Fluent Financial Quarterly Client Market Summary

Fluent Financial®

3Q 2016 | As of Sept 30, 2016

3Q Market Summary

- The third quarter of 2016 started off quickly, erasing losses from the BREXIT vote at the end of June, to post July gains of 3.69% in the S&P 500. However, the rest of the quarter ended essentially flat. Global equities, as gauged by the MSCI All-Country World Index, gained 5.43%, while fixed income, based on the Barclays U.S. Aggregate Bond Index was up just .46% for the quarter.
- *Amat Victoria Curam*. This Latin phrase loosely translates to 'Victory Loves Preparation'; we find that this ancient language could not be more accurate in today's world of financial planning and investing.
- While there is no one size fits all for every client, having a plan and being prepared are all key to pursuing your goals. Whether it is establishing an emergency fund, the right amount of life insurance protection, disability and long-term care insurance, or implementing an investment policy statement (IPS), these are the cornerstones for every client to be prepared in our opinion.
- As we enter into 4Q 2016 and begin to wind down another year, now is a good time to review the plan you have established with us, and make sure that it is still in alignment with your situation.
- Slide 3 (Asset Class Returns) – How various asset class benchmarks performed during the quarter and year-to-date.
- Slide 4 (Chart Of The Quarter) – This graph, courtesy of J.P. Morgan, shows the range of returns of stocks over various time frames. Already 2016 has seen several pullbacks in stock markets. Notice how over the short-term, returns can vary wildly between positive/negative, but over the long-term, a much higher likelihood of generating positive returns exists.
- Slides 5 and 6 – Index definitions and disclosures
- 3Q16 Quote – *"The biggest risk is not taking any risk. In a world that's changing really quickly, the only strategy that is guaranteed to fail is not taking risks." – Mark Zuckerberg, Facebook CEO*

Source: Bloomberg for index returns and sovereign bond yield data. All index data returns include dividends and interest. All data and information are from sources deemed to be reliable. All data as of 30 September 2016.

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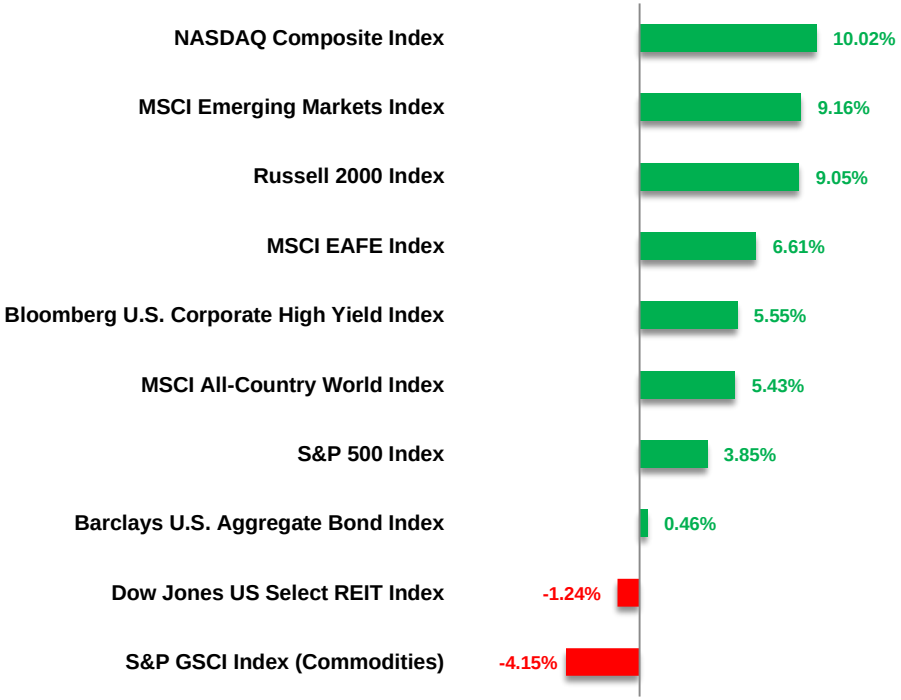
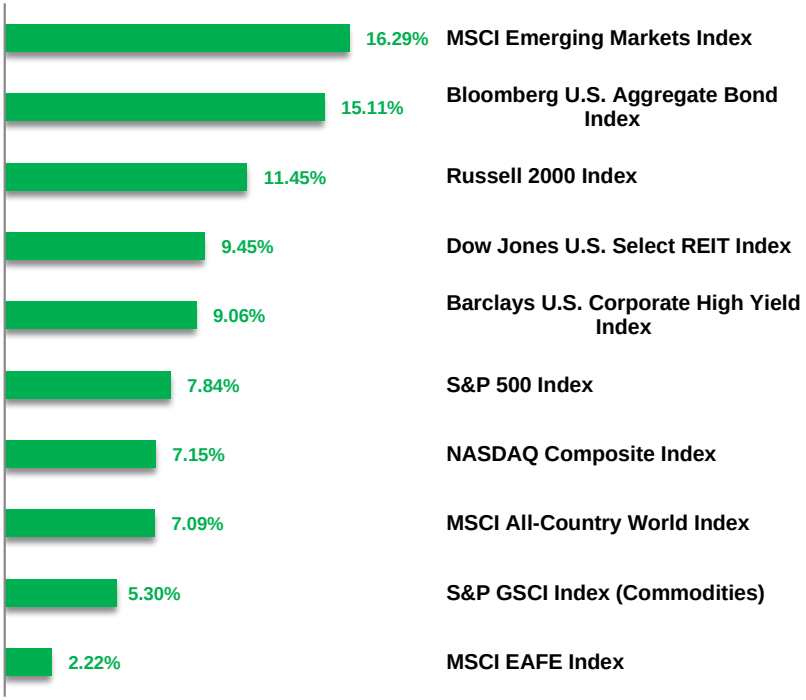
Various Asset Class Benchmark Returns

3Q 2016



YTD 2016



Source: Bloomberg, MSCI, Barclays Capital. All data represents total return (price appreciation plus dividends/interest) for the stated period. Please see disclosures at end for index definitions. Data as of 30 September 2016.

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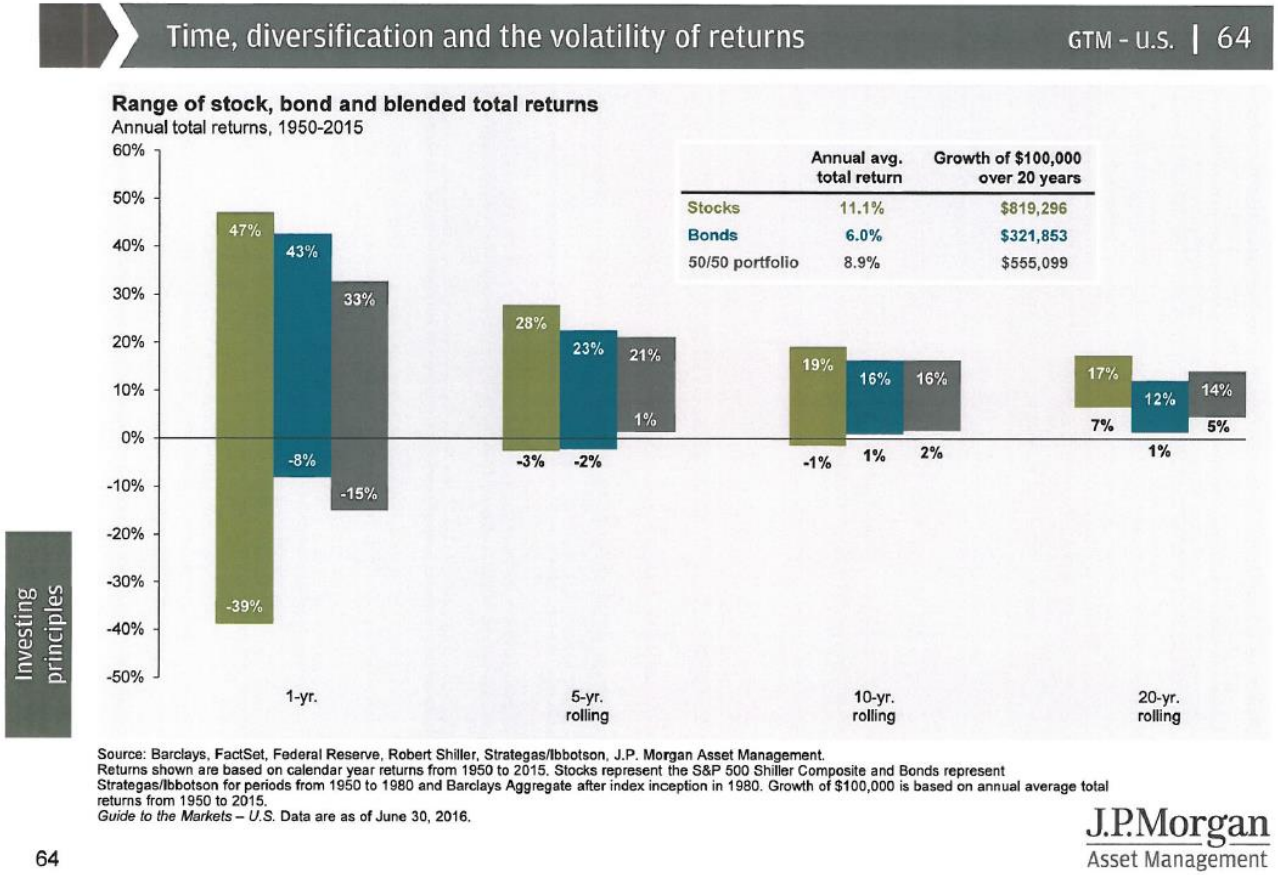
Range Of Stock Market Returns



Source: JP Morgan Asset Management Guide To The Markets: 3Q 2016

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INDEX DEFINITIONS & DISCLOSURES

Indexes are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment.

The **S&P 500 Index** is widely regarded as the best single gauge of the U.S. equities market. This world renownedindex includes a representative sample of 500 leading companies in leading industries of the U.S. economy. Although the S&P 500 Index focuses on the large-cap segment of the market, with approximately 75% coverage of U.S. equities, it is also an ideal proxy for the total market. An investor cannot invest directly in an index.

The **MSCI ACWI (All Country World Index)** is a free-float weighted index that captures large and midcap representation across 23 developed markets and 23 emerging markets countries.

The **Russell 2000 Index** ® measures the performance of the 2,000 smallest companies in the Russell 3000 Index

The **MSCI® EAFE** (Europe, Australia, Far East) Net Index is recognized as the pre-eminent benchmark in the United States to measure international equity performance. It comprises 21 MSCI country indexes, representing the developed markets outside of North America.

The **MSCI Emerging Markets Index(SM)** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets. As of June 2007, the MSCI Emerging Markets Index consisted of the following 25 emerging market country indices: Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Jordan, Korea, Malaysia, Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

The **S&P GSCI Index** is a composite index of commodity sector returns representing an unleveraged, long-only investment in commodity futures that is broadly diversified across the spectrum of commodities. The returns are calculated on a fully collateralized basis with full reinvestment. Individual components qualify for inclusion in the index on the basis of liquidity and are weighted by their respective world production quantities.

The **Dow Jones U.S. Select REIT Index** intends to measure the performance of publicly traded REITs and REIT-like securities. The index is a subset of the Dow Jones U.S. Select Real Estate Securities Index (RESI), which represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the U.S. 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.

The **Barclays Capital U.S. Aggregate Bond Index** is an unmanaged market capitalization-weighted index of most intermediate-term U.S. traded investment-grade, fixed rate, non-convertible, and taxable bond market securities including government agency, corporate, mortgage-backed, and some foreign bonds.

The **Barclays U.S. Corporate High Yield Index** measures the U.S. dollar denominated, high yield, fixed-rate corporate bonds market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded.

The **NASDAQ Composite Index** measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index.

INDEX DEFINITIONS & DISCLOSURES, CONTINUED

The price of **equity** securities may rise, or fall because of changes in the broad market or changes in a company's financial condition, sometimes rapidly or unpredictably. These price movements may result from factors affecting individual companies, sectors or industries, or the securities market as a whole, such as changes in economic or political conditions. Equity securities are subject to "stock market risk" meaning that stock prices in general may decline over short or extended periods of time.

International investing involves a greater degree of risk and increased volatility. Changes in currency exchange rates and differences in accounting and taxation policies outside the U.S. can raise or lower returns. Also, some overseas markets may not be as politically and economically stable as the United States and other nations.

There is no guarantee that a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification and asset allocation do not ensure profit or protect against market risk.

All performance referenced is historical and is no guarantee of future results. Investing involves risk including loss of principal.

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advice offered through Fluent Financial, LLC, a registered investment advisor and separate entity from LPL Financial.

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