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CHIEF MARKET STRATEGIST

Tacticaly Navigating to New Strategic Targets

Strategic Changes: We recently concluded our strategic evaluation of the major asset classes based on the changes to relative valuations and yields that occurred in 2016. This process allows us to produce re-optimized strategic allocation targets that reflect our current estimates of potential returns and risks for major asset classes. The primary theme emerging from our 2017 allocation process is the greatly diminished attractiveness of many fixed income asset classes, in our view. In 2016, we felt that the downside risks to bond portfolios associated with rising rates were largely offset by attractive credit spreads for investment grade and high yield bonds. We believe that the collapse in these spreads and in yields over the past year has left most fixed income asset classes offering relatively modest potential returns when compared to their potential downside risks. Accordingly, our 2017 asset allocation strategic targets have greatly reduced weightings in high yield bonds. Our Chart of the Week on page 2 shows the significant decline in yields over the last year. Our process also identified Treasury Inflation Protected Securities (TIPS) as having the potential to protect portfolios from both short-term market volatility and longer term inflation risks.

Our current tactical thinking: Now the spotlight shifts to how and when we will implement the updated strategic targets in our portfolios. Our Price Matters® process imposes a "buy low/sell high" discipline that pulls our asset allocation toward undervalued asset classes, but we recognize that the timing of moving to the new targets is a tactical decision. We therefore use our tactical processes to judge when we believe undervalued asset classes have reached an inflection point and should be added to the portfolio and how long to hold onto assert classes that are enjoying positive momentum, but which we believe are no longer so attractively valued.

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We frequently make our largest asset allocation changes early in the year as our portfolios move towards their new strategic asset allocation targets; however, this year we may be slower to reposition the portfolios. We believe that momentum continues to favor certain asset classes where valuations have become less attractive, and also that some undervalued asset classes remain under downward market pressure. Specifically, we currently intend to hold a higher allocation to high yield than is recommended by our new strategic target and we have chosen to delay adding Treasury-Inflation Protected Securities (TIPS). While our strategic plan calls for the use of TIPS in our shorter time horizon portfolios to dampen the volatility in a rising inflation environment, we are currently seeking to protect the portfolios from rising inflation through exposure to bank loans, which we believe provide similar protection against rising inflation as TIPS but also currently offer higher yields. Bank loans have floating rate coupons that adjust quarterly based on short-term interest rates (specifically the 3 month London Interbank Offered Rate 'Libor' plus a spread). Given the floating rate nature of the asset class (unlike the fixed coupon of traditional high yield bonds) and the tendency of bank loans to have superior credit quality to high yield alternatives due to their higher seniority in the capital structure, we are comfortable that this asset class can provide similar protection to rising inflation and interest rates as TIPS in the short run.

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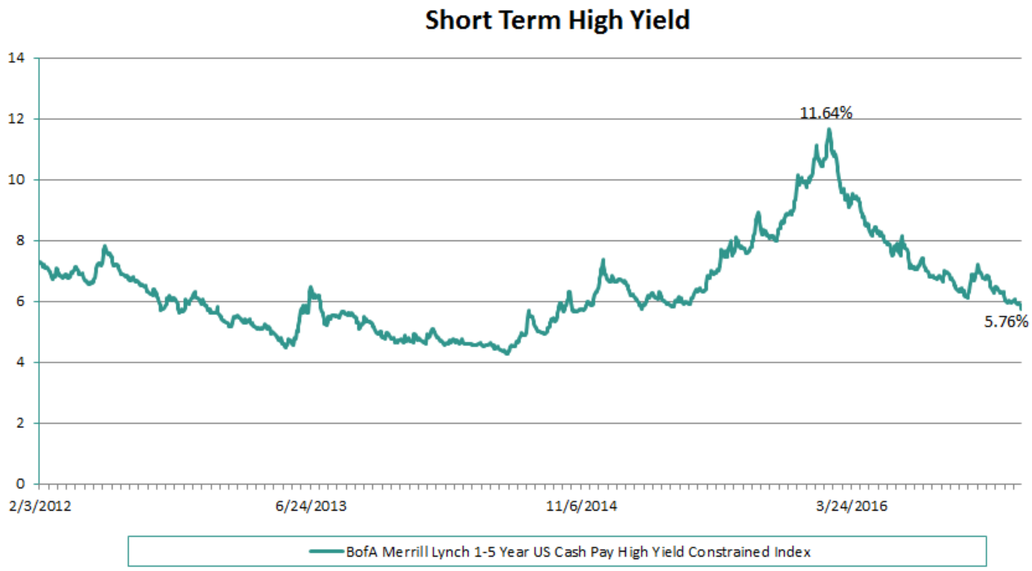
In the chart on page 2, you can see that yields for short term high yield peaked on February 11, 2016 at 11.64%. As of February 3, 2017, yields sit at 5.76%, and overall prices have continued to rise (prices move inversely to yields). While we have reduced our exposure to broad market short-term high yield, we remain overweight this asset class compared to our new allocation targets. Specifically, we are focused in *higher quality* short-term high yield securities, as we believe that momentum in the asset class still appears strong compared to other comparable risk alternatives. We have also increased our allocation to short and intermediate corporate bonds in our shorter horizon portfolios. In the longer horizon portfolios that hold fixed income allocations, we have added to intermediate corporate bonds.

CHART OF THE WEEK: YIELDS HAVE FALLEN SUBSTANTIALLY OVER THE LAST YEAR



Source: RiverFront Investment Group, Bloomberg. Data as of February 3, 2017. The BofA Merrill Lynch 1-5 Year US Cash Pay High Yield Constrained Index is a capitalization-weighted index containing all securities in the BofA Merrill Lynch US Cash Pay High Yield Index with a remaining term to final maturity less than 5 years but caps issuer exposure at 2%. See the end of this Weekly View for important disclosure information.

In RiverFront's longer time horizon portfolios, those with a 7+ year timeframe, we also had to make a decision regarding emerging markets. This asset class has been very volatile following the US Presidential election, falling sharply from early November through year-end but enjoying a strong rebound in the new year – the MSCI Emerging Markets Index has returned 7.92% YTD. Despite all of the volatility, emerging markets remains well below its long-term trend, and begins 2017 as one of the cheaper asset classes in our new strategic asset allocation, based on Price Matters® calculations. Tactically, we are concerned that trouble may lie ahead if the Trump administration follows through with its protectionist policy statements. China appears to face especially high investment risks. The Trump administration has accused China of being a currency manipulator and has threatened to place tariffs as high as 40% on their goods exported to the US if their currency continues to fall. This is especially alarming because China's aggressive monetary stimulus and rapid money growth has propped up growth at the expense of capital flight and downward pressure on their currency. China may face the unpleasant choice of either curtailing its stimulus efforts (which could slow down growth) or allow continued currency devaluation (which could prompt retaliation from the Trump administration). We believe China is an important driver of growth for all of emerging markets, and therefore we want to have a clearer policy view before further increasing our emerging market allocation.

As we move through 2017, in keeping with our normal tactical discipline, we will reevaluate each asset class to determine whether our momentum discipline gives us different signals than we are currently experiencing. As always, we will use our strategic asset allocation targets as the roadmap to reaching the portfolios' long-term objectives. However, just like the navigation system in your car, on a tactical basis we will take alternative routes periodically to reach the destination.

Summarizing our current positioning: Our asset allocation portfolios remain slightly overweight equities relative to each of their respective composite benchmarks. While we have reduced the larger equity overweight positions held in our portfolios, we remain constructive on equity markets globally. Domestically, we have tilted in favor of financials, master limited partnerships, and small capitalization companies that we feel will benefit from the Trump administration's promises of less regulation, infrastructure building, and reformed corporate taxes. Overseas, the portfolios remain tilted towards developed international markets with an emphasis on exposures in Europe, Japan, and to a lesser extent, Australia.

Stocks represent partial ownership of a corporation. If the corporation does well, its value increases, and investors share in the appreciation. However, if it goes bankrupt, or performs poorly, investors can lose their entire initial investment (i.e., the stock price can go to zero). Bonds represent a loan made by an investor to a corporation or government. As such, the investor gets a guaranteed interest rate for a specific period of time and expects to get their original investment back at the end of that time period, along with the interest earned. Investment risk is repayment of the principal (amount invested). In the event of a bankruptcy or other corporate disruption, bonds are senior to stocks. Investors should be aware of these differences prior to investing.

Technical analysis is based on the study of historical price movements and past trend patterns. There are no assurances that movements or trends can or will be duplicated in the future.

The Strategic Targets for the RiverFront portfolios are determined during the annual Capital Market Assumptions process using RiverFront's proprietary mathematical Price Matters® methodology. These benchmarks are used as an internal allocation and analysis tool and are not reflective of actual account holdings or performance. For more information on the Strategic Benchmarks and RiverFront's process for determining and using these benchmarks, please visit our website at www.riverfrontig.com.

Strategies seeking higher returns generally have a greater allocation to equities. These strategies also carry higher risks and are subject to a greater degree of market volatility.

RiverFront Investment Group, LLC, is an investment adviser registered with the Securities Exchange Commission under the Investment Advisers Act of 1940. The company manages a variety of portfolios utilizing stocks, bonds, and exchange-traded funds (ETFs). RiverFront also serves as sub-advisor to a series of mutual funds and ETFs. Opinions expressed are current as of the date shown and are subject to change. They are not intended as investment recommendations.

Principal Risks

Dividends are not guaranteed and are subject to change or elimination.

ETFs are subject to substantially the same risks as those associated with the direct ownership of the underlying securities owned by the ETF. Additionally, the value of the investment will fluctuate in response to the performance of the underlying index or securities. ETFs typically charge and/or incur fees in addition to those fees charged by RiverFront. Therefore, investments in ETFs will result in the layering of expenses.

Master Limited Partnership (MLP) investing includes risks such as equity- and commodity-like volatility. Also, distribution payouts sometimes include the return of principal and, in these instances, references to these payouts as "dividends" or "yields" may be inaccurate and may overstate the profitability/success of the MLP. Additionally, there are potentially complex and adverse tax consequences associated with investing in MLPs. This is largely dependent on how the MLPs are structured and the vehicle used to invest in the MLPs. It is strongly recommended that an investor consider and understand these characteristics of MLPs and consult with a financial and tax professional prior to investment.

Using a currency hedge or a currency hedged product does not insulate the portfolio against losses.

Investments in international and emerging markets securities include exposure to risks such as currency fluctuations, foreign taxes and regulations, and the potential for illiquid markets and political instability.

Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Small-, mid- and micro-cap companies may be hindered as a result of limited resources or less diverse products or services and have therefore historically been more volatile than the stocks of larger, more established companies.

In a rising interest rate environment, the value of fixed-income securities generally declines.

High-yield securities (including junk bonds) are subject to greater risk of loss of principal and interest, including default risk, than higher rated securities.

Treasury Inflation Protected Securities (TIPS) are Treasury securities that are indexed to inflation in an effort to protect investors from the negative effects of inflation. The principal value of TIPS is periodically adjusted according to the rate of inflation as measured by the Consumer Price Index (CPI), while the interest rate remains fixed. TIPS will decline in value when real interest rates rise. Portfolios that invest in TIPS are not guaranteed and will fluctuate in value. The Consumer Price Index (CPI) is an unmanaged index representing the rate of inflation in U.S. consumer prices as determined by the U.S. Bureau of Labor Statistics. There can be no guarantee that the CPI or other indexes will reflect the exact level of inflation at any given time. It is not possible to invest directly in an unmanaged index.

Index Definitions:

MSCI Emerging Markets Index is a float-adjusted market capitalization index that consists of indices in 23 emerging economies.

It is not possible to invest directly in an index.

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