

Freedom Market Commentary

Asset Management Services // Q3 2021

THIRD QUARTER HIGHLIGHTS



Equity markets shift toward growth



Central banks remain accommodative



S&P 500 reaches new high



U.S. economy continues to grow

MARKET UPDATE

U.S. economic growth continued to outpace the historical average during the third quarter of 2021, even as it slowed from its previously torrid pace. Amid the spread of the coronavirus delta variant, investors expressed some concern for the economy's ability to keep up with high growth expectations. That hint of doubt expressed itself, for the second time since the recovery began more than a year ago, in a shift away from opportunistic value investing toward the relative durability of growth and large-cap investing. U.S. equity performance was subdued relative to the first half of the year, though generally stronger than international equity and fixed income returns. While economists have adjusted growth expectations for the short term, the runway has been lengthened: Above-average U.S. economic growth is expected to continue for many quarters, likely through 2022.

VALUE AND GROWTH

The equity markets can be subdivided into a variety of categories, most of which are clearly defined and well understood. There's location – domestic or international. There's capitalization – large, mid or small. There's sector alignment based on what a company does – information technology, industrials, healthcare and more. Then there's value and growth, which can cut across any of those categories.

Value investing typically involves identifying companies whose stock prices are considered to be undervalued. It seeks to find hidden gems, so to speak, that appear well-positioned to capitalize on rapid economic growth. The risk is that a stock price may not increase as expected. A shift toward value investing can be an indication investors view economic conditions as more favorable, so are willing to take on additional risk for the potential of above-average growth.

Growth investing typically involves identifying companies that have already experienced above-average growth. Stock prices are already high, possibly even overvalued, and the expectation is that some growth will continue. The risk is that something could cause stock prices to decline. A shift toward growth investing can be an indication investors view economic conditions less favorably, so are more risk-averse.

Market commentary is generic in nature and not necessarily specific to the Freedom objective discussed herein but will include information material to the Freedom platform in general. Freedom Commentary is generally written from a passive standpoint and there are limitations to this data as strategies include active management. Actively managed strategies and holdings may have reacted differently during the quarter than the market segments discussed herein. Indices and peer groups are not available for direct investment. Any investor who attempts to mimic the performance of an index and peer group would incur fees and expenses which would reduce returns. Asset Allocation and Diversification does not ensure a profit or protect against a loss. All investments are subject to risk including a profit or a loss. There is no assurance that any investment strategy will be successful. Past performance is not a guarantee of future results. Dividends are not guaranteed and a company's future ability to pay dividends may be limited.

EQUITY

U.S. large-cap equity returned 0.6% for the quarter, as measured by the S&P 500 TR index. After reaching a new high on Sept. 2, the S&P 500 experienced heightened volatility in the final weeks of the quarter, prompted by uncertainty around economic reports, earnings revisions, congressional debate and the coronavirus. As investors turned away from riskier areas of the market, U.S. small- to large-cap equity returned -2.7%, as measured by the Russell 2500 TR index. Dividend equity returned -1.8%, as measured by the S&P 500 Dividend Aristocrats TR index.

Internationally, similar risk-off storylines played out. International developed markets large-cap equity returned -0.4% for the quarter, as measured by the MSCI EAFE NR USD index. Emerging markets equity returned -8.1% for the quarter, as measured by the MSCI Emerging Markets NR index, where China was a particular drag on performance..

EQUITY POSITIONING IN FREEDOM PORTFOLIOS

Given the prospects for supportive monetary policy to remain in place and for increased government spending, the AMS IC holds a positive view of equity, where portfolio positioning is currently a slight overweight. Within equity, the overweight is to U.S. large caps, which appear well-supported and positioned to benefit from a long period of economic growth. The AMS IC has a neutral view of U.S. small caps, which tend to be tied more closely to economic activity and carry additional downside risk.

The AMS IC has a cautious view of international developed markets, with a slight underweight reflective of the expectation recovery in non-U.S. markets will be slower. The AMS IC has a neutral view of emerging markets, which may present opportunities as they gain a larger share of the global economy.

Equity Returns

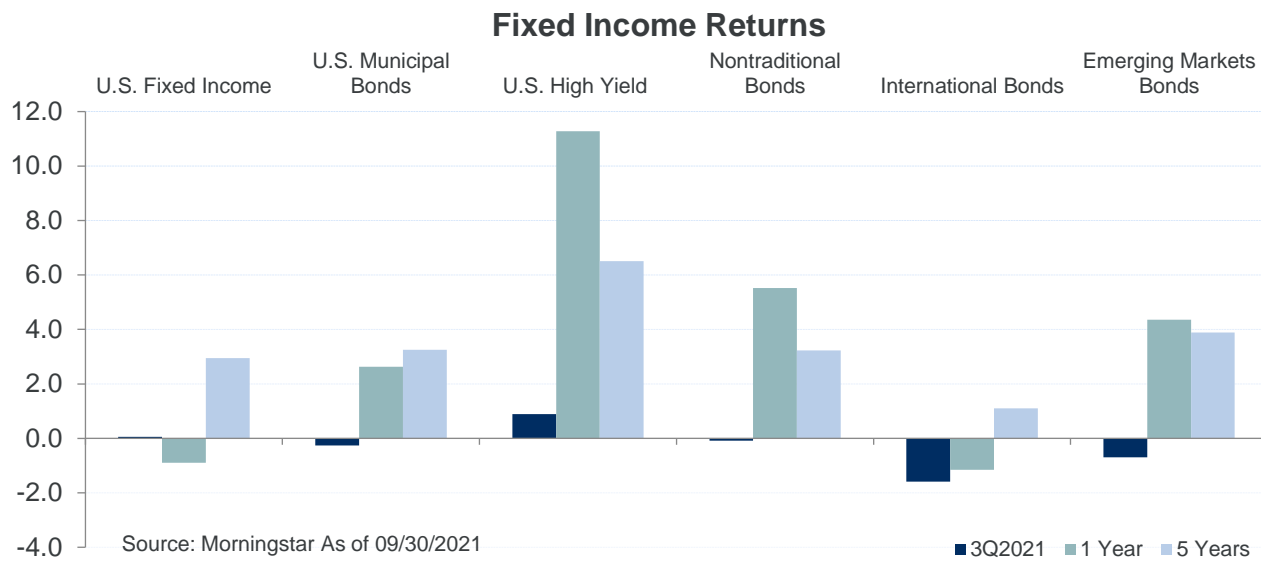


FIXED INCOME

Core fixed income returned 0.1% for the quarter, as measured by the Bloomberg Barclays U.S. Aggregate Bond TR index. High-quality bonds aided performance, particularly those of longer durations. The U.S. Federal Reserve maintains its plan to begin selling off the debt it acquired in support of the economy at the worst of the slowdown, but has no plans yet to begin raising interest rates. High-yield bonds, which tend to behave more like equities, returned 0.9% for the quarter, as measured by the Bloomberg Barclays U.S. High Yield 2% Issuer Cap TR index.

FIXED INCOME POSITIONING IN FREEDOM PORTFOLIOS

The AMS IC holds a cautious view of fixed income, given the likelihood low interest rates could diminish return potential. Bonds continue to have value, however, for their potential to mitigate equity risk. The AMS IC has a slightly favorable view of high-yield bonds for their increased yield potential. The AMS IC has a neutral view of emerging markets debt, which also have the potential for higher yields as conditions improve..

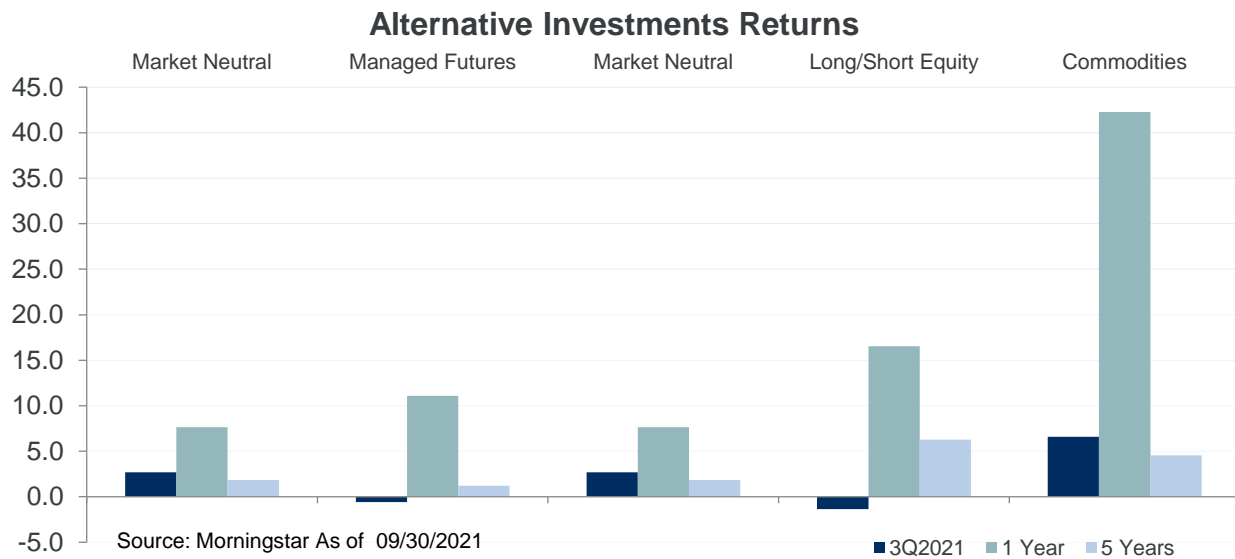


ALTERNATIVES

Multialternative investments returned -0.4% for the quarter, as measured by the U.S. Fund Multistrategy peer group. This asset class, valuable for its ability to provide diversification, underperformed equities and core fixed income, as would be expected when returns for both are positive.

ALTERNATIVES POSITIONING IN FREEDOM PORTFOLIOS

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



OUTLOOK

All signs point toward an extended period of economic growth for the United States – one featuring above-average growth well into 2022. The AMS IC expects equities to continue to outperform bonds, with Freedom portfolios currently having a slight overweight to equity and a slight underweight to fixed income.

The ebb and flow between the equity market's yin and yang elements – growth and value, large caps and small caps, risk-on and defensive – is likely to continue as the recovery extends into its second year and beyond. Uncertainty regarding a number of factors – coronavirus variants and mitigation strategies, U.S. fiscal policy, monetary policy, global supply chains and more – may lead to increased volatility, with pullbacks in equity markets viewed as potential buying opportunities.

Central banks around the world, including the U.S. Federal Reserve, remain supportive. While inflation is likely to remain elevated for the next several years relative to the low levels of the past decade, the AMS IC expects it to stabilize.

The AMS IC 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 does 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 the 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 over weighted 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 which 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 United States. 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. & 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.

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

Morningstar US OE Multialternative (Multialternative): These funds will use a combination of alternative strategies such as taking long and short positions in equity and debt, trading futures, or using convertible arbitrage, among others. Funds in this category have a majority of their assets exposed to alternative strategies and include both funds with static allocations to alternative strategies and funds tactically allocating among alternative strategies and asset classes.

Russell 2500 (U.S. Small to Mid-Cap): A broad index featuring 2,500 stocks that cover the small and mid-cap market capitalizations. The Russell 2500 is a market cap weighted index that includes the smallest

2,500 companies covered in the Russell 3000 universe of United States-based listed equities.

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.

S&P 500 Dividend Aristocrats Index is a list of companies, mainly well-known large-cap, blue-chip companies, in the S&P 500 with a track record of increasing dividends for at least 25 consecutive years and includes stocks with a float-adjusted market capitalization of at least \$3 billion and an average daily trading volume of at least \$5 million.

Bloomberg Barclays U.S. High Yield - 2% Issuer Cap: The index is the 2% Issuer Cap component of the U.S Corporate High Yield Index.

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AMS21-33852352 Exp: 10/6/2022