THE FREEDOM ACCOUNT

Institutional-Quality Portfolio for Individual Investors
Freedom

It’s what every investor wants: freedom of choice, freedom to pursue your goals in the way that is right for you.

Now Raymond James makes freedom attainable through the Freedom Account, a diversified portfolio that incorporates every step of the investment process and is maintained by Raymond James professionals. We will guide you to an allocation constructed from a broad range of asset classes and select and monitor mutual funds for that allocation, working to make sure the portfolio is well-managed, forward-thinking and sound. You’ll receive clear, informative statements that show performance details and progress. Your account will automatically be rebalanced annually to your selected portfolio asset allocation to ensure that your account matches your original asset allocation target.

Why the Freedom Account?

- Comprehensive investment process captured in a range of fully allocated mutual fund portfolios
- Expertise of the professionals in the Raymond James Asset Management Services Manager Research and Due Diligence department, known for their fundamental research
- Annual rebalancing to keep the asset allocation in line with your objectives
- Advice from a financial advisor who has a vested interest in the success of your portfolio

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.
Unbiased analysts at Raymond James focus on monitoring the funds in your portfolio.

Comprehensive Investment Process: Four Essential Steps

We lay the groundwork by evaluating your objectives and assessing your tolerance for risk. We follow a disciplined process designed to ensure that you receive an institutional-quality portfolio. Our process is founded on the investment techniques used by some of the largest, most sophisticated institutional investors.

Step 1 In step one, we develop forward-looking risk and return assumptions based on economic data and indicators. These forward-looking capital markets assumptions make it possible to move beyond simply using history as a guide.

Step 2 Next, we construct portfolios designed to maximize return potential at each level of risk. Asset allocation choices are very important because every investor has a unique risk comfort level and we have developed portfolios that target a broad range of risk levels. The forward-looking capital markets assumptions are used in a sophisticated optimization process that seeks to offset the volatility of individual asset classes, potentially resulting in lower overall portfolio volatility. It’s a great way for us to help you to stay on track toward your investment goals. Note that asset allocation has been shown to be responsible for approximately 90% of the volatility in a portfolio over time. (Source: Brinson, Beebower and associates, “Determinants of Portfolio Return,” 1986, updated 1991 and 1995.)

Step 3 To fill these portfolios, we do more than just examine a manager’s total returns. We select and hire mutual fund managers who we believe have demonstrated the ability to add value through skill. Because we treat portfolio construction as a distinct piece of the process, we can combine these managers in ways that help maintain the integrity of the asset allocation by avoiding unintentional biases in the portfolio (e.g., toward growth or value).

Step 4 We proactively and continuously monitor each element of the program. Our ongoing research of the asset allocation process and mutual funds themselves is intended to ensure that your Freedom Account stays true to the original investment philosophy over time. We constantly monitor all managers to proactively identify whether there are any changes to their situations or investment processes that could impact performance. Finally, we automatically rebalance your portfolio annually to the original asset mix. All of these features help you to invest with the confidence that your portfolio is designed and maintained in accordance with your goals.

With the Freedom Account, you can set your financial future in the right direction and know that Raymond James will be there to help keep your goals on track.
In 1998, Raymond James & Associates, a member of the New York Stock Exchange, became the first brokerage firm to publish independent, specific recommendations on individual load and no-load funds. Our research is distinctive because it offers investors our opinions about what may lie ahead for an individual fund or fund group. In the past, investors had to rely primarily on rating services which analyzed past performance, but not necessarily what may lie ahead. We believe that making buy and sell decisions based on past ratings is like driving forward while looking only in the rearview mirror.

Today, the Raymond James Freedom Account is managed by the Asset Management Services (AMS) Investment Committee. The AMS Investment Committee’s decisions will be driven by AMS Manager Research and Due Diligence, and may include “Highly Recommended” funds from the Raymond James Mutual Fund Research coverage list. AMS Manager Research and Due Diligence continually monitor the funds in the Freedom Account.
More than 5,000 financial advisors in the United States have chosen to work with Raymond James.

Plan Your Freedom

Freedom starts with your financial advisor. You’ll talk about your current investments, your objectives for security and growth, your goals, and your desires. Together, you and your financial advisor will examine the six Freedom asset allocation portfolios and a seventh high income model, each consisting of mutual funds selected by Raymond James professionals. Freedom portfolios are not tied to any single family of funds, but tailored to a range of risk tolerances, making your financial advisor a key part of your investment progress.

The Freedom Program offers:
- A comprehensive investment process,
- A stringent quantitative and qualitative mutual fund selection process,
- Ongoing review of portfolio holdings by the AMS Manager Research and Due Diligence team,
- The resources of the Raymond James Mutual Fund Research and Marketing department,
- Annual rebalancing, and
- Comprehensive performance reporting.

After you and your financial advisor identify potential changes needed in your current allocation, you’ll choose which Freedom portfolio best suits your needs. As a Raymond James investor, you can feel secure knowing that your financial advisor, together with our mutual fund professionals, is working to help you achieve your dreams.
This more conservative strategy focuses on preservation of capital with relatively low volatility. Investors most likely suited for this strategy are those whose main objective is preservation of capital with a slight hedge against inflation. Due to the low volatility and high liquidity sought in this portfolio, clients with a time horizon of two to three years may be strong candidates.

Asset allocations current as of May 30, 2008, and are subject to change without notice and may include the addition, removal, or substitution of one or more asset classes. 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. International investing also involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. 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. Investing in small- and mid-cap stocks generally involves greater risks and may not be appropriate for every investor. Diversification does not ensure a profit or protect against a loss.
This strategy focuses on obtaining a high income stream from a diversified selection of income producing investments. Investors most likely to be suited to this strategy are those who seek higher income from investments while accepting a higher volatility than a classic fixed income portfolio. The portfolio seeks high income while maintaining liquidity, and may be suitable for investors with a time horizon of three to five years.

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This relatively conservative strategy’s anticipated low volatility represents relatively low risk to principal, yet provides a moderate current income. Investors most likely suited for this strategy will be those whose main objective is stability of capital but who are also seeking moderate growth. While we view this as a relatively low-risk portfolio, we recommend that investors have a time horizon of at least three to four years.

A municipal bond allocation model is also available. Ask your financial advisor for details.
Investors most likely suited for this classic balanced strategy will be those seeking growth while maintaining a fixed income element in an effort to enhance stability of capital in a market downturn. The portfolio may experience moderate volatility because of its greater portion of equity assets. We recommend clients have a minimum four- to five-year investment time horizon.

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This balanced asset allocation strategy is for investors primarily seeking growth, while maintaining a fixed income element in an effort to enhance capital stability in the event of a market downturn, are most. Because a greater portion of the assets are invested in equities, clients may experience moderate risk. We recommend an investment time horizon of four to five years.

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The portfolio attempts to achieve its market objective in a well-diversified, all-equity allocation that combines growth, value, and blend disciplines. Investors primarily seeking growth of assets through a broadly diversified equity strategy are most likely suited for this model. Investors must be willing to accept the higher volatility associated with a 100% equity portfolio. However, because of this model’s diversification, it is anticipated that the volatility will remain below broad equity market levels. A time horizon of five years or longer is strongly recommended to allow full participation in changing market cycles.

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Aggressive Growth Equity Strategy
88% Equity / 0% Fixed Income / 12% Alternative Investments

Investors seeking to maximize return potential through a well-diversified but aggressive strategy are most likely suited for this portfolio. Investors must be willing to accept the increased volatility this portfolio may experience as a result of higher allocations to funds investing in small- and mid-cap securities, though its broad diversification is intended to maintain volatility similar to that of the broad equity market. An investment time horizon of five years or more is strongly recommended for investors in this portfolio. That time frame should allow participation in various market cycles and may maximize growth potential.

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In addition to monthly brokerage statements, Freedom Account holders receive quarterly performance reports summarizing market activity, contributions and withdrawals from the day you open your account. These reports show your preferred asset allocation and time-weighted portfolio performance data. Annual tax information will be provided on the end-of-year brokerage statement.

With the Freedom Account, there are no traditional commissions. Rather, you pay a quarterly fee based on a percentage of the assets under management.* Freedom Accounts offer you an extra level of comfort knowing that Raymond James and your financial advisor have a vested interest in your success.

*All investments are subject to risk. There is no assurance that any investment strategy will be successful. In a fee-based account clients pay a quarterly fee, based on the level of assets in the account, for the services of a financial advisor as part of an advisory relationship. In deciding to pay a fee rather than commissions, clients should understand that the fee may be higher than a commission alternative during periods of lower trading. Advisory fees are in addition to the internal expenses charged by mutual funds and other investment company securities. To the extent that clients intend to hold these securities, the internal expenses should be included when evaluating the costs of a fee-based account. Clients should periodically re-evaluate whether the use of an asset-based fee continues to be appropriate in servicing their needs. These additional considerations, as well as the Freedom fee schedule, are listed more fully in the Client Agreement and the Raymond James & Associates Schedule H Brochure.