

Freedom Focus

NEWS FROM ASSET MANAGEMENT SERVICES | WINTER ISSUE

We appreciate your continuing partnership as we work toward helping you achieve your long-term investment goals. The biannual Freedom Focus, delivered in winter and summer issues, is designed to keep you informed about the management and general progress of your Raymond James Freedom account in view of overall economic and market conditions.

Market Overview

Is There Reason for Hope? Yes!

No one needs to tell you how difficult the past 12 months have been. But we at Asset Management Services believe that the astute investor understands this also could be the opportunity of a lifetime.

As we've shown in various research reports available through your financial advisor and on www.RJFreedom.com, the current period has shown us market behavior rarely seen in the industry. For investors in diversified portfolios such as Freedom, the reason is actually relatively simple: Virtually every asset class has been negatively impacted by economic conditions, leaving few categories to provide the lift a diversified portfolio would generally expect when particular asset classes are underperforming.

For example, when the tech bubble burst in 2001, some diversified portfolios were able to limit their losses as money shifted away from growth stocks into other asset classes in which they were already invested. As investments moved into perceived safer investment categories, it drove up values and helped offset losses.

The move in this current correction has more often been to cash or money market positions, which has compounded losses as investors redeem accounts and drive down security

values across nearly all asset classes.

Conventional wisdom instructs that Wall Street tends to build in economic recoveries well before the actual relief is felt on Main Street. We believe that this will be true again, particularly considering the global, multifaceted, proactive approach being undertaken to addressing the problems.

Further, recent studies show that there is more money in cash positions than at any other time in history. We believe that in order for some to reach their long-term financial goals, investors will eventually need to reinvest in securities. The longer they wait, the smaller the window may be for them to recover and continue building wealth.

Asset Management Services believes that when this change in investment pattern begins, it will be contagious, driving the markets back into a more typical performance scenario and reinvigorating the benefits of diversification. That is not to suggest that we've seen the end of the difficulties, but only to remind investors that timing the market is exceedingly difficult.

We further believe that if you have not already, it is time to discuss rebalancing or additional investment with your financial advisor. Missing only a handful of the best performing days of a market recovery can have significant impacts on the long-term performance of your portfolio, particularly in light of the past year's underperformance.

Manager Contact During the Quarter

Visits to Manager's Office	7
Conference Calls	23
Mercer Visits on RJ's Behalf	6
RJ Home Office Visits	5
Total Contacts	41

Market Snapshot

	Q4 2008	Q3 2008	YTD
S&P 500	-22.0%	-8.4%	-37.0%
Russell 2000	-26.1%	-1.1%	-33.8%
MSCI EAFE	-20.0%	-20.6%	-43.4%

Past performance is not a guarantee of future results. Indices are not available for direct investment. See disclosure for index descriptions.

By Definition

As a service to our Freedom clients, we define a trio of financial terms or concepts appearing in business headlines:

Black Swan – An event or occurrence that deviates beyond what is normally expected of a situation and that would be extremely difficult to predict. This term was popularized by Nassim Nicholas Taleb, a finance professor and former Wall Street trader.

Panic Selling – Wide-scale selling of an investment, causing a sharp decline in price. In most instances of panic selling, investors just want to get out of the investment, with little regard for the price at which they sell.

Loss Psychology – The emotional aspects associated with investing and the negative sentiment associated with recognizing a loss. The fear of financial losses can be overcome, but it requires looking at what has happened logically and learning from it so that you can avoid the same situation in the future.

SOURCE: Investopedia.com

Introducing the Freedom UMA

Asset Management Services is pleased to introduce a new multiple-investment platform that combines separately managed accounts (SMAs) and mutual funds into a diversified portfolio with one account number.

The Freedom UMA is constructed with the same Raymond James Consulting Services 4-Step Process you currently enjoy in your mutual fund or ETF portfolio, yet utilizes SMAs in most asset classes. In some models, mutual funds are introduced to access asset classes not widely tapped by SMA managers, but which nonetheless provide important diversification characteristics to your portfolio.

Like other Freedom accounts, UMA account holders receive automatic annual rebalancing, comprehensive performance reporting and models constructed by AMS Institutional Research that are populated with managers screened by AMS Due Diligence.

There are more than 50 model choices available in six investment objectives to accommodate different risk tolerances and return expectations.

Contact your financial advisor for more information and learn whether the Freedom UMA may be right for you.

RJFreedom.com

Did you know that Asset Management Services maintains a public website dedicated solely to the Freedom platform of accounts at www.RJFreedom.com?

There, you will find a wide range of information about the Freedom asset allocation models, the Raymond James Consulting Services 4-Step Process utilized to build and maintain portfolios, as well as up-to-date news and commentary.

Each month, you can find updated information on the performance of the capital markets, as well as in-depth research reports that help explain why investments are behaving a particular way and what you and your advisor may wish to consider. From understanding how markets have historically recovered to why rebalancing can be important to achieving long-term financial goals, it's all there for you.

Contact your financial advisor for more information or explanation of the Freedom accounts.

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 the Freedom Portfolios before investing. The prospectus contains this and other information about the funds and should be read carefully before investing. Investing involves risk and investors may incur a profit or a loss.

Separately Managed Accounts (SMAs) may not be appropriate for all investors. SMA minimums are typically \$100,000 and greater, thus SMAs may be more appropriate for affluent investors with \$300,000 or more to invest.

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

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. Past performance is not indicative of future results. Asset allocation and diversification does not ensure a profit or protect against a loss.

Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. 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. Municipal bond interest is not subject to federal income tax but may be subject to AMT, state or local taxes.

Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, may not be appropriate for every investor. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. High-yield (below investment-grade) bonds are not suitable for all investors. When appropriate, these bonds should only comprise a modest portion of your portfolio.

U.S. Treasury Inflation Protected Securities (TIPS) are direct obligations of the U.S. government, and are backed by the full faith and credit of the government. The principal and interest are protected from inflation. Although deflation could cause the principal to decline, the Treasury will pay at maturity an amount that is no less than the par amount as of the date the security was first issued.

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.

Standard & Poor's 500 (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.

Russell 2000 | Based on a combination of their market cap and current index membership, this index is comprised of approximately 2,000 of the smallest securities in the Russell 3000 Index.

MSCI EAFE (Europe, Australasia, Far East) | A free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the United States & Canada. As of June 2007 the MSCI EAFE Index consisted of the following 21 developed market countries: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.