

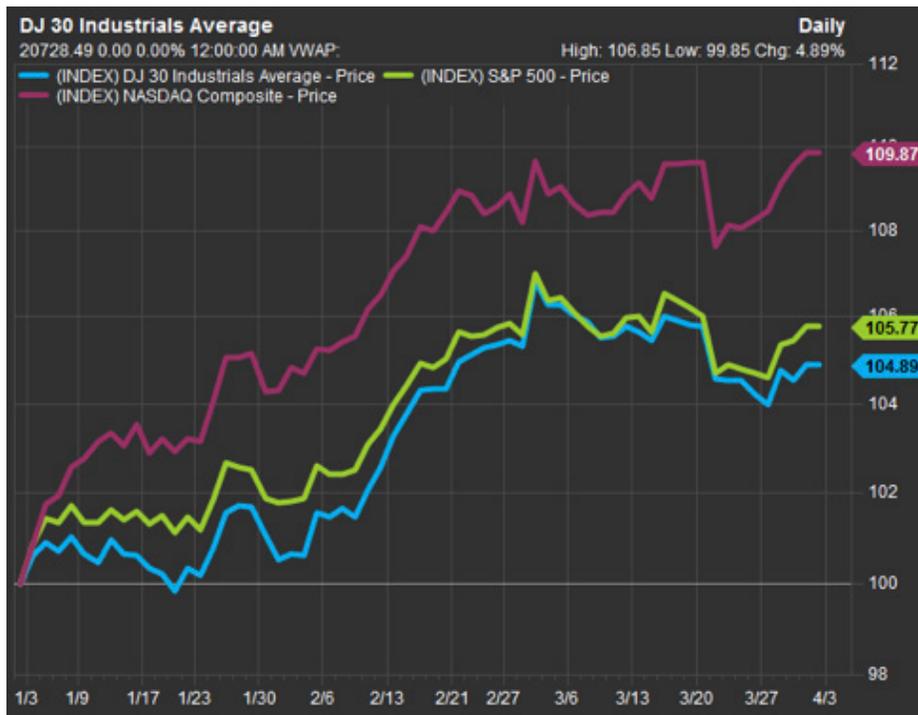


KEEP SAFE INVESTMENTS

Welcome to the KEEP Safe Investments Quarterly Newsletter

1st Quarter 2017

Post Election Rally



Source: FactSet

All three of the major U.S. indices posted quarterly gains. The Nasdaq had its best quarter since 2013 as tech stocks rose more than 12%. It was the best performing sector this quarter. Equity markets have been resilient which surprised a lot of analysts. "The fact that the market has held in here is a testament to how embedded that hope is in the American psyche. The question is whether that will continue," said Bruce McCain, chief investment strategist at Key Private Bank.

Stocks rallied primarily on expectations that Trump's administration will be able to move forward with their pro-growth plans of: tax reform, deregulation and infrastructure. However, after a tumultuous start, the administration may be forced to push back some of these policies after Trump's presidency took a hit when a Republican-led bill that would have replaced Obamacare was defeated. In March the indices were punished with the S&P flat for the month, the Dow down almost 1% and Nasdaq gaining only 1.48%. Currently stocks have very high valuations, which in the short-term can keep the momentum, however, over the long-term valuations matter.

Bull Run

Wall Street celebrated several milestones: March marked the eight anniversary of the current bull market. And The Dow broke both the 20,000 and 21,000 levels for the first time. In February, the Dow closed at a record high for 12 days in a row! That has only happened two other times in the index's 120-year history. The S&P 500 had its calmest quarter since 1972, there were only 2 days where it closed up or down more than 1%.

But how long can this bull run last? According to Michael Arone, chief investment strategist at State Street Global Advisors, three things need to happen to see whether the bull market is ending: "a pick-up in the number of corrections, rising real interest rates and wider spreads in the credit market. None of these are currently flashing red, probably not even yellow at this point." Contrarily, Nicholas Colas, CovergEx chief market strategist thinks investors should get ready for "much higher" volatility, especially given an "unconventional president" who is having a "rocky start policy-wise." The VIX volatility gauge is sitting at a comfortable 12, down from 22 right before the November election and north of 40 amid the turmoil of August 2015.

The Fed

In March, the Fed raised interest rates for the first time this year and reaffirmed their sentiment

that we will see three rate hikes this year, with two more coming in 2018. Core inflation is very near their 2% target. Everyone expects these hikes to be gradual, which will make it easier for the markets to swallow.

2Q 2017

Wall Street took cues from Washington throughout the first quarter and it looks to reason that the second quarter will focus more on fundamentals of the economy and corporate earnings. On the one hand, consumer confidence has surged to its highest level since December 2000, however Americans are not spending. Spending only increased a paltry 0.1% from January to February. The earnings picture looks bright. First-quarter profits are expected to jump 9.1% from the year before, according to FactSet. That kind of growth, the strongest since 2011, would help justify the recent advance in the stock market. For this rally to persist, or even hold at present levels, we are going to need a pretty good first quarter earnings season. Here's to a great second quarter!

REMINDER

The federal tax filing deadline for most individuals in 2017 is Tuesday, April 18. This is because April 15 falls on a Saturday, and Emancipation Day, a holiday in Washington D.C., is celebrated this year on Monday, April 17.



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About KEEP Safe Investments

KEEP Safe Investments is a Registered Investment Advisor. We are dedicated to enhancing the financial lives and enriching retirement funds of our clients. We are a single fee, non-commission based firm.

As a privately held asset and financial advisory firm, we endeavor to offer independent, unbiased financial advice focusing on each individual client's retirement goals.

Kristi Berge

Founder and CEO of KEEP Safe Investments, LLC. Kristi has worked in the financial industry for 15 years at Morgan Stanley and the Guinness Family Office (Iveagh Ltd).

A graduate of Columbia University with degrees in Economics and Mathematics, Kristi is fluent in French. Upon graduation, she joined Morgan Stanley where she worked on the bond sales and trading desk in Paris, London and New York. Kristi returned to London and joined Iveagh Ltd to work on the Investment team covering a range of products: equities, fixed income, currencies, commodities, alternative investments and property.

Kristi holds the Series 63 and Series 65 as well as the SFA and Life Insurance license.

Carin Johnson

Carin serves as Chief Compliance Officer for KEEP Safe Investments. Carin is charged with being an independent and objective resource that oversees implementation of KEEP Safe Investment's compliance and regulatory efforts.

Carin's experience in the financial industry spans more than 20 years. Previously serving as a Financial Center Manager with Wells Fargo Bank, N.A., she was responsible for the overall operation and success of the branch. As a managing Assistant Vice President, she coached her team in service, sales and financial guidance. Carin was a prominent face in the Wells Fargo community, cultivating relationships with many of the area's businesses and leading her region in performance.

Carin attended Northampton Community College and East Stroudsburg University.

Sabina Reeder

Sabina works as Office Manager at KEEP Safe Investments.

She spent 14 years working in Education and made the transition to finance in 2016. Sabina is originally from Poland and earned her degree from Catholic University of Lublin. She recently obtained her Life Insurance license. She enjoys the outdoors, reading and dancing.

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