



KEEP SAFE INVESTMENTS

Welcome to the KEEP Safe Investments Quarterly Newsletter

4th Quarter 2018

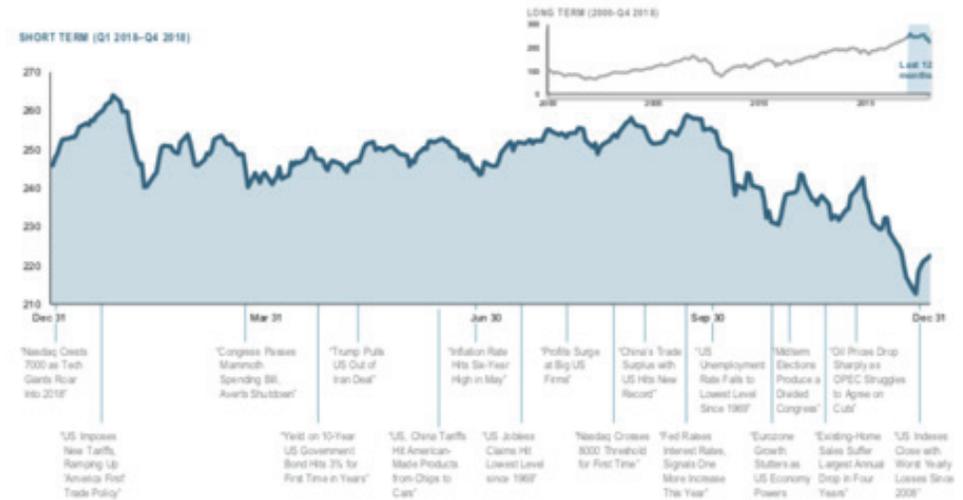
2018 Market in Review

December Dive

Anyone else glad that 2018 is over?! The first 11 months of the year the equity markets were steadily climbing, but what happened in December? Global equities posted sharp declines in Q4 on persistent concerns over global trade and slowing economic growth. Government bond yields fell, adding to the broad uncertainty.

The US equities fell across the board in the fourth quarter, with the Nasdaq at one point down over 22%. For the fourth quarter: the Dow Jones was down 12.4%, S&P 500 erased 14.3% and the Nasdaq 17.1% on the year. As expected, the Federal Reserve raised rates on the back of strong economic and labor data. The Fed originally intended to raise rates 3 more times in 2019, which sent the market into a tailspin for a few weeks, however the have now signaled a more dovish (cautious) approach to rate hikes in 2019. The US-China trade dispute also continued to hamper investor optimism.

MSCI All Country World Index with selected headlines from past 12 months

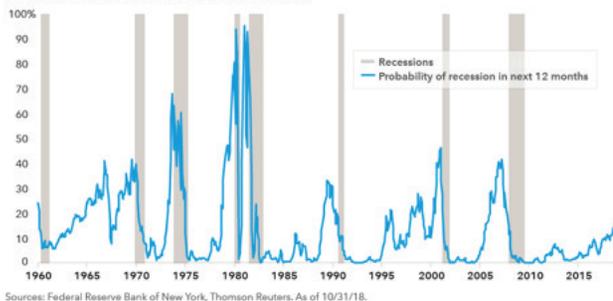


Graph Source: MSCI ACWI Index (net div.)

So, what will 2019 bring?

The US economy remains strong even in the face of late-cycle concerns. It's fair to say that the US economic expansion maybe eligible for its AARP card, as the average expansion since 1950 has lasted 67 months. So, does that mean the US is long overdue for a recession? Economic cycles can continue indefinitely until some type of catalyst brings them to an end. The catalyst is usually a clear imbalance that arises over time in the economy, such as the housing bubble of the mid-2000s or the dot-com bubble of the 1990s. The strength of the current expansion has been modest by historical standards, and although government and corporate debt levels are elevated, a clear catalyst for derailing the expansion has not yet surfaced. The likelihood of a recession in the next 12 months recently stood at 14.9%, according to the Federal Reserve Bank of New York. The same model had exceeded 30% before each of the last seven recessions.

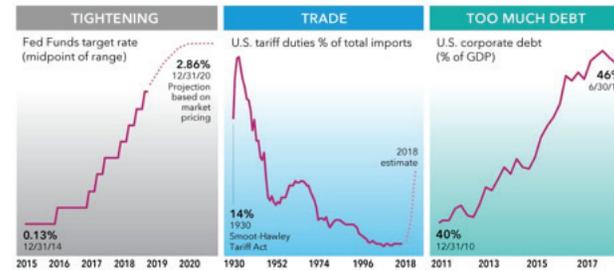
The likelihood of a recession in 2019 remains low



Rather than slowing down, the US economy continues to demonstrate its resilience. Unemployment is at its lowest level in 49 years and wage growth has improved as well. Both consumer spending and industrial production are strong while manufacturing activity is indicating expansionary conditions.

Unfortunately, the volatility of 2018 will continue into 2019. After years of calm, volatility is here to stay for a while driven by three key factors: tightening by the Fed, trade tensions and too much debt.

Expect three T's to drive market volatility higher



Sources: Bloomberg, Federal Reserve, Thomson Reuters. Fed funds target rate projections based on pricing in the futures markets as of 10/31/18.

Rising inflation will be a concern, likely putting increased pressure on corporate profit growth, which soared 26% in the third quarter of 2018. The tax cuts enacted at the end of 2017, which propelled profit growth in 2018, will fade as the year progresses. We believe profit growth will remain positive in 2019 but should slow down

and should see single digit growth, which is consistent with an economy that is growing but at a slower rate.

Retirement Contributions

Highlights of Changes for 2019

- The contribution limit for 401(k) is increased from \$18,500 to \$19,000.
- The limit on annual contributions to an IRA is increased from \$5,500 to \$6,000.

Highlights of Limitations that Remain Unchanged from 2018

- The catch-up contribution limit for employees aged 50 and over who participate in 401(k) remains unchanged at \$6,000.
- The additional catch-up contribution limit for individuals aged 50 and over is not subject to an annual cost-of-living adjustment and remains \$1,000.

For more information, visit us online 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 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.

This newsletter is provided by KEEP Safe Investments, LLC ("KEEP Safe" or the "Firm") for informational purposes only. Investing involves the risk of loss and investors should be prepared to bear potential losses. Past performance may not be indicative of future results and may have been impacted by events and economic conditions that will not prevail in the future. No portion of this commentary is to be construed as a solicitation to buy or sell a security or the provision of personalized investment, tax or legal advice. Certain information contained in this report is derived from sources that KEEP Safe believes to be reliable; however, the Firm does not guarantee the accuracy or timeliness of such information and assumes no liability for any resulting damages.

KEEP Safe is a registered investment adviser that maintains a principal place of business in the Commonwealth of Pennsylvania. The Firm may only transact business in those states in which it is filed or qualifies for a corresponding exemption from such requirements. For information about KEEP Safe's registration status and business operations, please consult the Firm's Form ADV disclosure documents, the most recent versions of which are available on the SEC's Investment Adviser Public Disclosure website at www.adviserinfo.sec.gov.

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