RAYMOND JAMES

Freedom market commentary

Q3 2022

Global markets experienced another period of heightened volatility late in the third quarter as investors reacted negatively to news that interest rates are likely to push higher than previously expected. Stocks and bonds fell in tandem, which is historically uncommon, though it tends to occur when inflation becomes disruptive.

The U.S. Federal Reserve, responding to persistently high inflation and a relatively tight labor market, made clear in September its intention to continue raising interest rates until inflation decisively subsides. Where the federal funds rate had been projected to reach a range of 3.5% to 3.75% by the end of the year and possibly reach 4.0% in early 2023, the year-end range is now 4.0% to 4.25% with the potential to hit 4.5% in February.

Investors expressed their discomfort not only with the higher range, but also with not knowing quite where – or when – the Fed might stop. Inflation and tightening global monetary policy, as well as the slowing of economic growth that will result from them, led to an additional repricing lower for the capital markets in the third quarter – a consistent theme for 2022.

EQUITY

U.S. large-cap equity returned -4.9% for the third quarter of 2022, as measured by the S&P 500 Total Return index, while U.S. small- to mid-cap equity returned -2.8%, as measured by the Russell 2500 Total Return index. Reflecting consumer commitment to spending, the consumer discretionary sector led the way, returning 4.4% for the quarter, as measured by the S&P 500 Consumer Discretionary Total Return index. Energy, boosted by supply constraints created by the Russia-Ukraine war, returned 2.4%, as measured by the S&P 500 Energy Total Return index. All other sectors, including those considered more defensive, posted negative returns.

THIRD QUARTER HIGHLIGHTS

Inflation remains elevated

Central banks raise interest rates

Stocks and bonds experience losses

INVESTING INSIGHTS

BOND YIELDS RISE

The selloffs in both the stock and bond markets have been especially challenging for those who are invested more conservatively – people who look for their bond allocations to mitigate the risk of an equity drawdown. The higher interest rates that pushed bond prices down, however, correlate to higher starting yields for newly issued bonds. We expect to see high quality bonds well-positioned to generate the income and returns investors have historically seen from core fixed income. With much of the downside pain having already been absorbed, the bond market may offer opportunities for investors with additional capital to deploy.

International markets felt the same inflationary pressures, in some instances made worse by the Russia-Ukraine war. Non-U.S. developed markets equity returned -9.4%, as measured by the MSCI EAFE Net Return index in dollars, and emerging markets returned -11.6%, as measured by the MSCI Emerging Markets Net Return index in dollars. The rapidly rising dollar also contributed to negative returns for U.S. investors in foreign markets.

EQUITY POSITIONING IN FREEDOM PORTFOLIOS

The Asset Management Services (AMS) Investment Committee, which oversees Freedom portfolios, has a constructive view of equity based on the outlook for continued, albeit slower, economic growth. As such, portfolios aligned with objectives that focus on capital appreciation – balanced, balanced with growth, growth and global – are overweight equity. Within equity allocations, all Freedom portfolios are overweight U.S. equity, primarily large caps, based on high levels of profitability, a strong base of the labor market and robust consumer demand despite high inflation levels. The committee believes the U.S. is better positioned than the rest of the world. Portfolios are also overweight U.S. defensive and low-volatility equity, which has fared well in the environment of tighter monetary policy and decelerating growth outlooks.

The committee has a cautious view of non-U.S. developed markets equity, based on deteriorating fundamentals. The committee has a neutral view of emerging markets equity, while the outlook for net exporters remains favorable.

EQUITY RETURNS

Source: Morningstar as of 9/30/2022

FIXED INCOME

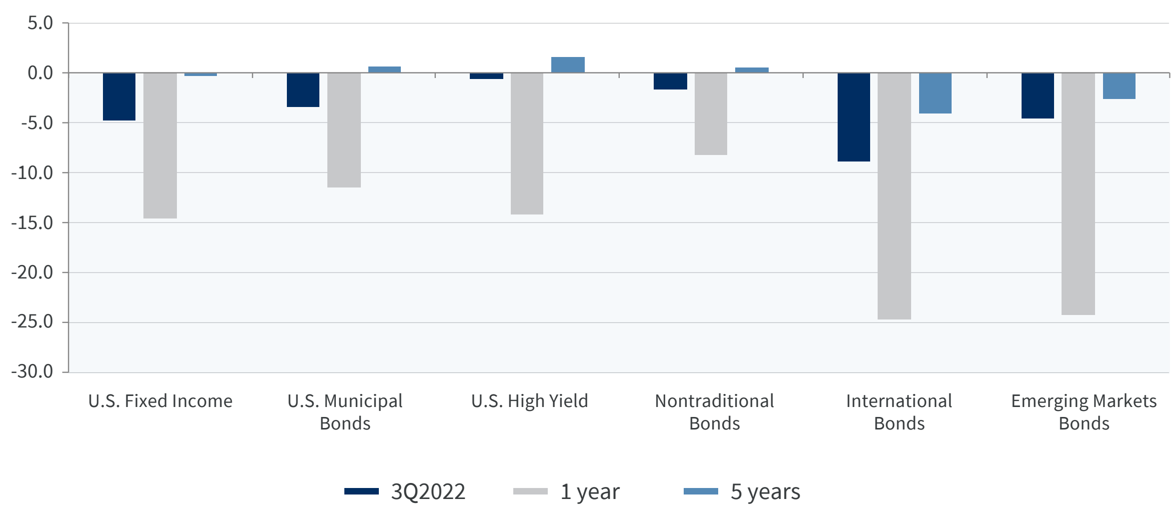
Core fixed income returned -4.8% for the quarter, as measured by the Bloomberg U.S. Aggregate Bond Total Return index, its third consecutive quarter with a negative return. As interest rates rose, yields pushed higher and prices dropped lower. The Fed raised rates by 1.0% in September, with more increases on the way in November and December.

FIXED INCOME POSITIONING IN FREEDOM PORTFOLIOS

The AMS Investment Committee holds a cautious view of fixed income, though bonds are becoming more attractive considering both lower potential risks and decent compensation in starting yields. Believing the bond market has now priced in anticipated interest rate increases – putting yields at or approaching their high points – the risk-return potential of longer term bonds has improved. Portfolios recently shifted away from short-term bonds, seeking to capture the return features available for longer duration bonds.

FIXED INCOME RETURNS

Source: Morningstar as of 9/30/2022

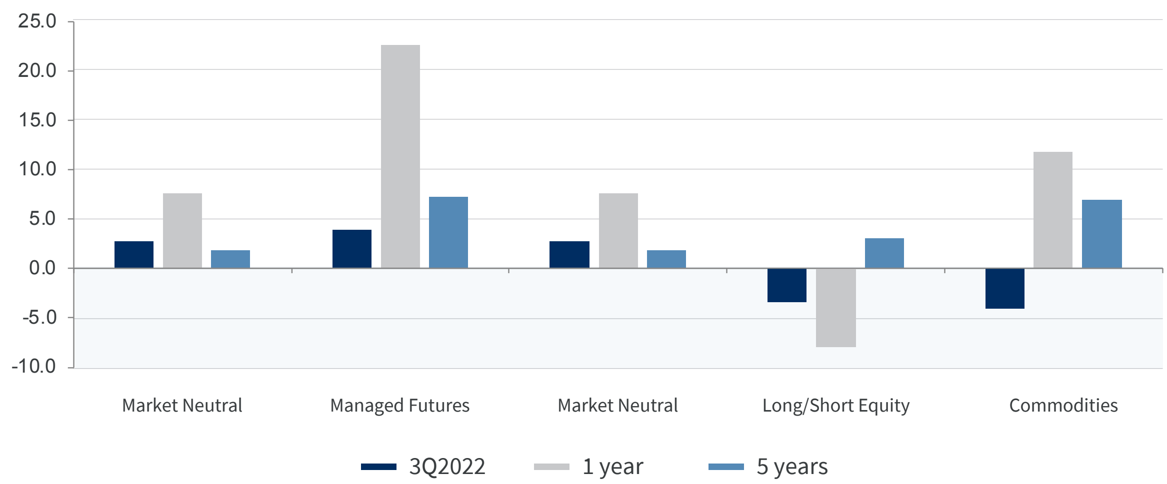


ALTERNATIVES

Alternative investments returned -1.2% for the quarter, as measured by the U.S. Fund Multistrategy peer group. This asset class, valuable for its ability to provide diversification, outperformed equities and core fixed income, as would be expected when returns for both are negative.

ALTERNATIVE INVESTMENTS RETURNS

Source: Morningstar as of 9/30/2022



ALTERNATIVES POSITIONING IN FREEDOM PORTFOLIOS

The AMS IC holds a cautious view of alternative investments, which are utilized for diversification purposes.

OUTLOOK

Inflation likely will show meaningful softening in the coming months as supply chain issues improve, the labor market softens and the Fed's tighter monetary policies begin to meaningfully affect consumer spending. Headline inflation likely has peaked, while core inflation may take a while to moderate, partially reflecting the lagging nature of data releases in items such as housing and rent.

While the pace of U.S. economic growth has slowed, earnings outlooks remain steady, with just a minor downward adjustment in recent months. As talk of recessionary conditions increases, the balance between slowing demand and the overall strength of the U.S. economy will be closely monitored. The outlook for the United States is expected to be better than for other developed economies, where inflation is expected to remain higher for longer and countries will continue to be disproportionately affected by the Russia-Ukraine war.

Though volatility is likely to remain elevated for the remainder of 2022, strong fundamentals and lower prices make the equity market attractive. Higher starting yields make the bond market more attractive, with much of the loss associated with rising interest rates having already been priced in during the first nine months of the year.

While volatile markets can be stressful, they also present opportunities. The AMS Investment Committee evaluates Freedom portfolios on a continuous basis, and any changes would be in an attempt to earn the best possible return for the amount of downside risk the committee is willing to tolerate, in alignment with portfolio objectives.

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

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. 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.

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. The prospectus contains this and other information about the funds and should be read carefully before investing. All investments are subject to risk, including loss.

You should understand that the annual advisory fee charged in these programs is in addition to the management fees and operating expenses charged by mutual funds and exchange traded funds, if applicable. These additional considerations, as well as the fee schedule, are listed more fully in the Client Agreement and Raymond James & Associate's Form ADV Part 2A.

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.

Additional risks may include:

- 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.
- 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.
- These portfolios may be subject to international, small-cap and sector-focus exposures as well. Accounts may have overweighted sector and issuer positions, and may result in greater volatility and risk.
- 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.
- 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.
- 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 that 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 U.S. 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. and 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.

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.

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, the Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

Morningstar US Fund Multistrategy: Funds in this category typically have a majority of their assets exposed to alternative strategies but, at a minimum, alternatives must comprise greater than 30% of the strategy's gross exposure. The category includes funds with static allocations to alternative strategies as well as those that tactically adjust their exposure to different alternative strategies and asset classes.

Russell 2500 Index: Based on a combination of their market capitalization and current index membership, this index is comprised of approximately 2,500 of the smallest securities from the Russell 3000. Measures the performance of the small to mid-cap (smid) segment of the U.S. equity universe.

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.

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