NATIONAL WEALTH ADVISORS Inc.

Business & Personal Financial Planning

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SUMMIT FINANCIAL, LLC.

October 2018 Investment Newsletter

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Monthly Summary

October was distinguished by the return of volatility, as the S&P 500 moved more than 1% in nine out of twenty-two trading sessions. A barrage of economic and geopolitical crosscurrents spooked investors. All told, domestic stocks ended the month down nearly 7%. Hawkish rhetoric from Fed Chief Powell stirred up fears the Fed may raise too aggressively. Uncertainty surrounding the midterm elections and the potential for expanded tariffs on Chinese imports dominated headlines. Sharp losses in large cap tech stocks led to worries that recent market leaders have peaked and are poised for more declines. Half of S&P 500 companies have reported and over 75% announced positive earnings surprises. Market action may be indicating the point has been reached where "good news is bad news," meaning strong earnings and economic data may in fact be bad because it could be the impetus for excessive Fed tightening.

In the U.S., large caps outpaced small caps and value outperformed growth. Fixed income declined as rates rose across the curve and credit spreads widened. International markets fared no better than the U.S. Trade tensions and slowing GDP growth weighed heavily on Chinese markets. Other emerging markets, heavily reliant on China, struggled due to the Middle Kingdom's weakness, a stronger dollar, and idiosyncratic geopolitical issues. European stocks fell on continued traction from populist movements, Italian budget issues, trade protectionism, and Brexit concerns. Despite these headwinds, the ECB stood firm in its plan to end its bond-buying program in December.

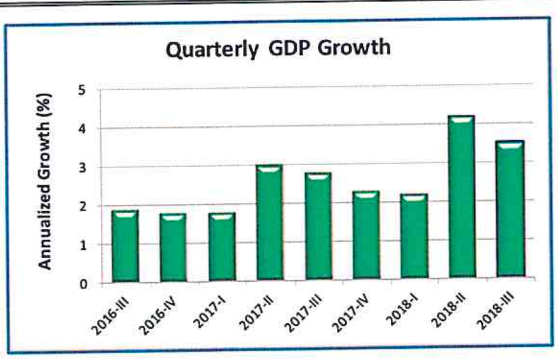
Third quarter U.S. GDP was strong at 3.5%, driven by consumer spending and inventories. Slowing housing, weak business spending, and net exports detracted. Inflation has moderated in recent months after reaching nearly 3% in the Summer. Months like October bring to the fore the benefits of diversification and how imperative it is to have a portfolio aligned with one's risk tolerance.

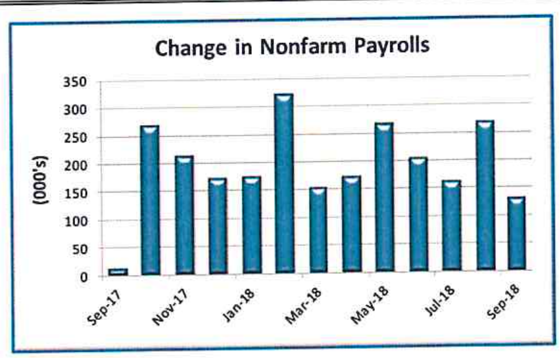
Economic Data

General	Prior	Current
GDP growth	4.2% (Q2 2018)	3.5% (Q3 2018)
Trade balance	-$50.0B (Jul)	-$52.2B (Aug)

Employment	Prior	Current
Initial jobless claims	216,000 (10/21)	214,000 (10/28)
Continuing claims	1.63MM (10/14)	1.63MM (10/21)
Change in non-farm payrolls	270,000 (Aug)	134,000 (Sep)
Unemployment rate	3.9% (Aug)	3.7% (Sep)
Average weekly hours	34.5 (Aug)	34.5 (Sep)

Consumer	Prior	Current
Consumer confidence index (Conference Board)	135.3 (Sep)	137.9 (Oct)
Retail sales growth	0.1% (Aug)	0.1% (Sep)

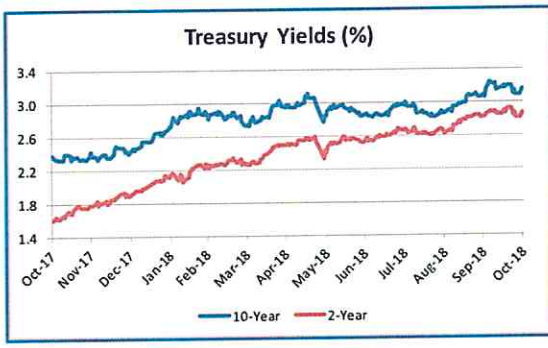




Manufacturing & Service	Prior	Current
ISM manufacturing index	61.3 (Aug)	59.8 (Sep)
ISM non-manufacturing index	58.5 (Aug)	61.6 (Sep)
Durable goods orders growth	4.6% (Aug)	0.8% (Sep)
Industrial production growth	0.4% (Aug)	0.3% (Sep)
Capacity utilization	78.1% (Aug)	78.1% (Sep)

Real Estate	Prior	Current
New home sales	585,000 (Aug)	553,000 (Sep)
Existing home sales	5.3MM (Aug)	5.2MM (Sep)
S&P CoreLogic CS home price index (YoY)	6.0% (Jul)	5.8% (Aug)

Inflation	Prior	Current
Consumer price index/Core (YoY growth)	2.7%/2.2% (Aug)	2.3%/2.2% (Sep)
Producer price index/Core (YoY growth)	2.8%/2.3% (Aug)	2.6%/2.9% (Sep)



Market Returns

	Oct 2018	YTD 2018
Fixed Income		
BBgBarc Aggregate Bond	-0.8%	-2.4%
BBgBarc Municipal Bond	-0.6%	-1.0%
BBgBarc Gbl Agg. ex. U.S.	-1.4%	-4.4%
Alternatives		
Bloomberg Commodity	-2.2%	-4.1%
DJ U.S. Real Estate	-2.7%	-0.7%

	Oct 2018	YTD 2018
Domestic Equities		
Wilshire 5000	-7.3%	2.5%
S&P 500	-6.8%	3.0%
Russell 2000	-10.9%	-0.6%
International Equities		
MSCI EAFE (Developed)	-8.0%	-9.3%
MSCI EM (Emerging)	-8.7%	-15.7%