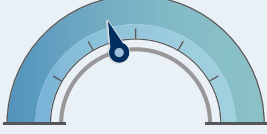



## Tactical Asset Allocation Outlook

For investors who choose to be more active in their portfolios and make adjustments based on a shorter-term outlook, the tactical asset allocation outlook below reflects the Raymond James Investment Strategy Committee’s recommendations for current positioning. Your advisor can help you interpret each recommendation relative to your individual asset allocation policy, risk tolerance, and investment objectives.

 <p><b>EQUITY</b> <b>FIXED INCOME</b></p> <p>Near term, equities have more momentum and potential for positive earnings surprises and guidance. Bonds have the challenge of the Fed, which is unlikely to cut rates in the current economic environment.</p>	 <p><b>US EQUITY</b> <b>NON-US EQUITY</b></p> <p>The significant outperformance of US equities reduces their relative attractiveness versus non-US equities. In addition, the lifting of uncertainty over trade and Brexit as well as manufacturing bottoming should be beneficial.</p>
 <p><b>CYCLICALS</b> <b>DEFENSIVES</b></p> <p>Favor cyclicals as we are still in the growth part of the cycle and likely to remain so for some time. Defensives such as Staples or Utilities may not be attractive at this point. Additionally, we expect Financials to outperform as the yield curve steepens due to improving manufacturing, and better news regarding trade.</p>	 <p><b>US LARGE-CAP EQUITY</b> <b>US SMALL-CAP EQUITY</b></p> <p>Small-cap fundamentals are attractive versus large-cap counterparts; however, it is too early to commit to small caps even though earnings are projected to outpace large caps in 2020 after contracting in 2019. Any market volatility will favor large caps. Although small caps likely outperform in 2020, elevated valuation and hefty debt levels may cap the degree of relative outperformance.</p>
 <p><b>NON-US DEVELOPED MARKET EQUITY</b> <b>EMERGING MARKET EQUITY</b></p> <p>Given more attractive valuations, EM equity markets should outperform developed equity markets (ex. US) given better economic growth, earnings growth, a stable dollar and a de-escalation of the US/China trade tensions.</p>	 <p><b>LONG-MATURITY FIXED INCOME</b> <b>SHORT-MATURITY FIXED INCOME</b></p> <p>Spread curves are positively sloped. Given our expectation of a parallel downshift in the yield curve, a neutral duration exposure is recommended.</p>
 <p><b>INVESTMENT GRADE FIXED INCOME</b> <b>NON-INVESTMENT GRADE FIXED INCOME</b></p> <p>Investment grade is preferred over high yield because the slightly higher yields of high-yield bonds do not compensate for the additional risk (e.g., default risk).</p>	 <p><b>TAXABLE</b> <b>TAX EXEMPT</b></p> <p>The municipal market ‘sweet spot’ from a relative valuation perspective is ten years and beyond. After twenty years, the incremental yield pickup is not enough to warrant the duration risk.</p>

## DISCLOSURE

All expressions of opinion reflect the judgment of Raymond James & Associates, Inc. and are subject to change. Past performance may not be indicative of future results. There is no assurance any of the trends mentioned will continue or forecasts will occur. The performance mentioned does not include fees and charges which would reduce an investor's return. Dividends are not guaranteed and will fluctuate. Investing involves risk including the possible loss of capital. Asset allocation and diversification do not guarantee a profit nor protect against loss. Investing in certain sectors may involve additional risks and may not be appropriate for all investors.

International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. Investing in emerging and frontier markets can be riskier than investing in well-established foreign markets.

Investing in small- and mid-cap stocks generally involves greater risks, and therefore, may not be appropriate for every investor.

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 rise.

U.S. government bonds and Treasury bills are guaranteed by the U.S. government and, if held to maturity, offer a fixed rate of return and guaranteed principal value. U.S. government bonds are issued and guaranteed as to the timely payment of principal and interest by the federal government. Treasury bills are certificates reflecting short-term obligations of the U.S. government.

While interest on municipal bonds is generally exempt from federal income tax, they may be subject to the federal alternative minimum tax, or state or local taxes. In addition, certain municipal bonds (such as Build America Bonds) are issued without a federal tax exemption, which subjects the related interest income to federal income tax. Municipal bonds may be subject to capital gains taxes if sold or redeemed at a profit.

If bonds are sold prior to maturity, the proceeds may be more or less than original cost. A credit rating of a security is not a recommendation to buy, sell or hold securities and may be subject to review, revisions, suspension, reduction or withdrawal at any time by the assigning rating agency.

Commodities and currencies are generally considered speculative because of the significant potential for investment loss. They are volatile investments and should only form a small part of a diversified portfolio. 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.

Investing in REITs can be subject to declines in the value of real estate. Economic conditions, property taxes, tax laws and interest rates all present potential risks to real estate investments.

High-yield bonds are not suitable for all investors. The risk of default may increase due to changes in the issuer's credit quality. Price changes may occur due to changes in interest rates and the liquidity of the bond. When appropriate, these bonds should only comprise a modest portion of your portfolio.

Beta compares volatility of a security with an index. Alpha is a measure of performance on a risk-adjusted basis.

The process of rebalancing may result in tax consequences.

Alternative investments involve specific risks that may be greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements, including minimum net worth tests. Investors should consider the special risks with alternative investments including limited liquidity, tax considerations, incentive fee structures, potentially speculative investment strategies, and different regulatory and reporting requirements. Investors should only invest in hedge funds, managed futures, distressed credit or other similar strategies if they do not require a liquid investment and can bear the risk of substantial losses. There can be no assurance that any investment will meet its performance objectives or that substantial losses will be avoided.

The companies engaged in business related to a specific sector are subject to fierce competition and their products and services may be subject to rapid obsolescence.

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