non-farm employees) over the six months ending June 30, 2014, the largest trailing half-year addition since employers hired 1.55 million new employees during the six months ending April 30, 2006 (source: Department of Labor, BTN Research).

**Triple** — The total market capitalization of the U.S. stock market was \$23.9 trillion as of June 30, 2014. At its bear market low on March 9, 2009, the total market capitalization was \$8 trillion (source: BTN Research).

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## WEEKLY FOCUS – How Long Will Your Legacy Last?

In the book *Beating the Midas Curse*, authors Rodney Zeeb and Perry L Cochell reported that 60 percent of affluent families lose their wealth in the second generation, and 90 percent will have lost it by the third.

That doesn't mean your children and grandchildren will be spoiled and irresponsible just because they have wealth. But they will have a different frame of reference than you had in building that wealth. Whether you practiced a profession, built a business or parlayed your paycheck into a sizable estate, you worked hard to earn, save and grow your money. You probably did so to raise not only your personal standard of living but that of your family. Growing up, your children enjoyed experiences and advantages you may not have had – a private college education, perhaps, or the opportunity to travel and experience other cultures. And these experiences will typically increase throughout generations, all while the number of people to be supported by this wealth increases as well.

How can you end up among those affluent families who retain their wealth for generations to come? First, a detailed, well thought out and perpetually updated financial plan will provide a starting point. Other important documents include your will, a living will and an ethical will. Document your life story so the full details of your loves, losses and life's lessons will survive.

Next, do your best to educate and involve your children in your decisions as appropriate. They need to see more than the end result of your life choices, your business choices and your philanthropic choices. Explain the rationale behind a career change, severing a partnership or making a donation. Provide basic education and guidance on earning, saving and spending money and the responsibilities those actions entail. Encourage those same lessons for your grandchildren.

Introduce your children, and future generations, to your key advisors. Ongoing relationships can be critical to future wealth accumulation and preservation, particularly during times of transition such as a death, divorce or major business change. Family members need to know who to trust when it's their turn to make decisions. We look forward to working closely with you and your family for generations to come. Contact our office today for a review of your financial plan or to set up a family meeting.



This commentary brought to you by:

### Davidson Financial Services

Anthony A Davidson, Investment Advisor Representative  
1795 Alysheba Way Suite 3101 Lexington, KY 40509  
859-245-5880 fax: 859-245-7007

[anthony@wealthhappens.net](mailto:anthony@wealthhappens.net) [www.wealthhappens.net](http://www.wealthhappens.net)

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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#981408