

Market Indices ¹	January	Year-to-Date
S&P 500	-4.96%	-4.96%
Russell 3000	-5.64%	-5.64%
MSCI EAFE	-7.23%	-7.23%
MSCI Emerging Markets	-6.49%	-6.49%
Barclays U.S. Aggregate Bond	1.38%	1.38%
Barclays Municipal	1.19%	1.19%
Barclays U.S. Corporate High Yield	-1.61%	-1.61%

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

At-A-Glance

- The Dow Jones Industrial Average declined 5.39% in January, while the NASDAQ Composite lost 7.82%.
- Market volatility dramatically increased in January.
- West Texas Intermediate (WTI) crude oil futures plunged 11.9% in January, as U.S. oil supplies reached near record levels and sanctions against Iranian oil exports were lifted.

U.S. stocks closed out their worst January performance since 2009, but the S&P 500 finished the month with the best single-day gain in over four months. Stocks traded sharply lower during the first half of the month, posting their worst 10-day start to a year on record, as oil prices plunged and China posted its weakest quarterly growth in decades. At its worst closing level on January 20, the S&P 500 was down 12.7% from its May 2015 record high, closer to a bear market than any time since 2011. It broke below several key support levels and reached an intra-day low of 1,812. Thereafter, however, the benchmark equity index rallied more than 7%. After closing well below \$30 per barrel on January 20, WTI crude oil gained \$5.27 per barrel and ended the month at \$33.62/barrel. The Bank of Japan also lifted investor sentiment by implementing a negative interest rate strategy, and a weaker-than-forecast fourth quarter GDP report suggests the Federal Reserve may slow its pace of additional interest rate hikes.

Just three of the ten major sector groups ended positive in January, led by Telecom (+6.77%), Utilities (+4.93%), and Consumer Staples (+0.65%). Materials (-10.57%), Financials (-8.85%), and Healthcare (-7.59%) fell the most last month. Energy (-3.02%) fell the least, helped by the end-of-the-month oil rebound.

Small-cap stocks, as measured by the Russell 2000 Index, lost 8.79% last month, underperforming against their mid and large-cap counterparts. Mid-cap stocks declined 6.55%, as measured by the Russell Midcap Index. Value stocks fell slightly less than growth stocks in January. The Russell 1000 Value Index was down 5.17%, while the Russell 1000 Growth Index fell 5.58%.

Internationally, the MSCI EAFE Index, a broad measure of global developed markets outside of the U.S. and Canada, fell 7.23% in January. The STOXX Europe 600 Index fell nearly 6.5%, while Japan's Nikkei 225 Stock Average sank almost 8%. The MSCI Emerging Markets Index declined 6.49% in January. China's Shanghai Composite plunged over 22.5%.

Treasuries, as measured by the Barclays U.S. Government Bond Index, gained 2.08% in January, while the Barclays U.S. Government Long Bond Index, which only includes long-term Treasuries, advanced 4.97%. The yield on benchmark 10-year U.S. Treasuries fell 34.8 basis points in January, ending at 1.922%. Compared with a 0.776% yield on U.S. two-year Treasuries, the yield on two-year sovereign debt in Japan and Germany ended January at -0.039% and -0.487% respectively.

The Barclays U.S. Municipal Bond Index rose 1.19% in January. U.S. investment grade corporate, government and agency-backed bonds, as measured by the Barclays U.S. Aggregate Bond Index, gained 1.38% last month. At the other end of the credit spectrum, the Barclays U.S. Corporate High Yield Index, a proxy for below-investment grade corporate bonds, lost 1.61% in January.

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 **Barclays U.S. Long Government Float Adjusted Bond Index** is a float adjusted version of the U.S. Government Bond Index, which tracks the market for U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government owned or government sponsored entities, and debt explicitly guaranteed by the U.S. government). The (long) index uses the same eligibility criteria as the U.S. Government Index, but excludes U.S. agency debentures held in the Federal Reserve SOMA account. To be included in the U.S. Long Government Float Adjusted Index, securities must have at least ten years to final maturity. The Barclays float adjusted index family was launched in July 2009 with an inception date of July 1, 2009.

The **CBOE Volatility Index® (VIX®)** is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

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 **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 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.*

***West Texas Intermediate (WTI)** is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.*