

Market Indices ¹	March	1Q 2016	Year-to-Date
S&P 500	6.78%	1.35%	1.35%
Russell 3000	7.04%	0.97%	0.97%
MSCI EAFE	6.51%	-3.01%	-3.01%
MSCI Emerging Markets	13.23%	5.71%	5.71%
Barclays U.S. Aggregate Bond	0.92%	3.03%	3.03%
Barclays U.S. Municipal Bond	0.32%	1.67%	1.67%
Barclays U.S. Corporate High Yield	4.44%	3.35%	3.35%

¹Morningstar Direct (all performance percentages are total return based, which include reinvested dividend, interest)

At-A-Glance

- The S&P 500 finished March with its best monthly performance since October 2015.
- Crude oil climbed 14% in March, rebounding over 24% from a 12-year low reached on February 11.
- The U.S. Dollar Index lost 3.9% in March, its steepest pullback since September 2010. A weaker dollar boosts commodities as well as making U.S. goods more attractive for export.

Rounding out a rocky quarter, the S&P 500 and Dow Jones Industrial Average ended the quarter just off their 2016 highs. Investors enjoyed a remarkable seven-week recovery that more than erased losses from the worst-ever start to a year. Equity markets were initially hurt by concerns over slowing growth in China and continued weakness in oil prices. However, the market's resurgence was sparked by a bevy of corporate stock buybacks and dovish central bank actions and comments from Asia, Europe, and America; with each pledging further accommodation should economic conditions warrant the need. Impressively, the S&P 500 rallied nearly 13% since its February 11 low. In fact, the recovery marked the first time since 1933 that the S&P 500 completed a three-month increase after falling more than 10% during the same period. The NASDAQ Composite Index jumped 6.94% in March, but ended the quarter with a 2.43% loss, its worst first quarter performance since 2009. The Dow Jones Industrial Average surged 7.22% in March to end the quarter with a 2.20% return.

Though small-cap U.S. companies outperformed large-cap stocks in March, they trailed for the quarter and year. The Russell 2000 Index, a broad measure of small-cap equity performance, rose 7.98% last month, while falling 1.52% during the first quarter and year-to-date (YTD) periods. Mid-cap stocks performed best, with the Russell Midcap Index surging 8.19% last month, while gaining 2.24% for the quarter.

Value-oriented stocks outperformed growth stocks during March and the quarter. The Russell 1000 Value Index returned 7.20% last month and gained 1.64% during the first quarter. The Russell 1000 Growth Index gained 6.74% in March and rose 0.74% for the quarter.

Within the S&P 500, all ten major sector groups posted March gains, led by Energy (+9.31%), Technology (+9.15%) and Utilities (+8.03%). Healthcare (+2.77%) gained the least. For the quarter and YTD, eight of the ten sectors advanced, with Telecom (+16.61%) and Utilities (+15.56%) up the most, while Healthcare (-5.50%) and Financials (-5.06%) declined.

The MSCI EAFE Index, measuring returns on developed markets outside the U.S. and Canada, underperformed domestic equities in March and during the first quarter. The MSCI EAFE returned 6.51% last month, while falling 3.01% for the quarter. European shares, as measured by the STOXX Europe 600 Index, gained 1.49% in March. Despite rebounding almost 12% since mid-February, the index still finished the quarter down 6.96%.

The MSCI Emerging Markets Index jumped 13.23% in March, its largest monthly gain since October 2011, and rose 5.71% in the first quarter. China's Shanghai Composite Index rallied 11.75% in March, trimming its first quarter loss to 15.11%. Brazil was the best performing market in March, as the Ibovespa Stock Exchange Index posted a 16.97% gain. In U.S. dollar terms, that equates to a return of 30.32%.

After the U.S. Federal Reserve (Fed) raised interest rates in December for the first time in nearly a decade, Fed policymakers refrained from further tightening during their meetings in January and March. However, taking markets by surprise, Fed Chair Janet Yellen offered a decidedly dovish explanation. Citing global economic developments that continue to pose risks, the central bank now forecasts just two quarter-point rate hikes in 2016 instead of the four rate increases they forecasted in December.

Therefore, the “lower for longer” Fed Funds rate outlook had mixed results in the bond market. The Barclays U.S. Government Bond Index gained 0.16% last month, slightly extending its 2016 YTD gain to 3.12%. Benchmark 10-year Treasury notes have rallied in price over the past three months, pulling its yield down 50 basis points since the start of the year, ending the first quarter at 1.77%. Investment grade bonds, as measured by the Barclays U.S. Aggregate Bond Index, gained 0.92% in March, widening its first quarter gain to 3.03%.

At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, which measures returns on below-investment grade corporate bonds, surged 4.44% in March and capped the first quarter with a 3.35% return. The Barclays Municipal Bond Index rose 0.32% last month, extending its first quarter return to 1.67%.

This report is created by Tower Square Investment Management LLC

About Tower Square Investment Management

Tower Square Investment Management LLC is an SEC registered investment adviser owned by Cetera Financial Group®. It provides investment research, portfolio and model management, and investment advice to its affiliated broker-dealers, dually-registered broker-dealers and registered investment advisers.

About Cetera Financial Group

Cetera Financial Group® is a leading network of independent retail broker-dealers empowering the delivery of objective financial advice to investors across the country through trusted financial advisors and financial institutions. The network is comprised of ten firms: four legacy Cetera-branded firms (Cetera Advisors, Cetera Advisor Networks, Cetera Investment Services, marketed as Cetera Financial Institutions, and Cetera Financial Specialists) along with First Allied Securities, Investors Capital, Legend Equities Corporation, Summit Brokerage, VSR Financial Services and Girard Securities.

Cetera Financial Group is the second-largest independent financial advisor network in the nation by number of advisors, as well as a leading provider of retail services to the investment programs of banks and credit unions. Cetera Financial Group delivers award-winning wealth management and advisory platforms, comprehensive broker-dealer and registered investment adviser services, and innovative technology to approximately 9,500 independent financial professionals and over 500 financial institutions nationwide. Through its distinct firms, Cetera Financial Group offers the benefits of a large, established broker-dealer and registered investment adviser, while serving independent and institutions-based financial advisors in a way that is customized to their needs and aspirations. Cetera Financial Group is committed to helping advisors grow their businesses and strengthen their relationships with clients. For more information, visit www.ceterafinancialgroup.com.

The material contained in this document was authored by and is the property of Tower Square Investment Management LLC. Tower Square Investment Management provides investment management and advisory services to a number of programs sponsored by affiliated and non-affiliated registered investment advisers. Your registered representative or investment adviser representative is not registered with Tower Square Investment Management and did not take part in the creation of this material. He or she may not be able to offer Tower Square Investment Management portfolio management services.

Nothing in this presentation should be construed as offering or disseminating specific investment, tax, or legal advice to any individual without the benefit of direct and specific consultation with an investment adviser representative authorized to offer Tower Square Investment Management services. Information contained herein shall not constitute an offer or a solicitation of any services. Past performance is not a guarantee of future results.

For more information about Tower Square Investment Management strategies and available advisory programs, please reference the Tower Square Investment Management LLC Form ADV disclosure brochure and the disclosure brochure for the registered investment adviser your adviser is registered with. Please consult with your adviser for his or her specific firm registrations and programs available.

No independent analysis has been performed and the material should not be construed as investment advice. Investment decisions should not be based on this material since the information contained here is a singular update, and prudent investment decisions require the analysis of a much broader collection of facts and context. All information is believed to be from reliable sources; however, we make no representation as to its completeness or accuracy. The opinions expressed are as of the date published and may change without notice. Any forward-looking statements are based on assumptions, may not materialize, and are subject to revision.

All economic and performance information is historical and not indicative of future results. The market indices discussed are not actively managed. Investors cannot directly invest in unmanaged indices. Please consult your financial advisor for more information.

Additional risks are associated with international investing, such as currency fluctuations, political and economic instability, and differences in accounting standards.

The **Barclays U.S. Aggregate Bond Index**, which used to be called the Lehman Aggregate Bond Index, is a broad base index, maintained by Barclays Capital, and it often used to represent investment grade bonds being traded in the U.S. Barclays Capital (BarCap) U.S. Aggregate Bond Index is made up of the Barclays Capital U.S. Government/Corporate Bond Index, Mortgage-Backed Securities Index, and Asset-Based Securities Index, including securities that are of investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least \$100 million.

The **Barclays U.S. Municipal Bond Index** is an unmanaged, market-value-weighted index of investment-grade municipal bonds with maturities of one year or more.

The **Barclays U.S. Corporate High Yield Index** measures the market of USD-denominated, non-investment grade, fixed-rate, taxable corporate bonds. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **Ibovespa Brasil Sao Paulo Stock Exchange Index**, also known as the BM&F Bovespa, is a gross total return index weighted by market value to the free float and is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange, currently 64 stocks in number.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

MSCI Emerging Markets is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad based index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **STOXX Europe 600 Index** is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalization companies across 18 countries of the European region: Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.