

# **Raymond James Financial Services Advisors, Inc. ("RJFSA") Firm Brochure**

February 5, 2013

This brochure provides information about the qualifications and business practices of RJFSA. If you have any questions about the contents of this brochure, please contact your RJFSA representative or RJFSA directly at (800) 237-8691, extension 75877. 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 RJFSA is available on the SEC's website at [www.advisorinfo.sec.gov](http://www.advisorinfo.sec.gov).

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800-237-8691, extension 75877

## **ITEM 2 Summary of Material Changes since the Last Update**

This section describes the material changes to Raymond James Financial Services Advisors, Inc.'s ("RJFSA") Part 2A of Form ADV ("Firm Brochure") since its last amendment on November 8, 2012. This Firm Brochure, dated February 5, 2013, has been prepared according to the U.S. Securities and Exchange Commission's ("SEC") disclosure requirements.

In lieu of providing clients with an updated Firm Brochure each year, we may provide RJFSA's existing advisory clients with a summary describing any material changes occurring since the last annual update of our Part 2A Firm Brochure. In such instances, we will make this delivery to existing clients within 120 days of the close of RJFSA's fiscal year. Clients wishing to receive a complete copy of the then-current Part 2A Firm Brochure may request a copy at no charge by contacting RJFSA's compliance department at (800) 237-8691, extension 75877.

### **- Fees and Compensation – Administrative-Only Assets – Page 11**

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

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## **ITEM 4 ADVISORY BUSINESS**

### **Introduction**

Raymond James Financial Services Advisors, Inc. ("RJFSA") is a federally registered investment advisor with the Securities and Exchange Commission ("SEC") pursuant to the Investment Advisors Act of 1940. RJFSA has provided advisory services since January 1, 2009. Registration as an investment advisor with the SEC does not imply a certain level of skill or training.

As of December 31, 2012, RJFSA manages approximately \$12,000,000,000 of client assets on a discretionary basis and approximately \$24,500,000,000 of client assets on a non-discretionary basis. RJFSA is owned 100% by Raymond James Financial, Inc., a publicly held company. Raymond James Financial, Inc. is traded on the New York Stock Exchange under the symbol RJF.

The primary affiliation of RJFSA, through its holding company Raymond James Financial, Inc. ("RJF") is with Raymond James Financial Services, Inc. ("RJFS"), member FINRA/SIPC, through various licenses and registrations. RJFS is a broker-dealer and primarily in the business of selling securities and other investments including annuity, fixed, and life insurance products, on a full-time basis in all 50 states, including DC, Puerto Rico and the US Virgin Islands.

Another important affiliation of RJFSA, through RJF is with Raymond James & Associates, Inc. ("RJA"), a broker-dealer, member of the New York Stock Exchange, and a registered investment adviser. RJA serves as the custodian for RJFSA client accounts, acts as the clearing agent, and facilitates various advisory programs. Asset Management Services ("AMS") is a division of RJA. AMS manages several investment advisory programs for RJA and RJFSA, which maintain an approved list of investment managers, provide asset allocation model portfolios, establish custodial facilities, monitor performance of client accounts, provide clients with accounting and other administrative services, and assist investment managers with certain trading management activities.

For more complete information regarding these affiliations, please reference items 10 and 12 of this brochure.

The following pages describe our services and fees. As used in this Brochure, the words "we," "our" and "us" refer to RJFSA and your investment advisor representative ("IAR"), and the words "you," "your" and "client" refer to you as either a client or prospective client of our firm.

### **Types of Advisory Services**

Your IAR works with you to determine the appropriate investment objectives based on the information you provide initially, and periodically thereafter. With this information, you and your advisor may select one of the following programs. If you wish to impose or modify an existing investment restriction, you may do so at any time by discussing this with your IAR.

We offer various types of advisory services. These advisory services include asset management, investment advice, individual investment advisory consulting services, retirement plan consulting services and financial planning. Your IAR may act as an investment manager within certain investment programs or may recommend other affiliated or non-affiliated asset managers. For more information regarding methods of analysis, investment strategies, and risk of loss, please reference item 8 later in this brochure.

We provide investment advisory services through the following programs:

#### **Accounts Managed by your IAR:**

##### **1) Passport**

The Passport Account is a fee-based account, offered by RJFSA and administered by RJA, in which the Client is provided with ongoing investment advice and monitoring of securities holdings. Your IAR will manage your account according to your objectives on a non-discretionary basis (or discretionary, provided that your IAR has met certain qualifications), according to your objectives. This account offers you the ability to pay an asset based advisory fee and a nominal processing fee (also described as a transaction charge) in lieu of a commission for each transaction. RJFSA receives a portion of the fee.

## **2) Investment Management Program for Advisory Clients (IMPAC)**

The Investment Management Program for Advisory Clients ("IMPAC") is a fee-based account, offered and administered through RJFSA, in which the Client is provided with ongoing investment advice and monitoring of securities holdings. Your IAR will manage the account on a non-discretionary basis (or discretionary, provided that your IAR has met certain qualifications), according to your objectives. This account offers you the ability to pay an asset based advisory fee and a nominal processing fee in lieu of a commission for each transaction. RJFSA receives a portion of the fee.

## **3) Ambassador**

The Ambassador program is a wrap fee investment advisory account offered and administered by RJFSA. Your IAR will manage your account on a non-discretionary basis (or discretionary, provided that your IAR has met certain qualifications) according to your objectives. This account offers you the ability to pay an asset based advisory fee which includes transaction costs within the advisory fee in lieu of a commission for each transaction.

RJFSA receives a portion of the fee. **For further information refer to the RJFSA Wrap Fee Program Brochure.**

## **4) Managed Investment Program ("MIP")**

The Managed Investment Program ("MIP") is a wrap fee investment advisory account, offered and administered by RJFSA. The IAR will provide you with discretionary management of your account. Account investment management is limited to stocks, bonds, closed-end funds, exchange traded products, unit investment trusts (UITs) and real estate investment trusts ("REIT"s). Certain investments such as mutual funds are excluded. This account offers you the ability to pay an asset based advisory fee and a nominal processing fee in lieu of a commission for each transaction.

RJFSA receives a portion of the fee. **For further information refer to the RJFSA Wrap Fee Program Brochure.**

## **Accounts Managed by Other Asset Managers:**

### **1) Freedom**

The Freedom Account is an investment advisory account which allocates your assets, through discretionary mutual fund or exchange traded fund ("ETF") management, based upon your financial objectives and risk tolerances. You appoint RJA as your investment advisor to select the representative funds and monitor their performance on a continuing basis. Your IAR receives a portion of the fee. **For further information refer to the RJA Wrap Fee Program Brochure.**

### **2) Freedom UMA**

The Freedom UMA Account is an investment advisory account which, like the Freedom account, allows you to allocate your assets through discretionary mutual fund or ETF management, based upon your financial objectives and risk tolerances. Additionally, your assets may be invested through affiliated or unaffiliated investment advisors ("Managers") registered with the SEC with which RJA has entered into a sub-advisory agreement. Your IAR receives a portion of the fee. **For further information refer to the RJA Wrap Fee Program Brochure.**

### **3) RJCS**

You appoint RJA, as advisor, to select certain portfolio managers, monitor performance of your account, provide you with accounting and other administrative services, and assist portfolio managers with certain trading activities. Based upon your financial needs and investment objectives, your IAR may assist you in selecting an appropriate manager(s). Your IAR receives a portion of the fee. **For further information refer to the RJA Wrap Fee Program Brochure.**

#### **4) Eagle High Net Worth**

You appoint Eagle Asset Management as your investment advisor. You may select one or more investment objectives. Eagle will manage your account in accordance with your financial needs and investment objectives on a discretionary basis. Services provided to you include assisting you in choosing the appropriate Eagle objective, monitoring your performance, communication reports, and other administrative services. Your IAR receives a portion of the fee. **For further information refer to the RJA Wrap Fee Program Brochure.**

#### **5) Russell Model Strategies Program**

The Russell program is a mutual fund wrap advisory service that provides you the opportunity to allocate assets among various asset classes that cover a variety of investment objectives; it is an asset allocation-based investment program investing in Frank Russell mutual funds. Russell develops model portfolios and selects the underlying funds populating the respective model strategy. Your IAR will assist you in selecting the appropriate strategy based upon your financial needs and investment objectives. Raymond James will annually rebalance your account to the original allocation. Your IAR receives a portion of the fee. **For further information refer to the RJA Wrap Fee Program Brochure.**

#### **6) Outside Manager Program (“OSM”)**

The Outside Manager Program is an investment advisory program providing investment advisory services to accounts managed by an unaffiliated investment advisor not available through the aforementioned RJCS program. In this outside manager program, you may receive discretionary investment advisory services from the unaffiliated advisor, and trade execution, custodial, advisory and other services from Raymond James. Your IAR receives a portion of the fee. **For further information refer to the RJA Wrap Fee Program Brochure.**

#### **7) Saratoga**

We have a relationship with Saratoga, a registered investment advisor providing asset allocation services. Your IAR works with you to select an asset allocation strategy appropriate for you by discussing the various levels of risk and helps you complete the client questionnaire which details your income, net worth and goals and objectives. Your IAR receives a portion of the fee.

#### **8) SEI Investments**

We have a relationship with SEI, a registered investment advisor providing asset allocation services. Your IAR works with you to select an asset allocation strategy appropriate for you by discussing the various levels of risk and helps you complete the client questionnaire which details your income, net worth, goals and objectives. Your IAR receives a portion of the fee.

#### **9) Genworth Financial Wealth Management**

We have a relationship with Genworth Financial Wealth Management, Inc., a registered investment advisor providing asset allocation services. Your IAR works with you to select an asset allocation strategy appropriate for you by discussing the various levels of risk and helps you complete the client questionnaire which details your income, net worth, goals and objectives. Your IAR receives a portion of the fee.

#### **10) Morningstar Investment Services**

We have a relationship with Morningstar Investment Services, a registered investment advisor providing asset allocation services. Your IAR works with you to select an asset allocation strategy appropriate for you by discussing the various levels of risk and helps you complete the client questionnaire which details your income, net worth, goals and objectives. Your IAR receives a portion of the fee.

#### **Individual Investment Advisory Consulting and Financial Planning:**

We provide investment advisory consulting services involving an analysis of a particular investment, investment portfolio, or overall financial situation. We also provide financial planning and consulting services designed to meet your specific financial needs and objectives. The consulting services include a review of your current financial situation, with emphasis on income tax planning, estate tax planning, insurance

planning, education planning, retirement planning and capital needs planning. To the extent other services are needed, we will assist you in those areas. We may also help you coordinate the implementation of any recommendations made, including referral to other practicing professionals such as an attorney, accountant or insurance agent whose services may be required.

In preparing a financial plan we gather information deemed relevant to the particular service provided through personal interviews with you and through documents and/or Client profile questionnaires. Each service includes an analysis of your financial information, which may, but is not necessarily required to, include items such as: 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 you choose to implement the recommendations contained in your financial plan, we generally make recommendations with respect to products and services that we, or our affiliates, offer. However, the decision to implement any recommendation rests exclusively with you, and you have no obligation to implement any such recommendations through us or our affiliates.

In addition to providing individual financial planning and investment advisory consulting services to individuals and corporations, we also provide advice and consultation to retirement plan sponsors and pension 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, we 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 of ERISA-defined investment advice.

#### **Additional Services:**

##### **Research**

Your IAR or RJFSA may, from time to time, issue special reports, charts, graphs, etc., to you. We may also offer investment advice on general matters such as business value analysis, business succession and/or liquidations, and in manners not described above. We may also recommend that you utilize certain asset allocation services. Fees for such services are disclosed in each agreement provided to you.

##### **Seminars**

Additionally, advice may be rendered regarding securities and/or financial planning through seminars. Such seminars may be used as an introduction to the financial planning process as noted above. Generally such seminars are offered for free, and may be sponsored by an investment or insurance company which does business with RJFSA, or an affiliate. On some occasions a fee may be charged. Any fees charged to attendees are fully disclosed and charged in advance of the seminar.

#### **ITEM 5 FEES AND COMPENSATION**

We may base our fees on a percentage of assets under management, hourly charges, fixed fees (not including subscription fees) or commissions. You may negotiate asset-based fee and/or commission rates with us, and the decision to accept a negotiated fee is at the discretion of your IAR. Factors involved in this negotiation may include the nature and size of the overall relationship with your IAR, 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. You understand that unless a lower or higher rate has been negotiated, you 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.

#### **Asset Management Services:**

##### **1) Passport**

The Passport Account ("Passport") is an investment advisory account, administered by RJA, which offers you, on a non-discretionary basis (or discretionary, provided certain qualifications are met), the ability to pay an advisory fee on the assets in your account and a nominal transaction charge in lieu of a commission for each transaction.

The advisory fees for Passport Accounts are as follows:

**BLENDED RATE FEE SCHEDULE**

Passport Fee Investments:

Account Value	Total Fee
First \$200,000	1.75%
Next \$300,000	1.50%
Next \$500,000	1.00%
Over \$1,000,000	1.00%
Over \$5,000,000	Negotiable

**THREE TIER ASSET CLASS FEE SCHEDULE**

Passport Fee Investments Excluding Open-Ended Mutual Funds, Cash and Bonds:

Account Value	Total Fee
First \$200,000	2.00%
Next \$300,000	1.50%
Next \$500,000	1.00%
Over \$1,000,000	1.00%

Passport Fee Investment Open-End Mutual Funds and Cash:

First \$100,000	1.75%
Next \$100,000	1.50%
Next \$300,000	1.25%
Next \$500,000	0.75%
Over \$1,000,000	0.75%

Passport Fee Investment Bonds:

First \$100,000	1.50%
Next \$100,000	1.25%
Next \$300,000	1.00%
Next \$500,000	0.75%
Over \$1,000,000	0.75%
Over \$5,000,000	Negotiable

Certain RJFSA IARs may elect to charge a negotiated fee which exceeds the fee schedules above. In such cases, modifications must be accepted by RJFSA.

The annual asset-based fee is paid 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 asset value on the last business day of the previous calendar quarter, and becomes due the following business day. You authorize and direct RJA as Custodian to deduct asset-based fees from your account; you further authorize and direct the Custodian to send a quarterly statement to you which shows all amounts disbursed from your account, including fees paid to RJFSA. You understand that the brokerage statement will show the amount of the asset-based fee. Please see "Review of Accounts - Brokerage Statement and Performance/Billing Valuation Value Differences for Fee-Based Accounts" for details on the account valuation methodology employed by RJFSA when calculating asset-based fees.

The asset-based fees associated with the Passport account 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.

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

<b><u>SECURITY TYPE</u></b>	<b><u>PROCESSING FEE</u></b>
Exchange Traded Equities: Listed and OTC	\$9.95
Closed End Mutual Funds	\$9.95
Exchange Traded Funds	\$9.95
Mutual Funds	\$30



Real Estate Investment Trusts/Unit Investment Trusts	\$9.95
Preferred Stocks	\$9.95
Options Contracts	\$30
Bonds	\$30

You can purchase certain mutual funds directly from the fund without incurring a Processing Fee. Select fund companies have agreed to pay administrative fees to RJFS in consideration for RJFS' 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 foregoing transaction charge, you will incur a nominal charge per transaction for handling charges. You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

Your Agreement may be terminated by you or us at any time upon providing notice pursuant to the provisions of your Agreement. In the event of termination of your Agreement, we will refund to you the prorated portion of the fee for the quarter of termination.

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

## **2) Investment Management Program for Advisory Clients ("IMPAC")**

The Investment Management Program for Advisory Clients ("IMPAC") is a fee-based account, offered and administered through RJFSA, which offers you, on a non-discretionary basis (or discretionary, provided certain qualifications are met), the ability to pay an advisory fee on the assets in your account and a nominal transaction charge in lieu of a commission for each transaction.

The advisory fees for IMPAC Accounts are as follows:

### **BLENDED RATE FEE SCHEDULE FOR IMPAC**

Account Value	Total Fee
First \$200,000	1.75%
Next \$300,000	1.5%
Next \$4,500,000	1.0%
Over \$5,000,000	1.0% and Negotiable

### **THREE TIER ASSET CLASS FEE SCHEDULE**

Investments Excluding Open-Ended Mutual Funds, Cash and Bonds:

First \$200,000	2.00%
Next \$300,000	1.50%
Next \$500,000	1.00%
Over \$1,000,000	1.00%

Investment Open-End Mutual Funds and Cash:

First \$100,000	1.75%
Next \$100,000	1.50%
Next \$300,000	1.25%
Next \$500,000	0.75%
Over \$1,000,000	0.75%

Investment Bonds:

First \$100,000	1.50%
Next \$100,000	1.25%
Next \$300,000	1.00%
Next \$500,000	0.75%
Over \$1,000,000	0.75%
Over \$5,000,000	Negotiable

Certain RJFSA IARs may elect to charge a negotiated fee which exceeds the fee schedules above. In such cases, modifications must be accepted by RJFSA.

The annual asset-based fee is paid quarterly in advance or arrears, as outlined in the Investment Advisory Agreement. For accounts billed in advance, the asset-based fee is billed when the account is funded, and prorated for the number of days remaining in the quarter and is based on the initial contribution. Thereafter, the quarterly asset-based fee is paid in advance, is based on the account asset value on the last business day of the previous calendar quarter, and becomes due the following business day. For accounts billed in arrears, the asset-based fee is calculated on the account asset value on the last business day of the quarter for the previous quarter. You authorize and direct RJA as Custodian to deduct asset-based fees from your account; you further authorize and direct the Custodian to send a statement of securities, in custody, at least quarterly to you which show all amounts disbursed from your account, including fees paid to RJFSA. You understand that the brokerage statement will show the amount of the asset-based fee. Please see "Review of Accounts - Brokerage Statement and Performance/Billing Valuation Value Differences for Fee-Based Accounts" for details on the account valuation methodology employed by RJFSA when calculating asset-based fees.

The asset-based fees associated with the IMPAC 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.

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

<b><u>SECURITY TYPE</u></b>	<b><u>PROCESSING FEE</u></b>
Exchange Traded Equities: Listed and OTC	\$9.95
Closed End Mutual Funds	\$9.95
Exchange Traded Funds	\$9.95
Mutual Funds	\$30
Real Estate Investment Trusts/Unit Investment Trusts	\$9.95
Preferred Stocks	\$9.95
Options Contracts	\$30
Bonds	\$30

You can purchase certain mutual funds directly from the fund without incurring a Processing Fee. Select fund companies have agreed to pay administrative fees to RJFS in consideration for RJFS' waiver of the \$30 processing fee accessed on certain IMPAC 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 foregoing transaction charge, you will incur a nominal charge per transaction for handling charges. You may also incur charges for other account services provided by RJA not directly related to the execution and clearing of transactions including, but not limited to, IRA custodial fees, safekeeping fees, interest charges on margin loans, and fees for legal or courtesy transfers of securities.

There is a minimum investment of \$25,000 for IMPAC accounts.

### **3) Saratoga, SEI, Genworth, and Morningstar Investments**

Saratoga, SEI, Genworth Financial Wealth Management, and Morningstar Investment Services investment fees range from .5 to 1.75%, depending upon the size of your account. Saratoga ,SEI, Genworth, and Morningstar will provide you with quarterly statements which will include your fees. We will retain 10 – 15% of the advisory fee charged to you.

### **Termination of Advisory Services**

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

Should you terminate your investment management agreement with an OSM Manager, we will not be responsible for the OSM Manager's reimbursement of prepaid management fees not earned by the OSM Manager upon termination. Different OSM Managers have different policies with respect to the refund of client fees. Please contact your IAR for additional information.

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 advisory agreement, we reserve the right to terminate, at our sole discretion, any client account in these programs.

#### **Other Advisory Services:**

##### **Financial Planning and Consulting Services**

Financial Planning and consulting fees are negotiable. Fees charged for these services will be dependent upon the anticipated time to provide the services and complexity of the plan and/or your financial situation. The fees are determined in advance and disclosed to you at the time the Investment Advisory Consulting Agreement is executed. It is possible that you may pay more or less for similar services than may be available through another firm.

The fees for financial planning and consulting services are payable as follows:

1 - Hourly rates for plan development or consultation are due at the completion of the plan or services provided.

2 - Fixed fees for plans or consulting services vary depending on the complexity and comprehensiveness of the plan or consulting services rendered.

3 - Billing as a percentage of assets is used for assets held outside of RJFSA, such as 401K accounts held directly with the plan sponsor or accounts held at other financial institutions. Services rendered and the fees charged are disclosed in each Investment Advisory Consulting Agreement.

You may terminate the advisory relationship without penalty within five (5) days of entering into the advisory agreement. However, RJFSA may bill you for actual time and expenses incurred prior to termination.

It is important to note that we may provide investment product or securities recommendations as part of financial planning services or hourly consulting services. This will present a conflict to the extent that your IAR receives compensation from such recommendations. Also, compensation to your IAR and RJFSA may vary depending on the product or service your IAR recommends. Therefore, your IAR may have a financial incentive to recommend that financial plan or consulting advice be implemented using a particular product or service over another product or service.

You are under no obligation to purchase securities or services through RJFSA and your IAR nor are you obligated to implement a financial plan through RJFSA. If you decide to purchase certain investments through your IAR, who is acting in a non – advisory capacity, you should understand that RJFS and your IAR may receive compensation for those services, such as commissions and/or trail fees. You should discuss with your IAR how RJFS and your IAR will be compensated for any recommendations in the plan.

If you decide to implement the financial plan or consulting advice through an RJFSA advisory program or service, your IAR will provide you at the time of engagement with a client agreement that will contain specific information about fees and compensation that your IAR and RJFSA will receive in connection with that program.

You should also understand that RJFSA and your IAR may perform advisory and/or brokerage services for various other clients. RJFSA and your IAR may give advice or take actions for those other clients that differ from the advice given to you. Also, the timing or nature of any action taken for your account may be different. You should note that similar advisory services may (or may not) be available from other registered investment advisors for similar or lower fees.

#### **Other Compensation Considerations:**

##### **Administrative-Only Assets**

Certain securities may be held in a Passport or IMPAC account and designated “Administrative-Only” assets. For example, your IAR may make an arrangement with you to hold a security that they did not recommend or you wish to hold for an extended period of time and do not wish for your IAR to sell for the foreseeable future. In such cases your IAR may elect to waive the advisory fee on this security, but allow it to be held in the non-managed advisory account. Alternatively, we 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, however, be included in the account value when calculating applicable asset-based advisory fee rates. For example, a client whose Passport 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 less \$50,000 of Administrative-Only assets x 1.95% = **\$3,900 annual fee**  
(\$3,900 / \$250,000 = 1.56% overall annualized rate on total Account Value)

#### **Asset-based Fee Aggregation – Passport and IMPAC Programs**

Participants in the above Passport and IMPAC 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 Passport and IMPAC 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 we 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**

Participants in the Passport and IMPAC programs with cash or money market investments which exceed 20% of the total market value of your account at the time of billing will be included for fee purposes only if the account did not exceed 20% in cash or money market investments at the end of the previous quarter. Otherwise the balance in excess of 20% will not be included in the value of your account for fee purposes. If you participate in the IMPAC program and have one or more related accounts, the 20% threshold is applied to the aggregate household cash value for fee purposes, not to each individual account as is done in Passport. This fee billing provision is intended to equitably assess advisory fees to your assets for which an ongoing advisory service is being provided, and the exclusion of excess cash from the advisory fee is intended to benefit your holding substantial cash balances (as a percentage of the total individual account value) for an extended period of time. However, this provision may pose a financial disincentive to your IAR, as the portion of cash or money market investments will not be included in the asset-based fee charged to the account. This may cause your IAR to reallocate an account from cash or money market investments to advisory fee eligible investments in order to avoid the application of this provision and therefore receive a fee on the full asset value in a client's account(s).

The aforementioned Cash Rule is applicable only to cash sweep balances and, therefore, non-sweep money market investments would not result in excess "cash" balances being excluded from the asset-based advisory fee calculation. As a result, non-sweep money market mutual fund investments are generally prohibited as an investment option in fee-based accounts. However, certain money market mutual funds may be approved as an investment option, but will be designated as Administrative-Only assets as long as those investments are held in a fee-based account. Neither RJFSA nor your IAR will receive fee-based compensation on these investments, but may receive compensation in the form of a 12(b)-1 fee or trail. Please contact your IAR for additional information.

#### **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 Prime 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 Securities Investor Protection Corporation (“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: [http://www.raymondjames.com/cash\\_sweep.htm](http://www.raymondjames.com/cash_sweep.htm).

### **Other Considerations**

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

### **Additional Expenses Not Included in the Asset-Based Advisory Fee**

You 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 visit Raymond James's public website: [http://www.rjf.com/services\\_and\\_charges.htm](http://www.rjf.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.

You should understand that the annual advisory fees charged in the Passport and IMPAC 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 you intend to hold fund shares for an extended period of time, it may be more economical for you to purchase fund shares outside of these programs. You may be able to purchase mutual funds directly from their respective fund families without incurring the Registrant's advisory fee. When purchasing directly from fund families, you may incur a front or back-end sales charge.

You should also understand that the shares of certain mutual funds offered in these programs may impose short-term trading charges (typically 1%-2% of the amount originally invested) for redemptions generally made within short periods of time. These short-term charges are imposed by the funds (and not RJFSA) to deter "market timers" who trade actively in fund shares. You 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 you by 1%-2% (or more). More information is available in each fund's prospectus.

You should also understand that certain no-load variable annuities may be offered in the Passport and IMPAC programs and may be charged an 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.

You should understand that certificates of deposit ("CD"s) from Raymond James Bank may be purchased, with a commission, in the Passport or IMPAC programs. These CDs are considered non-billable assets for one year. Due to your IAR's affiliation with Raymond James Financial (NYSE-RJF) and Raymond James Bank, being a wholly owned subsidiary of Raymond James Financial, Inc. (NYSE-RJF), a potential conflict of interest may exist.

You should also understand that more sophisticated investment strategies such as short sells and margins may be offered in the Passport and IMPAC programs. Fees for advice and execution on these securities are based on the total asset value of the account. While a negative amount may show on your statement for the margined security as the result of a lower net market value, the amount of the fee is based on the absolute market value. This could create a conflict of interest where your IAR may have an incentive to encourage the use of margin to create a higher market value and therefore receive a higher fee. The use of margin may also result in interest charges in addition to all other fees and expenses associated with the security involved. In the cases where margin debit interest is charged to your account, your IAR may receive a portion of the interest charged as a Controlled Asset Fee, presenting a potential conflict of interest.

Your 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 your 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, you should be aware that the combination of multiple mutual fund investments, advisory services, and 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 you otherwise may 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 you otherwise would qualify for reduced sales charges, the fees in these programs may be more expensive than if utilized separately.

Further information regarding fees assessed by a mutual fund, variable annuity or UIT is available in the appropriate prospectus, which you may request from your IAR.

The mutual funds and ETFs available in the programs often may be purchased directly. Therefore, you could avoid the second layer of fees by not using the investment advisory account and making your own decisions regarding the investment.

You should be aware that only those mutual fund companies which RJFS has a selling agreement with will be available for purchase within the Passport and IMPAC programs, and are generally limited to those fund companies that provide RJFS and its affiliates marketing service and support fees. As a result, not all mutual funds available to the investing public will be available for investment. However, RJFS has selling agreements with over 300 fund companies, offering over 9,000 separate mutual funds for potential investment.

If you are considering transferring mutual fund shares to or from Raymond James you 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, you must either redeem the shares (paying any applicable contingent deferred sales charge and potentially incurring a tax liability) or continue to maintain an investment account at the firm where the fund shares are currently being held. You 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, you 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 Separately Managed Account ("SMA") Fund shares purchased in a managed account through RJA, these shares will be redeemed immediately by RJA, 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.

Raymond James provides a variety of marketing and other sales support services to 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 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 (e.g., \$10 for a \$10,000 purchase)
- up to .05% per year on assets totaling less than \$500 million
- up to .04% per year on assets totaling \$500 million to \$1 billion
- up to .03% per year on assets totaling \$1 billion to \$5 billion
- up to .02% 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 formulas.

For a list of fund companies that have agreed to participate in Raymond James' current Education and Marketing Support program, please visit: [http://www.raymondjames.com/disclosure\\_mutual\\_funds\\_co.htm](http://www.raymondjames.com/disclosure_mutual_funds_co.htm). Mutual fund companies that are indicated with an asterisk (\*) have also agreed to participate in the No Transaction Fee (NTF) Platform.

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, relationship building events, occasional recreational activities and other events or activities that are intended to result in the promotion of their mutual funds.

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 is

a service that enables data sharing between Raymond James and mutual fund providers and/or their transfer agents. Raymond James currently receives up to \$20 annually in servicing fee reimbursements per each client mutual fund position. RJFSA IARs do not receive any part of these payments.

For a list of fund companies that have agreed to pay Raymond James networking or servicing fees, please visit: [http://www.raymondjames.com/disclosure\\_mutual\\_funds.htm](http://www.raymondjames.com/disclosure_mutual_funds.htm).

In addition, you may write to us to request a list (either Raymond James' Education and Marketing Support program or of fund companies that have agreed to pay Raymond James networking or servicing fees) at:

RJFSA Compliance  
880 Carillon Parkway  
St. Petersburg, FL 33716

You may also call RJFSA Compliance at 800-237-8691, extension 75877 or email us at [RJFSAcompliance@raymondjames.com](mailto:RJFSAcompliance@raymondjames.com).

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.

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, including the Eagle Class shares of the J.P. Morgan Prime and Tax Free Money Market Funds. Raymond James and its affiliates generally receives 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.

In addition to the aforementioned compensation arrangements in connection with Raymond James' mutual fund sales, Raymond James receives compensation from its affiliate Eagle for providing services unrelated to sales of Eagle mutual funds, including (but not limited to) consulting services, marketing services, sponsorship fees, and support services and transfer credits for trade execution services. Payments made by Eagle to Raymond James may be terminated, modified, or suspended at any time.

### **Margin Interest**

You will be charged interest on any credit extended to or maintained on your behalf by RJA 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, you should be aware that RJA 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 RJA retains, as well as the transparency of the fee on your statement are: 1) availability of the security at RJA; 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 you borrow a security which RJA can lend from its own inventory or its available customers' securities holdings, RJA generally retains all of the fees generated by that loan. In a higher interest rate environment, this fee may not be transparent to you because it may not be charged directly to your 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 RJA may directly charge the fee to your account until the borrowed balance is closed.



In cases where RJA has no available supply of loanable securities, RJA may borrow the security from another firm. In these cases, you will be charged a fee to cover the borrowed securities, and RJA 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 you 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, RJA may directly charge the fee to your account until the borrowed balance is closed; a portion of that fee is passed from RJA 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's public website: [http://www.rjf.com/services\\_and\\_charges.htm](http://www.rjf.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.

For further information regarding fees, you can reference the Raymond James Client Bill of Rights by going to our public website, [www.raymondjames.com](http://www.raymondjames.com), and clicking on the Personal Investing link, then Client Resources, then Rights and Responsibilities.

**Other Potential Conflicts Of Interest To Consider:**

RJFSA IARs may have a financial incentive to recommend certain fee-based advisory programs rather than certain other account types. A portion of the annual advisory fee is paid to your IAR, which may be more than they would receive under an alternative program, or if you paid for these services separately. Therefore, your IAR may have a financial incentive to recommend a particular account program over another. If you do not wish to purchase ongoing investment advice or management services or you wish to follow a buy and hold strategy, you should consider opening a brokerage account rather than a fee based account. In a brokerage account, a client is charged a commission for each transaction, and the representative has no duty to provide ongoing advice with respect to the account.

Your IAR does not receive a financial incentive to recommend or sell proprietary mutual funds versus non-proprietary funds. However, because compensation structures vary by product type, IARs may receive higher compensation for certain product types.

As part of its fiduciary duties to clients, RJFSA endeavors at all times to put the interests of its advisory clients first. You should be aware, however, that the receipt of economic benefits by RJFSA (or its IARs, related persons, or affiliates) in and of itself creates a potential conflict of interest.

In certain instances, we may be compensated for referring you to an unaffiliated asset manager. If this occurs, your IAR will provide you with a disclosure document explaining the referral relationship and the terms of any compensation we receive.

RJFSA is affiliated, through its holding company, Raymond James Financial, Inc. (RJF), with Raymond James & Associates, Inc. (RJA), a broker-dealer and member of the New York Stock Exchange and a registered investment adviser. RJA acts as the clearing firm for those accounts and securities transactions introduced by RJFSA. To the extent recommendations are implemented through any of our affiliates, it should be noted that compensation will contribute to the overall profitability of the holding company, RJF. Should any securities be placed through us and your IAR, we may receive commissions on such transactions. This may create a conflict of interest. See item 10 for more complete information.

In instances where your IAR buys or sells the same securities as those of their Clients, the Client's accounts are given priority, RJFSA 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 adviser and its associated persons and other employees. These procedures have been distributed to all associated persons and employees of RJFSA. The procedures include provisions for defining "insider" material, monitoring associated persons and employee securities accounts, restricting access to affiliates sensitive material and restrictions on trading. See item 11 for more complete information.

In addition to the fee based compensation your IAR receives for providing advisory services, your IAR may earn commissions for transactional business in accordance with Raymond James Financial Services, Inc.'s published commission schedule. At the conclusion of each year, qualifying advisors are awarded

membership in the Raymond James Financial Services, Inc.'s recognition clubs. Qualification for recognition clubs is based upon a combination of the advisor's annual production (both advisory and transactional), total client assets under administration, and the professional certifications acquired through educational programs.

From time to time RJFSA receives compensation in the form of sponsorship fees for seminars, meetings or conferences from product sponsors such as limited partnerships, affiliated and unaffiliated mutual funds, insurance companies and annuity sponsors. Such sponsorship fees generally entitle the sponsor to an allotted presentation to representatives of RJFSA.

### **Individual Investment Advisory Consulting and Financial Planning**

Should you choose to implement the recommendations contained in your financial plan, we generally make recommendations with respect to products and services offered by us and our affiliates. However, the decision to implement any recommendation rests exclusively with you, and you have no obligation to implement any such recommendations through us or our affiliates.

### **ITEM 6 PERFORMANCE BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

RJFSA and its IARs do not use a performance-based fee structure or participate in any side-by-side management.

### **ITEM 7 TYPES OF CLIENTS**

RJFSA's advisory services are available for 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"), corporations and other business entities.

RJFSA does not require a minimum asset amount for financial planning or hourly consulting.

There is a minimum investment of \$25,000 for Passport, IMPAC, and Saratoga and a minimum investment of \$150,000 for SEI Investments, although smaller accounts may be accepted based upon the specific circumstances of an account.

### **ITEM 8 METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

#### **Methods of Analysis and Investment Strategies**

The investment strategy determined for you is based upon the objectives stated during consultations with your IAR. It is important to review investment objectives, risk tolerance, tax objectives and liquidity needs with your IAR before choosing an investment strategy. All investments carry a certain degree of risk and no one particular investment style or portfolio manager is suitable for all types of investors.

We 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. The risk of fundamental analysis is that information obtained may be incorrect and the analysis may not provide an accurate estimate of earnings, which may be the basis for an investment's value. If securities prices adjust rapidly to new information, utilizing fundamental analysis may not result in favorable performance.

**Charting Analysis:** involves the gathering and processing of price and volume information for a particular security. This price and volume information is analyzed using mathematical equations. The resulting data is then applied to graphing charts, which is used to predict future price movements based on 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.

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.

Since investment goals and financial circumstances change over time, you should review your investment program at least annually with your IAR. You may change your objectives at any time. For more information regarding this topic you may wish to review the Raymond James Client Bill of Rights and Responsibilities, provided to you upon opening your account.

### **Risk of Loss**

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, Treasury Bills are highly liquid, while real estate properties are not.

Financial Risk: Excessive borrowing to finance a business' operations increases the risk of profitability, because the company must meet the terms of its obligations in good times and bad. During periods of financial stress, the inability to meet loan obligations may result in bankruptcy and/or a declining market value.

If you are considering small-cap investments or objectives in which a portion or all of your assets are invested in small-cap disciplines, you should recognize the securities selected within these disciplines 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.

If you are considering an international/global investment or discipline, in which a portion or all of your assets are invested in international securities, you should recognize that investing in international securities markets involves additional risks not associated with domestic securities. Exchange rate fluctuations, currency controls, political and economic stability, and greater volatility are risks commonly associated with international investing. You should carefully review your asset allocation objectives and risk tolerance before selecting a manager or discipline that invests internationally.

Investors considering a fixed income investment or discipline generally seek consistent returns with low risk, and their tolerance for risk/volatility will accept only infrequent, minimal losses. 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.

If you are considering investments that are primarily high-yield fixed income, collateralized mortgage obligations ("CMOs"), asset-backed and/or convertible securities, you 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.

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.

When clients purchase securities they may pay for the securities in full or may 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 in the account.

It is important that you fully understand the risks involved in trading securities on margin (including selling short) before engaging in this activity. Upon approval, where applicable, you 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. You 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 MIP 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.

Therefore as a result of the foregoing, your IAR 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 you, as well as the compensation received by your IAR and Raymond James, will generally increase as the size of the outstanding margin balance increases.

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 who 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 been 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.

If you are interested in employing the use of options in your account, you 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, you 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. You may only employ those strategies that have been approved.

For further information regarding this topic, you can reference the Raymond James Client Bill of Rights by going to our public website, [www.raymondjames.com](http://www.raymondjames.com), and clicking on the Personal Investing link, then Client Resources, then Rights and Responsibilities.

## **ITEM 9 DISCIPLINARY INFORMATION**

Registered Investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to your evaluation of Raymond James Financial Advisors, Inc. (RJFSA). Our firm operates 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 [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov), as well as FINRA's website, at [www.finra.org/brokercheck](http://www.finra.org/brokercheck).

Below is a summary of the material legal and disciplinary events against RJFSA 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.

In highly volatile markets, the volume of investor 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.

No regulatory enforcement actions have been brought against Raymond James by any of the aforementioned regulatory authorities concerning the firm's provision of advisory services.

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 matters**

In connection with ARS, our principal broker-dealers, Raymond James and RJFS, were subject to investigations by the SEC, certain states led by Florida's Office of Financial Regulation, and the Texas Securities Board regarding the sale of ARS. On June 29, 2011, RJ&A 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, some 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 (s) 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; (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.

The NASD alleged that Raymond James failed to provide certain customers with a reduction in the front end sales load, or sales charges, also known as “Breakpoint” discounts, described in mutual fund prospectuses and NTM03-47. On February 20, 2004, Raymond James was censured and consented to a fine in the amount of \$1,297,564.

The NASD alleged that Raymond James violated Securities Exchange Act Rules 17A-3 and 17A-4 and NASD Rules 2110 and 3010. The NASD’s primary allegation was that RJFS’s supervisory system and procedures for supervising the activities of producing branch managers were not reasonably designed to achieve compliance with securities rules and regulations, in violation of NASD Conduct Rules 2110 and 3010. Without admitting or denying the findings, Raymond James consented to a censure and to the entry of findings and paid a fine of \$2,750,000.

The NASD recommended disciplinary action be taken against Raymond James in connection with numerous late filings or amendments of Form U-4 and U5 during the period of January 1, 2002 through March 5, 2004. On November 30, 2004, the NASD censured and fined Raymond James \$400,000.

The NASD alleged that Raymond James violated NASD conduct rule 3010 and 2110 by failing to implement supervisory procedures designed to monitor Fee based brokerage accounts and whether such accounts were appropriate for customers. Furthermore, associate sales literature failed to comply with NASD conduct rules 2210(d) and 2110. On April 26, 2005, Raymond James consented to censure and paid a fine, including restitution, in the amount of \$750,000.

NASD alleged that Raymond James reviewed and approved a registered representative’s outside business activity that was actually a private securities transaction in violation of NASD conduct rules. NASD ordered Raymond James to pay a fine of \$12,000, which it paid on April 5, 2007.

### **State of Georgia**

The State of Georgia alleged that the firm did not maintain properly licensed home office personnel to transact with Georgia residents. The State ordered the firm to pay a fine of \$25,000, which was paid on February 5, 2008.

### **State of Connecticut**

The State of Connecticut alleged that the firm failed to follow its mutual fund exchange procedures relating to the completion and submission of mutual fund switch letters. The State also alleged that the firm failed to reasonably supervise the activities of an employee who provided inaccurate written statements to the State concerning mutual fund trades in a client’s account. The firm was ordered to cease and desist from regulatory violations and to pay a fine of \$15,000. The firm paid this on 3/16/2010.

### **State of Indiana**

The State alleged that Raymond James failed to supervise the activities of certain of its branch managers and employees located in the state for the years 2000 through June 30, 2005. On August 23, 2005 Raymond James was censured and consented to a fine in the amount of \$6,000, plus \$27,500 for reimbursing the State for the costs of their investigation.

### **State of Massachusetts**

The State of Massachusetts alleged that Raymond James failed to supervise two of its registered representatives. The State ordered Raymond James to pay a fine of \$25,000, which it paid on February 1, 2008.

### **State of Missouri**

The State of Missouri alleged the firm failed to reasonably supervise a single transaction conducted by one of its financial advisors relating to the suitability of a variable annuity purchase. The State ordered the firm to make a \$50,000 contribution to the State's Investor Education Fund, and to pay \$2,300 towards the cost of the State's investigation. The firm paid this on February 17, 2009.

### **State of New Hampshire**

The state ordered Raymond James to pay restitution to a client alleging the recommendation and purchase of variable annuities on his behalf were unsuitable, and carried unnecessary and unwanted expenses resulting in a loss of principal. On November 5, 2005, Raymond James consented to a restitution payment to the client in the amount of \$60,000.

### **State of Utah**

The state ordered Raymond James to pay a portion of a fine levied against a registered representative. The state alleged Raymond James failed to supervise and maintain books and records. Raymond James consented and on October 30, 2006 paid a portion of the \$100,000 fine levied against Raymond James and the registered Representative.

### **State of Wisconsin**

The State of Wisconsin alleged that the firm failed to supervise its securities agents, who made unsuitable recommendations to customers, lent money to a customer, engaged in excessive trading, and filed misleading statements with the State. The State ordered the firm to pay a fine of \$50,000, which was paid on June 29, 2007.

### **Financial Industry Regulatory Authority ("FINRA", the successor to NASD Regulation)**

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 the Raymond James failed to enforce its written supervisory procedures to achieve compliance with suitability requirements as they relate to the sale of IRC Section 529 college savings plans. The firm was censured and fined \$150,000, which it paid on June 1, 2010.

FINRA alleged that the automated commission schedule Raymond James Financial Services, Inc. utilized to assess commissions on the purchase and sale of primarily low priced-securities resulted in unfair and unreasonable commissions. Without admitting or denying the findings the firm consented to a censure and fine of \$200,000, and was ordered to pay \$795,568 plus interest in restitution. The firm paid this on September 29, 2011.



In a separate matter, on March 29, 2012 Raymond James Financial Services (RJFS) agreed to resolve a FINRA matter involving its anti-money laundering program from January 2005 through July 2007.

Although FINRA's investigation was prompted by an illegal scheme that was conducted by a former RJFS client, **none of the client's activities involved anyone associated with RJFS, including the client's financial advisor.** Following its investigation, FINRA acknowledged the activities of the client in question were detected by the firm's monitoring systems, but alleges our investigation was inadequate.

RJFS has agreed, without admitting or denying FINRA's allegations, to resolve this matter by paying a \$400,000 fine and certifying that its anti-money laundering procedures are adequate.

#### **United States Securities and Exchange Commission "SEC"**

The SEC alleged Raymond James committed fraud based upon the acts of one of its registered representatives. Further, it alleged a failure to supervise. On September 15, 2005, Raymond James consented to disgorgement, civil penalties and a fine in the amount of \$6,900,000.

#### **ITEM 10 OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

The primary affiliation of RJFSA, through its holding company Raymond James Financial, Inc. (RJF) is with Raymond James Financial Services Inc., (RJFS), member FINRA/SIPC, through various licenses and registrations. RJFS is a broker-dealer and primarily in the business of selling securities and other investments including annuity, fixed and life insurance products, on a full-time basis in all 50 states, including DC, Puerto Rico and the US Virgin Islands.

Another important affiliation of RJFSA, through its holding company Raymond James Financial, Inc. (RJF) is with Raymond James & Associates, Inc. (RJA), a broker-dealer and member of the New York Stock Exchange and a registered investment adviser. RJA acts as the clearing firm for those accounts and securities transactions introduced by RJFSA. To the extent recommendations are implemented through any of our affiliates, it should be noted that compensation will contribute to the overall profitability of the holding company, RJF. Should any securities be placed through us and our IARs, we may receive commissions on such transactions. This may create a conflict of interest.

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.

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 sub adviser 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 sub adviser 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. ClariVest Asset Management LLC – A Limited Liability Company, registered as an investment adviser with the SEC, serving individuals, corporations, foundations, pension and profit sharing plans and state and municipal government entities. ClariVest Asset Management LLC ("ClariVest") also acts as sub adviser to various investment companies. Eagle Asset Management, Inc. ("Eagle") owns 45 percent of ClariVest

creating a strategic relationship and providing additional distribution opportunities for ClariVest products. ClariVest, an affiliate of Eagle, has retained Eagle to act as a solicitor on ClariVest's behalf, whereby Eagle introduces prospective investment advisory clients to ClariVest. Eagle also entered into a service agreement with ClariVest for sharing personnel and expenses. Certain portfolio managers of ClariVest are also employed by Eagle to manage the Eagle Large Cap strategy.

- d. 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.
- e. Eagle Fund Services, Inc. ("EFS") – EFS, a wholly owned subsidiary of Eagle, provides certain shareholder services for the Eagle Mutual Funds in conjunction with JP Morgan Investor Services Co., the transfer and dividend disbursing agent for the Eagle Mutual Funds.
- f. Eagle Family of Mutual Funds –
  - Eagle Capital Appreciation Fund
  - Eagle Growth & Income Fund
  - Small Cap Growth Fund
  - Mid Cap Growth Fund
  - International Equity Fund
  - Large Cap Core Fund
  - Mid Cap Stock Fund
  - Smaller Company Fund
  - Investment Grade Bond Fund
- g. 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.
- h. 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.
- i. 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.
- j. Morgan Keegan & Company, Inc. ("Morgan Keegan") – A wholly owned subsidiary of RJF, Morgan Keegan is a full service broker-dealer registered with FINRA and an investment adviser registered with the SEC. Morgan Keegan provides brokerage, investment advisory and investment banking services to individual, institutional and corporate clients.
- k. 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.
- l. Raymond James Insurance Group – 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.
- m. 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.
- n. 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.
- o. 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.
- p. 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.
- q. 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.

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

An advisory relationship may result in various forms of compensation to one or more of the affiliates. In no case is the Client under any obligation whatsoever to purchase any products sold by RJFSA or any of its affiliates.

RJFSA's affiliate, RJA 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. RJFSA does not act as a principal on any transactions involving advisory Clients.

#### **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 a Manager in the RJCS, Freedom and Freedom UMA programs. If the client selects an affiliated Manager, or a Freedom or Freedom UMA Strategy that includes an affiliated Manager or Fund(s), the affiliated 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 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 Manager (or their affiliated Fund) over a similarly qualified and suitable non-affiliated Manager (or Fund). This potential conflict may also be present when Raymond James is considering Managers for removal from the program(s). However, Raymond James does not receive additional compensation for investing in an affiliated Manager over a non-affiliated 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 Managers/Funds. The client may select a Strategy that does not contain allocations to Raymond James affiliated 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 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's 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.

#### **ITEM 11 CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

As part of its fiduciary duties to Clients, RJFSA 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 RJFSA [or its related persons and affiliates] in and of itself creates a potential conflict of interest.

In instances where the IAR buys or sells the same securities as those of their Clients, the Client's accounts are given priority, RJFSA 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 adviser and its associated persons and other employees. These procedures have been distributed to all associated persons and employees of applicant. The procedures include provisions for defining "insider" material, monitoring associated persons and employee securities accounts, restricting access to affiliates sensitive material and restrictions on trading.

RJFSA's parent company, Raymond James Financial, is a publicly traded company. RJFSA does not permit its IARs to recommend or solicit orders of Raymond James Financials stock.

Pursuant to Rule 204A-1 under the Advisers Act, RJFSA has adopted a Code of Ethics. RJFSA monitors the personal securities transactions of its employees, officers, directors and investment adviser representatives. The Code of Ethics set forth standards of conduct and addresses potential conflicts of interest among RJFSA, RJFSA personnel and RJFSA advisory Clients. All investment advisory Clients may request a copy of the RJFSA Code of Ethics by contacting the RJFSA Compliance Department at 800-237-8691, extension 73016.

RJFSA's affiliate, RJA 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. RJFSA does not act as a principal on any transactions involving advisory Clients.

IARs of RJFSA, who are not involved in the management of accounts, are not made aware of the purchases or sales being made by affiliated money managers. If any of the individuals who make decisions on behalf of managed accounts are purchasing or selling the same security, the transaction is effected first on behalf of the managed account.

Your IAR may elect to absorb a portion or all of any transaction or processing/handling charges within your account. In such instances, you should consult with your own tax or legal advisor about the tax implications associated with the absorption of these charges.

## **ITEM 12 BROKERAGE PRACTICES**

The primary affiliation of RJFSA, through its holding company Raymond James Financial, Inc. (RJF) is with Raymond James Financial Services Inc., (RJFS), member FINRA/SIPC, through various licenses and registrations. RJFS is a broker-dealer and primarily in the business of selling securities and other investments including annuity, fixed and life insurance products, on a full-time basis in all 50 states, including DC, Puerto Rico and the US Virgin Islands.

Another important affiliation of RJFSA, through its holding company Raymond James Financial, Inc. (RJF) is with Raymond James & Associates, Inc. (RJA), which is a broker-dealer and member of the New York Stock Exchange and a registered investment advisor. RJA acts as the clearing firm for those accounts and securities transactions introduced by RJFSA. To the extent recommendations are implemented through this affiliate, it should be noted that compensation will contribute to the overall profitability of the holding company, RJF. Should any securities be placed through the advisor and its IARs, the advisor and IAR may receive commissions on such transactions. Such a structure may create a conflict of interest.

RJA may aggregate sale and purchase orders of securities held by Clients with similar orders being made simultaneously for other Clients if, in RJA's 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 RJA's sole discretion, the Client may be charged or credited, as the case may be, the average transaction price.

### **Investment Advisory Program Client Notice**

Pursuant to Rule 3a-4 under the Investment Company Act of 1940, RJFSA provides the following notification to Clients with an Eagle Asset Management, Freedom, Managed Investment Program, Raymond James

Consulting Services account(s), or who have delegated investment discretion to their IAR for Ambassador, IMPAC or Passport account(s):

An advisory Client who has delegated investment discretion to RJFSA or a third-party manager should be aware of their ability to 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 (i.e. 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 RJFSA or a third-party manager, RJFSA or the manager may determine that the implementation of such a restriction may be impractical. In the event such a determination is made, the Client will be notified promptly.

In addition, as owner of the securities in the account(s) the you should be aware of your 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 (i.e. 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 (i.e. class action participation) and not be obligated to join other parties as a condition precedent to initiating such a proceeding.

If you wish to impose or modify existing restrictions, or your financial condition or investment objectives have changed, you should contact your IAR or the RJFS RIA Compliance Department at 727-567-3800, extension 73016, option 7.

### **ITEM 13 REVIEW OF ACCOUNTS**

Your IAR will monitor your account to identify situations that may warrant specific actions be taken or recommended with respect to your investments or overall investment portfolio. Such reviews include, but are not necessarily limited to, suitability, performance, asset allocation, change in investment objectives and risk tolerance, concentrations and prohibited products. In addition, your IAR will provide regular investment advice or investment supervisory services, review your portfolio(s) and communicate with you at least annually, and on a quarterly basis if agreed by you, for conformity with the respective portfolios, investment objectives, changes in your 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 your portfolio(s).

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, and accounts managed on a discretionary and non-discretionary basis.

#### **Brokerage Statement and Performance/Billing Valuation Value Differences for Fee-Based Accounts**

The value used to calculate your asset-based advisory fee may differ from the net value shown on the brokerage statement. There are several reasons for these values to 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. Since the financial advisor's fee-based compensation is tied into 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 and dividends. The brokerage statement does not show 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 Sales – 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 it 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 been now been created. While considered a liability on the brokerage statement, 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) we value the short option based on the client's potential obligation to pay the option holder, and thus more accurately reflect the true “value” of the position.

#### **Financial Planning and Investment Advisory Consulting Services**

Under this type of advisory relationship, your IAR will perform the services agreed upon in the agreement. RJFSA has a review in place to monitor certain consulting arrangements to ensure the services provided match the signed agreement.

#### **Tax Considerations**

Unless specifically noted, tax efficiency is not a primary 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. If tax considerations are a primary concern, we recommend consulting 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.

### **ITEM 14 CLIENT REFERRALS AND OTHER COMPENSATION**

#### **Other Compensation**

As part of its fiduciary duties to Clients, RJFSA 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 RJFSA [or its related persons and affiliates] in and of itself creates a potential conflict of interest.

In addition to the fee based compensation your IAR receives for providing advisory services, your IAR may earn commissions for transactional business in accordance with Raymond James Financial Services, Inc.'s published commission schedule. At the conclusion of each year, qualifying advisors are awarded membership in the Raymond James Financial Services, Inc.'s recognition clubs. Qualification for recognition clubs is based upon a combination of the advisor's annual production (both advisory and transactional), total

client assets under administration, and the professional certifications acquired through educational programs.

From time to time RJFSA receives compensation in the form of sponsorship fees for seminars, meetings or conferences from product sponsors such as limited partnerships, affiliated and unaffiliated mutual funds, insurance companies and annuity sponsors. Such sponsorship fees generally entitle the sponsor to an allotted presentation to representatives of RJFSA.

If you act upon your IAR's advice and choose to use one of RJFSA's affiliates as a money manager, custodian or purchasing insurance, RJFSA may receive compensation in the form of commissions from the affiliate. If you choose to use your IAR in their individual capacity as an insurance agent, the individual IAR will receive a commission. If received by RJA 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 in the Ambassador account program.

Certain mutual fund companies, including "Participating Funds", may charge on-going fees. Your IAR may receive this fee in addition to any advisory fee that may be assessed in your account. The existence of a 12(b)-1 fee is disclosed in the mutual fund prospectus.

Effective March 1, 2011, select fund companies have agreed to pay administrative fees to Raymond James in consideration for Raymond James's waiver of the \$30 Processing Fee assessed on certain Passport Account mutual fund purchases ("Participating Funds"). Your IAR does 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 the following link:

[http://www.raymondjames.com/disclosure\\_mutual\\_funds\\_co.htm](http://www.raymondjames.com/disclosure_mutual_funds_co.htm).

You may also receive a hardcopy of this list by contacting your IAR, 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.

IARs utilizing any of the previously mentioned account programs offered by RJFSA generally receive compensation in the form of asset-based fees, and this compensation is typically credited to your IAR on a quarterly basis. Certain IARs of RJFSA or its affiliates may receive additional compensation from RJFSA in consideration for referring Clients to RJFSA. This additional compensation is in the form of a rebate of RJFSA's administrative or management fee and is a portion of, not in addition to, the asset-based fee charged to your account(s) quarterly. Such rebates are based on your IAR's Client assets invested in the following account programs offered by the RJFSA:

RJCS, Eagle, and FREEDOM and Russell – RJA IARs may receive an incremental payout increase of up to 10% based on their total Client assets in the RJCS and Eagle programs. RJFSA IARs with at least \$15 million total Client assets in the above account programs will receive a rebate of RJFSA's quarterly management fee equal to .05% of the assets invested in equity and balanced investment disciplines in the RJCS and Eagle account programs. RJA and RJFSA IARs will receive a rebate of the Registrant's management fee equal to .03% of the assets invested in the FREEDOM or Russell account programs.

Ambassador, MIP and PASSPORT - IARs with total aggregate Client assets in these account programs will receive a rebate of RJFSA's administrative fee equal to:

- Assets between \$50 million and \$100,000 million – 15%
- Assets between \$100 million and \$150,000 million – 30%
- Asset between \$150 million and \$300,000 million – 45%
- Assets of at least \$300 million – 60% or higher, subject to a maximum annualized administrative fee of \$150 per account.

IARs are typically compensated based on their annual gross production, whereby higher gross production will generally result in higher payouts. These rebate programs constitute a targeted payout increase to certain qualified financial advisors based on economies of scale achieved by RJFSA, its affiliates and financial advisors at increasing asset levels. However, such compensation arrangements may represent a conflict of interest where a financial advisor may have incentive 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 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 the financial advisor's compensations levels in fee-based accounts.

IMPAC –administrative fee account volume discounts:

**Annual IMPAC Account Administration Pricing (Per Account)**

<b>Accounts Per Branch</b>	<b>Flexible Billing Fee*</b>	<b>Standard Billing Fee</b>	<b>Discount %</b>
Less than 20	\$100	\$80	-25%
20 to 49	\$80	\$60	-25%
50 to 99	\$60	\$40	-33%
100-249	\$40	\$20	-50%
Over 249	\$30	\$15	-50%

Minimum \$250 fee per quarter will be billed per branch.

\* The administrative fee cannot be charged to the Client.

Financial advisors are typically compensated based on their annual gross production (i.e. revenue generated), whereas higher gross production will generally result in higher payouts. 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 when 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 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, wire house and regional brokerage firms, and fee-only advisers available to Clients. Raymond James endeavors to offer a wide variety of investment alternatives available to Clients and financial advisors. The rebate programs offered constitute a targeted payout increase to financial advisors in to the firm's review of compensation arrangements available within the industry, and are intended to maintain compensation parity for Raymond James' and affiliated financial advisors.

**CLIENT REFERRAL ARRANGEMENTS:**

**Professional Partner's Program**

RJFS has developed a program that will pay professionals for referrals. The professional who refers the account will receive a portion of the advisory fee but in no case will the Client pay more because of the referral (solicitor) fee. The referral fees will be on a cash only basis. The Client will be given proper disclosure about the advisory and referral fees. The professional will be either an investment adviser representative or a solicitor of RJFS.

**ITEM 15 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.

## **ITEM 16 INVESTMENT DISCRETION**

We may have a limited discretionary trading authority to determine the types and amount of securities bought and sold in your account. This authority is granted in writing by you for each account via a discretionary asset management agreement. We cannot take possession of funds or securities.

## **ITEM 17 VOTING CLIENT SECURITIES**

### **Proxy Voting**

Rule 206(4)-6 of the Advisors Act places certain requirements on investment advisors who have proxy voting authority over Client securities. The Rule requires, among other things, that advisors provide their Clients with a description of their voting policies and procedures, disclose to Clients where they may obtain a full copy of the advisor's policies and procedures, and disclose how they may obtain information about how their advisor voted with respect to their securities. Under the Rule, a registered investment advisor 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 Passport, IMPAC, and MIP 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 IARs 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.

RJFSA does not accept authority to vote client securities in connection with any of the services described in this Brochure.

## **ITEM 18 FINANCIAL INFORMATION**

RJFSA is a qualified custodian as defined in Rule 206(4)-2, and is therefore not required to include a balance sheet for its most recent financial fiscal year.

RJFSA has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients, and has not been the subject of a bankruptcy proceeding.

RJFSA does not require prepayment of fees of more than \$1,200, per client, and six months or more in advance.

### **Other Considerations:**

#### **Business Continuity**

RJFSA has adopted a business continuity strategy 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 RJFSA employs are designed to limit the impact on Clients from such business interruptions or disasters. Although RJFSA has taken reasonable steps to develop and implement detailed business continuity plans, unforeseen circumstances may create situations where RJFSA is unable to fully recover from a significant business interruption. However, RJFSA believes its planning and implementation process reduces the risk in this area.

#### **Privacy Policy**

<b>FACTS</b>	<b>WHAT DOES RAYMOND JAMES DO WITH YOUR PERSONAL INFORMATION?</b>
<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>
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<b>How?</b>	<p>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.</p>
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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>
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<b>Who we are</b>	
<b>Who is providing this notice?</b>	<b>See the Raymond James U.S. legal entities noted below.</b>

<b>What we do</b>	
<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</li> </ul>

	<p>creditworthiness</p> <ul style="list-style-type: none"> <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>
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## 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 Service 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.