VOLUME 25, ISSUE 1, 1ST QUARTER 2019

Commerce Concepts

Market Updates, Asset Allocation, and Investment Education for Plan Participants and Individuals

Start your Year with a Money Check-Up

If you don't know how your financial picture changed over the course of 2018, it's time to find out. January and February are the perfect months to look back at what you earned, saved, and spent last year, as year-end financial statements roll in.

How much did you save?

If you resolved last year to save more, or you set a specific financial goal, did you accomplish your objective? Start by taking a look at your account balances and transaction history. How much did you save for college or retirement? Were you able to increase your emergency fund?

Taking a few minutes now to record your total annual savings, both as a dollar amount and as a percentage of your household income, will help you identify long-term trends and set ambitious yet realistic goals for saving in the new year.

How did your investments perform?

Review your investment statements. How have your investments performed in comparison to general market conditions, against industry benchmarks, and in relationship to your expectations and needs? Do you need to make any adjustments to your allocations or your contribution amounts based on your own circumstances, your tolerance for risk, a change in your time horizon, or because of market conditions? Email advice@thecommco.com for an advisor's input.

Did you reduce debt?

Tracking your spending is just as important as tracking your savings, but it's hard to do if you're caught in a cycle of borrowing, repaying, and borrowing more. Fortunately, end-of-year credit and financing statements will all clearly state the amount you owe. If it's not spelled out on your statement, you can determine how much you truly paid down last year by pulling up your end of year statement from the previous year as well, and subtracting your new year-end balance from your previous year-end balance. Keep these statements to refer back to and continue tracking your progress.

Did your finances improve?

Once you've reviewed your account balances and financial statements, your next step is to look at the overall picture – your financial net worth.

1. Add up all your assets, such as bank accounts, investment and retirement accounts, and the estimated value of any real property you own.

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WIN A $25 GIFT CARD

to your choice of Regal Cinemas or Amazon.com!

(See page 2 for more details)

Congratulations to our most recent winner:

Alexis F.
of 52 Limited

Visit ***thecommco.com/commerce-concepts*** *for the answer to last issue's question.*

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Retirement & Investment Services

Indexes are unmanaged and cannot be invested in directly. Past results are not predictive of future results. Individual results will vary. The trailing returns shown include dividends. See page four for index definitions.

Source: Raymond James Financial Services

To be entered into a drawing to win a

$25 GIFT CARD,

email free@thecommco.com with the answer to this question:

What is the term for your overall financial total of assets minus liabilities?

Market Update

Through December 31, 2018

		Trailing Returns			
		3 mos	12 mos	5 yrs	10 yrs
Blue Chip US Stocks	Dow Jones Industrial Average	-11.31%	-3.48%	9.70%	13.16%
Large Company US Stocks	S&P 500	-13.52%	-4.38%	8.49%	13.12%
Small Company US Stocks	Russell 2000	-20.20%	-11.01%	4.41%	11.97%
Non-US Stocks	MSCI EAFE (Gross Div)	-12.50%	-13.36%	1.00%	6.81%
US Bonds	Barclay's Capital US Aggregate	1.64%	0.01%	2.52%	3.48%
Cash Alternatives	FSTE 3 Month US Treasury Bill	0.57%	1.86%	0.60%	0.35%

Economic Snapshot

Gross Domestic Product (GDP)
Growth is expected to remain moderately strong, although somewhat slower in 2019, reflecting job market constraints, trade disruptions, and the fading impact of fiscal stimulus.

Employment
Demand for workers should remain strong and there may be some slack remaining in the labor market, but the pace of job growth is likely to slow.

Inflation
Inflation moderated in the second half of 2018, but should pick up somewhat in early 2019, reflecting higher labor costs (due to minimum wage increases in some states) and tariffs.

Manufacturing
New orders and production have been mixed, but the pace has been generally moderate. Trade tariffs are a concern, disrupting supply chains and dampening expectations for growth in exports.

Housing and Construction
Builders continue to note supply constraints (a lack of skilled labor and higher construction costs). Demand remains strong, but customers have balked at higher home prices.

Monetary Policy
Fed policy is closer to neutral, but not there yet. Fed officials expect to raise rates further in 2019, but the pace of tightening should slow.

Investment Strategy Quarterly: Published by Raymond James and Associates, January 2019 . For a complete PDF copy of the January 2019 issue of Investment Strategy Quarterly, click here or email newsletter@thecommco.com.

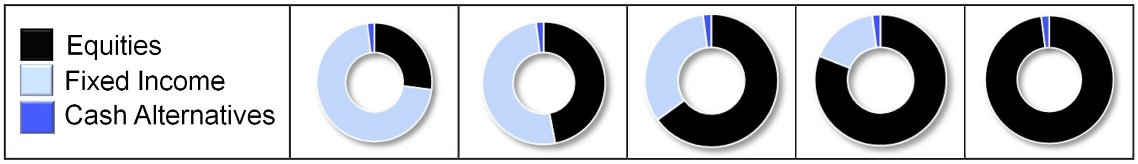
2018: A Year of Mixed (Market) Signals

- While the global equity markets enjoyed one of their best years yet in 2017, 2018 offered a different story, bookended by early- and late-year volatility. The last week in December, for example, saw stocks attempt a rebound from the edge of bear market territory. It was the first time since May 2010 that the S&P 500 had posted such a large reversal.
- The year told a tale of trade conflicts with China, the intensifying Mueller investigation, geopolitical tensions, government shutdowns over the budget and the possibility of slower economic growth amid higher interest rates. While we've seen some progress on trade talks with China, there are still contentious issues to be ironed out, according to Washington Policy Analyst Ed Mills.
- 2018 was the first year in nearly a decade in which most major asset classes ended in negative territory. A particularly turbulent December brought almost daily reversals, with the three major domestic indices ping-ponging between gains and losses.

Asset allocation models can be viewed online anytime at ***thecommco.com***

Strategic Asset Allocation Models

As of January 2019



	Conservative	Moderate	Balanced	Growth	Aggressive
Equity	**27%**	**47%**	**65%**	**81%**	**98%**
Equity allocation comprises:					
U.S. Large Cap Blend	15%	17%	21%	24%	29%
U.S. Large Cap Growth	0%	4%	6%	8%	9%
U.S. Large Cap Value	0%	4%	6%	8%	10%
U.S. Mid Cap Equity	2%	5%	7%	8%	10%
U.S. Small Cap Equity	1%	3%	4%	6%	7%
Non-U.S. Developed Market Equity	9%	14%	16%	22%	26%
Non-U.S. Emerging Market Equity	0%	0%	5%	5%	7%
Fixed Income	**71%**	**51%**	**33%**	**17%**	**0%**
Fixed income allocation comprises:					
Investment Grade Intermediate Maturity	56%	42%	27%	17%	0%
Investment Grade Short Maturity	7%	5%	4%	0%	0%
Non-Investment Grade (High Yield)	3%	2%	0%	0%	0%
Multi-Sector Bond	5%	2%	2%	0%	0%
Cash & Cash Alternatives	**2%**	**2%**	**2%**	**2%**	**2%**
Totals	**100%**	**100%**	**100%**	**100%**	**100%**

These asset allocation targets are based on our changing views of the risk and return in the various asset classes, looking out over three or more years. The models assume fully allocated portfolios and do not take into account outside assets, additional cash reserves held independent of these models, or any actual investor's unique circumstances. Investors should consult their financial advisor to decide how these models might assist in the development of their individual portfolios. Material is provided for informational purposes only and does not constitute a recommendation.

The investment profile is hypothetical, and the asset allocations are presented only as examples and are not intended as investment advice. Asset allocation and diversification do not assure a profit or protect against loss. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal. International investing involves special risks, including currency fluctuations, differing financial accounting standards, and possible political and economic volatility. Investing in small- and mid-cap stocks generally involves greater risks, and therefore may not be appropriate for every investor. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. High-yield bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Commodities and currencies are generally considered speculative because of the significant potential for investment loss. They are volatile investments and should only form a small part of a diversified portfolio. Real estate investments can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

Index definitions: The S&P 500 is an unmanaged index of 500 widely held stocks that is generally considered representative of the U.S. stock market. The Dow Jones Industrial Average (DJIA), commonly known as "The Dow" is an index representing 30 stock of companies maintained and reviewed by the editors of the Wall Street Journal. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index. The MSCI EAFE (Europe, Australasia, and Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 22 developed nations. The Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market.

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2. Add up all your debts (liabilities), such as any balance on credit cards, student loans, auto loans, and mortgages.
3. Subtract your debts from your assets to determine your net worth.
4. Make a note of this number, and then resolve to repeat these steps quarterly or annually so that you can track how it changes over time and set your financial goals accordingly.

What are your goals for this year?

Finally, it's time to think about your financial goals for 2019. Start by considering the following questions:

- What are your greatest financial priorities or concerns? Have they changed since last year? For example, if you're feeling more uncertain about the economy, you may want to place a higher priority on building your emergency savings cushion. If you recently paid off a large debt, you may be ready to focus more heavily on retirement savings now.
- What went right financially last year? What could be better this year?
- What changes in your income or financial obligations might warrant changes to your budget, including your automated savings such as retirement plan contributions?
- Do you need help or advice in certain financial goal setting areas?
- Is there some aspect of your finances you've been avoiding, that you could resolve now to address in the next 60 days?

Use what you've learned about your finances to chart your course for the year ahead. If you have questions or would like to discuss your financial goals and plans with an advisor, email us at advice@thecommco.com.