

January 10, 2019

Dear Valued Investor:

It's a new year and resolutions are in place, but investors in the financial markets may be struggling to find their optimism. The past several weeks have been very difficult, as the stock market sell-off resulted in the worst December performance since 1931. We understand that such a dramatic decline can deliver a blow to investor confidence and lead to reactions driven by fear and an instinct to protect ourselves from further losses. Although it can be hard to completely take our emotions out of our investment decisions, it's during times like these when we need to force ourselves to focus on the facts instead of how we feel. That means considering not only our current environment but also the historical investment tenets that we rely on—avoiding the urge to sell near the market bottoms, sticking to an investment plan, and maintaining a long-term perspective.

Bearing all of that in mind, we recognize the challenges facing the market today and also reinforce our confidence in the fundamentals sustaining growth in the economy and corporate profits in 2019. We do believe the pace of growth will be slower in 2019, but that it will remain supportive of solid potential stock gains.

It may take some time for the market to turn around, however, given the severity of the damage. Several factors are weighing on investor sentiment right now, including trade tensions with China, weaker oil prices, the path of interest rates, and uncertainty regarding the political environment, notably the government shutdown. Consequently, a few major domestic and global equity indexes have slipped into a bear market (a decline of 20% or more from recent highs).

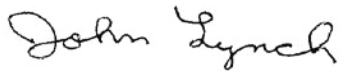
It's important to point out that we could enter a bear market without the economy experiencing a recession, although there is the possibility that a "self-fulfilling recession" may develop. In other words, as political and trade uncertainty leads to falling asset prices and limits business investment, this could pressure growth in productivity, employment, and consumption, thus slowing down the overall economy. However, given the current record levels for U.S. gross domestic product and employment, stable inflation, and manufacturing and services reports that are still indicating expansion, we continue to believe a recession is unlikely for 2019.

Many of us often wish to start a new year with a renewed positivity about the opportunities that may come in the year ahead, and this current market environment certainly makes that challenging. But a new year is also about making a commitment to make positive changes for the long term. A successful new year's resolution is about having discipline, consistency, and dedication—thinking beyond the action you may take in January and instead envisioning sustainable improvements.

This is the perspective we as investors must strive to maintain during these difficult times. The fundamental backdrop supporting growth in the economy and corporate profits appears to remain sound, and the economy and markets have a long and successful history of finding ways to adapt, recover, innovate, and grow. If we can maintain our commitment to focus on those fundamentals and rely on the right guidance, we can weather these challenges in pursuit of our long-term investment goals.

As always, if you have any questions, I encourage you to contact your financial advisor.

Sincerely,



John Lynch  
EVP, Chief Investment Strategist  
LPL Research

---

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual security. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results.

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.

Economic forecasts set forth may not develop as predicted.

Investing involves risks including possible loss of principal. No investment strategy or risk management technique can guarantee return or eliminate risk in all market environments.

This research material has been prepared by LPL Financial LLC.

To the extent you are receiving investment advice from a separately registered independent investment advisor, please note that LPL Financial LLC is not an affiliate of and makes no representation with respect to such entity.

**Not FDIC/NCUA Insured | Not Bank/Credit Union Guaranteed | May Lose Value  
Not Guaranteed by Any Government Agency | Not a Bank/Credit Union Deposit**