

Q4news

1301 Annapolis Drive • Raleigh, NC 27608 • 919.838.3221 • toll free: 877.678.5901

Being Prepared

Each family at Triangle Securities has an investment plan based upon their unique dreams and financial aspirations for the future. We understand that volatility can be unnerving, even if it is historically typical, and thus have incorporated volatility into each families' plan. This process helps us to determine the most prudent asset allocation strategy for achieving long-term success.

Markets are starting 2019 the way they ended 2018 – with volatility. Our years of experience in all types of markets, (calm and volatile) have taught us that successful investing remains a marathon, not a sprint, and that short-term market volatility is unlikely to impact a diversified approach set up to meet your long-term goals.

We remain committed to helping you navigate this ever-changing market environment, with a focused eye on insuring we continue to make progress on achieving your long-term success. In times of uncertainty, it is important to focus on the things you can control, have cash reserves for emergencies, and not to let emotions guide investment decisions. We would be happy to meet with you to review your financial position, risk tolerance, investment time horizon and to make any necessary adjustments to your personal financial plan.

Throughout history, investors have been rewarded for long-term investing, staying the course through short-term shocks and being prudently diversified. Thank you for your ongoing confidence and trust as we navigate this changing market environment.

“You make most of your money in a bear market, you just don’t realize it at the time.”

~ Shelby Cullom Davis, Diplomat, Legendary Investor, Founder of the Davis Investment Discipline



Where Families Invest

Index	4 th Quarter Total Return*	2018 Total Return*
S&P 500	-13.52%	-4.38%
Russell Midcap	-15.37%	-9.06%
Russell 2000	-20.20%	-11.01%
MSCI EAFE	-12.54%	-13.79%
Barclays Aggregate Bond	1.64%	0.01%
Barclays Muni Bond Index	1.69%	1.28%
Dow Jones Industrial Average	-11.31%	-3.48%

*Index return data as of 12/31/2018 provided by Morningstar DirectSM

Quarterly Market Review

- 2018 was marked by substantial volatility that reached a crescendo in the fourth quarter, bringing an end to a 9-year streak of positive returns for the S&P 500. The S&P 500 reached an all-time high in late September, driven by strong corporate profit growth, only to abruptly reverse course in early October and ultimately dropped 20% to the cusp of bear market territory by Christmas Eve. Even though some ground was recovered in the final days of the year, it was the worst quarter for U.S. stocks since 2008 and the worst December (historically a strong month) since 1931.
- Investor sentiment abruptly changed, driven by a litany of concerns including the trade dispute with China, rising U.S. interest rates, plunging oil prices and political dysfunction in Washington, D.C. that may foreshadow slower economic growth in the U.S. and abroad.
- Foreign stocks underperformed U.S. stocks in 2018, as weaker economic conditions in China and Europe and the ripple effects of the U.S./China trade dispute led to poor stock market performance and weaker currencies.
- The fourth quarter also saw a reversal in the trajectory of the U.S. bond market, which managed to eke out a small annual gain in the final trading day of 2018. Although the Fed raised rates again in December, longer-term interest rates declined during the quarter, with the 10-year U.S. Treasury yield, a key reference rate for the bond market, ending the year near 2.7% after having reached a multi-year high near 3.25% in early October. ▲

News and Notes

- The trade dispute with China continues to loom large over the markets. At the G-20 summit in Buenos Aires in early December, President Trump and Chinese President Xi Jinping reportedly agreed to a 90-day truce in the escalating trade war to allow time to negotiate an agreement between the world’s two largest economies..
- The Federal Open Market Committee (FOMC) moved four times in 2018, raising the Federal Funds rate by 1% to a range of 2.25%-2.50%. After its December meeting, Chair Jay Powell stated that the FOMC projects two additional rate hikes in 2019, leaving investors concerned about an inverted yield curve, often a precursor to recession, when short-term interest rates exceed longer term rates.
- After reaching a multi-year high near \$75/barrel in early October ahead of U.S. sanctions targeting Iran’s oil exports, oil prices plunged during the fourth quarter to a multi-year low in the mid-\$40s. Energy stocks were the worst performing sector of the stock market but allowed U.S. consumers to enjoy gasoline below \$2/gallon in parts of the country.
- Despite the turbulence in the markets, the U.S. economy remains in a 9 ½ year expansion that will become the longest in U.S. history if growth continues into July 2019. The unemployment rate is near a 50-year low and 2018 U.S. GDP growth is estimated at the 3% level for the first time since 2005. The Federal Reserve is projecting 2019 growth of 2.3%. ▲

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.

For a digital version of our "Market News" update, please visit www.trianglesecurities.com/news-resources/

1301 Annapolis Drive, Raleigh NC 27608
phone 919.838.3221
toll free 877.678.5901
fax 919.838.9081



Discover the difference with a
Registered Investment Advisor.

www.trianglesecurities.com

Wisdom of Great Investors

Be Patient and Think Long-Term

"The stock market is a device to transfer money from the 'impatient' to the 'patient'."

~ Warren Buffet, Chairman, Berkshire Hathaway

Keep Your Emotions in Check

"A lot of people with high IQs are terrible investors because they've got terrible temperaments. You need to keep raw irrational emotion under control!"

~ Charlie Munger, Vice-Chairman, Berkshire Hathaway

Disregard Short-Term Forecasts

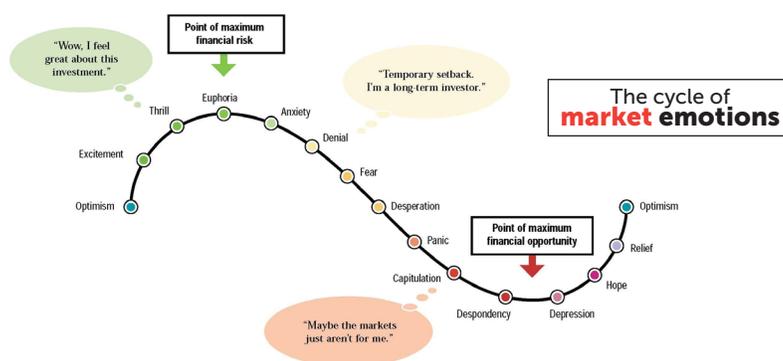
"The function of economic forecasting is to make astrology look respectable."

~ John Kenneth Galbraith, Economist and Author

Make a Habit of Investing Regularly

"Systematic investing will pay off ultimately, provided that it is adhered to conscientiously and courageously under all market conditions."

~ Ben Graham, Father of Value Investing



Don't Try to Time the Market

"Far more money has been lost by investors trying to anticipate corrections, than lost in the corrections themselves."

~ Peter Lynch, Legendary Investor and Author

The Power of Equities

"History has shown that equities are the best way to build long-term wealth."

~ Shelby M.C. Davis, Legendary Investor

Markets Fluctuate. Stay the Course

"Individuals who cannot master their emotions are ill-suited to profit from the investment process."

~ Ben Graham, Father of Value Investing

Team Spotlight

L. Tanner Crawford, CFA[®], CIPM[®]
Research Analyst, Portfolio Manager

In his own words: "Helping our clients achieve financial success by navigating the often turbulent flow of current events and new information while staying grounded by core principles is a serious responsibility, and it motivates me every day."

Please join us in recognizing Tanner Crawford and his dedication to practical continuing education. Tanner recently completed the Certificate in Investment Performance Measurement (CIPM[®]) program. The only credential of its kind, the CIPM[®] Program leverages the global expertise of the CFA Institute[®], the respected global leader in investment education and ethics, to deliver practice-based approaches and skills for effective investment performance and risk evaluation, as well as, manager selection. ▲

