

Q1nEWS

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New policies protect senior investors:

In response to the escalating number of reports, new regulations have been approved by FINRA to address the issue of financial exploitation of vulnerable adults and other concerns, such as elder abuse or diminished capacity. Beginning in February 2018, all custodians including Schwab will be required to attempt to obtain a “trusted contact” for every new client account.

The trusted contact, for example a family member or friend, may be contacted about an account to address possible financial exploitation, or to confirm the specifics of the client’s current contact information, health status, or the identity of any legal guardian, executor, trustee, or holder of a power of attorney.

The new rules provide that Schwab may place a temporary hold on disbursements from an account if there is a reasonable belief that financial exploitation is occurring, has been attempted, or will be attempted. The trusted contact person will be notified if there is a temporary hold placed on disbursements from the client’s account, unless the trusted contact is reasonably suspected as the perpetrator of financial exploitation. The rule applies to any person, age 18 and older, who the firm reasonably believes has a mental or physical impairment that renders the individual unable to protect his or her own interests.

Existing clients may add a trusted contact to their accounts. If you would like to add a trusted contact, please contact your relationship manager for assistance. ▲

Index	Year to Date
S&P 500	-0.76%
Russell Midcap	-0.46%
Russell 2000	-0.08%
MSCI EAFE	-1.53%
Barclays Aggregate Bond	-1.46%
Barclays Muni Bond Index	-1.11%
Dow Jones Industrial Average	-1.96%

*Index return data is provided by Morningstar DirectSM

Quarterly Market Review

- Investors may have been surprised to learn that markets can, in fact, decline. This quarter marked the first down quarter, or for that matter down month, in over a year. Though markets finished the quarter only marginally lower, there was considerable volatility.
- Equity markets continued the rally from 2017 and posted one of the best January returns in history. The party ended in February as concerns over a variety of factors caused equity markets to become a little more cautious.
- Interest rates approached 3% on the benchmark 10-year Treasury Bond. The speed of this increase made investors somewhat uncomfortable as it was cited as one of the initial causes of the equity sell-off. Interest rates moderated somewhat as the quarter progressed and finished higher for the quarter leading to negative returns for most fixed income sectors.
- The markets were reminded that there are both positive and negative economic policies favored by the Trump administration. Concern about tariffs and trade policies added to the negative sentiment as investors worried that these actions could lead to a trade war or offset some of the gains from the fiscal stimulus. ▲

News and Notes

- President Trump announced plans to implement a variety of tariffs on specific goods and trading partners including China. The initial reaction to these tariffs was negative but, as the tone from Washington has moderated somewhat, the market losses have abated to a degree.
- Markets also reacted negatively to a number of high profile changes in President Trump’s inner circle. In particular, markets worried that the departure of economic advisor Gary Kohn signaled a shift to more protectionist policy. The appointment of Wall Street veteran Larry Kudlow, to replace Kohn, gave investors some comfort. Yet, the apparent chaos and turnover in the administration does introduce uncertainty.
- The Federal Reserve elected to raise rates again this quarter, a move that was largely expected. Investors are still in the process of getting comfortable with new chairman Jerome Powell. Two additional rate hikes are expected this year, with some concern the Fed will move four times.
- Election outcomes in Virginia, Alabama and Pennsylvania suggest that some momentum has been gained by Democrats ahead of the 2018 midterm elections, which may test the current balance of power in Washington. ▲





Triangle Securities is a privately owned investment advisory firm that specializes in assisting families with developing a realistic strategic plan to provide the best opportunity for achieving their long-term financial goals as prudently as possible.

We provide clients structure, clarity, confidence and reassurance as they move toward the next phase of life. Our clients value our honesty, integrity, transparency and genuine concern for their well-being.

We are in business to serve our clients.

Our core values describe who we are and what we stand for, as well as what our clients can expect from us everyday.

Independence

We value the independence of seeking the best solutions for our clients and are not beholden to any one company or its investment products.

Integrity

We have a duty to always act in the best interest of our clients.

Care & Concern

We create multigenerational relationships based on mutual trust and respect. We are advocates for our clients.

Please Note: When you send us a check, don't forget to make it payable to "**Charles Schwab,**" not Triangle Securities.

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The IRA – to Charity break becomes an even more valuable planning tool

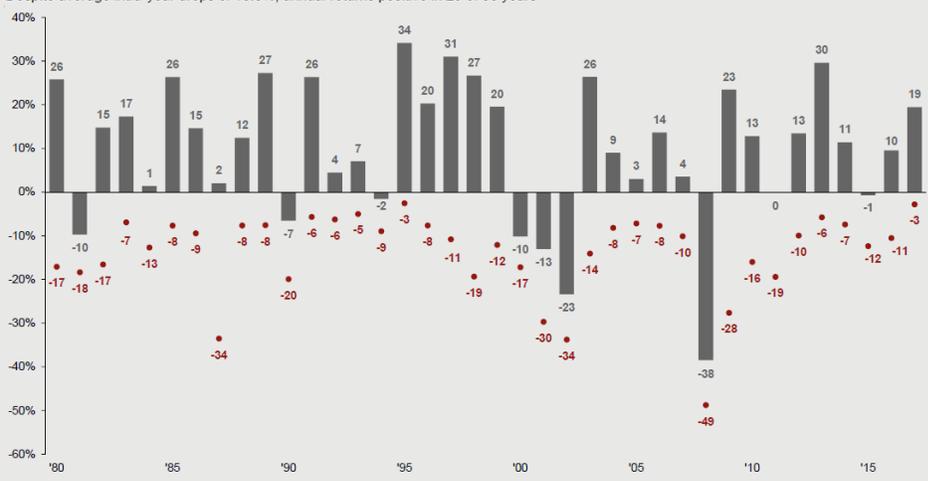
Individuals age 70 ½ and older can transfer as much as \$100,000 annually from their traditional IRAs directly to charity. If married, you and your spouse can give up to \$100,000 each from your separate IRAs. The charitable transfers count as all or part of your required minimum distribution. But unlike other payouts, you are not taxed on them and they are not added in your adjusted gross income. This strategy has become more valuable because, beginning with 2018 tax returns, many more people will take the larger standard deduction in lieu of itemizing, leading to fewer filers claiming charitable write-offs on Schedule A. The IRA-to-Charity strategy will be a good way to get tax savings from charitable gifts. We will be hosting a Tax Workshop later this year to help you learn more about tax changes for 2018.

MORE TO COME! ▲

Volatility Is Normal: Don't Panic

S&P 500 intra-year declines vs. calendar year returns

Despite average intra-year drops of 13.8%, annual returns positive in 29 of 38 years



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Every year has its rough patches. The red dots on this chart represent the maximum intra-year equity decline in every calendar year, or the difference between the highest and lowest point reached by the market in those 12 months. It is hard to predict these pullbacks, but double-digit declines in markets are a fact of life in most years; investors should expect them.

Volatility in financial markets is normal and investors should be prepared upfront for the up and downs of investing, rather than reacting emotionally when the going gets tough. The gray bars represent the calendar-year market price returns. They show that, despite the pullbacks every year, the equity market has recovered to deliver positive returns in most calendar years.

The lesson is, don't panic: more often than not a stock market pullback is an opportunity to buy, not a reason to sell. The market's cyclical nature is a fundamental truth investors should keep in mind, and a diversified portfolio consisting of a broad assortment of investments is intended for a smoother ride for investors. ▲

REMINDER!

Join us Wednesday May 9th 11:30a.m. – 2:00p.m. SHRED ACE will be onsite. Come to shred sensitive documents and to enjoy a burger from the Only Burger Truck. Take advantage of this opportunity to dispose of confidential documents in an environmentally responsible way and learn why the Only Burger is quite simply the only burger you'll ever want! ▲

