

September 6, 2018

Dear Valued Investor:

It's back to school for students all across the country, and whether it's the first week in kindergarten, high school, or college, parents and students alike are excited yet probably nervous at the same time. What will the new school year bring—and can it live up to our hopeful expectations? This is likely how many investors may feel about the markets right now, with reasons for excitement and some causes for concern. Overall, when it comes to market fundamentals, the positives may outweigh the negatives—and hopefully the same will be the case for the 2018–19 school year.

Strength in several economic and market indicators is driving optimism among consumers and businesses. The Institute for Supply Management manufacturing index has soared to a 14-year high, while the job market also continues to show robust growth. As we await the figures for August, the economy has produced an average of 215,000 new jobs during the first seven months of the year. These positive economic indicators cement expectations of an additional interest rate increase at the Federal Reserve's (Fed) September meeting; given the Fed's gradual and transparent rate hike campaign, however, investors in U.S. markets have thus far taken these increases in stride.

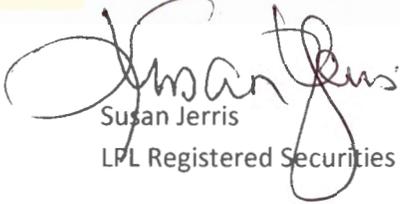
Along with a steady economy, corporate America continues to deliver solid performances, as second quarter earnings season delivered very strong profit growth. Meanwhile, generally upbeat forward-looking guidance, along with high business and consumer confidence, helps support the outlook for earnings over the balance of the year and into 2019. With this backdrop, the now longest bull market in history may have further to go.

Although stocks have been performing well, there are some areas of concern. September is historically the weakest month of the year for stocks. There are also some trouble spots in emerging markets, including Turkey and Argentina, which have led to year-to-date losses in emerging market investment strategies. Policy risk remains in the background with the ongoing trade tensions and the upcoming midterm elections. These factors may lead to a pickup in near-term market volatility, but stocks still have the potential to push higher from current levels over the rest of the year.

The longest bull market, and one of the longest economic expansions, means investors may worry that the good times will soon come to an end. But it appears that both the bull market and expansion have room to run. The U.S. economy is enjoying solid momentum, bolstered by the new tax law; business spending is picking up; the manufacturing sector is healthy; and the latest earnings season was one of the strongest on record. So although there are areas to keep a close eye on, and the potential for some ups and downs in the market, we can retain a positive outlook for the final months of 2018. Let's hope that students, teachers, and parents can also put their worries aside and enjoy their return to another school year.

As always, if you have any questions, I encourage you to contact me.

Sincerely,



Susan Jerris

LPL Registered Securities Principal

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This research material has been prepared by LPL Financial, LLC.