KEEP SAFE INVESTMENTS

Welcome to the KEEP Safe Investments Quarterly Newsletter

3rd Quarter 2018

Third Quarter at a Glance

Great 3rd Quarter for US Stocks

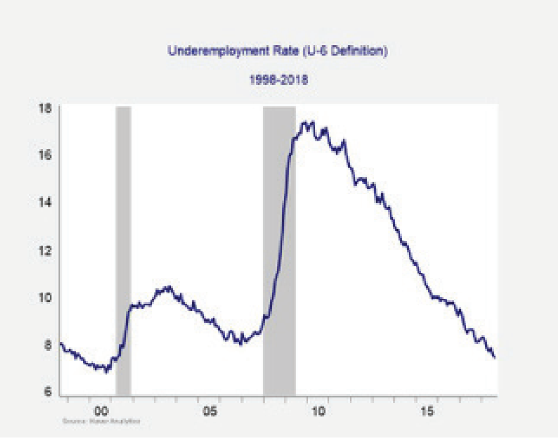
The Dow Jones led the way with in the third quarter with a 9.6% return, followed closely by the S&P 500 at 7.7% and the Nasdaq at a positive 7.4%. This performance was supported by solid fundamentals. All three indices were strong from a technical standpoint, staying above their 200-day moving averages for the quarter. Earnings growth expectations for the third quarter helped push the S&P 500 to its best third quarter performance since 2013.

Internationally, the markets underperformed those of the US. The MSCI EAFE Index (Europe, Asia and the Far East) managed a 1.3% return on the quarter, while the MSCI Emerging Markets Index lost 0.95% on the quarter. The Bond market didn't have an easy quarter, returning only 0.02%. These dreary results were driven by rising rates, which were caused by signs of inflation and also a Federal Reserve rate hike of 0.25%.

Rising Confidence

High confidence levels were matched by strong spending growth for both businesses and consumers. The Consumer Confidence Index reached to an 18-year high in September. The ISM Manufacturing Index also rise to a 14-year high, showing that manufacturers remain confident in the continuing economic expansion despite challenges from a strong dollar and trade concerns with China.

Stronger than expected wage growth in August combined with the more than 200,000 jobs added in August, helped push consumer spending and kept the labor market strong. The unemployment rate remained at 3.9%; the underemployment rate fell to a 17-year low.



Retail sales also grew in August. For both the second and third quarters, personal consumption is around 3.8%, which could lead to another quarter of Gross Domestic Product (GDP) of more than 3.0%. Durable goods also saw increase by 4.5% driven in part by a rise in aircraft orders.

KEEP Safe Investments, LLC • 4741 Concord Circle • Easton, Pennsylvania 18045 • 215.539.8509

One needs to remain cautious in this virtuous cycle we have found ourselves in: higher confidence leads to higher spending, which leads to faster growth and even higher confidence. This setting is typical of a mature economic cycle.

What are the risks?

The most evident concern, economically, is the trade disputes between the US and China. While there has been economic damage abroad, the US economy and equity markets appear to be pushing these risks to the side. The latest agreement on a revised deal with Mexico and Canada help alleviate the negative effects of the ongoing US-China trade disputes.

Another major risk factor is the November midterm elections. Short-term we might see some volatility, but most likely nothing that would disrupt the strength of the economy. There are two possible outcomes. In one, the Republicans retain control of Congress, which would likely be considered positive for the economy. If the Democrats take control of Congress, we will have a divided government-which has also historically been considered a positive. It could also lead to a rollback of the Republican tax cuts next year, however a late-year trade agreement with China could enable this strong seasonal pattern to hold. Although politics are definitely worth paying attention to, their direct impact on markets should be muted.

Overall, economic risks appear to be well contained. Housing has seen a dip the past few months, but lower timber prices have helped boost the home builder confidence gauge and housing starts.

Looking ahead to the final quarter

It is possible that the historical fourth quarter tailwind could be muted somewhat given the strong gains this year. Political uncertainty may weigh on some investors as the midterms approach.

October tends to be a strong month for stocks during midterm years:

Source: LPL Research, FactSet 09/28/18

The modern design of the S&P 500 stock index was first launched in 1957. Performance back to 1950 incorporates the performance of predecessor index, the S&P 90.

All indexes are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. All performance referenced is historical and is no guarantee of future results.

Economic fundamentals remain strong with risks relatively low. Confidence continues to remain high and seems resilient in the face of political uncertainty. We will most likely see market volatility before year-end, however, if consumers and businesses remain strong, the volatility will remain manageable. The trade agreement between the US and Canada reached over the weekend is a positive development on the trade front. Investors may also like the political clarity that an election result would bring, regardless of the results.

Visit us online or on your mobile device at:

www.**KeepSafeInvestments**.com

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 Manger 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.

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