Quarterly
VANTAGE POINT

Market Indices[1]	December	4Q 2016	Full-Year 2016
S&P 500	1.98%	3.82%	11.96%
Russell 3000	1.95%	4.21%	12.74%
MSCI EAFE	3.42%	-0.71%	1.00%
MSCI Emerging Markets	0.22%	-4.16%	11.19%
Barclays U.S. Aggregate Bond	0.14%	-2.98%	2.65%
Barclays U.S. Municipal Bond	1.17%	-3.62%	0.25%
Barclays U.S. Corporate High Yield	1.85%	1.75%	17.13%

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

The Year At-A-Glance

- The S&P 500, including dividends, posted its eighth straight annual gain since the bull market began in March 2009.
- Oil rallied 45%, the most since 2009, as OPEC agreed to cut output for the first time in eight years.
- Bolstered by the oil recovery, non-investment grade U.S. corporate bonds surged over 17%, the most in a year since 2009, when prices of risky corporate debt recovered from the 2008 financial crisis.

The S&P 500 had a banner year in 2016, rebounding from the worst-ever start to a year, to post its strongest performance in two years. The Dow Industrials surged 16.50%, its best year since 2013, while the NASDAQ Composite returned 8.87%. In fact, segments of all three markets (stocks, bonds, and commodities) together closed out the year with double-digit gains for the first time in 17 years. The vast majority of gains arrived during the second half the year, as global angst over Brexit proved short-lived and the election victory of Donald Trump spurred the strongest equity rally following any presidential election in history. Investors widely expect that President-elect Trump will push Congress to enact his policies for infrastructure spending, deregulation and meaningful corporate tax cuts that together are expected to boost economic growth.

Key economic data released in the fourth quarter also helped to improve investor sentiment. Companies within the S&P 500 emerged from five straight quarters of negative aggregate earnings, while stronger readings of consumer spending and business investment spurred an upward revision of third quarter GDP to 3.5% from 3.2%. The revision represents the strongest pace of growth in two years and follows three consecutive quarters of sub-2% growth. In December, the Federal Reserve raised interest rates by one quarter point to a range of 0.50%-0.75%, its second increase in a decade, and signaled that further increases are likely in 2017.

By market capitalization, U.S. small cap companies performed best in 2016, widely outperforming large and mid cap stocks during the month, quarter and full-year periods. The Russell 2000 Index, a broad measure of small cap equity performance, rallied 2.8% in December and gained 8.83% and 21.31% respectively in the fourth quarter and year. Mid cap stocks rose 1.14% last month, while advancing 3.21% in the fourth quarter and 13.8% in 2016. Value-oriented stocks also widely outperformed, outpacing growth stocks during all three time periods. The Russell 1000 Value Index rose 2.5% in December, gained 6.68% during the quarter and returned 17.34% in 2016. In contrast, the Russell 1000 Growth Index rose 1.24% last month, and 1.01% and 7.08%respectively for the fourth quarter and year.

Within the S&P 500, eight of the 11 major sector groups posted fourth quarter gains, led by Financials (+21.1%), Energy (+7.28%) and Industrials (+7.21%). Real Estate (-4.41%), Healthcare (-4.0%)and Consumer Staples (-2.02%) declined during the quarter. For the full year, all, but one of the 11 sectors advanced, with Energy (+27.36%), Telecom (+23.49%) and Financials (+22.8%) taking top 2016 honors. Real Estate (+3.39%) rose the leastin 2016, while Healthcare (-2.69%) was the only sector to post a 2016 loss.

The MSCI EAFE Index, which measures returns on developed markets outside the U.S. and Canada, outperformed domestic equities in December, but widely underperformed the S&P 500 during the quarter and year. The MSCI EAFE advanced 3.42% last month, fell 0.71% in the fourth quarter and gained just 1.0% in 2016.

The Stoxx Europe 600 Index gained 2.31% last year, while Japan's Nikkei 225 rose 2.35%. Despite the surprise U.K. vote to leave the European Union, London's FTSE 100 Index finished the year near its all-time highposting a British pound-based gain of 19.38%. However, in U.S. dollar denominated terms, the FTSE 100 was virtually unchanged, up 0.03%. The pound slumped by approximately 16% against the U.S. dollar, making it the worst performing currency in the G-10 in 2016, despite post-Brexit stabilization. Though excluded from the MSCI EAFE Index, Canadian stocks performed best among all 24 of the world's developed nations. Canada's S&P/TSX Composite Index surged 21.08% in 2016, led by Materials (+39%) and Energy (+31%).

Emerging market stocks made a remarkable turnaround in the year, more than fully recovering from its 14.92% loss in 2015, but underperformed against U.S. equities in all three time periods. The MSCI Emerging Markets Index rose 0.22% in December, declined 4.16% during the fourth quarter and advanced 11.19% in 2016, its first annual gain in four years.

Turning to bonds, U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Government Bond Index, declined 0.11% in December and lost 3.72% in the fourth quarter, trimming its 2016 gain to 1.05%. The yield on benchmark 10-year Treasury notes reached 2.639% on December 15th, the highest level since 2014, and ended the year up 17 basis points at 2.445%. Investment grade bonds of all types, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, rose just 0.14% in December, fell 2.98% in the fourth quarter, paring its 2016 gain to 2.65%. Higher-rated corporate bonds slightly outperformed Treasuries last quarter, but outperformed for the year as the Bloomberg Barclays U.S. Corporate Investment Grade Bond index lost 2.83% in the fourth quarter, trimming its 2016 gained to 6.11%. All types of U.S. investment grade bonds have been pressured lower following the November 8 presidential election on speculation that Donald Trump's policies would fuel inflation and economic growth. It is anticipated to lead to a quicker pace of rate increases from the Federal Reserve. The U.S. Dollar Index slipped off its 103.30 year- and decade-high reached on December 28th, ending the year at 102.21, up 3.6%.

At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, which measures returns of below-investment grade corporate bonds, posted a December gain of 1.85%, extending its 2016 gain to 17.13%. Returns of non-investment grade high-yield corporate bonds in 2016 were primarily driven by the 45% surge in U.S. crude oil prices, leading to the recovery of beaten down energy and mining sector debt. The Bloomberg Barclays Municipal Bond Index lost 3.62% in the fourth quarter, leaving the index with a small 0.25% gain on the year.

The Bloomberg Commodities Index, which tracks futures-based returns on 22 commodities, posted its first annual gain in five years, extending its rally in December, the fourth quarter, and the year – advancing 1.80%, 2.66%, and 11.77% respectively. Gold rose 8.56% in 2016, its best year since 2011, while zinc registered the best performance among industrial metals, up 59% last year. In energy, while crude oil climbed 45% this year, natural gas futures outperformed, surging almost 60% in 2016. Natural gas prices jumped the most since 2005 as its increased use in electrical generation supplanted coal and also because shale gas producers idled a record number of producing wells this year. Recent bouts of frigid weather have also stirred increased gas demand.

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 (Cetera) is a leading network of independent retail broker-dealers empowering the delivery of objective financial advice to individuals, families and company retirement plans across the country through trusted financial advisors and financial institutions. Cetera 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.

Through its multiple distinct firms, Cetera* offers independent and institutions-based advisors the benefits of a large, established broker-dealer and registered investment adviser, while serving advisors and institutions in a way that is customized to their needs and aspirations. Advisor support resources offered through Cetera include award-winning wealth management and advisory platforms, comprehensive broker-dealer and registered investment adviser services, practice management support and innovative technology. For more information, visit ceterafinancialgroup.com.

"Cetera" refers to the network of retail independent broker-dealers encompassing Cetera Advisors, Cetera Advisor Networks, Cetera Investment Services, marketed as Cetera Financial Institutions, Cetera Financial Specialists, First Allied Securities, Girard Securities, and Summit Brokerage Services.

Disclosures

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.

Glossary

*The **Bloomberg Barclays US Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government–related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.*

*The **Bloomberg Barclays US Corporate (Investment Grade) Bond Index** measures the investment grade, fixed-rate, taxable corporate bond market. It includes USD-denominated securities publicly issued by U.S. and non-US private-sector industrial, utility and financial issuers. Certificates of deposit are also included. Launched in July 1973, securities included must be rated investment grade (Baa3/BBB-/BBB- or higher). Eligible senior and subordinated corporate securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 10.75 years. This total return index is unhedged and rebalances monthly.*

*The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. 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. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.*

*The **Bloomberg Barclays US Government Bond Index** is comprised of the US Treasury and US Agency Indices carrying at least investment grade ratings (Baa3/BBB- or higher) by Moody's and S&P. 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). Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 7.3 years. 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. This total return index is unhedged and rebalances monthly.*

*The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Many of the subindicies of the Municipal Index have historical data to January 1980. In addition, several subindicies based on maturity and revenue source have been created, some with inception dates after January 1980, but no later than July 1, 1993. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.*

*The **Bloomberg Barclays Global Aggregate Index** is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers. There are four regional aggregate benchmarks that largely comprise the index: the US Aggregate, the Pan-European Aggregate, the Asian-Pacific Aggregate, and the Canadian Aggregate Indices. Eligible securities must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, S&P, and Fitch; and have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.7 years. This total return index is unhedged and rebalances monthly.*

*The **Bloomberg Commodity Index** is a broadly diversified index that measures 22 exchange-traded futures on physical commodities in five groups (energy, agriculture, industrial metals, precious metals, and livestock), which are weighted to account for economic significance and market liquidity. No single commodity can comprise less than 2% or more than 15% of the index; and no group can represent more than 33% of the index. However, between rebalancings, group weightings may fluctuate to levels outside the limits. The index rebalances annually, weighted 2/3 by trading volume and 1/3 by world production*

*Canada's **S&P/TSX Composite Index** is the headline index for the Canadian equity market. It is the broadest in the S&P/TSX family and is the basis for multiple sub-indices including but not limited to equity indices, Income Trust Indices, Capped Indices, GICS Indices and market cap based indices. The Toronto Stock Exchange (TSX) serves as the distributor of both real-time and historical data for this index*

*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 **FTSE 100 Index** is a capitalization-weighted index of the 100 most highly capitalized companies traded on the London Stock Exchange. The equities use an investibility weighing in the index calculation and was developed with a base level of 1000 as of December 30, 1983.*

*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 Nikkei 225 Stock Average** is a price-weighted average of 225 top-rated Japanese companies listed in the First Section of the Tokyo Stock Exchange. The constituents are changed at the beginning of October every year based on an annual review by Nikkei, Inc. The Nikkei average was first published on May 16, 1949, where the average price was ¥176.21 with a divisor of 225.*

*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 an index of 500 stocks chosen for market size, liquidity and industry grouping (among other factors) designed to be a leading indicator of U.S. equities and is meant to reflect the risk/return characteristics of the large cap universe.*

*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.*