Please refer to the Important Disclosures at the end of this report. Past performance is no guarantee for future performance. For illustrative and informational purposes only. Not a solicitation to sell or recommendation to buy the securities highlighted. Please consult your Financial Advisor.
**METHODOLOGY**

- This list provides the Janney Equity Research team’s highest conviction ideas in one location.

- Each Janney Research Analyst identified up to two (2) top stock picks based on a 6-12 month time horizon.

- In an effort to limit the list to only high-conviction ideas, analysts could submit less than two (2) stocks.

- The final result is a list of 14 top stock ideas, which is 6% of the universe of 232 covered companies at Janney.

- For each name, a short summary of the Analyst’s thesis is provided as a starting point for further analysis.

- Also provided is our Technical Strategist’s three favorite ideas from the 14 fundamental analyst picks.

- These should not be viewed as an investment portfolio; rather they are simply a current snapshot of the Research Analysts’ top picks in their coverage universes.

- This list is updated on a quarterly basis and changes in analyst opinions will not be reflected until the subsequent quarterly update. Please refer to Janney Capital Markets Equity Research for most recent analyst commentary.

- The information discussed in this report is as of January 8, 2018, unless otherwise stated.
<table>
<thead>
<tr>
<th>Additions</th>
<th>Analyst</th>
<th>Coverage Universe</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRO</td>
<td>Brown &amp; Brown</td>
<td>Robert Glasspiegel, CFA</td>
<td>Insurance</td>
</tr>
<tr>
<td>RLJ</td>
<td>RLJ Lodging Trust</td>
<td>Tyler Batory</td>
<td>Lodging REITs</td>
</tr>
</tbody>
</table>
### SPECIALTY FINANCE

**John Rowan**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
<th>Fair Value</th>
<th>Market Cap</th>
<th>FY18E P/E</th>
<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enova International, Inc.</td>
<td>ENVA</td>
<td>$18.00</td>
<td>$581 Million</td>
<td>9.8x</td>
<td>N/A</td>
<td>36.2%</td>
</tr>
</tbody>
</table>

- Enova International, Inc. is a premier lender in an industry (i.e., non-bank consumer lenders) where valuations are rising due to an improved regulatory outlook. In November 2017, CFPB Director Richard Cordray stepped down from the helm of the Bureau and was replaced by Mick Mulvaney. This came as the CFPB was/is in the process passing sweeping and sharply negative regulations for many high-cost, non-bank consumer loan products. Mr. Mulvaney is sharply anti-regulation and has updated the CFPB’s mission statement to say that the Bureau “helps consumer finance markets work by regularly identifying and addressing outdated, unnecessary, or unduly burdensome regulations.”

- We also think that many non/subprime consumers will benefit from tax reform, as we believe the vast majority will use the higher standard deduction. While this may lead to some reduced loan demand, it will also likely lead to improved asset quality and thus reduced credit costs.

- Aside from broad macroeconomic tailwinds, the company has delivered solid financial results of late. ENVA reported significantly better-than-expected 3Q:17 EPS, with key drivers including: (1) total loan portfolio growth of 16% y/y, (2) lower APR near-prime loan growth of 20% y/y, and (3) a leveling-off credit costs, despite strong new customer growth.
## INSURANCE

**Robert Glasspiegel, CFA**

<table>
<thead>
<tr>
<th>Company Name</th>
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<th>FY18E P/E</th>
<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brown &amp; Brown</td>
<td>BRO</td>
<td>$7.3 Billion</td>
<td>25.5x</td>
<td>1.1%</td>
<td>7.9%</td>
<td></td>
</tr>
</tbody>
</table>

- Brown & Brown, Inc., through its subsidiaries, offers a broad range of insurance and reinsurance products and services. Additionally, certain Brown & Brown subsidiaries offer a variety of risk management, third-party administration, and other services. Serving business, public entity, individual, trade and professional association clients nationwide, the Company is ranked by Business Insurance magazine as the United States' sixth largest independent insurance intermediary.
- Brown and Brown has the highest tax rate (39 percent) in our universe. Also has leverage to segments of property casualty experiencing rate increases. Well managed company in an attractive industry.
**INSURANCE**

Larry Greenberg, CFA

<table>
<thead>
<tr>
<th>Company Name</th>
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<th>FY18E P/E</th>
<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>American International Group, Inc.</td>
<td>AIG</td>
<td>$54.5 Billion</td>
<td>11.7x</td>
<td>2.1%</td>
<td>104%</td>
<td></td>
</tr>
</tbody>
</table>

- AIG is a large, complicated insurer with challenges. Last year it underperformed the market and other large financials and we view the underperformance as a positive as we enter 2018.
- Brian Duperreault, a highly respected insurance executive, was named CEO last year and is in the midst of developing his own team in his effort to improve results.
- While insurance turnarounds take time, we think AIG can improve its current below average returns and become competitive with peers over the next 2 to 3 years.
- AIG should experience an above average EPS boost from lower corporate tax rates, but more importantly, we believe lower tax rates should improve the company’s competitive position in many of the markets it serves.
- While there are clear near-term uncertainties, we believe there’s a compelling valuation case that can be made at current levels.
### BDCS/SPECIALTY FINANCE

**Mitchel Penn, CFA**

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
<th>Fair Value</th>
<th>Market Cap</th>
<th>FY18E P/E</th>
<th>Dividend</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stellus Capital Investment Corp.</td>
<td>SCM</td>
<td>$14.00</td>
<td>$214 Million</td>
<td>9.2x</td>
<td>10.8%</td>
<td>N/A</td>
</tr>
</tbody>
</table>
| • Our thesis on Stellus is that it can achieve a 9.75% ROE with a cost of capital of 9.5%, resulting in a fair value estimate of $14/sh.  
  • SCM has earned an ROE of 9.1% since its IPO in 4Q12, and 11.2% over the last 2 years. These numbers are in-line with our expected cost of capital of 9.5%.  
  • Stellus continues to migrate to more secured lending. Secured debt is now 76% of the portfolio, versus 58% at 2014 year end. We adjusted our model to reflect slightly lower yields. The portfolio includes approximately 31% of first lien debt. The benefit from investing in first lien loans is likely lower defaults. Additionally, 77% of the loan portfolio is now floating rate, versus 56% at year-end 2014.  
  • We expect meaningful portfolio growth in 2017 and 2018 as management invests the proceeds from its recent capital raise. |

| OFS Capital                              | OFS    | $15.00     | $182 Million| 8.6x      | 11.3%     | 87.8%           |
| • OFS Capital Corporation is an externally managed RIC/BDC based in Chicago, focused on investing in lower-middle market and middle market businesses, primarily in the form of first lien, second lien, uni-tranche and junior debt.  
  • Our thesis on OFS is that it should be able to generate a 10% Roe with a cost of capital of 9.5%. We estimate a fair value of $15.00/sh, which is 6% above OFS’ book value of $14.15/sh.  
  • OFS has one loan on non-accrual with an amortized cost and fair value of $14M (5%) and $5M (2%), respectively. No new loans were placed on non-accrual during the quarter.  
  • We believe OFS has room to increase leverage. We estimate statutory leverage at the end of 2018 of 13% and GAAP leverage of 90%. Statutory leverage does not include SBA debentures. OFS has plenty of room to increase leverage, if it chooses to.  
  • OFS raised approximately $53.7M in equity capital at the beginning of the second quarter. The manager paid for the underwriting spread and now owns nearly 3 million shares, representing about 22% of outstanding shares.  
  • OFS has 76% of its investments in floating rate assets and 100% of its debt is fixed. |

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Please refer to the Important Disclosures at the end of this report
### HEALTHCARE – LIFE SCIENCES TECHNOLOGY

**Paul Knight, CFA**

<table>
<thead>
<tr>
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<th>Market Cap</th>
<th>FY18E P/E</th>
<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Waters Corporation</td>
<td>WAT</td>
<td>$215.00</td>
<td>$16.1 Billion</td>
<td>25.3x</td>
<td>N/A</td>
<td>8.1%</td>
</tr>
</tbody>
</table>

- Waters Corp. is the leading instrumentation and informatics company within the Quality Assurance and Quality Control labs at BioPharma companies. This is a key component to ensure drugs are uniform and pure after manufacturing. As more and more injectable drugs (Biologics) are commercialized, WAT stands to benefit from increased testing levels due to the higher complexity compared to pills (Small Molecules).
- WAT has above-average organic growth and Life Science leading operating profit margins of approximately 30%.
- With a history of growing mid-to-high single digit organically, we believe current outer year estimates are conservative.
- WAT currently trades at a material discount to peers despite an above-peer organic growth outlook and superior margins.
**SPECIALTY PHARMACEUTICALS**

Ken Trbovich

<table>
<thead>
<tr>
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<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jazz Pharmaceuticals Plc</td>
<td>JAZZ</td>
<td>$186.00</td>
<td>$8.1 Billion</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Jazz markets and develops drugs for sleep and blood conditions. Xyrem generated $1.1 bln out of $1.5 bln (75%) of 2015 revenues. We estimate revenue and EPS will grow 11% and 10% respectively in 2017, and 19% and 23% respectively in 2018 year-over-year.

Xyrem’s annual revenues of ≈$1 billion annually are likely protected through the end of 2022, with a significant tail through 2032

- Xyrem (sodium oxybate) is a twice-nightly solution to relieve excessive daytime sleepiness (EDS) and sudden transient muscle weakness (cataplexy) in patients with Narcolepsy.
- A settlement agreement announced April 5, 2017 gives us confidence Jazz can protect their Xyrem franchise until January 1, 2023, at which point they will face generic competition. During the first 6 months of 2023 competition will only come from an authorized generic on which Jazz will earn a meaningful royalty on sales.
- Jazz is also developing low-sodium line-extensions of Xyrem, which are protected by patents through January 2033, that could be safer for the >30% of Narcoleptics with high blood pressure (hypertension)
- Potential competition from a branded once-nightly sodium oxybate remains a threat, but is unlikely to arise until 2Q18. Thus, the settlement agreement removes the biggest foreseeable overhang that has existed and given us far greater confidence in JAZZ's ability to defend a meaningful portion of its Xyrem franchise (no less than 30%) through 2032.

Potential positive clinical catalyst from second Phase 3 study of stimulant JZP-110 for Excessive Daytime Sleepiness (EDS)

- JZP-110 is a dopamine and norepinephrine reuptake inhibitor in development for EDS in OSA, Narcolepsy and Parkinson’s.
- Recently presented data make it clear JZP-110 provides a major efficacy advantage compared to existing FDA-approved wake promoting agents without compromising tolerability thereby making the case both for its approvability and commercial success.

Jazz awaits an FDA decision on Vyxeos approval in AML blood cancer, which we believe has a $1.3-$1.6 billion peak potential

- We believe there is a very high chance Vyxeos will be approved based on the statistically significant improvement in overall survival in Acute Myeloid Leukemia (AML) in a head to head trial compared to the current standard of care. What is more up in the air is how restrictive the FDA will make the label. We currently take a conservative approach and primarily model use of the drug in high risk patients aged 60-75, but the FDA could grant a broader label that would expand the initial addressable population.
GAS AND ELECTRIC UTILITIES

Michael Gaugler

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
<th>Fair Value</th>
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<th>FY18E P/E</th>
<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avangrid, Inc.</td>
<td>AGR</td>
<td>$55.00</td>
<td>$15.1 Billion</td>
<td>19.6x</td>
<td>3.5%</td>
<td>11.2%</td>
</tr>
</tbody>
</table>

• Avangrid is a diversified energy and utility company. The company operates regulated utilities, electricity generation, and natural gas storage through three primary lines of business.
• Within our U.S. electric/gas utility coverage universe, Avangrid is our top pick.
• A robust investment plan through 2020 across both the regulated utility and clean energy platforms is expected to produce EPS growth at a CAGR of 8-10%, which we consider exceptional.
• The shares currently yield 3.5%, against the peer group which closely mirrors the 10-year U.S. treasury.
### WATER UTILITIES

#### Michael Gaugler

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
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<th>FY18E P/E</th>
<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aqua America, Inc.</td>
<td>WTR</td>
<td>$41.00</td>
<td>$6.7 Billion</td>
<td>26.2x</td>
<td>2.2%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>

- Aqua America, Inc., serves residential, commercial, fire protection, industrial, other water, wastewater, and other utility customers in Pennsylvania, Texas, North Carolina, Ohio, Illinois, New Jersey, Indiana and Virginia.
- Within the U.S. water utility group, Aqua America is our top pick.
- We see several future catalysts, including M&A transactions across its regulated business platforms, and a significant rate case filing in Pennsylvania (approximately two-thirds of total rate base) in 2018.
- We consider the company’s asset base to be very high quality, and we assign the shares the highest price-to-earnings multiple within its sector.
- Valuation remains favorable, with an attractive yield.
## INFRASTRUCTURE – MASTER LIMITED PARTNERSHIP

### Michael Gyure

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
<th>Fair Value</th>
<th>Market Cap</th>
<th>FY18E P/E</th>
<th>Distribution Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sprague Resources LP</td>
<td>SRLP</td>
<td>$28.00</td>
<td>$594 Million</td>
<td>-</td>
<td>9.5%</td>
<td>-</td>
</tr>
</tbody>
</table>

- SRLP purchases/stores/distributes and sells refined petroleum products (like gas/diesel), natural gas, heating oil and provides storage and handling services for a broad range of materials.
- Asset base is primarily in Northeastern US and Quebec.
- Significant growth in Adjusted EBITDA expected in 2018E from various acquisitions completed in 2017E and expectation of more historical colder winter in Northeastern US.
- Growth in Adjusted EBITDA in 2018E should act as catalyst to support higher distribution from $2.40 in 2017E to $2.64 in 2018E (~10% growth Y/Y).
INFRASTRUCTURE – MASTER LIMITED PARTNERSHIP

Akil Marsh, CFA

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
<th>Fair Value</th>
<th>Market Cap</th>
<th>FY17E P/E</th>
<th>Distribution Yield</th>
<th>FY17E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>EQT Midstream Partners LP</td>
<td>EQM</td>
<td>$97.00</td>
<td>$6.1 Billion</td>
<td>-</td>
<td>5.1%</td>
<td>-</td>
</tr>
</tbody>
</table>

- Dry gas gathering and compression assets in the Marcellus shale.
- +15% annual distribution growth over ‘extended period of time’ with +5% yield compelling in our view given underlying assets.

Growth is low risk:
- Sponsor (EQT Corp) is drilling on economically attractive acreage.
- Low leverage ratio at both EQT Midstream and its sponsor.
- Yield of +5% attractive relative to other sectors and growing at a healthy pace.
- Mountain Valley Pipeline construction start and EQT strategic review upcoming catalysts.

- Company Specific Risks:
  - Majority of revenues are with sponsor, EQT Resources.
  - Drilling in the Marcellus region could slow if natural gas prices drop under $2/mcf over the long term.
Tyler Batory

<table>
<thead>
<tr>
<th>Company Name</th>
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<th>FY18E P/E</th>
<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cedar Fair, L.P.</td>
<td>FUN</td>
<td>$78.00</td>
<td>$3.66 Billion</td>
<td>20.1x</td>
<td>5.5%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

**Total Return Investment at a Great Price**

- Cedar Fair Entertainment is one of the largest regional theme park operators in the world. It’s four largest parks are: Cedar Point in Ohio, Knott’s Berry Farm in California, Kings Island in Ohio and Canada’s Wonderland outside of Toronto.
- We believe there is upside to ticket prices in 2018. We think mid-single-digit price increases are attainable because there is no new theme park supply and because the company is still underpriced relative to its competition.
- Season pass sales should be another driver of growth. We think these customers are twice as valuable as single-day visitors. We believe targeted CAPEX and advertising can contribute to more season pass sales.
- We continue to view FUN as a compelling total return investment given shares yield over 5.0%. We think future growth can be driven by price increases, sales of more advanced tickets, and seasonal events. The company also continues to invest in the land around its parks, which is a positive.
- Our fair value is $78, which is 11.5x our 2018 EBITDA. Given the yield and MLP structure, we believe FUN is an attractive total return investment.
**LODGING REITs**

Tyler Batory

<table>
<thead>
<tr>
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<th>Dividend Yield</th>
<th>FY18E EPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>RLJ Lodging Trust</td>
<td>RLJ</td>
<td>$26.00</td>
<td>$3.8 Billion</td>
<td>8.8x</td>
<td>5.9%</td>
<td>9.5%</td>
</tr>
</tbody>
</table>

- RLJ is a lodging REIT focused on ownership of upscale and compact full-service hotels. Brands include: Courtyard by Marriott, Residence Inn, Embassy Suites and others.
- We think this property type is attractive given they have the highest margins in the hotel sector and generate the most cash flow.
- The company recently completed the acquisition on FelCor Lodging Trust. We think there is an opportunity for RLJ to sell several legacy FCH hotels at attractive valuations.
- Proceeds from asset sales will be used to pay down debt and reinvest back into the core portfolio.
- RLJ is currently one of the most inexpensive stocks in the lodging REIT universe with nearly a 6% dividend yield.
- Our fair value is $26, which is 12.75x our 2018 EBITDA estimate.
REITs

Robert Stevenson

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Ticker</th>
<th>Fair Value</th>
<th>Market Cap</th>
<th>FY18E P/FFO</th>
<th>Yield</th>
<th>FY18E FFOPS Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armada Hoffler Properties Inc.</td>
<td>AHH</td>
<td>$16</td>
<td>$545 Million</td>
<td>14.4x</td>
<td>5.1%</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

- **What is it?** AHH owns a portfolio of Class A assets across the Mid-Atlantic, consisting of institutional-grade office, retail, and multifamily properties. In addition, AHH also develops and builds properties for both its own portfolio and third parties.

- **Thesis** – Unusually for a REIT, AHH runs its own construction arm which develops properties for both its own investment as well as third party owners. This allows it to build assets at more economic rates than buying them on the market, in addition to generating additional revenue. Furthermore, we view management as sharp capital allocators who are focused on value creation.

- **Strong development, acquisition and construction pipeline** – AHH’s development pipeline was $441M at the end of 3Q17 with Johns Hopkins Village (157 multifamily units) stabilized in 3Q17. Additionally, third-party construction gross profit was down -31% Q/Q and backlog decreased $40M Q/Q to $76.7M with the delivery of Four Seasons condominiums in 3Q17.

- **Compelling valuation** – At its recent $15 stock price, AHH trades at an implied 5.7% cap rate, and offers upside to our $16 target price. In addition, we believe its 5.1% current yield rewards investors with current income in addition to the potential for price appreciation.
TECHNICAL STRATEGY

Dan Wantrobski, CMT

- We are looking for yields toward the long end of the curve (10-year) to break out and move higher in 2018. This will likely have a positive influence on the financial sector in our opinion, including the insurance group. While life insurers stand to benefit the most from higher rates, the brokers have been one of the best performing sub-sectors over the last few years. BRO effectively broke out at the end of 2016 and remains within a long-term uptrend in our opinion- we would therefore maintain long positions above the $47-48 range going forward.
**TECHNICAL STRATEGY**

Dan Wantrobski, CMT

- The spec pharma group has been a lagging market sector for several months- however we see this group starting to rebound / reverse as we enter the New Year. **JAZZ** is currently staging a strong reversal on the charts and we believe the stock remains oversold enough (in both nominal and relative terms) to warrant further upside ahead. We would look to maintain longs above the low-$130s zone going forward- for a potential target toward the mid-$160s range on an intermediate-term basis (the pattern shown below is known as an inverse head & shoulders base- typically considered to be bullish on the charts.)

![JAZZ Stock Chart](chart.png)
Within Specialty Finance, **ENVA** appears to be just breaking out of a bullish multi-year basing effort. Though recent strength puts the chart in moderately overbought / extended territory on a short-term basis, we would maintain long positions within the $14-15 support range for a potential intermediate-term trade toward the $22+ zone.
IMPORTANT DISCLOSURES

Janney Montgomery Scott LLC is a U.S. broker-dealer registered with the U.S. Securities and Exchange Commission and a member of the New York Stock Exchange, the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation.

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Disclosures Regarding Economic Sectors

The opinions and estimates with respect to the overweight, neutral or underweight exposure of particular economic or market sectors represent the viewpoint of the Investment Strategy Group of Janney Montgomery Scott LLC and does not necessarily represent the viewpoint of Janney Montgomery Scott LLC or any other group or employee associated with Janney Montgomery Scott LLC or its affiliates, and may differ from opinions or estimates of Janney Montgomery Scott LLC or its affiliates.

The Overweight/Neutral/Underweight referenced in this report is intended to be used as a guide for sector rankings relative to the sector make-up of the S&P 500 Index. Currently, the S&P 500 Index includes securities grouped into 10 economic sectors. Overweight generally refers to the Investment Strategy Group’s expectation that the sector’s fundamentals and/or valuation is likely to be favorable over the next 12 months. Neutral generally refers to the Investment Strategy Group’s expectation that the sector’s fundamentals and/or valuation is likely to be neutral over the next 12 months. Underweight generally refers to the Investment Strategy Group’s expectation that the sector’s fundamental and/or valuation is likely to be cautious over the next 12 months.

Past performance is no guarantee of future performance and future returns are not guaranteed. There are risks associated with investing in stocks such as a loss of original capital or a decrease in the value of your investment.
**IMPORTANT DISCLOSURES**

**Research Analyst Certification**
Each of the primarily responsible analysts contributing to this report certify that all the views in this report attributed to such analyst accurately reflects their personal views about any and all of the subject securities or issuers. No part of their compensation was, is, or will be directly or indirectly related to specific requirements or views expressed in this report.

**Janney Montgomery Scott LLC (“Janney”) Equity Research Disclosure Legend**
- Armada Hoffler currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.
- OFS Capital Corporation currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.
- Stellus Capital Investment Corp. currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.
- Janney Montgomery Scott LLC managed or co-managed a public offering of securities for Armada Hoffler, OFS Capital Corporation and Stellus Capital Investment Corp. in the past 12 months. Janney Montgomery Scott LLC received compensation for investment banking services from Armada Hoffler, OFS Capital Corporation and Stellus Capital Investment Corp. in the past 12 months.
- Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from Avangrid, Inc., Armada Hoffler, American International Group, Inc., Brown & Brown, Enova International, Inc., EQT Midstream Partners, Cedar Fair, L.P., Jazz Pharmaceuticals plc, OFS Capital Corporation, RLJ Lodging Trust Common Shares, Stellus Capital Investment Corp., Sprague Resources LP, Waters Corporation and Aqua America, Inc. in the next three months. The research analyst is compensated based on, in part, Janney Montgomery Scott’s profitability, which includes its investment banking revenues.

**Definition of Ratings**
- **BUY:** Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.
- **NEUTRAL:** Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.
- **SELL:** Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

**Janney Montgomery Scott Ratings Distribution as of 12/31/17**

<table>
<thead>
<tr>
<th>Rating</th>
<th>Count</th>
<th>Percent</th>
<th>IB Serv./Past 12 Mos.*</th>
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<tbody>
<tr>
<td>BUY [B]</td>
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<td>48.05</td>
<td>31</td>
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<tr>
<td>NEUTRAL [N]</td>
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<tr>
<td>SELL [S]</td>
<td>3</td>
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*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

**Risks**
There are risks to the assumed attractiveness of investing in the companies identified in this report. These risks include, for example, general macroeconomic and market risks that may result in market declines or may impair a company’s ability to grow or expand. In addition, there is a risk that a company may not be able to successfully execute its business strategy or that a turnover in management may adversely affect a company’s performance. Further information regarding the companies mentioned in this report, including further risk information, can be obtained by calling or writing Janney Montgomery Scott LLC at 1717 Arch Street, Philadelphia, PA 19103, (215) 665-6000.