**President’s Message to Clients**

The end of the year often gives us the opportunity to reunite with family and friends. We also begin to think about resolutions for the new year. If one of your top priorities for 2017 is staying on course with your financial objectives, take some time this season to have family conversations about goals and aspirations. Our advisors can help support these conversations—by providing relevant advice, and creating customized plans that meet your needs.

**The Economy and Markets**

With the election behind us, we can begin to assess how the new administration’s proposed policies may impact the economy. It’s far too early to predict any outcomes with certainty. But as Mark Luschini, our Chief Investment Strategist, explains in this issue’s *Economic Outlook*, the good news for the economy is that “whatever happens, it will be built upon a relatively sturdy base.” As Mark says, “the U.S. economy has been growing in steady, if sub-trend, fashion for nearly nine years,” and the fundamental elements for growth are in place.

The recent pace of job growth and wage gains is boosting consumer confidence, and driving consumption. As Mark explains, consumers are increasingly well-positioned to propel economic activity through increased spending. While businesses’ investments remain low, the new administration’s proposed policies to reduce government regulation and taxes may spur increased spending. While the economic effects of proposed polices on infrastructure, trade, and tax reform are uncertain at this point, the overall forecast for the economy looks promising, says Mark. Low interest rates may continue to challenge the bond markets, but stocks will likely produce another year of gains for investors.

For a more in-depth discussion of what 2017 may bring for the economy, view Janney’s *Outlook 2017* publications, described herein—all available on Janney.com.

**Regulatory Update: DOL**

As we shared in our last issue, the U.S. Department of Labor (DOL) issued a new rule this past April that applies a best interest standard, otherwise known as a “fiduciary standard”, to professionals who provide advice to investors with Individual Retirement Accounts (IRAs) or certain other types of retirement plans.

Janney as a firm, and all of our individual advisors, must begin complying with these new requirements by April 2017. These changes may affect the way we interact with Janney investors holding IRAs and other retirement accounts. We’ll be communicating more information to you in the coming weeks and months, to assist you in making any required transactions or adjustments to accounts affected by the new rule. Your advisor is the best person to answer any questions, and will work with you to determine the best options moving forward. We’ll continue to address all your needs, even if under new rules.

**How Janney Can Help:**

**Expert Commentary & Resources**

As your trusted advisor, Janney is here to help you maintain your long-term focus—with relevant advice, planning, and solutions. To help you stay informed of economic, market, and related news that may impact your portfolio over time, we’ve highlighted some key topics in this issue:

- **Outlook 2017.** Each year, our top investment strategists provide their insights on the markets and economy for the upcoming year. I urge you to take advantage of these *Outlook* publications and related resources. Go to Janney.com to read or download the *Outlook*, and be sure to contact your advisor with any questions.
- **Tax Update.** Inside you’ll find a Tax Year 2016 mailing schedule, along with other important tax-related resources. Also, visit our website at Janney.com/taxes for the most current tax-related information.

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Moving Ahead: We’re Here to Meet Your Needs

We’re seeing rapid change in the financial world, and we know how important it is to adapt. Our clients now span four active generations—-with growing, and increasingly varied, needs for advice and services. We’re committed to evolving, as your needs and preferences change.

- **Advice beyond investments.** Our clients are looking for advice in areas that go beyond investments—including financial, retirement income, education, insurance, and estate planning. We’re here for you with integrated services and outcome-oriented solutions, to meet all of your family’s financial needs.

- **Online tools and education.** Because you deserve the best online experience possible, we continue to devote significant resources to our client website, Janney Online Access. I encourage you to try our new features, including My Net Worth and Document Vault. Also visit our new “Research and Education” section, which offers an interactive College Savings Planner as well as articles by our experts on many financial topics. If you’re not yet enrolled in Online Access or eDelivery, I urge you to explore these options—for secure, easy access to account information, and to make managing your finances easier. If you’d like more information, go to Janney.com or talk with your advisor.

- **Reaching out is simple.** It’s our goal to remain accessible and available to you at all times. We’re here for you—through ease of communication with your advisor, access to experts, and innovative technology. As always, let us know how we can better serve you.

As we strive to remain the firm of choice for our clients, I’m proud to highlight some industry recognition our firm recently received:

- Janney was named to Barron’s 2016 list of “Top 40 Wealth Managers”; this is the fifth time our firm has been named to this prestigious list.
- Janney was named as a 2016 “Philadelphia Healthiest Company Award” Finalist by SmartCEO.
- Janney’s Human Resources team was recognized as an “HR Department of the Year” at the Delaware Valley HR Department of the Year’s annual event.

As always, thank you for your business and the continued trust you place in us each day.

Sincerely,

Timothy C. Scheve
President and Chief Executive Officer

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**Outlook 2017**

Our top investment strategists provide their insights on the markets and economy for the upcoming year. Go to janney.com to read or download the *Outlook*, and contact your Financial Advisor with any questions.

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Enroll Now
With the election now behind, we can begin to handicap what some of the policies that were articulated on the campaign trail by President-elect Trump might mean for the economy. The good news is that whatever transpires, it will be built upon a relatively sturdy base. The U.S. economy has been growing in a steady, if sub-trend, fashion for nearly nine years, and the fundamental underpinnings for growth to continue are in place.

While business investment has been notably absent during this expansion, the consumer is increasingly well-positioned to propel economic activity. Job growth continues to occur at a pace above that which is necessary to sustain unemployment at current levels. Therefore, the unemployment rate could trend even lower—drawing more sidelined workers into the labor force. Accompanying the improvement in the job market has been wage gains, which have boosted aggregate income growth (a measure of hours worked plus wage increases) comfortably above 4%. Elevated consumer confidence readings, and markedly improved personal balance sheets, are other variables falling to the positive side of the ledger.

Since consumption is the dominant driver of domestic economic activity, the setup for spending to remain a predictable contributor to growth is well-supported.

With Republicans holding the majority of seats in both the Senate and House, the constraints to legislation have eased. Since fiscal spending directed at infrastructure investments was a common item on each party’s platform, it seems likely that a rather sizeable package will be presented next year. However, the nature of it and the timeline of its funding will be key in determining the timing and magnitude of its economic impact. Corporate tax reform is also expected to be an agenda item early in the new Trump administration. There is much in common between President-elect Trump’s proposal and the existing GOP plan, giving reason to believe that movement on that initiative will occur fairly soon. Both of these polices could have a tangible impact on economic activity, but are not without consequence. If the Congressional Budget Office estimates prove correct, these policies could add approximately $6 trillion to the U.S. deficit in 10 years. That, in turn, could cause interest rates to rise as Treasury issuance increases and inflation percolates—which might counter some of the positives. In addition, faster economic growth and wider interest rate differentials against foreign bonds could further strengthen the U.S. dollar. That could weigh negatively on large, multi-national company profits and feed back into equity markets, and ultimately even employment conditions.

Shifting trade policies, which President-elect Trump labeled as important for the U.S. whether it meant improved financial arrangements or to be a catalyst for restoring off-shored jobs, could cause retaliatory practices by our trading partners and undermine the business activity of U.S. companies operating and/or selling into foreign markets. Hopefully, the negotiation of better trade deals and sober use of tariffs and taxation will lead to thoughtfully designed policies, which ensure U.S. interests are well-supported and best-positioned to compete on a global basis. Companies from large to small have listed government regulation (along with taxes) as the number one impediment to business activity. Some regulatory relief, in the form of limiting further intervention or outright deregulation, would be welcome by many businesses. Results of several post-election surveys of business confidence have improved somewhat, denoting early signs that “animal spirits” are being rekindled. If that pattern persists, labor markets should remain firm and spending on productivity-enhancing plants and equipment could be unlocked—providing an incremental boost to economic activity.

Our forecast for economic conditions entering the New Year includes an upside surprise generated from the adoption of these proposed policy changes. Much debate and legislation needs to occur first before quantifying their impact, but at face value they offer the potential for an outcome that is directionally favorable. For investors, base case or better, we believe stocks will produce another year of gains that reward investors sufficiently for the level of risk accepted for owning them. Bonds, on the other hand, may struggle against the tide of a prospective uptick in economic momentum and building inflationary pressures. Neither asset class, however, seems likely to be undermined by either substantially higher interest rates or the threat of an oncoming recession.
New for Tax Year 2016, the IRS requires reporting on cost basis and annual income adjustments for covered securities meeting the definition of “complex debt.” For a comprehensive definition and further examples, see the “Guide to Complex Debt Reporting” on our website under the Tax Resources section.

In an effort to deliver the highest-quality service, Janney encourages clients to visit our website at www.janney.com/taxes for the most current tax-related updates and information.

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<th>Mailing Deadline</th>
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<td>January 31, 2017</td>
<td>Forms 1099-R and 1099-Q</td>
<td>Distributions from your IRA, Qualified Plan, or Education Savings Account.</td>
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<td>February 15, 2017*</td>
<td>Form 1099 Consolidated</td>
<td>Includes 1099-INT, 1099-DIV, 1099-B, 1099-MISC, and 1099-OID (other than CMO/REMIC).</td>
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<td>March 15, 2017</td>
<td>Form 1099-OID (REMIC)/WHFIT Statement for Mortgage Securities</td>
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<td>1042-S</td>
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<td></td>
<td>Schedule K-1</td>
<td>Master Limited Partnership (MLP) Income, which will be mailed directly from the General Partner (not provided by Janney).</td>
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<tr>
<td>May 1, 2017**</td>
<td>Form 5498-ESA</td>
<td>Reports contributions (including rollover contributions) to Coverdell ESAs.</td>
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<tr>
<td>May 31, 2017</td>
<td>Form 5498</td>
<td>Reports contributions (including rollover contributions) to any individual retirement account (IRA), including a SEP, SIMPLE, and Roth IRA; Roth conversions; IRA recharacterizations; and the fair market value (FMV) of the account.</td>
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*The IRS changed the deadline for delivering most IRS 1099 Forms from January 31 to February 15. When a deadline falls on a weekend, the mailing deadline is moved to the next business day. As in the past, we expect to receive a 30-day extension from the IRS to March 17, 2017 based on this year’s February 15, 2017 deadline. **When a deadline falls on a weekend, the mailing deadline is moved to the next business day. The mailing date for 2017 has been moved to May 1, 2017 due to April 30, 2017 falling on a weekend.

The 2016 Janney Advantage® Account Annual Year-End Expense Summary is a great resource to help you prepare for tax season, budget, and distinguish business from personal expenses. Your summary is available through Janney Online Access, or by requesting a printed copy from your Financial Advisor. To register for Janney Online Access, go to Janney.com, select the “Online Access” button, select “Sign Up for Online Access,” and follow the instructions. Your Financial Advisor can also assist you with online registration, if you have any questions.

Janney's Goals-Based Portfolio Solutions (GPS) – Paper Documents Fee
For all clients invested in a Janney Goals-Based Solutions (GPS) account, documents are defaulted to electronic delivery, to help maintain the account’s low initial investment and reduce internal expenses. To help protect this cost structure, if you hold a GPS account and have elected to receive paper documents, the expense of processing, printing, and mailing documents will be passed on to you in the form of an annual fee of $30. You can avoid this fee by re-enrolling in our eDelivery service. You can re-enroll for eDelivery by logging on to Janney Online Access, and going to the “Profile” tab. If you have questions or need assistance with eDelivery, please contact your Financial Advisor.

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