



Shift Commentary: February 25, 2016

Yesterday U.S. equity markets followed global equity markets lower on the open, but staged an impressive intraday rally that took the S&P 500 back into positive territory. While we are seeing signs that we are possibly drawing closer to the end of this bottoming process, we remain cautiously optimistic in the near-term.

Within our equity allocations, we are biased toward defensiveness as the macro picture has remains murky. We have modestly increased our exposure to our domestic low volatility holdings. In addition, within our international equities, we have trimmed our currency hedge. While we saw a huge appreciation in the dollar in 2014 that continued into 2015, we feel it is losing steam. Our expectations that the Fed will remain more dovish than originally expected will contribute this deceleration.

Our fixed income allocation continues to offer a buffer to our equity allocations as volatility continues. Within fixed, we have increased our exposure to treasuries to protect in the near term. We have also lowered credit risk by exiting our allocations to preferred stocks. Given increased volatility across all risk assets and higher macro uncertainty overall, we believe it is prudent at this time to lower risk in our fixed allocation to ensure stability of returns.

There is certainly more work to be done, as there is a lot of technical damage that needs to be repaired. Markets are attempting to stage a turnaround as we saw particularly in the three day rally mid-month. We will continue to watch these markets closely and adjust our portfolios accordingly.

As always, we thank you all for your continued support and look forward to discussing any or all of our thoughts at your convenience.

Best regards,

Richard A. Funk, CFP®
Senior Vice President, Investments

Jenny G. Davis, CFA®
Senior Investment Portfolio Specialist

The S&P 500 is an unmanaged index of 500 widely held stocks. Keep in mind that individuals cannot invest directly in any index, and index performance does not include transaction costs or other fees, which will affect actual investment performance. International investing involves additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets. Investments in the energy sector are not suitable for all investors. Further information regarding these investments is available from your financial advisor. © Richard A. Funk, CFP. All rights reserved.

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™ and federally registered CFP (with flame logo) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

Opinions expressed are not necessarily those of Raymond James & Associates. Information contained was received from sources believed to be reliable, but accuracy is not guaranteed. Investing always involves risk and you may incur a profit or loss. No investment strategy can guarantee success. Past performance may not be indicative of future results.

Raymond James and Associates, Inc. Member New York Stock Exchange/SIPC © Richard A. Funk, CFP. All rights reserved.