



Dear Clients and Friends,

The US stock market marched steadily upward during the 4th quarter of 2017 and finished with the broad stock averages at all-time highs. There were almost no retreats during the year, as most of the modest downward blips were temporary reactions to single news headlines, not changes in established trends. Interest rates rose modestly as the Fed pushed the Fed Funds rate up another ¼% and indicated that more increases were likely this year. Long term rates barely budged, and the yield curve flattened somewhat, which provoked some commentary that the “tightening” by the Fed could provoke a recession. Our opinion is that with rates at historic lows it is very unlikely that a recession is nearby; most indicators demonstrate an economy growing at an increasingly healthy pace.

The biggest political story in December was the passage of the Tax Reform Act of 2017, the first major piece of legislation the Trump administration was able to achieve. The package is immensely complicated and appears to be tilted in favor of high-earning/wealthy taxpayers, while the middle class receives only modest benefits, and residents of states with high income and/or real estate taxes will suffer considerably from the reduced deductibility of these items. The stock market has responded positively to the thought that the large drop in corporate tax rates will result in larger dividends and earnings, but it is unclear whether there will be any noticeable economic stimulus from it.

A few administrative reminders:

- Brave Asset Management, Inc. website has launched, please visit it at www.braveasset.com.
- Please call our office when requesting funds to be transferred or changes to your account, in some cases paperwork may be required.
- Pershing does not charge to send federal fund wires to your bank account. To avoid your bank’s fees, please set up ACH transfer instructions with us.
- You can access Pershing’s NetXInvestor website or download the app. By visiting the site, you can access your daily account activity, including monthly statements and 1099’s. If you are not sure if you have a username or password, please contact Suzie and she will assist you with access. Pershing’s phased mailing of the 1099’s will begin on January 31, 2018 and will conclude on or about March 15, 2018.
- 2017 Year to date realized gains and loss, income and expense detailed information is in the December 31, 2017 Brave Asset Management, Inc. reports enclosed. If you would like us to send the information to your tax advisor please send Suzie an email with their name, phone number, fax number and email address.

As always, we welcome your comments and questions. Please don’t hesitate to call or visit at any time.

Brett, Dave, and Scott