RAYMOND JAMES | ASSET MANAGEMENT SERVICES

Freedom Quarterly Market Commentary // 2Q 2019

SECOND QUARTER HIGHLIGHTS

- Most major asset classes post positive returns, led by U.S. equity
- Trade tensions contribute to volatility
- Yield curve flattens, but our outlook for the near term remains positive
- Equity and bond markets anticipate U.S. Federal Reserve interest-rate decrease

MARKET UPDATE

Markets anticipate Fed move

It's not often the equity and bond markets respond in the same way to the same thing, but that's precisely what happened in the second quarter of 2019. Anticipating the U.S. Federal Reserve will lower its short-term interest rate in July – the Fed raised its rate nine times between December 2015 and December 2018 – equity markets hit new highs and bonds rallied. Despite volatility, most major asset classes posted positive returns.

The Fed's delicate balance

After the financial crisis, the U.S. Federal Reserve supported economic recovery by lowering short-term interest rates and creating an infusion of cash. Returning to normalcy is proving challenging. More than three years into the Fed's rate-normalization plan, the effects of a global slowdown and other macro concerns may lead it to reverse course and lower its short-term lending rate this year. With interest rates still relatively low from a historical perspective – the current target range is 2.25% to 2.50% – the amount rates can decline is somewhat limited. The Fed could also stop selling the bonds it purchased to support the economy after the financial crisis – it planned to finish selling back $50 billion by October – or could even start buying bonds again.

EQUITY

Domestic Equity

After a strong first quarter, U.S. equity was again one of the top performers in the world in the second quarter of 2019. U.S. large-cap equity, as measured by the S&P 500 TR index, returned 4.3% for the quarter, while U.S. small- to mid-cap equity, as measured by the Russell 2500 TR index, returned 3.0%. It was not, however, a steady ride for investors. Increased concern over deteriorating trade negotiations between the United States and several major partners – including China, Canada and Mexico – made for a volatile quarter, especially in the month of May. Overall, investor sentiment rose as the Fed indicated its willingness to provide support for the current economic expansion.

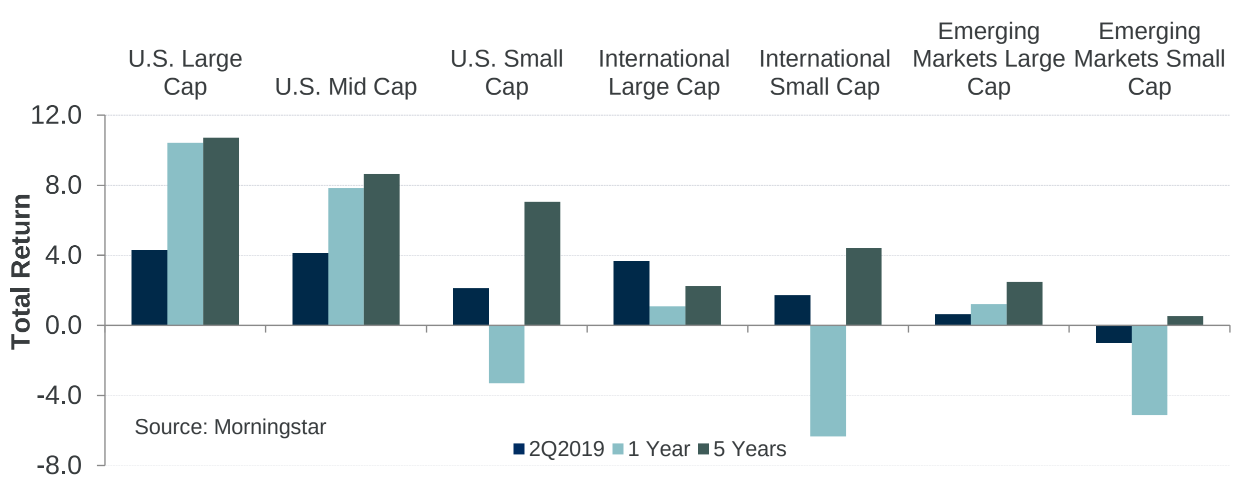
International Equity

International developed markets large-cap equity returned 3.7% for the quarter, as measured by the MSCI EAFE NR USD index. France, Germany, Switzerland and Australia performed well for U.S. investors, while Japan was a drag on returns. Affected more by tariffs and increased trade tensions, emerging markets equity returned 0.6%, as measured by the MSCI Emerging Markets NR USD index. A significant portion of the emerging markets index, China returned -4.0%, as measured by the MSCI China NR USD index.

Freedom Portfolio Positioning

The Asset Management Services (AMS) Investment Committee (IC) currently holds a cautious view of domestic equities, given their valuations. Within U.S. equity, the preference is for higher quality, including defensive or dividend-paying equity, and for large caps over small caps as the economy enters a later stage of the cycle. The AMS IC holds a favorable view of international developed markets equity based on attractive valuations and the continuation of accommodative monetary policy. The AMS IC holds a neutral view of emerging markets equity.

EQUITY RETURNS



For sector information relating to commentary above, see index definitions below. Portfolio Positioning reflects the AMS IC's general opinions regarding how exposure to various market sectors may help or hinder achieving the portfolio's long term objective. The policy and sector allocations are subject to change without notice. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index and peer group would incur fees and expenses which would reduce returns. Asset Allocation and Diversification does not ensure a profit or protect against a loss. All investments are subject to risk including a profit or a loss. There is no assurance that any investment strategy will be successful. Past performance is not a guarantee of future results. Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

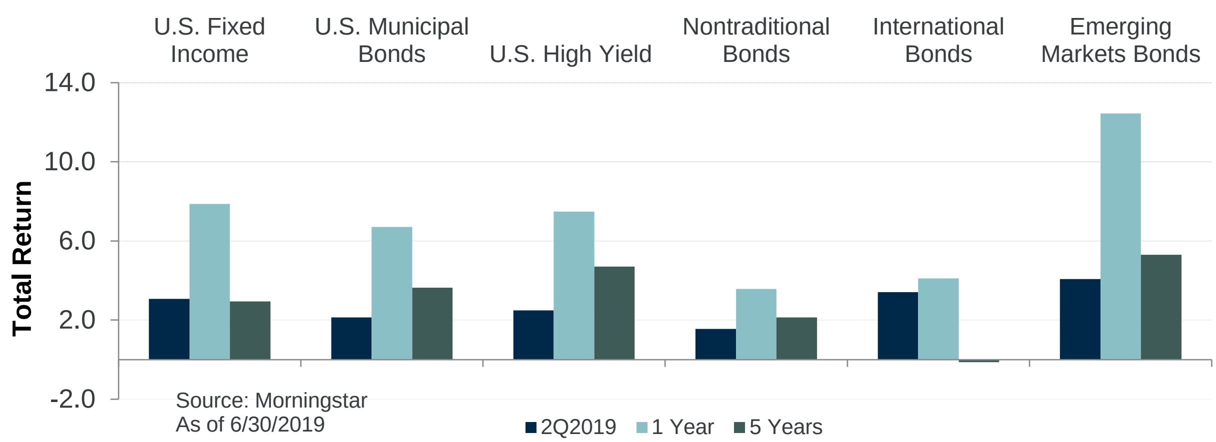
FIXED INCOME

Amid expectations for declining yields, bond prices rose. Core fixed income returned 3.1% for the quarter, as measured by the Bloomberg Barclays U.S. Aggregate Bond TR index. Both U.S. Treasury bonds and corporate bonds produced strong returns for investors, with corporate bonds outperforming Treasuries as most bond prices in the United States benefited from decreasing yields.

Freedom Portfolio Positioning

The AMS IC holds a slightly favorable view of high-quality core fixed income for its ability to mitigate risk in an equity downturn.

FIXED INCOME RETURNS



ALTERNATIVES

Multialternative investments returned 1.1% for the quarter, as measured by the U.S. Fund Multialternative peer group. Performance matched expectations in a quarter that saw higher equity returns.

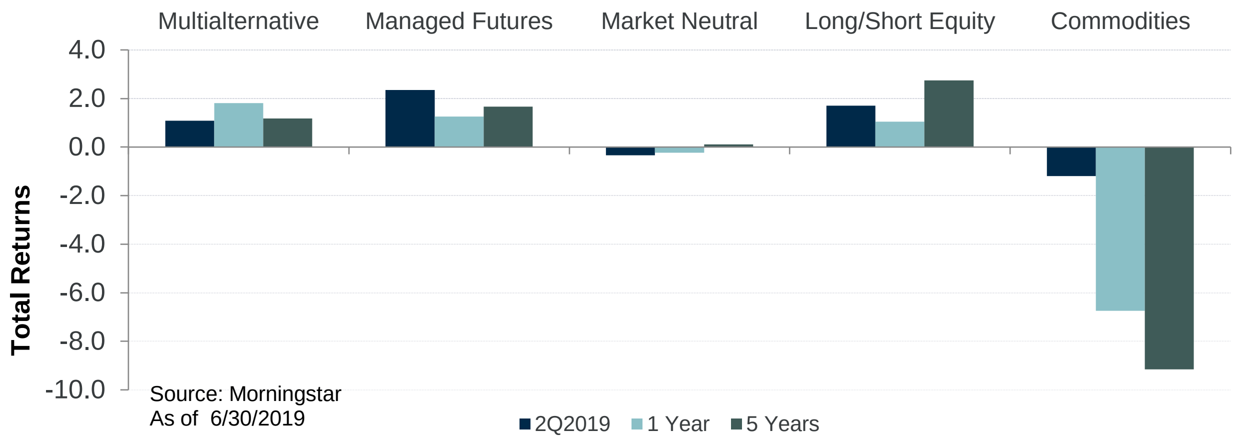
Freedom portfolio positioning

The AMS IC holds a neutral view of alternative investments.

Return data on Alternatives is continued on the following page.

The chart presented herein is for illustrative purposes only and should not be considered as the sole basis for your investment decision. For sector information relating to charts and commentary above, see index definitions below. Portfolio Positioning reflects the AMS IC's general opinions regarding how exposure to various market sectors may help or hinder achieving the portfolio's long term objective. The policy and sector allocations are subject to change without notice. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index and peer group would incur fees and expenses which would reduce returns. Asset Allocation and Diversification does not ensure a profit or protect against a loss. All investments are subject to risk including a profit or a loss. There is no assurance that any investment strategy will be successful. Past performance is not a guarantee of future results. Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

ALTERNATIVE INVESTMENTS RETURNS



OUTLOOK

Though growth has slowed recently, the U.S. economy remains strong. Consumer confidence, employment levels and monetary policy – the Fed is expected to lower its short-term lending rate in July – remain supportive of continued economic growth. We will continue to watch closely what happens with interest rates and the yield curve, which has flattened in some ranges in recent months. Bond yields are declining, which could be an indication the markets see something amiss or could be a recalibration based on changes in economic data points and inflation forecasts. Though an extended trade dispute between the United States and China has the potential to alter the global economic outlook, there is no indication a recession is likely in the coming months. The AMS IC remains optimistic for the near term.

The charts and tables presented herein are for illustrative purposes only and should not be considered as the sole basis for your investment decision.

Further information on the funds selected for the Freedom portfolios is available by prospectus, which can be obtained through your financial advisor. Investors should carefully consider the investment objectives, risks, charges and expenses of mutual funds and exchange-traded funds before investing. All investments are subject to risk, including loss. The prospectus contains this and other information about the funds and should be read carefully before investing.

The foregoing content reflects the opinions of Raymond James Asset Management Services and is subject to change at any time without notice. Content provided herein is for informational purposes only. There is no guarantee that these statements, opinions or forecasts provided herein will prove to be correct.

Past performance is not a guarantee of future results. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index or peer group would incur fees and expenses that would reduce returns. All investing involves risk, including loss. Asset allocation and diversification does not ensure a profit or protect against a loss. Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

There is no assurance that any investment strategy will be successful. All investments carry a certain degree of risk and you may incur a profit or a loss.

RISK: It is important to review the investment objectives, risk tolerance, tax objectives and liquidity needs before choosing an investment style or manager. All investments carry a certain degree of risk and no one particular investment style or manager is suitable for all types of investors, you may incur a profit or a loss.

- Fixed-income securities (or "bonds") are exposed to various risks including but not limited to credit (risk of default or principal and interest payments), market and liquidity, interest rate, reinvestment, legislative (changes to the tax code), and call risks.
- There is an inverse relationship between interest rate movements and fixed income prices. Generally, when interest rates rise, fixed income prices fall and when interest rates fall, fixed income prices generally rise. Short-term bonds with maturities of three years or less will generally have lower yields than long term bonds which are more susceptible to interest rate risk.

- Callable bonds generally offer a higher yield than non-callable bonds as they have the option to call the bonds and repay the principal prior to maturity. Issuers will generally be inclined to initiate a call if interest rates have declined since the bonds were first issued, as they can reissue new bonds at a lower interest rate. Investors will then be positioned to reinvest return on principal in a declining interest rate environment, thus receiving a lower yield going forward.
- Credit risk includes the creditworthiness of the issuer or insurer, and possible prepayments of principal and interest. Bonds may receive credit ratings from a number of agencies however, Standard & Poor's ratings range from AAA to D, with any bond with a rating BBB or higher considered to be investment grade. Securities rated below investment grade generally provide a higher yield but carry a higher risk of default which could result on a loss of the principal investment. Because high-yield bonds have greater credit and default risk they may not be appropriate for all investors. While bonds rated investment grade have lower credit and default risk, there is no guarantee securing the principal investment.
- Investors should consider the Yield to Worst (YTW) of a bond or bond portfolio versus the Current Yield as the YTW is the lowest potential yield that that can be received without default. YTW takes into account any bonds that could be called prior to maturity.
- Securities issued by certain U.S. government-related organizations are not backed by the full faith and credit of the U.S. government and therefore no assurance can be given that the U.S. government will provide financial backing should an issue default.
- Mortgage Backed Securities (MBS) are exposed to various risks including but not limited to credit (risk of default of principal and interest payments), market, interest rate, prepayment, and reinvestment risks. Unless issued by GNMA, MBSs are not backed or guaranteed by any government agency. Actual payments received from an MBS frequently differ from the terms stated at purchase. Payments consist of pass through income and principal repayment, can fluctuate over time, and receive no special tax treatment. Changes in interest rates can affect the value and maturity date of an MBS. Prepayment caused by the underlying mortgages being unexpectedly paid off or refinanced is likely and will result in an unpredictable rate of income payment and principal repayment.
- Please note these portfolios may be subject to state, local, and/or alternative minimum taxes. You should discuss any tax or legal matters with the appropriate professional. International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic instability.
- Investing in emerging markets can be riskier than investing in well-established foreign markets. Emerging and developing markets may be less liquid and more volatile because they tend to reflect economic structures that are generally less diverse and mature and political systems that may be less stable than those in more developed countries.
- Investing in small-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor. Stocks of smaller or newer or mid-sized companies may be more likely to realize more substantial growth as well as suffer more significant losses than larger or more established issuers.
- Commodities trading is generally considered speculative because of the significant potential for investment loss. Among the factors that could affect the value of the fund's investments in commodities are cyclical economic conditions, sudden political events, changes in sectors affecting a particular industry or commodity, and adverse international monetary policies. Markets for precious metals and other commodities are likely to be volatile and there may be sharp price fluctuations even during periods when prices overall are rising.
- Specific sector investing such as real estate can be subject to different and greater risks than more diversified investments. Declines in the value of real estate, economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.
- Some accounts may invest in Master Limited Partnership ("MLP") units, which may result in unique tax treatment. MLPs may not be appropriate for ERISA or IRA accounts, and cause K-1 tax treatment. Please consult your tax adviser for additional information regarding the tax implications associated with MLP investments.
- Alternative investments are generally considered speculative in nature and may involve a high degree of risk, particularly if concentrating investments in one or few alternative investments. These risks are potentially greater and substantially different than those associated with traditional equity or fixed income investments. The investment strategies used by certain Funds may require a substantial use of leverage. The investment strategies employed and associated risks are more fully disclosed in each Fund's prospectus, which is available from your financial advisor.
- Changes in the value of a hedging instrument may not match those of the investment being hedged.
- These portfolios may be subject to international, small-cap and sector-focus exposures as well. Accounts may have over weighted sector and issuer positions, and may result in greater volatility and risk.
- Companies in the technology industry are subject to fierce competition, and their products and services may be subject to rapid obsolescence.

INDEX AND PEER GROUP DESCRIPTIONS:

These indices and peer groups are not available for direct investment. Any product which attempts to mimic the performance will incur expenses such as management fees and transaction costs that reduce returns.

Bloomberg Barclays U.S. Aggregate Bond Index (U.S. Fixed Income): This index includes investment grade U.S. Government bonds, corporate bonds, mortgage pass-through securities and asset-backed securities that are publicly offered for sale in the United States. The securities in the index must have at least one year remaining to maturity.

MSCI EAFE Index (International Large Cap): A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the U.S. & Canada. It consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.

MSCI Emerging Market Index (Emerging Markets Equities): A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of June 2009 the MSCI Emerging Markets Index consisted of the following 22 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

MSCI EM NR USD (Emerging Markets Large Cap): The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey* and United Arab Emirates. The MSCI EM NR USD takes only the large cap returns into account.

Morningstar US OE Multialternative (Multialternative): These funds will use a combination of alternative strategies such as taking long and short positions in equity and debt, trading futures, or using convertible arbitrage, among others. Funds in this category have a majority of their assets exposed to alternative strategies and include both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes.

Russell 2500 (U.S. Small to Mid-Cap): A broad index featuring 2,500 stocks that cover the small and mid-cap market capitalizations. The Russell 2500 is a market cap weighted index that includes the smallest 2,500 companies covered in the Russell 3000 universe of United States-based listed equities.

S&P 500 Index (U.S. Large Cap): The index consists of 500 of the largest stocks in the U.S. stock market. A market value weighted index (stock price times number of shares outstanding after float adjustment), with each stock's weight in the index proportionate to its market value.

MSCI Brazil Index: The MSCI Brazil Index is designed to measure the performance of the large and mid-cap segments of the Brazilian market. With 54 constituents, the index covers about 85% of the Brazilian equity universe.

MSCI China Index: The MSCI China Index captures large and mid-cap representation across China H shares, B shares, Red chips and P chips. The index is Indexes (GIMI) Methodology. The index incorporates broad sector diversification, free float adjustment, minimum float, liquidity and size guidelines, annual and quarterly index reviews.

Russell 2000: Based on a combination of their market cap and current index membership, this index is comprised of approximately 2,000 of the smaller securities from the Russell 3000. Representing approximately 10% of the Russell 3000, the index is created to provide a full and unbiased indicator of the small cap segment.

S&P 500 Select Sector Indices: Following a modified market capitalization weight methodology, Select Sector Indices are calculated and maintained by S&P Dow Jones Indices. The constituents of each index are all members of the S&P 500, and each constituent of the S&P 500 is assigned to at least one Select Sector Index based on the constituent's classification under the Global Industry Classification Standard (GICS®). Most of the Select Sectors align in their membership with GICS sectors, with a few exceptions. The membership of Technology Select Sector combines constituents of the GICS Information Technology and Telecommunication Services sectors. The Financial Services Select Sector includes stocks from the GICS Financials sector excluding Real Estate but keeping Mortgage REITS, and the membership of Real Estate Select Sector includes constituents of the GICS Real Estate Industry Group, excluding Mortgage REITS.

TERMS & DEFINITIONS:

Gross domestic product (GDP): GDP is the monetary value of all the finished goods and services produced within a country's borders in a specific time period.

Total return: when measuring performance, total return is the actual rate of return of an investment or a pool of investments over a given evaluation period. Total return includes interest, capital gains, dividends and distributions realized over a given period of time.

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