

INSIGHTS

INVESTMENT OVERVIEW

FIRST QUARTER ECONOMIC OVERVIEW

As we assess our market predictions and expectations outlined in our last quarterly economic overview, market movements are lending credibility to our views that sector leadership would shift away from Consumer Discretionary and that M&A activity would accelerate. The Consumer Discretionary sector, which was last year's darling and returned over 43.0% in 2013, has fallen by 4.1% so far this year and represents the worst performing sector in the S&P 500 year-to-date ("YTD"). Additionally, the S&P Homebuilders Select Industry Index has languished as new home sales have been hampered by seasonal weakness and escalating home prices driven by rapid increases in input costs.

Thus far in 2014, domestic equity markets have witnessed a changing of the guard, as the risky assets that drove 2013 falter, while last year's laggards assume leadership. For example, the Utilities sector has returned 14.8% as of April 30th, leading the S&P 500 after a relatively underwhelming 13.2% return in 2013. This phenomenon extends beyond equity markets, as both Agricultural Commodities and High Yield Municipal Fixed Income have already notched double-digit gains YTD, 19.0% and 11.8%, respectively, after having posted negative returns in 2013. Of particular interest is the strengthening of the bond market after a turbulent 2013. The broad fixed income index is up 2.7% YTD, besting most equity indexes. This performance recovery suggests that last year's maniacal fixation on rising interest rates may have been slightly premature and exaggerated.

Several other high-flying market indexes and sector benchmarks have relinquished the momentum enjoyed throughout 2013: the Russell 2000 Index

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FINANCIAL ADVISORY OVERVIEW

DO I NEED TO PURCHASE LONG-TERM CARE INSURANCE?

Deciding whether to purchase long-term care ("LTC") insurance or not has been a popular topic of discussion over the past 15 years. It is a subject that most people avoid; however, being financially ready for the possibility that you will require long-term care is an important part of retirement planning.

LTC is the type of assistance that you need when you are unable to perform the basic activities of daily living or require supervision due to cognitive impairment. Some of these activities include: bathing, dressing, eating, etc. Statistics show that 70% of individuals age 65 and older will need LTC either at home, in an assisted living facility, or in a nursing home, and that females are twice as likely to need this form of care. The average LTC need lasts approximately 3 years, therefore, it is very important to understand the high probability that most individuals will need some sort of LTC during their lifetime and that the costs of providing for such care can significantly impact financial independence, the ability to provide for a

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SPECIAL POINTS OF INTEREST

- Stock & Strategy Spotlight
- Monthly Index Review
- Around Rinehart

INVESTMENT OVERVIEW

FIRST QUARTER ECONOMIC OVERVIEW

and the iShares NASDAQ Biotechnology ETF (“IBB”), for example, both experienced double-digit gains of 38.8% and 65.5%, respectively, in 2013, but are both currently in negative territory for the year.

While we remain cognizant that one quarter does not a trend make, the prevailing market sentiment seems to indicate a tangible reversal in risk appetite, indicative of a late-stage bull market, which is exactly what we anticipated for 2014. Increasingly, we have monitored a re-pricing of expensive stocks and a heightened sensitivity to valuation. Our philosophy necessitates a strict adherence to valuation, focused on foregoing trends that do not represent a good value. We will further analyze the quarter and our expectations for this late-stage bull market in our upcoming Economic Overview.

Events and Actions

Google, Inc., which enjoyed a 58.4% return in 2013, and whose share price reached an all-time-high of over \$1,200 earlier this year, conducted an issuance of non-

voting, Class C shares (“GOOG”) in association with its Class A shares (“GOOGL”). Consequently, investors will notice two share classes in their portfolios as compared to the single, individual position they held previously: these shares represent continued, equal ownership claims of the underlying company. The corporate action does, however, concentrate ownership of voting shares amongst key management and directors.

We recently decided to exit positions in the JP Morgan Alerian MLP Index ETN (“AMJ”) as we have identified a better alternative. Please refer to the “Stock & Strategy Spotlight” below for additional details.

Economic Overview Webinar Details

When? Tuesday, May 6th at 10:00am

How? Register using the link in the original email or registration emails that will go out prior to the webinar.

A recording will be available after May 6th in the Webinar Archive on our website.

STOCK & STRATEGY SPOTLIGHT

Mutual Fund/Company Name:

Tortoise MLP & Pipelines Instl.

Ticker/Symbol:

TORIX

Total Fund Assets:

\$1.5 bil.

Strategy Description:

While we have long used the JPMorgan Alerian MLP Index ETN (“AMJ”) to access and gain exposure to master-limited partnerships (“MLPs”) across portfolios, J.P. Morgan’s decision to cease the creation and issuance of new shares has essentially created a closed-end product. In order to avoid unnecessary complications with trading at premiums or discounts, we decided to research a suitable replacement and were extremely pleased to discover the Tortoise MLP & Pipelines Fund (“TORIX”). After speaking with portfolio management, we were impressed and encouraged by their investment process, which has resulted in persistent outperformance relative to its respective peer group and benchmark. Due to the structure of the fund as a Registered Investment Company (“RIC”), TORIX is restricted from holding more than 25% of its portfolio in pass-through securities (e.g., MLPs). Consequently, TORIX maintains its focus on energy pipelines and transportation by analyzing and buying C-Corp shares in its portfolio. This aspect of their investment process is additive within an industry that has tremendous growth opportunities.

MONTHLY INDEX REVIEW

Data as of Apr. 30 th 2014	April 2014	2014 (YTD)	2013
S&P 500	0.74%	2.56%	32.39%
Dow Jones Industrials	0.87%	0.72%	29.65%
NASDAQ Composite	-1.96%	-1.15%	40.12%
Russell 2000	-3.88%	-2.80%	38.82%
MSCI Emerging Markets	0.37%	0.01%	-2.27%
MSCI EAFE	1.53%	2.31%	23.29%
Barclays US Aggregate	0.84%	2.70%	-2.02%

FINANCIAL ADVISORY OVERVIEW

ABOUT RINEHART

DO I NEED TO PURCHASE LONG-TERM CARE INSURANCE?

spouse, or your goals of transferring wealth to heirs.

When planning for LTC future expenses, you have two options: self-insure or purchase LTC insurance. This decision is based on the amount of assets available, spending level, and your life goals. By self-insuring, you are electing to pay all of the expenses associated with LTC from your personal assets. The other option is to purchase some type of LTC insurance coverage. The objective of LTC insurance, as with any insurance, is not to completely cover the risk, but to buffer the costs of care and leave you and your family financially healthy.

When looking at purchasing LTC insurance there are two general options. The first is traditional LTC insurance or “pure” insurance; meaning that you are only purchasing insurance to cover a LTC need. If

benefits. These hybrid policies are typically more expensive and do not offer any inflation protection for the increasing costs of health care.

Deciding when to purchase LTC insurance is equally as important as deciding what type of policy to buy. Waiting too late to purchase LTC insurance can be a costly mistake. The best time to purchase LTC insurance is before age 60, because premiums are reasonable and most individuals are still in relatively good health. For every year an individual waits to buy LTC insurance after age 60, premiums increase approximately 6% annually. If you receive a notification from your insurer about a rate increase on an existing policy, please contact your financial advisor or insurance professional to explore options that might be available to reduce your premium and still provide ample coverage for you and your family.

“Price is what you pay. Value is what you get.” – Warren Buffett

you do not need LTC, you will receive no benefit for the insurance premiums that you paid into the policy. There are many factors that affect the cost of LTC insurance such as the elimination period, the benefit period, the daily benefit amount, the inflation rate, and method to name a few. Traditional LTC insurance offers the greatest benefit for the lowest cost and is the most popular policy option.

Another option that is available is a life insurance policy with a LTC rider. Under this “hybrid” policy, an individual would purchase a permanent life insurance policy with a rider that would pay for LTC if needed. The biggest attraction with this option is that if no LTC is needed, the heirs receive the life insurance at the insured’s death. This option also allows you to pay for the entire premium up front, which is effectively locking in LTC

Whether you are making the decision to purchase long-term care insurance, selecting which type of policy to buy, or determining when it makes sense for your individual situation, your Rinehart Financial Advisor is here to help guide you through the process. Please give us a call and we can help analyze your options.

Rinehart Wealth Management is an experienced boutique Registered Investment Advisor dedicated to independent, comprehensive wealth management. Founded in 1985 by Mary Rinehart, the firm, from its inception, has had a singular focus: to provide highly customized investment management and financial planning solutions to clients.

Boutique Firm:

Being a boutique wealth management firm allows us the flexibility to provide more personalized service and offer unique investment solutions to clients in a Fee-Only environment.

Team Approach:

Because each client’s situation is different, the team of advisors is hand-selected to ensure areas of expertise are appropriately aligned with the client’s specific needs and interests.

Proprietary Investment Research:

The differentiating factor of our portfolio management process is the proprietary investment research driving the portfolio construction. All investment research and analysis is done entirely in-house by our Investment Team.

AROUND RINEHART

Welcoming Neal Deaton

We are delighted to inform you that Neal Deaton has joined Rinehart as our Investment and Operations Manager. Neal earned a Bachelor of Arts degree in Economics from the University of North Carolina at Chapel Hill and a MBA degree with a concentration in Finance from the Mason School of Business at The College of William & Mary. Prior to Rinehart, Neal worked for Parsec Financial Management as a Portfolio Manager where he managed and invested assets of high-net-worth clients. He holds the Series 65 license and is an Investment Advisor Representative. Before entering the wealth management world, Neal was an equity research analyst for several different boutique investment firms. During his analyst tenure, Neal was a FINRA registered research analyst, with licenses including the Series 7, 63, 86, and 87.

We believe that Neal's addition to our firm will enhance our capabilities and continue to increase the breadth and depth of our commitment to providing innovative, unique investment solutions to our clients. Neal will not only execute all of the firm's trading, but he will also work with the team on researching and analyzing individual stocks and providing investment commentary. Neal currently organizes the firm's marketing, operations, technology, and business development projects, as well. Neal, his wife Carey, and their son Parker live in Charlotte, NC.

Extra! Extra! Read All About It!

Daniele Donahoe, Chief Investment Officer and President will be honored as one of The 50 Most Influential Women in Charlotte by the Mecklenburg TIMES. Many successful

leaders in our community will be honored alongside Daniele. We are thrilled that Daniele will be recognized for her influential work at Rinehart and in the Charlotte community. Congratulations!

As a member of the CFA Society Board, Daniele travelled to Colorado to visit with some wonderful clients, as well as help craft the continuing education efforts in ethics and investment management for the North Carolina CFA Society. We feel it is critical that all associates focus on continuing education and actively contribute to industry standards and networking. The superior ethical standards promoted by the CFA Institute are the reason Rinehart Wealth Management maintains a close affiliation with the group through Daniele's Board membership, as well as its support for investment associates attaining the CFA designation. Elliott Van Ness will sit for the Level III exam in June.

Happenings

Members of the Rinehart Team attended a number of the Mint Museum Auxiliary's Room to Bloom Celebration Events. Rinehart was a Corporate Sponsor for this critical fundraising event that has contributed over \$12 million towards The Mint Museum including funds and acquisitions for the museum's permanent collection since its inception over 60 years ago.

After 30 years, one would anticipate the number of Rinehart "firsts" to be on the decline, but that is not the case! On April 13th, our very own Alana Linn and Elliott Van Ness became engaged, with the proposal occurring at our office: the site of their first meeting. Nothing like a "Rinehart Romance" to create a little springtime buzz.

Rinehart Wealth Management

Wealth management is our only business;
therefore, our attention is undivided and our
intentions are transparent.

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