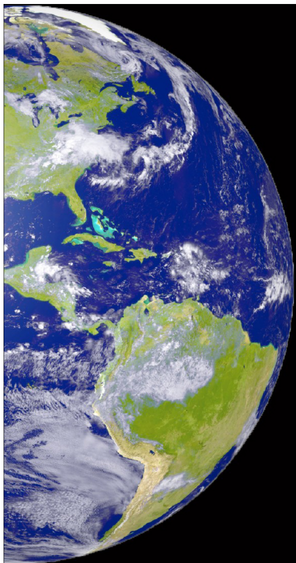

November/December, 2018

THE GLOBAL INVESTMENT PULSE

Published By

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EXPECT MORE STOCK MARKET VOLATILITY IN 2019!

By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

The Stock Market has had some fun with investors over the past 3½ months culminating in a "Reverse Santa Clause Rally" during the month of December. In fact, unless there is some amazing stock market rally during the last day of December, this will be the worst December in decades, performance-wise.

Volatility, prior to the Stock Market Correction that started in late September, was a little less than the historical average of approximately a 19.27 S&P 500 VIX reading (an expectation of the S&P 500's expected volatility reading) and substantially higher than 2017's approximate average of 9.50. As we sit on December 28th, the next to last trading day of 2018, with a VIX expected volatility reading of 28.23, it is likely investors will continue to experience volatility at the current levels, especially as long as the Federal Reserve Board continues to raise interest rates.

Volatility, *continued on page 11*

AVOIDING THE TRAIN WRECK

"AVOID THE TRAIN WRECK" FREE WEBCAST

Presentor: Louis P. Stanasolovich, CFP®, CEO and President of Legend Financial Advisors, Inc.®

"2019 Financial Markets Outlook: Avoid The Train Wreck"

Thursday, January 10th at 7:00 p.m. Eastern Time

Wednesday, January 16th at Noon Eastern Time

Registration: Urgent Deadline – Limited Registrations Available

He will discuss the following topics and more:

1. What Possible Dangers Lurk Ahead? Recession; U.S. Dollar Crashes; Bond Losses; Equity Bear Markets
2. Will U.S. And Global Expansion Continue?
3. How Will Rising U.S. And Worldwide Interest Rates Affect The Stock And Bond Markets?

Train Wreck, *continued on page 3*

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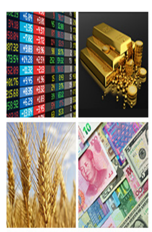

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LOUIS P. STANASOLOVICH, CFP®, EDITOR

Louis P. Stanasolovich, CFP® is founder, CCO, CEO and President of Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc.® Lou is one of only four advisors nationwide to be selected 12 consecutive times by Worth magazine as one of "The Top 100 Wealth Advisors" in the country. Lou has also been selected 13 times by Medical Economics magazine as one of "The 150 Best Financial Advisors for Doctors in America", twice as one of "The 100 Great Financial Planners in America" by Mutual Funds magazine, five times by Dental Practice Report as one of "The Best Financial Advisors for Dentists In America" and once by Barron's as one of "The Top 100 Independent Financial Advisors". Lou was selected by Financial Planning magazine as part of their inaugural Influencer Awards for the Wealth Creator award recognizing the advisor who has made the most significant contributions to best practices for portfolio management. He has been named to Investment Advisor magazine's "IA 25" list three times, ranking the 25 most influential people in and around the financial advisory profession as well as being named by Financial Planning magazine as one of the country's "Movers & Shakers" recognizing the top individuals who have done the most to advance the financial advisory profession.

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To view the Webcast as well as the entire list of Legend's educational Webcasts, go to www.legend-financial.com/financial-webcasts. Future Webcasts will be posted to Legend's Website within a few days of each live event.

PULSE

Train Wreck, *continued from page 1*

4. How To Defend Against Bear Markets?

5. Where Are 2019's Best Investment Opportunities?

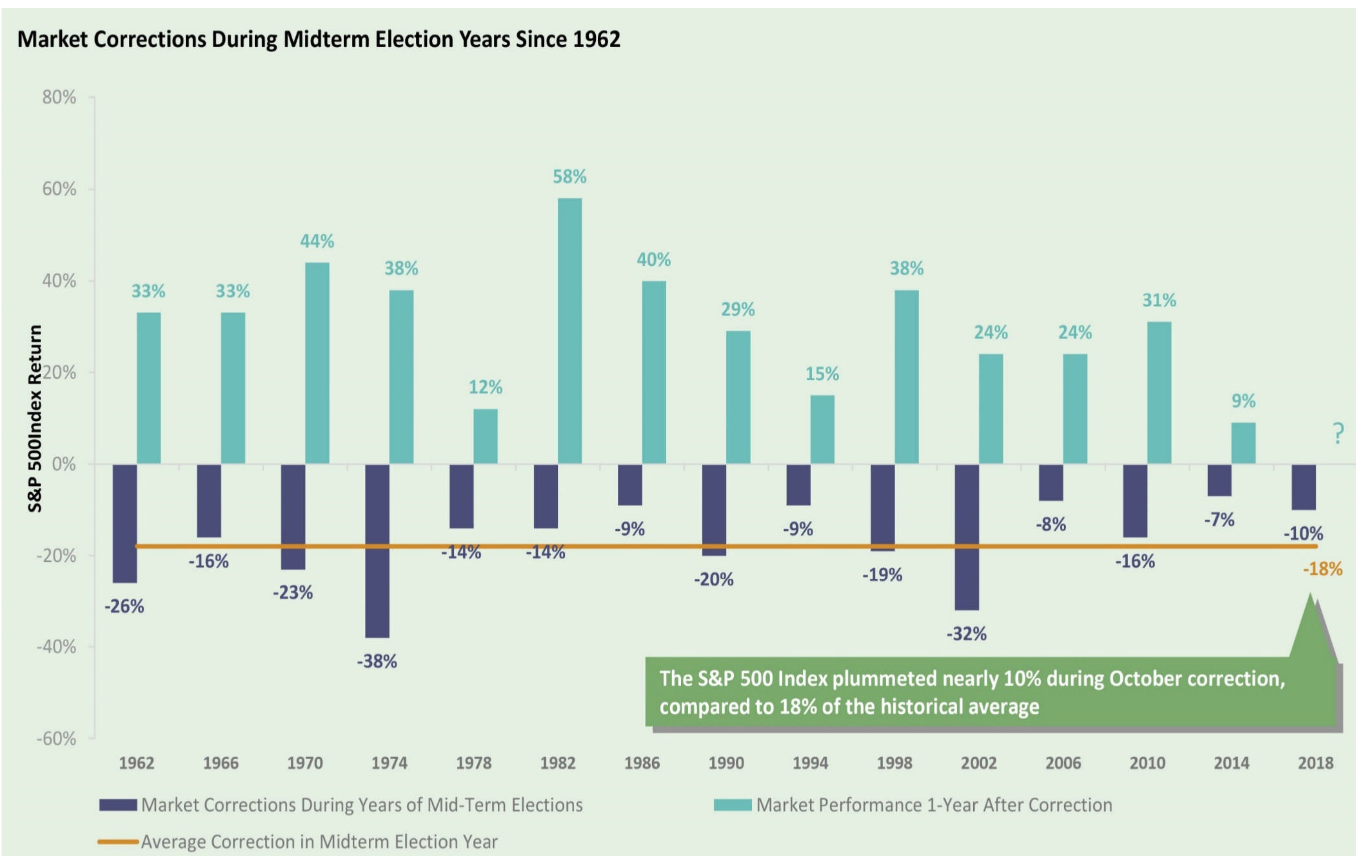
Lou is a winner of over 35 major national "Best Advisor" type awards (See Lou's bio on page 2) and is the CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Registration is **free**. Please feel free to invite relatives, friends, colleagues, etc. to attend.

PULSE

MID-TERM ELECTIONS

While the average market correction during midterm election years is 18.0%, stocks have historically bounced back every time by an average of 31.0%



As of: November, 2018

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Source: Strategas Research via State Street Global Advisors, *Chart Pack*, November, 2018

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PULSE

2018 STOCK MARKET INDEX DECLINES SINCE THEIR PEAK

Geographic Location	Index Name	Date of Peak	Loss Through December 27th
U.S.	S&P 500	September 20, 2018	-14.64%
	Dow Jones Industrials	October 3, 2018	-13.25%
	Dow Jones Transports	September 14, 2018	-20.59%
	Dow Jones Utilities	November 14, 2017	-4.63%
	NASDAQ Composite	August 29, 2018	-18.56%
	Russell 2000	August 31, 2018	-23.15%
	NYSE Financials	January 26, 2018	-19.11%
	Value Line Arithmetic	August 29, 2018	-19.49%
	S&P High Beta Index	January 26, 2018	-22.10%
	S&P Low Volatility	December 3, 2018	-8.02%
World (Global)	Global Dow	January 26, 2018	-16.51%
	S&P Global 100	January 26, 2018	-12.78%
(U.S. Stocks Included)	NYSE World Leaders	January 26, 2018	-17.47%
	AC World	January 26, 2018	-16.19%
(In U.S. Dollars)	ACWI Equal Weight	January 29, 2018	-19.76%
	MSCI World	January 26, 2018	-15.20%
	MSCI World Small	January 26, 2018	-19.28%
Foreign	ACWI Ex USA	January 26, 2018	-20.90%
	ACWI Ex USA Small	January 26, 2018	-24.48%
(U.S. Stocks Excluded)	MSCI World Ex USA	January 25, 2018	-20.18%
	MSCI EAFE	January 25, 2018	-20.27%
(In U.S. Dollars)	MSCI Emerging Mkts.	January 26, 2018	-23.28%
	MSCI BRIC	January 26, 2018	-24.51%
	MSCI Frontier Mkts.	January 22, 2018	-21.98%

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CURRENT GLOBAL RECESSION PROBABILITY APPROACHING AN 85 SCORE!

By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and
EmergingWealth Investment Management, Inc.®

According to the chart below which focuses on Global Recessions that is provided by Ned Davis Research, Inc. via CMG Wealth Management, Inc. it is highly likely that we will have a Global Recession starting in the near future. The gray shaded areas below are historical Recessions and the blue line is the probability of a Recession when it exceeds the 70 level. Historically, when the blue line exceeds 70, there is a Recession 91.5% of the time. As the viewer can see in the chart, these probabilities almost never miss in terms of forecasting a Recession. Currently, the reading is almost 85.

Please note this is not a forecast of a Recession in the United States. However, generally when there is a Global Recession almost always the United States catches a cold from the rest of the world, which puts them into a Recession as well.

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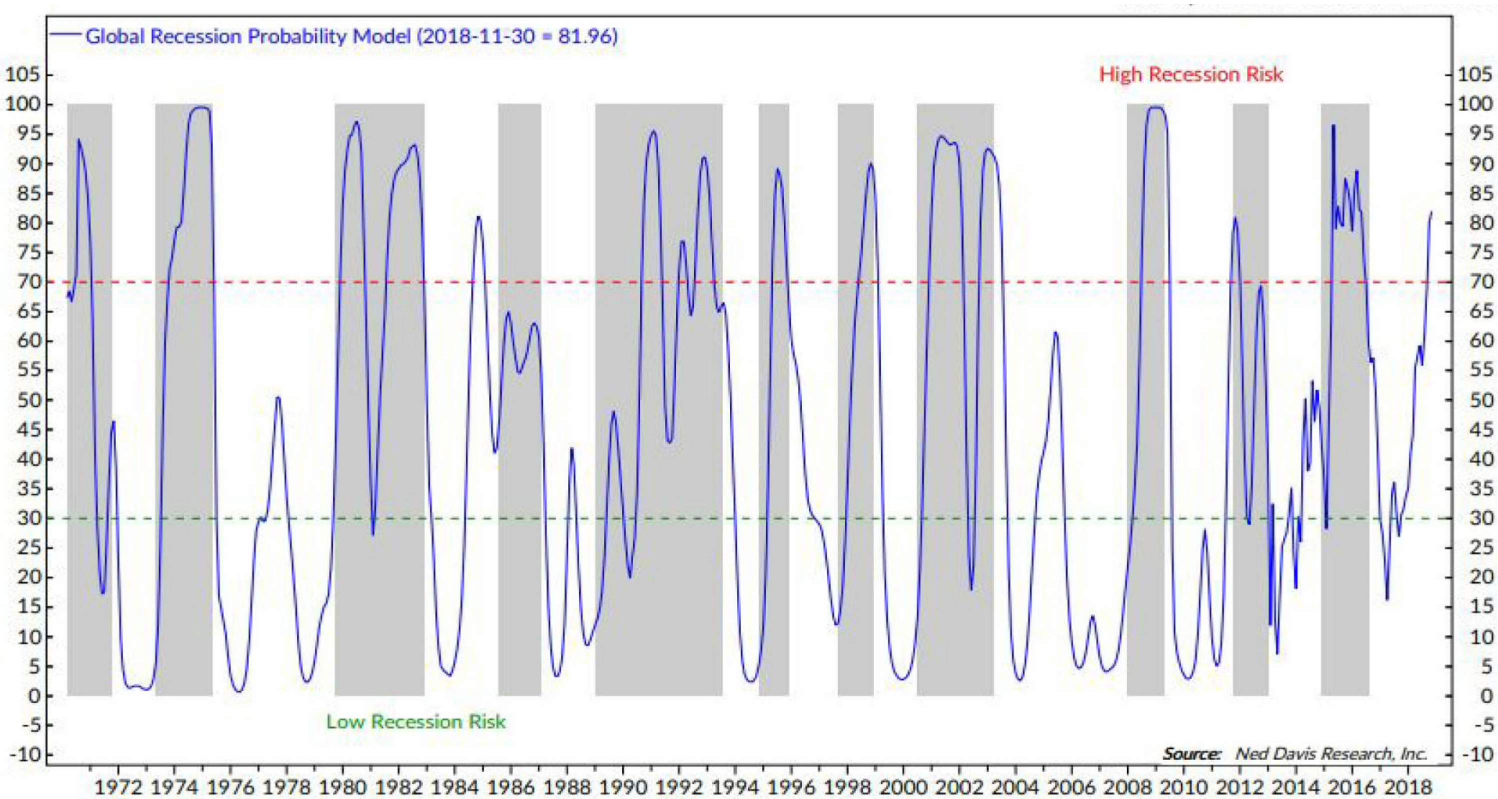
GLOBAL RECESSION PROBABILITY MODEL

Monthly Data 3/31/1970 to 11/30/2018



Shaded Areas Represent OECD-Defined Global Recession Periods

Analysis Dates: 1970-03-31 - 2018-11-30		
	Actual:	
Probability Model	Recession (% of Time)	No Recession (% of Time)
Above 70	91.50	8.50
Between 30 and 70	50.25	49.75
Below 30	15.74	84.26

As of: December 5, 2018

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Source: Ned Davis Research, Inc. CMG Capital Management Group, Inc., *Trade Signals*, December 5, 2018, www.cmgwealth.com

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FED WATCH

INTEREST RATES AS OF DECEMBER 21, 2018

Fed Funds Rate Range:	**2.25 – 2.50%**
Fed Discount Rate:	**3.00%**

2019 UPCOMING FED MEETING SCHEDULE

January	**30-31**	**June**	**12-13**	**November**	**7-8**
March	**20-21**	**Jul/Aug**	**31-1**	**December**	**18-19**
May	**1-2**	**September**	**25-26**		

Source: Bloomberg Investment Services

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HISTORICAL AVERAGE ANNUAL DEFAULT RATE

COLLATERALIZED LOAN OBLIGATION DEBT (CLO)

1. CLO debt has continued to offer significant yield potential
2. Trades at a discount to par offering an opportunity for price appreciation
3. CLO debt has historically had very few defaults and low credit risk
4. CLO debt also floats based on 90-day LIBOR* which is currently 231 basis points (as of 3/31/2018)

*London Interbank Offer Rate (A sort of International Prime Rate)

Sector	Yield	Historical Average Annual Default Rate
CLO AAA	3.29%	0.00%
CLO AA	3.68%	0.00%
CLO A	4.48%	0.03%
CLO BBB	5.53%	0.13%
CLO BB	8.29%	0.47%
CLO B	10.17%	2.59%
Floating Rate Bank Loan BB/B	5.89%	3.20%
High Yield	6.33%	3.00%

Past performance is no guarantee of future returns.

Source: CLO yields from JP Morgan CLOIE Index, CLO average annual default rates from Moody's 2000-2014; Floating Rate Bank Loan BB/B (JLYMSBB) yields and default rates from JP Morgan 1998-2017, High Yield yield from BAML and default rates from JPM 1982-2017, as of December 29, 2017.

As of: March 31, 2018

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INTEREST RATES ARE ALREADY CLOBBERING CONSUMER STOCKS

By Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC

"Three steps and a stumble" was the old rule of thumb for timing the impact of Fed tightening interest rates on the stock market. However, that rule has usually proven too generous for the Consumer Discretionary stocks, which have tended to make their cyclical relative strength peaks in conjunction with the first hike in the Federal Funds rate (Table 1, below). That tendency had been playing out to a "T" in this cycle, too, until relative strength reversed sharply about a year ago. The sector reached an all-time relative strength high in June.

Discretionary stocks at new relative highs would normally suggest that interest rates need to move higher to achieve a braking effect. However, it's not the broad Discretionary sector that's been able to shrug off the effects of Fed tightening… it's merely Amazon (Chart 1, on the top of page 9). The stock has almost tripled since the first Fed rate hike in December 2015, and is solely responsible for the sector's modest capitalization weighted outperformance during the last 34 months. However, the average S&P 500 Consumer Discretionary stock has delivered only about half the gain of the S&P 500 in that time (up 21.0% versus +41.0% for the index).

Chart 2, on the bottom of page 9, attempts to strip out the massive Amazon effect, and it suggests the Discretionary sector is behaving as it usually does during any Fed tightening campaign. Of course, Amazon's effect on Discretionary (and other sectors) is so pervasive that it can't truly be stripped out. To the contrary, Amazon's ascendance is in part responsible for the demise of many consumer names.

Source: This article was excerpted from "Rates Are Already Clobbering Consumer Stocks", by Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC, (*Perception Express*, October 5, 2018), http://leuth.us/stock-market

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TABLE 1

Month of Initial Increase in Fed Funds Rate	S&P 500 Consumer Discretionary Relative Performance: 6 Mos. Later	12 Mos. Later	24 Mos. Later
March 1983	-6.0 %	-12.2 %	-3.4 %
November 1986	-2.0	-17.9	-7.1
February 1994	-7.0	-12.1	-24.4
June 1999	1.1	-11.3	1.6
June 2004	5.3	-0.7	-10.6
December 2015	-2.7	-5.2	0.4
Average	**-1.9 %**	**-9.9 %**	**-8.3 %**

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Interest Rates, *continued on page 9*

Interest Rates, continued from page 8

CHART 1

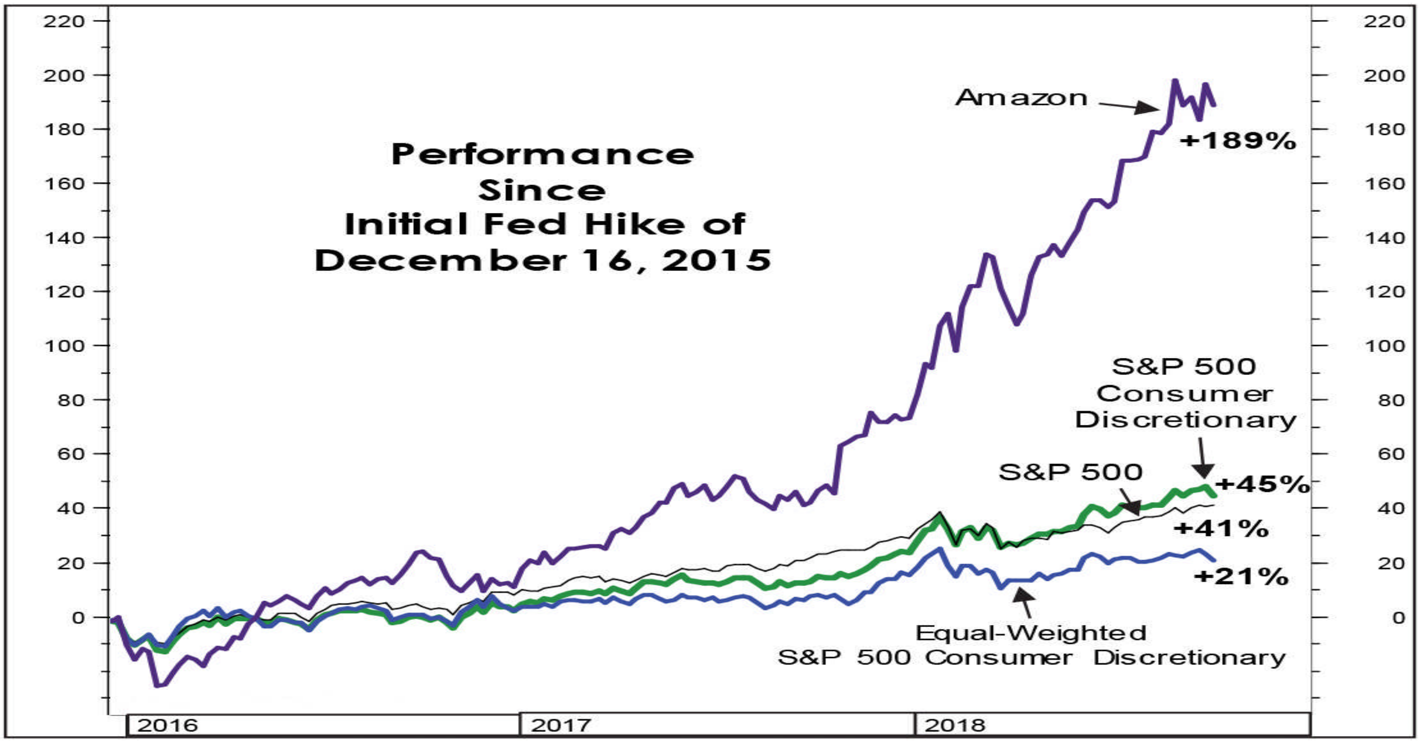

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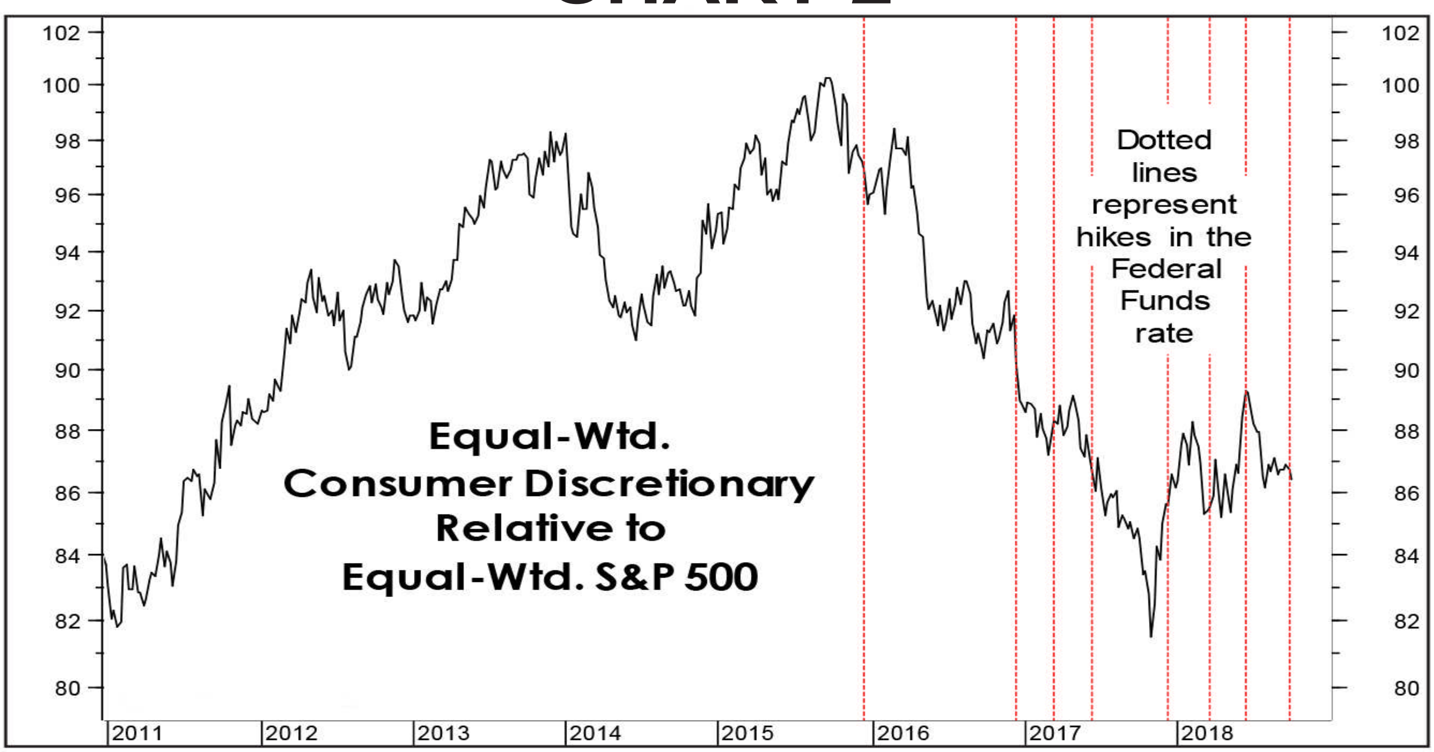
CHART 2



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EXCERPTS FROM
STOCKS JUST DELIVERED A STRONG DEFLATIONARY IMPULSE

By Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC

As Edited By Louis P. Stanasolovich, CFP®, CCO, CEO and President of Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.®

Market declines as steep as the recent one almost invariably lead to a significant decline in Consumer Price Inflation over the subsequent twelve months. A disproportionately large number of market declines have ended just beyond the -19.0% threshold, and for now, the current Severe Correction qualifies for that list. Therefore, the change in Consumer Price Inflation for the twelve months following market declines which exceeded the -19.0% threshold. Obviously, in the cases of extended Bear Markets like 2000-2002 and 2007-2009, that threshold was surpassed midway through the declines, while in 1990, 1998, and 2011, the market low was recorded that day.

The important thing to recognize is that a market decline of this size tends to generate a strong deflationary impulse—an impulse that was felt regardless of whether or not the stock market decline continued. The Consumer Price Inflation rate has fallen an average of -1.2% in the twelve months following a 19.0% drawdown on the S&P 500 (Table 1, to the top right), with two major signal failures occurring near the 1973 (OPEC) and 1979 (Iran) oil price shocks.

Chart 1, below, highlights all of the signals since 1950.

As a result, investors have just suffered a negative wealth effect that will likely work to tamp down inflation over the next year. The most intriguing aspect of this study was that the deflationary impact occurred whether or not the stock market decline continued beyond the -19.0% threshold. (Perhaps that's why bond yields failed to move higher during the stock market's increase on December 26th and 27th.)

Date on which decline in S&P 500 exceeded 19%	Subsequent 12-month change in Consumer Price Inflation
October 21, 1957	-0.8 %
May 28, 1962	-0.3
August 29, 1966	-1.0
January 27, 1970	-0.9
November 26, 1973	3.9 ← 1st oil shock (OPEC embargo)
March 6, 1978	3.5 ← 2nd oil shock (Iranian Revolution)
September 25, 1981	-5.9
October 19, 1987	-0.3
October 11, 1990	-3.4
August 31, 1998	0.6
March 2, 2001	-1.4
July 2, 2008	-7.7
October 3, 2011	-1.4
December 24, 2018	?
Average	**-1.2 %**
Median	**-0.9 %**
Excluding oil shocks:	
Average	**-2.0 %**
Median	**-1.0 %**

As of: December 28, 2018
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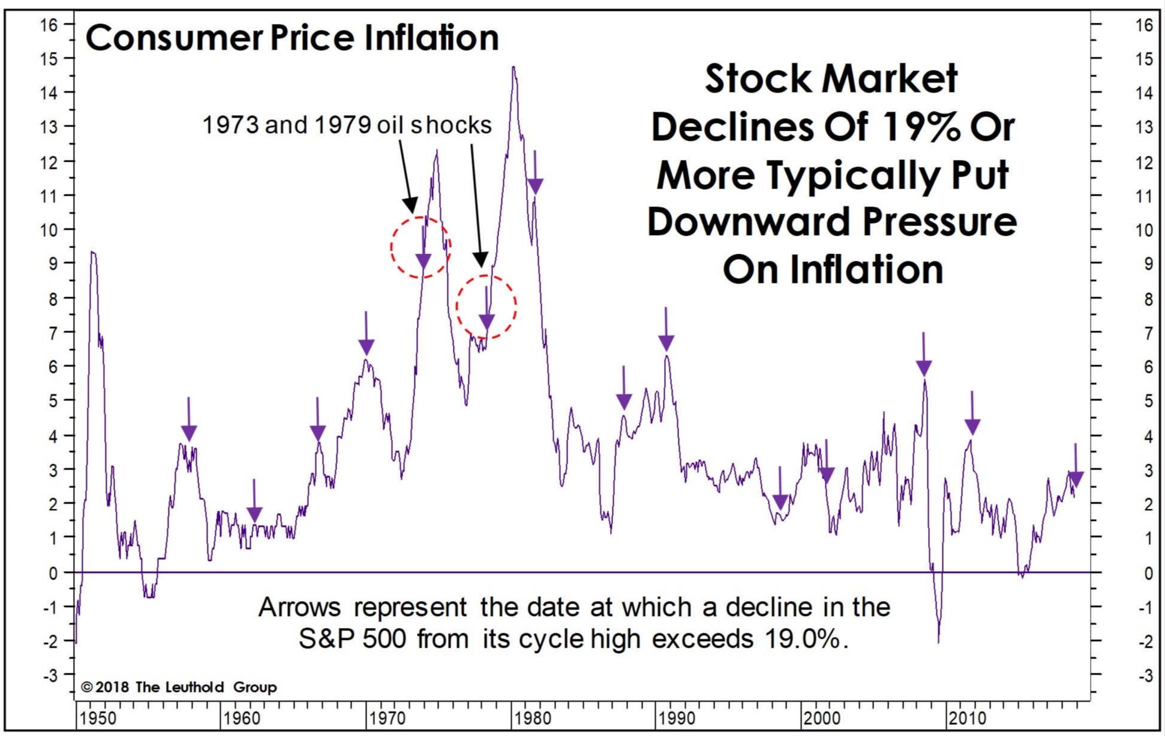
Source: The Leuthold Group, LLC, *Chart of the Week*, December 28, 2018, REPRINTED WITH PERMISSION FROM THE LEUTHOLD GROUP, LLC



As of: December 28, 2018

Source: The Leuthold Group, LLC, *Chart of the Week*, December 28, 2018, REPRINTED WITH PERMISSION FROM THE LEUTHOLD GROUP, LLC

Source: This article was excerpted from "Stocks Just Delivered A Strong Deflationary Impulse", by Doug Ramsey, CFA, CMT, Chief Investment Officer, The Leuthold Group, LLC, (Chart of the Week, December 28, 2018)

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Volatility, continued from page 1

What is not expected yet is a full-fledged Bear Stock Market (a 20.0% decline). While a few of the 11 individual sectors of the S&P 500 have moved into Bear Market territory recently, most have not. The S&P, until the two-day post-Christmas rally, had losses in the high teens, but no Bear Market—so far.

Historically, since 1940, only two Bear Markets have occurred without a Recession; The 1962 Cuban Missile Crisis period and the 1973 Pre-Recession downturn. Could the current decline be the third? Anything is possible! However, there is no U.S. Recession on the horizon yet. The next 12 months will no doubt provide some foresight.

2019 Forecast: Continuing Volatility for equities, and to a lesser degree, bonds with possible profits obtained from Recession-oriented themes—Stay tuned!

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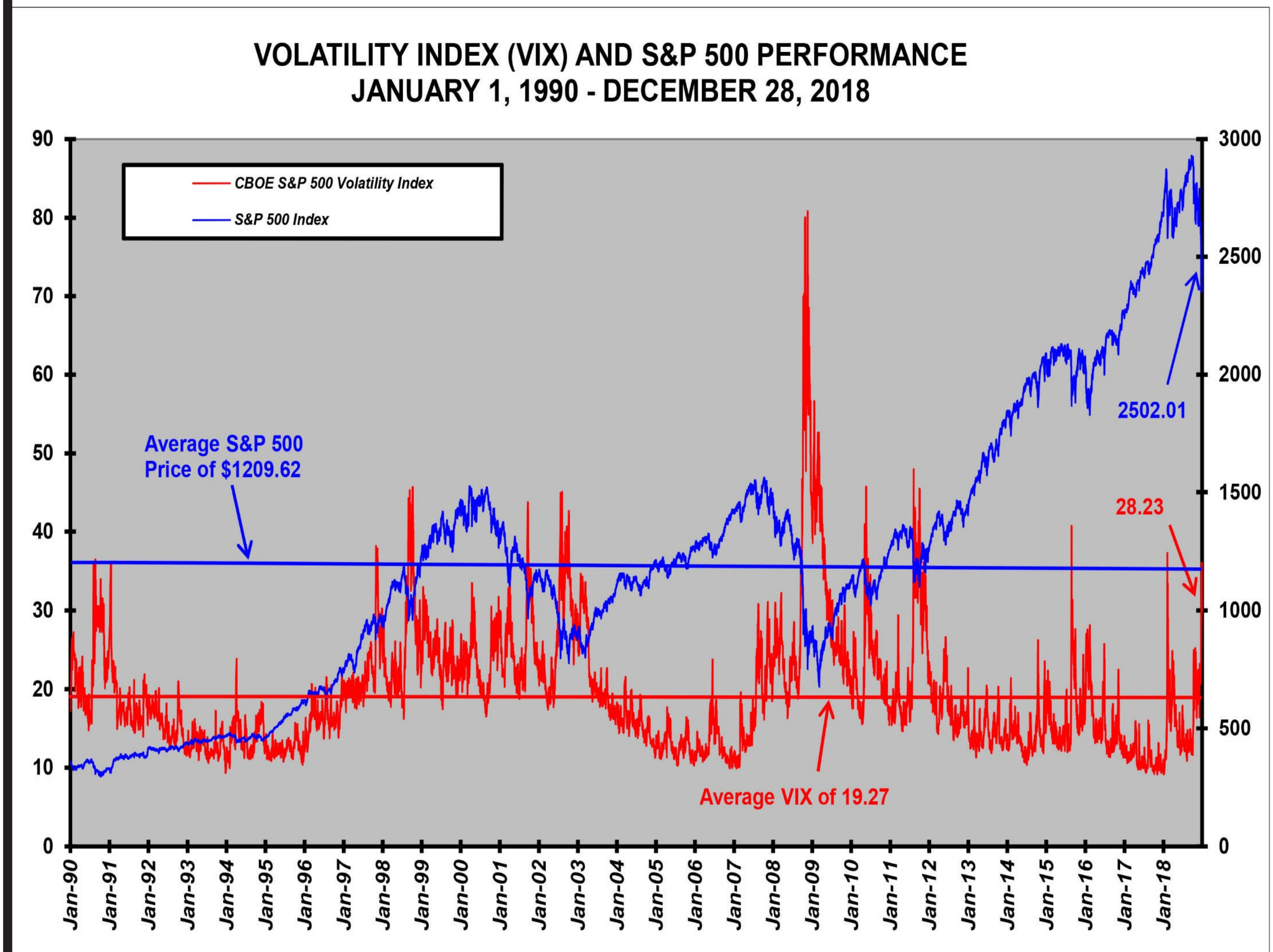
The **CBOE Volatility Index**, commonly known by its ticker symbol, VIX, is a popular measure of the stock market's expectation of volatility implied by S&P 500 index Options. It is calculated and disseminated on a real-time basis by the Chicago Board Options Exchange (CBOE), and is commonly referred to as the Fear Index or the Fear Gauge.



SOURCE: BLOOMBERG INVESTMENT SERVICE

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2018 YEAR-TO-DATE PERFORMANCE

January 1, 2018 to November 30, 2018
(11 months)

	2018 Year-To-Date
Consumer Price Index (Inflation)	2.24%
90-Day Treasury Bills Index-Total Return	1.74%
Bloomberg Intermediate Term Corporate Bond Index	-0.45%
Barclays Aggregate Bond Index-Total Return	-1.79%
High Yield Corporate Bond Index – Total Return	-1.25%
S&P Leveraged Loan Index – Total Return	3.09%
HFRX Global Hedge Fund Index	-4.89%
S&P 500 Index (U.S. Stock Market)	5.10%
MSCI EAFE Index (Developed Foreign Equities)	-8.92%
MSCI Emerging Market Index (Equities)	-12.02%
Newedge CTA Index (Managed Futures)	-7.18%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-6.36%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	3.95%
Gold Bullion	-6.81%

As of: November 30, 2018

Compound and Total Returns include reinvested dividends. Newedge Index is equally-weighted.

** USD = U.S. Dollar

Source: Bloomberg Investment Service

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SECULAR BEAR MARKET WATCH

April 1, 2000 to November 30, 2018
(18 years and 8 months)

	Annual Compound Return	Total Return
Consumer Price Index (Inflation)	2.09%	47.22%
90-Day Treasury Bills Index-Total Return	1.57%	33.64%
Barclays Aggregate Bond Index-Total Return	4.70%	135.84%
High Yield Corporate Bond Index – Total Return	8.45%	355.43%
S&P Leveraged Loan Index – Total Return	4.85%	142.32%
HFRX Global Hedge Fund Index	2.15%	48.81%
S&P 500 Index (U.S. Stock Market)	5.35%	164.85%
MSCI EAFE Index (Developed Foreign Equities)	3.29%	83.08%
MSCI Emerging Market Index (Equities)	6.52%	225.66%
Newedge CTA Index (Managed Futures)	4.00%	108.21%
Dow Jones–UBS Commodity Index-Total Return (USD)**	-0.94%	-16.20%
Dow Jones U.S. Real Estate Index-Total Return (USD)**	10.38%	532.19%
Gold Bullion	8.23%	338.29%

As of: November 30, 2018

Compound and Total Returns include reinvested dividends. MSCI Indexes do not include dividends prior to 2002. Newedge Index is equally-weighted.

** USD = U.S. Dollar

Source: Bloomberg Investment Service

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Note: During Secular Bear markets U.S. Stocks have historically returned a little more than inflation or a little less than inflation—plus or minus 1.50%—and generally last between 15 to 25 years. The last Secular Bear market (1966 to 1982) lasted 17 years and underperformed inflation by approximately one-half of one percent per year. The other Secular Bear markets since 1900 were 1901 to 1920 and 1929 to 1949. In both cases, the U.S. Stock market outperformed inflation by approximately 1.50% per year. All of the aforementioned performance numbers are pre-tax.

The performance of the U.S. Stock market so far in the current period (April 1, 2000 to the present) certainly appears to indicate that we are in a Secular Bear market. Long-term returns (over the next 10 years) for the S&P 500 will probably be slightly worse than the last 18 years and 8 months. Current 10 year normalized P/Es (long-term valuations) indicate approximate annual compound returns of slightly less than 3.00% over the next 10 years. Of course during the next 10 years, returns during various periods will be significantly higher and lower than the expected return. For example, the more the stock market rises in the near term, the less returns after that period will be and vice versa.

WORLD MARKET PERFORMANCE IN 2018

(MSCI Indexes In U.S. Dollars, Excluding Dividends Through December 6th)

Winners		Losers			
Israel	4.0 %	Russia	-0.4 %	France	-14.1 %
United States	0.8	Peru	-0.8	Denmark	-15.3
		Brazil	-3.3	Sweden	-16.6
		Thailand	-3.7	China	-16.7
		New Zealand	-5.1	Philippines	-17.1
		Finland	-5.8	Spain	-17.3
		Czech Republic	-6.2	United Kingdom	-17.6
		Columbia	-7.6	Chile	-18.6
		Norway	-7.7	Italy	-19.0
		Hungary	-8.1	Mexico	-19.9
		Switzerland	-9.1	Korea	-21.3
		Malaysia	-9.8	Egypt	-21.7
		Morocco	-10.1	Germany	-22.0
		Hong Kong	-10.2	Austria	-23.8
		Japan	-10.3	Belgium	-25.5
		Sri Lanka	-11.3	Ireland	-27.3
		Singapore	-12.0	South Africa	-27.8
		Indonesia	-12.1	Greece	-31.1
		Netherlands	-12.3	Pakistan	-32.9
		India	-12.4	Turkey	-43.5
		Taiwan	-12.9	Argentina	-48.5
		Jordan	-13.1		
		Portugal	-13.8	**ACWI**	**-6.6 %**
		Poland	-13.9	**ACWI Ex USA**	**-14.6**
		Australia	-14.0	**Median Country**	**-13.8**
		Canada	-14.0		

As of: December 7, 2018

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Source: The Leuthold Group, LLC, *Perception Express*, December 7, 2018, http://leuth.us/stock-market

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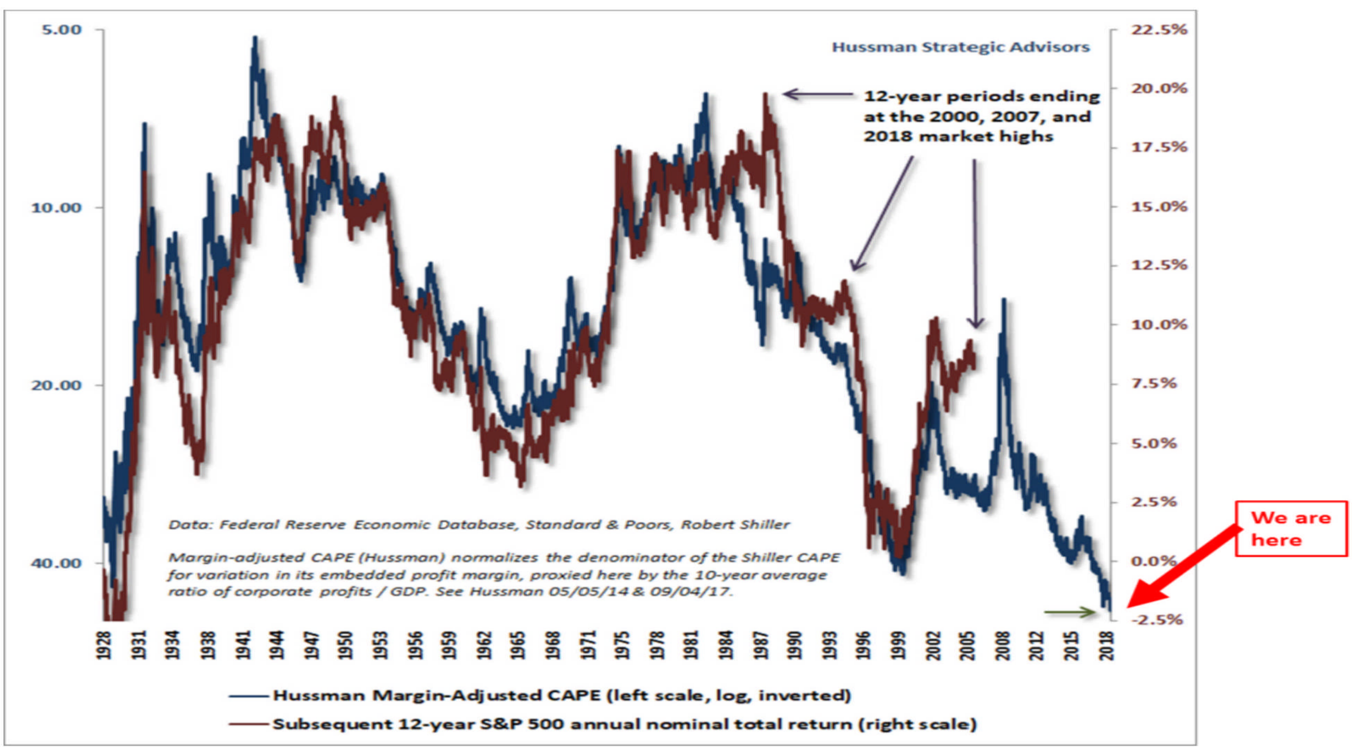
FORECAST FOR NEXT 12-YEAR RETURNS IS STILL NEGATIVE 2.0%



As of: September 7, 2018

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Source: Hussman Strategic Advisors via CMG Capital Management Group, LLC, *On My Radar*, September 7, 2018,www.hussman.com

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Legend Financial Advisors, Inc.® (Legend) and EmergingWealth Investment Management, Inc.® (EmergingWealth) offer Personalized Investment Management Services to individuals and institutions. Investment portfolios are developed to match the client's return and risk requirements, which are determined by the clients' completion of a Risk Comfort Zone Questionnaire, with the guidance of a Legend Wealth Advisor or EmergingWealth Advisor, respectively. Each type of investment portfolio is managed to achieve the short, intermediate and long-term investment objectives of the client, as may be applicable.

INVESTMENT PROCESS

Investment Portfolios:

Unlike most financial advisory firms that offer one style of investment or portfolio type, we offer a wide array of investment portfolios that usually fit with the large majority of client needs. If necessary, we will create customized solutions as well. For the types of investment portfolios, please see our Investment Portfolios, Potential Return and Risk Spectrum Chart on the next page. For a detailed description of our portfolios, please contact Louis P. Stanasolovich, CFP®, founder, CCO, CEO and President of both firms for a confidential discussion at (412) 635-9210 or e-mail us at legend@legend-financial.com.

Investment Research:

Our Investment Committee performs extensive research to identify opportunities, mitigate risks and structure investment portfolios. Emphasis is placed on developing portfolios that maximize the potential return relative to the amount of risk taken.

In-depth due diligence including face-to-face interviews in many instances with portfolio managers for open-end mutual funds is performed on each investment we select for a portfolio. Factors (both from a qualitative and quantitative standpoint) that we conduct a thorough analysis of each investment include, but is not limited to, liquidity (including the primary investment and/or the underlying investments, if utilizing pass through vehicles such as open-end mutual funds or exchange-traded products), income taxation, all related costs, return potential, drawdown potential (historical declines from peak-to-trough), volatility and management issues (Anything having to do with the management team of a stock, open-end mutual fund or an exchange-traded product.).

All portfolios for EmergingWealth are subadvised by Legend.

Client Education:

Education is very important to us. We are dedicated to educating each client about the different investment portfolio types and how they relate to market volatility, time horizons, and investment returns. It is our goal to ensure that the client understands and agrees with our investment philosophy. Furthermore, we assist each client in selecting a risk tolerance level with which they are comfortable. Ultimately, an investment portfolio is designed to meet the client's objectives.

PERFORMANCE REPORTING

Many investment firms only offer monthly brokerage statements, which provide minimal information; typically only account and investment balances. We, on the other hand, provide detailed quarterly reports that outline performance, income and management fees (among other items) in a simple, easy-to-read report. In addition, each performance report is sent with an extensive index page that illustrates the investment environment during the reporting period.

FEES

To find out more about the fees for either Legend or EmergingWealth's Investment Management services, please contact Louis P. Stanasolovich, CFP®, founder, CCO, CEO and President of both firms for a confidential discussion at (412) 635-9210 or e-mail us at legend@legend-financial.com.