



KEEP SAFE INVESTMENTS

Welcome to the KEEP Safe Investments Quarterly Newsletter

1st Quarter 2018

A Quarterly Loss?

It's been quite some time since investors have seen a loss for a quarter. The Dow Jones Industrial Average rallied on the last trading day of the quarter as investors sought to take advantage of depressed valuations among some of the market's most sought-after technology stocks. The rally helped cut the blue-chip index's quarterly loss - its first in more than two years - to 2.5%. The damage from two months of uncertainty over how rising interest rates will affect stock prices and the ramifications of trade tariffs, along with doubts whether shares of technology companies can continue to lead major indexes higher, proved too severe to overcome. The S&P 500 fell 1.2% for the quarter, the first time in 10 quarters that either the S&P 500 or Dow posted a loss for a three-month period. The Nasdaq Composite, meanwhile, rose 2.3%, its weakest gain since the last quarter of 2016.

Investors' keenness to buy stocks that have abruptly fallen has helped to avoid exacerbating the market sell-off over the past two months. The return of volatility, along with worries of an economic slowdown, has elevated the strategy of picking individual stocks rather than broadly investing in an index.

KSI Fun Facts:

Birds sing in the spring because of a biological response to longer days.
(Source: Reuters/Nature)

The types of job growth from 1980 - 2015;
Desk Jobs: 94%, Physical Labor: 12%
(Source: Pew Research Center)

Average tax refund for the 2017 filing season is \$2,782, that up from \$2,750 in 2016.
(Source: Internal Revenue Service)

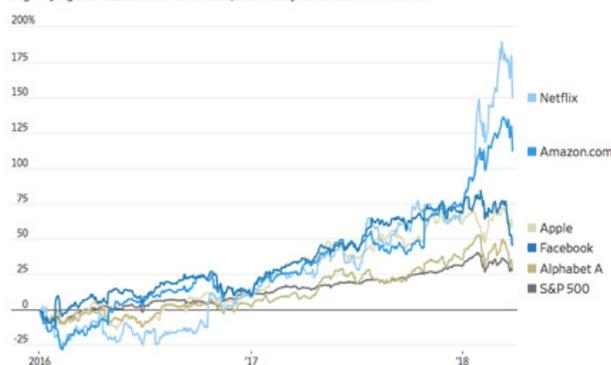
Americans use debit cards more often than credit cards. In 2016, 69.5 billion debit card transactions with an average of \$37 per transaction were processed. Whereas 33.8 billion credit card transactions with an average of \$93 per transaction were processed.
(Source: U.S. Federal Reserve, 2016)

Technology

However, technology's recent stumble, which saw some of the sector's biggest names shed billions of dollars in market-cap value, is a stark reminder to avoid the risk of overexposure to those stocks. Initially, investors were concerned of how lawmakers may try to impose new regulations to better protect the mountain of user data held by social media firms.

It is too early to tell if the shift of the past few days out of the trendy tech stocks will continue, but if it does, the broader market might face some challenges. The sheer size of the tech companies is not always a positive thing. The five biggest components of the S&P 500 were all tech stocks: Apple, Microsoft, Amazon, Facebook and Alphabet (Google). These five companies make up 15% of the S&P's market value, which is more than the entire financial, health-care or industrial sectors. Due to their size, drops in their shares have a lop-sided effect on the broader market. The technology sector's value has not been such a big proportion on the S&P since the dotcom bubble deflated.

FANGs for the Memories
High-flying tech stocks have fallen back, but mostly still beaten the market.



Source: Thomson Reuters Datastream

Volatility Is Here To Stay

The S&P 500 has suffered 11 days of declines of 1% or more so far this year, while a key measure of expected market swings, the VIX, which tracks volatility jumped and has remained elevated. The S&P 500 is down 8% from its last record close on Jan. 26, and the Dow is off 9.1%.

Investors are also tackling rising trade tensions and the impact of higher interest rates. Rising pessimism for the outlook for U.S. stocks might not translate into actual market declines. Some money managers have been predicting a market crash for years, only to see U.S. indices consistently climb to new records. This nine-year-old stock bull market has earned its reputation as the "most-hated" in history.

2Q 2018

Many analysts have upbeat outlooks for the second quarter, especially as companies are expected to report another quarter of strong corporate earnings. However, many agree that the whipsawing volatility that shook markets in the first few months of the year is likely here to stay after its long absence throughout 2017. to a great second quarter!



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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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