RAYMOND JAMES | ASSET MANAGEMENT SERVICES

Freedom Quarterly Market Commentary // 3Q 2017

THIRD QUARTER HIGHLIGHTS

DRIVERS

Earnings continue to improve worldwide.

U.S. Federal Reserve plans to reduce balance sheet.

PERFORMANCE

Equity and fixed income markets post positive returns.

International equity outperforms domestic equity.

MARKET UPDATE

The third quarter of 2017 brought predominantly positive returns for both the equity and fixed income markets – and for Freedom investors. While we don't reasonably expect such conditions to continue, we found little to be unhappy about regarding third-quarter market performance. Corporate earnings continued to improve worldwide, supporting gains in the domestic and international equity markets. A declining dollar gave international investments an extra push for U.S. investors, who benefited from favorable exchange rates with foreign currencies in developed markets such as Europe. The markets seemed to take in stride the U.S. Federal Reserve's plans to continue raising its benchmark interest rate as well as reduce its balance sheet.

What it means to unwind

To stimulate the economy after the 2008 financial crisis, the U.S. Federal Reserve not only lowered its benchmark interest rate, it also infused the economy with cash by purchasing nearly $4.5 trillion in bonds, primarily Treasury securities and mortgage-backed securities. In September, the Fed announced it would reverse the process by slowly selling those assets and reducing its debt – referred to as unwinding or shrinking its balance sheet. The effect on the economy remains to be seen – it's never been done before to this extent.

EQUITY

Domestic Equity

All three major U.S. stock indices – the S&P 500, Nasdaq and Dow Jones Industrial Average – reached closing highs during the third quarter, when domestic equity benefited from continued corporate earnings growth. Large-cap stocks returned 4.48%, as measured by the S&P 500 index, which had its eighth consecutive quarter with positive returns. Price-to-earnings valuations – the cost of a stock relative to its earnings – remain high for large caps, but continued earnings growth is an indication the market is supported by sound fundamentals, rather than merely accommodative monetary policy or investor sentiment. A late-quarter rally

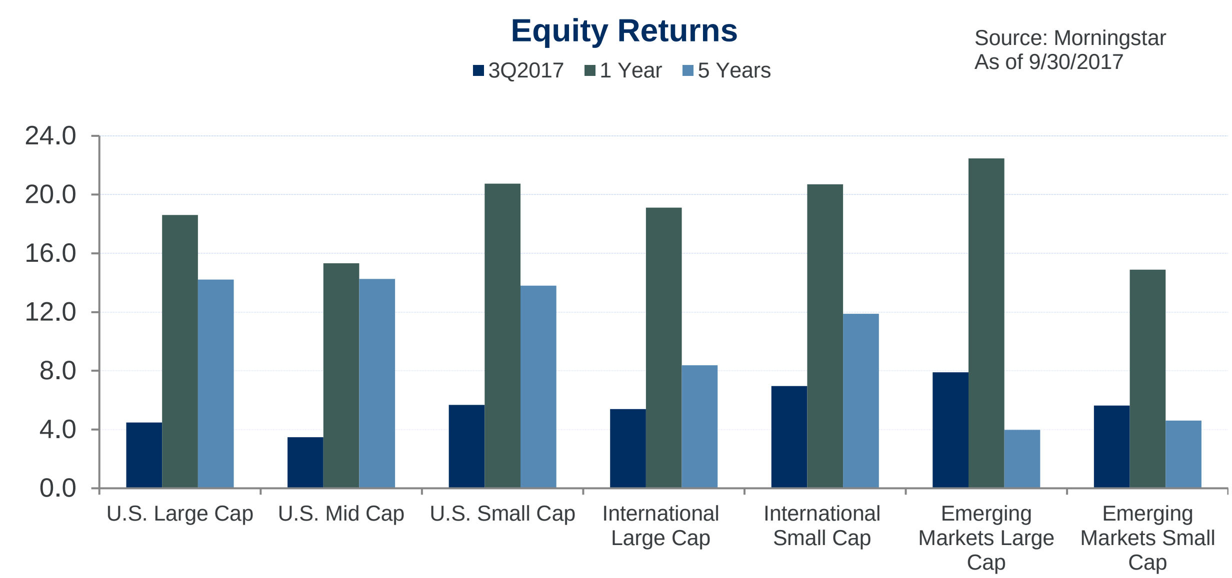
---

allowed U.S. small caps to outperform large caps, with small caps returning 5.67%, as measured by the Russell 2000 index.

International Equity

International equity outperformed domestic equity for the fourth time in the past five quarters. Emerging markets – countries with still-maturing economies such as China, India or Brazil – returned 7.89%, as measured by the MSCI EM index, with much of the performance attributed to local economic growth. International developed markets – countries with well-established economies such as the United Kingdom, France or Japan – returned 5.40%, as measured by the MSCI EAFE index, with much of the performance for U.S. investors attributed to a declining dollar and favorable currency exchange rates.

Exchange rates can have a pronounced effect on performance. For example, the MSCI United Kingdom GR index returned 1.83% in British pounds, the local currency. When converted to dollars, the return jumps to 5.18%. The dollar's recent decline could be attributed to the lack of progress on federal government policy initiatives such as tax reform, regulatory reform and healthcare reform – anticipation of which was the likely cause for an increase in the value of the dollar following the November 2016 elections.



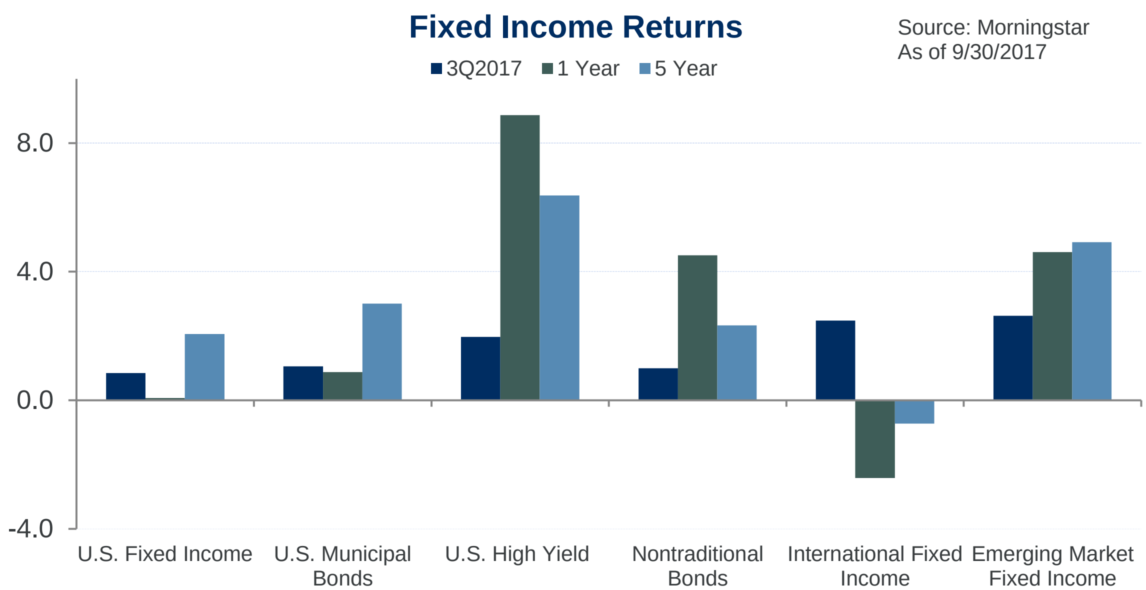
Freedom Portfolio Positioning

The Asset Management Services (AMS) Investment Committee (IC) holds a slightly favorable view of international equity, based on attractive valuations – including price-to-earnings valuations – strong economic growth and positive momentum. The AMS IC holds a slightly cautious view of domestic equity, based on the belief more attractive opportunities exist outside the United States. Overall, the IC holds a slightly cautious view of equity, based primarily on extended price-to-earnings valuations in the U.S. large cap space.

For sector information relating to charts and commentary above, see index definitions on pages 5 through 6. Portfolio Positioning reflects the AMS IC's general opinions regarding how exposure to various market sectors may help or hinder achieving a portfolio's long term objective and 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. 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. Please note that outperformance does not necessarily represent positive total returns for a period.

FIXED INCOME

While fixed income returns did not approach those of the equity markets, bonds did produce positive returns despite a rising interest-rate environment that traditionally would call for bonds to underperform. Core fixed income returned 0.85% for the quarter, as measured by the Bloomberg Barclays U.S. Aggregate Bond index. While the U.S. Federal Reserve (Fed) held steady on its benchmark interest rate, opting not to raise the federal funds rate from the target range of 1.00% to 1.25% achieved with a 0.25% increase in June, it indicated increases were likely for the fourth quarter and into 2018. It also announced plans to slowly sell off the debt it accumulated as part of its quantitative easing strategy after the 2008 financial crisis. The markets seemed unfazed, buoyed perhaps by lower-than-expected inflation and the realization the Fed's moves will be gradual.



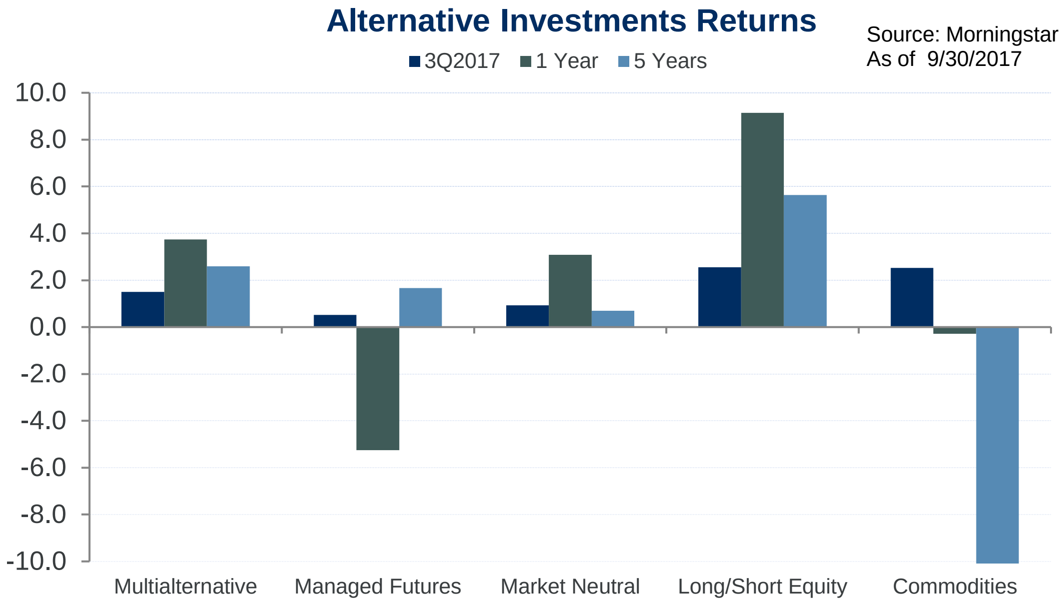
Freedom Portfolio Positioning

The AMS IC holds a slightly unfavorable view of fixed income, but likes its potential to provide portfolio insulation during an equity downturn. As yields rise, fixed income will become a more attractive option for managing portfolio volatility.

ALTERNATIVES

Alternative investments joined the equity and fixed income markets in producing positive returns for the quarter. Alternatives returned 1.51%, as measured by the U.S. Multialternative Fund peer group. The AMS IC maintains a slightly favorable view of alternatives for their potential to mitigate risk during an equity downturn.

For sector information relating to charts and commentary above, see index definitions on pages 5 through 6. Portfolio Positioning reflects the AMS IC's general opinions regarding how exposure to various market sectors may help or hinder achieving a portfolio's long term objective and 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. 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.



FINAL THOUGHTS

Many factors have the potential to influence the markets in the coming months, including U.S. federal policy initiatives affecting the economy, the Federal Reserve's commitment to interest-rate normalization and debt reduction, discord between the United States and North Korea, natural disaster recovery efforts, and the United Kingdom's negotiated withdrawal from the European Union. Such uncertainties affirm the AMS IC's diligent approach to asset allocation and diversification for their potential to mitigate risk in Freedom portfolios.

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. 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. 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.
- 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.
- 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.

Bloomberg Barclays Global Aggregate Ex USD TR USD (International Fixed Income): A measure of global investment grade debt from twenty-four different local currency markets. This multi-currency benchmark includes fixed-rate treasury, government-related, corporate and securitized bonds from both developed and emerging markets issuers.

Bloomberg Barclays U.S. High Yield - 2% Issuer Cap (U.S. High Yield): The index is the 2% Issuer Cap component of the U.S Corporate High Yield Index.

Bloomberg Commodity TR USD (Commodities): This index is composed of futures contracts and reflects the returns on a fully collateralized investment in the BCOM. This combines the returns of the BCOM with the returns on cash collateral invested in 13 week (3 Month) U.S. Treasury Bills.

Bloomberg Barclays Municipal TR USD (U.S. Municipal Bonds): A market-value-weighted index for the long-term tax-exempt bond market. To be included in the index, bonds must have a minimum credit rating of Baa. They must have an outstanding par value of at least $7 million and be issued as part of a transaction of at least $75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date.

JPM EMBI Global Diversified TR USD (Emerging Market Fixed Income): This index is an unmanaged, market-capitalization weighted, total-return index tracking the traded market for U.S.-dollar-denominated Brady bonds, Eurobonds, traded loans, and local market debt instruments issued by sovereign and quasi-sovereign entities.

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): This 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.

MSCI EM Small NR USD (Emerging Markets Small Cap): This 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 small cap returns into account.

MSCI United Kingdom GR: This index measures the performance of the large and mid cap segments of the UK market. This index covers approximately 85% of the free float-adjusted market capitalization in the UK.

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.

Morningstar US OE Nontraditional Bond (Nontraditional): The category is meant as a home for funds that pursue strategies that diverge in some way from conventional practice in the bond-fund universe. The two most prominent flavors of funds in this new category typically describe themselves as pursuing either unconstrained or absolute return strategies. Funds in the unconstrained camp typically highlight their broad mandates to invest heavily across a wide spectrum of sectors and their ability to take their durations (a measure of interest-rate sensitivity) down to zero, or even negative. Absolute-return-focused funds usually emphasize their intent to generate positive returns and avoid losses, regardless of the market environment.

Morningstar US OE Managed Futures (Managed Futures): These funds typically take long and short positions in futures options, swaps, and foreign exchange contracts, both listed and over-the-counter, based on market trends or momentum. A majority of these funds follow trend-following, price-momentum strategies. Other strategies included in this category are systematic mean-reversion, discretionary global macro strategies, commodity index tracking, and other futures strategies. More than 60% of these funds' exposure is invested through derivative securities.

Morningstar US OE Long-Short Equity (Long/Short Equity): This category's constituents take both long and short positions in equities and related derivatives with the intention of hedging against the downside.

Morningstar US OE Market Neutral (Market Neutral): These are funds that attempt to eliminate the risks of the market by holding 50% of assets in long positions in stocks and 50% of assets in short positions. Funds in this group match the characteristics of their long and short portfolios, keeping factors such as P/E ratios and industry exposure similar. Stock picking, rather than broad market moves, should drive a market-neutral fund's performance.

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.

Russell 3000 Index: Measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

Russell 2000 Index (U.S. Small Cap): Measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Index is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

Russell Mid Cap TR USD (U.S. Mid Cap): Measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index.

S&P 500 Index (U.S. Large Cap): This 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.

S&P Developed Ex US Small TR USD (International Small Cap): Was formerly known as S&P/Citigroup EMI Growth World ex-U.S. Index. The S&P Developed ex-U.S. Small Cap Growth Index is a subset of the S&P Developed Broad Market Index. The Small Cap Index covers the lowest 15% of all publicly listed equities in the Broad Market Index within a given country with float-adjusted market values of U.S. $100 million or more and annual dollar value traded of at least U.S. $50 million in all included countries. S&P Developed ex-U.S. Small Cap Growth Index represents approximately 3,552 small-cap companies from the developed nations in North America, Europe, Africa/Middle East and Asia Pacific (excluding the United States) that exhibit strong growth characteristics.

TERMS & DEFINITIONS:

Dow Jones Industrial Average: The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange (NYSE) and the NASDAQ.

NASDAQ: The market capitalization-weighted index of approximately 3,000 common equities listed on the NASDAQ stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks, as well as limited partnership interests.

RAYMOND JAMES®

880 CARILLON PARKWAY // ST. PETERSBURG, FL 33716 // 800.248.8863 // 727.567.1000 // RJFREEDOM.COM