INVESTMENT STRATEGY QUARTERLY QUICKVIEW

JULY 2019

THEMES

Entrenched: Trade Warfare

Trade tensions between the U.S. and China have been a hallmark of President Trump's time in office and a major market overhang that threatens to initiate a decoupling of the world's largest economies, disrupting supply chains, and potentially hitting company earnings in the process. We expect trade relations with China to remain a key theme of the Trump presidency, even in the event of a deal struck sometime in 2019. Securing a deal in the short term presents advantages for both sides, but opportunity for miscalculation is heightened in the long term.

Collateral Consequences: The Economics of Tariffs

Tariffs raise costs, disrupt supply chains, invite retaliation in the form of increased tariffs against U.S. exports, and dampen business fixed investment. There is growing evidence that tariffs are having a negative impact on U.S. economic growth, but to date, they appear unlikely, by themselves, to push the U.S. economy into a recession.

Caught in the Crossfire: Market Momentum

From a global perspective, the U.S. equity market has held up better than most areas around the world and is also exhibiting better fundamentals. Relative strength for the U.S. broke out to new highs through the volatility. We continue to favor U.S. equities (over non-U.S.) with a bias toward large-cap growth. The outcome of trade negotiations will impact the next directional move for earnings estimates.

Beyond Borders and Bilateralism: The Import of Trade

The threat of trade wars typically tops any investor's list of current global risks. Trade tensions that lead to less interaction between economies often lead to statically to lower economic growth as supply chains are interrupted and more expensive alternatives are less cost-efficient. Thus far, global trade angst has been focused on the bilateral relationship between the U.S. and China. However, these developments have both static and dynamic risks for all developed economies, particularly in Europe and Japan.

For more information, refer to the full Investment Strategy Quarterly**.**

Economic Snapshot

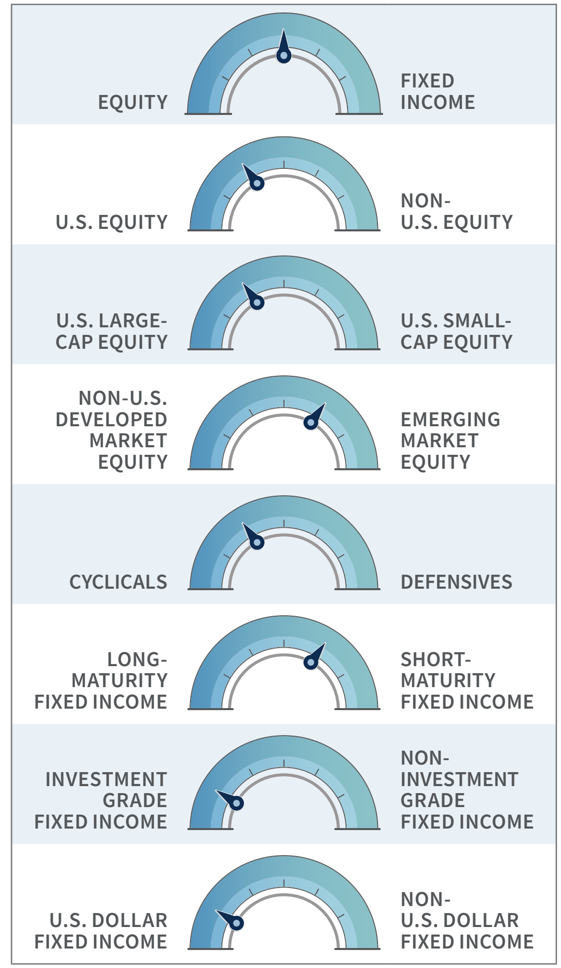
Economic Indicator

FAVORABLE	EMPLOYMENT
	CONSUMER SPENDING
	HOUSING AND CONSTRUCTION
NEUTRAL	GROWTH
	BUSINESS INVESTMENT
	MANUFACTURING
	INFLATION
	MONETARY POLICY
	LONG-TERM INTEREST RATES
	FISCAL POLICY
	THE DOLLAR
	REST OF THE WORLD

From Scott Brown, Ph.D.,
Chief Economist, Equity Research

Tactical Outlook

(3-9 months)



The tactical asset allocation outlook above reflects the Raymond James Investment Strategy Committee's recommendations for current positioning. Your financial advisor can help you interpret each recommendation within this material relative to your individual asset allocation policy, risk tolerance and investment objectives.

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Capital Markets Snapshot

EQUITY	AS OF 6/30/2019*	2Q 2019 RETURN**	12-MONTH RETURN
DOW JONES INDUSTRIAL AVERAGE	26,599.96	3.21%	12.20%
S&P 500 INDEX	2,941.76	4.30%	10.42%
NASDAQ COMPOSITE INDEX	8,006.24	3.87%	7.78%
MSCI EAFE INDEX	1,931.53	3.68%	1.08%
RATES	**AS OF 6/30/2019**	**AS OF 12/31/2018**	**AS OF 6/30/2018**
FED FUNDS TARGET RANGE	2.25-2.50	2.25-2.50	1.75-2.00
3-MONTH LIBOR	2.32	2.81	2.34
2-YEAR TREASURY	1.73	2.52	2.52
10-YEAR TREASURY	2.00	2.69	2.85
30-YEAR MORTGAGE	3.73	4.51	4.55
PRIME RATE	5.50	5.50	5.00
COMMODITIES	**AS OF 6/30/2019***	**2Q 2019 RETURN****	**12-MONTH RETURN**
GOLD	$1,409.70	9.41%	12.66%
CRUDE OIL	$58.47	-5.07%	-21.15%

*Price Level
**Total Return

Sector Snapshot

	SECTOR	S&P WEIGHT
OVERWEIGHT	INFORMATION TECHNOLOGY	21.5%
	HEALTH CARE	14.3%
	COMMUNICATION SERVICES	10.3%
	CONSUMER DISCRETIONARY	10.2%
EQUAL WEIGHT	FINANCIALS	12.9%
	INDUSTRIALS	9.3%
	ENERGY	5.0%
	REAL ESTATE	3.1%
UNDERWEIGHT	CONSUMER STAPLES	7.3%
	UTILITIES	3.4%
	MATERIALS	2.7%

DISCLOSURE:

Data is provided by the Investment Strategy Group. This material is for informational purposes only and should not be used or construed as a recommendation regarding any security. All expressions of opinion reflect the judgment of Raymond James & Associates, Inc. and are subject to change.

International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic volatility. These risks are greater in emerging markets. Commodities trading is generally considered speculative because of the significant potential for investment loss. Sector investments are companies engaged in business related to a specific sector and are are subject to fierce competition and their products and services may be subject to rapid obsolescence. There are additional risks associated with investing in an individual sector, including limited diversification. There is no assurance that any of the forecasts mentioned will occur. Asset allocation and diversification do not guarantee a profit nor protect against loss. Dividends are not guaranteed and will fluctuate. The value of REITs and their ability to distribute income may be adversely affected by several factors beyond the control of the issuers of the REITs. 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.

Past performance is not indicative of future results. The performance mentioned does not include fees and charges which would reduce an investor's returns. Fixed income securities are subject to interest rate risk. Generally, when interest rates rise, bond prices fall, and vice versa. Specific sector investing can be subject to different and greater risks than more diversified investments. Investing in small-cap and mid-cap stocks generally involves greater risks, and, therefore, might not be appropriate for every investor. 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. 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.

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. There is no guarantee that any of the alternative strategies listed will be successful or that they will prevent loss.

INDEX DESCRIPTIONS: Please note that 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. Represents approximately 68% of the investable U.S. equity market. The Dow Jones Industrial Average is an unmanaged index of 30 widely held securities. The NASDAQ Composite Index is an unmanaged index of all stocks traded on the NASDAQ over-the-counter market. The MSCI EAFE (Europe, Australia, Far East) index is an unmanaged index that is generally considered representative of the international stock market. The returns noted do not include fees and charges which will affect an investor's return.

19-BDMKT-3496 BS 7/19