



Q&A with Kevin Pate

Vice President, Asset Management Services Research

Q. As a member of the Asset Management Services Investment Committee, what unique viewpoint do you bring to the table?

As one of five members responsible for investment committee decisions, I'm fortunate to be surrounded by talented people. Together, we set strategic direction and refine the portfolios in light of new opportunities or risks that surface which could challenge

“We've seen enough mediocrity to understand excellence, which contributes to the **collective wisdom** we carry with us and is, what I believe to be, our greatest asset as a research team.”

portfolio objectives. I believe my ability to collect and synthesize real-time market insights from our team's field work, along with unique access to managers, has been a great complement to the strategic thinking applied within the committee. Overall, I'm proud to stand among our deep and experienced research team whose due diligence of worldwide market participants is exceptional in my opinion.

Q. How have your experiences shaped your approach to investing for clients?

I'm happy to be part of what I believe to be one of the most tenured and respected teams in our field. With more than 15 years of manager research experience, I've led numerous meetings with managers whether at their locations or ours. As a group, we've seen and interviewed leaders of these organizations that have grown fantastically and those that have gone through sudden collapse. We've seen enough of the same problems take shape to see red flags that often help us proactively recognize patterns so we are better positioned to potentially mitigate consequences. We've also tracked investors along their journeys to manage wealth, which has led to our strong understanding of their experiences along the way. We've refined our work over time and have seen enough mediocrity to understand excellence, which

contributes to the collective wisdom we carry with us. I believe that is our greatest asset as a research team.

Q. How does your background as a fixed-income specialist shape your approach to investing on behalf of Freedom clients?

While we promote a generalist culture within the research team, we align ourselves into smaller, asset-class specific groups according to individual interests. My membership on the fixed income team suits my predisposition to core conservative investments. Fixed income investors tend to be highly risk aware, with the consequence of lending money being the risk of not being repaid at all. This asymmetric relationship between risk and reward demands a high level of scrutiny and skepticism – consistent with my attitudes about the markets. I spend much more time engrossed in chasing down the chances of something going wrong in the portfolios than what is actually going according to plan.

Q. Where do you see the greatest opportunity and risk for investors over the next six to 12 months?

It's an interesting, and quite challenging, time to invest. Neither equity nor fixed income markets are particularly inexpensive, central banks continue to intervene in the normal functioning of markets, and the growth of countries continues to vary widely while currency differentials are at extremes. For excess equity capital, we favor improving local growth dynamics taking root in developed overseas markets. In fixed income, conditions are challenging with late cycle, credit market developments colliding with the start of rate normalization. We believe credit spreads in high yield imply more event risk than fundamentals support and offer decent risk-adjusted return potential in modest amounts – although some classic credit market signals have us cautious. At this stage of the market cycle, we advocate vigilance while reaching for both yield and return. ■

For more information on the AMS research team, visit rjfreedom.com.

A founding member of the AMS Investment Committee, Kevin Pate is a vice president with Raymond James and plays an integral leadership role within AMS research. After joining Raymond James in 1996 as part of the AMS trading team, he focused his efforts in 2000 on manager search and selection. Kevin has been instrumental in building the platform for Separately Managed Accounts (SMA), which includes third-party managers to consider for client portfolio management. Responsible for discretionary decisions pertaining to products managed by AMS, he recently expanded his role within AMS to co-lead dedicated asset allocation and portfolio construction efforts. He holds a bachelor's degree in finance from Florida State University.

Mutual funds are sold by prospectus only. Investors should consider the investment objectives, risks, charges and expenses of an investment company carefully before investing. The prospectus contains this and other information about an investment company and is available from your financial advisor. The prospectus should be read carefully before investing.

The foregoing content reflects the opinion of Raymond James Asset Management Services and is subject to change at any time without notice. The aforementioned material is for information purposes only and should not be used or construed as a recommendation regarding any security outside of a managed account.

Past performance is not a guarantee of future results. Indexes are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses, which would reduce returns. Asset allocation and diversification do not ensure a profit or protect against a loss.

There is no assurance that any investment strategy will be successful or that any securities transaction, holdings, sectors or allocations discussed will be profitable. It should not be assumed that any investment recommendation or decisions made in the future will be profitable or will equal any investment performance discussed herein. Strategies discussed are subject to change at any time by Asset Management Services due to market conditions or opportunities.

Please note that all indices are unmanaged and investors cannot invest directly in an index. An investor who purchases an investment product which attempts to mimic the performance of an index will incur expenses that would reduce returns.

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.

- High-yield (below investment grade) bonds are not suitable for all investors.
- 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.
- International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility.

- Investing in emerging markets can be riskier than investing in well-established foreign markets. Investing involves risk and investors may incur a profit or a loss, including the loss of all principal.
- Investing in small-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor.
- Commodities trading is generally considered speculative because of the significant potential for investment loss. Commodities are volatile investments and should only form a small part of a diversified portfolio. Among the factors that could affect the value of the fund's investments in commodities are cyclical economic conditions, sudden political events, and adverse international monetary policies.
- These portfolios may be subject to international, small-cap and sector-focus exposures as well.
- 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.
- Accounts may have over weighted sector and issuer positions, and may result in greater volatility and risk.
- Diversification does not ensure a profit or protect against a loss.
- 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 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.

RAYMOND JAMES®

Not FDIC or NCUA Insured • No Bank Guarantee • May Lose Value