President’s Message to Clients

June signifies the beginning of summer and many of us are spending more time with our families, taking vacations, and enjoying the warmer weather. As you may be away from home or the office more often during the coming months, know that we remain here and accessible to you in a variety of ways. In addition to your advisor’s availability, we continue to develop online tools accessible anytime, anywhere. Our goal is to provide you relevant advice from your advisor and easy access to service from any location. Enjoy the summer—wherever it takes you.

Stay up-to-date with Janney’s Economic Outlook. Janney’s Chief Investment Strategist, Mark Luschini, reports that “June 30 will mark the ninth full year of positive economic growth since the end of the Great Recession. Recently, the duration of this span became the second longest in U.S. history. Obviously, its sheer length has begun to invite questions about its sustainability. Most expansions in the U.S. that have carried on well into old age aren’t given a booster shot of fiscal stimulus like we have had with this year’s tax cuts and appropriations bill which may not only extend it, but, in fact, help it to accelerate.”

Read Mark’s full Economic Outlook included in this issue. For more on the state of the economy, listen to our new podcast series, Investment Perspectives, on iTunes, Google Play, or wherever you listen to podcasts. A new edition will be released each month and feature Mark and other Janney strategists who will share their market outlook and insights.

Take advantage of online access. Online Access makes anytime access to your account information easy. Janney’s client website lets you see your investment and account information from your home computer, tablet, or phone—whatever is most convenient for you. Online Access provides secure services including 24/7 access to your account balances, important tax information, innovative online tools, Janney research and education, account aggregation, and the ability to transfer money between your Janney account and your bank account. Two popular Online Access features are highlighted below:

Go paperless: sign up for eDelivery. In a digital world, paper mail is becoming an inconvenience and a potential source of identity theft. Enrolling in eDelivery allows you to reduce paper clutter while safeguarding personal information. Instead of paper mail, you receive an email notification when your statements, confirmations, and other account documents are ready. You simply need to log in using your personal, secure ID and password to access your most recent account documents.

Get a comprehensive view of your finances with My Net Worth. Financial decision making is best made by considering your entire financial picture. No matter what decision you are making, it helps to have all details in front of you to discuss with your advisor and to help make sound choices. My Net Worth, our secure account aggregation tool, provides you a convenient way to view all of your accounts at Janney as well as with other financial institutions, helping you to organize your financial life in one centralized location.

Contact your Janney Financial Advisor for more information about Online Access features or enroll today at www.myjanney.com.

Retirement readiness. The top financial goal for most clients is having a secure and comfortable retirement. Janney’s interactive Retirement Income Evaluator can help you better understand your retirement picture and help you to answer important questions such as: What type of lifestyle do you envision having in retirement? Are your finances aligned with your plan to achieve your goals? Have you mapped out a budget for your cash flow and income needs? These are just a few of the questions we help you visualize and consider when planning for retirement. Contact your Janney Financial Advisor and ask for a Retirement Income Evaluation today.

In addition to retirement, Janney’s in-house financial planning experts routinely write educational pieces on a variety of personal finance topics—all of which are readily accessible online through our personal finance blog. Visit personalfinance.janney.com to read the latest.

Thank you for your continued trust in Janney. Have a safe and enjoyable summer.

Sincerely,

Timothy C. Scheve
President and Chief Executive Officer
The average person buys a dozen cars in their lifetime. But unlike cars, you only get one retirement, one chance to get an income plan that you will drive the rest of your life.

To help people make smarter choices, Janney has developed the Retirement Test Drive—a chance to sit in the driver’s seat of your own retirement and personally test the feel and fit of particular plans.

Contact your Janney Financial Advisor for a retirement test drive today!
Understanding more about your complete financial picture is as simple as…

1. Add your outside financial accounts into My Net Worth, Janney’s easy-to-use account aggregation tool.
2. See a more comprehensive picture of your financial life.
3. Review your complete picture with your advisor. Register or log on to Janney Online Access today at www.myjanney.com

FINRA Rule 2267 Investor Education and Protection
BrokerCheck provides investors with the ability to research the professional backgrounds, business practices, and conduct of Financial Industry Regulatory Authority (FINRA) registered brokerage firms and brokers. In connection with this program, investors may call the BrokerCheck Hotline at (800) 289-9999 and visit the FINRA website at http://brokercheck.finra.org/. An investor brochure that includes information describing the FINRA BrokerCheck Program is available from either of these sources.

Payment for Order Flow
Janney receives compensation or other consideration for directing customer orders to various market centers or broker-dealers. Janney monitors these orders for best execution. The source and nature of any compensation received in connection with a particular transaction will be furnished upon written request. Further information is available at www.janney.com.

Account Information Verification
Financial Industry Regulatory Authority (FINRA) and other securities regulators require that broker-dealers maintain certain information about their clients and verify this information periodically. At the time your account was established, and perhaps on additional occasions since that time, you provided Janney with account information such as your name, address, investment objective, and other data. This information is being confirmed on the last pages of your June 2018 client statement. Please examine the last pages carefully. Promptly contact your Janney Financial Advisor if anything is incorrect, or if you have any questions regarding what is stated on this confirmation. If your information is correct, no action is required.

Invoice and Annual Fee Timing: IRAs and Qualified Plans
The annual fee will be charged in December to IRAs and qualified Plans for which Janney serves as custodian (if applicable). Accounts opened between January and September will be charged in December 2018. For accounts opened after the last business day of September, the annual fee will be charged the following calendar year in December.

Annual Disclosure Statement Regarding Partially Called Bonds
Janney is providing this disclosure to inform you of the basic processing applied by Janney regarding the impartial lottery process for callable bonds. When you purchase bonds that are callable in part (i.e., less than the full amount of outstanding bonds may be called), per FINRA Rule 4340 (Securities Callable in Part), Janney is required to run an impartial lottery that calls bonds from client accounts on a randomly selected basis, and holds them until the applicable redemption date. The process by which client accounts are randomly selected can be found on the Janney website at: http://www.janney.com/individuals--families/resources--education/investment-disclosure/partially-called-bond-lottery-process

Additional Information for Participating Clients
• Financial Industry Regulatory Authority: www.finra.org
• FINRA Rule 4340: www.finra.org/industry/regulation/notices/2014/p443192
• U.S. Securities and Exchange Commission: www.sec.gov/answers/callablebonds.htm
Economic Outlook

Mark Luschini, Chief Investment Strategist

June 30TH will mark the ninth full year of positive economic growth since the end of the Great Recession. Recently, the duration of this span became the second longest in U.S. history. Obviously, its sheer length has begun to invite questions about its sustainability. After all, most economic cycles age to the point where supply constraints lead to inflation, enticing the Federal Reserve to tighten monetary policy to the point where rising rates ultimately lead to a sharp diminution of activity. In other words, a recession. But then again, most expansions in the U.S. that have carried on well into old age aren’t given a booster shot of fiscal stimulus like we have had with this year’s tax cuts and appropriations bill which may not only extend it, but, in fact, help it to accelerate.

Global economic growth is desynchronizing, but even as economies such as Europe, Japan, and even China have witnessed a moderation in activity, it is occurring from above-trend levels. Indeed, many international economies are continuing to grow quickly as rising employment, wage growth, and accommodative monetary conditions remain features that will likely continue to foster a sturdy global backdrop.

Domestically, however, matched against the Federal Reserve’s initiative to normalize interest rates is an economy that looks to be picking up some momentum. While Gross Domestic Product (GDP) for the second quarter won’t be released for more than a month, several regional Federal Reserve Banks calculate an estimation of overall activity by accumulating all the intra-quarter statistics released in real time. Currently, their models are pointing to GDP growth that is not only better than the first quarter of this year, but also the pace of growth generated over the last couple of years. Propelling growth has been the stalwart consumer. Job growth has pushed the unemployment rate to the lowest level in 18 years, and tighter labor conditions are forcing employers to raise compensation to attract and retain talent. Together, these have promoted high levels of confidence and spending. Contributing to the economy’s momentum are businesses that similarly are realizing profit growth, have elevated sentiment about their outlook for sales, and are undertaking capital spending campaigns unlike any time since 2014. With business spending rising and the consumer well positioned, we expect solid economic growth to continue over the remainder of the year and beyond.

To be sure, there are issues loitering in the background that cannot be ignored, as any one of them could prove disruptive and, at a minimum, infuse volatility into the stock market. Developments along trade negotiations with allies such as Canada, Mexico, and Europe have not been smooth and inject a source of uncertainty as to their resolution. In addition, the simmering skirmish with China engenders the risk of it metastasizing into something more sinister. Given the involvement of the world’s two largest economies, anything that evolves positively or negatively does so with scale and complication. Oil prices have risen dramatically, but, as yet, have not posed a major threat. However, sanctions reimposed on Iran and Venezuela’s prospective economic collapse could change the dynamics for pricing quickly. In the meantime, Italy’s political strife seems to have been satisfied by the coalition parties agreeing to form a cabinet, which has calmed markets considerably. The existential threat of Italy’s exit from the single currency union appears de minimis in the near term, but could resurface, likely after the next crisis or economic downturn. Finally, negotiations with North Korea are proceeding, which is encouraging, but what each party wants or defines as denuclearization could ultimately lead to an impasse and ignite geopolitical tensions.

In the meantime, stocks posted a positive return in May and remain in the black for the year. The same cannot be said for bonds, which have struggled generally as emerging signs of inflation and higher interest rates have crept onto the stage. In our judgment, financial markets will likely respond in a directionally similar fashion as last year over the balance of this one. While there are myriad sources of risk, none pose an immediate danger of disrupting the sound macroeconomic underpinnings that should have markets cooperate with our base view that risk assets will be rewarded over the cyclical horizon.

How SIPC Protects You
The Securities Investor Protection Corporation (SIPC) is a nonprofit membership organization, funded by its member broker-dealers, and designed to help investors in the event of a brokerage firm failure. By investing with a firm that is a SIPC member, like Janney, a client is protected in the event the firm should ever fail. In the case of a financial failure of a SIPC member firm, SIPC coverage would ensure delivery of the portfolio assets to each eligible account up to $500,000 in value (not more than $250,000 in cash). In addition and as applicable, excess insurance for your account will be obtained through a major insurance company. In the highly unlikely event that our firm should ever fail and should your client assets not be recovered through the firm or under the SIPC protection limits, this additional insurance becomes available to cover your account subject to a limit of $24.5 million per client and up to a firm aggregate loss limit of $100 million. If you maintain more than one account at Janney in separate capacities (i.e., individually, jointly, as a trustee), each account would be protected by SIPC and insurance coverage in excess of SIPC. For more details on your investor rights as they pertain to SIPC, we encourage you to call SIPC at (202) 371-8300, visit www.sipc.org, or request an explanatory brochure from your Janney Financial Advisor.

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