



FOUNDER'S MESSAGE

A SPECIAL NOTE FROM APRIEM ADVISORS' FOUNDER, HARMON KONG

Twenty years ago, Apriem Advisors was founded as Iwomoto-Kong Wealth Management. Born out of the desire to cultivate meaningful relationships between clients and their advisors, we set out to serve 'to the highest degree' because to us business has never just been business. It always was and always will be personal.



To mark this milestone, we are rolling out a special logo that commemorates our 20th anniversary. It's a symbol of our longevity and continued dedication to client service. The past two decades would not have been possible without the incredible clients we are privileged to serve. You are the heart of our mission and the reason we work diligently every day so that, together, we can identify and achieve the financial success you desire.

To the Apriem team, thank you. The dedication and determination of every individual working at this company is admirable. Each of you continues to embrace the ideals we had set forth at our founding.

Apriem starts at a human level. We continue to strive for excellence in service and integrity as we build relationships and find purpose. It has been an honor and the opportunity of a lifetime to be a part of this journey with each and every one of you. I am indescribably grateful and eager to see where the next 20 years takes us.

Sincerely,

*Harmon A Kong, CFP
Founding Principal*

MARKET UPDATE

NEW TAX LAW DRIVES MARKET MOMENTUM

Despite chilling temperatures sweeping across the U.S., the stock market has remained hot through January with the first signs of a sell-off coming in early February. Tax reform legislation, officially being signed into law in December, is responsible for much of this bullish behavior.

The highly anticipated bill was the best gift Corporate America could have asked for, as it is

expected to create a surge in profits and incentivize greater investment in the U.S. going forward. This is good news for economic growth and job creation, which will be the key to continuing positive market momentum.

While the news out of Washington grabbed most of the headlines in December, the Federal Reserve did raise interest rates for a third time in 2017. *(continued. pg 3)*

CHICAGO

APRIEM @ SCHWAB IMPACT IN CHICAGO

The Apriem Advisors team attended the Schwab IMPACT 2017 conference in Chicago and got to see some of the world's greatest influencers in economics, politics, technology, philanthropy and entertainment.

David Cameron, former prime minister of the United Kingdom, spoke about U.S. politics, regulation, immigration and reflected on the U.K.'s historical "Brexit" referendum to withdraw from the European Union. On the latter, he said he believes there's an 80 percent chance that it will be fully implemented, but it was our own CIO Benjamin Lau's question that took center stage. His query, which was voted the top question by the audience, asked the prime minister: "Goldman Sachs' CEO recently called for the UK to have another vote on Brexit to make sure it is the will of the people. Do you agree?"

For video of Cameron's response, check out our Facebook page: facebook.com/ApriemAdvisors/.

Other notable speakers included Michael Lewis, bestselling author of "Moneyball" and "The Big Short;" Theo Epstein, Chicago Cubs president of baseball operations; Mick Ebeling, humanitarian and founder of Not Impossible Lab, a company who makes technology for the sake of humanity; and Liz Ann Sonders, Schwab's chief investment strategist who discussed her economic outlook.

We also participated in a variety of insightful side sessions. One of Apriem President Rhonda Ducote's favorites was with Greg Valliere, chief political strategist of Horizon Investments. Notably, he said it was unlikely that anything on estate tax will happen in 2018.

Our vice president, Landon Yoshida, CRPC, attended a retirement planning session that focused on issues facing retirees and senior investors as well as a session about internship programs that give college students progressive, hands-on experience in the finance world.



Jennifer Olson, CFA, CFP, Apriem's senior financial analyst, attended the "Women's Think Tank" with Rhonda to learn how to advance Apriem's Women of Wisdom (WOW) program. With the financial industry in need of female advisors, it was interesting hear about different perspectives on how to encourage and mentor female college students interested in financial careers.

IMPACT concluded with a special event that transformed McCormick Place into a version of the Chicago Social Club, with rising R&B superstar Leon Bridges.

SCHWAB GRADUATION

RHONDA THE ROCKSTAR



In early January, Apriem President Rhonda Ducote graduated from the Schwab Executive Leadership Program, an MBA-equivalent for registered investment advisors. The elite training program, which is only open to about 30 professionals each year, was held in Dallas, Texas.

It focuses on developing leadership, innovation, talent management, strategic marketing and entrepreneurship skills to help prepare leaders to manage and grow their firms. The program features experts and academics from big universities who share their expertise.

MARKET UPDATE

(from pg 1) The meeting made headlines after the Fed revised its 2018 economic growth expectations upward.

Even with the wide array of good news making its way through the markets, some of the year's best performing sectors cooled off at the end of 2017 as investors took year-end profits and allocated monies toward some of last year's worst performing sectors, such as Energy. Despite the modest sector rotation in the final week of 2017 and more recent fluctuations in February, strong market and economic fundamentals affirm Apriem's current allocation to the U.S. equity markets.

Equity markets overseas recorded another strong month in December, after a weak November. International equities outperformed U.S. equities, following the overall theme for 2017. The story moving into 2018 is the continuing strength of synchronized global economic expansion. Just as in the U.S., the European Central Bank met and revised 2018 economic growth expectations upwards in December, citing stronger business investment and greater household wealth. While interest rates remained unchanged throughout Europe, the bank will slow down its economic stimulus initiative, signifying confidence in the European economy.

Emerging markets continue to offer vast opportunities for investment, as countries such as Brazil, India and China experience substantial technological advancement while maintaining room for growth. With equity valuations in international markets significantly below those in the U.S., there is a strong argument for persisting outperformance in 2018. One valuation measure, which sheds light on this scenario, is the Cyclically Adjusted P/E or "CAPE Ratio" for short. Developed by Nobel Laureate, Robert Shiller, this ratio measures valuations over a 10-year cycle. As shown in the chart below, emerging market stocks, indicated by the white line, are much cheaper than the yellow line representing the S&P 500. Apriem will maintain its current allocation to international markets heading into 2018.



Given the strong fundamentals of global equity markets and the current rising interest rate environment, investments in bonds look less attractive as we progress into 2018. While bonds remain an important component of Apriem's investment strategies, the firm's market outlook for the new year favors a higher allocation toward equities. Therefore, Apriem has reduced its allocation toward the fixed income markets and has increased equity exposure across all firm strategies and client portfolios.

Overall, we remain quite optimistic on equity markets here and around the world for the next few quarters. Combined with an uptick in momentum thanks to the new tax law, forward-looking economic indicators continue to point towards a strong economy. Despite the recent interest rate increases, we believe the corporate profits will continue to chug along.



Over the past several months, Apriem Advisors has been featured in various business-focused media outlets. View full articles at Apriem.com.

FINANCIAL POISE

How to Avoid Family Strife Over Inheritance

October 4, 2017

Apriem President Rhonda Ducote's national column reviews different strategies to help avoid family rivalries when divvying assets for inheritance.

Rhonda's previous columns from *Financial Poise* can be viewed on our website at: apriem.com/women-of-wisdom/

ORANGE COUNTY BUSINESS JOURNAL

Whose Intelligence To Believe: OC AI

October 9, 2017

Apriem Chief Investment Officer Benjamin Lau discusses the soaring shares of orange county artificial intelligence company Veritone.

REUTERS

Net Neutrality Takes to Television

November 21, 2017

Apriem Chief Investment Officer, Benjamin Lau joins Reuters TV's Fred Katayama to chat net neutrality and the FCC's plans to roll back regulations.

FINANCIAL POISE

Giving Season

December 20, 2017

In her national column Rhonda Ducote, President of Apriem Advisors, examines the various ways women can leave assets to charities and how to evaluate each method to choose the one that fits best.

THE STREET

Walmart Poised to Pick Up Speed in 2018

September 5, 2017

Jennifer Olson, Apriem Senior Financial Analyst, explores Walmart's growth strategy for 2018 with The Street and explores why investors could see big returns from the retail giant.



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