the WealthWATCH℠

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LINEWEAVER WealthWATCH℠ CENTER

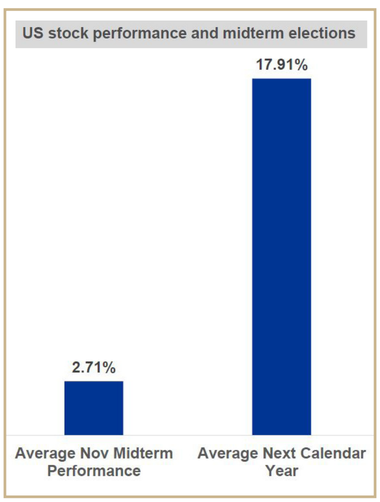
Market Outlook: 2019

By Chad Roope CFA®, Lead Portfolio Manager - Fundamentum

Chad Roope CFA®

The recent equity market correction has no doubt been uncomfortable. As of the end of year close, the S&P 500 ended the year to date down 6.24%. Concerns about slowing global economic growth, worries that the Federal Reserve is pushing interest rates too far too quickly, fears around the US/China trade war, and uncertainties about a US Government shut down have all combined to create downside volatility that we've not experienced in a few years.

While we agree this is all concerning and that we are likely to continue to see more volatility in the shorter-run, we do not see an economic recession in 2019 based on the data we see today. US corporate earnings growth is likely to be reasonably strong in the first half of 2019, manufacturing data remains in expansionary readings in the US, US unemployment continues to be at historically low levels, and consumer confidence remains relatively high as well. Those are all good signs as well as the fact that many companies are flush with cash, and the recent tax package gives incentives for them to invest this cash in the economy. When taken as a whole, that leads us to believe that the present sell-off is a necessary flushing of the system and growth stocks that may have gotten a bit ahead of themselves.



In addition, we are coming off a mid-term election, which has historically been good news for markets. According to Ned Davis Research, data going back to the 1946 mid-term suggests things improve after the election uncertainty is behind. The fourth quarter of every election year, followed by the first and second quarters of following year, have seen positive gains when combined in every instance. The worst outcome since 1946 was a +0.40% gain for those three quarters with a median of around an 18% gain, and no losses. We could argue why this time could be different, but we could've made arguments about all the other instances as well. There were selloffs like what we are presently witnessing in the other time periods as well. This data may prove to be a tailwind for equities into the new year as well.

Going forward into 2019, we don't see an extended bear market or recession through the first half of 2019. This is a good time to reassess your financial goals, risk-tolerance, and time horizon. If you have excess cash, perhaps consider putting a modest amount

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LETTER FROM THE PRESIDENT

by Jim Lineweaver, CFP®, President and Founder

5 Financial Resolutions to Make in the New Year

Most major new years resolutions are pretty common, and often many of them are financial.

1. First things first--the base of any good financial plan is insurance. You want to make sure all your insurance policies are in proper order. This includes life insurance, disability insurance, long-term care insurance (if you are retired), making sure your property and casualty limits are appropriate, and even an umbrella policy – especially if you have kids or young drivers in the house.
2. The second is to pay yourself first. We generally recommend saving 15-20% of your gross income. First make sure some of this goes into an emergency reserve for you which is usually 3-6 months of your after-tax income. Then try and maximize your pre-tax or ROTH contributions to get money tax deferred or tax free for retirement.
3. Number three is to ask yourself - are your financial goals on track? This can range from funding your kids' education to buying that vacation home or planning for retirement. Tracking and regularly revisiting your financial goals is important, as well as understanding and using the best strategies available to realize them.
4. The fourth resolution is about tax planning. Many people find they're being penny wise and pound foolish, saving small amounts during the year and then getting hit with huge capital gains distributions or other unnecessary taxes. Now is the time to look at your year-end statements, and look at the interest, dividends or capital gains distributions you'll have to pay taxes on. If you don't like what you see, spend some time with a tax strategist and do some planning so you don't get hit with the same thing again.
5. Resolution 5 is to resolve to make sure your financial, tax, legal, and insurance plans are all coordinated. At Lineweaver Financial Group, we work to help all our clients have the right advisors in the right place at the right time – and that they're all communicating and working together.

These are five of the most important financial resolutions you can make. We consider these points and make sure everyone of our clients investment decisions are part of a coordinated financial, tax, legal, and insurance plan developed and managed by a personal Financial Quarterback. We know the right plan, properly executed, helps to save time, money and worry.

HAPPY NEW YEAR FROM LINEWEAVER FINANCIAL GROUP

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of it to work into equities in the shorter run. The back half of 2019 could prove more challenging as we will likely have higher interest rates and the benefits of the tax package will begin to fade. Having flexibility in your financial plan and investment strategy will likely prove beneficial as we return to more normal levels of equity market volatility in 2019 compared to the last several years. Investors who are patient, disciplined and stick with their longer-term plan are likely to be rewarded.

Source: Morningstar, as of 8/31/18. Performance is historical and does not guarantee future results. Data calculated using the IA SBBI US Large Stock TR USD Index

HEALTHWATCH

When it comes to healthy cooking, a lot of focus goes into choosing good ingredients loaded with the nutrients you and your family need. But the truth is, the way you prepare food can be just as important as what you buy. Certain cooking techniques will help maximize your food's nutrition, while others will minimize the intake of less healthy elements like added sodium and unhealthy fats. Here are three simple ways you can easily adjust your cooking for a healthier lifestyle!

1. Treat Your Vegetables Right

Boiling and overcooking certain vegetables robs them of vitamins, minerals, and antioxidants. By steaming them instead, you will preserve more nutrients in vegetables than boiling, stir-frying, or even blanching. For canned vegetables, you can lower their sodium content by up to 40% by rinsing them in water. However, rinsing can also remove some of the Vitamin C from some canned vegetables. Using no- or low-sodium canned foods is an even easier way to keep your sodium intake in check.

2. Taste Your Food Before You Salt It

Just one teaspoon of table salt has about 2,300 milligrams of sodium, which is the maximum amount you should have in a day. For people who are 51 or older, have high blood pressure or diabetes, the recommended maximum intake is 1,500 milligrams a day. To cut down on sodium, remove the salt shaker from your table and take heart—some research has shown that your taste buds will adjust over time.

3. Fry in the Oven, Not the Pan

Research shows that vegetables such as potatoes suck up more fat during frying than meat does. Try switching to "oven frying," which uses little oil but still delivers a "fried" crunch.

If you're like 70% of Americans and plan on losing weight or being healthier in the new year, we hope these tips can aid you in following through with your New Year's resolutions!

ECONOMIC COMMENTARY

Global financial markets experienced heightened volatility during the fourth quarter of 2018 as concerns surrounding higher interest rates here in the U.S., and uncertain trade and tariff relations worldwide, weighed heavily on investor sentiment. We present a few highlights from the 4Q18 below:

- U.S. equity markets sold off sharply during the fourth quarter in volatile and choppy trade, with large intra-day moves the norm. In this "risk-off" environment, the S&P 500, the Dow Jones Industrial Average and the technology-heavy Nasdaq Composite traded sharply lower. On the economic front, U.S. economic data remained strong. However, there are potential international and domestic headwinds that could dampen growth, particularly uncertainty surrounding trade policy for U.S. businesses.

- Developed international equity markets posted steep declines in tandem with those here in the U.S. Financial markets in the Eurozone generally lagged those in the Pacific ex-Japan region as Brexit worries persisted. On the political front, Prime Minister May faced resistance from her EU counterparts in a bid for new Brexit concessions, sparking concerns of a chaotic no-deal outcome that could potentially be damaging for the European and British economies. In the emerging markets, returns were held back by weak performances from several large Asian economies.

- Within fixed income, results were mixed as the 10-year U.S. Treasury fell below the psychological level of 3% for the first time since mid-September. Investment grade core U.S. fixed income produced results that were slightly positive, while high yield bonds fared worse. Emerging markets debt fared relatively well during the quarter, but remains fixed income's worst performing sector year-to-date.

- Crude oil prices fell sharply during the fourth quarter, which weighed on both the Commodities and MLP sectors. In early December, OPEC countries and other oil producers agreed to reduce oil production on concerns of oversupply.

An important lesson from 4Q18:

- The fourth quarter and all of 2018 was a good reminder that investors must remain mindful of geopolitical and other event risk and the associated volatility that comes with it. The fourth quarter was marked by heightened global trade tensions and the fate of Brexit was front and center. As we enter 2019, it is more important than ever to remain properly diversified. It is our continued belief that remaining patient and adhering to a well-constructed and diversified investment portfolio anchored to your time horizon and goals remains the prudent course of action.

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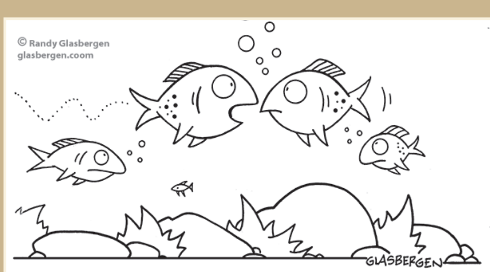
9035 Sweet Valley Drive
Valley View, Ohio 44125 1-888-313-4009

NEW YEAR'S TRIVIA
DID YOU KNOW..?

1. January is named after a god with two faces
We have ancient Rome to thank for our year beginning in January. The Roman god Janus, was described as having two faces. When depicted in ancient Roman art, one of Janus' faces looks forward, while the other looks back.

2. The ball drop is over 100 years old
The first New Year's ball drop took place on December 31, 1907. Since then, it's tumbled down every year (save for a couple during World War II).

3. The New Year's kiss has been around since the Middle Ages
Historians reckon that the New Year's kiss is derived from either German and English folklore (it was a tradition in both). Both customs contended this: the first person you encounter in a new year will set that year's tone.



"Where is that retirement income stream I keep hearing about?"

EMPLOYEE SPOTLIGHT
Sarah Koudelka, Processing and Client Services

Sarah joined our team in August, and specializes in processing and client service. She coordinates payroll functions for our Deferred Comp Department, and assists with ongoing projects, including database maintenance, and client services. She also helps out with incoming phone calls, directing clients to the appropriate staff member.

Sarah graduated from Kent State University December of 2018 with a Bachelor's degree in Finance. While studying at Kent State, she also minored in Marketing. She loves to get out and see the world, her favorite place so far is Florence, Italy. In her free time, she can be found at the gym or yoga studio, with her nephew Samuel, or with family and friends.

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