RAYMOND JAMES

Raymond James Research Portfolios

Investment Strategy: Portfolio Strategy Equity Income

The Portfolio Strategy Equity Income portfolio combines a top-down sector approach with bottom-up stock selection in an attempt to provide a diversified, large-cap income-oriented, equity portfolio solution.

PHILOSOPHY

The Equity Portfolio & Technical Strategy (EPTS) group, led by Managing Director Michael Gibbs, has historically assisted advisors with the development of strategic investment and portfolio solutions using fundamental, quantitative, and technical analysis. The EPTS team now offers its Equity Income portfolio on the fee-based Raymond James Research Portfolios (RJRP) platform. The Portfolio Strategy portfolios seek to provide investors higher returns without strict adherence to style box allocation. Gibbs joined Raymond James in 2012 with the acquisition of Morgan Keegan.

COMPETITIVE EDGE

The Portfolio Strategy Equity Income portfolio's competitive advantage stems from the EPTS group's work as market and sector strategists, together with their use of Raymond James proprietary research and access to shared research platforms which keeps the team aware of fundamental trends within industries and individual equities.

THE TEAM

Michael Gibbs
Managing Director, Equity Portfolio & Technical Strategy group
- Joined Raymond James in 2012
- Member of Investment Strategy and Canadian Investment Strategy Committees
- In the industry since 1986

Joey Madere, CFA
Senior Portfolio Analyst, Equity Portfolio & Technical Strategy
- Joined Raymond James in 2012
- In the industry since 2010

Richard Sewell, CFA
Senior Portfolio Analyst, Equity Portfolio & Technical Strategy
- Joined Raymond James in 2012
- In the industry since 2010

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PROCESS

The Portfolio Strategy Equity Income Portfolio is designed to produce long-term appreciation by combining current and growing dividends with appreciating share prices.

The portfolio will seek broad diversification across most major economic sectors. A top-down investment approach to these broad sectors will be taken to determine the desired sector exposure of the portfolio. A bottom-up approach to stock selection will be applied thereafter.

The portfolio's top-down sector approach determines appropriate weightings for sector and subsector exposures within the portfolio.

The bottom-up stock analysis process maintains a bias toward large-cap companies with growing dividends. Fundamental research resources available to the EPTS group are utilized to aid in stock selection.

HEAD/TAILWINDS

The strategy attempts to outperform the S&P 500 index over a full market cycle, with a similar volatility profile. The strategy may experience weaker relative return potential when momentum is driving the market or when growth stocks are in favor over dividend-payers.

INTENDED FIT & STYLE

The Portfolio Strategy Equity Income portfolio can be suitable for a client with income needs from large-cap securities. Although large-cap, dividend-paying stocks are often less volatile than the broad equity market, the limited number of stock positions in the portfolio may result in volatility equal to or somewhat above the broader U.S. equity market.

CONSTRUCTION

The Portfolio Strategy Equity Income portfolio is a diversified portfolio of approximately 20 predominantly large capitalization companies, while including the ability to add mid-capitalization stocks if the management team sees a fit. The portfolio is expected to provide a dividend yield in excess of the dividend yield provided by the S&P 500.

SELL DISCIPLINE

The EPTS group abides by the following sell discipline for its Portfolio Strategy portfolios:

- **Analyst Rating Change:** Downgrades will be closely analyzed, but downgrades alone, especially downgrades due to loss of coverage because of analyst departure, do not necessarily trigger sells.
- **Sector Re-weighting:** Due to a limited number of positions, favorable positions may be sold to make room to change industry sector allocation.
- **Better Idea In Sector:** The goal is to own the most attractive stocks in each group.
- **Fundamental Weakness:** Weakness relative to analyst expectations or consensus estimates; turn around stories are given latitude in this category.
- **Significant Underperformance:** Underperformance relative to general market or industry group.

Q3 2020	RAYMOND JAMES RESEARCH PORTFOLIO Portfolio Strategy Equity Income

Location	St. Petersburg, FL
Manager(s)	Michael Gibbs
Avg. # Holdings	20-30
Annual Turnover	10% - 30%
Firm Assets	$586.3 Million (as of 6/30/20)
Strategy Assets	$416.7 Million (as of 6/30/20)
AMS Assets	RJCS: $336.1 Million
Model Delivery	Yes
Status (Account Min.)	Recommended ($100,000)
Year Started in RJCS	2019
Best Index	S&P 500
ETF Proxy	SPDR S&P 500 ETF
Avg. Fund Group	Morningstar Large-cap Blend

Lead Portfolio Manager Michael Gibbs of the Raymond James Equity Portfolio and Technical Strategy (EPTS) group, combines both a top-down investment approach with bottom up stock analysis without adhering to a particular style box allocation. The objective is to provide equity income by combining current and growing dividend yielding stocks with appreciating share prices. The team utilizes their top down approach to determine appropriate sector and subsector exposures.

*Strategy Inception 1/1/2019

Current Style Allocation

	Value	Blend	Growth	
> 35.5 Bil.	40%	24%	24%	Large-cap
5.0 to 35.5 Bil.	2%	10%	0%	Mid-cap
< 5.0 Bil	0%	0%	0%	Small-cap

Stocks	98%	Foreign	0.0%
Bonds	0%	Med. Market Cap (M)	$144,319
Cash	2%	Wtd. Med. Market Cap (M)	$209,795

Top 10 Sector Weights

Sectors	Manager	ETF Proxy
Information Technology	29.1%	28.2%
Health Care	13.8%	14.2%
Industrials	10.5%	8.3%
Financials	10.2%	9.7%
Consumer Discretionary	10.1%	11.6%
Communication Services	9.4%	10.8%
Materials	6.8%	2.6%
Consumer Staples	6.4%	7.0%
Energy	3.9%	2.1%
Utilities	0.0%	3.0%
% Weight In Top 3 Sectors	**53.4%**	**50.7%**

Top 5 Holdings

Symbol	Description	% Holding
AAPL	Apple (Technology)	11.4%
MSFT	Microsoft (Technology)	8.3%
APD	Air Products and Chemicals (Materials)	6.8%
WMT	Walmart Inc. (Cons. Staples)	6.4%
UNP	Union Pacific (Industrials)	5.8%
	% Weight in Top Five Holdings	**38.7%**

Quarterly Attribution vs. ETF Proxy

Top 5 Stocks

Ticker	Description	O/U Weight	Total Effect
APD	Air Products and Chemicals (Materials)	6.40	0.86
AAPL	Apple (Technology)	4.43	0.70
BBY	Best Buy (Cons. Discr.)	2.98	0.48
UNP	Union Pacific (Industrials)	5.13	0.40
WMT	Walmart Inc. (Cons. Staples)	5.51	0.35

Bottom 5 Stocks

Ticker	Description	O/U Weight	Total Effect
CSCO	Cisco Systems (Technology)	3.53	-0.91
CVX	Chevron (Energy)	2.25	-0.64
CB	Chubb (Financials)	3.02	-0.54
MPC	Marathon Petroleum (Energy)	1.78	-0.46
AMZN	Amazon.com (Cons. Discr.)	-4.80	-0.34

Portfolio Characteristics

	Manager	ETF Proxy
Yield	2.5%	1.8%
Trailing 12 Month P/E	25.2	32.7
Forward 12 Month P/E	24.4	29.0
Price/Book	5.6	6.4
Price/Sales	4.6	5.2
Price/Cash Flow	15.8	20.4
P/E-to-Growth (PEG)	2.5	2.4
Return on Equity	30.3%	21.9%
Long-term Growth Rate	7.9%	10.4%
Debt to Capital	44.1%	41.9%
Active Share	78.5%	--

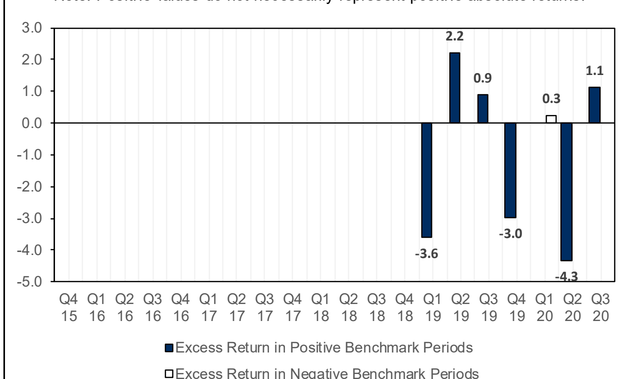
Trailing Returns*

	3rd Qtr.	YTD	1 Year	3 Year	5 Year	Inception*
Mgr. Gross	10.07%	3.17%	9.46%	N/A	N/A	17.02%
Mgr. Net	9.73%	2.16%	8.02%	N/A	N/A	15.18%
Avg. Fund	8.37%	3.15%	11.87%	N/A	N/A	18.31%
Best Index	8.93%	5.57%	15.15%	N/A	N/A	20.61%

Up/Down Market Quarterly Excess Return vs. Best Index

ortfolio: Ray Jay RP PS Equity Incom Benchmark: Ray Jay RP PS Equity Income - Inde

Note: Positive values do not necessarily represent positive absolute returns.



Trailing Standard Deviation

Please remember that volatility does not measure the risk of a permanent loss of capital.

	3 Year	5 Year	Inception*
Mgr. Gross	N/A	N/A	22.78
Avg. Fund	N/A	N/A	25.57
Best Index	N/A	N/A	25.34

Calendar Returns

	2019	2018	2017	2016	2015	2014
Mgr. Gross	27.62%	N/A	N/A	N/A	N/A	N/A
Mgr. Net	25.35%	N/A	N/A	N/A	N/A	N/A
Avg. Fund	30.11%	N/A	N/A	N/A	N/A	N/A
Best Index	31.49%	N/A	N/A	N/A	N/A	N/A

Modern Portfolio Theory Stats

	Alpha	Beta	R^2	Sharpe	IR
1.75 Year	-1.27	0.88	0.96	0.67	NM
10 Year	N/A	N/A	N/A	N/A	N/A

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*While quarterly performance is informative, we encourage investors to judge investment skill over long time horizons. Please see RJCS performance disclosures beginning on pg. 205.

Additional information regarding this strategy is available from your financial advisor and the manager's Form ADV 2A.

The foregoing content reflects the opinions of Raymond James Asset Management Services and/or the manager, and is subject to change at any time without notice. Content provided herein is for informational purposes only and should not be used or construed as investment advice or a recommendation regarding the purchase or sale of any security outside of a managed account. This should not be considered forward looking, and does not guarantee the future performance of any investment.

Risks:

Separately Managed Accounts (SMAs) may not be appropriate for all investors. SMA minimums are typically $100,000 to $250,000, may be style specific, and may be more appropriate for affluent investors who can diversify their investment portfolio. RJRP may be more appropriate for affluent investors with $300,000 or more to invest. 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. Diversification does not ensure a profit or protect against a loss. Past performance is no guarantee of future results. There is no assurance that any investment strategy will be successful.

- 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. 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.
- 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.
- 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.

Performance: Gross performance shown must be accompanied by net of all fees performance. Gross performance figures are before any and all fees. Investment management fees, brokerage fees, and any other expenses that may be incurred will reduce actual returns. The maximum total fee to the client is 2.6%. When fees are deducted quarterly, total portfolio performance will be reduced at a compounded rate. Net results are after all fees including management fees, brokerage fees, and transaction costs, but not domestic taxes. Performance includes reinvestment of all income, dividends and capital gains. When accounts open in RJRP, performance is based on a size-weighted (asset-weighted) composite of all fully discretionary, wrap-fee accounts. RJRP results are calculated using the Discounted Cash Flow Method, are time-weighted, and include cash in the total returns. Canceled accounts remain in the composite through their last full month. Composite performance generally begins when the strategy has three or more accounts open and invested for at least one full month. Performance assumes reinvestment of all dividends, capital gains and income. Dividends are not guaranteed and a company's future ability to pay dividends may be limited. Reported composite performance was not duplicated by every individual account in the composite, resulting in a different return for any particular investor. Performance data have not been audited and are subject to revision. Thus, the composite returns shown above may be revised and Raymond James will publish any revised performance data. Please refer to Raymond James & Associates' Wrap Fee Program Brochure for the RJRP fee schedules. Raymond James reserves the right to replace an existing holding in a strategy at any time.

Manager composite inception date: Portfolio Strategy Equity Income 01/01/19. The best benchmark for Portfolio Strategy Equity Income is S&P 500.

RJCS composite inception date: Portfolio Strategy Equity Income 07/01/19.

Model Delivery: Under the model delivery arrangement, EPTS delivers model portfolio trades to AMS for implementation and are generally not involved in organizing or effecting portfolio trades. Raymond James retains investment authority rather than the manager, and therefore, trades are generally expected to be executed through Raymond James. In addition, Raymond James, rather than the manager, is responsible for proxy voting (unless this authority has been retained by the client), as well as submitting instructions related to corporate actions such as reorganizations and tender offers. There may be differences in trade rotation, timing, and other factors, which could cause performance dispersion where a manager has discretion over client assets versus AMS. AMS Due Diligence monitors and compares RJCS Model Delivery composite performance to the manager's composite performance for each strategy.

The **Best Fit Index** is selected from published indices based on historical returns correlation and consistency with the discipline's investment process and/or holdings. Strategies that cross asset classes or strategies may be shown with a blended benchmark using a combination of indices felt to be representative of the elements of the discipline. These indices are not available for direct investment. Any product which attempts to mimic the performance an index will incur expenses such as management fees and transaction costs that reduce returns.

S&P 500: Representing approximately 80% of the investable U.S. equity market, the S&P 500 measures changes in stock market conditions based on the average performance of 500 widely held common stocks. It is a market-weighted index calculated on a total return basis with dividend reinvested.

Morningstar Average Fund Group: Represents the Morningstar Fund Category Performance that Raymond James Consulting Services deems best correlates with the stated objective. This data point provides an additional overview on how a particular manager's strategy stacks up against the comparable average fund group as a whole.

Modern Portfolio Theory Statistics: Alpha is a measure of the difference between a manager's actual returns and its expected performance, given its level of risk as measured by Beta. **Beta** is a measure of how a portfolio varies with respect to the benchmark. A beta greater than 1 is more volatile than the benchmark, while a beta below 1 is less volatile. **Correlation (r2)** reflects the percentage of the change in a portfolio's performance that can be explained by changes in the benchmark performance. A measure of the reliability of index based statistics, correlation can range from 0 (no relationship between movement in the index and movement in the portfolio) to 1 (perfect correlation), with 0.65 being considered by RJCS to be statistically significant. The **Sharpe Ratio** is a measure of risk-adjusted returns and is calculated by subtracting the risk-free rate (90-day Treasuries) from portfolio returns and dividing the result by the portfolio's standard deviation to represent the incremental unit of return for each unit of risk taken. The Sharpe Ratio is positively affected by higher returns and lower volatility, while negative results are not meaningful and are denoted by NM. **Information Ratio** (alpha divided by active risk) is a measure of excess return over a specific benchmark per unit of risk assumed in excess of the benchmark. This risk measure helps determine the degree to which the "bets" taken within the portfolio are paying off. Active Risk is the portion of the total risk/volatility of a portfolio that is unique to the portfolio itself and not related to the overall market. It represents the incremental volatility of an actively managed portfolio caused by stock and sector weightings different from the benchmark.

Portfolio Characteristics: Yield– The individual income yield is calculated for each account in the composite (income received over the quarter / accounts average value). Those yields are then summed and divided by the number of accounts in the composite. This is not representative of a yield realized by any client and is not intended to project the income that a client should expect. **Trailing P/E**– Current share price divided by the most recent four quarters earnings per share. **Forward P/E**– Price to Earnings ratio of the next four quarters – the current price divided by the estimated future earnings. If the next four quarter's earnings are all in the same fiscal year, the annual figure is used instead. **P/B**– Price to Book: share price divided by most the company book value (liquidation value). **P/S**– Price to Sales: share price divided by sales per share. **P/CF**– Price to Cash Flow: share price divided by cash flow per share. **PE/G**– Price-to-Earnings over Growth: forward P/E divided by the LT Growth Rate**. ROE**– Return on Equity: net income divided by common equity; indicates the return on common stockholders' investment. **LT Gr. Rate**–Long Term Growth: the estimated growth in earnings for the next five years. **Debt/Capital** measures the ratio of long-term liabilities to the total capitalization of the company. **Active Share**– Represents the fraction of portfolio holdings that differ from the benchmark index, thus emphasizing stock selection.

For Portfolio Characteristics, Sector/Country Weights, and Quarterly Attribution data, an ETF proxy may be used in place of the Best Index. The proxy ETF used for the S&P 500 Index is SPDR S&P 500 ETF Trust (SPY).

Charts and Illustrations: Standard Deviation is a measure of volatility, commonly viewed as risk. Regarding quarterly returns, it is the square root of the variance, which equals the expected value of the squared deviation from the mean value. **Turnover** is an estimate of the manager's level of trading activity. It is an average of purchases and sales divided by average assets, presented as a long-term annual average. **Market-cap** is a measure of the size of companies and is calculated by multiplying the shares outstanding by its price per share. Market caps greater than $10 billion are typically viewed as Large, while those less than $2 billion are Small Cap. Mid-Cap stocks fall between these ranges. Dispersion is the difference between the highest and the lowest performing accounts in a composite for the most recent quarter, net of fees. The difference illustrates the range of returns around reported performance. **Up/Down Market Quarterly Excess Return vs. Best Index** chart displays the quarterly excess return (positive or negative) versus a benchmark. Each bar is color coded to represent a positive benchmark return or a negative benchmark return (black bar in an up market, white bar in a down). This chart is intended to illustrate participation in up and down markets. Please note that positive chart values do not necessarily represent positive total returns for a quarter. A composite with a total return of -5% will appear as +2% in a white bar when compared to a benchmark that returned -7% over the same quarter. **Quarterly Attribution** reports are used to explain portfolio performance relative to a benchmark. The Quarterly Attribution chart found in A Closer Look displays the most additive (top five) and most detractive (bottom five) portfolio holdings over the most recent quarter. The chart displays either the portfolio's over- or underweight position (O/U Weight) in a security relative to its weight in the benchmark and the consequential performance of that holding over the most recent quarter (Total Effect). It is important to remember that attribution analyses measure performance relative to the portfolio's benchmark. While quarterly performance is informative, we encourage investors to judge investment skill over long time horizons.

Style Allocation: The equity style box is a nine-box matrix that displays both the manager's investment methodology-- as determined by FactSet's six-factor Russell Index constituency comparison -- and the size of the companies in which it invests based on the positions held as of the last day of the quarter. Combining these two variables offers a broad view of where the managers are looking for value. For a complete and detailed explanation of the proprietary method used to determine the allocations, please call our Due Diligence department.

Additional Definitions: Fundamental Analysis: A method of evaluating a security that entails attempting to measure its inherent value by examining related economic, financial and other qualitative and quantitative factors. **Quantitative analysis** is the use of math and statistical methods to evaluate ***investment*** opportunities and make decisions on when to buy or sell securities.

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