DEKKO
INVESTMENT SERVICES
DREAM. PLAN. GROW.

January 2018

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2017 Year Review

The U.S. stock market propelled forward in 2017 thanks to modest U.S. economic growth, record corporate earnings, low interest rates, and the expectation of tax cuts that came at the end of the year, among other things. Throughout the year, the S&P 500 hit 62 all time highs—all the while keeping volatility in check. Large cap U.S. equities managed a total return of 6.64% for the quarter and 21.83% for the year, as measured by the S&P 500. Small cap U.S. equities, as measured by the Russell 2000, were also in positive territory for the quarter and the year—returning 3.34% and 14.65%, respectively.

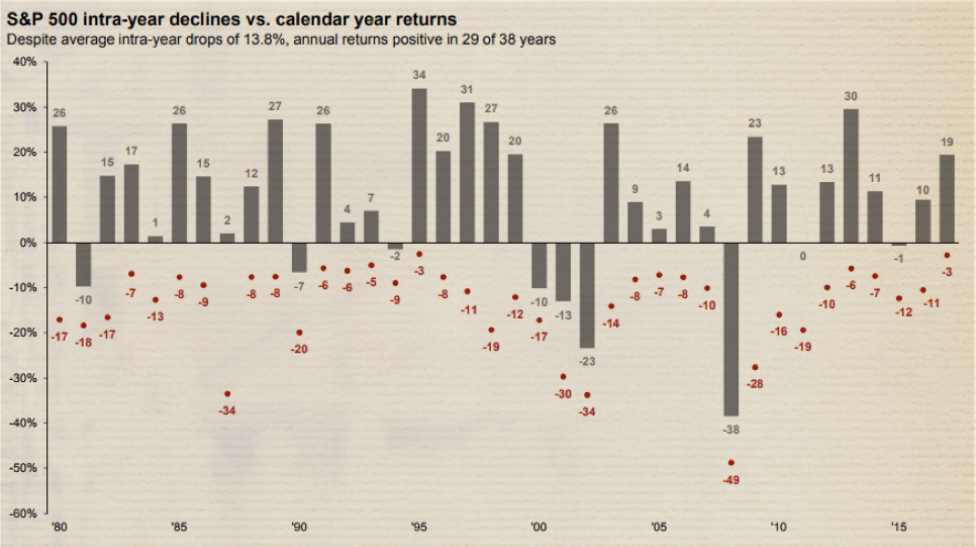
Index	2017 Return	Index Description
S&P 500 TR	21.83%	Tracks 500 leading large cap companies in the U.S.
Russell 2000 TR	14.65%	Tracks 2000 of the smallest companies in the U.S.
MSCI EAFE NR	25.03%	Tracks 21 developed international equity markets including France, Germany, Spain, the U.K. & Japan
MSCI EM NR	37.28%	Tracks 25 emerging market countries including China, India, Brazil, Mexico, Russia, Turkey & Greece
Barclays Aggregate Bond TR	3.54%	Tracks investment grade bonds trading in the U.S.

International equity markets continued their upward climb in 2017 with developed international equities gaining 4.23% for the quarter and 25.03% for the year, as measured by the MSCI EAFE index. Emerging market equities followed the same trend, gaining 7.44% for the quarter and 37.28% for the year, as measured by the MSCI EM Index.

The U.S. bond market posted a 0.39% return for the quarter and a 3.54% return for the year, as measured by the Barclay's Aggregate Bond Index. During the year, the Federal Reserve raised interest rates three times thanks to an improving economy, a strong labor market and low inflation.

Annual Returns and Intra-Year Declines

2017 was a year marked by strong U.S. stock market returns and extremely low volatility. In fact, the largest intra-year drop in 2017 was only 3%! To put that into perspective, the average intra-year drop over the past 38 years was 13.8%. The chart below illustrates this point by showing the S&P 500's annual price returns in gray and the intra-year declines in red.



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2017, over which time period the average annual return was 8.8%.
Guide to the Markets – U.S. Data are as of December 31, 2017.

J.P.Morgan Asset Management

Although we enjoyed the relatively smooth ride in 2017, we want to remind you that volatility could return to the stock market at any time. When it does, we encourage you to accept declines as a normal part of the investment cycle, take a long-term perspective and stay invested!

DID YOU KNOW?

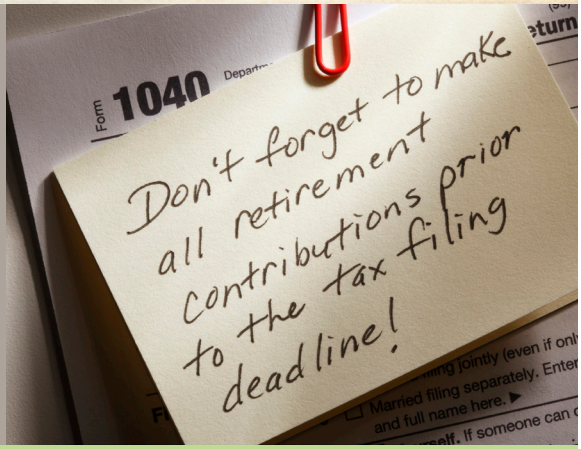
You can access your accounts online through Account View by LPL Financial. If you are interested, please give us a call!

IRA Contribution Reminder!

The deadline for Traditional and Roth IRA contributions for the 2017 tax year is April 17, 2018.

Age	2017 Contribution Limits
49 and under	100% of compensation, up to $5,500
50 and older	Additional $1,000

*Please consult your tax accountant for suitability and tax related questions.



Wishing you a Happy & Healthy 2018!

(from left to right)

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Alisha Norris, *LPL Registered Sales Assistant* • Elizabeth Pilnock, *LPL Registered Sales Assistant*




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The economic forecasts set forth in the presentation may not develop as predicted and there can be no guarantee that strategies promoted will be successful.

Stock investing involves risk including loss of principal.

Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values and yields will decline as interest rates rise and bonds are subject to availability and change in price.

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The Dow Jones Industrial Average Index is comprised of U.S.-listed stocks of companies that produce other (non-transportation and non-utility) goods and services. The Dow Jones industrial averages are maintained by editors of The Wall Street Journal. While the stock selection process is somewhat subjective, a stock typically is added only if the company has an excellent reputation, demonstrates sustained growth, is of interest to a large number of investors, and accurately represents the market sectors covered by the average.

The Dow Jones averages are unique in that they are price weighted; therefore, their component weightings are affected only by changes in the stocks' prices.

The Russell 2000 Index is an unmanaged index generally representative of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index.

The prices of small and mid-cap stocks are generally more volatile than large cap stocks.

The Morgan Stanley Capital International ('MSCI') Europe, Australia, Far East Index ('EAFE') is an unmanaged index of over 900 companies, and is a generally accepted benchmark for major overseas markets. Index weightings represent the relative capitalizations of the major overseas markets included in the index on a U.S. dollar adjusted basis. The index is calculated separately: without dividends, with gross dividends reinvested and estimated tax withheld, and with gross dividends reinvested, in both U.S. dollars and local currency.

The Morgan Stanley Capital International ('MSCI') Emerging Markets Index adjusts the market capitalization of index constituents for free float and targets for index inclusion 85% of free float-adjusted market capitalization in each industry group, in global emerging markets countries. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indexes: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The Barclays Capital U.S. Aggregate Index is comprised of the U.S. investment-grade, fixed-rate bond market.

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