

**FORM ADV, PART 2A**  
**DISCLOSURE BROCHURE | NOVEMBER 30, 2012**

This brochure provides information about the qualifications and business practices of Raymond James & Associates, Inc. If you have any questions about the contents of this brochure, please contact our Asset Management Client Services department at 800-248-8863, extension 74991. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Additional information about Raymond James & Associates, Inc. is available on the SEC's website at: [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

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**RAYMOND JAMES®**

## MATERIAL CHANGES SINCE THE LAST ANNUAL UPDATE

This section describes the material changes to Raymond James & Associates, Inc.'s ("Raymond James") Part 2 of Form ADV ("Part 2A Brochure") since its last annual amendment on December 23, 2011. This Part 2A Brochure, dated November 30, 2012, has been prepared according to the U.S. Securities and Exchange Commission's ("SEC") disclosure requirements.

In lieu of providing clients with an updated Part 2A Brochure each year, we may provide our existing advisory clients with this summary describing any material changes occurring since the last annual update. We will deliver the Part 2A Brochure or summary each year to existing clients within 120 days of the close of our fiscal year. Clients wishing to receive a complete copy of our then-current Part 2A Brochure may request a copy at no charge by contacting our Asset Management Client Services department at 800-248-8863, extension 74991.

### Pages 10-11: Advisory Business – Freedom Account Program

- Effective May 1, 2012, the AMS Investment Committee added the Defensive Conservative, Defensive Balanced and Defensive Growth Strategies as new investment options within the Freedom Account Program. These Defensive Strategies offer clients the opportunity to raise cash level in their account while maintaining continued market exposure.
- Effective June 29, 2012, the Managed Completion Portfolios mutual fund wrap program was merged into the Freedom Account Program (Alternative Investments, Fixed Income and International Equity Strategies available through Freedom).

### Page 14: Advisory Business – Additional Advisory Services

Effective August 1, 2012, Raymond James, through AMS, entered into a subadvisory agreement with Morgan Keegan whereby AMS provides Morgan Keegan with certain services, including model portfolio and research services. The purpose of this subadvisory arrangement is to align certain Morgan Keegan managed account programs with the comparable Raymond James sponsored programs in preparation for the integration of Morgan Keegan into Raymond James, currently anticipated to occur in early calendar year 2013.

### Page 19: Fees and Compensation – Passport Processing Fee Schedule

Effective April 2, 2012, Raymond James reduced the Processing Fee (also referred to as a "Transaction Fee") assessed on trades effected in Passport Accounts.

### Page 20: Fees and Compensation – Administrative-Only Assets

Effective October 1, 2012, Raymond James eliminated the fee previously assessed on assets designated as Administrative-Only in Ambassador and Passport fee-based accounts.

### Page 20: Fees and Compensation – Billing on Cash Balances

This section was updated to reflect the effect of the Cash Rule on the Freedom Defensive Conservative, Defensive Balanced and Defensive Growth Strategies.

### Page 21: Fees and Compensation – Additional Expenses Not Included in the Asset-Based Advisory Fee

Effective February 24, 2012, Raymond James implemented changes to its trail reimbursement process for advisory accounts, increasing the frequency of the reimbursement to a bi-monthly schedule.

### Page 32: Disciplinary Information – Financial Industry Regulatory Authority

FINRA alleged that Raymond James violated NASD and Regulation S-P rules in connection with the improper disclosure of certain clients' personally identifiable information ("PII"). Raymond James contacted affected clients and took other corrective actions including offering free monitoring services, amending its supervisory procedures and requiring mandatory training regarding the protection of PII. On September 13, 2012, Raymond James consented to the entry of findings and was censured, and ordered to pay a fine in the amount of \$250,000. To the firm's knowledge, no clients affected by the PII breaches have suffered any instances of identity theft or other actual damages.

**Pages 33-34: Other Financial Industry Activities and Affiliations**

On January 11, 2012, a definitive stock purchase agreement by and between Raymond James Financial, Inc. ("RJF"), the parent company of Raymond James, and Regions Financial Corporation was entered into to sell Morgan Keegan & Company, Inc. ("Morgan Keegan") and MK Holding, Inc., the parent company of Morgan Keegan Fund Management, Inc. ("MKFM"), to RJF. The closing of the purchase occurred April 2, 2012, whereby Morgan Keegan and MKFM are now affiliates of Raymond James.

**Page 36: Code of Ethics, Participation or Interest in Client Transaction and Personal Trading – Outside Business Activities and Private Securities Transactions**

Outside Business Activities ("OBAs") and Private Securities Transactions ("PSTs") involve a financial advisor or associate of Raymond James acting in a capacity outside of the scope of their employment with Raymond James. It is important that clients understand their relationship with their financial advisor and Raymond James, and that OBAs and PSTs are not engaged in on behalf of Raymond James. Information regarding a financial advisor's OBAs may be reviewed by clients by obtaining a copy of the financial advisor's current Brochure Supplement, or through the FINRA BrokerCheck service available via FINRA at [finra.org](http://finra.org), or from the SEC at [adviserinfo.sec.gov](http://adviserinfo.sec.gov).

**Page 44: Client Referrals and Other Compensation – Asset-Based Compensation**

Effective October 1, 2012, Raymond James established a flat payout grid for its financial advisors. As a result, the compensation received by its financial advisors is not dependent (or variable) upon the type of transaction entered into with, or product/service provided to, any client. Prior to Raymond James' adoption of a flat payout grid, its financial advisors may have received additional compensation from Raymond James, either as an increased grid payout percentage or as additional compensation credited from Raymond James' administrative or management fees, based on the financial advisor's aggregate client assets held in managed and non-managed advisory programs.

**Pages 45-46: Other Compensation Arrangements – Mutual Fund Investments Available Through Raymond James**

The AMS Investment Committee may invest in funds or share classes not available outside of managed account programs such as the Freedom or Freedom UMA programs. For example, a fund company may agree to allow the AMS Investment Committee to buy an institutional share class of a fund for Freedom program accounts, while restricting individual client-directed purchases of the same share class in non-managed retail accounts. Upon termination of their Freedom or Freedom UMA account, Clients would generally be permitted to continue holding the institutional class of the fund, but will be unable to make additional investments.

**Pages 48-49: Other Compensation Arrangements – Short Sales**

A description of the process by which clients may sell securities short, and the means by which Raymond James may secure the securities for the client to sell short, has been added.

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## ADVISORY BUSINESS

### INTRODUCTION

Raymond James & Associates, Inc. ("Raymond James") is a wholly owned subsidiary of Raymond James Financial, Inc. ("RJF"), a publicly held corporation based in Saint Petersburg, Florida. Raymond James is registered with the Securities and Exchange Commission ("SEC") as a broker-dealer since 1962 and as an investment adviser since 1974. Registration as an investment adviser with the SEC does not imply a certain level of skill or training.

As of September 30, 2012, Raymond James had \$42.089 billion in assets under management, \$31.732 billion of which was managed on a discretionary basis and \$10.357 billion of which was managed on a non-discretionary basis.

Raymond James financial advisors work with clients to assess their investment objectives based on the information initially provided, and periodically thereafter. Once this assessment is complete, one or more advisory services may be recommended. Raymond James tailors its advisory services to clients' individual needs. Clients have the ability to choose which advisory services to utilize and place restrictions on the types and classes of securities which may be purchased for their account(s).

Raymond James offers multiple types of advisory services, including investment advice, individual investment advisory consulting, retirement plan consulting and a broad array of financial planning services.

Asset Management Services ("AMS") is an operating division of Raymond James, focusing on the development and administration of Raymond James' fee-based asset management products and services. AMS offers two broad categories of fee-based account programs – Managed and Non-Managed accounts, as follows:

### MANAGED ACCOUNT PROGRAMS

#### SEPARATELY MANGED ACCOUNTS:

- Raymond James Consulting Services Program
- Eagle High Net Worth Program
- Outside Money Manager Program

#### UNIFIED MANAGED ACCOUNTS:

- Freedom Unified Managed Account Program

#### MUTUAL FUND/EXCHANGE TRADED FUND ("ETF") MANAGED ACCOUNTS:

- Freedom Account Program
- Russell Model Strategies Program

### NON-MANAGED ACCOUNT PROGRAMS

- Ambassador Account Program
- Passport Account Program
- Managed Investment Program

### MANAGED ACCOUNT PROGRAMS

#### SEPARATELY MANAGED ACCOUNTS

AMS's separately managed account ("SMA") programs offer clients the opportunity to hire professional investment management firms (also called money managers) to individually manage their designated accounts on a discretionary basis (that is, once hired, the money manager will invest the assets in the account according to their stated investment discipline without soliciting the client's consent prior to engaging in portfolio transactions). While an SMA is similar to a mutual fund in that a client pays a fee to a money manager for its services in managing their designated investments, an important difference is that an SMA provides clients the ability to segregate their assets from other investors (that is, the client directly owns the invested assets versus a mutual fund investor owning shares in a company that in turn owns the "pooled" investments).

In addition, an SMA offers clients the ability to impose reasonable restrictions on the investments made by the money manager, contribute or withdraw securities and/or cash from their account, request that the manager sell individual securities for tax planning purposes (also called "tax harvesting"), and flexibility in developing a customized portfolio of accounts diversified across multiple investment disciplines, or targeted to an individual or more concentrated investment discipline.

RAYMOND JAMES CONSULTING SERVICES PROGRAM

As sponsor of the Raymond James Consulting Services ("RJCS") SMA program, Raymond James enters into a subadvisory agreement with select investment advisers registered with the SEC ("SMA Manager(s)"), which includes SMA Managers affiliated with Raymond James. These SMA Managers' services are made available to clients based on AMS's familiarity with the SMA Managers' firm, portfolio management personnel, investment disciplines offered, portfolio construction and AMS's overall belief that the participation of these SMA Managers in the program will provide prospective clients access to high quality investment firms. While the RJCS program offers access to an extensive list of SMA Managers and investment disciplines, these offerings are limited to those SMA Managers that agree to participate in the program at the negotiated terms of the subadvisory agreement. Therefore, not all SMA managers offer their services to Raymond James' retail clients and we do not offer or recommend the full spectrum of SMA managers or investment disciplines available throughout the financial services industry. A list of participating SMA Managers and available investment disciplines is available through your financial advisor. Please see "Other Financial Industry Activities and Affiliations" for additional information regarding SMA Managers affiliated with Raymond James.

EAGLE HIGH NET WORTH PROGRAM

AMS sponsors the Eagle High Net Worth Program ("EHNW"), offering numerous investment disciplines managed by Eagle Asset Management, Inc. ("Eagle"), an investment adviser registered with the SEC. Eagle is a wholly owned subsidiary of Raymond James Financial ("RJF") and an affiliate of Raymond James. Unlike the RJCS program, the EHNW program is comprised exclusively of investment disciplines managed by Eagle and is intended for those clients that would prefer to consolidate their SMA investment portfolios with an individual investment management firm rather than allocate amongst multiple firms. The EHNW program is the only Manager-centric SMA option available through Raymond James, although several SMA Managers participating in the RJCS program offer multiple disciplines within the equity, balanced and fixed income investment choices.

OUTSIDE MANAGER ("OSM") PROGRAM

Raymond James also provides investment advisory services with respect to accounts managed by investment advisers ("OSM Managers") not available through the aforementioned RJCS program. In this outside manager program, clients receive discretionary investment advisory services from the OSM Manager, and trade execution, custodial and advisory services from Raymond James. The client has an advisory agreement with Raymond James, as well a separate investment management agreement with the OSM Manager.

All investment decisions will be made by the OSM Manager and the OSM Manager will be solely responsible for those investment decisions. However, Raymond James and its representatives generally (i) assist the client in defining their investment objectives based on information they have provided, (ii) determine whether the given fee arrangement is suitable, (iii) aid in the selection or retention of an OSM Manager to manage the account (or a portion of its assets) and, if there is more than one OSM Manager, with respect to the allocation of assets to each OSM Manager, and (iv) periodically contact the client to ascertain whether there has been any change in their financial circumstances or objectives that warrants a change in the arrangement or the manner in which the their assets are managed.

SMA MANAGER / INVESTMENT DISCIPLINE SELECTION

Clients choosing to participate in the RJCS or EHNW programs will complete a Client Profile setting forth their investment objectives, financial situation, time horizon, risk tolerance, investment restrictions, and any additional instructions related to the management of their account. A copy of this Profile, along with any other written instructions, will be supplied to the SMA Manager(s) upon their selection by the client. Raymond James and the SMA Manager(s) rely on the financial and other information provided by the client, who agrees to inform Raymond James of any material change in the information provided in the Profile or in their financial circumstances which might affect the manner in which their assets are invested.

Raymond James' recommendation to a client that an SMA Manager, including Eagle, manage their account will be based on the recommended SMA Manager's investment philosophy and policies, its record as an investment adviser, and Raymond James' determination that the investment discipline chosen by the client is consistent with their investment objectives as stated in the Profile. The client's financial advisor provides assistance in evaluating available investment disciplines to determine their appropriateness, but ultimately it is the client that chooses the most appropriate program, SMA Manager and investment discipline.

Raymond James' duties will not include the selection of an investment discipline or SMA Manager on the client's behalf. Unless otherwise noted in the Investment Management Client Agreement, the SMA Manager(s) selected by the client will exercise discretionary investment authority over assets designated by the client to the SMA Manager's investment discipline(s). Certain SMA Managers classified as "Model Managers" provide AMS model portfolios representing securities recommended by the Model Manager ("Model Portfolios"), and communicate periodic updates to the previously provided Model Portfolios. Should a client select a Model Portfolio investment discipline, the client delegates discretionary investment authority to AMS to effect purchases and sales of Model Portfolio securities, as communicated by the Model Manager to AMS, over assets designated by the client to the Model Portfolio(s). No Model Portfolio recommendations made by a Model Manager to AMS pursuant to its subadvisory agreement with Raymond James will be based on the circumstances of or otherwise tailored to any individual client, or should be considered as investment advice to or for any client. Investment advice provided to a client selecting a Model Manager's investment discipline is furnished to the client solely by AMS.

Upon the selection of an SMA Manager's investment discipline, the client authorizes the SMA Manager as subadvisor to assume all investment duties with respect to assets held in the client's RJCS or EHNW account and to exercise sole investment authority with respect to such assets, or AMS with discretion for selected Model Portfolios available through the RJCS program. The SMA Manager or AMS will thereafter invest and reinvest the assets of each account in such stocks, bonds, or other property of any kind as it deems is in the best interest of the client in order to achieve the investment objective(s) identified by the client, without regard to holding period, portfolio turnover or resulting gain or loss.

The Investment Management Client Agreement is exclusively between Raymond James and the client, and there is no direct agreement between the SMA Manager and the client. Clients may contact and communicate with the SMA Manager, but generally do so through their financial advisor or the AMS Client Services department.

In the event AMS changes its opinion of an SMA Manager or investment discipline such that it no longer recommends that SMA Manager as a subadvisor or will no longer offer the SMA Manager's investment discipline in the RJCS or EHNW programs, the client will be notified and asked to select a new SMA Manager/investment discipline. In the event the client wishes to retain an SMA Manager or investment discipline against the recommendation of AMS, Raymond James will terminate the Investment Management Client Agreement upon either the termination of the SMA Manager's investment discipline or its subadvisory agreement.

Clients should be aware that the investment disciplines offered by SMA Managers through the RJCS and EHNW programs may be branded under a different name than the same discipline(s) offered through similar SMA programs sponsored by firms other than Raymond James.

The OSM Program is similar to the RJCS program in that the assets of the account are individually and separately managed by a registered investment adviser. However, OSM Managers may not meet AMS's requirements for consideration to participate in the RJCS program, or may otherwise decline to participate under a subadvisory agreement with Raymond James. As mentioned previously, we do not offer or recommend the full spectrum of SMA Managers or investment disciplines available throughout the financial services industry through the RJCS program.

OSM Managers typically are smaller (based on assets under management) than an RJCS-participating SMA Manager, although this is not always the case. OSM Manager disciplines may be considered by AMS for future RJCS program participation, but there is no guarantee of the OSM Manager's participation even if solicited by AMS. The OSM Program is intended as an alternative to the RJCS program and typically is utilized by clients that have a pre-existing relationship with an OSM Manager not currently available through the RJCS program. A list of participating OSM Managers and available investment disciplines is available through your financial advisor.

## **UNIFIED MANAGED ACCOUNTS AND MUTUAL FUND/ETF MANAGED ACCOUNTS**

The AMS Investment Committee ("Investment Committee") develops forward-looking risk, return and correlation assumptions for different asset classes (domestic and international equities, fixed income, real estate, commodities and other alternative investments) and investment styles (market capitalization) with the purpose of expanding portfolio construction considerations beyond an analysis focused solely on past results. Once asset allocations have been developed across a broad array of risk and return combinations, where the operating assumption is that risk must be increased in order to increase the potential for higher returns, the Investment Committee optimizes (or adjusts) the allocations to maximize the expected returns at each pre-established risk level. Once the asset allocation has been formally established, the Investment Committee then chooses multiple portfolio manager investment disciplines and/or mutual funds to invest that portion of the allocation that the Investment Committee believes best aligns with the identified asset class. For example, if the allocation has a 10% weighting to large capitalization domestic equity, the Investment Committee will select an investment discipline of one or more portfolio managers and/or funds focused on large-cap domestic equities. Once the allocations have been optimized and populated with select portfolio manager and/or fund disciplines, the investment strategies ("Strategies") offered are continuously monitored by the Investment Committee and modified as its capital markets outlook and/or opinions of portfolio managers, funds and investment disciplines change, as necessary.

AMS's Unified Managed Account ("UMA") and Mutual Fund/ETF Managed Account programs offer clients the opportunity to hire Raymond James to manage their designated accounts on a discretionary basis by selecting SMA Managers' investment disciplines, and/or mutual funds and ETFs (collectively, "Funds") and then investing the assets of the account in accordance with the client-selected Strategy. By delegating investment discretion to Raymond James, the client authorizes Raymond James to invest the assets of the account without soliciting their consent prior to engaging in portfolio transactions. AMS offers numerous Strategies to clients through the Freedom UMA and Freedom Account programs.



The client will complete a Client Profile setting forth their investment objectives, financial situation, time horizon, risk tolerance, investment restrictions, and any additional investment-related instructions. Raymond James relies on the financial and other information provided by the client, and the client agrees to inform Raymond James of any material change in the information provided in the Profile or in their financial circumstances which might affect the manner in which their assets are invested. Raymond James' recommendation of a Strategy to a client will be based on its determination that the Strategy is consistent with the client's investment objectives as stated in the Profile. The client's financial advisor provides assistance in evaluating available Strategies to determine its appropriateness, but ultimately it is the client that chooses the most appropriate account program and Strategy to meet their needs.

Upon the client's selection of an account program and Strategy, Raymond James will invest and reinvest the assets of each account, based upon the Strategy selected by the client, in such SMA Manager disciplines, Funds or other property of any kind as it deems in the client's best interest in order to achieve the investment objective(s) identified by the client, without regard to holding period, portfolio turnover or resulting gain or loss. While Strategies are generally comprised of either equities (via SMA disciplines) or Funds, the client should understand that Raymond James may decide to invest a certain portion of the account in other securities to maintain trading flexibility and/or market exposure, or to enhance diversification. For example, the Investment Committee may determine that a Fund should be replaced, but may not have an immediate replacement Fund candidate. In such an event, the Investment Committee may elect to redeem the current Fund in its entirety and invest the proceeds in a broad market or index-based ETF(s) or another investment until a suitable replacement Fund(s) is selected, or may elect to invest in an other investment if it believes doing so would potentially enhance the diversification within a given Strategy. In the event the Investment Committee changes its opinion of an investment in an SMA Manager's discipline or Fund such that it no longer recommends it as an investment within a given Strategy, Raymond James reserves the right to remove and/or replace the SMA Manager's discipline, Fund or other security with another investment without the client's prior consent. The client may revoke this authorization at any time by providing instructions to Raymond James of their desire to choose another Strategy (or account program), or terminate their participation in the respective account program outright.

#### FREEDOM UMA ACCOUNT PROGRAM

Where an SMA holds the model portfolio securities associated with a single investment manager's investment discipline in an individually segregated account, a UMA typically holds multiple SMA Managers and Funds in one "unified" account. The Freedom UMA program offers clients a broad selection of Strategies and allocation options within a given Strategy. The SMA Managers selected by the Investment Committee for investment in the Freedom UMA program are generally available individually through the RJCS Program. However, some of these SMA Managers may participate in only the RJCS or Freedom UMA program. The primary difference between SMA Managers selected by the client through the RJCS Program versus those selected by the Investment Committee through the Freedom UMA program is that the SMA Manager individually manages the client's account on a discretionary basis in the RJCS Program while that same SMA Manager would only provide AMS their model portfolio for implementation by AMS in the Freedom UMA program. For example, if an SMA Manager participates in both the RJCS and Freedom UMA programs, they would individually manage the client's account in the RJCS program, but only provide their model portfolio to AMS for implementation in the Freedom UMA program, although the same securities would comprise their model portfolio in both programs. Clients choosing to participate in the Freedom UMA program appoint Raymond James as their investment adviser in recommending compatible Strategies, selecting SMA Managers and Funds for investment, and continuously managing the investments in the selected Strategy.

As sponsor of the Freedom UMA program, AMS enters into a subadvisory agreement with select SMA Managers registered with the SEC, some of which are affiliated with Raymond James. These SMA Managers' services are made available to clients based on AMS's and its Investment Committee's familiarity with the SMA Managers' firms, portfolio management personnel, investment disciplines offered, portfolio construction and its overall belief that the participation of these SMA Managers in the program will provide clients access to high quality investment advice. In addition to SMA Managers, the Investment Committee may also select Funds to populate the asset allocation (if the Investment Committee believes the Fund's investment discipline aligns with the allocation). The Investment Committee will typically make a Fund selection when it believes an SMA allocation would be impractical due to the relatively small allocation percent or asset class fit, such as alternatives/commodities, fixed income, international and small- to mid-cap oriented sectors. For example, a Fund may be selected instead of an SMA Manager to fill the allocation if the amount being invested in the asset class could not be economically invested in the SMA Manager's model portfolio (which may be comprised of 100+ individual securities holdings), or if the asset class itself is not available in an SMA format due to capacity constraints (such as small cap and international liquidity), diversification constraints (such as fixed income minimum investments), and/or general availability (such as alternatives/commodities). While the Freedom UMA program offers access to a wide array of SMA Managers and investment disciplines, these offerings are limited to those SMA Managers that agree to participate at the negotiated terms of the subadvisory agreement. In addition, the Investment Committee will only consider for potential investment those Funds with which Raymond James has entered into a selling agreement with the fund company managing or distributing the Fund.

Leveraging off the research performed by AMS Manager Research & Due Diligence, the Investment Committee constructs multiple Strategies comprised of a combination of SMA Managers and Funds representing a broad array of asset classes and investment styles. The Investment Committee identifies asset classes and investment styles that perform differently under varying market conditions, yet are considered complementary to one another. The composition of a given Strategy may include domestic and international equities, and where applicable, fixed income, real estate investment trusts, commodity and other alternative investment funds to enhance diversification. Strategies available in the Freedom UMA Program include: Conservative Balanced, Equity Income Balanced, Balanced, Balanced with Growth, Dynamic, Equity Income, Growth, U.S. Equity, Flexible Equity, Flexible Equity Plus, Aggressive and Global. Raymond James, AMS and/or the Investment Committee may develop and offer additional Strategies in the future, discontinue previously offered Strategies, may add or remove SMA Managers and/or Funds, or modify the target allocations of the Strategies at any time.

#### FREEDOM ACCOUNT PROGRAM

Similar to the Freedom UMA program, the Freedom Account Program ("Freedom") offers clients a broad selection of Strategies and allocation options within a given Strategy. Clients choosing to participate in the Freedom program appoint Raymond James as their investment adviser in recommending compatible Strategies, selecting Funds for investment, and continuously managing the investments in the selected Strategy on a discretionary basis. Unlike the Freedom UMA program, the Freedom program is comprised exclusively of mutual funds and/or ETFs (there are no allocations to SMA Managers).

Leveraging off the research performed by AMS Manager Research & Due Diligence, the Investment Committee constructs multiple investment Strategies comprised of a combination of Funds and/or ETFs representing a broad array of asset classes and investment styles. The Investment Committee identifies asset classes and investment styles that perform differently under varying market conditions, yet are considered complementary to one another. The composition of a given Strategy may include domestic and international equity and fixed income Funds, as well as real estate investment trusts, commodity and other alternative investment Funds to enhance diversification.

Strategies available in the Freedom Program include: Global Equity, Aggressive Equity, Flexible Equity Plus, Flexible Equity, Defensive Growth, Growth Equity, Equity Income, Balanced with Growth, Defensive Balanced, Balanced, Equity Income Balanced, Conservative Balanced, High Income, Defensive Conservative, Conservative and Early, Mid and Senior Retirement Income Solution strategies. In addition, tax free Municipal Fund portfolios are available in the Conservative Balanced, Balanced and Balanced with Growth Strategies. In addition to the above Strategies, Freedom offers Completion Portfolios Strategies for Alternative Investments, Fixed Income and International Equity allocations. Completion Portfolios are designed to complete a client's asset allocation plan. For instance, if a client's current equity allocation consists of domestic stocks only, a Completion Portfolios account offers clients the opportunity to diversify into an alternative investment, international equity-based and/or fixed income portfolio, if appropriate for their situation. Raymond James, AMS and/or the Investment Committee may develop and offer additional Strategies in the future, discontinue previously offered Strategies, may add or remove Funds, or modify the target allocations of the Strategies at any time.

Clients most appropriate for the mutual fund version of Freedom are those willing to pay more (via higher fund management fee and operating expenses) for the potential to outperform the market or benchmark indices over the long term, but should also be aware the potential to underperform is just as great. Clients most appropriate for the ETF version of Freedom are those willing to achieve market/benchmark-like returns, less management fees and operating expenses, with little potential for the individual ETFs outperforming the respective indices they track.

Due predominantly to the tax exempt status of the interest paid on municipal fixed income securities the yield has typically been lower than the yield on high quality corporate fixed income. Despite the lower yield, the tax exempt status of income from these securities may provide a net benefit over securities issuing taxable income to individuals (depending on the investor's personal tax situation). There currently is no added tax benefit from holding a municipal fixed income security in a retirement account since distributions from retirement accounts are subject to state and federal income taxes at the investor's marginal tax rate. As a result, AMS limits the ability of clients to invest their retirement account assets in Freedom municipal strategies. Pursuant to the Freedom Investment Management Client Agreement, municipal strategy selections made on behalf of tax-qualified retirement accounts will be automatically invested by AMS in the non-municipal fund strategy. For example, IRA and/or ERISA accounts that select the Balanced Municipal Strategy will be automatically invested in the Balanced Strategy.

The option to reinvest dividends is not available for ETF strategies. If no selection is made, all dividends will be paid in cash for the High Income and Retirement Income Solution mutual fund strategies. All other mutual fund strategies will reinvest dividends if no alternative selection is made.

#### FREEDOM AND FREEDOM UMA STRATEGIES

The Investment Committee's decisions will be based on recommendations provided by AMS Manager Research & Due Diligence, and the Strategies may include "Highly Recommended" Funds from the Raymond James Mutual Fund Research ("MFR") coverage list. However, the Investment Committee is under no obligation to select Funds exclusively from MFR's "Highly Recommended" list. For Funds selected by the Investment Committee that are not covered by MFR, it is reasonably likely that MFR will at some point in the future assume research coverage of the Fund(s), and that such Funds may be rated "Highly Recommended".

AMS Manager Research & Due Diligence continually monitors the Funds in the Freedom and Freedom UMA programs. If a Fund is downgraded by MFR, the Investment Committee will determine the appropriate course of action, which may include replacing the downgraded Fund in all Strategies, if necessary.

The target allocations of the available Strategies apply at the time the client establishes an account. Additions to and withdrawals from an account will generally be invested based on the target allocation. Fluctuations in the market value of securities, as well as other factors, however, will affect the actual asset allocation at any given time. AMS will annually rebalance the client's account, based on the anniversary date of its establishment, if at such time the actual asset allocation varies by more than certain predetermined percentages from the target allocation, as established by AMS. AMS may also rebalance an account upon the client's request.

Clients should be aware that ETFs and mutual funds have unique distinguishing characteristics and their cost structures differ, sometimes significantly. Because mutual funds are typically actively managed, the underlying management fees and operating expenses assessed by the fund companies are generally higher than those for ETFs, which typically seek to track the performance of an index (typically 1% to 1.5% for mutual funds versus .20% to .40% for ETFs, although individual mutual funds and ETFs may have higher or lower expense ratios). However, the AMS Investment Committee considers the expense ratio when selecting funds and, where available, will select fund classes with the lowest expense ratio (institutional or advisor class), where available. Expense ratios for funds or ETFs selected are on average less than 1.00% for funds and less than 0.30% for ETFs, net of 12(b)-1 fees, if any, which if received by Raymond James are credited periodically to the client's account(s).

Unlike shares of mutual funds, shares of ETFs are bought and sold based on market values throughout each trading day, and not at net asset value. For this reason, shares could trade at either a premium or discount to net asset value. The portfolio of securities held by an ETF that tracks an index is publicly disclosed on each trading day, and an approximation of the actual net asset value is disseminated throughout the trading day. Because of this transparency, the trading prices of these index-based ETFs tend to closely track the actual net asset value of the underlying portfolios. Actively managed ETFs will likely not have the transparency of index-based ETFs, and therefore, may be more likely to trade at a discount or premium to actual net asset values. If an ETF held by the fund trades at a discount to net asset value, the fund could lose money even if the securities in which the ETF invests go up in value.

The Investment Committee may find occasion to invest in a mutual fund with relatively low assets under management. Depending on the total investment in such fund, Freedom and/or Freedom UMA accounts may collectively become a significant majority shareholder of the fund. This could result in potential illiquidity in the event the AMS Investment Committee determines a program-wide or cross-program redemption is warranted. The Investment Committee will endeavor to minimize the market impact of any investment related decisions that it makes.

Accounts may invest in ETFs classified as partnerships for U.S. federal income tax purposes, which may result in unique tax treatment, including Schedule K-1 reporting. Prospective or existing clients should consult their tax adviser for additional information regarding the tax consequences associated with the purchase, ownership and disposition of such investments. Additional information is also available in the fund(s)' prospectus(es), which is (are) available upon request.

Not all SMA Managers offer their services to Raymond James' retail clients and we do not offer or recommend the full spectrum of SMA Managers or Funds available throughout the financial services industry. A list of available Strategies, SMA Managers' investment disciplines, Fund investments and target allocations for these programs are available through your financial advisor. Please see the "Other Financial Industry Activities and Affiliations" section for additional information regarding SMA Managers and Funds affiliated with Raymond James and the "Client Referrals and Other Compensation" section for additional information regarding mutual funds available for investment through Raymond James.

#### RUSSELL MODEL STRATEGIES PROGRAM (THE "RUSSELL PROGRAM")

The Russell Program is a mutual fund advisory service that provides clients the opportunity to allocate assets among various asset classes that cover a variety of investment objectives ("Russell Portfolios"). Similar to the Freedom program, the Russell Program is an asset allocation-based mutual fund investment program. However, unlike the Freedom program where the Investment Committee establishes the asset allocation and selects the Funds for investment, the Russell Program invests exclusively in Russell Investment Company mutual funds. Upon selection of a Russell Portfolio, the client appoints Raymond James to manage the portfolio on a discretionary basis with full power to effect buy, exchange or sell transactions of Russell no-load mutual fund shares in predetermined model portfolios held in the client's name. Russell develops the portfolio asset allocation and selects the underlying funds populating the respective model strategy. AMS will annually rebalance the client's account to the original allocation, generally on the anniversary date of the Russell Program Account establishment.

Russell evaluates and retains investment management firms ("Portfolio Managers") to manage each Russell Fund. Portfolio Managers may be terminated or replaced by Russell generally as a result of changes in senior investment personnel, relative underperformance or a deviation or change in the Portfolio Manager's investment discipline. Portfolio Manager changes initiated by Russell will not result in transactions being effected by AMS, and such changes will be effected without prior notice to the client or AMS. Russell exercises investment discretion over the allocation of assets to each Portfolio Manager, and may elect to not allocate management duties for a portion of the Fund's assets to Portfolio Managers. Russell may also manage portions of a Fund during transition periods between Portfolio Manager allocations.

Based upon the client's financial needs and investment objectives, the financial advisor assists the client in selecting the appropriate strategy. The Russell Model Strategies available for new investments through Raymond James include: Equity Growth, Growth, Balanced and Moderate. Tax managed alternatives are available in the above Strategies for tax sensitive clients. Target allocations for the above Strategies are available upon request through your financial advisor.

Certain clients with Russell model strategy funds purchased at a firm other than Raymond James may transfer their Russell funds in their entirety to Raymond James and utilize the Russell Program, but such strategies will be maintained only as an accommodation and will not be available for investment by new clients.

The target allocation of the above Strategies applies at the time the client establishes a Russell account. Additions to and withdrawals from an account will generally be invested based on the target allocation. Fluctuations in the market value of securities, as well as other factors, however, will affect the actual asset allocation at any given time. Raymond James will annually rebalance the client's account, based on the anniversary date of its establishment, if at such time the actual asset allocation varies by more than certain predetermined percentages from the target allocation, as established by AMS. Raymond James may rebalance an account upon the client's request. Russell or the AMS Investment Committee reserves the right to modify the target allocation based on changes to its capital markets outlook.

All strategies will reinvest dividends if the client does not provide instructions to pay dividends in cash.

Additional information regarding the Funds' Portfolio Managers, investment objectives, risks, charges and expenses, and other matters of interest is available in the Fund's prospectus, which may be obtained from the client's financial advisor. Russell Portfolios are comprised exclusively of mutual funds from the Russell family of funds, and the client should understand that alternative investments or investment programs may be available to the client to help achieve their investment goals.

## **NON-MANAGED ACCOUNT PROGRAMS**

AMS, on behalf of Raymond James, administers non-managed advisory programs through the Ambassador, Managed Investment Program and Passport account programs. These programs, unlike the managed account programs discussed previously, offer clients the opportunity to maintain full investment authority and direct the individual investments made within their account, or they may delegate investment discretion to their financial advisor (provided certain qualifications are met) rather than having a third party SMA Manager or Raymond James manage their account through a managed account program. AMS provides support services for clients and financial advisors through these non-managed account programs, such as establishing custodial facilities, establishing and/or adjusting pre-existing periodic investment and disbursement/payment plans, cash disbursements, account inquiry services, billing and payment remittance support, performance reporting, sales support, educational opportunities and training to financial advisors and other account maintenance services.

The following non-managed advisory account programs offered through AMS are available to clients whose financial advisors are either employed by or otherwise affiliated with Raymond James:

### AMBASSADOR ACCOUNT

The Ambassador Account is a wrap fee advisory account, offered and administered by Raymond James, in which the client is provided with ongoing investment advice and monitoring of securities holdings. The client's financial advisor will supervise their account on a non-discretionary basis (or manage on a discretionary basis, provided certain qualifications are met), according to the client's objectives. This account offers clients the ability to pay an asset-based advisory wrap fee which includes transaction costs within the advisory fee in lieu of a commission for each transaction.

### PASSPORT ACCOUNT

The Passport Account is a fee-based advisory account, offered and administered by Raymond James, in which the client is provided with ongoing investment advice and monitoring of securities holdings. The client's financial advisor will supervise their account on a non-discretionary basis (or manage on a discretionary basis, provided certain qualifications are met), according to the client's investment objectives. This account offers clients the ability to pay an asset-based advisory fee and a transaction charge in lieu of a commission for each transaction.

### MANAGED INVESTMENT PROGRAM

The Managed Investment Program ("MIP") is a wrap fee advisory account which offers clients discretionary management of their account by their financial advisor. This account offers clients the ability to pay an asset-based advisory wrap fee which includes transaction costs within the advisory fee in lieu of a commission for each transaction.

### Delegation of Discretionary Investment Authority

Clients wishing to delegate investment discretion to their financial advisor may be afforded the opportunity to do so, provided their financial advisor meets certain qualifications established by Raymond James, or its affiliate Raymond James Financial Services Advisors, Inc. Please refer to the "Investment Discretion" section of this brochure for additional information.

**TERMINATION OF ADVISORY SERVICES**

The client's advisory agreement with Raymond James for each of the aforementioned account programs may be terminated by the client or Raymond James at any time upon providing notice to the other party. There is no penalty for terminating the advisory agreement. Upon termination, the client will receive a refund of the portion of the prepaid asset-based fee which is not earned by Raymond James.

Should the client terminate their investment management agreement with an OSM Manager, Raymond James will not be responsible for the OSM Manager's reimbursement of prepaid management fees not earned by the OSM Manager upon termination.

Accounts in the Ambassador and Passport programs are not for day trading or other extreme trading activity, including excessive options trading or trading in mutual funds based on market timing. As such, pursuant to the respective program's advisory agreement, Raymond James reserves the right to terminate, in its sole discretion, any client account in these account programs that it feels has engaged in or exhibited excessive trading.

**FINANCIAL PLANNING AND INVESTMENT ADVISORY CONSULTING SERVICES**

For clients seeking financial advice involving analysis of a particular investment, investment portfolio, or overall financial situation, Raymond James, through its financial advisors, provides financial planning and consulting services designed to meet the client's financial goals, needs and objectives. The consulting services typically take the form of a financial plan. These consulting services may include, but are not necessarily limited to, a review of aspects of an individual's current financial situation, with emphasis on portfolio analysis, estate planning, insurance planning, education planning, retirement planning and/or capital needs planning. To the extent other services are needed, the financial advisor will assist the individual client. Financial advisors may also assist the client in coordinating the implementation of any recommendations made, including referral to other practicing professionals such as an attorney, accountant or insurance agent whose services may be necessary. In preparing a financial plan for a client, the financial advisor gathers information deemed relevant to the particular advisory service being provided through fact-finding reviews with the client and through documents and/or the client's profile questionnaire (as completed by the client). The service includes an analysis of the client's financial information, which may include items such as the client's current assets, income, investments, liabilities, short and long-term capital and liquidity needs, risk tolerance and short and long-term financial goals and objectives.

Should a client choose to implement the recommendations contained in the financial plan, the financial advisor will generally make recommendations with respect to products and services offered through Raymond James and its affiliates. Raymond James provides assistance to its financial advisors with identifying potential investments and/or investment strategies. Financial advisors may utilize these and other services when assisting clients with the recommendation and implementation of a financial plan. However, the decision to implement any recommendation rests exclusively with the client, and the client has no obligation to implement any such recommendations through Raymond James or its affiliates.

In addition to providing individual financial planning and investment advisory consulting services to individuals and entities, Raymond James financial advisors may also provide advice and consultation to individual retirement plans and employer-sponsored retirement plans. Services rendered may include, but are not necessarily limited to, the development of a documented investment process, asset allocation, research and investment recommendations, plan participant education, investment or investment manager performance monitoring, and guidance to the plan sponsors on its fiduciary obligations to plan participants. In providing these services, Raymond James may act as a fiduciary as defined under Section 3(21)(A)(ii) of ERISA, but will serve in such capacity only with respect to the provision ERISA-defined investment advice.

Financial planning and consulting fees are negotiable between the client and Raymond James. Fees charged for these services may depend upon the anticipated time allocated to provide the services requested, the complexity of the plan or the individual client's financial situation. The fees are determined in advance and mutually agreed upon between the client and Raymond James at the time an Investment Advisory Consulting Agreement is executed. The fees for financial planning and consulting services can be structured as an hourly rate, fixed dollar fee, or as a percentage of assets being advised upon. Billing as a percentage of assets is typically used for assets held outside of Raymond James, such as 401(k) plan accounts held directly with the plan sponsor or through other financial institutions. Services rendered and the fees charged are disclosed in the Investment Advisory Consulting Agreement. Advisory fees or commissions generated in the implementation of a plan through Raymond James or its affiliates may be used to offset financial planning and/or investment advisory consulting fees. It is possible that a client of Raymond James may pay more or less for similar services than may be available through another firm.

The client may terminate the advisory relationship without penalty within five (5) days of entering into an advisory agreement. Investment programs involve risk and there is no guarantee that utilizing the financial planning and/or advisory consulting services of Raymond James will produce favorable results.

For financial advisors to qualify to charge a consulting fee for financial and/or investment advisory consulting services, they should generally meet the following guidelines:

- a. Appropriately registered as Investment Adviser Representative;
- b. Certain minimum years of experience in the securities industry;
- c. Certain minimum commissions/fees and client assets in the prior twelve months;
- d. No significant customer complaints or disciplinary actions against the financial advisor; and
- e. Additional compliance and investment advisory training may be required. Certain relevant industry professional designations may be applicable.

Raymond James retains the right to determine financial advisor qualifications, regardless of whether they meet all of these guidelines and also reserves the right not to offer financial planning and investment advisory consulting services through financial advisors that otherwise meet these guidelines.

#### ADDITIONAL ADVISORY SERVICES

Raymond James may, from time to time, issue special reports, charts, graphs, etc., to clients. Raymond James may also offer investment advice on general matters such as business value analysis, business succession and/or liquidations in manners not described above. Raymond James may also recommend that clients utilize certain asset allocation services. Fees for such services are disclosed in an agreement agreed to by the client.

Pursuant to and in connection with the acquisition and reorganization of Howe Barnes Capital Management, Inc. and its parent company Howe Barnes Hoefer & Arnett, Inc. (collectively, "Howe Barnes") by Raymond James Financial, Inc., Raymond James may enter into subadvisory arrangements with third party unaffiliated investment advisers, whereby certain financial advisors formerly affiliated with Howe Barnes may provide discretionary management services to clients referred by the adviser. In such cases, Raymond James financial advisors will effect portfolio transactions through the client's primary adviser, as Raymond James will not maintain custodial facilities for such clients. Alternatively, certain Raymond James financial advisors formerly affiliated with Howe Barnes may provide discretionary management and/or consulting services pursuant to an advisory agreement or consulting agreement directly with the client. Such arrangements are compensable under a negotiated fee to Raymond James pursuant to its subadvisory, consulting or investment management agreement with the referring adviser or directly with the client.

Effective August 1, 2012, Raymond James, through AMS, entered into a subadvisory agreement with Morgan Keegan whereby AMS provides Morgan Keegan with model portfolio and research services, among other things, for Morgan Keegan's managed account programs, including but not limited to Morgan Keegan's Preferred Funds Discretionary and Preferred Managers investment advisory programs. Under this subadvisory agreement, AMS provides Morgan Keegan model portfolios comprised of mutual funds and exchange traded funds based on the composition of such funds in Raymond James' comparable Freedom account program. In addition, Morgan Keegan's Preferred Managers program is under evaluation by AMS. Morgan Keegan may make changes to the lineup of portfolio managers participating in the program based on recommendations provided to it by AMS. The primary purpose of this subadvisory arrangement is to align Morgan Keegan's Preferred Funds Discretionary and Preferred Managers programs with Raymond James' comparable Freedom and Raymond James Consulting Services programs, respectively, in preparation for the integration of Morgan Keegan into Raymond James, currently anticipated to occur in early calendar year 2013.

## FEES AND COMPENSATION

Clients may negotiate asset-based fee and/or commission rates with their financial advisor, and such a decision is at the discretion of the financial advisor. Factors involved in this negotiation may include the nature and size of the overall client relationship with the financial advisor, the level and type of advisory or other financial services being or expected to be provided, and Raymond James' or its affiliates' policy with respect to discounts. The client understands that unless a lower rate has been negotiated, they should expect that Raymond James or its affiliate(s) will charge fees based upon the applicable standard fee schedule detailed below for each account program. While the asset-based fees are negotiable, the fee schedule's asset-level breakpoints and each applicable incremental fee rate may not be modified in any way.

Unless otherwise indicated, asset-based advisory fees are calculated based on an incremental pricing schedule. For example, an account valued at \$400,000 would be charged under the standard pricing schedule as follows (sample):

First \$200,000 in assets charged at 3.00%  
 Next \$200,000 in assets charged at 2.50% = \$11,000 annualized fee (2.75% annualized rate)

### STANDARD FEE SCHEDULES FOR MANAGED ACCOUNT PROGRAMS

#### Raymond James Consulting Services & Eagle High Net Worth SMA Programs

The client is generally assessed an all-inclusive wrap fee, set forth as follows:

##### Equity, Balanced and ETF (Incremental Schedule)

Account Value (Less than \$500K)	Annual Fee
First \$200,000	3.00%
Next \$300,000	2.50%
Account Value (Equal to or greater than \$500K)	Annual Fee
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1,000,000	1.60%
Next \$3,000,000	1.40%
Over \$5,000,000	1.30%
Greater than \$10,000,000	Negotiable

##### Fixed Income (Incremental Schedule)

Account Value	Annual Fee
First \$500,000	1.25%
Next \$500,000	0.90%
Next \$1,000,000	0.80%
Over \$8,000,000	0.65%
Greater than \$10,000,000	Negotiable

##### Short Term Conservative Fixed Income (Incremental Schedule)

Account Value*	Annual Fee
First \$5,000,000	0.60%
Next \$5,000,000	0.50%
Greater than \$10,000,000	0.40%

Under certain circumstances, Raymond James may accommodate a client's request to pay for brokerage on a commission-per-transaction basis. Under such an arrangement the management fee is as follows:

##### Equity, Balanced and ETF (Retroactive Schedule)

Account Value	Annual Fee
Less than \$500,000	0.85%
Between \$500,000 and \$1,000,000	0.75%
Equal to or greater than \$1,000,000	0.70%
Greater than \$10,000,000	Negotiable

##### Fixed Income (Incremental Schedule)

Account Value	Annual Fee
First \$500,000	0.50%
Next \$1,500,000	0.40%
Over \$8,000,000	0.35%
Greater than \$10,000,000	Negotiable

##### Short Term Conservative Fixed Income (Incremental Schedule)

Account Value	Annual Fee
First \$10,000,000	0.35%
Greater than \$10,000,000	0.30%

In addition to the management fee, the client will pay a commission on each transaction to their broker-dealer. Clients may negotiate commission rates with their financial advisor, and such decision is at the sole discretion of the financial advisor.

There generally is a minimum investment of \$100,000 for equity and balanced accounts, and \$200,000 for most fixed income accounts. Certain SMA Managers may have a higher minimum investment. Minimum investments for each SMA Manager's discipline participating in the RJCS and EHNW programs are available in the Investment Management Client Agreement.

**FREEDOM UMA PROGRAM****Advisory Fee (Incremental Schedule)**

Account Value	Annual Fee
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1,000,000	1.60%
Next \$3,000,000	1.40%
Over \$5,000,000	1.30%
Greater than \$10,000,000	Negotiable

There is generally a minimum investment of \$300,000 for clients to be eligible for the Freedom UMA Program, although the Conservative Balanced, Aggressive and Global Strategies require a minimum investment of \$600,000. Accommodations cannot be made for accounts that otherwise qualify to participate, but do not meet the respectively higher Strategy investment minimums. For example, a \$500,000 account that qualifies for the \$300,000 minimum investment Strategy allocation cannot invest in a \$600,000 Strategy allocation until it reaches the \$600,000 minimum investment level.

**SMA MANAGER FEES**

Raymond James negotiates the management fee payable to the SMA Manager, based on factors including, but not limited to, the Manager's assets under management in the RJCS and (if applicable) Freedom UMA Program(s), average number of portfolio holdings, average annual turnover, anticipated sales and administrative service levels, among others.

The negotiated management fee may differ between SMA Managers, or the management fee paid by Raymond James may be more or less than the SMA Manager may receive for providing similar services pursuant to another sponsor's SMA and/or UMA program(s). As with any negotiation, SMA Managers may agree to or counter Raymond James' proposed payment rate, or otherwise decline to participate in any of our programs if they so choose. An SMA Manager's decision to participate in the RJCS and/or UMA program is theirs alone to make and may be based on economic considerations.

**The Management Fees Paid by Raymond James to SMA Managers**

The management fee payable to SMA non-Model Managers is typically 0.40% – 0.50% for equity and balanced accounts, and 0.20% - 0.30% for fixed income accounts, but may vary due to incremental rate negotiation between Raymond James and the SMA Manager. For Model Managers available through the RJCS program, the advisory fee paid to the Model Manager is typically 0.25% - 0.35%. The above mentioned management / advisory fee is paid to the SMA Manager out of the all inclusive asset-based wrap fee assessed to the client by Raymond James. For clients selecting a Model Manager's investment discipline, the commission-per-transaction arrangement is not available.

The management fee payable to SMA Managers selected by Raymond James to participate in the Freedom UMA program is typically 0.30% – 0.35%, but may vary due to incremental rate negotiation between Raymond James and the SMA Manager. Although the basis of Raymond James' recommendation of SMA Managers is not contingent upon this negotiated management fee, a conflict may exist due to the potential incentive Raymond James may have to recommend an SMA Manager(s) with a lower management fee. Additionally, while the basis of Raymond James' allocation to mutual funds in the Freedom UMA program is intended to enhance the diversification of the portfolio (that is, invest in a mutual fund where an SMA allocation would be impractical due to the allocation percent or asset class, such as alternatives and fixed income), a conflict may exist for Raymond James to allocate a higher proportion of a portfolio to mutual funds where no management fee is paid by Raymond James to an SMA Manager out of the asset-based advisory fee assessed by Raymond James to the client's account (thereby allowing Raymond James to retain a higher proportion of the overall asset-based advisory fee). However, the mutual fund's manager will collect a management fee out of the internal expenses charged by the fund company (an internal expense of the fund).

**Asset-Based Fee Aggregation – RJCS, EHNW AND Freedom UMA Programs**

Participants in the above programs may be entitled to discounted asset-based fees if they maintain one or more eligible Related Accounts within these programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. For purposes of aggregating Related Accounts, there are two account classes, Equity (Growth, Value, Equity Income, Small Cap Equity, Equity Blend, Selected Balance, and Premium Income) and Fixed Income. Thus, Related Accounts of the RJCS and Eagle High Net Worth Programs that fall within an account class may be aggregated for management fee purposes, so that each account will pay a fee that is calculated on the basis of the total of all Related Accounts in that particular class. All Freedom UMA Program accounts fall within the Equity class.



Further, EHNW Premium Income accounts will be aggregated with Equity accounts to determine the Equity account fees. However, the reverse will not apply. Finally, client assets in the Eagle International Equity Portfolio will be aggregated with Equity accounts to determine the Equity account fees (this will have no effect on fees and other expenses of the Eagle portfolio.) It is the client's responsibility to identify all related managed accounts for purposes of qualifying for an aggregated account fee discount. While Raymond James may attempt to identify related accounts, it will not be responsible for failing to consider any related accounts not listed by the client.

### OUTSIDE MANAGER ("OSM") PROGRAM

#### Equity and Balanced - All Accounts (Incremental Schedule)

Account Value (Less than \$500K)	Annual Fee
First \$200,000	2.00%
Next \$300,000	1.50%
Account Value (Equal to or greater than \$500K)	Annual Fee
First \$500,000	1.50%
Next \$500,000	1.00%
Next \$1,000,000	0.80%
Over \$8,000,000	0.60%
Greater than \$10,000,000	Negotiable

#### Fixed Income - All Accounts (Incremental Schedule)

Account Value	Annual Fee
First \$500,000	0.75%
Next \$500,000	0.50%
Next \$1,000,000	0.40%
Over \$8,000,000	0.30%
Greater than \$10,000,000	Negotiable

Raymond James' Asset-Based Fee does not include any fees paid to the OSM Manager. The client will compensate the OSM Manager separately as agreed between the client and the OSM Manager. Upon the client's request, Raymond James will debit their Raymond James account for the OSM Manager's fee, but will not be responsible for verification of the computation of such fee.

There generally is a minimum investment of \$100,000 for all equity and balanced accounts, and \$200,000 for most fixed income accounts, although certain OSM Managers may have higher minimums.

### FREEDOM PROGRAM

#### All Strategies except Defensive Conservative, Conservative, Fixed Income & High Income

Account Value	Annual Fee
First \$200,000	1.75%
Next \$300,000	1.50%
Greater than \$5,000,000	1.00%

#### Defensive Conservative, Conservative, Fixed Income & High Income Strategies

Account Value	Annual Fee
First \$200,000	1.25%
Next \$300,000	1.00%
Greater than \$5,000,000	0.75%

### RUSSELL MODEL STRATEGIES PROGRAM

#### All Strategies except Conservative (Incremental Schedule)

Account Value	Annual Fee
First \$200,000	1.75%
Next \$300,000	1.50%
Greater than \$5,000,000	1.00%

#### Conservative Strategy Only (Incremental Schedule)

Account Value	Annual Fee
First \$200,000	1.25%
Next \$300,000	1.00%
Greater than \$5,000,000	0.75%

There is a minimum investment of \$50,000 for all Freedom and Russell Strategies.

**STANDARD FEE SCHEDULES FOR NON-MANAGED FEE-BASED ACCOUNT PROGRAMS****AMBASSADOR ACCOUNT**

Account Value (Incremental Schedule)	Annual Fee
First \$200,000	2.00%
Next \$300,000	1.75%
Over \$500,000	1.25%
Greater than \$5,000,000	Negotiable

There is a minimum investment of \$50,000 for Ambassador Accounts.

**MANAGED INVESTMENT PROGRAM****Equity and Balanced - All Accounts (Incremental Schedule)**

Account Value (Less than \$500K)	Annual Fee
First \$200,000	3.00%
Next \$300,000	2.50%
Account Value (Equal to or greater than \$500K)	Annual Fee
First \$500,000	2.50%
Next \$500,000	2.00%
Next \$1,000,000	1.60%
Next \$3,000,000	1.40%
Over \$5,000,000	1.30%
Greater than \$10,000,000	Negotiable

**Fixed Income - All Accounts (Incremental Schedule)**

Account Value	Annual Fee
First \$500,000	1.25%
Next \$500,000	0.90%
Next \$1,000,000	0.80%
Over \$8,000,000	0.65%
Greater than \$10,000,000	Negotiable

There is a minimum investment of \$50,000 for MIP accounts.

**PASSPORT ACCOUNT****Blended Rate Fee Schedule (Incremental Schedule)**

Account Value	Annual Fee
First \$200,000	1.75%
Next \$300,000	1.50%
Greater than \$500,000	1.00%

**Three Tier Asset Class Fee Schedule (Incremental Schedule)***Passport Fee Investments Excluding Open-End Mutual Funds, Cash and Bonds*

Account Value	Annual Fee
First \$200,000	2.00%
Next \$300,000	1.50%
Greater than \$500,000	1.00%

*Passport Fee Investment Open-End Mutual Funds and Cash*

Account Value	Annual Fee
First \$100,000	1.75%
Next \$100,000	1.50%
Next \$300,000	1.25%
Greater than \$500,000	0.75%

*Passport Fee Investment Bonds*

Account Value	Annual Fee
First \$100,000	1.50%
Next \$100,000	1.25%
Next \$300,000	1.00%
Greater than \$500,000	0.75%

Additionally, there is a Processing Fee for the execution of each trade, as follows:

Security Type	Processing Fee
Exchange Traded Equities: Listed and OTC (common & preferred)	\$9.95
Open End Mutual Funds (applicable to purchases only)*	\$30.00
Closed End and Exchange Traded Funds	\$9.95
Real Estate Investment Trusts/Unit Investment Trusts	\$9.95
Options Contracts	\$30.00
Bonds: Government, Corporate, Municipal and Mortgage-Backed	\$30.00

\*Select fund companies have agreed to pay administrative fees to Raymond James in consideration for Raymond James' waiver of the \$30 Processing Fee assessed on certain Passport Account mutual fund purchases ("Participating Funds"). Please refer to the "Client Referrals and Other Compensation" section for additional information regarding Participating Funds.

In addition to the above Processing Fee (which may also be referred to as a "Transaction Fee"), the client will incur a charge in the amount of \$4.95 per transaction for handling charges. Clients can purchase certain mutual funds directly from the fund without incurring a Processing Fee. For non-IRA/ERISA Passport accounts, the client's financial advisor may elect to absorb all or a portion of the Processing Fee.

There is a minimum investment of \$25,000 for Passport Accounts.

### ASSET-BASED FEES

For purposes of calculating and assessing asset-based fees, Raymond James uses the term "Account Value", which may be different than the asset value as reported on brokerage statements provided by Raymond James to clients. Pursuant to the investment management or advisory agreement, Account Value is defined as the total absolute value of the securities in the Account, long or short, plus all credit balances, including any declared dividend and interest income accrued during the period, with no offset for any margin or debit balances. Please see "Review of Accounts – Brokerage Statement and Performance/Billing Valuation Differences for Fee-Based Accounts" for details on the account valuation methodology employed by Raymond James when calculating asset-based fees.

The annual asset-based fees associated with the aforementioned account programs are payable quarterly in advance. When an account is opened, the asset-based fee is billed for the remainder of the current billing period and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the Account Value on the last business day of the previous calendar quarter, and becomes due the following business day. The client authorizes and directs Raymond James as custodian to deduct asset-based fees from their account. Clients will be provided brokerage statements, at least quarterly, showing all amounts disbursed from the client's account, including the amount of the asset-based fee, the Account Value on which the fee was based, and the manner in which the fee was calculated.

The asset-based fees associated with the above advisory account programs include all execution and clearing charges except: (1) certain dealer-markups and odd lot differentials, transfer taxes, exchange fees mandated by the Securities and Exchanges Act of 1934 and any other charges imposed by law with regard to any transactions in the account; and (2) offering concessions and related fees for purchases of public offerings of securities as more fully disclosed in the prospectus.

Should the client transfer management duties from one SMA Manager to another SMA Manager within the RJCS or EHNW programs, any prepaid asset-based fees will be reimbursed for the period not earned by the previous SMA Manager and billed for the remainder of the period for the newly designated SMA Manager.

Employees of Raymond James or its affiliates are entitled to lower management fee arrangements for their personal accounts.

**ADMINISTRATIVE-ONLY ASSETS**

Certain securities may be held in the client's Ambassador or Passport account and designated "Administrative-Only" assets. Administrative-Only assets may be designated as such by financial advisors that do not wish to collect an advisory fee on certain assets or by Raymond James in conformance with internal policy. For example, a financial advisor may make an arrangement with a client that holds a security that the financial advisor did not recommend or the client wishes to hold for an extended period of time and does not wish for their financial advisor to sell for the foreseeable future. In such cases the financial advisor may elect to waive the advisory fee on this security, but allow it to be held in the non-managed advisory account. Alternatively, Raymond James may determine that certain securities may be held in an advisory account but are not eligible for the advisory fee (such as for mutual funds purchased with a front-end sales charge through Raymond James within the last two years). Such designated assets will not be assessed an advisory fee. Administrative-Only assets will be included in the account value when calculating applicable asset-based advisory fee rates. For example, a client whose Ambassador Account Value is \$250,000 and is comprised of \$50,000 of Administrative-Only assets will have the asset-based fee rate assessed based on a \$250,000 Account Value, however this rate will only be assessed to \$200,000 of the eligible assets in the account, as follows:

First \$200,000 in assets charged at 2.00%                      =    \$4,875 annualized fee                      (1.95% annualized rate)  
 Next \$50,000 in assets charged at 1.75%

$\$250,000 \text{ less } \$50,000 \text{ of Administrative-Only assets} \times 1.95\% = \textbf{\$3,900 annual fee}$   
 $(\$3,900 / \$250,000 = 1.56\% \text{ overall annualized rate on total Account Value})$

**ASSET-BASED FEE AGGREGATION – FREEDOM, RUSSELL, PASSPORT AND AMBASSADOR PROGRAMS**

Participants in the above programs may be entitled to discounted asset-based fees if they maintain one or more eligible Related Accounts within these programs.

Related Accounts are accounts of an individual, his or her spouse, and their children under the age of twenty-one. The term includes individually owned accounts, individual retirement accounts (IRAs), self-directed accounts (i.e., directed by individual participants) under an employee benefit plan (ERISA plan) and ERISA plan accounts in which an individual is the sole participant. Thus, Related Accounts participating in the Freedom, Russell, Passport and Ambassador programs may be aggregated for advisory fee purposes, so that each account will pay a fee which is calculated on the basis of the total of all Related Accounts. It is the client's responsibility to identify all Related Accounts for purposes of qualifying for an aggregated account fee discount. While Raymond James may attempt to identify related accounts, it will not be responsible for failing to consider any related accounts not listed by the client.

**BILLING ON CASH BALANCES**

Cash sweep balances ("cash") in the Ambassador, Freedom, Russell, Passport or MIP programs that exceed 20% of the billable account value of client's account at the time of billing will be included for fee purposes only if cash did not exceed 20% of the billable account value at the end of the previous quarter. Otherwise, the cash balance in excess of 20% will be excluded from the billable account value for fee purposes. This fee billing provision (or "Cash Rule") is intended to equitably assess advisory fees to client assets for which an ongoing advisory service is being provided; the exclusion of excess cash from the advisory fee is intended to benefit clients holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time.

Cash balances are generally expected to be a small percentage of the overall account value in EHNW, Freedom, Freedom UMA, RJCS and Russell managed accounts, although cash balances may fluctuate at any given time at the discretion of the portfolio manager or the AMS Investment Committee, as applicable. However, Freedom offers the Defensive Conservative Strategy which includes a 50% cash allocation, as well as the Defensive Balanced and Defensive Growth Strategies which include a 20% cash allocation. These Strategies are intended to provide clients the flexibility of raising cash in their Freedom account while maintaining continued market exposure. Clients selecting one of these Defensive Strategies should understand the cash balance is subject to the asset-based advisory fee, although the Cash Rule will apply to clients that select the Defensive Conservative Strategy. Due to the high cash allocation of the Defensive Strategies, clients should periodically re-evaluate whether their selection of such a Strategy is appropriate in light of their financial situation and investment goals.

For Discretionary Ambassador, MIP or Passport accounts this Cash Rule may pose a financial disincentive to a financial advisor, as the portion of cash sweep balances in excess of 20% will be excluded from the asset-based fee charged to the account. This may cause a financial advisor to reallocate a client account from cash or money market sweep investments to advisory fee eligible investments, or recommend against raising cash, in order to avoid the application of this provision and therefore receive a fee on the full account value. However, clients that have delegated investment discretion to their financial advisor may direct the financial advisor to raise cash by selling investments or hold a predetermined percentage of their account in cash at any time. The Cash Rule is applicable only to cash sweep balances and, therefore, non-sweep money market funds would not result in excess "cash" balances being excluded from the asset-based advisory fee calculation. As a result, non-sweep money market funds are generally prohibited as an investment option in fee-based accounts. However, certain money market funds may be approved as an investment option, but will be designated as Administrative-Only assets as long as these funds are held in a fee-based account. Neither Raymond James nor the financial advisor will receive fee-based compensation on these funds, but may receive compensation in the form of a 12(b)-1 fee or trail from the fund company.

## **ADDITIONAL EXPENSES NOT INCLUDED IN THE ASSET-BASED ADVISORY FEE**

Clients may also incur charges for other account services provided by Raymond James not directly related to the advisory, execution and clearing services provided including, but not limited to, IRA custodial fees, safekeeping fees, charges/interest for maintenance of margin and/or short positions, and fees for legal or courtesy transfers of securities. For a complete list of account service charges, please contact your financial advisor or visit Raymond James' public website: [raymondjames.com/services\\_and\\_charges.htm](http://raymondjames.com/services_and_charges.htm) (Client Account Services and Charges).

Certain open-end mutual funds that may be acquired by clients, may, in addition to assessing management fees, internally assess a distribution fee pursuant to section 12(b)-1 of the Investment Company Act of 1940, or an administrative or service fee ("trail"). Such fees are included in the calculation of operating expenses of a mutual fund and are disclosed in the fund prospectus. If received by Raymond James on advisory fee-eligible mutual funds, these fees will be credited bi-monthly (as applicable) to the client's account(s) to offset advisory fees incurred by clients with accounts in the Ambassador, Freedom, Freedom UMA, Passport or Russell account programs.

Clients should understand that the annual advisory fees charged in the aforementioned programs are in addition to the management fees and operating expenses charged by open-end, closed-end and exchange-traded funds. To the extent that a client intends to hold fund shares for an extended period of time, it may be more economical for the client to purchase fund shares outside of these programs. Clients may be able to purchase mutual funds directly from their respective fund families without incurring the Raymond James' advisory fee, or where applicable, processing fees. When purchasing directly from fund families, clients may incur a front- or back-end sales charge.

Clients should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges for redemptions (typically 1%-2% of the amount redeemed) made within short periods of time. These short-term charges are imposed by the funds (and not Raymond James) to deter "market timers" who trade actively in fund shares. Clients should consider these short-term trading charges when selecting the program and/or mutual funds in which they invest. These charges, as well as operating expenses and management fees, may increase the overall cost to the client by 1%-2% (or more), and are available in each fund's prospectus. Please refer to the "Client Referrals and Other Compensation" section for additional information regarding mutual funds available for investment through Raymond James.

Clients should be aware that exchange traded funds ("ETFs") incur a separate management fee, typically 0.20%-0.40% of the fund's assets annually (although individual ETFs may have higher or lower expense ratios), which is assessed by the fund directly and not by Raymond James. This management fee is in addition to the ongoing advisory fee assessed by Raymond James, and will generally result in clients which utilize an SMA Manager or Investment Strategy that invests in ETFs paying more than clients utilizing one that does not invest in ETFs, without taking into effect negotiated asset-based fee discounts, if any. Certain ETFs may be classified as partnerships for U.S. federal income tax purposes, which may result in unique tax treatment, including Schedule K-1 reporting. Prospective or existing RJCS, EHNW, Freedom or Freedom UMA clients should consult their tax adviser for additional information regarding the tax consequences associated with the purchase, ownership and disposition of such investments. Additional information is also available in the ETF prospectus, which is available upon request.

Certain no-load variable annuities may be purchased in or transferred into accounts in the Ambassador and Passport programs and may be charged an asset-based advisory fee. The annual advisory fees charged for these no-load variable annuities are in addition to the management fees and operating expenses charged by the insurance companies offering these products.

In the event an SMA Manager elects to utilize brokers or dealers other than Raymond James to effect a transaction in a recommended security ("trade away" from Raymond James), brokerage commissions and other charges for transactions not effected through Raymond James are generally charged to the client by the executing broker or dealer, whereas the wrap fee assessed by Raymond James covers the cost of brokerage commissions on transactions effected through Raymond James. Please refer to the "Brokerage Practices – Directed Brokerage and Trade Execution" section for additional information regarding trades executed away from Raymond James.

## **ADDITIONAL BUNDLED SERVICE COST CONSIDERATIONS**

A client's total cost of each of the services provided through these programs, if purchased separately, could be more or less than the costs of each respective program. Cost factors may include the client's ability to:

- 1) Obtain the services provided within the programs separately with respect to the selection of mutual funds,
- 2) Invest and rebalance the selected mutual funds without the payment of a sales charge, and
- 3) Obtain performance reporting comparable to those provided within each program.

When making cost comparisons, clients should be aware that the combination of multiple mutual fund investments, advisory services, custodial and brokerage services available through each program may not be available separately or may require multiple accounts, documentation and fees. If an account is actively traded or the client otherwise does not qualify for reduced sales charges for fund purchases, the fees may be less expensive than separately paying the sales charges and advisory fees. If an account is not actively traded or the client otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

The client's financial advisor may have a financial incentive to recommend a fee-based advisory program rather than paying for investment advisory services, brokerage, performance reporting and other services separately. A portion of the annual advisory fee is paid to the financial advisor, which may be more than the financial advisor would receive under an alternative program offering of Raymond James or if the client paid for these services separately. Therefore, the client's financial advisor may have a financial incentive to recommend a particular account program over another. Financial advisors do not receive a financial incentive to recommend and sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, financial advisors may receive higher compensation for certain product types. In addition, your financial advisor may receive incentive compensation for utilizing a particular advisory program. Please refer to the "Client Referrals and Other Compensation" section for information regarding additional asset-based compensation to financial advisors.

Raymond James believes the charges and fees offered within each fee-based program are competitive with alternative programs available through other firms and/or investment sources, yet makes no guarantee that the aggregate cost of a particular program is lower than that which may be available elsewhere.

### **NEGOTIABILITY OF ADVISORY FEE/COMMISSION RATES**

As mentioned previously, asset-based fees are generally negotiable between the client and financial advisor. Each of the aforementioned account program-specific fee schedules have built in mechanisms to reduce fees as the assets in the account(s) rise. For certain clients with substantial assets being considered for or currently participating in an advisory program, the asset-based fee is negotiable whereby the financial advisor and Raymond James share in the negotiated discount. This will generally occur at the \$10 million level for SMA and UMA managed accounts and the \$5 million level for managed mutual fund/ETF program and non-managed accounts. Discounts for accounts that do not meet these minimum thresholds remain negotiable, but the client should understand the financial advisor's negotiation is largely dependent on their willingness to reduce their compensation without the benefit of fee concessions from Raymond James.

Certain financial advisors may establish special pricing arrangements as an alternative to discounting the standard fee schedule for a specific account program. Such arrangements must be approved by Raymond James in advance of implementation and generally will not result in the total asset-based fee charged to the client exceeding that which would otherwise have been assessed had the standard undiscounted fee schedule been applied. However, under certain circumstances the client may agree to a pricing arrangement that involves paying a negotiated fee in excess of the standard fee schedule. Such arrangements must be approved in advance by Raymond James and will not exceed the maximum standard annual asset-based fee that may be charged in any advisory account program offered by Raymond James, currently three percent (3%) of assets under management. Clients should carefully review with their financial advisor the anticipated activity within their account and the services being provided by to determine whether the aforementioned pricing arrangement continues to best meet their needs.

For the RJCS and EHNW Programs, the client is generally assessed an all-inclusive wrap fee, although under certain limited circumstances Raymond James may accommodate a client's request to pay for brokerage on a commission-per-transaction basis. Under a wrap fee arrangement, the client pays an annual asset-based fee which is calculated as a percentage of assets under management in the account. The financial advisor receives a portion of the asset-based fee as his or her compensation. Under the management fee plus commissions arrangement, the client pays a commission for each transaction in the account, as transactions occur, at the rate negotiated between the client and their financial advisor or broker-dealer. The financial advisor receives a portion of such commissions as his or her compensation. In addition to the per transaction commission, the client will pay a management fee to Raymond James and the SMA Manager for portfolio management. Please see "Fees and Compensation – Raymond James Consulting Services and Eagle High Net Worth Programs" for the applicable asset-based fees under each arrangement.

Clients should bear in mind that asset-based fee arrangements, when compared with the traditional commission option, generally result in lower costs during periods when trading activity is heavier, such as the year an account is established. During periods when trading activity is lower, such arrangements may result in a higher annual cost for transactions. Thus, depending on the level of trading activity, or turnover, in an account, a client that chooses an asset-based fee may pay more for transaction services than if they chose the commission alternative. Of course, the reverse is also true. The compensation arrangement will have no effect on the trading activity in the client's account. In other words, portfolio management is conducted independently of how the client pays for brokerage services. Some clients favor the asset-based fee because it fixes their brokerage cost at a predetermined level; whereas other clients may not find such an arrangement suits their needs because they anticipate their accounts will have low turnover. In any event, clients are entitled to know the exact amount of the brokerage fee, the services provided for that fee, and anticipated turnover in the account. Clients should explore this subject thoroughly with their financial advisor in order to be able to determine whether an asset-based wrap fee arrangement is appropriate for their needs.



## PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

Performance-based fee arrangements involve the payment of fees based on a share of capital gains or capital appreciation of a client's account. Side-by-side management refers to the practice of managing accounts that are charged performance-based fees while at the same time managing accounts that are not charged performance-based fees.

Raymond James does not manage any accounts or provide advisory services where it is compensated under a performance-based fee arrangement. In addition, Raymond James does not permit its financial advisors or other representatives to provide advisory services where their compensation will be paid pursuant to a performance-based fee arrangement.

## TYPES OF CLIENTS

Raymond James provides advisory services to a broad range of current and prospective clients, including individuals, individual retirement accounts ("IRAs"), banks and thrift institutions, trusts, estates, charitable organizations, state and municipal government entities, pension and profit sharing plans, including plans subject to Employee Retirement Income Security Act of 1974 ("ERISA"), investment advisers, corporations and other business entities.

Raymond James does not require a minimum asset amount for financial planning or consulting services.

Applicable requirements for opening or maintaining an account with Raymond James, such as minimum account size, are discussed under the above "Fees and Compensation" section.

## ACCOUNT MINIMUMS

Raymond James generally imposes a minimum dollar amount to participate in each of the aforementioned advisory programs. However, smaller accounts may be accepted based upon the specific circumstances of an account. Where the total value of cash and securities in a fee-based advisory account falls below the minimum initial investment requirement, Raymond James reserves the right to terminate the client's advisory account participation if Raymond James, in its discretion, determines that the account cannot be economically or effectively managed due to the small account size.

While certain account minimums are set for each advisory account program, the client's financial advisor may elect to recommend a program or investment strategy based on his or her understanding of and familiarity with the portfolio construction or services offered within a particular program. Because each advisory program is unique and offers a different bundle of services, the asset-based advisory fee paid by the client is allocated within the firm differently from one program to another. The compensation received by the financial advisor may be higher in a particular program relative to another, and this compensation may fluctuate based on certain minimum clearing or retention allocation rates assigned by the financial advisor's broker-dealer. These clearing and retention rates are a component of, and not in addition to, the overall advisory fee paid by the client, and generally are higher as a percentage of the overall advisory fee paid by the client for smaller accounts. As a result, a financial advisor may have a disincentive to recommend certain of the aforementioned advisory programs to clients with smaller accounts that otherwise would meet the standard account minimum for each respective advisory program. Therefore, this may cause a conflict to exist with respect to available investment options and the level of investment diversification a client may achieve.

## ESTABLISHING MANAGED ACCOUNTS

An account established under the Eagle High Net Worth, Freedom, Freedom UMA, OSM, RJCS and/or Russell Program is not considered "managed" pursuant to its respective investment management agreement until it has been fully funded to the minimum account level, or is otherwise fully funded (such as, retirement plan rollovers complete). Additionally, all required account opening paperwork and/or documentation must be submitted and considered by Raymond James to be in good order. For example, AMS will not generally consider an account to be managed (or the advisory agreement to be effective) until all reasonable and necessary account paperwork has been submitted and processed by AMS and/or another functional area of Raymond James (such as a missing corporate resolution, IRA application, etc.) even though the account has otherwise been fully funded and a client-signed investment management agreement has been submitted to AMS.

## PROCESSING GUIDELINES FOR MANAGED ACCOUNTS

AMS has established workflow procedures for managed accounts to improve the efficiency of various processing activities such as the opening of new accounts, SMA Manager/investment discipline/Strategy changes, the investment of cash contributions, disbursement requests, establishing and/or modifying periodic payment and investment plans, and account terminations. Processing times may differ based on documentation requirements, the types of securities being bought or sold and the level of complexity involved in each of these processes. As a result, clients should understand that the turnaround time necessary to process instructions or requests involving such activities may require several business days to complete under normal market conditions, and will generally be processed in the order in which they are received. Furthermore, clients should understand that any instruction or request they submit involving such activities is not considered a market order, but can expect that Raymond James will process such instructions or requests in an efficient and timely manner.

For managed accounts funded with securities, the client may instruct AMS to perform a keep/sell process, whereby AMS will determine if any of the securities will be kept or sold, which may require coordination with the SMA Manager in the case of RJCS or EHNW program accounts, if applicable. The keep/sell process may take several business days based on the number of Strategies and/or SMA Managers being utilized and the type of securities being reviewed. If the client elects to forego the keep/sell review, AMS will liquidate the securities as soon as is practicably possible. The turnaround time may require several business days based on the time of day of AMS's receipt of the instructions, the type of securities being reviewed and/or sold and prevailing market conditions.

Contributions will be treated in the same manner as newly funded accounts. For distribution and termination requests, all efforts will be made by AMS to process such request(s) in an efficient and timely manner, but delays may result due to factors including, but not limited to, the volume of requests received, trade communication and coordination between AMS and the SMA Manager(s) and/or mutual fund company, open trades as of the request date and the types of securities involved. Resulting trades, if any, will be executed at then current market prices.

For the establishment of new accounts, SMA Manager/investment discipline/Strategy changes, disbursement and termination requests, Raymond James is not responsible for changes in market prices that occur between its receipt of such requests and trade execution. Managed accounts are typically model-based portfolios, so clients should be aware that disbursement requests, SMA Manager/investment discipline/Strategy changes and terminations may also be delayed if there are unsettled trades in the account. For example, Strategy changes or terminations involving managed account programs holding mutual funds may be delayed in the event AMS receives such instructions contemporaneous to or after program trades have been affected by AMS, as fund trades must fully settle with the mutual fund company before redemptions can be processed.



## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

The investment programs and strategies recommended to clients are based upon the client's investment objectives, financial situation and tolerance for risk, as identified during consultations with our financial advisors and other representatives. It is important for an investor to review investment objectives, risk tolerance, tax objectives and liquidity needs with their financial advisor prior to selecting an investment product, program or strategy. All investments carry a certain degree of risk and no one particular security, investment product, investment style or portfolio manager is suitable for all types of investors.

Raymond James and its financial advisors recommend and offer a broad spectrum of investment products, programs and strategies. Given the number of financial advisors providing advice at Raymond James, the methods of analysis and investment strategies recommended will vary based upon the individual financial advisor making the assessment and providing the advice.

### METHODS OF ANALYSIS

Raymond James and its financial advisors may employ one or more of the following methods of investment analysis:

**Fundamental Analysis:** involves analyzing individual companies and their industry groups, such as a company's financial statements, details regarding the company's product line, the experience and expertise of the company's management, and the outlook for the company's industry. The resulting data is used to measure the true value of the company's stock compared to the current market value.

**Technical Analysis:** involves studying past price patterns and trends in the financial markets to predict the direction of both the overall market and specific stocks.

**Cyclical Analysis:** a type of technical analysis that involves evaluating recurring price patterns and trends. The risk of market timing based on technical analysis is that charts may not accurately predict future price movements. Current prices of securities may reflect all information known about the security and day to day changes in market prices of securities may follow random patterns and may not be predictable with any reliable degree of accuracy.

Sources of information may include Raymond James Research, financial publications, research materials prepared by others, corporate rating services, annual reports, prospectuses and filings with the Securities and Exchange Commission.

### AMS MANAGER RESEARCH & DUE DILIGENCE ("MANAGER RESEARCH")

In conducting SMA Manager and security analysis, Raymond James utilizes a broad spectrum of information, including financial publications, third-party research materials, subscriptions to market data, analytic services, investment manager databases, and contact with affiliated and outside analysts and consultants.

Raymond James utilizes capital markets data provided by a third party investment consultant in constructing asset allocation models as part of its equity, fixed income and alternative investment strategies/models available in the Freedom, Freedom UMA and RJCS programs.

Standardized information on each SMA Manager is made available to clients prior to entering into an Investment Management Agreement. Potential SMA Managers are considered by Manager Research for participation in the RJCS program if they meet the following criteria:

- A well-defined investment style
- Consistent absolute and relative risk adjusted performance results
- Risks taken within acceptable bounds of investment objectives
- Complementary philosophy of the SMA Manager with the existing platform SMA Managers.

Other factors considered in the screening process include: low turnover of personnel; in-depth phone interviews with top personnel; personal visit to the SMA Manager's office; review of the firm's current ADV; no naked options, short sales or futures; and a cooperative, open attitude.

After an SMA Manager has been selected to participate in the RJCS program, Raymond James enters into a subadvisory agreement with the SMA Manager to provide investment advisory services upon their selection by a client. Manager Research conducts a continuous, detailed analysis of the SMA Manager's portfolio(s). This analysis includes performance calculations, peer comparisons, and examination of portfolio characteristics and holdings. Manager Research's goal is to ensure the SMA Manager maintains adherence to their investment discipline while providing clients with quality investment decisions. The SMA Manager must annually complete an in-depth questionnaire which provides detailed information about their organization and the products that they offer. Further, an on-site visit is performed periodically to interview the firm's stock selector(s), analysts, and operations & client services personnel. Additionally, conference calls are periodically conducted between onsite visits. These calls are held with the key investment professionals of the firm and emphasize the SMA Managers' perspectives on current events, issues, and market conditions.

Performance information provided to Raymond James by SMA Managers is reviewed by Manager Research and compared to publicly available sources for reasonableness. However, SMA Manager-provided performance has not been independently verified by Raymond James and therefore its accuracy cannot be guaranteed. For all performance analysis provided to clients, AMS generally requires that SMA Managers utilize GIPS (Global Investment Performance Standards, as set forth by the CFA Institute), for confidence in performance calculation methodology, but the information is not presented by Raymond James in GIPS format. Manager Research reviews and monitors performance of client accounts and compares this performance to the respective SMA Manager's applicable composite performance returns reported to third party consulting and database services to ensure uniform application of the SMA Manager's discipline and identify and reconcile performance dispersion, if any.

## INVESTMENT STRATEGIES

Raymond James provides numerous investment management styles and strategies, including large and small cap equity, international equity, fixed income, and a broad spectrum of mutual funds and exchange traded funds, either individually or in combination. Generally, Raymond James recommends and provides clients a diversified investment strategy incorporating domestic and international equities, fixed income, and other alternative asset classes such as real estate, and commodities. The exact composition of recommended programs and investment strategies will be determined by the client's legal and tax considerations and greatly influenced by the client's liquidity needs and tolerance for risk (portfolio fluctuations).

Raymond James also provides investment advice based on asset allocation strategies through the Freedom, Freedom UMA, RJCS and Russell managed account programs. Unaffiliated asset allocation products may also be available through Raymond James.

Raymond James, through its financial advisors, may offer advice on collectibles, hard assets, fixed insurance, unit investment trusts, and business valuation and succession planning. Raymond James, through its advisors, may also offer non-publicly traded products, including non-listed real estate investment trusts, limited partnerships, hedge funds, equity funds and other structured products.

## PRINCIPAL RISKS

Investing in securities involves risk of loss that you should be prepared to bear. All investment programs have certain risks that are borne by the investor. Investors face the following investment risks:

**Interest-rate Risk:** Fluctuations in interest rates may cause investment prices to fluctuate. For example, when interest rates rise, yields on existing bonds become less attractive, causing their market values to decline.

**Market Risk:** The price of a security, bond, or mutual fund may drop in reaction to tangible and intangible events and conditions. This type of risk is caused by external factors independent of a security's particular underlying circumstances. For example, political, economic and social conditions may trigger market events.

**Inflation Risk:** When any type of inflation is present, a dollar today will not buy as much as a dollar next year, because purchasing power is eroding at the rate of inflation.

**Currency Risk:** Overseas investments are subject to fluctuations in the value of the dollar against the currency of the investment's originating country. This is also referred to as exchange rate risk.

**Reinvestment Risk:** This is the risk that future proceeds from investments may have to be reinvested at a potentially lower rate of return (i.e. interest rate). This primarily relates to fixed income securities.

**Business Risk:** These risks are associated with a particular industry or a particular company within an industry. For example, oil-drilling companies depend on finding oil and then refining it, a lengthy process, before they can generate a profit. They carry a higher risk of profitability than an electric company, which generates its income from a steady stream of customers who buy electricity no matter what the economic environment is like.

**Liquidity Risk:** Liquidity is the ability to readily convert an investment into cash. Generally, assets are more liquid if many traders are interested in a standardized product. For example, Treasuries are highly liquid, while real estate properties are not.

## RISK CONSIDERATIONS FOR MANAGED ACCOUNTS OFFERED THROUGH AMS

Investors considering any equity or equity-weighted objective within the RJCS, Eagle High Net Worth, Freedom or Freedom UMA programs should recognize that equity disciplines are managed primarily to achieve capital appreciation and are managed more aggressively than disciplines managed to achieve income. Thus, equity investors should be willing to tolerate short-term volatility and the greater possibility of the loss of capital than disciplines seeking current income. An equity investor's time horizon should generally be long-term, but not less than 3 years.

Investors considering these programs should recognize that managers/disciplines which invest a portion or all of client assets with a sector emphasis may lead to increased volatility and a long-term time horizon (5+ years) is recommended. Investors should also be aware that concentrated accounts, also known as non-diversified or focused accounts, generally have less than 15 stocks. Therefore, accounts may have over-weighted sector & issuer positions, and may result in greater volatility and risk.

SMA Managers or disciplines which invest a portion or all of client assets in the technology sector may be more volatile than those investing in other sectors. The information technology sector has historically demonstrated higher volatility than many other sectors of the equity market. As a result, the securities selected within these portfolios will typically be more speculative in nature and thus have a greater potential for the loss of capital.

Investors considering small-cap managers or disciplines in which a portion or all of a client's assets are invested these disciplines should recognize that the issuers of these securities may not have the business experience or may have businesses that are still in the early stages of the business life cycle, may be less liquid, have lower trading volume and greater spreads between the purchase and sale price of the securities, and may experience greater volatility than securities with larger market capitalizations. The securities selected for these disciplines will typically be more speculative in nature and thus have greater potential for the loss of principal.

Investors considering an international/global manager or discipline in which a portion or all of a client's assets are invested in international securities should recognize that investing in international securities markets involves additional risks not typically associated with domestic securities. Exchange rate fluctuations, currency controls, political and economic instability, and greater volatility are risks commonly associated with international investing. Exchange rate risk between the U.S. dollar and foreign currencies may cause the value of investments to decline. Investing in emerging markets can be riskier than investing in well-established foreign markets. Prospective investors should carefully review their asset allocation objectives and risk tolerance before selecting a manager or discipline that invests internationally.

Investors considering an investment strategy utilizing alternative investments should understand that alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments. These risks are potentially greater and substantially different than those associated with traditional equity or fixed income investments.

The use of derivatives such as swaps, commodity-linked structured notes and futures entails substantial risks, including risk of loss of a significant portion of their principal value, lack of a secondary market, increased volatility, correlation risk, counterparty risk, liquidity risk, interest-rate risk, market risk, credit risk, valuation risk and tax risk. Derivatives, primarily futures and forward contracts, generally have implied leverage (a small amount of money to make an investment of greater value). Because of this, extensive use of derivatives may magnify any gains or losses on those investments as well as the risk of any fund using derivatives.

The Freedom Completion Portfolios Alternative Investments Strategy invests in funds which utilize various non-traditional investments strategies, including those that employ trading techniques to "short" the market, those that include exposure to non-traditional asset classes such as commodity futures and currency forwards, or those that seek to capture the average risk and return of hedge funds through replication strategies. The goal of these alternative fund strategies is diversification through lower correlation, along with the added benefits of daily liquidity, transparency, and lower cost structure inherent in mutual funds. Due to the relative complexity of alternative strategies, allocations to the Alternative Investments Completion Portfolio should generally comprise no more than 20% of an investor's total investment portfolio. Further, certain Freedom and Freedom UMA Strategies may employ the use of alternative investment mutual funds. Clients should consider their overall allocation to alternative investments when determining the appropriateness of such a Strategy.

Arbitrage strategies traditionally involve no net investment (although there is some margin or collateral that must be posted) by shorting a position and using the funds to purchase the same or similar position in another market. Common applications of arbitrage include convertible arbitrage, where a manager will buy the convertible bond and sell the stock or vice versa because of perceived mispricing. Another arbitrage strategy is merger arbitrage, where managers buy the new company and sell the acquirer.

Global macro strategies invest in financial derivatives and other securities, on the basis of movements in global financial markets. The strategies are typically based on forecasts and analysis about interest rates trends, movements in the general flow of funds, political changes, government policies, inter-government relations, and other broad systemic factors.

Hedge fund replication strategies attempt to replicate the beta (market risk) of the hedge fund market. These "alternative beta" funds employ sophisticated quantitative engines that use algorithms to determine which investments best explain the movement of the hedge fund index to produce a number of factors they feel drive the beta of the hedge fund universe. These funds typically have higher traditional market correlations but still maintain lower betas over volatile periods.

Long Short: Long/short is a strategy in which investment managers can go long (buy) and short (sell) stocks or bonds, but are traditionally focused on equity securities. Long/short funds offer the potential for upside participation with the ability to protect assets in difficult market environments and they exhibit varying levels of correlation to traditional markets.

Managed futures strategies utilize the global futures markets to implement their systems and take positions based on expected profit potential in a variety of futures including: currencies, commodities, interest rates and others. These strategies have been shown to produce very low correlations to the equity and fixed markets over time.

Markets for precious metals and other commodities have historically been volatile. There may be sharp price fluctuations even during periods when prices overall are rising, creating the potential for losses regardless of the length of time the shares are held, and therefore should only comprise a small part of a diversified portfolio. Among the factors that may affect the value of commodity investments are cyclical economic conditions, sudden political events, and adverse international monetary policies.

Investors considering a fixed income manager or discipline generally seek consistent returns with low risk, and their tolerance for risk/volatility will accept only infrequent, minimal losses. There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Because of the less volatile nature of the disciplines, a fixed income investor may have a shorter investment time horizon than equity and balanced investors, although the objective can accommodate investors with longer time horizons as well.

Investors considering managers/objectives that primarily invest in high-yield fixed income, collateralized mortgage obligations ("CMOs"), asset-backed and/or convertible securities should be aware that additional risks exist with these types of investments. These securities may be rated below investment grade or not rated, which reflects the greater possibility that the financial condition of the issuer, or adverse changes in general economic conditions, may impair the ability of the issuer to pay income and principal. To the extent that no established secondary market exists, there may be thin trading of high-yield bonds, which increases the potential for volatility. Periods of rising interest rates or economic downturns may cause highly leveraged issuers to experience financial stress, and thus markets for their securities may become more volatile.

AAA-implied rated CMOs will have more volatility than AAA-rated Treasuries or corporate bonds during periods of rising interest rates because of negative convexity -- slowing prepayments causing increased duration, or "extension risk". CMOs may not be appropriate for some investors, especially if timing of return of principal is a primary concern. The yield and average life of a CMO will fluctuate, depending on the actual prepayment experience and changes in current interest rates. For example, a rise in interest rates may cause the duration and average life to greatly increase and cause a loss of value. Convertible securities combine the fixed characteristics of bonds and preferred stock with the potential for capital appreciation and may be subject to greater volatility than pure fixed-income instruments. The aforementioned securities may be illiquid when selling small positions and withdrawals may take several weeks.

#### INVESTMENT CONSIDERATIONS FOR MANAGED ACCOUNTS OFFERED THROUGH AMS

It is important to review investment objectives, risk tolerance, tax objectives and liquidity needs before selecting an SMA Manager/investment discipline. In general, the following guidelines should be applied:

- (1) The amount allocated to any one objective should be reasonable in light of overall asset allocation and the investor's overall investment goals.
- (2) The investor's age, net worth and annual income should be compatible with their objective and primary goals.
- (3) The investor's tolerance for risk and volatility should be reasonable in light of their objective and primary goals.
- (4) The investor's time horizon should be consistent with his or her objective and goals.

The EHNW, RJCS and OSM account programs are considered separately managed accounts ("SMAs") since the SMA Manager manages the client's account on an individual and segregated basis. SMAs may not be appropriate for all investors. SMA minimums are typically \$100,000 and greater, thus SMAs may be more appropriate for affluent investors with \$300,000 or more to invest. While diversification may be achieved within an individual SMA, due to holdings typically numbering between 50 and 100 securities, it is recommended that clients utilize multiple SMAs with varied investment disciplines (growth, value, large-cap, mid-cap, etc.) to achieve greater diversification. However, clients are not limited in utilizing individual or style-specific SMAs as part of their overall portfolio allocation, where additional asset class or investment discipline exposure is addressed in non-SMA accounts. Diversification and asset allocation does not ensure a profit or protect against a loss.

The Freedom UMA Program may not be appropriate for all investors and is only available to affluent investors with \$300,000 or more to invest. A client investing the minimum amount will generally receive a less diversified portfolio than a client investing an amount that would qualify for a more diversified portfolio, based on pre-established minimums. However, diversification does not ensure a profit or protect against a loss.

#### SMA FUNDS

Certain SMA Managers may invest a portion of a SMA client's account in mutual funds or exchange traded funds affiliated with the SMA Manager. Raymond James generally limits such investments by SMA Managers due to the additional fees and expenses typically associated with these securities (assessed by the fund company or trust, such as management fees and operating expenses). However, should an SMA Manager wish to invest in such a security to achieve greater portfolio diversification than would generally be available by purchasing individual securities, particularly fixed income and international securities, Raymond James may accommodate such investments, provided the affiliated security is available exclusively for investment by SMA clients ("SMA Fund") and neither the SMA Manager nor their affiliate(s) may receive additional compensation as a result of investing in the SMA Fund. In addition, the SMA Manager, or the SMA Fund's affiliated Adviser/Trustee, must waive its management fee, and the SMA Manager/Sponsor must pay or reimburse the SMA Fund for the operating expenses of the SMA Fund, excluding certain extraordinary expenses that may be incurred. The SMA Manager may only receive compensation on SMA account assets via the SMA program's applicable asset-based fee.

Additional information regarding SMA Funds is available in the SMA Manager's Form ADV Part 2A or equivalent disclosure document, and the SMA Fund's prospectus(es) and/or statement of additional information, each of which are available from your financial advisor. Upon termination of an account holding SMA Fund shares, Raymond James will immediately redeem any shares, as these securities may not be held outside of an SMA account.

Clients or prospective investors organized as a registered investment company or other registered investment vehicle under the Investment Company Act of 1940 are not eligible to select an investment discipline that invests in SMA Funds. Please consult the RJCS Investment Management Agreement for a list of such investment disciplines. In the event a SMA Manager invests in an SMA Fund in an eligible discipline, clients should be aware the SMA Fund may have, at the time of investment or any time thereafter, relatively low assets under management. Depending on the total investment in such SMA Fund, eligible and participating RJCS program client accounts may collectively become a significant majority shareholder of the SMA Fund. This could result in potential illiquidity in the event the SMA Manager determines a program-wide redemption or liquidation is warranted, or RJCS recommends a termination of an investment discipline utilizing an SMA Fund. Additionally, firms other than Raymond James may offer the SMA Manager's investment discipline(s) utilizing SMA Funds, and in the event one or more of these firms recommend a termination of such investment discipline(s), the resulting SMA Fund redemption may impact the net asset value and performance of the remaining SMA Fund's shareholders, including, potentially, RJCS program clients.

Certain SMA Managers may elect to purchase exchange traded funds ("ETFs"), and generally do so when harvesting capital losses or when investing newly opened accounts. These ETF purchases are typically held for short periods of time in order to achieve market participation in lieu of cash or cash equivalent yields. In addition, a select number of SMA Managers utilize ETFs, which may include ETFs affiliated with the SMA Manager, as a primary or significant and ongoing part of their managed portfolios, in order to gain timely and broadly diversified access to specific asset classes or market sectors. SMA Managers that invest in ETFs affiliated with the SMA Manager may only invest in such ETFs where no management fees or operating expenses are assessed by their affiliated sponsor or trustee.

#### SHORT SALES

A sell transaction by a person that believes the price of a security will decline in value, though that person does not own the security at the time of the sale is considered a "short sale". Securities sold short must be repurchased at a later date. When clients sell a security short, Raymond James must borrow the security in order to make delivery on the client's behalf. The value of the shares borrowed and sold short is deposited by Raymond James with the security lender, and must be executed in a margin account. The shares may be called back by the lender at any time. If the borrowed shares are recalled and cannot be replaced, the position may be closed without prior notice. Clients are responsible for any dividend payments as long as the short position remains open in their account. This dividend charge should be included in any net profit or loss calculated for short sale transactions. Eventually the short sale must be covered by buying the same amount of borrowed shares for return to the lender. If the shares are able to be repurchased at a lower price than they were sold for, the profit is the price difference between the initial short sale and repurchase - not including the charges/interest for maintenance of the short position and taxes. However, if the value of the security increases subsequent to the initiation of the short sale, the loss is the price difference between the repurchase and initial short sale - again, not including the charges/interest for maintenance of the short position and taxes. Short selling is an advanced trading strategy with many unique risks and pitfalls. Novice investors are advised to avoid short sales because this potentially may result in unlimited losses. For example, the share price of a security can only fall to zero (i.e., limited profit), but there is no limit to the amount it can rise (i.e., unlimited loss). Stock exchange and federal regulations govern and limit the conditions under which a short sale may be made on a national securities exchange. Please refer to the "Client Referrals and Other Compensation Arrangements" section for information regarding additional compensation received by Raymond James in connection with margin interest and short sales.

#### BUYING SECURITIES ON MARGIN AND MARGIN INTEREST

When clients purchase securities they may either pay for the securities in full or borrow part of the purchase price from Raymond James. Clients that choose to borrow funds for purchases must open a margin account with Raymond James, upon approval based on the firm's analysis of, among others things, the client's creditworthiness and the suitability of margin use by the client. The securities purchased on margin are the firm's collateral for the margin loan. If the securities in the client's account decline in value, so does the value of the collateral supporting the margin loan, and as a result, Raymond James may take action, such as issue a margin call and/or sell securities in the account, in order to maintain the required equity.

It is important that clients fully understand the risks involved in trading securities on margin (including selling short). Upon approval, where applicable, clients will receive a Truth In Lending Statement from Raymond James disclosing such risks, as well explaining the details and conditions under which interest will be charged, the method of computing interest and the conditions under which additional collateral may be required. Clients should understand that the extension of credit by Raymond James to clients will appear as a debit balance on the monthly brokerage statement. While the value of the margined security will appear as a debit, clients with a margin balance in an account(s) in the Ambassador, MIP, OSM and/or Passport account programs will be assessed asset-based advisory fees based on the gross value of the account(s) without any offset for margin or debit balances. With respect to short sales, the client will be assessed asset-based advisory fees based on the value of the security sold short, but not on the proceeds received upon initiation of the short sale.

As a result of the foregoing, the client's financial advisor and Raymond James may have a financial incentive to recommend the acquisition of securities on margin or otherwise have margin credit extended (including selling short). In the event of such margin credit extension, the costs incurred by the client, as well as the compensation received by the client's financial advisor and Raymond James, will generally increase as the size of the outstanding margin balance increases. Please refer to the "Client Referrals and Other Compensation Arrangements" section for information regarding additional compensation received by Raymond James in connection with margin interest and short sales.

In addition, clients may be extended special purpose loans by Raymond James using the securities in their managed EHNW, Freedom, Freedom UMA, OSM, RJCS and/or Russell account(s) as collateral. While such loan balances are not included in the value of the account for billing purposes because the loan proceeds are not used to purchase securities, the client should understand that margin interest will still be applicable to such loan balances, which is in addition to the asset-based advisory fee assessed for ongoing management of the securities maintained in the account.

#### OPTIONS CONTRACTS

An option is a contract that gives the buyer the right, but not the obligation, to buy or sell an underlying security at a specific price (i.e., strike price) on or before a certain date (i.e., expiration date). An option, just like a stock or bond, is a security. It is also a binding contract with strictly defined terms and properties. The two types of options available are calls and puts. A call option gives the holder the right to buy a security at a certain price within a specific period of time. Calls are similar to having a long position on a stock. Buyers of calls believe that the stock will increase substantially before the option expires, and thereby allow them the option of buying the security at a price below the current market. A put option gives the holder the right to sell a security at a certain price within a specific period of time. Puts are similar to having a short position on a stock. Buyers of puts believe that the price of the stock will fall before the option expires, and thereby allow them the option of selling the security at a price above the current market.

People that buy options are called holders and those who sell options are called writers; furthermore, buyers are said to have long positions, and sellers are said to have short positions. Call holders and put holders (buyers) are not obligated to buy or sell. They have the choice to exercise their rights if they choose, although their options may be automatically assigned/exercised if the option is "in the money" (i.e., current price above the strike price for call options, or the current price is below the strike price for put options) at expiration and has not be closed out as of the expiration date. Call writers and put writers (sellers), however, are obligated to buy or sell. This means that a seller may be required to make good on a promise to buy or sell. The price of an option is determined by many factors including: (1) the remaining life of the option, (2) the volatility of the underlying security, (3) the relationship between the strike price of the option and the market price of the underlying security, as well as (4) the underlying company's dividend payment record. With respect to option buyers, the client will be assessed asset-based advisory fees based on the value of the call or put option. With respect to option sellers, the client will be assessed asset-based advisory fees based on the absolute value of the call or put option and on the proceeds/premium received upon the writing of the option.

Clients interested in employing the use of options in their account must be approved in advance by Raymond James, and may require the use of margin for higher risk strategies. Options involve unique and potentially significant risks and are not suitable for everyone. Option trading can be speculative in nature and may carry substantial risk of loss. Raymond James limits the use of options to hedging strategies in managed and discretionary accounts (e.g., covered calls and put purchases with limited downside risk), although clients may employ, upon pre-approval by Raymond James, more sophisticated and higher risk option strategies in their non-managed/non-discretionary accounts based on their individual circumstances. Prior to accepting an account for options activity the client must be given the Option Disclosure Document titled "Characteristics and Risks of Standardized Options" and must complete and submit an Option Agreement and Suitability Form for Raymond James review and approval prior to transacting option trades. Clients may only employ those strategies that have been approved.

## DISCIPLINARY INFORMATION

Below is a summary of the material legal and disciplinary events against Raymond James during the last ten years. As of the date of this brochure, there are no such reportable events for our senior management personnel or those individuals in senior management responsible for determining the general investment advice provided to our clients.

Our firm operates as both a broker-dealer and as an investment adviser. The disciplinary reporting requirements for broker-dealers and investment advisers differ in some ways, with FINRA requiring broker-dealers to report on matters (for example, pending complaints and arbitrations) which are not required to be reported by investment advisers. The information in this report is not the only resource you can consult. You can access additional information about our firm and our management personnel on the SEC's website, located at [adviserinfo.sec.gov](http://adviserinfo.sec.gov), as well as FINRA's website, at [finra.org/brokercheck](http://finra.org/brokercheck).

Raymond James engages in a full range of securities-related business and employs or is affiliated with approximately 4,500 financial advisors who handle customers' brokerage and advisory accounts. Additionally, Raymond James advises or administers approximately 250,000 fee-based advisory accounts. As a dually registered broker-dealer and investment adviser, Raymond James is subject to the regulatory oversight of the SEC, FINRA, the Department of Labor and other federal and state regulatory agencies. No regulatory enforcement actions have been brought against Raymond James by any of the aforementioned regulatory authorities concerning the firm's or its management's provision of advisory services.

During volatile down markets such as those experienced during the "dot com" bubble of the late 1990's and early 2000's and the more recent credit crisis and Bernie Madoff scandal, the volume of client claims and regulatory proceedings against financial institutions has historically increased. These claims include potential liability under securities or other laws for alleged materially false or misleading statements made in connection with securities offerings and other transactions, and issues related to the suitability of our investment advice based on our clients' investment objectives.

Please note that in each instance described below, the firm entered into the various orders, consents and settlements without admitting or denying any of the allegations.

### AUCTION RATE SECURITIES ("ARS") MATTERS

In connection with ARS, our principal broker-dealers, Raymond James and RJFS, were subject to investigations by the SEC and certain states led by Florida's Office of Financial Regulation, and the Texas Securities Board regarding the sale of ARS. On June 29, 2011, Raymond James and RJFS finalized settlements with the SEC and other regulatory authorities, concluding investigations by the regulators into Raymond James' and RJFS's offer and sale of ARS.

The SEC alleged that Raymond James violated Section 17(A)(2) of the Securities Act of 1933, and states alleged that Raymond James violated various state securities statutes when it offered and sold to some of its customers auction rate securities ("ARS") while not accurately characterizing or while failing to adequately disclose the true nature and risks associated with these investments. Although Raymond James' ARS trade confirmations disclosed the risk that ARS auctions could fail and that Raymond James was not obliged to ensure their success, at the point-of-sale, a handful of Raymond James' financial advisors inaccurately described ARS as alternatives to money market funds and other cash-like investments, without adequately disclosing the auction process or the risk of illiquidity if these auctions failed. On February 13, 2008, a significant number of ARS auctions failed, resulting in an overall market collapse that left thousands of investors, including some of Raymond James' customers, holding ARS that they had, in some instances, not been able to liquidate.

Without admitting or denying the allegations, Raymond James consented to an order to cease and desist, a censure, and the following undertakings: (i) to purchase eligible ARS held by eligible customers; (ii) to use its best efforts to provide institutional money managers opportunities to liquidate their eligible ARS; (iii) to use its best efforts to identify and locate customers who purchased eligible ARS at Raymond James but who transferred such eligible ARS away from the firm prior to January 1, 2006; (iv) to identify, and repay excess expenses and reasonable interest incurred by eligible customers who took out loans from Raymond James after February 13, 2008 secured by eligible ARS that were not successfully auctioning at the time the loan was taken and who paid interest associated with the ARS-based portion of those loans in excess of the total interest and dividends received on the eligible ARS during the duration of the loan; (v) to use its best efforts to identify any customer who purchased eligible ARS on or before February 13, 2008; and (2) subsequently sold those eligible ARS below par between February 13, 2008 and June 29, 2011, and to repay any the customer the difference between par and the actual price at which they sold or redeemed the eligible ARS, plus reasonable interest; and (vi) to participate, at the election of an eligible customer, in the special arbitration procedures announced by FINRA on December 16, 2008, for the exclusive purpose of arbitrating an eligible customer's claim for consequential damages against the firm related to their ARS investment.

No fines were imposed by the SEC under the settlement agreement. A fine in the amount of \$1.75 million was imposed by the state regulators. States involved in the settlement include Florida, Texas, Alabama, Alaska, Arkansas, Colorado, Delaware, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Dakota, Ohio, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Utah, Vermont, Virginia, U.S. Virgin Islands, Washington, Washington DC, West Virginia, Wisconsin and Wyoming. Additional states may join the settlement that are not listed above.



## NATIONAL ASSOCIATION OF SECURITIES DEALERS (“NASD”)

The NASD alleged that Raymond James violated NASD Conduct Rules 3010 and 2110 by failing to implement supervisory procedures specifically designed to monitor fee-based brokerage accounts to determine whether they were “appropriate” for customers. The NASD also alleged that the firm marketed fee-based brokerage accounts through the use of sales literature that failed to comply with NASD’s advertising rules in violations of Conduct Rules 2110 and 2210(D). On April 26, 2005 Raymond James was censured and consented to a fine in the amount of \$224,100 and ordered to pay restitution in the amount of \$27,025 plus interest.

## FINANCIAL INDUSTRY REGULATORY AUTHORITY (“FINRA”, THE SUCCESSOR TO NASD REGULATION)

FINRA alleged that Raymond James violated Section 15(A)(1) and Section 17(A) of the Securities Exchange Act of 1934, and Rules 17A-3 and 17A-4 thereunder, NASD Rules 2110, 2420, 3010, 3110 and NYSE Rule 345(A) by: (i) permitting a person or entity not registered as a broker-dealer and who had been barred from the securities industry to perform duties that require registration; (ii) permitting a person who was not registered with, qualified by or acceptable to the Exchange to perform regularly the duties customarily performed by a securities lending representative; (iii) compensating alleged finders in connection with stock loan transactions when those finders had not performed any services in connection with such transactions; (iv) transmitted transaction-based compensation to an unregistered person or entity operating as an unregistered broker-dealer; (v) failed to reasonably supervise or control certain of its business activities; (vi) provide for appropriate procedures of supervision and control; (vii) establish a separate system of follow-up and review to determine that delegated authority and responsibility was properly exercised; and (viii) failed to make a keep accurate records reflecting its stock loan activities. On September 22, 2008 Raymond James consented to the described sanction and entry of findings and ordered to pay a fine in the amount of \$1,000,000.

FINRA alleged that Raymond James violated FINRA Rule 2010 and NASD Rules 2110, 2510(D)(1), 3010 and 3110 by: (i) failing to mark an “Time and Price Discretion” on order ticket in accordance with order ticket designation requirements, causing the firm to maintain inaccurate books and records; (ii) failing to update certain of its electronic order management systems to satisfy the specificity requirements; (iii) failing to exercise reasonable supervision by not having adequate systems or procedures in place to cause the firm to be in compliance with these requirements and produce certain order ticket data in connection with regulatory requests. On January 11, 2010 Raymond James consented to the described sanctions and entry of findings and was ordered to pay a fine in the amount of \$100,000 and required to commence a thorough review of its practices and procedures concerning compliance with the rules identified herein.

FINRA alleged that Raymond James violated FINRA Rule 2010, NASD Rules 2110, 2440, 3010, and Interpretive Material 2440-1 by utilizing an automated commission schedule that failed to ensure that resulting commissions were fair and reasonable when executing orders primarily in low-priced securities. As a result, FINRA alleged the firm’s failure to take into consideration the factors delineated in Interpretive Material 2440-1(B) led to \$893,888.69 in excessive commissions being charged. On September 29, 2011 Raymond James consented to the described sanctions and entry of findings and was censured, ordered to pay a fine in the amount of \$225,000, pay restitution in the amount of the excessive commissions, plus interest, and required to pay restitution to customers not identified during the examination but otherwise covered under the allegations for the period between the conclusion of FINRA’s examination and the firm’s implementation of its revised automated commission schedule.

FINRA alleged that Raymond James violated FINRA Rule 2010, NASD Rules 2110 and 2320 by failing to execute orders fully and promptly and in many of these transactions for or with a customer, it failed to use reasonable diligence to ascertain the best inter-dealer market and failed to buy or sell in such market so that the resultant price to its customers was as favorable as possible under prevailing market conditions. On September 23, 2011 Raymond James consented to the described sanctions and entry of findings and was censured, ordered to pay a fine in the amount of \$12,500 and restitution in the amount of \$1,849.33, plus interest.

FINRA alleged that Raymond James violated NASD Rules 2110 and 3010, and Rules 10(A) and 30 of Regulation S-P in connection with the disclosure of clients’ personally identifiable information (“PII”) by branch personnel to a non-affiliated third party without offering clients whose PII was provided an opportunity to opt-out of this disclosure in accordance with Regulation S-P. Some of this information subsequently became searchable on the internet. Raymond James immediately took corrective action to have the PII removed from the internet. In a separate incident, a Raymond James approved vendor mailed clients letters in which PII (an account number) was included on the envelope. In both incidents, Raymond James contacted affected clients with an offer of free credit monitoring and protection services. Raymond James has amended its written supervisory procedures in connection with the protection of PII and conducted mandatory training in the protection of PII to all associated persons, including branch office personnel. On September 13, 2012, Raymond James consented to the entry of findings and was censured, and ordered to pay a fine in the amount of \$250,000. To the firm’s knowledge, no clients affected by the PII breaches have suffered any instances of identity theft or other actual damages.



## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Raymond James is a broker-dealer and an investment adviser registered with the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority ("FINRA") and the Securities Investors Protection Corporation ("SIPC"). Raymond James is also a member of the New York Stock Exchange Euronext and most regional exchanges in the U.S. Raymond James is a wholly-owned subsidiary of Raymond James Financial, Inc. (NYSE-RJF), a publicly owned holding company.

Raymond James, through RJF, is affiliated with Raymond James Financial Services, Inc. ("RJFS"), which is registered with the SEC and FINRA as a broker-dealer, and Raymond James Financial Services Advisors ("RJFS Advisors"), which is registered as an investment adviser with the SEC. Raymond James acts as the clearing firm for those accounts and securities transactions introduced by RJFS and RJFS Advisors. Raymond James offers its investment advisory services through various advisory account programs to its clients through financial advisors of Raymond James, RJFS, RJFS Advisors and certain correspondent firms and unaffiliated investment advisers. Raymond James provides administrative services through the Ambassador, Passport, MIP and OSM account programs, and Financial Planning Services to clients through financial advisors of Raymond James, RJFS, RJFS Advisors, and certain correspondent firms and unaffiliated investment advisers.

On occasion, there may be instances in which a financial advisor of Raymond James will establish a portfolio management or consultation relationship with a financial advisor of RJFS or RJFS Advisors, a registered broker-dealer and investment adviser, respectively, and corporate affiliates of Raymond James. The Raymond James financial advisor will also be a registered securities representative of Raymond James. The Raymond James financial advisor may act in a consulting role to the client, who has been referred by a financial advisor of RJFS or RJFS Advisors. However, the Raymond James financial advisor may act as the client's primary advisory representative and may refer the client to a financial advisor of RJFS or RJFS Advisors, who serves as their consultant. The client will be charged an advisory fee by the Raymond James or RJFS/RJFS Advisors financial advisor, which is shared with the affiliated financial advisor.

Through RJF, Raymond James is also affiliated with the following broker-dealers, investment advisers, mutual funds, bank and insurance agency:

- a. Eagle Asset Management, Inc. ("Eagle") – A corporation, registered as an investment adviser with the SEC, serving individuals, institutions and investment companies. Eagle Asset Management also acts as an investment adviser to the Eagle Family of Mutual Funds. Eagle also acts as subadviser to various wrap programs with affiliated (through the RJCS and EHNW programs) and unaffiliated broker dealers.
- b. Eagle Boston Investment Management, Inc. – A corporation, registered as an investment adviser with the SEC, serving individuals, corporations, foundations, pension and profit sharing plans and state and municipal government entities. Eagle Boston also acts as subadviser to various investment companies and wrap programs with affiliated (through the RJCS program) and unaffiliated broker dealers. Eagle provides certain administrative, marketing and compliance services for a monthly fee, paid by Eagle Boston. In addition to providing certain administrative services, some Eagle employees performing functions such as portfolio trading and trading operations are also employees of Eagle-Boston. Eagle-Boston is a wholly owned subsidiary of Eagle.
- c. Eagle Fund Distributors Inc. ("EFD") – EFD is the principal underwriter and distributor for the Eagle Mutual Funds. In addition to selling Eagle fund shares to its clients, EFD enters into selling agreements with other affiliated and unaffiliated broker-dealers and other financial intermediaries to distribute and provide other services in connection with the purchase of fund shares. EFD is a wholly owned subsidiary of Eagle.
- d. Eagle Fund Services, Inc. ("EFS") – EFS, a wholly owned subsidiary of Eagle, provides certain shareholder services for the Eagle Mutual Funds in conjunction with J.P. Morgan Investor Services Co., the transfer and dividend disbursing agent for the Eagle Mutual Funds.
- e. Eagle Family of Mutual Funds –
  - Eagle Capital Appreciation Fund
  - Eagle Growth & Income Fund
  - Small Cap Growth Fund
  - Mid Cap Growth Fund
  - International Equity Fund
  - Mid Cap Stock Fund
  - Smaller Company Fund
  - Investment Grade Bond Fund
- f. EB Management I, LLC – An investment adviser which acts as General Partner to the Aggressive Growth Partners I limited partnership, which was formed for investment purposes. Eagle holds an ownership interest in EB Management I, LLC and provides administrative and investment research services for the Partnership. Certain officers and employees of Eagle have investment interests in the Partnership.
- g. Howe Barnes Hoefer & Arnett, Inc. ("Howe Barnes") -- A wholly owned subsidiary of RJF, Howe Barnes is a full service broker-dealer registered with the SEC. Howe Barnes provides brokerage and investment banking services to individual, institutional and corporate clients.
- h. Lane, Berry & Co. International, LLC ("Lane Berry") – A wholly owned subsidiary of RJF, Lane Berry is a broker-dealer registered with the SEC. Lane Berry provides investment banking services to the business services industry.

- i. Morgan Keegan & Company, Inc. ("Morgan Keegan") – A wholly owned subsidiary of RJF, Morgan Keegan is a full service broker-dealer and investment adviser registered with the SEC. Morgan Keegan provides brokerage, investment advisory and investment banking services to individual, institutional and corporate clients.
- j. Morgan Keegan Fund Management, Inc. ("MKFM") – A wholly owned second tier subsidiary of RJF, MKFM serves as the managing member of certain investment related limited liability companies or limited partnerships (the "Funds"). Under the terms of each limited liability company agreement or limited partnership agreement, MKFM as managing member or general partner is responsible for the day-to-day administration of each Fund's business and is primarily responsible for the determination and implementation of its investment strategy.
- k. Planning Corporation of America – A wholly owned subsidiary of Raymond James which acts as a general insurance agent in connection with the sale of disability, life and long-term care insurance, fixed and variable annuities to individual, institutional and corporate clients.
- l. Raymond James Bank, N.A. – A wholly owned subsidiary of RJF, which may provide banking and financial services to Raymond James clients. Cash balances for investment advisory accounts may be maintained at RJ Bank and are required to be maintained there for ERISA, IRA and SEP accounts.
- m. Raymond James Trust, N.A. – A wholly owned subsidiary of RJF, offering personal trust services, including serving as trustee or as an agent or custodian for individual trustees. Raymond James Trust also serves living trusts, charitable remainder trusts, life insurance trusts, specialty trusts and IRA rollover trusts.
- n. Raymond James holds a majority interest in investment businesses in foreign countries, including Argentina, Brazil, the British Virgin Islands, France, Mauritius, the United Kingdom and Uruguay.
- o. Raymond James Global Securities, Ltd. – A wholly owned subsidiary of Raymond James International Holdings, RJ Global Securities is a British Virgin Islands-based broker-dealer.
- p. Raymond James Investment Services Limited – A wholly owned subsidiary of RJF which acts as the primary business unit offering investment management services to European clients.

Raymond James affiliates act as general/managing partners of partnerships (both public and private) for which Raymond James' and its affiliated broker-dealers' clients may from time to time be solicited as limited partners. Raymond James does not invest assets of its advisory clients' accounts in such limited partnerships. Officers and employees of RJF and its subsidiaries may have investment interests in such partnerships.

Certain employees of Raymond James also act, on occasion, as registered representatives of Raymond James by having clients of the broker-dealer affiliate. These employees receive additional compensation as registered representatives. Raymond James' policy is to ensure that the interests of its investment advisory clients receive the highest priority. On occasion, such employees may recommend that a brokerage client invest in an advisory account program(s) administered by Raymond James. The employee's compensation may be based, in part, on revenues earned by Raymond James in connection with the opening of new accounts; thus, the employee may have an incentive to recommend that a client invest in an advisory account offered by Raymond James.

## INVESTMENT OF CASH RESERVES

Raymond James has established a system in which cash reserves "sweep" daily to and from the client's investment account to cover purchases or to allow excess cash balances to immediately begin earning interest, subject to certain minimum balances. The account in which these cash reserves are held is considered the client's sweep account. Available sweep options include the Raymond James Bank Deposit Program ("RJBDP"), the Client Interest Program ("CIP") sponsored by Raymond James, and a proprietary class of money market funds (the "Eagle Class - JP Morgan Money Market Funds") of the JP Morgan U.S. Government Money Market Fund and JP Morgan Tax Free Money Market Fund, managed by J.P. Morgan Investment Management, Inc. ("J.P. Morgan") and offered by Eagle. Clients may select RJBDP, CIP, the Eagle Class - JP Morgan Money Market Funds, or any combination thereof.

With respect to cash reserves of advisory client accounts, the custodian of the account assets will determine where cash reserves are held. The custodian may offer one or multiple options to different account types (such as non-taxable and managed accounts). In addition, the custodian may, among other things, consider terms and conditions, risks and features, conflicts of interest, current interest rates, the manner by which future interest rates will be determined, and the nature and extent of insurance coverage (such as deposit protection from the Federal Deposit Insurance Corporation ("FDIC") and SIPC). The custodian may change an investment option at any time by providing the Client with thirty (30) days advance written notice of such change, modification or amendment. Clients selecting the RJBDP option are responsible for monitoring the total amount of deposits held at each Bank in order to determine the extent of FDIC insurance coverage available. Raymond James is not responsible for any insured or uninsured portion of Client deposits at any of the Banks.

Raymond James Bank and the interest rate it offers may differ from the yield on the Eagle Class - JP Morgan Money Market Funds and CIP, but Raymond James Bank generally earns more than the interest it pays on such balances. The Eagle Class - JP Morgan Money Market Funds are offered by Eagle through an agreement with J.P. Morgan. Under the agreement, Eagle, Eagle Fund Services, Inc. and Eagle Fund Distributors, Inc. (together, the "Eagle Affiliates"), and Raymond James and its affiliate RJFS are compensated by the Eagle Class - JP Morgan Money Market Funds and J.P. Morgan for, among other things, distribution costs, shareholder record-keeping activities, and the coordination and administration of the funds. Raymond James generally earns a higher rate of interest on CIP balances than the interest rate it pays on such balances. The income earned by the Eagle Affiliates and Raymond James is in addition to the asset-based fees that Raymond James receives from these accounts.

Where an unaffiliated third party acts as custodian of account assets, the client and/or the custodian will determine where cash reserves are held.

Cash balances arising from the sale of securities, redemptions of debt securities, dividend and interest payments and funds received from customers are transferred automatically on a daily basis to the client's cash sweep account. When securities are sold, funds are deposited on the day after settlement date. Funds placed in a client's account by personal check usually will not be transferred to the sweep account until the second business day following the day that the deposit is credited to the client's investment account. Due to the foregoing practices, Raymond James may obtain federal funds prior to the date that deposits are credited to the client's investment account and thus may realize some benefit because of the delay in transferring such funds to their interest-bearing cash sweep account.

For further information, please refer to "The Raymond James Cash Sweep Programs" brochure, a copy of which is available from your financial advisor, or you may visit the Raymond James public website:

[raymondjames.com/cash\\_sweep.htm](http://raymondjames.com/cash_sweep.htm).

## **AFFILIATED MANAGERS AND FUNDS**

Eagle Asset Management, Inc. and its wholly owned subsidiary Eagle Boston Investment Management, Inc. are affiliates of Raymond James. Affiliates of Raymond James may act as an SMA Manager in the RJCS, Freedom and Freedom UMA programs. If the client selects an affiliated SMA Manager, or a Freedom or Freedom UMA Strategy that includes an affiliated SMA Manager or Fund(s), the affiliated SMA Manager will receive compensation under the terms of its Sub-Advisory Agreement with Raymond James, or the management fee received by the affiliated Fund. The participation of affiliated SMA Managers or Funds in the programs may create a potential conflict of interest for Raymond James to recommend or select for inclusion in programs an affiliated SMA Manager (or their affiliated Fund) over a similarly qualified and suitable non-affiliated SMA Manager (or Fund). This potential conflict may also be present when Raymond James is considering SMA Managers for removal from the program(s). However, Raymond James does not receive additional compensation for investing in an affiliated SMA Manager over a non-affiliated SMA Manager. To the extent recommendations are implemented through Raymond James on behalf of these affiliates, it should be noted that compensation will contribute to the overall profitability of the holding company, RJF.

Each Strategy available in the Freedom and Freedom UMA program has been constructed by the AMS Investment Committee to offer an alternative allocation comprised exclusively of non-affiliated SMA Managers/Funds. The client may select a Strategy that does not contain allocations to Raymond James affiliated SMA Managers or Funds. If no selection is made by the client in the Investment Management Client Agreement or otherwise provided in writing, the client should understand that the Strategy they select will serve as their authorization to utilize affiliated SMA Managers and/or Funds, where applicable. The client may revoke this authorization at any time by providing Raymond James written notice.

## **INTERCOMPANY PAYMENTS BETWEEN AFFILIATES**

In addition to the aforementioned compensation arrangements, Raymond James and its affiliates make certain intercompany payments to compensate each other for performing various administrative services. In connection with Raymond James' mutual fund sales, Raymond James or its affiliates receive compensation from their Eagle affiliate for providing services unrelated to sales of Eagle mutual funds, including (but not limited to) consulting services, marketing services, sponsorship fees, support services and transfer credits for trade execution services. Intercompany payments made by Raymond James or its affiliates to Raymond James may be terminated, modified or suspended at any time.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

### CODE OF ETHICS AND PERSONAL TRADING

Raymond James has established and maintains procedures in compliance with the Insider Trading and Securities Fraud Enforcement Act of 1988. These procedures outline a firm wide policy statement on compliance with insider trading policies by the firm and its associated persons and other employees. These procedures have been distributed to all associated persons and employees of the firm. The procedures include provisions for defining “insider” material, monitoring associated persons and employee securities accounts, restricting access to affiliate’s sensitive material and restrictions on trading.

Raymond James is engaged in investment banking activities. Because Raymond James may trade its advisory clients’ assets in the securities of companies which Raymond James’ Investment Banking division is advising, there may be the appearance of a conflict of interest. To mitigate the potential conflict of interest, Raymond James Investment Banking has implemented “Chinese Wall” policies and procedures restricting the dissemination of non-public information in connection with these companies to parties outside the Investment Banking division. In addition to Raymond James’ Chinese Wall policies and procedures, Raymond James Asset Management Services has insider trading policies and procedures which are designed to prevent and detect any misuse of non-public information.

Pursuant to Rule 204A-1 under the Advisers Act, Raymond James has adopted a Code of Ethics. Raymond James monitors the personal securities transactions of its employees. The Code of Ethics sets forth standards of conduct and addresses potential conflicts of interest between Raymond James Asset Management advisory personnel and Raymond James’ advisory clients. All investment advisory clients may request a copy of the Raymond James Asset Management Services Code of Ethics by contacting the AMS Compliance Department at 800-248-8863, extension 71706.

Raymond James Financial stock, bonds or options (“RJF securities”) are prohibited investments in managed EHNW, RJCS, Freedom and Freedom UMA program accounts. RJF securities may be permitted to be purchased and held in non-managed Ambassador, MIP and Passport advisory accounts, but will be considered ineligible for advisory fees due to the financial advisor’s affiliation with RJF and, potentially, their personal holdings of RJF securities. This may create a potential disincentive for the financial advisor to recommend to a client that existing RJF securities continue to be held. Mutual funds held in managed account programs may invest fund assets in RJF securities as well. In addition, Managers in the OSM program may invest client assets in RJF securities.

### OUTSIDE BUSINESS ACTIVITIES (“OBA’S”) AND PRIVATE SECURITIES TRANSACTIONS (“PST’S”)

The SEC and FINRA, among other regulatory authorities, have established extensive rules and regulations concerning OBA’s and PST’s. An OBA is generally defined as any business activity that is conducted outside the scope of a financial advisor’s or associate’s employment with Raymond James. A PST, or “selling away”, generally involves engaging in a securities transaction outside of the firm in which the associate or financial advisor is employed or affiliated with. For example, this may involve: (i) part of a private offering of limited partnership interests, without the participation of Raymond James in the offering; or (ii) transactions in securities owned by an associated person. Financial advisors and associates are strictly prohibited from engaging in any OBA or PST unless they specifically request and receive prior written authorization to do so from Raymond James.

Raymond James is obligated to supervise the activities of its employees and ensure that activities engaged in with clients on behalf of the firm are appropriate, while also ensuring that those activities that fall outside the scope of the associate’s or financial advisor’s employment with Raymond James are not misrepresented as being engaged in on behalf of Raymond James. Raymond James generally discourages any OBA or PST that involves any of its clients (or clients of its affiliates). However, such activities or transactions may be authorized by Raymond James provided the client acknowledges that they do not involve, and are not supervised by Raymond James.

A financial advisor offering advisory services as an Investment Adviser Representative of Raymond James is required to provide prospective advisory clients with a current Brochure Supplement which includes information regarding the financial advisor’s education, business experience, disciplinary information, other business activities, additional compensation and supervision. Clients may also obtain additional information regarding their financial advisor, such as licenses, employment history, their regulatory disciplinary information (if any) and whether they have received reportable complaints from investors through the FINRA BrokerCheck service available from FINRA at [finra.org](http://finra.org), or from the SEC at [adviserinfo.sec.gov](http://adviserinfo.sec.gov). Should a client have any concerns regarding any of the information contained in their financial advisor’s Brochure Supplement or information obtained through the BrokerCheck service, they are encouraged to contact Raymond James Private Client Group Compliance Department at 800-248-8863, extension 73945.

## PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS

Raymond James acts as a market maker for various securities, including over-the-counter stocks, municipal and government bonds, as well as limited partnerships. All transactions must be executed at the best price in the market. RJA also may act as principal and buys securities for itself or sells securities it owns to clients. Raymond James does not generally act as a principal on transactions involving advisory clients, unless otherwise instructed by unaffiliated third party money managers through the RJCS program (where applicable) consistent with SEC guidelines, or as a result of the liquidation of securities used to fund an advisory account where the client has authorized their liquidation. Nonetheless, Raymond James is obligated to execute any such transaction in the manner it believes is in the client's best interest.

Raymond James as agent may buy or sell securities to its advisory clients that may differ between its advisory clients. This may occur, for example, as a result of instructions received from different RJCS SMA Managers, where one SMA Manager instructs the purchase of a security while the other SMA Manager instructs the liquidation of the same security. Clients should understand that an SMA Manager in the RJCS or EHNW program may give advice and take action for clients that may differ from advice given, or the timing or nature of action taken by another SMA Manager, for the same or other clients. The same may occur as a result of the actions of different clients and their respective Raymond James financial advisors. In addition, affiliates, related persons and employees of Raymond James may take a financial interest in a security which differs from recommends to an advisory client.

Clients that fund the establishment of new SMA (RJCS or Eagle), mutual fund/ETF advisory wrap (Freedom or Russell) or Freedom UMA accounts with securities authorize the liquidation of such securities for investment in the respective program's portfolio securities. Acting as a broker-dealer in such liquidations, in the event it is unable to find an acceptable agency offer, Raymond James may liquidate these securities from a client's account by purchasing the securities into its inventory, and may assess a markdown in connection with these transactions.

## INITIAL PUBLIC OFFERINGS AND PARTICIPATIONS IN SECURITY DISTRIBUTIONS TO THE PUBLIC

It is firm policy to restrict in managed accounts the purchase of initial public offerings and other new issues where RJA is a distribution participant (primary market distributions). Specifically, for RJCS and Eagle accounts where a SMA Manager has been delegated investment discretion, no purchases through Raymond James of primary market distributions to the public is permitted if RJA participates in the distribution. However, the SMA Manager may purchase primary market distributions if purchased through another firm participating in the distribution.

For discretionary Ambassador, MIP and Passport accounts, purchases in these distributions are only permitted if the client expressly authorizes their purchase on an unsolicited basis. Primary market distributions purchased through Raymond James are excluded from Ambassador, MIP and Passport advisory fees for one year.



## BROKERAGE PRACTICES

Raymond James, as principal, buys securities for itself from, or sells securities it owns to, its non-advisory clients. Raymond James will not generally act as principal in a transaction involving advisory accounts participating in the Ambassador, MIP or Passport programs. However, transactions initiated by unaffiliated RJCS SMA Managers may be executed from time to time on a principal basis by RJA consistent with SEC “No Action” guidance.

As an SEC registered broker-dealer, Raymond James is often utilized to execute portfolio transactions for clients. These transactions, including compensation, are governed by SEC regulations, which provide disclosure requirements. In its role as a market maker, Raymond James from time to time buys or sells for itself securities that it or its affiliated dealers also recommends to its advisory clients.

As an SEC registered broker-dealer, Raymond James routes order flow through its broker-dealer. Raymond James is obligated to seek best execution pursuant to its fiduciary duty as an SEC registered investment adviser and FINRA Conduct Rule 2320 for all trades executed, however better executions may be available via another broker-dealer based on a number of factors including volume, order flow and market making activity. As part of its fiduciary duties to clients, Raymond James endeavors at all times to put the interests of its advisory clients first. Clients should be aware, however, that the receipt of economic benefits by Raymond James (or its related persons) in and of itself creates a potential conflict of interest.

On occasion, Raymond James may effect a transaction in which Raymond James acts as a broker for both the advisory client and the other party to the transaction. In such instances, Raymond James will obtain consent from the client, and it will disclose all material information concerning the transaction to the client, in accordance with the requirements of Rule 206(3) – 2 of the Investment Advisers Act.

Financial advisors are registered representatives of Raymond James, an SEC registered broker-dealer, and will recommend Raymond James to advisory clients for brokerage services. These individuals are subject to FINRA’s Conduct Rule 3040 that restricts them from conducting securities transactions away from Raymond James. Therefore, clients are advised that such financial advisors are limited to conducting securities transactions through Raymond James. It may be the case that Raymond James charges a higher fee than another broker charges for a particular type of service, such as transaction fees. Clients may utilize the broker-dealer of their choice and have no obligation to effect transactions through Raymond James.

However, if the client does not utilize Raymond James as their broker-dealer, the financial advisor will generally not be able to accept the client’s account(s).

## TRADE AGGREGATION

Raymond James may aggregate sale and purchase orders of securities held by clients with similar orders being made simultaneously for other clients if, in Raymond James’ reasonable judgment, such aggregation is reasonably likely to result in overall economic benefit to clients based on an evaluation that the clients are benefited by relatively better purchase or sale prices, lower commission expenses or beneficial timing of transactions, or a combination of these and other factors.

In some instances, the purchase or sale of securities for clients will be affected simultaneously with the purchase or sale of like securities for other clients. Such transactions may be made at slightly different prices, due to the volume of securities purchased or sold. In such event, the average price of all securities purchased or sold in such transactions is determined, and at Raymond James’ sole discretion, the client may be charged or credited, as the case may be, the average transaction price.

Where a client has instructed Raymond James to terminate the SMA Manager or managed account, it is Raymond James’ general practice to promptly liquidate the account holdings in light of potential market volatility and the pending termination of its or the SMA Manager’s discretionary authority. However, clients have the option of providing instructions to forego such liquidations and retain the portfolio holdings in a non-managed account.

Primarily as a result of the time constraints and lot sizes applicable to client-directed sale transactions, and the general unavailability of trade aggregation in connection with such sales, the prices received in client-directed transactions may be less favorable than the prices that could be attained for sales of securities selected by Raymond James and/or the SMA Manager as part of its ongoing discretionary account management.

## DIRECTED BROKERAGE AND TRADE EXECUTION

Securities transactions in client accounts participating in the RJCS, EHNW and Freedom UMA programs are generally effected on a “net” basis (that is, without commissions), and a portion of the wrap fee is generally considered as being in lieu of commissions. Most securities recommended by SMA Managers are listed on an exchange or available in the over-the-counter market, and executing transactions away from Raymond James would result in the client being charged an additional commission, markup or markdown, or spread without improving the execution quality. Because trades are generally executed through Raymond James, the client should satisfy themselves that Raymond James can provide adequate price and execution of transactions.

However, the SMA Managers in the RJCS and EHNW programs have discretion to select brokers or dealers other than Raymond James when necessary to fulfill their duty to seek best execution of transactions for its subadvised clients' accounts. This arrangement could create an incentive for Raymond James to recommend SMA Managers with lower portfolio turnover rates. This arrangement may also create a financial incentive for SMA Managers to refrain from searching as actively among other securities brokers and dealers for best execution.

Clients should understand that, because Raymond James' services do not include selection of brokerage firms, the client will not necessarily obtain execution of transactions or brokerage rates as favorable as those which might be obtained through an SMA Manager which does undertake to select brokerage firms or to negotiate rates with those selected firms. Thus, a potential conflict of interest exists between the interest of clients in obtaining the lowest asset-based fee or commission rates and Raymond James' receipt of future referrals from the clients' broker-dealer.

Certain securities, such as over-the-counter stocks and fixed income securities, are primarily traded in dealer markets. These securities are directly purchased from or sold to a financial services firm acting as a dealer or principal. Dealers executing principal trades typically include a markup/markdown and/or spread in the net price at which transactions are executed. When Raymond James receives orders from SMA Managers for securities traded in dealer markets it normally executes those orders as agent with an unaffiliated dealer. In addition to the fees clients pay under the Investment Management Agreement, clients bear the cost (including any spread, mark-up or markdown) of the unaffiliated dealer charges. In limited circumstances, unaffiliated SMA Managers in the RJCS program may choose to purchase a security in the secondary market out of Raymond James' inventory. In these cases Raymond James may execute transactions in its capacity as a broker-dealer, and charge a markup, markdown and/or spread in the net price, but will only do so at the instruction of the SMA Manager, consistent with regulatory requirements. The SMA Manager has discretion to instruct Raymond James to execute transactions in client accounts on an agency or principal basis, but may select brokers or dealers other than Raymond James when necessary to fulfill its duty to seek best execution of transactions for its clients' accounts.

In the event an SMA Manager elects to utilize brokers or dealers other than Raymond James to effect a transaction in a recommended security ("trade away" from Raymond James), brokerage commissions and other charges for transactions not effected through Raymond James are generally charged to the client by the executing broker or dealer, whereas the wrap fee assessed by Raymond James covers the cost of brokerage commissions on transactions effected through Raymond James. For this reason, it is likely that most, if not all, transactions for any given client will be effected through Raymond James. The SMA Managers are not in a position to negotiate asset-based fee rates with Raymond James on behalf of its wrap fee clients, or to monitor or evaluate fee rates being paid by such clients or the nature and quality of the services they obtain from Raymond James. In the event an SMA Manager elects to trade away from Raymond James, the client should be aware the executing broker or dealer will assess a commission or other charges to the transaction and such costs will be in addition to the wrap fee assessed by Raymond James. As a result of the foregoing, investment disciplines of SMA Managers that elect to trade away from Raymond James will generally be more costly to clients than those disciplines of SMA Managers that elect to trade exclusively or primarily through Raymond James. Some SMA Managers have historically directed most, if not all, of their program trades to outside broker-dealers, and only maintenance trades are effected through Raymond James (where maintenance trades are those that result from investments resulting from individual new account openings, capital additions/disbursements, or account terminations).

In the selection of brokers or dealers to effect transactions, the SMA Manager may consider all relevant factors, including, among other things, the value of research services received, execution capability, execution speed, execution efficiency, confidentiality, familiarity with potential purchasers or sellers, commission rates, financial responsibility, responsiveness or any other relevant matters. The SMA Manager may select brokers or dealers that provide the SMA Manager research or other transaction-related services and may cause the client to pay such brokers or dealers commissions or other transaction related fees in excess of those that other brokers or dealers may have charged, including Raymond James. Such research and other services may be used for other of the SMA Manager's accounts to the extent permitted by law.

SMA Managers that specialize in fixed income, international, small-cap or exchange-traded product disciplines will be more likely to trade away from Raymond James due to market dynamics, liquidity, exchange availability, institution specialty or other factors they consider relevant in satisfying their best execution obligations to clients. Clients should understand that Raymond James does not evaluate whether an SMA Manager is meeting its best execution obligations to clients when trading away, as it is not a party to such transactions and is not in a position to negotiate the price or transaction related charge(s) with the executing broker. Raymond James does not discourage or restrict an SMA Manager's ability to trade away, as the responsibility to determine the suitability of trading away from Raymond James falls under the SMA Manager's individual fiduciary duty to clients and expertise in trading their portfolio securities.

The advisory account programs discussed in this Part 2A Brochure are available only to clients of Raymond James, its affiliates and certain independent investments advisers for which Raymond James or its affiliates provide correspondent broker-dealer or administrative services. As such, clients do not generally have the opportunity to have transactions executed with broker-dealers other than Raymond James.



## MANAGED ACCOUNT TRADE AGGREGATION AND ROTATION PRACTICES

The RJCS, EHNW and Freedom UMA programs are model-based portfolios. Therefore, Raymond James or the SMA Managers may determine that the purchase or sale of a particular security is appropriate for more than one client account. In such cases, Raymond James or the SMA Manager may decide to aggregate orders for multiple client accounts into one “block” order for execution purposes in order to seek a more advantageous net price and potentially avoid an adverse effect on the price of a security which could result from simultaneously placing a number of separate competing orders. In the event a block transaction is effected by Raymond James or an SMA Manager, the client will receive the average price of all transactions effected to satisfy the order. As a result, the average price received by the client may be higher or lower than the price which an individual client may have received had the transaction been effected for the client independently from the block transaction. When aggregating orders, and in the process of allocating block purchases and block sales to individual client accounts, it is Raymond James’ policy to treat all clients fairly and to achieve an equitable distribution of aggregated orders.

SMA Managers participating in the RJCS and Freedom UMA programs may also participate in other wrap fee programs sponsored by broker-dealers not affiliated with Raymond James. In addition, SMA Managers typically manage institutional accounts not referred through a directed brokerage, wrap fee program. In the event an SMA Manager recommends or otherwise effects the purchase or sale of a security for all accounts within a particular discipline available through Raymond James, the SMA Manager may have to potentially effect similar transactions through a large number of broker-dealers. Depending on the liquidity of the security and the size of the transaction, among other factors, SMA Managers may utilize a trade rotation process where one group of clients (Raymond James clients) may have a transaction effected before or after another group of the SMA Manager’s clients, including rotations between RJCS, EHNW and/or Freedom UMA program client accounts, so as to limit the market impact of the transaction. An SMA Manager’s trade rotation policies are at their discretion, typically utilize a random selection process and are intended to equitably allocate transactions over time across the SMA Manager’s entire client base so that each group of clients can expect over time to receive executions at the beginning, middle and the end of the rotation. However, clients should be aware that an SMA Manager’s trade rotation practices may result in a transaction being effected in their account that occurs near or at the end of the SMA Manager’s rotation and such transactions may significantly bear the market price impact, if any, of those trades executed earlier in the SMA Manager’s rotation. Additional information regarding each SMA Manager’s trade rotation policies, if any, is available in the respective SMA Manager’s Form ADV Part 2A.

## MANAGED ACCOUNTS FUNDED WITH SECURITIES

Assets authorized by the client to be liquidated and the proceeds utilized to fund a managed account may not have a readily available secondary market (i.e., illiquid). In the event Raymond James is unable to reasonably find a buyer in the market for such securities, the client should understand that such securities may be held in the managed account for a period of time while Raymond James attempts to satisfy the client’s liquidation request. Clients should further understand that such securities are not being actively managed, nor is an advisory fee being assessed to such securities.

Occasionally, and under limited conditions, Raymond James may agree to manage an account where managed assets are held in a custodial account which also holds non-managed assets for which a readily available secondary market exists (i.e. liquid). Clients must obtain advance approval for such an arrangement, and they do so with the understanding that Raymond James has no authority or responsibility regarding the investment, disposition, and monitoring of such non-managed assets. Losses sustained in connection with the investment or disposition of non-managed assets are the sole responsibility of the client.

If a client is funding a managed account with securities, a statement of the cost basis of the securities should be provided to Raymond James so that it can provide accurate gain/loss information. Securities that are deposited to fund an account are subject to Raymond James’ or the SMA Manager’s decision to keep or sell the securities, at the discretion of Raymond James or the SMA Manager. Additionally, Raymond James’ or the SMA Manager’s review of securities used to fund the managed account may delay initial investing. Certain funding transactions may be handled by Raymond James on a principal basis for trade execution and clearing, and are not considered investment advisory services of Raymond James or the SMA Manager. Raymond James may be unable to sell a security used to fund a managed account, on either an agency or principal basis, due to a lack of liquidity in the security or the lack of a willing buyer. In such circumstances, the client will be advised and the security must be held in a non-managed account for the client to sell at a later date at their discretion.

Mutual fund share transfers from the funding account into a managed account may result in a delay of several days due to the re-registration of the mutual fund shares with the fund company. As a result, unless otherwise instructed, mutual funds used to fund a managed account are redeemed within the funding account and NOT transferred to the client’s managed account prior to redemption. Proceeds from the redemption will be subsequently transferred for investment in the managed account.

Raymond James and/or the SMA Manager generally limits acceptance of a client’s previously acquired securities (“legacy” securities) for initial account funding or contribution purposes. Raymond James and/or the SMA Manager generally evaluates such legacy positions and may sell all or a portion of such securities to the extent that such securities would not be included in Raymond James’ and/or the SMA Manager’s model portfolio holdings (keep/sell process). Unless otherwise requested in advance by the client and accepted by Raymond James and/or the SMA Manager, clients should expect that any such legacy securities used to fund a new, or contributed to an existing managed account, will be sold by Raymond James or the SMA Manager. Raymond James and/or the SMA Manager will generally liquidate legacy securities immediately in instances such as the following: 1) when legacy securities are used to fund new, or are contributed to existing, managed accounts, 2) in connection with investment discipline changes, and 3) when a client provides instructions to terminate and liquidate their managed account.

AMS may coordinate such liquidations with the SMA Manager, where applicable, to limit the potential for price concessions, which may be more prevalent in debt securities traded in dealer markets.

Depending on the size and characteristics of the legacy position(s) and prevailing market conditions at the time of sale, among other potential factors, the client may receive a sale price that is less favorable than if the transaction involved a more marketable or liquid position. There is no assurance that Raymond James or the SMA Manager will be able to liquidate legacy securities due to a number of factors, including, but not limited to, the lot size of the legacy position (number of bonds), lack of willing buyers in the market, concession necessary to effect the sale transaction resulting in the bid price falling outside of the market range, among others.

## REVIEW OF ACCOUNTS

The client's financial advisor continuously monitors accounts to identify situations that may warrant specific actions be taken on behalf of a client's investments or their overall portfolio. Such reviews include, but are not necessarily limited to, suitability, performance, asset allocation, change in investment objectives and risk tolerance, concentration and prohibited/restricted products. In addition, financial advisors providing regular investment advice or investment supervisory services, review client portfolios and communicate with clients for conformity with the respective portfolios, investment objectives, changes in a client's financial situation, account performance and any reasonable restrictions to be imposed as to the specific assets or types of securities to be included or excluded from client portfolios.

Additional monitoring of accounts is provided by compliance and sales management personnel located within the corporate headquarters. Reviews include, but are not limited to; suitability, concentration, active trading, performance and accounts managed on a discretionary and non-discretionary basis.

Discretionary accounts in the Ambassador, MIP and Passport programs are reviewed on a regular basis by the client's financial advisor and the Raymond James branch manager in the normal course of review as required under the rules and regulations governing broker-dealers. In addition, discretionary accounts receive additional supervision by the branch manager and the Raymond James Compliance Department.

Since investment goals and financial circumstances change over time, clients should review their investments at least annually with their financial advisor. Clients are under no obligation to employ a particular product, advisory service or investment strategy. For more information regarding this topic you may wish to review the Raymond James "Client Bill of Rights: Understanding Your Rights and Responsibilities as a Raymond James Client" brochure, provided to you upon opening your account with Raymond James, a current version of which is available upon request from your financial advisor.

### EHNW, FREEDOM, FREEDOM UMA AND RJCS PROGRAMS:

The timing and nature of account reviews are dictated by a variety of factors. Such factors include the following: contributions or withdrawals of cash from an account; a determination to change the cash level of an account; the allocation of a block of a particular security purchased for, or sold from, a particular discipline/strategy; a client's request for tax-loss selling; a client's direction to refrain from purchasing a particular security, or class of securities, for his or her account; a client's request for information regarding the performance or structure of an account; option maturity dates; interest rate changes; changes in the list of securities approved for purchase for a particular discipline/strategy; a client's pledge of the assets of an account as collateral security; and requirements imposed by court order or regulatory decree (e.g., divorce decree, tax lien).

AMS performs ongoing reviews of managed accounts to ensure clients with the same investment discipline/strategy are traded to the same model or target allocation and investment restrictions/mandates are honored. These reviews include an analysis of accounts with high or low cash balances, security cross references, asset allocation drift, corporate actions and taxlot comparisons between trading, performance and backoffice systems.

AMS's Manager Research, Trading and Client Services advisory personnel periodically review accounts for performance dispersion due to the timing of a particular account's inception or as a result of mispriced or unpriced securities. These reviewers are not typically assigned a specific number of accounts to review. They may review some or all accounts in a particular advisory program or investment discipline, depending on the nature of the account review.

### BROKERAGE STATEMENT AND PERFORMANCE/BILLING VALUATION DIFFERENCES FOR FEE-BASED ACCOUNTS

As discussed under the "Fees and Compensation – Asset-Based Fees" section of this Brochure, the Account Value on which the asset-based fee is based may be different than the asset value reported on brokerage statements provided by Raymond James. There are several reasons for why these values may differ:

1. Trade Date versus Settlement Date - The brokerage statement values all securities and cash balances based upon trades not being completed until settlement date (when the money is due), while the value used for billing is derived from the performance system, which values all securities and cash balances based upon trade date (initiation of cost basis for performance and tax reporting purposes.)  
For example, if a recent buy in an account has executed, but not yet settled at quarter end, the trade will still show as a cash position on the brokerage statement. In contrast, the purchased security, and value, will be used for performance and billing calculations as of the trade date. Since the financial advisor's fee-based compensation is associated with the performance of the account, performance-related values are used for billing instead of the brokerage statement value.
2. Accrued Income – Accrued Income reflects payments due but not yet paid to the holder of a particular security, which includes interest payments, dividends and capital gains. The brokerage statement does not include Accrued Income in its value, while the performance-related value (and consequently the billing) does include this figure. The rationale for including the Accrued Income in the billing value is based on the assumption that the client will be paid that money, whether they hold the underlying security or not on the actual payment date, which in turn affects the performance of the account, and must, therefore, be included in the performance value of the account.

3. Margin Balances and Short Sells – Because the brokerage statement reads like a balance sheet, short sells and margin purchases are reflected as liabilities. For example, if a client buys a security on margin (or sells it short), they will have to pay for that security eventually, so the margin balance is shown as a liability (negative value) on the brokerage statement. The performance-related value does not view shorts and margins in this manner. Rather, clients that employ margin are in fact utilizing the advisory services of their financial advisor, who in turn is compensated for it. For comparison, a client with a retail commission-based account would be charged a commission on each margin trade /short sale because in essence a security position that did not exist before has now been created. While considered a liability on the brokerage statement for valuation reporting purposes, these “new” positions are relevant from a performance and billing perspective and are therefore included for performance and billing purposes. As a result, the use of margin or short sells generally results in the largest discrepancy in terms of value between the brokerage statement and performance/billing values. This can be seen in the fact that a client's brokerage statement “net” liquidation value is reduced by liabilities, while their performance/billing value is increased.
4. Options – Clients that write calls or puts, much like short sales, are creating a potential liability by doing so. While a client may understand that the net value of the account reflects what they would receive today if all securities were liquidated, it does not take into account the advisory or commission aspects of the securities that were “created”. Again, clients are charged commissions in retail accounts when writing calls or puts because a security is being created. The correlation in a fee-based account is to value the security based upon the liability of the client by taking the absolute value of the short option. For example, a call writer expects the value of a particular security to decrease. If it does, the liability gradually decreases until it becomes zero. By taking the absolute value of the liability (the opposite of the long option), the value of the short option is based on the client's potential obligation to pay the option holder, and thus more accurately reflects the true “value” of the position.

## TAX CONSIDERATIONS

Unless specifically noted, tax efficiency is not a consideration in the management of accounts offered by Raymond James through the EHNW, RJCS, Freedom, Freedom UMA and Russell managed account programs. As such, strategies and investments utilized may have unique and significant tax implications. Clients should consult with a tax professional prior to investing.

*IRS Circular 230 Disclosure:* Raymond James, its affiliates, agents and employees are not in the business of providing tax, regulatory, accounting or legal advice. This brochure and any tax-related statements provided by Raymond James are not intended or written to be used, and cannot be used or relied upon, by any such taxpayer for the purpose of avoiding tax penalties. Any such taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

## CLIENT REFERRALS AND OTHER COMPENSATION

### CLIENT REFERRAL ARRANGEMENTS

#### ASSET-BASED COMPENSATION

Financial advisors utilizing any of the previously mentioned account programs offered by Raymond James generally receive compensation as a percentage of the asset-based fee assessed to the client's account (often referred to as a "grid" or "net" payout). Raymond James reserves the right to modify the financial advisor's, Raymond James' and/or the SMA Manager's (if applicable) compensation at any time without prior notice to the client; however, in no event will the total asset-based fee charged to a client's account be increased without the prior consent of the client.

Effective October 1, 2012 Raymond James established a flat payout grid for its financial advisors. As a result, a financial advisor's grid payout is not dependent (or variable) upon the type of transaction entered into with, or product/service provided to, any client. Although the grid payout is uniform for a Raymond James financial advisor regardless of the transaction type or account program utilized, clients should understand that asset-based fees vary amongst the different accounts programs offered by Raymond James. As a result, the gross fee compensation is generally higher when the account program fee is higher. In addition, clients should understand that while the grid payout is the same for each financial advisor, the grid payout differs between different financial advisors (that is, one financial advisor's grid payout may be higher or lower than another financial advisor's).

In addition to the grid payout, RJFS financial advisors may receive compensation from Raymond James in consideration for referring clients to certain fee-based account programs. This additional compensation is derived from the Raymond James' administrative or management fee and is a portion of, and not in addition to, the asset-based fee charged to the client's account(s) quarterly. Such additional compensation is based on the RJFS financial advisor's client assets held in the following account programs offered by Raymond James:

#### RJCS, EAGLE, FREEDOM, FREEDOM UMA AND RUSSELL

RJFS financial advisors with at least \$15 million of total client assets held in the RJCS, Eagle, Freedom, Freedom UMA and Russell account programs will generally receive additional compensation from Raymond James equal to .05% of the assets invested in equity and balanced investment disciplines in the RJCS and Eagle account programs.

#### AMBASSADOR, MIP AND PASSPORT

RJFS financial advisors with total aggregate client assets held in these account programs will receive additional compensation from Raymond James' administrative fee equal to:

- Assets between \$ 50 million and \$100 million – 15%
- Assets between \$ 100 million and \$150 million – 30%
- Assets between \$ 150 million and \$300 million – 45%
- Assets of at least \$300 million – 60% or higher, subject to a maximum annualized administrative fee of \$150 per account

Financial advisors are typically compensated based on their annual gross revenue production, whereby higher production will generally result in higher payouts. The above additional compensation programs constitute a targeted payout increase to certain qualified financial advisors based on economies of scale achieved by Raymond James, its affiliates and financial advisors at increasing asset levels, and are intended to maintain compensation parity for Raymond James' and affiliated financial advisors.

While Raymond James believes the charges and fees assessed to clients within each of the asset-based fee programs are competitive with alternative programs available through other firms, competitive forces within the financial services industry necessitates that Raymond James continuously review such payouts and make adjustments, either individually or uniformly, based on the specific circumstances of an account program, client relationship, financial advisor and/or branch office, or otherwise as is deemed necessary. With the increasing popularity of asset-based fee programs, competitive forces have generally resulted in a decrease in the annual costs to clients. However, such decreases are not typically uniform throughout the industry, and as a result, firms generally have the discretion to adjust financial advisor payouts, either individually or uniformly, based on their analysis of payouts available from firms they consider to be in their peer universe. Such determinations can be complex, considering the number of banking institutions, wirehouse and regional brokerage firms, and fee-only advisers available to clients. Compensation adjustments may represent a conflict of interest where a financial advisor may be incentivized to recommend an asset-based fee account program rather than recommending an alternative product or service, if comparable or if available separately to clients. Conversely, lack of such compensation adjustments may provide a disincentive to a financial advisor to recommend an asset-based fee account program to a client. Clients should be aware of such arrangements and should consult their financial advisor for additional details regarding their compensation levels in fee-based accounts.

## PROFESSIONAL PARTNERS PROGRAM

Raymond James and its affiliated broker-dealers have established the Professional Partners Program to encourage professionals (such as accountants and attorneys) to refer clients to Raymond James. Each professional partner is a registered investment adviser representative of either Raymond James or RJFSA and has agreed to act as a solicitor in accordance with a written agreement with Raymond James or RJFSA. This individual receives a percentage of the asset-based advisory fee as compensation for introducing the client. The client is provided a separate written disclosure by the solicitor detailing the compensation arrangement. The client must consent to the payment of this solicitation fee prior to any such payments being paid by Raymond James to the solicitor. Any solicitation arrangement will be in accordance with Rule 206(4) -3 of the Investment Advisers Act of 1940.

## OTHER COMPENSATION ARRANGEMENTS

### MUTUAL FUND INVESTMENTS AVAILABLE THROUGH RAYMOND JAMES

Clients should be aware that only those mutual fund companies which Raymond James has a selling agreement with will be available for purchase within the Ambassador, Freedom, Freedom UMA, Passport and Russell programs, and are generally limited to those fund companies that provide Raymond James marketing service and support fees. As a result, not all mutual funds available to the investing public will be available for investment. However, Raymond James has selling agreements with over 200 fund companies, offering approximately 9,000 separate mutual funds for potential investment.

Shareholders considering transferring mutual fund shares to or from Raymond James should be aware that if the firm from or to which the shares are to be transferred does not have a selling agreement with the fund company, the shareholder must either redeem the shares (paying any applicable CDSC and potentially incurring a tax liability) or continue to maintain an investment account at the firm where the fund shares are currently being held. Clients should inquire as to the transferability, or "portability", of mutual fund shares prior to initiating such a transfer. The AMS Investment Committee may invest in funds or share classes not available outside of managed account programs such as the Freedom or Freedom UMA programs. For example, a fund company may agree to allow the AMS Investment Committee to buy an institutional share class of a fund for Freedom program accounts, while restricting individual client-directed purchases of the same share class in non-managed retail accounts. Upon termination of their Freedom or Freedom UMA account, Clients would generally be permitted to continue holding the institutional class of the fund, but will be unable to make additional investments. In addition, upon termination of an account holding SMA Fund shares purchased in a managed account through Raymond James, these shares will be redeemed immediately by Raymond James, as they may not be held outside of an SMA account. Please refer to the "Methods of Analysis, Investment Strategies and Risk of Loss" section for additional information regarding SMA Funds.

*Marketing Service/Support Fees.* Raymond James provides a variety of marketing and other sales support services to affiliated and unaffiliated mutual fund companies related to their mutual funds. These services include, but are not limited to, providing detailed mutual fund information to financial advisors, assisting mutual fund companies with strategic planning support, providing opportunities for assisting with professional development workshops, study groups, and other educational events and conferences. Raymond James also provides distribution support for prospectuses and promotional materials relating to their mutual funds. The marketing service and support fees come in a variety of forms, including payments which are sometimes referred to as "revenue sharing" fees and 12b-1 fees. This compensation may not be disclosed in detail in a mutual fund's prospectus or Statement of Additional Information.

The following schedule gives you an idea of the potential level of marketing support or revenue sharing fees that Raymond James may receive from a particular mutual fund group:

- up to .10% on mutual fund share purchases (for example, \$10 for a \$10,000 purchase)
- up to .08% per year on assets totaling less than \$500 million
- up to .07% per year on assets totaling \$500 million to \$1 billion
- up to .06% per year on assets totaling \$1 billion to \$5 billion
- up to .05% per year on assets totaling \$5 billion or greater

The actual amounts that Raymond James may receive will vary from one mutual fund company to another and investments in certain asset classes and/or mutual fund types may be excluded from the above schedule. For a list of fund companies that have agreed to participate in Raymond James' 2012 Education and Marketing Support program, please visit: [raymondjames.com/disclosure\\_mutual\\_funds\\_co.htm](http://raymondjames.com/disclosure_mutual_funds_co.htm). You may also receive a hardcopy of this list by contacting your financial advisor, or by contacting Raymond James Asset Management Services by phone at (800) 248-8863, extension 74991, or by sending in a written request to: Raymond James Asset Management Services, Client Services Department, 880 Carillon Parkway, St. Petersburg, FL 33716.

*General Promotional Activities.* Marketing representatives of mutual fund companies, who are often referred to as "wholesalers," work with Raymond James financial advisors and their branch office managers to promote their mutual funds. Consistent with applicable laws and regulations, these mutual fund companies may pay for or provide training and education programs for Raymond James' financial advisors and their existing and prospective clients. Mutual fund companies may also pay for due diligence meetings, conferences, client relationship building events, occasional recreational activities and other events or activities that are intended to result in the promotion of their mutual funds.



*Networking and Omnibus Fees.* Mutual fund companies with mutual funds electronically linked or “networked” with a broker-dealer’s account system or with mutual funds available through a broker-dealer’s fee-based account programs often reimburse broker-dealers for a portion of their account servicing and administrative costs, which may include accounting, statement preparation and mailing, tax reporting and other shareholder services.

Networking and omnibus accounting are services that enable data sharing between Raymond James and mutual fund providers and/or their transfer agents. Raymond James currently receives up to \$20 annually in networking or omnibus fee payments per each client mutual fund position. Raymond James financial advisors do not receive any part of these payments. For a list of fund companies that have agreed to pay Raymond James networking or omnibus servicing fees, please visit: [raymondjames.com/disclosure\\_mutual\\_funds\\_co2.htm](http://raymondjames.com/disclosure_mutual_funds_co2.htm). You may also receive a hardcopy of this list by contacting your financial advisor, or by contacting Raymond James Asset Management Services by phone at (800) 248-8863, extension 74991, or by sending in your written request to: Raymond James Asset Management Services – (10M), Client Services Department, 880 Carillon Parkway, St. Petersburg, FL 33716.

*Sub-Accounting, Sub-Transfer Agency and Administrative Fees.* Mutual fund companies may also pay Raymond James for the provision of sub-accounting, sub-transfer agency and/or administrative services. In arrangements providing for these fees, Raymond James will maintain an omnibus account with a particular mutual fund company and that mutual fund company will pay Raymond James to provide various services related to your account, including processing dividend payments and distributions, recording-keeping, and processing purchase and redemption orders.

Select fund companies have agreed to pay administrative fees to Raymond James in consideration for Raymond James’ waiver of the \$30 Processing Fee (also known as a “transaction fee”) assessed on certain Passport Account mutual fund purchases (“Participating Funds”). Raymond James financial advisors do not receive any part of these payments. For a list of fund companies that have agreed to pay Raymond James administrative fees for eligible purchases of Participating Funds, please visit: [raymondjames.com/disclosure\\_mutual\\_funds\\_co2.htm](http://raymondjames.com/disclosure_mutual_funds_co2.htm). You may also receive a hardcopy of this list by contacting your financial advisor, or by contacting Raymond James Asset Management Services by phone at (800) 248-8863, extension 74991, or by sending in a written request to: Raymond James Asset Management Services, Client Services Department, 880 Carillon Parkway, St. Petersburg, FL 33716.

*Shareholder Servicing Fees.* Mutual fund companies will also pay Raymond James fees to provide shareholder liaison services to you. These shareholder services may include responding to your inquiries and providing information on your investments. Raymond James may receive these shareholder services fees in amounts not to exceed 0.25% annually of the assets invested in a particular mutual fund.

*Certain Retirement Program Administration Fees.* Raymond James also may receive annual fees of up to \$10,000 from each mutual fund company for providing marketing and sales support services for certain corporate retirement plans.

*Affiliated Funds.* Raymond James makes available to its clients a variety of mutual funds advised or offered by Eagle Asset Management, Inc. (“Eagle”), a subsidiary of Raymond James Financial (“RJF”) and an affiliate of Raymond James. In addition to the fees described in this section, Raymond James and/or its affiliates generally receive more revenue for selling mutual funds advised or offered by Eagle because they receive compensation for providing these mutual funds with services not provided to unaffiliated mutual funds, including (but not limited to) investment advisory, administrative, transfer agency, distribution and/or other services. Payments made by mutual funds advised or offered by Eagle to Raymond James and its affiliates may be terminated, modified or suspended at any time. Raymond James financial advisors and branch managers do not receive additional compensation or other cash or non-cash incentives for recommending mutual funds (or any particular class thereof) advised or offered by Eagle.

*Other Services.* The subsidiary companies of RJF provide a wide variety of financial services to individuals, corporations and municipalities. For these services, Raymond James receives compensation. As a result, Raymond James can be expected to pursue additional business opportunities with companies whose mutual funds Raymond James makes available to its clients. Consistent with industry regulations, these services could include (but are not limited to) banking and lending services, sponsorship of deferred compensation and retirement plans, investment banking, securities research, institutional trading services, investment advisory services, and effecting portfolio securities transactions. Raymond James professionals who offer mutual funds to the individual investor clients of Raymond James may introduce mutual fund company officials to other services that Raymond James provides.

## MUTUAL FUNDS ASSESSED OR SUBJECT TO SALES CHARGES

Many mutual funds also assess sales charges on mutual fund transactions (mutual fund equivalent to a commission, also known as a “load”), a portion of which is paid by the fund company to compensate broker-dealers and their financial advisors for providing financial advice and client service. Sales charges may apply when you make your investment (known as a “front-end sales charge” or “front-end load”), or when you redeem your investment (known as a “back-end sales charge” or “back-end load”), or in the form of an on-going charge that is assessed against fund assets; these on-going charges are the marketing/support (also known as 12b-1) fees discussed previously.



Ambassador and Passport Accounts may be comprised of mutual fund shares only (both load and no-load funds may be utilized), individual equity and fixed income securities, or a combination of mutual fund shares and individual securities. In case of load funds, only such funds for which the mutual fund sales charge has been waived, pursuant to SEC Rules, may be purchased and eligible for the advisory fee in these programs. Clients may hold in a fee-based Ambassador and/or Passport account fund shares purchased in a commission-based account at Raymond James, and assessed a front-end load. However, these shares will be designated as Administrative-Only assets for two years from the original purchase date, and no advisory fee will be charged during this period. Likewise, mutual fund shares subject to a contingent deferred sales charge, "CDSC" or back-end load (typically class B and C shares) will be designated as Administrative-Only assets, and no advisory fees will be assessed as long as these shares are held. Mutual funds, regardless of share class, purchased or held in an MIP account will generally not be assessed an advisory fee as long as these shares are held in the MIP account. However, negotiated advisory fees may be considered by Raymond James when determining the advisory fee eligibility of mutual funds provided such arrangements have been approved in advance by Raymond James.

## ALTERNATIVE INVESTMENTS AVAILABLE THROUGH RAYMOND JAMES

Alternative Investments refers to securities products that serve as alternatives to more traditional asset classes and may include investment products such as hedge funds, private equity funds, private real estate funds and structured products.

Raymond James, through its financial advisors, offers qualified clients a wide range of alternative investments. It is important for clients to work with their financial advisor(s) to evaluate how a particular alternative investment and its features fit their individual needs and objectives. An important component of the selection process includes carefully reading the accompanying offering documents and/or prospectus prior to making a purchase decision. The offering documents contain important information that will help the client make an informed choice.

As part of the review process, a client should consider the fees and expenses associated with a particular alternative investment, along with the fact that the client's financial advisor and Raymond James receive compensation related to any such purchase. It is important to note that the fees and expenses related to alternative investments are often higher than those of more traditional investments. The client's financial advisor will answer any questions regarding the total fees and expenses and the initial and ongoing compensation that they and/or Raymond James may receive. While each investment will differ in terms of both total fees and expenses and how those fees and expenses are calculated, the following section will discuss the primary categories of fees and expenses that are common to many alternative investments and the different ways that Raymond James and your financial advisor(s) may be compensated.

- *Management fees.* The manager for any particular investment will often charge a management fee that is based on the total value of your investment. As the value of your investment increases, the total management fees that a manager receives may increase. As the value of your investment decreases, the total management fees that a manager receives may decrease. These fees are similarly structured but are often higher than management fees associated with other, more traditional, investments such as mutual funds. Raymond James and/or your financial advisor may share in a portion of management fees to which an investment manager is entitled.
- *Incentive-based compensation.* Many alternative investment managers receive incentive-based compensation in addition to management fees. Incentive-based fees typically involve the manager retaining a percentage of profits generated for clients. Fees related to incentive compensation are often referred to as incentive/performance-based fees or carried interest. It is important to note that these fees are in addition to management fees that are charged by the manager and that the exact calculation of incentive fees or carried interest differs by product and manager. Raymond James and/or your financial advisor may share in any incentive-based compensation to which an investment manager is entitled.
- *Upfront or ongoing servicing fees or placement fees.* Many alternative investments have upfront costs directly related to compensating your financial advisor and/or Raymond James. These fees are generally based on the total amount of your investment. Additionally, there may be ongoing fees, based on value of your investment, that are directly related to compensating your financial advisor and/or Raymond James. The total level of compensation received by Raymond James may be related to the total Raymond James client capital invested with a particular manager or product.
- *Redemption fees.* Some investments may have direct or indirect costs related to liquidating your position, particularly if an investment is liquidated shortly after being purchased or if an investment is specifically designed to provide limited or no liquidity to investors.

*Other expenses.* Alternative investment strategies may be accessed through a variety of legal structures, including mutual funds, limited partnerships and limited liability companies. In certain structures, particularly for new offerings, investors may incur organization and offering expenses that are related to the creation of the legal structure and marketing of the product. These costs ultimately serve to decrease the amount of the client's investment. Additionally, investors may incur other expenses based on the investment activity of the fund. For instance, in a real estate fund, investors may be charged fees related to the acquisition of a property. In a hedge fund that shorts stock, there are costs associated with establishing and maintaining the short position. Lastly, investors in alternative investments generally bear the cost of certain ongoing expenses related to administration of the product. These expenses may include costs related to tax document preparation, auditing services or custodial services.

*Fee-Based Accounts.* Alternative investments often have limited liquidity, intermittent pricing and values based on appraisal-based pricing versus market-based pricing. Additionally, if an alternative investment is reflected on your Raymond James statement, the value reflected is often an estimate subject to revision by the investment manager. One or a combination of these issues impact the value on which you are charged when your investment is eligible for asset-based advisory fees. Raymond James will typically only assess an advisory fee on alternative investment products that are priced at least quarterly and are not assessed an upfront commission or sales load upon initial investment. Conversely, alternative investment products not eligible for the asset-based advisory fee typically price less frequently than quarterly and/or have an upfront commission or sales load assessed upon the initial investment; such investments will be designated as Administrative-Only assets by Raymond James. A client may hold one or more of these Administrative-Only products in their Ambassador or Passport accounts, but no asset-based advisory fee will be assessed as long as they are held in an Ambassador or Passport account.

## PRODUCT AND SPONSORSHIP FEES

From time to time Raymond James may receive additional compensation from product sponsors in the form of sponsorship fees for seminars, meetings or conferences. Such sponsors include affiliated and unaffiliated investment advisers, alternative investment limited partnerships, affiliated and unaffiliated investment companies, insurance companies and annuity sponsors. Such sponsorship fees generally entitle the sponsor an opportunity to conduct a presentation of the sponsor's products and services, among other things, to representatives of Raymond James and its affiliates. Due to the large number of product sponsors whose products are offered by Raymond James it is important clients understand that not all product sponsors can participate in a given meeting or event, or will be available or chose to participate in any event for an extended period of time. As a result, only those product sponsors that participate in such events gain the opportunity to interact with Raymond James representatives, and it is anticipated that such interaction will result in additional sales of the product sponsor's products or services. Accordingly, a conflict of interest may exist where Raymond James offers presentation opportunities to those product sponsors willing to contribute sponsorship fees more frequently or in greater amounts than other product sponsors. However, consideration of product sponsors for event participation by Raymond James is based on the quality of the product sponsor and its products or services and is not based on the anticipated sponsorship fees the firm will receive. Raymond James' receipt of such sponsorship fees is for the purpose of defraying costs associated with coordinating and hosting the sponsored event. In addition, Raymond James representatives may receive promotional items, meals, entertainment or other non-cash compensation from product sponsors.

Clients or potential investors that attend a training or educational meeting offered by their financial advisor where a product sponsor is in attendance should assume that the product sponsor has paid or reimbursed Raymond James for part or all of the total cost of the meeting or event.

## MARGIN INTEREST

Clients will be charged interest on any credit extended to or maintained on the client's behalf by Raymond James for the purpose of purchasing, carrying, or trading in any security or otherwise. The particular rate will vary with the size of the average debit balance.

## SHORT SALES

When executing short sales, clients should be aware that Raymond James receives compensation for maintenance of the short position, which is in addition to the asset-based advisory fee. This compensation is generally calculated on a daily basis as a percentage of the current market value of the security sold short. Three of the major variables that impact the amount of the fee Raymond James retains, as well as the transparency of the fee on the client statement are: 1) availability of the security at Raymond James; 2) the current interest rate environment in the U.S.; and 3) the availability of the security based on the supply and demand of loanable securities in the market.

When a client borrows a security which Raymond James can lend from its own inventory or its available customer holdings, Raymond James generally retains all of the fees generated by that loan. In a higher interest rate environment, this fee may not be transparent to a customer because it may not be charged directly to the account. In such instances, the fee is retained from the return generated by the investment of the collateral posted for the transaction (such as short sale cash proceeds). In the case of a limited supply of a loanable security and/or a lower interest environment, the interest earned on the invested cash collateral may not be sufficient to cover the fee; in this case Raymond James may directly charge the fee to the client account until the borrowed balance is closed.

In cases where Raymond James has no available supply of loanable securities, Raymond James may borrow the security from another firm. In these cases, the client will be charged a fee to cover the borrowed securities, and Raymond James and the firm which lent the securities will generally split this fee. As above, in a higher interest rate environment this fee may not be transparent to a customer because the fee is retained from the return generated by the investment of the collateral posted for the transaction and not charged directly to the account. Alternatively, where the interest earned may not be sufficient to cover the fee, Raymond James may directly charge the fee to the client account until the borrowed balance is closed; a portion of that fee is passed from Raymond James to the firm from which the securities were borrowed.

For more information on interest/charges associated with margin balances and/or shorts sales, please visit Raymond James' public website: [raymondjames.com/services\\_and\\_charges.htm](http://raymondjames.com/services_and_charges.htm) (Client Account Services and Charges). You may also contact your financial advisor or call Raymond James by phone at 800-647-SERV (7378) for additional information, or may submit your written request to: Raymond James Client Services, 880 Carillon Parkway, St. Petersburg, FL 33716.

## CUSTODY

As a registered broker-dealer, Raymond James generally maintains custody of client securities and other assets, unless the client and Raymond James otherwise mutually agree. As custodian (if applicable), Raymond James will deliver, not less than quarterly, a brokerage statement to each client detailing their account's securities holdings, cash balances, dividend and interest receipts, account purchases and sales, contributions and distributions from the account and the realized and unrealized gains or losses associated with securities transactions effected in their account.

Clients are urged to review and compare all account statements and other reports provided by Raymond James and outside custodians (if applicable). If a client's account assets are held by a custodian other than Raymond James, the prices shown on a client's account statements provided by the custodian may be different from the prices shown on statements and reports provided by Raymond James due to the use of different valuation sources (pricing vendors) or reporting methodologies (trade date versus settlement date, accrued income, long or short margin balances, etc.) by the custodian and Raymond James.

## INVESTMENT DISCRETION

### DISCRETIONARY AUTHORITY

Investment discretion means, "with respect to an account, the sole or shared authority (whether or not that authority is exercised) to determine what securities or other assets to purchase or sell on behalf of the account".

As previously discussed, clients selecting or maintaining a managed account through the Freedom or Freedom UMA programs delegate investment discretion to the Investment Committee. Those clients selecting or maintaining a managed account through the EHNW and/or RJCS programs delegate investment discretion to the SMA Manager they have selected (or Raymond James for Model Managers). Those clients selecting or maintaining a non-managed account through the Ambassador, MIP and/or Passport programs may delegate investment discretion to their financial advisor (provided certain requirements are met). In all cases, the client's delegation of investment discretion to Raymond James will generally result in mutual fund prospectuses (and other regulatory mailings associated with mutual funds) being delivered to Raymond James as the mutual fund client for investment purposes. Raymond James will make such documents available to its clients upon request.

As authorized under the EHNW, Freedom, Freedom UMA, RJCS and Russell Investment Management Client Agreements, Raymond James is not required to obtain specific client consent regarding specific securities to be bought or sold. However, the client does select a specific investment discipline or strategy and Raymond James buys securities for the client's account in accordance with the investment objective of the client. Per the Investment Management Agreements, Raymond James or the SMA Manager assumes all investment duties with respect to assets held in the Investment Management Account and all investment powers including sole investment authority with respect to such assets. Raymond James or the SMA Manager invests and reinvests the assets of the Investment Management Account in such stocks, bonds, mutual funds or other property of any kind as it deems in the best interest of client to achieve the investment objective designated by client.

Raymond James may take any action or non-action as it deems appropriate, with or without further consent or authority from the client, and may exercise its discretion and deal in and with such assets exactly as fully and freely as the client might do as owner, except that Raymond James or the SMA Manager is not authorized to withdraw any money (other than asset-based fees payable by client), securities or other property either in the name of client or otherwise. Raymond James or the SMA Manager are free to sell securities the account without regard for the length of time they have been held or the gain or loss that may be realized.

Raymond James or the SMA Manager is free to make investment changes without regard for the resulting rate of portfolio turnover, when it, in its sole discretion, determines that such changes will promote the investment objective of the account. Clients should further understand that any securities used to fund a managed or discretionary account, or that are later deposited into the managed or discretionary account may be sold, thus creating a capital gain or loss depending on the client's costs basis in the securities. Clients should consult their tax advisor for advice on the tax implications of such transactions.

### FOR FREEDOM, FREEDOM UMA, EHNW AND RJCS "MANAGED" ACCOUNTS:

Because Raymond James or SMA Managers manage accounts with full investment discretion, clients are not generally permitted to hold in their custodial account(s) both managed and non-managed assets, i.e., assets subject to Raymond James' or the SMA Manager's investment discretion under the terms of the Investment Management Agreement, and assets for which Raymond James/Manager has no discretion, authority, or responsibility.

### FINANCIAL ADVISOR AS DISCRETIONARY MANAGER

Ambassador, MIP and Passport Accounts may be managed on a discretionary basis through certain financial advisors. Raymond James has established guidelines with respect to the standards necessary to manage a discretionary account, which generally include, but are not limited to, the following:

- (a) Appropriately registered as an Investment Adviser Representative;
- (b) Five years of experience in the securities industry;
- (c) Certain minimum commissions/fees earned and client assets in the prior twelve months;
- (d) No significant customer complaints or disciplinary action against the financial advisor;
- (e) Additional compliance and investment management training may be required. Certain relevant industry professional designations may be applicable.

Raymond James retains the right to determine financial advisor qualifications for managing discretionary accounts, regardless of whether they meet all of these guidelines and also reserves the right not to offer the accounts through financial advisors that otherwise meet these guidelines.

### INVESTMENT ADVISORY PROGRAM CLIENT NOTICE

Where Raymond James manages accounts on a discretionary basis, or delegates full investment discretion to an SMA Manager, specific client consent as to the securities and the amount of securities to be bought or sold is not obtained. However, clients may place reasonable restrictions on the inclusion of specific securities, or categories of securities, in their accounts. Clients may also request that Raymond James/ SMA Manager sell, or avoid selling, particular securities for the purpose of realizing a capital loss or avoiding a capital gain.

Clients with an Eagle, Freedom, Freedom UMA, OSM, RJCS or Russell managed account(s), or who have delegated investment discretion to their financial advisor for Ambassador, MIP or Passport account(s) may impose reasonable restrictions on the investments made within their account(s), or reasonably modify existing restrictions they may have already imposed. Reasonable restrictions may include the designation of particular securities or types of securities that should not be purchased in their account (such as Company XYZ or companies involved in a particular industry, etc.), or should be sold if held in their account. However, since investment discretion has been delegated to Raymond James or a third-party SMA Manager, Raymond James or the SMA Manager may determine that the implementation of such a restriction may be impractical. If so, the client will be notified promptly. Raymond James cannot accept instructions to prohibit or restrict the purchase of specific securities or types of securities held within mutual funds or ETFs purchased by Raymond James or an SMA Manager on the client's behalf.

In addition, the client as owner of the securities in the account(s) has the right to:

- 1) Withdraw securities or cash from their account(s), provided they maintain the minimum account balance, as appropriate, based on their particular account type;
- 2) Vote securities, or delegate the authority to vote securities to another person (proxies, tender offers, etc.);
- 3) Be provided written confirmation, in a timely manner, of securities transactions placed for your account; and
- 4) Proceed directly against any issuer (class action participation) and not be obligated to join other parties as a precondition to initiating such a proceeding.

The above notice is provided to clients in their December, March, June and September brokerage statements as a reminder of their rights with respect to the investment program(s) they have chosen. Since investment goals and financial circumstances change over time, clients should review their investment program at least annually with their financial advisor.

Should a client wish to impose or modify existing restrictions, or their financial condition or investment objectives have changed, they should contact their financial advisor or the Asset Management Client Services department at (800) 248-8863, extension 74991.

## VOTING CLIENT SECURITIES

### PROXY VOTING

Rule 206(4)-6 of the Advisers Act places certain requirements on investment advisers that maintain proxy voting authority over client securities. The Rule requires, among other things, that advisers provide their clients with a description of their voting policies and procedures, disclose to clients where they may obtain a full copy of the adviser's policies and procedures, and disclose how they may obtain information about how their adviser voted with respect to their securities. Under the Rule, a registered investment adviser exercising proxy voting authority has a fiduciary duty to vote proxies in a timely manner and make voting decisions that are in the client's best interest.

For clients with a RJCS and/or EHNW account, per the terms of the Investment Management Client Agreement, the SMA Manager typically has authority to vote proxies on behalf of clients. Certain SMA Managers classified as "Model Managers" provide AMS model portfolios representing securities recommended by the Model Manager ("Model Portfolios"). AMS will generally vote proxies for Model Portfolios. However, the client may retain voting authority or delegate such authority to a third party, as they may choose. Unless otherwise directed by the client, the SMA Manager will either vote proxies directly, utilize a third party proxy voting service to submit votes, or may instruct Raymond James, through AMS, how to vote such proxies, at the SMA Manager's discretion. A description of the SMA Manager's proxy voting policies and procedures are available in their respective Form ADV Part 2A disclosure documents, which may be obtained through your financial advisor or by contacting Asset Management Client Services at (800) 248-8863, extension 74991.

For clients with a Freedom, Freedom UMA or Russell account, per the terms of the Investment Management Client Agreement, the client authorizes AMS to vote proxies on the client's behalf. However, clients may retain this voting authority or delegate such authority to a third party, as they may choose. AMS has adopted procedures designed to promote the client's best interest and avoid potential conflicts of interest that may arise between Raymond James' interests and those of its clients. AMS utilizes a third-party proxy voting service, Glass Lewis & Co., to provide independent, objective research and voting recommendations. AMS has adopted Glass Lewis's "Typical Investment Manager" voting methodology, which generally seeks to maximize shareholder value. However, AMS reserves the right to vote proxies in a manner different than that recommended by Glass Lewis if it believes doing so would be in the client's best interests, such as when securities may be subject to share blocking (short-term prohibitions on selling after voting). In addition, in the event Glass Lewis does not provide a recommendation as a result of cumulative voting rights or issues it believes necessitates case-by-case consent, AMS will review each issue individually and submit a vote or abstain from voting as it deems in the client's best interest. Otherwise, AMS will rely upon Glass Lewis's recommendation when submitting votes. A copy of AMS's Proxy Voting Policies and Procedures and a record of proxies that have been voted on the client's behalf are available upon request by contacting AMS Client Services at (800) 248-8863, extension 74991.

For clients with an Ambassador, MIP or Passport account(s), the client retains the right to vote all proxies solicited for the securities held in the client's account(s). Raymond James policy does not permit its financial advisors to vote proxies on behalf of advisory clients. Per the terms of the advisory Client Agreement, Raymond James will not take any action with respect to the voting of proxies on the behalf of an advisory client within these programs.

### INVESTMENTS IN ISSUERS SUBJECT TO LEGAL PROCEEDINGS

Neither Raymond James nor the SMA Manager(s), where applicable, will render any advice to or take any actions on behalf of clients with respect to the initiation or pursuit of any legal proceedings, including bankruptcies and shareholder litigation, to which any securities or other investments transacted or held in client accounts, or the issuers thereof, become subject. The right to take any actions with respect to any legal proceedings, including bankruptcies and shareholder litigation, and the right to initiate or pursue any legal proceedings, including shareholder litigation, with respect to transactions, securities or other investments held in a client account is the client's responsibility.



## FINANCIAL INFORMATION

Raymond James neither requires nor solicits the prepayment of more than \$1,200 in advisory fees six months or more in advance from any client, and therefore has not included a balance sheet of its most recent fiscal year in this Part 2A Brochure. Raymond James is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to clients, nor has it been the subject of a bankruptcy petition at any time during the past ten years.

## BUSINESS CONTINUITY

Raymond James has adopted a business continuity plan ("BCP") that provides for the continuation of business critical functions in the event its headquarters become partially or totally inaccessible, or a technical problem occurs affecting its applications, data centers or network. The recovery strategies Raymond James employs are designed to limit the impact on clients from such business interruptions or disasters. Although Raymond James has taken reasonable steps to develop and implement detailed business continuity plans, unforeseen circumstances may create situations where Raymond James is unable to fully recover from a significant business interruption. However, Raymond James believes its planning and implementation process reduces the risk in this area.

A Raymond James BCP Disclosure Statement is available upon request through your financial advisor, or may be reviewed on the Raymond James public website: [raymondjames.com/business\\_continuity\\_planning.htm](http://raymondjames.com/business_continuity_planning.htm).

## PRIVACY POLICY

FACTS	WHAT DOES RAYMOND JAMES DO WITH YOUR PERSONAL INFORMATION?	
<b>Why?</b>	Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share and protect your personal information. Please read this notice carefully to understand what we do.	
<b>What?</b>	<p>The types of personal information we collect and share depend on the product or service you have with us. This information can include:</p> <ul style="list-style-type: none"> <li>• Social Security number and investment experience</li> <li>• Assets and income</li> <li>• Account balances and account transactions</li> </ul> <p>When you are no longer our customer, we continue to share your information as described in this notice.</p>	
<b>How?</b>	All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons Raymond James chooses to share; and whether you can limit this sharing.	
Reasons we can share your personal information	Does Raymond James share?	Can you limit this sharing?
<b>For our everyday business purposes -</b> such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
<b>For our marketing purposes -</b> to offer our products and services to you	Yes	No
<b>For joint marketing with other financial companies</b>	Yes	No
<b>For our affiliates' everyday business purposes -</b> information about your transactions and experiences	Yes	No
<b>For our affiliates' everyday business purposes -</b> information about your creditworthiness	No	We don't share
<b>For our affiliates to market to you</b>	No	We don't share
<b>For nonaffiliates to market to you</b>	No	We don't share
<b>Questions?</b>	Call 1-800-647-7378 or go to <a href="http://www.raymondjames.com">www.raymondjames.com</a>	

## Who we are

<b>Who is providing this notice?</b>	<b>See the Raymond James U.S. legal entities noted below.</b>
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## What we do

<b>How does Raymond James protect my personal information?</b>	To protect your personal information from unauthorized access and use, we use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.
<b>How does Raymond James collect my personal information?</b>	<p>We collect your personal information, for example, when you</p> <ul style="list-style-type: none"> <li>• open an account or perform transactions</li> <li>• make a wire transfer or tell us where to send money</li> <li>• tell us about your investment or retirement portfolio</li> </ul> <p>We also collect your personal information from others, such as credit bureaus, affiliates and other companies.</p>
<b>Why can't I limit all sharing?</b>	<p>Federal law gives you the right to limit only</p> <ul style="list-style-type: none"> <li>• sharing for affiliates' everyday business purposes - information about your creditworthiness</li> <li>• affiliates from using your information to market to you</li> <li>• sharing for nonaffiliates to market to you</li> </ul> <p>State laws and individual companies may give you additional rights to limit sharing. See below for more on your rights under state law.</p>

## Definitions

<b>Affiliates</b>	<p>Companies related by common ownership or control. They can be financial and nonfinancial companies.</p> <ul style="list-style-type: none"> <li>• Our affiliates include companies with a Raymond James, Morgan Keegan or an Eagle name.</li> </ul>
<b>Nonaffiliates</b>	<p>Companies not related by common ownership or control. They can be financial and non-financial companies</p> <ul style="list-style-type: none"> <li>• Raymond James does not share with nonaffiliates so they can market to you.</li> </ul>
<b>Joint marketing</b>	<p>A formal agreement between nonaffiliated financial companies that together market financial products or services to you.</p> <ul style="list-style-type: none"> <li>• Our joint marketing partners may include banks and credit unions.</li> </ul>

## Other important information

Financial advisors ("FA") may change brokerage and/or investment advisory firms and nonpublic personal information collected by your FA may be provided by your FA to the new firm so your FA can continue to service your account(s) at the new firm. If you do not want your financial advisor to use or transfer this information, please call 800-647-7378 to opt out of this sharing. Opt-in states such as California and Vermont and others, require your affirmative consent to share your nonpublic information with the FA's new firm, and in those states you must give your written consent before the FA can take your nonpublic information with him or her. You can withdraw this consent at any time by contacting 800-647-7378.

## Raymond James U.S. legal entities

Raymond James U.S. legal entities that utilize the names: Raymond James Financial, Inc., Raymond James & Associates, Inc., Raymond James Financial Services, Inc., Raymond James Financial Services Advisors, Inc., Eagle Asset Management, Inc., Eagle Fund Distributors, Inc., Eagle Family of Funds, Eagle Fund Services, Inc., Raymond James Insurance Group, Inc., and Raymond James Trust, N.A. This notice does not apply to Raymond James Bank, N.A., Morgan Keegan and Company, Inc. and Morgan Keegan Holdings, Inc., and these affiliates deliver their own privacy notices.