

MONTHLY CAPITAL MARKETS REVIEW

News from Asset Management Services Institutional Research

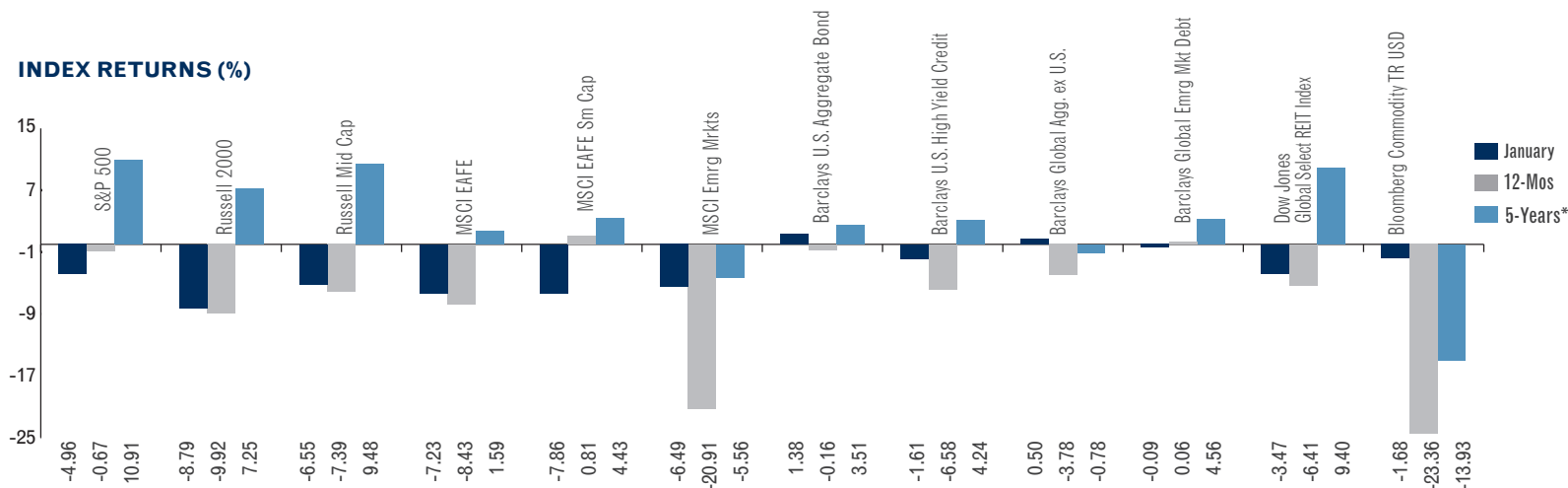
JANUARY HIGHLIGHTS

• Although U.S. large cap equity outperformed mid and small cap, U.S. large cap lost 4.96% in January, as per the S&P 500 index. U.S. small cap equity, represented by the Russell 2000 index, lagged large cap by a wide margin, posting an 8.79% loss in January. Growth-style equity handsomely outperformed value in 2015, but the tide seems to have turned so far in 2016. In January, value outperformed growth across all market cap spectra, with small cap value stocks outperforming their growth counterparts by approximately 4%, as per the Russell 2000 Value and Russell 2000 Growth indices. Within S&P 500 equity sectors, telecom services had the best performance and posted a 6.77% gain, while materials lost 10.57% in January.

• International developed markets equity outperformed their smaller brethren with the MSCI EAFE index posting a negative return of 7.23%, while the MSCI EAFE Small Cap lost 7.86%. Although emerging markets equity – represented by the MSCI Emerging Markets index – showed more resilience in January, it still lost 6.49% for the month.

• Fixed income fared better than equities in January. Despite the rate hike in December 2015, core fixed income returned 1.38% as per the Barclays US Aggregate Bond index, and U.S. treasuries returned 2.13% as per the Barclays US Treasury index. At the other end of the spectrum, high yield bonds represented by the Barclays US HY 2% Issuer Cap index remained weak and lost 1.61% in January. The high yield sector continued to be dragged down by its exposure to commodities. The Bloomberg Commodity index lost 1.68%, and one of its most volatile constituents, crude oil, lost 9.23% in January. On the other hand, gold – a commodity that tends to be considered a safe haven by investors during times of equity market upheaval – gained 4.89% in January.

INDEX RETURNS (%)



FOCUS ITEMS

	1/31/16	12/31/15	1-Mth Change	1/31/15
U.S. Dollar/Japanese Yen	121.14	120.22	0.77%	117.49
Euro to U.S. Dollar	1.08	1.09	-0.29%	1.13
Gold	1111.80	1060.00	4.89%	1260.25
10-Year Treasury Yield	1.92	2.27	-15.36%	1.64
Light Crude Oil	33.62	37.04	-9.23%	48.24

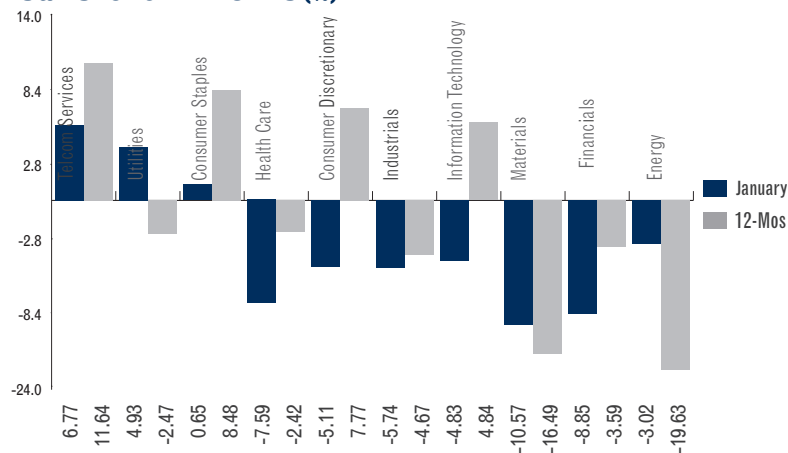
INTERNATIONAL EQUITY RETURNS (%)

	January	12-Mos	5-Years*
MSCI EAFE Growth	-6.36	-3.72	3.17
MSCI EAFE	-7.23	-8.43	1.59
MSCI EAFE Value	-8.13	-13.11	-0.07

FIXED INCOME SECTOR RETURNS (%)

	January	12-Mos	5-Years*
Barclays U.S. Aggregate	1.38	-0.16	3.51
Barclays U.S. Treasury	2.13	0.39	3.34
Barclays U.S. Corporate	0.35	-3.27	4.56
Barclays U.S. Gov't Related	1.32	-0.94	3.08
Barclays U.S. Securitized	1.31	1.87	3.25
Barclays U.S. Municipal	1.19	2.71	5.75

S&P SECTOR RETURNS (%)



EQUITY STYLE RETURNS (%)

		JANUARY					12-MOS		
		Value	Core	Growth			Value	Core	Growth
JANUARY	Large	-5.17	-5.38	-5.58	12-MOS	Large	-5.00	-1.82	1.32
	Mid	-5.53	-6.55	-7.57		Mid	-8.74	-7.39	-6.17
	Small	-6.72	-8.79	-10.83		Small	-9.94	-9.92	-10.01

*5-Year performance number is Annualized. Please see next page for additional information.

Past performance is not a guarantee of future results. Indexes are not available for direct investment. Any investor who attempts to mimic an index will incur fees and expenses which would reduce returns.

THIS MATERIAL IS FOR INFORMATIONAL PURPOSES ONLY AND SHOULD NOT BE USED OR CONSTRUED AS A RECOMMENDATION REGARDING ANY SECURITY OUTSIDE OF A MANAGED ACCOUNT.

There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation or decisions made in the future will be profitable or will equal any investment performance discussed herein.

Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. Specific sector investing can be subject to different and greater risks than more diversified investments.

Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, may not be appropriate for every investor. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. High-yield (below investment-grade) bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio. Commodities trading is generally considered speculative because of the significant potential for investment loss.

Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments

ASSET CLASS RETURNS: Source: Russell, Barclays, Dow Jones, JP Morgan, Morningstar Direct

S&P 500 SECTOR RETURNS: [Source: Standard & Poor's] Returns are based on the GICS Classification model. Returns are cumulative total return for stated period, including reinvestment of dividends.

STYLE RETURNS: [Source: Russell] Style box returns based on the GICS Classification model. All values are cumulative total return for stated period including reinvestment of dividends. The Indices used from L to R, top to bottom are: Russell 1000 Value Index, Russell 1000 Index, Russell 1000 Growth Index, Russell Mid-cap Value Index, Russell Mid-cap Index, Russell Mid-cap Growth Index, Russell 2000 Value Index, Russell 2000 Index, and Russell 2000 Growth Index.

INTERNATIONAL EQUITY STYLE RETURNS, AND FOCUS ITEMS: Source: Morningstar Direct

FIXED INCOME SECTORS: [Source: Barclays] Returns based on the four sectors of Barclays Global Sector Classification Scheme: Securitized (consisting of U.S. MBS Index, the ERISA-Eligible CMBS Index, and the fixed-rate ABS Index), Government Related (consisting of U.S. Agencies and non-corporate debts with four sub sectors: Agencies, Local Authorities, Sovereign, and Supranational), Corporate (dollar denominated debt from U.S. and non-U.S. industrial, utility, and financial institutions issuers), and Treasuries (includes public obligations of the U.S. Treasury that have remaining maturities of one year or more).

Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns. Past performance is not indicative of future results.

INDEX DESCRIPTIONS:

Barclays Global Emerging Market Debt: The Barclays Global Emerging Markets Index represents the union of the USD-denominated U.S. Emerging Markets Index and the predominately EUR-denominated Pan Euro Emerging Markets Index, covering the emerging markets in the following regions: Americas, Europe, Middle East, Africa and Asia.

Barclays U.S. Aggregate Bond Index: Measures changes in the fixed rate debt issues rated investment grade or higher by Moody's Investors Service, Standard and Poor's, or Fitch Investor's Service, in that order. The Aggregate Index is comprised of the Government/Corporate, the Mortgage-Backed Securities, and the Asset-Backed Securities indices.

Barclays U.S. Municipal Bond Index: The U.S. Municipal 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 local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds.

Barclays Global Aggregate ex U.S.: Measures changes in global investment-grade, fixed-rate debt markets. It combines non-U.S. dollar-denominated versions of the (an-European Index and the Japanese, Canadian, Australian and New Zealand components of the Global Treasury Index.

Barclays U.S. High Yield: The 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.

MSCI EAFE (Europe, Australasia, Far East): A free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the United States & Canada. The EAFE consists of the country indices of 21 developed nations.

The Dow Jones Global Select REIT Index: intends to measure the performance of publicly traded real estate securities. The indices are designed to serve as proxies for direct real estate investment, in part by excluding companies whose performance may be driven by factors other than the value of real estate. This index represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded globally.

MSCI EAFE Small Cap: The MSCI Developed Markets Small Cap Indices offer an exhaustive representation of this size segment by targeting companies that are in the Investable Market Index but not in the Standard Index in a particular developed market. The indices include Value and Growth style indices and industry indices based on the Global Industry Classification Standard (GICS).

MSCI EAFE Value: Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the value style.

MSCI EAFE Growth: Represents approximately 50% of the free float-adjusted market capitalization of the MSCI EAFE index, and consists of those securities classified by MSCI as most representing the growth style.

MSCI Emerging Markets: A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of June 2, 2014, the index consists of the following 23 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and the United Arab Emirates.

MSCI Local Currency: A special currency perspective that approximates the return of an index as if there were no currency valuation changes from one day to the next.

MSCI EAFE U.S. Dollar: An unmanaged capitalization-weighted index of companies representing the stock markets of Europe, Australasia and the Far East.

Russell 1000: Measures the performance of the 1,000 largest companies in the Russell 3000 Index, which represents approximately 90% of the investable U.S. equity market.

Russell 1000 Value Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and lower forecasted growth values.

Russell 1000 Growth Index: Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell Mid-cap: Measures the performance of the 800 smallest companies of the Russell 1000 Index, which represent approximately 30% of the total market capitalization of the Russell 1000 Index.

Russell Mid-cap Value Index: Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower forecasted growth values.

Russell Mid-cap Growth Index: Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000: Measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represent approximately 8% of the total market capitalization of the Russell 3000 Index.

Russell 2000 Value Index: Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000 Growth Index: Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000: Representing approximately 98% of the investable U.S. equity market, the Russell 3000 index measures the performance of the largest 3,000 U.S. companies

Standard & Poor's 500 (S&P 500): Measures changes in stock market conditions based on the average performance of 500 widely held common stocks. Represents approximately 68% of the investable U.S. equity market.

Bloomberg Commodities Index: Formerly known as Dow Jones UBS Commodity Index (DJUBS). The Bloomberg Commodity Index is calculated on an excess return basis and composed of futures contracts on 22 physical commodities. It reflects the return of underlying commodity futures price movements.

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