For many of us, fall brings a revitalized focus on our life goals and the financial strategies that help them become a reality. There’s something about the energy in the crisp air and the return of more regular schedules after the slower summer pace that puts us in a planning frame of mind. All of us at Janney are committed to help you plan for, progress toward, and achieve your goals over the long term.

Keeping focus during an eventful summer
This summer was anything but slow when it came to financial markets news. The major indices all hit record highs in early July, only to face declines in August, with volatility continuing for a variety of reasons including trade-policy uncertainty between the U.S. and China.

The inherent up-and-down nature of the markets is why, at Janney, we hold to core investing principles: start with a financial plan, create an asset-allocation strategy designed to help reach your goals, and diversify your holdings to manage risk.

When it comes to investing, there are some things we can’t control. However, there are a lot of things we can, including working with your Janney Financial Advisor who has your interests in mind when guiding financial decision-making.

Remembering the importance of education—and the tax-efficient funding of education costs
The Janney college interns I spent time with over the summer, plus the backpack-wearing children I see on the corner waiting for the bus, remind me of my own children. While they are now grown, I recall considering how education for each child was the key to unlocking their potential.

Giving your child or grandchild the gift of a college education is highly satisfying; funding those education costs in a tax-efficient manner is smart investing. There are numerous tax-efficient vehicles and strategies to use when setting aside tuition dollars. Your Janney Financial Advisor can help you evaluate the choices to find the ones that fit your situation best.

Maintaining our commitment to you
Your financial well-being is at the center of everything we do. At all times, in all market conditions, it’s our privilege to help you progress toward achieving your financial goals.

Thank you for placing your trust in our firm.

Sincerely,

— Timothy C. Scheve
President & Chief Executive Officer
Our central case has been, and remains, that the U.S. economy is on firm footing. Therefore, the chatter of a looming recession is premature. However, market participants have registered their concerns about the threat of recession via the recent volatility in the stock market.

The drawdown in August was largely attributed to escalating Sino-American trade risks. Quantifying the economic impact is imprecise, although current estimates for the tariffs’ impact on gross domestic product (GDP) are roughly 0.50% for the U.S. and more in China.

More difficult to handicap is the effect on business confidence, which could weigh on capital spending and employment conditions.

**Bond Yields: A Subtle Point of Interest**

We acknowledge the plunge in the U.S. 10-year Treasury yield since its peak of 3.2% in early November. Global sovereign yields have followed the same pattern, but the latest decline to near 1.5% is as much a reflection of ubiquitous central-bank easing biases and a gigantic pool of global bonds yielding less-than-nothing as it is of new concerns about domestic economic weakness. That is a subtle point of interest, but an important one.

If the yield decline is not signaling new softness, then easier financial conditions coming from low bond yields and central bank largesse will be free to act as a tailwind for risk assets.

The second quarter’s 3% year-over-year earnings growth is much better than the consensus expected when earnings season kicked off and, despite the large oscillations in single-day moves, the S&P 500 has spent most of the past month range bound.

**Recession Fears Overblown**

We believe recession fears are overblown, but it may take some time for investors to overcome their concerns. That leads us to believe that equities may struggle to make new highs in the near term. However, if, as we expect, the expansion remains intact, the Federal Reserve’s dovish pivot will help support the economy at the margin and quite possibly fuel a renewed phase of the bull market in risk assets.

If past is prologue, what typically follows the first rate cut is a fertile period for stocks, and the gains produced have historically been quite handsome. Therefore, in spite of continued bouts of volatility, we think stocks still hold appeal for capital appreciation.
From a grandparent’s perspective, using a 529 Plan account to help pay college or private-school K-12 education costs has several advantages:

• **Superfunding:** This term is interchangeable with forward gifting or max-funding. However you coin it, there’s a unique provision within Section 529 of the IRS Code that allows 529 Plan account owners to gift up to five years’ worth of contributions in a single year. Each grandparent can contribute up to $15,000 per year ($30,000 per couple) to any individual grandchild’s account, the current federal gifting limit. Grandparents can contribute up to $75,000 per beneficiary ($15,000 x 5 years) in a single year. That figure doubles to $150,000 if both grandparents contribute to an account for the same beneficiary.

• **Contributions are Treated as a Completed Gift:** Along with being excluded from federal gift taxes, many states allow 529 plan contributions to accrue a state tax benefit for grandparents. (Be sure to consult your local tax advisor for an understanding of your state’s potential tax benefits.)

• **Maintain Control of Your Assets:** Unlike other types of gifts, 529 Plan contributions remain under account owner (in this case grandparent) control and can only be used according to the will and by the direction of the owner—and not the beneficiary/ grandchild.

• **Removing Assets from Your Estate:** Contributions to 529 Plan accounts also reduce a grandparent’s estate by the full amount of the contributions. Many states allow for up to $350,000—and in some cases more—in lifetime contributions, which further enhances this benefit. However, if a grandparent superfunds a 529 Plan account and passed away during the five-year period, the estate would “recapture” a portion of the contribution for estate-tax purposes.

One of the most important gifts a grandparent can give is support in funding their grandchildren’s education. Find out some unique benefits of doing so through a 529 Plan. Janney’s Director of Mutual Funds and ETFs, Tim Herrera, shares highlights in this excerpt from an Expert Financial Insight.

Learn about some additional benefits, plus a few things to consider, in the full paper. You can find it on www.janney.com or contact your Janney Financial Advisor for a copy.
NEW ENHANCEMENTS COMING TO JANNEY.COM AND ONLINE ACCESS

When you choose to interact with Janney through your computer or mobile device, you want quick, easy access to information about your accounts that helps you make more informed financial decisions. Upcoming enhancements to our public website, Janney.com, and our secure online client portal, Online Access (myjanney.com), are designed to do exactly that.

Janney.com

Explore financial-planning, retirement, investment and other financial topics on a site structured for simpler navigation using any device. Find insights and market commentary from Janney’s investment experts, plus perspectives to help you and your Financial Advisor develop a plan for your specific financial goals.

Online Access (myjanney.com)

Keeping on top of your financial progress will be even easier with upcoming enhancements to Online Access, your online portal to your Janney account information and much more. You’ll be able to customize the information you want to see on your summary page, view accounts held at Janney, find planning tools, and experience streamlined navigation and faster performance.

A focus on you

Regardless of whether you connect with Janney online, by phone, or in person, we’re committed to supporting your financial needs with the care you expect and deserve. ■

MSRB Rule G-10: Investor and Municipal Advisory Client Education and Protection

Janney is registered with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB). An investor brochure that describes the protections that may be provided by the MSRB’s rules and how to file a complaint with an appropriate regulatory authority is available on the MSRB’s website (http://msrb.org).

Statement of Financial Condition

Janney Montgomery Scott LLC is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission, and is required to maintain a minimum amount of net capital. As of June 30, 2019, Janney’s Net Capital and Net Capital Requirement were $70,211,697 and $9,589,779 respectively. You may obtain a copy of this Statement of Financial Condition as of June 30, 2019 at no cost by accessing our website at www.janney.com or by calling our toll-free number at 800.526.6397.

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