PRESTIGE WEALTH MANAGEMENT GROUP

Your Personalized CFO

Welcome to 2018! As always, our primary goal this year is to continue our tradition of helping clients achieve their personal financial goals. To make that process more efficient, please review the 2018 CHECKLIST in this letter and identify any of the items you anticipate you'll need addressed this year. Then bring it to your next review or call us and we can help you plan accordingly.

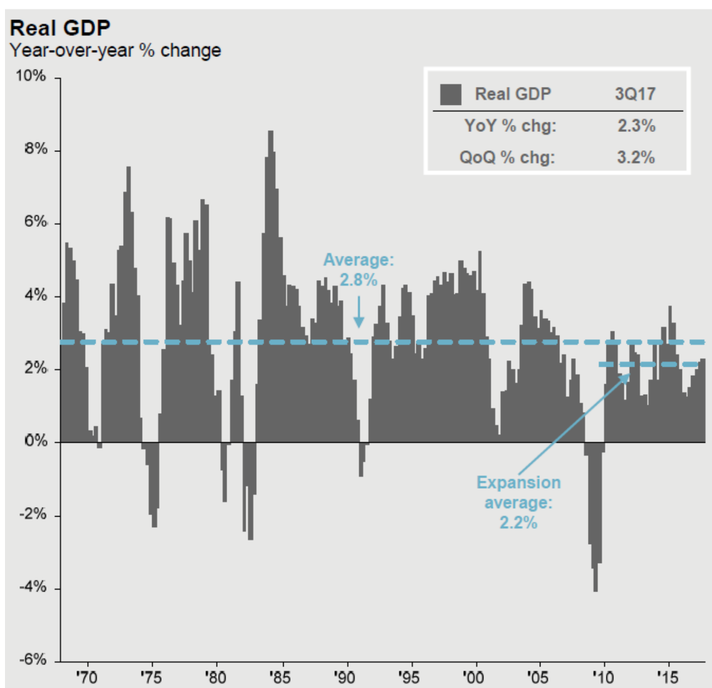
Recap of 2017 Markets and Economy

The positive performance of equity markets in 2017 added to what is already one of the longest bull markets on record. Most fixed income sectors posted healthy gains as well. On the political front, 2017 was both chaotic and surprising, but it ended with a major piece of tax legislation getting passed. Additionally, 2017 will be remembered for its natural disasters as there were an astounding sixteen, billion-dollar events in 2017.

At year end, equity markets rallied on the news of tax reform, with big permanent cuts for corporations as the centerpiece of the new tax package. The third quarter saw another instance of solid earnings growth for the S&P 500. Profits rose slightly over 9% from a year prior with significant gains from the materials, technology and energy sectors. With the energy sector slowly coming back and improving profitability, the sector should continue to be a solid contributor to earnings.

The 2nd and 3rd quarter of 2017 showed US GDP above 3% quarter over quarter. Consumer finances are in better shape and confidence is high. Money Supply (M2) is greater than both total consumer spending and mortgage debt in the US.

There were several macro headwinds that weighed on economic growth in international economies since 2011, such as fiscal austerity in Europe, falling commodity prices, a strong US dollar and the economic transition in China. However, with many of these headwinds having abated or stabilized, international



Source for graph: *JP Morgan Market Insights*

31 State Route 12, Flemington, NJ 08822 | 908-782-0001 | FAX 908-782-4168
Schoolhouse Plaza, 374 Millburn Avenue, Millburn, NJ 07041 | 973-532-6770 | FAX 973-218-1452
800-743-4768 | pwm@prestigewmg.com | www.prestigewmg.com

economies are able to grow again. As 2017 came to a close, almost all of the major global economies have a PMI in expansion territory compared to only 58% 18 months ago, according to JP Morgan Asset Management.

MONEY RATES
(as posted in Barron's 1/1/2018)

	LATEST WEEK	YR AGO
Fed Funds Rate (Avg. weekly auction -c)	1.42%	0.66%
Bank Money Market -z	0.14%	0.11%
12-month Cert -z	0.42%	0.31%

c- Annualized yields, adjusted for constant maturity, reported by the Fed Reserve on a weekly average basis. z – Bankrate.com (Source: Barron's; bankrate.com)

The US economy continues to strengthen, and the Federal Reserve is normalizing monetary policy. In December, the Fed raised interest rates once again by 0.25%, elevating the U.S. Federal Funds rate range to 1.25% - 1.50%. Longer term interest rates stayed reasonably low again in 2017 and Kiplinger's noted in their late December interest rate forecast that they think the approximately 2.5% yield on the 10-year Treasury note will hit 3.0% by the end of 2018. According to JP Morgan Asset Management, high-quality fixed income still provides critical ballast for a well-diversified portfolio, but investors should look to manage sector exposure and consider opportunities overseas. We are managing bond risk by keeping our maturity at the shorter end of the curve.

Sometimes investors wonder - why is the S&P 500 up more than my portfolio?

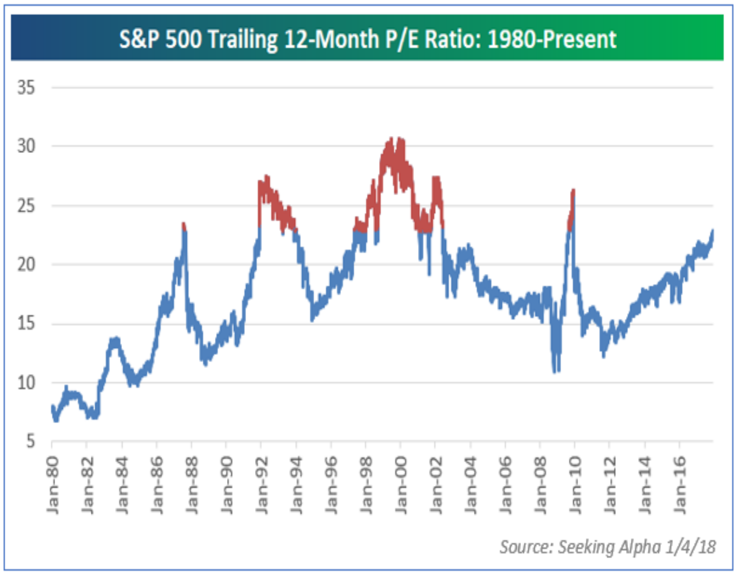
Please remember that a "straight-up" comparison of returns is of little value to most investors. Diversified investors use income instruments and international securities, so only a portion of their portfolio is actually exposed to US equity risk. To simply compare returns to a US equity index ignores the true lower risk of a diversified portfolio. This distinction is critically important. We encourage most investors to minimize risk as much as possible and be willing to undertake only the amount of risk they need to take to have a successful retirement.

Currently, fixed income vehicle returns have been significantly lower than equity returns. Although they add less return, lower return income vehicles provide less volatility and stress. Before being tempted to increase allocations into potentially higher returning stocks, investors need to remember that during the 2000 to 2002 bear market, the S&P 500 fell by 49.1%. Also, during the Financial Crisis of 2007 to early 2009, the S&P 500 fell 56.8%. Highlighting the reason to have a diversified portfolio of equities and fixed income vehicles.

Overall, 2017 was a good year for investors. "With growth robust, inflation moderate, liquidity ample, interest rates slowly rising, financial markets have again proven resilient to geopolitical shocks in 2017." *(Source: Credit Suisse 2018 Outlook)*

2018 Outlook

Blackrock advised that, "With projected strong corporate earnings and steady growth a synchronized global expansion has room to run in 2018. However, 2017 will be a tough act to follow. Geopolitical risks, inflation and other factors could make the road ahead more challenging." *(Source: The Blackrock Investment Institute 2018 Investment Outlook)*



Fiscal stimulus in the form of lower taxes could spur investment spending. This has the potential to support growth out to the end of 2018.

With international economies earlier on in their cycles, there is likely more room for these economies to run. With both economic and earnings growth set to accelerate further in 2018, valuations still attractive relative to the US and currencies stable to appreciating relative to the US dollar, 2018 appears to be another year in which international continue to climb, according to JP Morgan Asset Management.

U.S. Federal Reserve policymakers showed, "worry over the fate of currently low inflation." They also felt recent tax changes would provide a boost to consumer spending, according to the minutes of the U.S. Central Bank's last policy meeting of the year.

"2018 will be another year with an active Federal Reserve," says Greg McBride, CFA, Bankrate's Chief Financial Analyst. At their year-end meeting, the Fed forecast ultra-low unemployment of below 4% in 2018 and 2019, but still predicted inflation would remain below 2% at the end of 2018. The Fed has also forecasted another three rate hikes in 2018 and two hikes in 2019.

Inflation concerns could dominate incoming Fed Chair Jerome Powell's first few months as Chief of the Central Bank. Some say that although three rate increases are forecasted in 2018, rate increases may become more difficult to justify without an upswing in inflation. Powell is set to take over for Fed Chair Janet Yellen by the time of the next rate-setting meeting on January 31-February 1.

Key Points

1. **Q4 finished 2017 with robust returns for equity investors.**

2. **2017 is the first calendar year in 90 years without a monthly loss in the S&P 500, continuing one of the longest bull markets on record.**

3. **The Fed raised U.S. Fed Fund rates to 1.25 - 1.50% in December and set to raise rates three more times in 2018.**

4. **Lack of inflation could slow rate increases in 2018.**

5. **Analysts suggest 2018 will have positive but much lower returns.**

6. **Investors need to still be cautious and watchful.**

7. **Focus on your personal goals and call us with any concerns.**

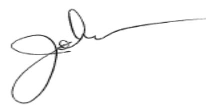
As for short term rates, "the Fed will keep raising short rates because of falling unemployment and other indicators that show a tightening labor market. The Fed very much wants to stay ahead of any inflation that rising wages may generate. It will lift short-term rates by a quarter of a percentage point two to three times in 2018. That will put the federal funds rate at 2.0% to 2.25% heading into 2019. *(Source: The Bespoke Investment Group 1/4/2018)*

Interest rates are a key area that we will watch closely in 2018

Investors need to be prepared. Market corrections do happen and so do recoveries. Equity markets will continue to move up and down. Even if your time horizons are long, you could see some short-term downward movements in your portfolios. Our advice is not one-size-fits-all. We will always consider your feelings about risk and the markets and review your unique financial situation when making recommendations.

The investment policy committee at Prestige consistently monitors and evaluates the current economic environment and positions its portfolios with a long-term investment objective in mind. We believe that remaining broadly allocated and diversified allows our clients to capture expected returns with the appropriate amount of risk for their individual goals and objectives.

As always we are here to answer any questions or concerns you may have regarding your investments. We look forward to continuing to work together as we navigate the environment for 2018 and beyond.

Roy Williams, ChFC   John DeAngelo, CFP®   Alyssa McMahon, MBA, CFP®, CFA

Advisory services offered through Prestige Wealth Management Group, LLC, a registered SEC investment advisory firm. Securities offered through Triad Advisors, Inc. Member FINRA / SIPC. Prestige Wealth Management Group and Triad Advisors are not affiliated.

Please remember that past performance may not be indicative of future results. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product (including the investments and/or investment strategies recommended or undertaken by Prestige Wealth Management Group, LLC), or any non-investment related content, made reference to directly or indirectly in this newsletter will be profitable, equal any corresponding indicated historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. Due to various factors, including changing market conditions and/or applicable laws, the content may no longer be reflective of current opinions or positions. Moreover, you should not assume that any discussion or information contained in this newsletter serves as the receipt of, or as a substitute for, personalized investment advice from Prestige Wealth Management Group, LLC. Please remember to contact Prestige Wealth Management Group, LLC, **in writing**, if there are any changes in your personal/financial situation or investment objectives for the purpose of reviewing/evaluating/revising our previous recommendations and/or services. Prestige Wealth Management Group, LLC is neither a law firm nor a certified public accounting firm and no portion of the newsletter content should be construed as legal or accounting advice. A copy of the Prestige Wealth Management Group, LLC's current written disclosure statement discussing our advisory services and fees continues to remain available upon request.

Sources: *JP Morgan Market Insights*