



# KEEP SAFE INVESTMENTS

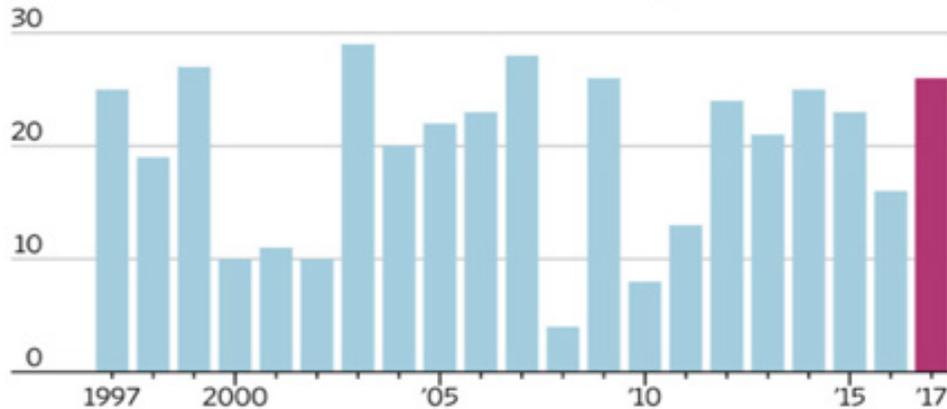
## Welcome to the KEEP Safe Investments Quarterly Newsletter

2nd Quarter 2017

### Positive Territory

Twenty-six of the world's top 30 stock-market indexes have risen this year, a first-half performance unmatched since 2009.

Number of indexes that rose in the first half of each year



Source: FactSet

THE WALL STREET JOURNAL.

Most equity markets ended the last week of June on a sour note, but overall performed well in the first half of 2017. Equity markets were up an average of 8% over the course of this year. Lately, we have seen the tech market take a hit; Nasdaq 100 was down almost 3% in the last week of the quarter. Sparking the tech sell-off was news that the European Union (EU) announced that it had imposed a \$2.7 billion fine on Google.

This triggered algorithmic trading and high frequency trading (HFT) sell programs, which account for almost 70% of total trading volume in the U.S. equity markets. On a positive note, the money did not leave the stock market, rather it was shifted into different industries: the battered financial and energy sectors. The energy sector took a big hit in the second quarter, falling almost 11%. As long as the money stays in the equity market, there is less reason to panic.

This past week the Fed cleared 34 major banks through various "stress" tests. These banks account for 75% of the financial assets in the U.S. The Fed's clearance means that these big banks could begin to return capital back to their shareholders, since they all have proven they have sufficient capital to do so. The financial sector carries the second-highest S&P sector weighing 14.8%. This

is naturally good news and many major banks may choose to boost their dividends to return capital back to their shareholders. To cap off the second quarter, the Commerce Department revised the first quarter GDP growth to an annual rate of 1.4%, in most part due to the increased exports and consumer spending. Optimism for the second quarter GDP growth remains high and most economists expect growth will at least double to a 2.8% annual rate.

### Across the Globe

Although the Trump Administration has not passed any of its major economic reforms in the first half of 2017, we do have some unexpected good news coming from abroad, where moderates won the elections in France and the Netherlands, in sharp contrast to the Brexit vote one year ago. This has resulted in a European economy that is finally reviving, along with a rebound in the Euro. The Euro is up over 5% while the US dollar has fallen significantly.

The Central Banks of Europe and Japan have remained accommodative; while the Fed's rate increases have yet to register even a "speed bump" level of disruption to the U.S. stock market, or gold for that matter.

### 2nd Half 2017

June is historically a weak stock market month, but July tends to be the best summer month, by far. According to Bespoke Investment Group's "July Seasonality" report (published June 28) the Dow Jones has risen an average 1.44%, 0.79% and 1.08%

in the past 100, 50 and 20 years, respectively. In the same report, they show the S&P 500 heats up mid-July as earnings announcement season warms up.

<u>Month</u>	<u>Average Change*</u>
May	-0.01%
June	-0.78%
<b>JULY</b>	<b>+1.08%</b>
August	-1.39%
September	-0.96%
October	+1.96%
November	+1.93%
December	+1.47%

\*1997-2016 average change, using the DJIA  
Source: Bespoke Investment Group, June 28, 2017

When inflation is running below the 2% target, the 10-year Treasury is in the low 2% range and the S&P earnings forecast to average 9.5%, and the financial sector coming to life in a big way, there is good reason for investors to cheer for higher stock prices ahead. Anytime the S&P 500 gets near the 10-year Treasury yield, it marks a screaming buy signal. Since the 10-year Treasury yield declined in the second quarter, stocks are still bargains relative to bonds.

## KSI Fun Facts:

Did you know?

- During peak hot dog season, from Memorial Day until Labor Day, Americans consume some seven billion hot dogs or 818 hot dogs every second.

Source: National Hot Dog and Sausage Council

- **123456** - The most common password in 2016, used by nearly 17% of accounts, according to a study of 10 million stolen passwords.

Source: Security January 2017

- Total carbon emissions of the companies that constitute the S&P 500 are roughly equivalent to the combined emissions of France, Germany and the United Kingdom.

Source: S&P Dow Jones Indices, 2016



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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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### Contact Us

As always, please do not hesitate to contact us if you have any questions or concerns.

**Phone:** 215.539.8509

**Email:** [kristi@keepsafeinvestments.com](mailto:kristi@keepsafeinvestments.com)