



We Are Moving!

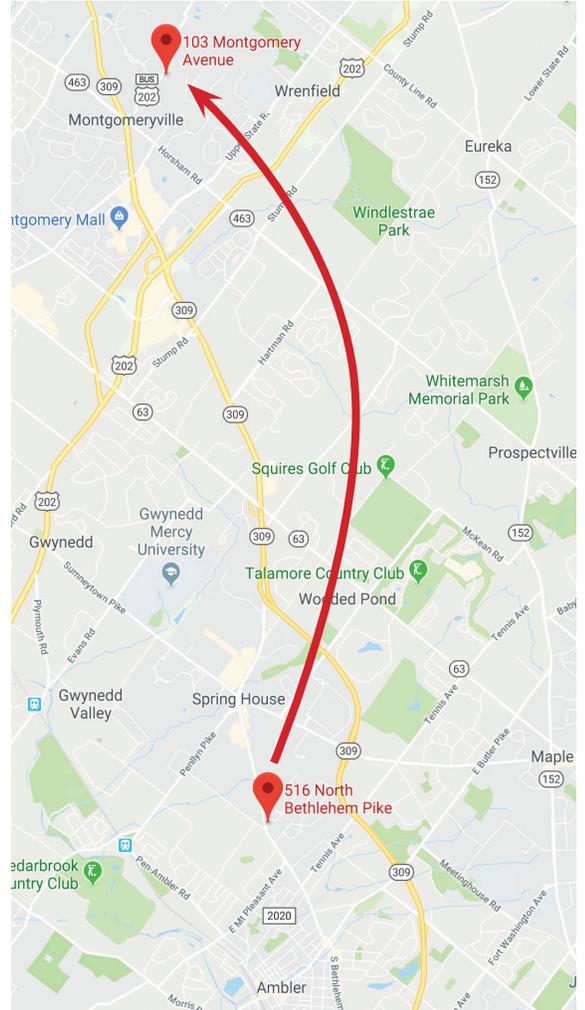
Later this month, we look forward to welcoming you to our new office in Montgomeryville, PA! After 22 fantastic years in Spring House, PA, and tremendous expansion in the clients we serve and the services we offer, we have outgrown our space and are moving several miles up the road.

Our new building has been almost two years in the making and was specifically designed with our clients in mind. The building features state-of-the-art technology, expanded client meeting rooms, a larger and more comfortable client waiting room, additional seating capacity for the growth of our support team, and easier accessibility within the building.

We expect to move during the third weekend in January and our new office will officially be open for business on Tuesday, January 22, 2019. Please note that our Spring House office will no longer be open for business after that date.

If you are in the area, we hope you will stop by to say hello and see our new location in the coming months.

Also, please stay tuned as we will be hosting an open house at our new building later this year.



Our new street address is:

**103 Montgomery Avenue
Montgomeryville, PA 18936**

Our new mailing address is:

**P.O. Box 1010
Montgomeryville, PA 18936**

Our telephone number will remain the same:

215-643-9100



The Gwynedd Company Joins BLBB

In addition to our move, we are also thrilled to announce that on January 1, 2019, The Gwynedd Company will officially join BLB&B Advisors. In particular, we would like to welcome Ed Barnes, Brianna Barnes, Tom Hamel, Lisa Driscoll, Chris Reddick, Bob Flood, and Erin Barnes (left to right, above) as well as The Gwynedd Company's clients to BLBB!

Like us, The Gwynedd Company is a local investment advisory firm providing high-quality, customized financial planning and investment management services to individuals, families, and small- to medium-sized corporate and not-for-profit organizations. Additionally, The Gwynedd Company has extensive experience in retirement plan (401k/403b) design and administration for employers and entrepreneurs.

Economic Update

About two weeks ago, we sent a “Market Update” to all our clients in the wake of back-to-back days of multiple hundreds of point drops in the Dow Jones Industrial Average (DJIA) and similar drops in the other major U.S. equity averages like the S&P 500 and the NASDAQ. We sent this update to help put in perspective the magnitude of the current market volatility and to briefly discuss why this volatility is occurring.

We want to again address this topic because the U.S. equity markets continue to trend downwards and with heightened volatility. Indeed, for much of December, the 3 major U.S. equity indices (as listed above) have been trading in correction territory. In other words, they have been trading 10% or more below the all-time highs they each reached earlier this year (in late September and early October).

As you might expect, we have talked with a number of our clients over the last month. Many of these calls and meetings related, at least in part, to the concern or anxiety some are feeling about the U.S. financial markets right now and what this volatility might portend for 2019. While we do not have a crystal ball and are not able to predict with any guaranteed degree of certainty what will happen in 2019, we continue to believe that the current financial market volatility is not suggestive of an impending recession. Rather, we believe the market volatility of late is a natural byproduct of the U.S. and global financial markets grappling with the end of highly accommodative monetary policies and the return to a more “normal” interest rate environment. We think this volatility is also a reaction to some of the global economic uncertainties related to the ongoing trade dispute between the U.S. and China and the impending Brexit.

For the last few years, many of the world economies steadily moved forward together, thanks, in part, to coordinated and accommodative central bank efforts in Europe and Asia (and previously in the U.S.). According to the International Monetary Fund (IMF), global GDP growth for 2017 was a healthy 3.7%. While this synchronized and robust global growth was a positive to the world’s economies, the concern now is that the global economy will soon experience a synchronized economic slowdown. Less accommodative monetary policies along with the trade

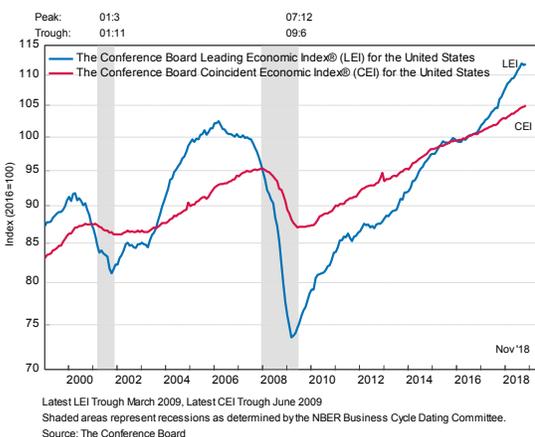
disputes and Brexit top the list of reasons why the global economy could slow. For now, however, the IMF predicts global GDP growth will remain at 3.7% for both 2018 and 2019. <https://www.imf.org/en/Publications/WEO/Issues/2018/09/24/world-economic-outlook-october-2018#Full%20Report>. Despite similar concerns about the U.S. economy, The Conference Board predicts annual GDP growth will be 2.9% for both 2018 and 2019 and then will slow to 2.2% for 2020. <https://www.conference-board.org/data/usforecast.cfm>. The Conference Board’s Leading Economic Index (“LEI”) also rose slightly in November as you can see in the chart at left:

https://www.conference-board.org/pdf_free/press/US%20LEI%20-%20Press%20Release%20DECEMBER%202018.pdf

The LEI measures the rate of change in 10 key leading economic data points such as building permits, consumer confidence, unemployment, and new orders for consumer goods and materials. It is a good measure of the expected future health of the U.S. economy. At present, the broad strength recently evidenced in most of the 10 economic data points suggests the U.S. economy will continue to support economic growth in excess of 2% in 2019 and possibly in 2020 as well. The Federal Reserve, in its December 19th press release announcing its last 25 basis point fed funds rate increase for 2018, also noted the U.S. economy continues to be robust:

Information received since the Federal Open Market Committee met in November indicates that the labor market has continued to strengthen and that economic activity has been rising at a strong rate. Job gains have been strong, on average, in recent months, and the unemployment rate has remained low. Household spending has continued to grow strongly, while growth of business fixed investment has moderated from its rapid pace earlier in the year. On a 12-month basis, both overall inflation and inflation for items other than food and energy remain near 2 percent. Indicators of longer-term inflation expectations are little changed, on balance.

The Conference Board Leading Economic Index® (LEI) for the U.S. Increased in November



Despite the investor angst that is partially caused by the recent market volatility, the U.S. economy appears poised to remain on its path of reasonably paced economic growth in 2019 and possibly beyond. Admittedly, the pace of growth may gradually slow later in 2019 and into 2020, but, that is to be expected given the Federal Reserve's two-pronged effort to control inflation, reduce its balance sheet, and return the economy to a more "normal" interest rate environment. The Fed is simultaneously raising interest rates in small increments (0.25% at a time) and very gradually reducing its balance sheet by decreasing its reinvestment of the proceeds it receives as the bonds it owns come due. The U.S. economy must also grapple with a tight labor market, very low unemployment and a marked lack of available skilled workers, the eventual economic ramifications of higher tariffs and the ongoing trade dispute with China, and several geo-political uncertainties including Brexit. There is certainly no shortage of challenging geo-political and economic issues at the moment!

Despite these issues, the U.S. economy continues to exhibit its resilience. The Consumer Confidence Index pulled back slightly in November but remains at a historically high level. Also, as noted above, the LEI rose 0.2% and exhibited broad-based strength. Inflation continues to hover relatively close to the Federal Reserve's target of 2%, unemployment remains at a 48-year low, job growth is strong, and wages are continuing to rise. Most U.S. consumers are employed and earning more now than they did a year or two ago. This bodes well for the U.S. economy in 2019 because U.S. consumers are a key driver of economic activity.

While we feel fairly positive about 2019, we recognize that economic and geo-political conditions can change unexpectedly. We also recognize that excessive volatility – especially in conjunction with a seemingly never-ending stream of alarmist news stories – can unnerve and unnecessarily worry and confuse investors. Please, do not ever hesitate to call or email your team at BLB&B Advisors if you are concerned. Also, please keep in mind that when we build and manage portfolios we take into account that economies ebb and flow, that geo-political events may arise at any time, and that volatility occasionally spikes and investors sometimes panic. Portfolio diversification can help to soften the blow in difficult financial markets. Similarly, maintaining investment discipline and resisting the urge to "sell everything" also generally pays off big over the longer haul.

Spotlight on Community Service



Diana Loukedis Doherty,
Manager, BLBB Charitable

TTrue philanthropy involves more than just a financial investment, it involves "showing up" for causes we care about, through volunteering and community service in addition to monetary donations. The employees of BLB&B Advisors demonstrated a strong sense of service to nonprofit organizations throughout 2018, and BLBB Charitable reinforced that philanthropic spirit through its Matching Gift and Volunteer & Board Service Incentive programs. Despite the rigors of professional and family life, BLB&B employees make the time to volunteer in their communities, lending their time and talent free of charge to charitable causes. Those employees who serve on a standing committee or board of a nonprofit organization, or who devote more than 50 hours a year to volunteer service to a nonprofit, can apply for Service Grants to benefit those organizations, ranging from \$1,000 to \$5,000 per year. **In 2018, BLBB Charitable granted \$45,500 to nonprofit organizations through the Volunteer & Board Service Incentive program, reflecting BLBB Charitable's commitment to encouraging those volunteer efforts.**

The firm's employees also make personal donations to charitable causes throughout the year, and through the Matching Gift program, employees can apply for a 2:1 match for donations they have made to nonprofit organizations, with a minimum of \$100 and a maximum of \$5,000. **BLBB Charitable proudly distributed more than \$58,000 in grant dollars to nonprofit organizations as a result of Matching Gift requests in 2018, increasing the impact of BLB&B employees' personal giving for the benefit of worthy causes!** These giving programs supplement the grantmaking priorities of BLBB Charitable, dedicated to supporting initiatives that help people discover their true and full potential through educational and leadership opportunities. Learn more about BLBB Charitable at www.blbb.com/charitable.



**The
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For more than 5 years, a number of BLBB financial advisors have worked closely with The Gwynedd Company's CEO, Ed Barnes, and other members of his staff, to design, build, manage, and administer a number of employer-sponsored retirement plans for corporate and not-for-profit entities in the Mid-Atlantic area. We all quickly realized that there were many similarities between BLBB and The Gwynedd Company – the most important being an unwavering commitment to providing high-touch client service and the highest quality financial planning, investment management, and retirement plan services.

This past year, The Gwynedd Company began to consider the possibility of joining forces with another investment advisory firm in order to be able to offer the next level of supportive services to their valued clients and friends. They eventually broached this subject with us and after careful consideration we realized their client-focused culture was quite similar to ours and their comprehensive retirement plan services offering would further enhance our capabilities and service offerings in this practice area. In other words, we saw the potential for significant synergies to arise as a result of The Gwynedd Company joining our firm.

Already, and as a result of The Gwynedd Company joining BLBB, we are proud to announce the formation of BLB&B Plan Services, LLC – and the creation of a comprehensive and turnkey employer-sponsored retirement plan offering that entrepreneurs and business owners can provide to their employees. In particular, BLB&B Plan Services not only monitors and follows the trends and changes in laws affecting retirement plans, thereby providing clients with the insights necessary to create and maintain high-quality retirement programs, but also handles every aspect of plan administration. Our third-party administrative services include periodic participant statements, government reporting, plan communications, IRS discrimination testing, employee presentations, etc. We also provide extensive support to payroll and human resources departments. In short, business owners and entrepreneurs can look to BLB&B Plan Services for a wide variety of retirement plan services including 401K plan design and administration, profit sharing plan recordkeeping, non-qualified deferred compensation design and administration, ESOP design and administration, plan conversion and takeover, money purchase plan recordkeeping, executive benefit plan design, and ERISA 403b plans.

We are excited to start 2019 with such a positive step forward for our firm. Between the new building, the addition of The Gwynedd Company, and the ongoing expansion of our service offerings, we are even better prepared and able to provide our clients with sophisticated, comprehensive, and integrated financial planning and asset management services tailored to their specific needs and circumstances. Please stay tuned for more details from BLBB as the year progresses.



BLB&B Advisors, LLC
FINANCIAL GUIDANCE SINCE 1964



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