

SEWERAGE & WATER BOARD OF NEW ORLEANS

PENSION COMMITTEE MEETING

WEDNESDAY, JULY 15, 2020

10:00 AM

[JULY 2020 PENSION ATTENDEE LINK](#)

PUBLIC COMMENT WILL BE ACCEPTED VIA EMAIL TO BOARDRELATIONS@SWBNO.ORG. ALL PUBLIC COMMENTS MUST BE RECEIVED PRIOR TO 10:30 AM ON July 15, 2020. COMMENTS WILL BE READ VERBATIM INTO THE RECORD.

Joseph Peychaud, Chair • Councilmember Jay H. Banks
Ralph Johnson • Alejandra Guzman • Dr. Maurice Sholas
• Chante' Bivens • Christopher Bergeron
• Latressia Matthews • Harold Heller

FINAL AGENDA

1. ROLL CALL

2. PRESENTATION ITEMS

- a. Raymond James Presentation: Sustainable Investing and ESG Investment Trends – Octave Francis, III

3. INFORMATION ITEMS

- b. Comparative Performance Analysis Report, May 31, 2020 – Octave Francis, III
- c. Raymond James Active vs Passive White Paper - Octave Francis, III
- d. Raymond James AMS 10 P's – Octave Francis, III
- e. Notification of Upcoming Opening of an Employee Pension Committee Seat and the Potential Reelection of Mrs. Bivens - Sonji Skipper

4. PUBLIC COMMENT

Public comments received until 30 minutes after the presentation of the Agenda will be read into the record

5. ADJOURNMENT

This teleconference meeting is being held pursuant to Executive Proclamation No. 84 JBE 2020, Section 2 (C).

**CERTIFICATION TO HOLD TELECONFERENCE
BOARD MEETING**

WHEREAS, there currently exists throughout the state of Louisiana and the city of New Orleans, a public health emergency due to the COVID-19 coronavirus, declared by official proclamations issued by both the Mayor of New Orleans (Proclamation 2020-02449) and the Governor of the State of Louisiana (Proclamation 25 JBE 2020); and

WHEREAS, this public health emergency requires most individuals to maintain personal distance from one another and forbids the gathering of more than ten (10) individuals in any one location, as declared on March 11, 2020; and

WHEREAS, as a result of the declarations by both the Mayor and the Governor, specifically the provisions regarding social distancing among individuals and groups no larger ten (10) persons, the Board of Directors of the Sewerage and Water Board of New Orleans (Board) is unable to meet in compliance with the quorum requirements of state law and the bylaws of the Board; and

WHEREAS, on June 25, 2020, by Proclamation Number Governor John Bel Edwards authorized Additional Measures for COVID-19 Public Health Emergency, pursuant to Proclamation No. 84 JBE 2020, Section 2 (C); and

WHEREAS, Section 2 (C) of Proclamation No. 84 JBE 2020 requires, “all state agencies, boards and commissions, and local political subdivisions of the state to provide for attendance at essential governmental meetings via teleconference or video conference and such attendance shall be allowed during pendency of this emergency. All efforts shall be made to provide for observation and input by members of the public. Before any meeting conducted pursuant to this section, the state agency, board or commission or local political subdivision shall first provide a written certification that it will otherwise be unable to operate due to quorum requirements”;

NOW, THEREFORE, BE IT RESOLVED, pursuant to Governor John Bel Edwards Emergency Proclamation Number 84 JBE 2020, Section 2 (C), I hereby certify that the Pension Committee of the Sewerage and Water Board of New Orleans will meet by teleconference/video conference on July 15, 2020, at 10:00 a.m., to undertake the business of the SWBNO as described in the attached Agenda, that under the existing emergency conditions, the Board of Directors of the SWBNO will otherwise be unable to operate due to quorum requirements, and has taken all reasonable efforts to allow for observation and input by members of the public.

WITNESS BY MY HAND THIS 14th DAY OF JULY 2020.

GHASSAN KORBAN
EXECUTIVE DIRECTOR
SEWERAGE AND WATER BOARD OF NEW ORLEANS



EXECUTIVE DEPARTMENT

PROCLAMATION NUMBER 84 JBE 2020

***RENEWAL OF STATE OF EMERGENCY FOR COVID-19
EXTENSION OF EMERGENCY PROVISIONS***

WHEREAS, pursuant to the Louisiana Homeland Security and Emergency Assistance and Disaster Act, La. R.S. 29:721, *et seq.*, the Governor declared a public health emergency on in Proclamation Number 25 JBE 2020 in response to the threat posed by COVID-19;

WHEREAS, on March 11, 2020, in Proclamation Number 25 JBE 2020, the Governor declared that a statewide public health emergency existed in the State of Louisiana because of COVID-19 and expressly empowered the Governor's Office of Homeland Security and Emergency Preparedness and the Secretary of the Department of Health and/or the State Health Officer to take all actions authorized under state law;

WHEREAS, when the Governor determines that a state of public health emergency exists, La. R.S. 766(B) empowers the Governor to declare a state of public health emergency by executive order, or proclamation, or both;

WHEREAS, in Proclamation Number 84 JBE 2020, the Governor renewed the emergency declaration for the COVID-19 emergency and ordered that Louisiana remain in Phase 2 of Resilient Louisiana;

WHEREAS, it is necessary to renew certain other provisions of Proclamation Number 75 JBE 2020; and

WHEREAS, these measures are necessary to protect the health and safety of the people of Louisiana.

NOW THEREFORE, I, JOHN BEL EDWARDS, Governor of the State of Louisiana, by virtue of the authority vested by the Constitution and the laws of the State of Louisiana, do hereby order and direct as follows:

SECTION 1: STATE PROCUREMENT

- A)** Pursuant to La. R.S. 29:724(D)(1), suspensions of the Louisiana Procurement Code (La. R.S. 39:1551, *et seq.*) and Louisiana Public Bid Law (La. R.S. 38:2211, *et seq.*) and their corresponding rules and regulations are hereby continued for the purpose of the procurement of any good or services necessary to respond to this emergency.
- B)** Pursuant to La. R.S. 29:732(A), prices charged or value received for goods and services sold may not exceed the prices ordinarily charged for comparable goods and services in the same market area at or immediately before the time of the state of emergency, unless the price by the seller is attributable to fluctuations in applicable commodity markets, fluctuations in applicable regional or national market trends, or to reasonable expenses and charges and attendant business risk incurred in procuring or selling the goods or services during the state of emergency.

- C) In addition to any authority conferred generally herein or by law, the Governor's Office of Homeland Security and Emergency Preparedness, through consultation with the Secretary of the Department of Health, shall continue to have the primary jurisdiction, responsibility and authority for:
- 1) Planning and executing public health emergency assessment, mitigation, preparedness response, and recovery for the state;
 - 2) Coordinating public health emergency response between state and local authorities;
 - 3) Collaborating with relevant federal government authorities, elected officials of other states, private organizations or companies;
 - 4) Coordinating recovery operations and mitigation initiatives subsequent to public health emergencies;
 - 5) Organizing public information activities regarding public health emergency response operations; and
 - 6) Taking any other measures deemed necessary and proper, as authorized by law.
- D) For procurement and contracting, strict compliance with the Louisiana Procurement Code (La. R.S. 39:1551, *et seq.*), Telecommunications Procurement (La. R.S. 39:1751-1755), and Information Technology Procurement (La. R.S. 39:196-200), shall not be required. However, all state agencies should continue to comply with the following conditions:
- 1) An appointed official within the agency, or the equivalent for officials in higher education, must determine that the failure to strictly comply with the statutory restriction is necessary due to the emergency.
 - 2) A centralized point of contact for each agency must monitor all transactions conducted without strict statutory compliance, maintaining copies of all documentation. Documentation should specify whether the purchase falls into the "emergency" or "permanent" category and whether the purchase relates to the COVID-19 event referenced in Proclamation Number 25 JBE 2020 and all documentation must be maintained and available for audit and FEMA reimbursement purposes.
 - 3) Written competitive quotes and/or offers must be obtained whenever possible and agencies must take the necessary steps to assess that fair and equitable pricing is being offered.
 - 4) Performance-based contracting should be used where practical.
 - 5) Statewide contracts should be used where practical.
 - 6) To the maximum extent possible, such emergency contracts should be only for the duration of the emergency or to allow the agency time to comply with normal competitive bidding requirements if the goods or services will be required for an extended period of time.
 - 7) Copies of contracts which would otherwise require approval by the Office of State Procurement and the supporting documentation discussed above must be provided to the Office of State Procurement within thirty (30) days or sooner, if practical. Additionally, LaGov agencies should enter small purchases into the LaGov system as soon as practical. The Office of State Procurement shall review the contracts and documentation to determine compliance with this Executive Order.
 - 8) Payments to contractors should be made only after verification that all goods and services meet contract requirements.
 - 9) All Public Bid Openings shall be suspended. Bid openings will continue, however public openings will not occur in order to limit the potential for exposure. Bid openings will be made available via phone conference or web conference.
 - 10) All required Procurement Support Team meetings will be held via phone conference or web conference.

- E)** The following provisions of the La. R.S. 39:121, *et seq.*, are hereby suspended:
- 1) The provisions of La. R.S. 39:124-125 regarding periodic meetings and/or inspections of capital outlay projects by facility planning and control, including inspection of a project prior to the expiration of the guarantee period, and any meetings and/or inspections shall be limited to only those inspections or meetings determined to be absolutely necessary for the advancement of the capital outlay project.
 - 2) The provisions of La. R.S. 39:126 regarding prior approval of change orders.

SECTION 2: PUBLIC EMPLOYEES AND STATE OFFICES

- A)** The following travel restrictions will continue to apply to all state employees:
- 1) All state employees traveling on state business out of the United States are hereby directed to cancel or postpone these trips; all employees traveling on official state business out of the State of Louisiana are hereby required to obtain specific authorization from the Commissioner of Administration;
 - 2) All state employees intending to travel out of the State of Louisiana for non-official reasons are hereby directed to notify their supervisor and Human Resources Director of the travel as soon as possible, but in no event later than forty-eight (48) hours prior to travel, and immediately upon return to Louisiana;
 - 3) All state employees with household members who intend to travel or have traveled internationally are hereby directed to notify their supervisor and Human Resources Director of the travel as soon as possible, but in no event later than forty-eight (48) hours prior to the household member's departure, to state the household member's expected date of return, and to notify their supervisor and Human Resources Director immediately upon the household member's actual return to the United States; and
 - 4) All state employees shall notify their supervisor and Human Resources Director if the employee or a household member develops symptoms associated with COVID-19.
- B)** The Civil Service Commission and the Division of Administration are hereby directed to continue to maintain a set of guidelines for state employees who are infected with COVID-19 or under quarantine for possible exposure to COVID-19. Such guidelines shall include direction for the management of sick leave by state employees and provide for direction, if possible, for the employee to work remotely. The guidelines developed by the Civil Service Commission and the Division of Administration shall remain in effect by this order.
- C)** All state agencies, boards and commissions, and local political subdivisions of the state shall continue to provide for attendance at essential governmental meetings via teleconference or video conference and such attendance shall be allowed during the pendency of this emergency. All efforts shall be made to provide for observation and input by members of the public. Before any meeting conducted pursuant to this section, the state agency, boards and commission, or local political subdivision of the state shall first provide a written certification that it will otherwise be unable to operate due to quorum requirements. Such certification shall be posted at the same time and in the same manner as the agenda for the meeting. Nothing in this order shall be interpreted to waive any notice requirements.

SECTION 3: EMERGENCY SUSPENSIONS

- A)** All orders allowing for visitation by the parent of a foster child that resides in a home that is quarantined or isolated due to COVID-19 remain suspended. The Department of Children and Family Services is hereby ordered to make all reasonable efforts to continue to allow for alternative visitation.

B) SHAREHOLDER MEETINGS

- 1) Subpart A of Part 7 of the Business Corporation Act, including without limitation, Subsection B of Section 1-701, subsection C of 1-702 and subsections A and E of Section 1-705 of the Business Corporation Act, hereby remain suspended to the extent it requires meetings of shareholders to be noticed and held at a physical location in connection with any shareholder meeting that either (a) has a record date that falls during the Public Health emergency declared by Proclamation Number 25 JBE 2020 (or as extended by this subsequent Proclamation); (b) requires notice to be provided in connection therewith during the Public Health emergency declared by Proclamation Number 25 JBE 2020 (or as extended by this subsequent Proclamation); or (c) is scheduled to occur during the Public Health emergency declared by Proclamation Number 25 JBE 2020 (or as extended by this subsequent Proclamation).
- 2) This Proclamation shall remain in full force and effect with respect to any meeting duly called and convened in accordance with the Business Corporation Act and in reliance upon Section 1 hereof, notwithstanding the lapse or termination of this Proclamation.

C) NON-PROFIT ORGANIZATIONS

- 1) La. R.S. 12:229(A) and La. R.S. 12:230(A) of the Louisiana Nonprofit Corporation Law, are hereby suspended to the extent it requires meetings of members to be noticed and held at a physical location in connection with any membership meeting that either (a) has a record date that falls during the Public Health emergency declared by Proclamation Number 25 JBE 2020 (or as extended by any subsequent Proclamation); (b) requires notice to be provided in connection therewith during the Public Health emergency declared by Proclamation Number 25 JBE 2020 (or as extended by any subsequent Proclamation); or (c) is scheduled to occur during the Public Health emergency declared by Proclamation Number 25 JBE 2020 (or as extended by any subsequent Proclamation).
- 2) This Proclamation shall remain in full force and effect with respect to any meeting duly called and convened in accordance with the Louisiana Nonprofit Corporation Law and in reliance upon Section 1 hereof, notwithstanding the lapse or termination of this Proclamation.

D) To reduce the burden on members of the public and to limit the interactions of individuals with state employees in governmental offices, the following regulatory statutes are hereby suspended as follows:

- 1) Department of Public Safety
 - a) The late fees assessed, as set forth in La. R.S. 40:1484.18(F) and (G), for failure to timely renew licenses issued pursuant to La R.S. 40:1484.1, *et seq.*, shall be waived through December 31, 2020.
- 2) Office of Motor Vehicles
 - a) Late fees for driver's license which would be charged beginning on March 9, 2020 through June 5, 2020, remain suspended until July 31, 2020.
 - b) The expiration date of temporary registration plates issued pursuant to La. R.S. 47:519 and La. R.S. 47:519.2 which expired on or after March 9, 2020 but before June 5, 2020 remains suspended until June 30, 2020.
 - c) The expiration date of license plates issued pursuant to La. R.S. 47:462, *et seq.*, which expired on or after March 9, 2020 but before June 5, 2020 remains suspended until July 31, 2020.

- d) The notice of default issued pursuant to La. R.S. 32:429.4 that would be issued on or after March 9, 2020 but before June 5, 2020 remains suspended, and the notices will not be issued until after June 30, 2020.
- e) The expiration date of an apportioned registration issued under the International Registration Plan which expires June 5, 2020 remains suspended and the expiration date remains extended to June 30, 2020.
- f) The period to request an administrative hearing submitted to the Department pursuant to La. R.S. 32:667, La. R.S. 32:863, La. R.S. 863.1 and LAC Title 55, Part III, Chapter 1, §159 which expired on or after March 9, 2020 but before June 5, 2020 remains suspended and extended until June 30, 2020.
- g) The sixty-day delay for the Department to submit the administrative hearing record to the Division of Administrative Law pursuant to La. R.S. 32:667(D)(1) for an arrest which occurred on or after March 9, 2020 but before June 5, 2020 remains extended until August 8, 2020.
- h) Office of Motor Vehicles may continue to offer services by remote customer services agent interaction in current Office of Motor Vehicles office locations.
- i) The expiration date of driver's licenses which expire on or after March 9, 2020, but on or before June 5, 2020, is suspended and the expiration date is extended to July 31, 2020.
- j) The expiration of a temporary driver's license issued pursuant La R.S. 32:667(A) which were issued on or after March 9, 2020 through June 5, 2020 is suspended until July 5, 2020.
- k) Any suspension for which the official notice of withdrawal was issued on or after Feb 17, 2020, but before June 5, 2020, shall remain pending until July 31, 2020.
- l) The expiration date of a hang tag issued pursuant to La. R.S. 47:463.4, *et seq.*, which expired on or after March 9, 2020, but before June 5, 2020, is suspended until July 31, 2020.
- m) For purchasers of used vehicles, purchased from a private individual on or after February 4, 2020 but before June 5, 2020, the 60-day grace period provided for in La. R.S. 32:707(H) for citations for failure to have a current registration and license plate is extended until June 30, 2020.
- n) La. R.S. 32:402.1(F)(2) is hereby suspended through June 15, 2020, to allow for alternative methods of instruction for persons under the age of 18 in the form of remote or distance learning to be determined by and at the direction of the Office of Motor Vehicles until July 31, 2020.
- o) La. R.S. 32:431.1(B), which provides that no minor may be issued a driver's license or learner's permit for the operation of a motor vehicle unless, at the time of application, documentation is presented to the department that the minor has received a high school diploma or equivalent diploma, is enrolled and attending school, or enrolled and attending a high school equivalency program, is suspended.
- p) Penalties and interest due on state and local sales and use taxes collected by the Office of Motor Vehicles which began on or after March 9, 2020 are suspended and are waived until July 1, 2020.
- q) The expiration of identification cards issued pursuant to La. R.S. 40:1321 which expired on or after March 9, 2020 but before June 5, 2020 is suspended and the expiration date is extended to July 31, 2020.

E) There shall remain in effect an exemption from the federal rules and regulations that limit the hours operators of commercial vehicles may drive, specifically, Part 395 (drivers' hours of service) of Title 49 of the Code of Federal Regulations, and any additional appropriate response regarding additional expenditures due to this

declaration as determined by the Secretary of the Department of Transportation and Development, or by the Louisiana State Police or local law enforcement agencies for public safety issues in order to ensure the uninterrupted supply of essential goods and commodities.

- F)** Nothing herein shall be construed as an exemption from the Commercial Driver's License requirements in 49 CFR 383, the financial requirements in 49 CFR 387, or applicable federal size and weight limitations.
- G)** The following specific provisions of the Louisiana Revised Statutes of 1950 related to the imposition of fees or charges related to transactions with the Department of Health, or their authorized agent, as qualified by this Order, are hereby suspended for transactions by individuals when, as determined by any guidelines or directions issued by the Secretary, the request is a result of the emergency conditions:
 - 1) La. R.S. 40:40(2), to the extent that it requires payment of a fee for production of a duplicate birth record.
 - 2) La. R.S. 40:40(3), to the extent that it requires payment of a fee for production of a duplicate death certificate.
- H)** LEGAL AND ADMINISTRATIVE DEADLINES
 - 1) Liberative prescriptive and peremptive periods applicable to legal proceedings in all courts, administrative agencies, and boards are suspended through July 5, 2020.
 - 2) Courts, administrative agencies and boards statewide shall continue to use due diligence in communicating with attorneys and parties to proceedings with pending deadlines, and the public how the court, agency or board will implement and interpret the provisions of this Order.
- I)** Any state department or agency or political subdivision is hereby granted authority to further extend any non-essential deadline for a period of no longer than 30 days if deemed necessary to respond to the threat of COVID-19.

SECTION 4: DEPARTMENT OF EDUCATION

- A)** All public schools in the State of Louisiana shall close facilities to students for the duration of the 2019-2020 academic calendar year. All school districts shall ensure the provision of meals or other essential items to eligible students, provided that appropriate social distancing measures are in place for each school district in the state. All school districts shall provide or ensure the provision of remote or distance learning as defined by the Board of Elementary and Secondary Education and the Department of Education. The 63,720 instructional minute requirement per year shall remain suspended to the extent that full compliance cannot be achieved in light of the COVID-19 pandemic. All school districts shall ensure compliance with all applicable federal and state laws, regulations and standards for the provision of education to all students, including the provision of a free and appropriate public education for all children with disabilities and the provision of services for English Learners (ELs). To ensure compliance with federal statutes and regulations, school districts are encouraged to view guidance from the U.S. Department of Education regarding compliance in response to COVID-19. The Board of Elementary and Secondary Education shall report to the Governor and the Legislature any further actions necessary to ensure that eligible students achieve successful student grading, promotion, and graduation. The Department of Education shall ensure compliance with all applicable federal and state laws, regulations, and standards in its function as the state education agency of Louisiana, including the monitoring of school districts in their provision of a free and appropriate public education to students with disabilities, and the collection and public reporting of student data.

- B)** The provisions of La. R.S. 17:24.4 and BESE Bulletin 741 that mandate annual administration of testing under the Louisiana Education Assessment Program and End of Course examinations hereby remain suspended for the entirety of the 2019-2020 school year contingent upon receipt of a waiver of the accountability mandates in the Every Student Succeeds Act from the United States Department of Education.
- C)** The provisions of La. R.S. 17:4023 and La. R.S. 47:6301(B)(2)(ii) that require nonpublic schools to administer testing under the Louisiana Education Assessment Program and End of Course examinations to students participating in the Louisiana Student Scholarships for Educational Excellence program and to students receiving scholarships from donations to school tuition organizations hereby remain suspended for the entirety of the 2019-2020 school year upon receipt of a waiver of the accountability mandates in the Every Student Succeeds Act from the United States Department of Education.
- D)** The provisions of La. R.S. 17:10.1 that provide for the School and District Accountability System and any rules or regulations adopted by the Board of Elementary and Secondary Education pertaining to the School and District Accountability System hereby remain suspended for the 2019-2020 school year upon receipt of a waiver of the accountability mandates in the Every Student Succeeds Act from the United States Department of Education.
- E)** The provisions of La. R.S. 17:391.2, *et seq.*, that provide for public school accountability and assessment hereby remain suspended for the entirety of the 2019-2020 school year upon receipt of a waiver of the accountability mandates in the Every Student Succeeds Act from the United States Department of Education.
- F)** The provisions of La. R.S. 17:154.3 that require teachers to work a minimum number of days per school year hereby remain suspended for the entirety of the 2019-2020 school year.
- G)** The provisions of La. R.S. 17:221 that mandate every person having control or charge of a child to send that child to a public or nonpublic school hereby remain suspended for the entirety of the 2019-2020 school year.
- H)** The provisions of La. R.S. 17:232 that require attendance to be checked daily at all schools hereby remain waived for the entirety of the 2019-2020 school year.
- I)** The provisions of La. R.S. 17:3881, *et seq.*, La. R.S. 17:3901, *et seq.*, and La. R.S. 17:3997(D) that provide for the use of value-added data in teacher evaluation and as criteria for receipt of teaching credentials hereby remain suspended for the entirety of the 2019-2020 school year upon receipt of a waiver of the accountability mandates in the Every Student Succeeds Act from the United States Department of Education.
- J)** The provisions of La. R.S. 17:3991(C)(1)(b) that require charter schools to adhere to certain student application and enrollment procedures hereby remain suspended for the entirety of the 2019-2020 school year.
- K)** The provisions of 17:183.2(B) and (C) that require students graduating in Spring 2020 to complete the Individualized Education Program (IEP) goals and requirements for the purposes of graduation remain suspended for the entirety of the 2019-2020 school year.
- L)** The provisions of 17:183.3(D) and (E) that require students graduating in Spring 2020 to complete the IEP goals and requirements for the purposes of graduation remain suspended for the entirety of the 2019-2020 school year.

- M) The provisions of 17:183.3(B)(2)(f) remain suspended to allow eligible twelfth grade students to graduate in Spring 2020 with less than 9 credit units if the students were enrolled in a course within the Jump Start sequence in Spring 2020.
- N) The Board of Elementary and Secondary Education shall maintain emergency rules as necessary to effect the suspension of the statutes described in the sections above.

SECTION 5: HIGHER EDUCATION

- A) All Public Post-secondary institutions and proprietary schools within the State of Louisiana that are licensed by the Louisiana Board of Regents shall continue to be allowed to substitute in-person clinical and classroom instruction with online and lab simulations for enrolled students for the duration of the declared emergency.

Further, all proprietary schools within the State of Louisiana that are licensed by the Louisiana Board of Regents shall continue to be allowed to substitute in-person clinical and classroom instruction with online and lab simulations for currently enrolled students as of March 1, 2020.

- B) Relative to the initial eligibility requirements for a Taylor Opportunity Program for Students Award, for students who were enrolled in a Louisiana public high school; students who were enrolled in a nonpublic high school in Louisiana having the approval of the State Board of Elementary and Secondary Education; students who resided in the State of Louisiana and were enrolled in a home study program approved by the State Board of Elementary and Secondary Education; and students who resided out of state during the 2020 academic year but who meet the residency requirements to qualify for a TOPS award provided for in La. R.S. 17:5023, the following requirements shall be suspended:

- 1) The ACT deadlines imposed by La. R.S. 17:5062, including the requirement that a student be assessed a one semester penalty as set forth in La. R.S. 17:5062 for failure to achieve a qualifying score no later than the national ACT test date of the year of high school graduation.
- 2) The home study requirements set forth in La. R.S. 17:5029(B)(1)(b)(i).
- 3) The TOPS Tech core curriculum requirement that a student earn at least nine credits in Jump Start course sequences, workplace experiences, and credentials as set forth in La. R.S. 17:5026 when such requirement has been suspended for the purpose of meeting high school graduation requirements.

- C) Relative to continuing eligibility requirements for a Taylor Opportunity Program for Students Award, for students who were enrolled full time as of the census date in a postsecondary institution in Louisiana and remained enrolled as of March 13, 2020; students who were enrolled full time at an out of state college or university as of the census date and remained enrolled through March 13, 2020; students who were enrolled full time as of the census date and who were studying abroad and were required to return to Louisiana due to the outbreak of COVID-19 in the country in which the students were studying; and students who were scheduled to be enrolled full time at a school operating on a basis other than semesters during the spring of 2020; the following requirements shall be suspended:

- 1) The steady academic progress requirements imposed by La. R.S. 17:5041 or La. R.S. 17:5042.
- 2) The minimum grade point average requirements imposed by La. R.S. 17:5041 or La. R.S. 17:5042.
- 3) The deadlines imposed by La. R.S. 17:5041 or La. R.S. 17:5042 requiring that a student whose award is suspended for failure to meet the grade point average requirements must bring his grade point average up to that required in the applicable statute within a specified time period.

SECTION 6: HEALTH CARE REGULATIONS

- A)** Louisiana state licensure laws, rules, and regulations for medical professionals and personnel hereby remain suspended for those medical professionals and personnel from other states or other countries offering medical services in Louisiana to those needing medical services as a result of this disaster provided that said out-of-state or out-of-country medical professionals and personnel possess a current medical license in good standing in their respective state or country of licensure and that they practice in good faith and within the reasonable scope of his or her skills, training, or ability.
- B)** All out-of-state or out-of-country medical professionals and personnel offering services in the State of Louisiana by authority of this Order shall continue to submit to the State Health Officer, or his designee at the Office of Public Health within the Louisiana Department of Health, a copy of their respective professional license and photo identification, together with any other forms or documents the State Health Officer may require, by contacting the Office of Public Health.
- C)** Because of the threat posed to health care workers from COVID-19 and the need to allocate resources to respond to this disaster, there is a need to continue to allow for additional telehealth opportunities. To facilitate the provision of telehealth services where available and appropriate, the following guidelines remain in place:
 - 1) The requirement of La. R.S. 40:1223.4 that each state agency or professional or occupational licensing board or commission that regulates the practice of a healthcare provider promulgate any rules necessary to provide for, promote, and regulate the use of telehealth in the delivery of healthcare services within the scope of practice regulated by the licensing entity hereby remains suspended during the term of this emergency declaration.
 - 2) All licensing boards are encouraged to maintain emergency rules, if necessary, so that it will not be considered unethical nor a violation of any licensing standards of the healthcare provider, solely as a result of the provision of such care via telehealth.
 - 3) The practice of the healthcare provider administered via telehealth must be within the scope of the provider's license, skill, training and experience. The services provided to the patient must meet the standard of care that would be provided if the patient were treated on an in-person basis.
 - 4) Prescribing of any controlled substances via telehealth must be medically appropriate, well-documented and continue to conform to rules applicable to the prescription of such medications.
- D)** The ambulance staffing requirements set forth in La. R.S. 40:1135.1(A)(2)(a) hereby remain temporarily suspended as to ambulance drivers, provided that such driver possesses a driver's license valid in the State of Louisiana and meets the criminal background check requirements of La. R.S. 40:1203.1, *et seq.*

Except as expressly suspended herein, all other requirements of La. R.S. 40:1135.1 shall remain in place, including the requirement that an ambulance be staffed with a minimum of two persons, one of whom shall be a licensed emergency medical technician.

- E)** The licensing and certification requirements for Louisiana Clinical Laboratory Personnel set forth in La. R.S. 37:1318, including any requirements for criminal background checks, be temporarily suspended for those laboratory personnel conducting COVID-19 testing who demonstrate molecular biology polymerase chain reaction (PCR) experience and/or for those who demonstrate serological experience in testing clinical samples, when such testing and related activities are performed under the oversight and responsibility of a licensed physician or doctor

of philosophy (Ph.D.) with demonstrated experience in the related laboratory activities who ensures the quality of results.

- F)** The requirement for supervision of physician assistants pursuant to La. R.S. 37:1360.28 is temporarily suspended, however a physician assistant shall practice within his/her scope of practice, subject to his/her education, knowledge, skills, and ability.
- G)** The Louisiana Board of Dentistry is granted the authority to issue licenses based upon a 2020 graduation from any CODA accredited program for those who apply and complete their applications in 2020.
- H)** The licensing and certification requirements for the Louisiana State Board of Chiropractic Examiners set forth in La. R.S. 37:2805(C), which states that the Board shall notify each applicant of acceptance or rejection of application not less than 30 days prior to the National Board of Chiropractic Examiners examination, are temporarily suspended.
- I)** The collaborative practice agreement requirements of the Louisiana State Board of Medical Examiners and the Louisiana State Board of Nursing for advanced practice registered nurses, including certified nurse midwives, certified registered anesthetists, clinical nurse specialists, and nurse practitioners, are suspended for this public health emergency.
- J)** The requirements that a certified registered nurse anesthetist provide anesthesia care under the direction and supervision of a physician or dentist licensed to practice in Louisiana as set forth in La. R.S. 37:930(A)(3) and (F) are temporarily suspended, provided that the certified registered nurse anesthetist is within his/her scope of practice and has the education, knowledge, skills, and ability to provide such anesthesia care and ancillary services without supervision or direction.
- K)** The penalties set forth for practicing nursing without a duly issued registered nurse license in the state of Louisiana set forth in La. R.S. 37:925(A)(3) and (4) are temporarily suspended, so long as the individual has an active, unrestricted, unencumbered license to practice registered nursing in any U.S. state, territory, or district, and the individual has no charges pending against his/her license and the individual is not enrolled in an alternative to discipline program.
- L)** Relative to the authority of a registered nurse to administer anesthetic agents in certain settings in La. R.S. 37:935, the Louisiana State Board of Nursing shall provide by emergency rule that, for the purpose of providing care during the COVID-19 pandemic, "critical care settings" shall include all healthcare settings in which anesthetic agents have to be administered to intubated patients.
- M)** The penalties set forth for practicing practical nursing without a duly issued license in the state of Louisiana set forth in La. R.S. 37:978(A)(3) and (4) are temporarily suspended, so long as the individual is licensed to practice practical nursing in any U.S. state, territory or district.
- N)** The requirements for the State Board of Social Work Examiners to issue a social worker certificate set forth in La. R.S. 37:2724(B), specifically the requirement that Certified Social Workers pass an examination within a specific time frame, are temporarily suspended.
- O)** The requirement that all licensed home health agencies admit patients for skilled care only on the order of a physician set forth in La. R.S. 40:2116.34(A)(1) is temporarily suspended to permit physician assistants, advanced practice registered nurses, certified nurse practitioners, clinical nurse specialists, and certified nurse midwives to order home health services.
- P)** The requirement that the clinical dental licensing examination include procedures performed on human subjects as set forth in La. R.S. 37:761(C) is hereby

temporarily suspended, for those 2020 graduates of any CODA accredited dental school who have applied and otherwise completed their licensing applications with the Louisiana State Board of Dentistry in 2020.

- Q)** The requirement that all clinical dental hygiene licensing examinations include procedures performed on human subjects as set forth in La. R.S. 37:764(D), is hereby temporarily suspended, for those 2020 graduates of the LSU dental hygiene program, as well as for any other 2020 graduates of any other dental hygiene program in Louisiana that is accredited by the Commission on Dental Accreditation (“CODA”), who have applied and otherwise completed their licensing applications with the Louisiana State Board of Dentistry in 2020.
- R)** The requirement that an out-of-state registered nurse or an out-of-state advanced practice registered nurse (including an out-of-state certified nurse midwife, a certified registered nurse anesthetist, a clinical nurse specialist, and a nurse practitioner) obtain a license to practice registered nursing or advanced practice registered nursing in Louisiana as set forth in La. R.S. 37:920, is temporarily suspended provided that such person has an active, unencumbered, unrestricted license to practice registered nursing or advanced practice registered nursing from any U.S. state, territory, or district, which has been confirmed through the NURSYS System.
- S)** An individual physician who holds a full, unlimited and unrestricted license to practice medicine in another U.S. state, territory, or district and who has unrestricted hospital credentials and privileges in any U.S. state, territory, or district, may practice medicine at a hospital that is licensed by the Louisiana Department of Health upon the following terms and conditions being met:
- 1) The licensed Louisiana hospital shall verify all physicians’ credentials and privileges;
 - 2) The licensed Louisiana hospital shall keep a list of all physicians coming to practice at the hospital and shall provide this list to the Louisiana State Board of Medical Examiners within ten (10) days of each physician starting practice at the licensed Louisiana hospital; and
 - 3) The licensed Louisiana hospital shall also provide written notice to the Louisiana State Board of Medical Examiners as of the date that the physician stopped practicing medicine in Louisiana at that hospital; such written notification shall be made within ten (10) days of the physician’s cessation of practice of medicine at that Louisiana hospital.
- T)** An individual physician’s assistant who holds a full, unlimited and unrestricted license to practice in another U.S. state, territory, or district and who has unrestricted hospital credentials and privileges in any U.S. state, territory, or district, may practice at a hospital that is licensed by the Louisiana Department of Health upon the following terms and conditions being met:
- 1) The licensed Louisiana hospital shall verify all physician’s assistants’ credentials and privileges;
 - 2) The licensed Louisiana hospital shall keep a list of all physician’s assistants coming to practice at the hospital and shall provide this list to the Louisiana State Board of Medical Examiners within ten (10) days of each physician assistant starting practice at the licensed Louisiana hospital; and
 - 3) The licensed Louisiana hospital shall also provide written notice to the Louisiana State Board of Medical Examiners as of the date that the physician assistant stopped practicing in Louisiana at that hospital; such written notification shall be made within ten (10) days of the physician’s assistant’s cessation of practice at that Louisiana hospital.
- U)** An individual respiratory therapist who holds a full, unlimited and unrestricted license to practice in another U.S. state, territory, or district and who has unrestricted hospital credentials in any U.S. state, territory, or district, may

practice at a hospital that is licensed by the Louisiana Department of Health upon the following terms and conditions being met:

- 1) The licensed Louisiana hospital shall verify all respiratory therapists' credentials and shall issue a scope of hospital practice for each respiratory therapist;
- 2) The licensed Louisiana hospital shall keep a list of all respiratory therapists coming to practice at the hospital and shall provide this list to the Louisiana State Board of Medical Examiners within ten (10) days of each respiratory therapist starting practice at the licensed Louisiana hospital; and
- 3) The licensed Louisiana hospital shall also provide written notice to the Louisiana State Board of Medical Examiners as of the date that the respiratory therapist stopped practicing in Louisiana at that hospital; such written notification shall be made within ten (10) days of the respiratory therapist's cessation of practice of medicine at that Louisiana hospital.

V) An individual advanced practice registered nurse (including a certified nurse midwife, a certified registered nurse anesthetist, a clinical nurse specialist, and a nurse practitioner) who holds an active, unencumbered, and unrestricted license to practice advanced practice registered nursing in another U.S. state, territory, or district as confirmed through the NURSYS System, and who has unrestricted hospital credentials and privileges in any U.S. state, territory, or district, may practice nursing at a hospital that is licensed by the Louisiana Department of Health upon the following terms and conditions being met:

- 1) The licensed Louisiana hospital shall verify all the advanced practice registered nurses' credentials and privileges;
- 2) The licensed Louisiana hospital shall keep a list of all advanced practice registered nurses coming to practice at the hospital and shall provide this list to the Louisiana State Board of Nursing within ten (10) days of each advanced practice registered nurse starting practice at the licensed Louisiana hospital; and
- 3) The licensed Louisiana hospital shall also provide written notice to the Louisiana State Board of Nursing as of the date that the advanced practice registered nurse stopped practicing nursing in Louisiana at that hospital; such written notification shall be made within ten (10) days of the advanced practice registered nurse's cessation of practice of nursing at that Louisiana hospital.

W) The requirement that there be a quorum of a healthcare professional licensing board or authority for decision-making as set forth in La. R.S. 42:13 and the respective board statutes, is temporarily suspended to allow the Executive Director of that healthcare professional licensing board to temporarily suspend, waive, or amend a board rule or regulation that would prohibit, limit, or interfere with the licensing of healthcare professionals that are necessary to address the declared public health emergency.

X) No healthcare professional licensing board shall issue an adverse action or penalty against an individual applicant or licensee under the jurisdiction of that board for the failure of that applicant or licensee for failure to comply with a procedural licensing requirement during the declared public health emergency, provided that the individual applicant or licensee made a good faith attempt to comply with the procedural requirements of the licensing board.

SECTION 7: PROVISIONS FOR FIRST RESPONDERS

A) FIRST-RESPONDER RULEMAKING

- 1) In an effort to preserve the health and safety of the first responders, specifically the firefighters and police officers subject to the Municipal

Fire and Police Civil Service System, all local Municipal Fire and Police Civil Service Boards are to maintain emergency rules providing for special COVID-19 leave rules.

- 2) In order to quickly achieve these rule adoptions, the 30-day notice requirements for rule adoptions found in R.S. 33:2478 and R.S. 33:2538 hereby remain suspended during the pendency of the declaration of public health emergency.
- 3) Municipal Fire and Police Civil Service Boards shall post notice of the proposed emergency rule with the 24-hour public meeting notice provided in R.S. 42:19.
- 4) Due to the Stay at Home Order in place statewide, all Municipal Fire and Police Civil Service Boards shall conduct meetings by teleconference or video conference.

B) LAW ENFORCEMENT REHIRING

- 1) The limitation on receipt of full retirement benefits by rehired retirees assigned to road patrol or corrections function only, under La. R.S. 11:2175(E) shall remain suspended for the duration of this emergency. Any sheriff may rehire on a full-time basis any otherwise qualified retirees to road patrol or corrections functions only, without loss or suspension of retirement benefits to those rehired deputies, for the duration of the emergency.
- 2) The Boards of Trustees of the Louisiana Sheriffs Pension and Relief Fund shall not be required to suspend benefits to retirees rehired as full-time employees covered by this proclamation.

SECTION 8: FUNERAL SERVICES

- A) Indoor funeral services shall be limited to the same number of attendees as required by Proclamation Number 83 JBE 2020. Outdoor services may be held pursuant to the May 1 guidance from the State Fire Marshal for outdoor religious services. Funeral directors are directed to limit the number of personnel present at any such service to only one single funeral director and to ensure the enforcement of the CDC's social distancing guidelines during the conduct of the funeral.
- B) In order to facilitate the timely handling and interment or cremation of deceased in this State, funeral directors shall be considered "essential workers" for the purposes of obtaining access to personal protective equipment ("PPEs") and for the purposes of conducting the necessary business of death care in the State.
- C) The Department of Health is hereby directed to publish guidance that funerals for COVID-19 positive decedents be conducted, as recommended by the CDC, within five days, if practical.
- D) In order to facilitate the timely cremation of remains pursuant to the express wishes of the deceased or of those authorized to direct disposition under La. R.S. 8:655 (whichever is applicable under the law), the signatures and notarization required for cremation authorizations under La. R.S. 37:876-877 are hereby waived inasmuch as they can be replaced by faxed, scanned, or photographed signatures on the requisite paperwork and video conferencing without the need for a notary. In no event shall this waiver be interpreted as an authorization to proceed with cremation in the absence of the signatures of those required by La. R.S. 37:876-877 or against the express wishes of those individuals identified by La. R.S. 8:655.
- E) To the extent necessary and as permitted by the orders of the Louisiana Supreme Court issued on March 16, 2020, and March 20, 2020, the district courts of this State shall consider petitions brought pursuant to La. R.S. 8:655(E) by funeral directors, hospitals, or coroners during the term of this proclamation as essential proceedings necessary to respond to the COVID-19 event.

- F) In no event shall this proclamation be interpreted to waive any other provisions of Title 8 or Chapter 10 of Title 37 of the Louisiana Revised Statutes that are not expressly identified herein.

SECTION 9: UNEMPLOYMENT COMPENSATION

- A) For the purpose of this proclamation, "emergency-related claims" shall mean claims for unemployment compensation filed by persons whose unemployment is directly due to the impact of COVID-19 or due to their inability to get to their job or worksite because they are sick, isolated or quarantined, caring for a sick family member, or when an employees' child's school is closed as determined by the administrator of the state's unemployment compensation program, i.e., the Secretary of the Louisiana Workforce Commission. Emergency-related claims will not necessarily include all claims in all parishes included in COVID-19 proclamations, declarations or orders.
- B) The following statutes relating to unemployment insurance are hereby further suspended to the extent and in the manner described below:
- 1) La. R.S. 23:1533, which provides for claimants' benefits to be charged against base period employers for purposes of employers' tax experience rating and the protesting of such charges by employers, shall be suspended for emergency-related claims made during the effective period of this Proclamation.
 - 2) La. R.S. 23:1552, which provides for the charging of claimants' benefits to certain employers, shall be suspended for emergency-related claims made during the effective period of this Proclamation.
 - 3) La. R.S. 23:1600(2) and (3) shall be suspended while this Proclamation is in effect for emergency-related claims to the extent that they require claimants to register and search for work, but the requirements in La. R.S. 23:1600(2) that claimants continue to report at an employment office in the manner prescribed by the administrator, and in La. R.S. 23:1600(3) that claimants be able to work and be available for work, are not waived. The requirement to continue to report at an employment office, which is accomplished through either an automated telephone system or the Internet, is not impractical and avoids overpayments, which claimants would be liable to repay. Such activities are not practical by an individual who is impacted by COVID-19.
 - 4) La. R.S. 23:1600(4) shall be suspended while this Proclamation is in effect for emergency-related claims to the extent that claimants are required to wait a period of one week before receiving benefits.
 - 5) La. R.S. 23:1601(1) and (2), which provide certain disqualifications for otherwise eligible claimants. Such disqualifications include reasons for separation from employment, including a substantial change in employment by the employer or intentional misconduct connected with employment by the claimant. Separations that are the direct result of the impact caused by COVID-19 are not the fault of either the employer or the claimant. Administration of these separation issues with regard to such claims places an unnecessary burden on the state's unemployment system. Otherwise eligible claimants shall not be disqualified based on R.S. 23:1601(1) or (2).
 - 6) La. R.S. 23:1124, which suspends an employee's right to Workers' Compensation benefits for failure to timely submit to a medical examination shall be suspended during the effective period of this Proclamation.

- 7) La. R. S. 23:1201.1(K)(8)(i -ix) relative to the right to request an expedited hearing for the reasons enumerated therein is suspended during the effective period of this Proclamation.
- C) Pursuant to 29 CFR Part 826.30, the following employees of the State of Louisiana are excluded from receiving paid sick leave under “The Emergency Paid Sick Leave Act” or expanded family and medical leave under “The Emergency Family and Medical Leave Expansion Act”. For purposes herein, the state employees excluded from these provisions include:
- 1) Healthcare providers, defined as any employee of the State of Louisiana employed at a hospital, veterans’ home, health care center, clinic, local health department or agency, or any facility that performs laboratory or medical testing, as well as those employees who work in such facilities whose work is necessary to maintain the operation of the facility; and
 - 2) Emergency responders, defined as any employee of the State of Louisiana necessary for the provision of transport, care, healthcare, comfort and nutrition of such patients, or others needed for the response to COVID-19. This includes, but is not limited to military or national guard personnel, law enforcement officers, correctional institution personnel, fire fighters, emergency medical services personnel, physicians, nurses, public health personnel, emergency medical technicians, paramedics and emergency management personnel, as well as those employees who work in such facilities whose work is necessary to maintain the operation of the facility.

SECTION 10: The Governor’s Office of Homeland Security and Emergency Preparedness and the State Fire Marshal are directed to ensure compliance with this order, and is empowered to exercise all authorities pursuant to La. R.S. 29:721, *et seq.*, and La. R.S. 29:760, *et seq.*

SECTION 11: All departments, commissions, boards, agencies and officers of the state, or any political subdivision thereof, are authorized and directed to cooperate in actions the state may take in response to the effects of this event.

SECTION 12: Unless otherwise provided in this order, these provisions are effective from Friday, June 26, 2020 to Friday, July 24, 2020, or as extended by any subsequent Proclamation, unless terminated sooner.



IN WITNESS WHEREOF, I have set my hand officially and caused to be affixed the Great Seal of Louisiana in the City of Baton Rouge, on this 25th day of June, 2020.

GOVERNOR OF LOUISIANA



SUSTAINABLE INVESTING EXPLAINED

Making an impact on your portfolio and the world

RAYMOND JAMES

Sustainable investing, an approach that integrates environmental, social and governance (ESG) criteria, is becoming a much sought-after strategy in the financial industry. Whether implemented through socially responsible investing (SRI) screening, ESG integration or impact investing, sustainable investing offers a growing number of options for investors interested in achieving goals beyond financial growth when building their portfolios.

Sustainable investing considers that progress toward solving global challenges such as climate change, social inequality and unfair business practices can be made by investing in companies and enterprises that promote sustainability or have sustainable business practices. This is not to imply that other forms of investing are unsustainable, rather these approaches aim to equip investors with additional information for choosing investments to meet all of their goals.

Through sustainable investing, not only can investors aim to make a positive impact on society and the environment, they can potentially improve the risk/return characteristics of their portfolios by factoring ESG criteria into their investment decisions.



WHAT IS SUSTAINABLE INVESTING?

Sustainable investing describes investment strategies that incorporate ESG considerations into investment decisions to better assess risk and opportunities. These strategies usually seek to reach one or more of the following objectives:

- Encourage positive environmental, social or governance practices
- Align investments with personal values
- Improve portfolio risk/return characteristics

IT'S NOT JUST ABOUT FEELING GOOD

Beyond achieving the confidence that your investments are having a positive impact, studies have shown that some companies that operate in a sustainable manner may provide better investment performance.¹ There are many factors playing into why these companies may outperform, ranging from the ability to attract and retain better human capital to sourcing resources using sustainable means. There is a growing belief that companies that ignore ESG factors may become vulnerable to increased regulation or be required to pay punitive fines to governments. The GSI Alliance found that major motivations for the use of sustainable investing strategies are the desire to minimize risk and to improve financial performance over time.²

¹ Eccles, Robert G. and Ioannou, Ioannis and Serafeim, George, "The Impact of Corporate Sustainability on Organizational Processes and Performance." (November 23, 2011). *Management Science*, Forthcoming.

² Global Sustainable Investment Alliance, "2018 Global Sustainable Investment Review." 2018.

Disclaimer: There is no assurance that sustainable investing companies will meet these objectives. Investing involves risks including the possible loss of capital.

This investment strategy may result in investment returns that may be lower or higher than if decisions were based solely on investment considerations.



DIFFERENT APPROACHES TO SUSTAINABLE INVESTING

While there is a common theme of pursuing a greater purpose, there is much variety within sustainable investment strategies, particularly in how they are implemented. Implementation generally takes the form of one or more of the following approaches:

Exclusionary screening

- Viewed as the original approach to “responsible” investing
- Also known as socially responsible investing or negative screening
- Excludes individual companies or entire industries from portfolios if their activities conflict with an investor’s values, such as fossil fuels, gambling or alcohol
- Limits investable universe, which could impact diversification

Integration

- Combines ESG criteria with traditional financial considerations
- Gaining momentum as portfolio managers consider ESG themes in their decision-making process
- Sometimes implemented as a best-in-class³ approach by identifying and investing in companies that are the highest ESG performers within a sector or industry group
- A study conducted by the CFA Institute cites integration is the most commonly used method¹



Impact investing²

- Aims to have a social or environmental impact alongside financial return, with a focus on intentionality and measurement of impact
- Ranges from grant support to private equity; liquidity risk and return target can vary dramatically
- Most common products are funds invested in private equity and venture capital
- Accredited investors and funds are the leaders in impact investment by asset level

Other dimensions

- Thematic investing – focuses on a specific ESG theme, and structures a portfolio around companies or industries that support that theme
- Shareholder engagement (activism) – actively engages with a company, directly working with management or exercising shareholder rights to effect change

¹ CFA Institute, “ESG Issues in Investing: Investors Debunk the Myths.” 2015.

² Global Impact Investing Network, “What You Need to Know About Impact Investing,” <https://thegiin.org/impact-investing/need-to-know/#s2>

³ Best in class (ESG) investment refers to the composition of portfolios by the active selection of only those companies that meet a defined ranking hurdle established by environmental, social and governance criteria.

DESIRED OUTCOMES

Whereas conventional investing is focused on risk/return, and philanthropy seeks solely to benefit charities and causes without return or income consideration, sustainable investing looks to accomplish both in varying degrees along a spectrum of possible outcomes.

CONVENTIONAL INVESTING
Seeks an acceptable risk/return profile with no investing limitations beyond suitability

EXCLUSIONARY SCREENING
Aims to align investing with client values through exclusion of companies whose practices are contradictory to the beliefs of the investor

The growing interest for sustainable or ESG investing has reached **\$12 trillion** in these strategies as of year-end 2017, which is more than three times the 2012 figure of \$3.7 trillion.¹

Assets under management using sustainable, responsible and impact strategies account for more than **one out of every four dollars** under professional management in the United States.¹

WHY INVESTORS MAY CONSIDER SUSTAINABLE INVESTING

Risk mitigation – Companies that ignore their social and environmental impacts may face regulatory and governance risks.

More conscious approach to investing – Investors may aim for a positive impact or avoid ties to questionable activities.

Long-term performance – Companies with a negative reputation or poor business practices may not be sustainable.

Align investing with personal or religious values – Investors may not feel comfortable investing in companies whose business practices they view as morally objectionable.

Fiduciary duty – Professional asset managers have a responsibility to invest within certain standards that represent their clients' interests, which would likely make investments in companies with unsustainable practices less appropriate.

To learn more about sustainable investing, and if it's right for your long-term financial plan, talk to your financial advisor today.

¹ US SIF Foundation, "SRI Basics." 2018.



INTEGRATION

A strategy that considers ESG criteria as part of its analysis and portfolio construction to mitigate risks or invest in high quality companies

IMPACT INVESTING

An intentional and measurable social or environmental impact through investing

PHILANTHROPY

The promotion of causes through direct financial support

The paths to achieving effective global stewardship and possible growth are coming together in the investor mindset. Sustainable investing, when incorporated into a well-defined, long-term investment plan, can be a powerful tool in addressing global challenges while seeking to achieve personal financial goals.

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Sustainable Investing Questionnaire

Sustainable Investing encompasses investment strategies that integrate environmental, social and governance (ESG) factors into investment analysis. Investors are generally seeking the following:

- To achieve benefits beyond financial returns, such as encouraging social or environmental best practices, and/or
- To improve return potential through consideration of this extra-financial information.

There are several ways to implement SRI/ESG investing:

- Some institutions seek to avoid all investments in certain industries, consistent with their religion, ethics or values, or to limit their potential exposure to such industries. This has historically been known as Socially Responsible Investment or SRI. It focuses on excluding investments in certain industries and companies.
- Investors that are primarily concerned with corporate behavior seek to promote the positive benefits of strong environmental, social, and governance values by the integration of ESG factors into their investment decision-making framework.
- Other investors target their investments only in companies that score highly based on specific ESG criteria.

The following questionnaire is designed help define the specific SRI/ESG criteria that you would like to be included as part of your fund's investment profile, so that we can help you find managers and funds that can fulfill those goals.

SRI/ESG Investment Objectives

1. What are the primary ESG considerations of this fund? If more than one, please rank in order of importance.

___ **Environmental** – seeks to invest in companies that emphasize conservation and protection of the natural environment.

___ **Social** – seeks to invest in companies that have positive impact, or at least do not have a negative impact, based on the institution's mission, values and goals.

___ **Governance** – seeks to invest in companies that are committed to ethical business practices.

___ All of the above.

2. Are there specific types of companies or industries that you would like to exclude from your fund's investment assets? Yes No

If so, do you wish to **exclude** companies that derive **any** income from such industries, or do you wish to **avoid** those that derive a substantial amount of revenue (over 20%) from such companies/industries?

Please indicate E for exclude or A for avoid. Select as many as may apply:

Environmental Exclusions

Fossil fuels:

- Fracking
- Tar sands
- Carbon reserves
- Oil and gas and consumable fuels
- Coal companies
- Energy equipment and services
- Nuclear power

Sustainable agriculture:

- Factory Farming
- GMOs

Social Exclusions:

- Adult Entertainment
- Alcohol
- Gambling
- Life Choice
- Tobacco
- Anti-LGBTQ Policies
- Animal Testing: Pharma Only Animal Testing: Non-Pharma Fur
- Civilian Firearms: Production Civilian Firearms: Distribution Military Weapons
- Predatory Lending
- Private Prisons
- Other _____

Country Exclusions:

- Sudan
- Iran

___ **Other** _____

3. Does your organization seek to focus on advancing certain values by investing in specific strategies? If yes, please indicate below:

General:

- ___ US Green REIT
___ Women's Inclusion
___ Animal Friendly

Faith-Based:

- ___ Catholic Values
___ Islamic Values
___ Jewish Values
___ Protestant Values

4. Does your organization seek to tilt your investments toward strategies aligned with your values? If yes, please indicate below:

Environmental tilts:

- ___ Low-carbon footprint
___ Clean technology solutions
___ Other _____

Social Tilts:

- ___ Pro-LGBTQ policies and practices
___ Reproductive rights
___ Other _____

Governance tilts:

- ___ Responsible governance

Geography tilts:

- ___ Israel exposure
___ Other _____

Governance exclusions:

- ___ No female representation on board
___ No minority representation on US company board
___ Other _____

Does your organization seek to effect change by exerting influence on corporate governance through shareholder advocacy? If yes, please indicate below:

Environmental / climate change

Human rights / diversity issues

Please briefly describe your preferences below.

Please list any specific company or industry exclusions not included above. If more than one is selected, please list in order of importance.

TERMS AND DEFINITIONS¹

Active Ownership - Responsible investors increasingly pursue active ownership efforts to reduce risk and enhance long-term shareowner value. This includes voting company shares and/or engaging company management and boards of directors on environmental, social, and corporate governance (ESG) issues, as well as on business strategy issues.

Community Investing / Community Impact Investing - Directing investment capital to communities that are underserved by traditional financial services institutions. Generally provides access to credit, equity, capital, and basic banking products that these communities would otherwise lack.

CSR (Corporate Social Responsibility) - An approach to business which takes into account economic, social, environmental, and ethical impacts for a variety of reasons, including mitigating risk, decreasing costs, and improving brand image and competitiveness.

ESG (Environmental, Social, Governance) - Investment analysis that incorporates environmental, social, and corporate governance factors into the investment process. ESG terminology was developed and promulgated by the United Nations Principles for Responsible Investing (UNPRI).

Ethical Investing - Investment philosophy guided by moral values, ethical codes, or religious beliefs. This practice has traditionally been associated with negative screening.

Green Investing - An investment philosophy that includes criteria relating to the environmental impact of the underlying investment.

Impact Investing - Investment strategies that provide capital to companies working to generate a financial return along with significant societal or environmental benefit.

Mission-Based Investing - Incorporating and reflecting an organization's mission in its investment decision-making process.

Negative Screening - A strategy of avoiding investing in companies whose products and business practices are harmful to individuals, communities, or the environment.

SRI - Sustainable, responsible, impact (SRI) investing is the process of integrating personal values, societal concerns, and/or institutional mission into investment decision-making. SRI is an investment process that considers the social and environmental consequences of investments, both positive and negative, within the context of rigorous financial analysis. SRI portfolios seek to invest in companies with the strongest

¹ * Source: First Affirmative Financial Network. Glossary of Responsible Investing terms.
https://cdn2.hubspot.net/hubfs/2719600/SRI%20Conference/SRI_2017/documents/sri-glossary.pdf

demonstrated performance in the areas of environmental, social, and corporate governance (ESG) Issues. In some circles, SRI (also known as “green” or “values-based” or “impact” investing, or “responsible” investing) reflects concerns that are believed to influence Investor risk.

Triple Bottom Line - A holistic approach to measuring a company’s performance on environmental, social, and economic issues. The triple bottom line approach to management focuses companies not just on the economic value (profit) they add, but also on the environmental (planet) and social (people) value they may add or detract.

Investing involves risk and you may incur a profit or loss regardless of the strategy selected. Sustainable/socially responsible investing (SRI) considers qualitative environmental, social and corporate governance, also known as ESG criteria, which may be subjective in nature. There are additional risks associated with SRI, including limited diversification and the potential for increased volatility. There is no guarantee that SRI products or strategies will produce returns similar to traditional investments. Because SRI criteria exclude certain securities/products for non-financial reasons, investors may forego some market opportunities available to those who do not use these criteria. Investors should consult their investment professional prior to making an investment decision.

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ESG investment trends

Raymond James

2020 RPAC Conference

January 30, 2020

Sarah Greenberg

Executive Director

MSCI ESG Client Coverage

MSCI: A Leader in ESG Solutions

MSCI ESG Research LLC: More than 40 years providing ESG ratings, research & data

300+ ESG employees working with institutional investors around the world²

MSCI & MSCI ESG Research: Voted **Best Firm for SRI Research, Corporate Governance and Sustainability Indexes*** for the 4th consecutive year



Bloomberg Barclays MSCI Green Bond Index was voted best index for the third consecutive year



Innovative equity & fixed income indexes for various ESG approaches*

Market Leader with ETP Providers:

- **#1 in NET FLOWS gathered YTD 2019 linked to MSCI ESG Indexes - \$5.7B**
- **#1 in ASSETS linked to ESG Indexes (\$21.5B)**
- **#1 in NUMBER of ESG ETFs (165)**

**MSCI ESG Indexes utilize information from, but are not provided by, MSCI ESG Research LLC. MSCI Equity Indexes are products of MSCI Inc. and are administered by MSCI UK Limited*

MSCI'S LEADERSHIP IN ESG-LINKED ETFs

\$21.5Bn in 165 ETFs linked to MSCI ESG Indexes¹



¹ As of Jun 30 from Refinitiv; defined as each share class of an exchange traded fund, as identified by a separate Lipper ID. Only primary listings, and not cross-listings, are counted. MSCI does not guarantee the accuracy of third party data.

² Source: MSCI ESG Research as of March 2019. Includes full time employees, employees of foreign affiliates providing investment advisory services to MSCI ESG Research LLC, and global allocated staff performing non-investment advisory tasks.

³ As of March 31, 2019; defined as each share class of an exchange traded fund, as identified by a separate Bloomberg ticker. Only primary listings, and not cross-listings, are counted.

The MSCI Principles of Sustainable Investing

▶▶ **We believe that this convergence of factors (climate change, social attitudes, institutional governance, technological innovation) will significantly impact the pricing of financial assets and the risk and return of investments and lead to a large-scale re-allocation of capital over the next decades.** ▶▶

The world is rapidly changing and its interdependence and interconnectivity are growing at an exponential pace. These significant changes require new approaches to investing that take into account notions of sustainable finance.

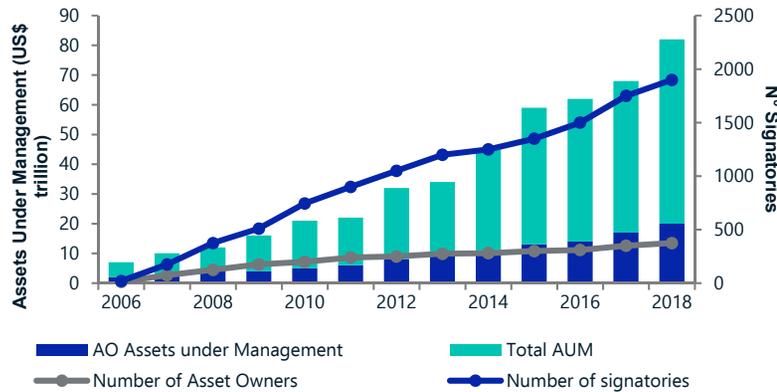
Holding long term investments requires understanding, identifying and managing long term financial risks and opportunities. For some investment institutions, their investment horizons are often indefinite. Therefore, their asset allocation, portfolio construction and risk management processes decisions must regularly and rigorously assess whether their investments are resilient and can be sustained indefinitely. We understand today, better than ever before, how Environmental, Social and Governance (ESG) considerations can impact long term risks and opportunities in financial markets.

Climate change is the clearest and most pressing illustration of this urgent reality today. In addition to the life and death risks of increasing temperatures and rising oceans, climate change also highlights the economic and investment risks and opportunities associated with the world's transition to a low carbon economy. An extensive body of scientific evidence has established that man-made factors are driving climate change on our planet. Citizens are demanding action from governments, companies and investors, because we face a catastrophic future unless remedial action is taken swiftly. Investors all over the world need to incorporate this new reality into their investment portfolios.

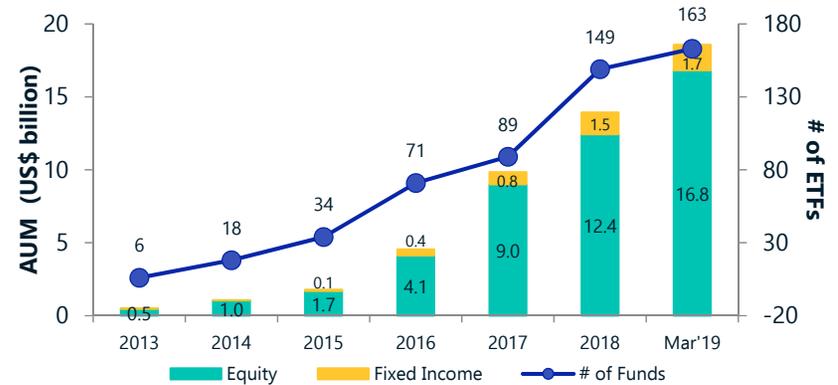
At the same time as the public is increasingly demanding that all institutions in society integrate ESG considerations, public trust is eroding greatly because progress in these endeavors has been slow and there is a lack of transparency. The Great Financial Crisis revealed an uneven playing field that may have incentivized short term profits for the few over long-term sustainable and inclusive value creation for the many. Furthermore, our digitally interconnected world regularly shines an unflattering spotlight on companies and their leaders whose conduct fails to meet the rising expectations of their stakeholders to help sustain an inclusive global economy. Investors, as the primary providers of capital, are increasingly being asked to engage with these companies to find solutions to these pressing ESG issues and to deny capital to those that ignore them.

ESG investing is growing dramatically...why now?

UN PRI* Has Grown to Over 1,900 Signatories with \$81.7 Trillion In AUM



99% CAGR in ETF AUM Tracking MSCI ESG Indexes since 2013



Here's why:

1. Investors have become less tolerant of corporate ESG incidents

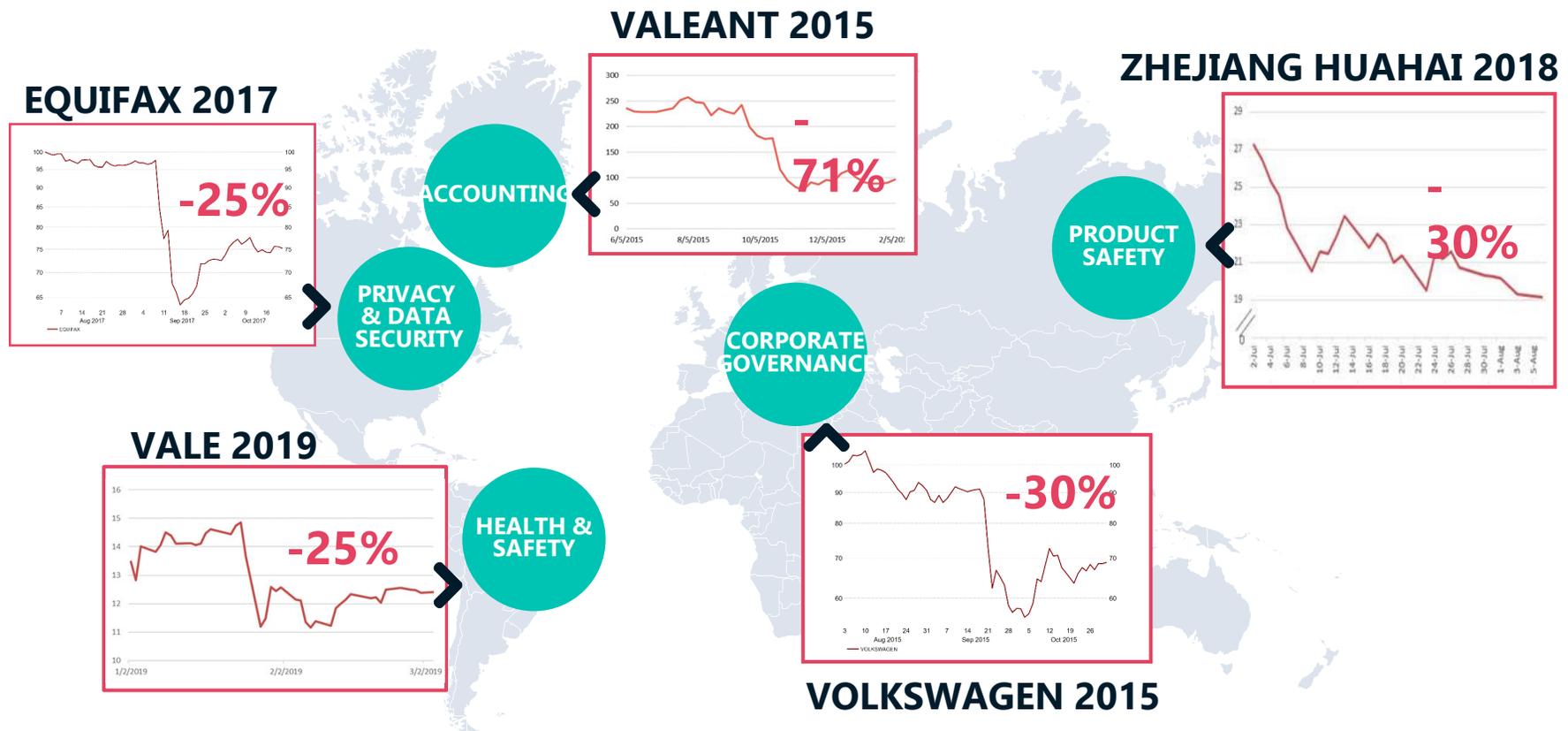
2. Greater understanding of potential financial benefit

3. Investors demonstrating willingness to act

4. Improved ESG ratings

Investors have become less tolerant of corporate ESG incidents

30 years ago, Exxon's stock price barely moved when Exxon Valdez spilled 11mm gallons of oil on the Alaskan shore.* Today, with social media allowing for immediate, global communication of issues, investors are making companies accountable for their actions.



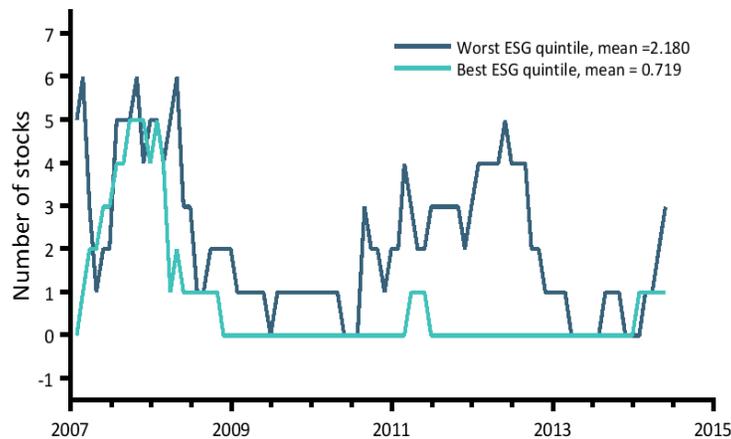
ESG is financially relevant

A MSCI ESG Research study¹ found that companies with high ESG Ratings had higher profitability, lower tail risk and lower systematic risk on average based on 10 years of data



Companies with higher **MSCI ESG** scores had better risk management, less frequent incidents and **LOWER TAIL RISK** in the company's stock price

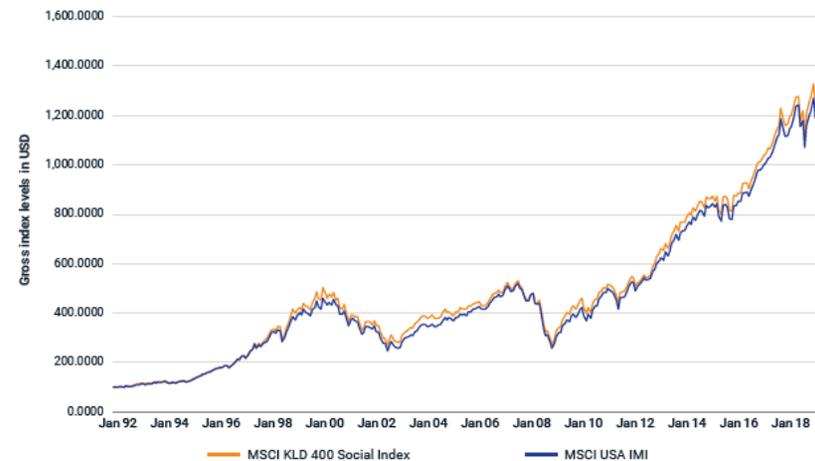
Incident Frequency of Top and Bottom ESG Quintile



MSCI has a broad range of ESG Indexes with significant live history. More than 120 have five or more years of live history, with MSCI KLD 400 having the longest track record (28+ years).

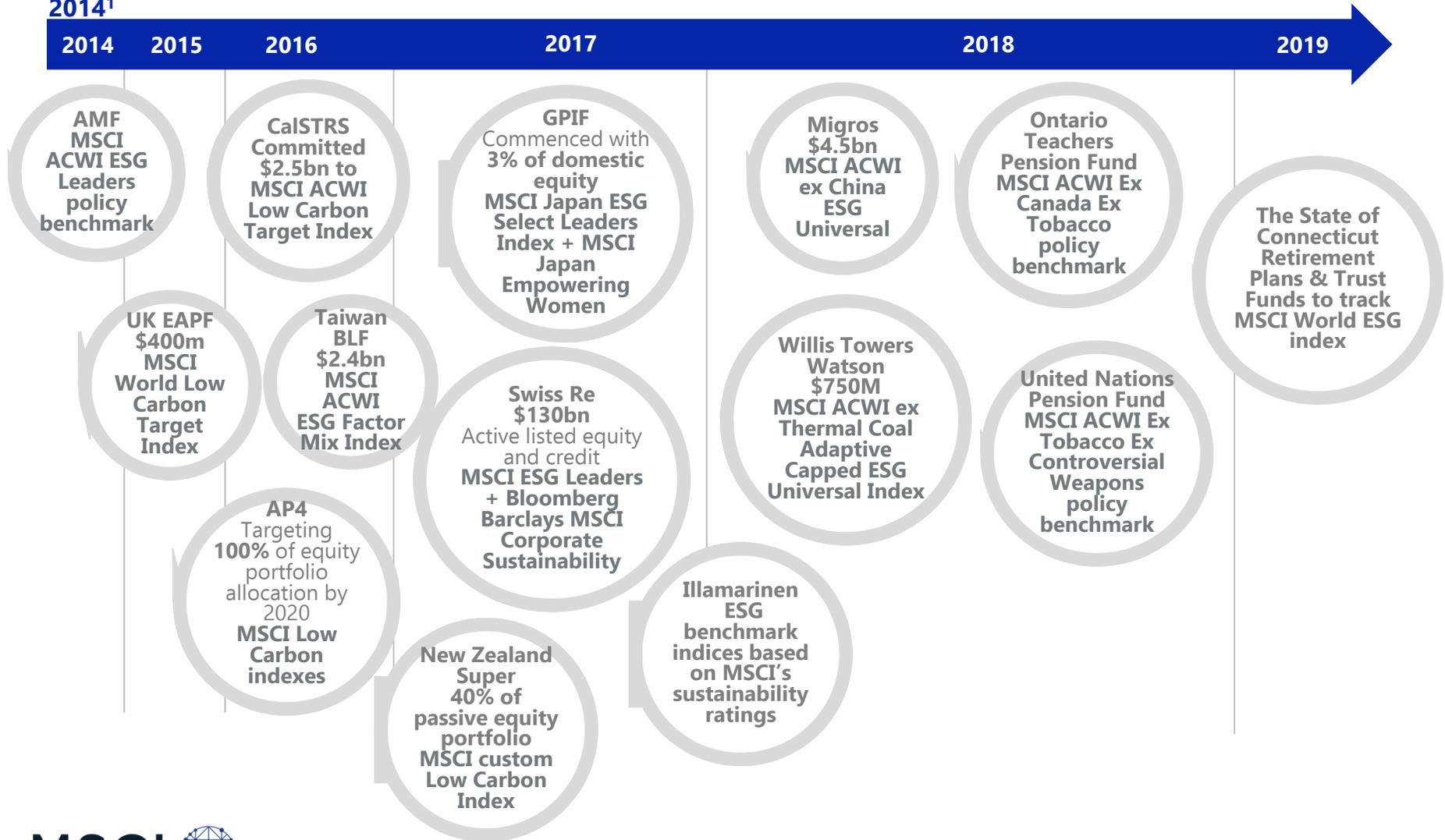


MSCI KLD 400: **28+ YEARS** of live history



Investors demonstrating willingness to act

More than \$250bn allocated to investments tracking / benchmarked to MSCI ESG equity & fixed income indexes since 2014¹



Investors are changing: wealth & retail interest in ESG

84%

of **millennial investors** are interested in sustainable investing¹

76%

of **women** believe ESG factors are important aspects to consider when making an investment (vs. 60% of men)¹

71%

of **individual investors** are interested in sustainable investing¹

54%

of asset managers surveyed plan to **market >50% of their funds as ESG** over the next two years²

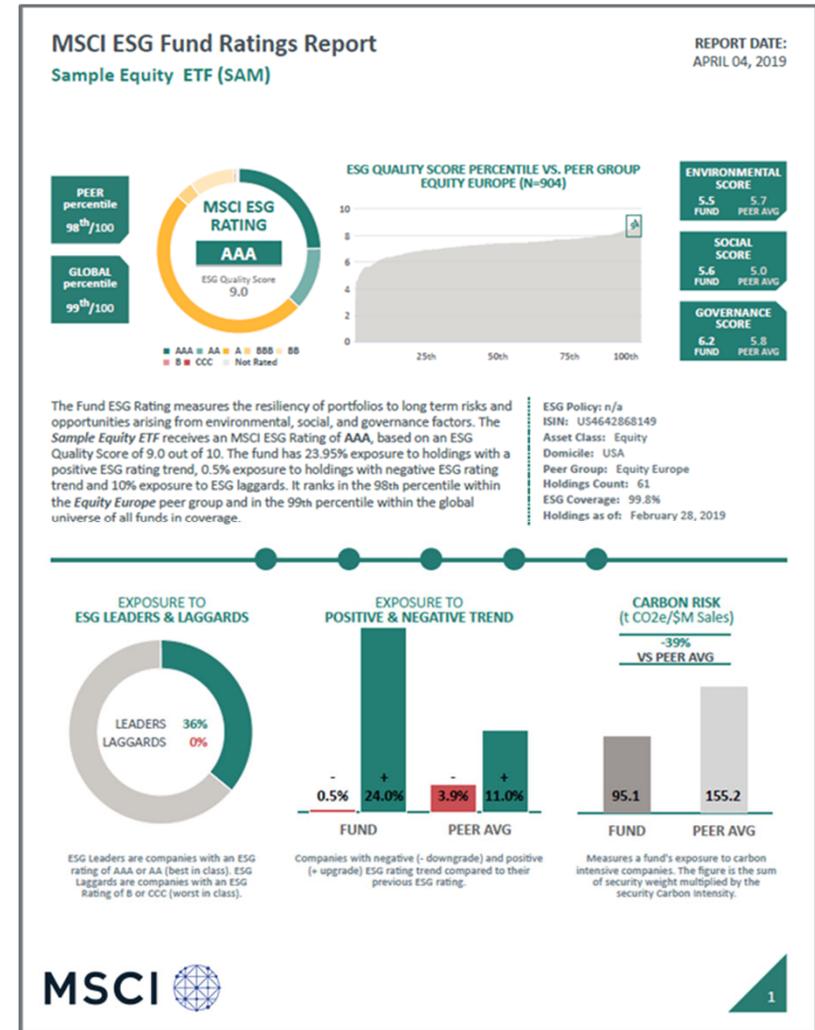
[1] Morgan Stanley Institute for Sustainable Investing. Sustainable Signals: The Individual Investor Perspective (February 2015)

[2] BNP Paribas global survey of 461 asset owners and asset managers (32% APAC, 39% Europe, 29% N America and is complemented by a series of in-depth interviews.

Investors are changing: investors want more metrics

“The number one question I get from advisors is how to handle the coming generational wealth transfer – some \$30 trillion that will make its way from the baby boomers to millennials in the coming two decades.

ESG has emerged as one of the dominant answers to that question.”
 Dave Nadig, CEO of ETF.com



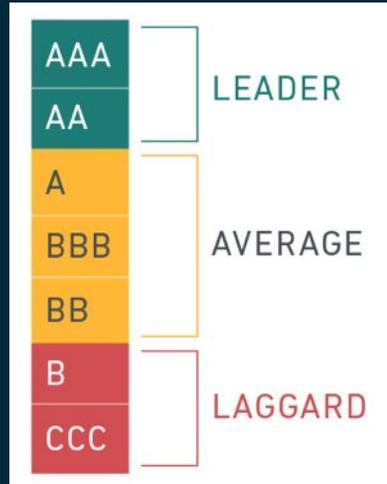
MSCI ESG Approach

MSCI ESG RATINGS*

13,500
ISSUERS

650,000
SECURITIES

32,000
MULTI-ASSET CLASS
FUNDS COVERED



Augmented Intelligence to supplement and support **185+ ESG analysts**

Financially-oriented methodology focused on key industry risks and using **alternative data**

*MSCI ESG Ratings and data provided by MSCI ESG Research LLC



Source:MSCIESGResearchasofMarch2019.Includesfulltime employees,employeesofforeignaffiliatesprovidinginvestmentadvisoryservices to MSCI ESG Research LLC, and global allocated staff performing non-investment advisory tasks

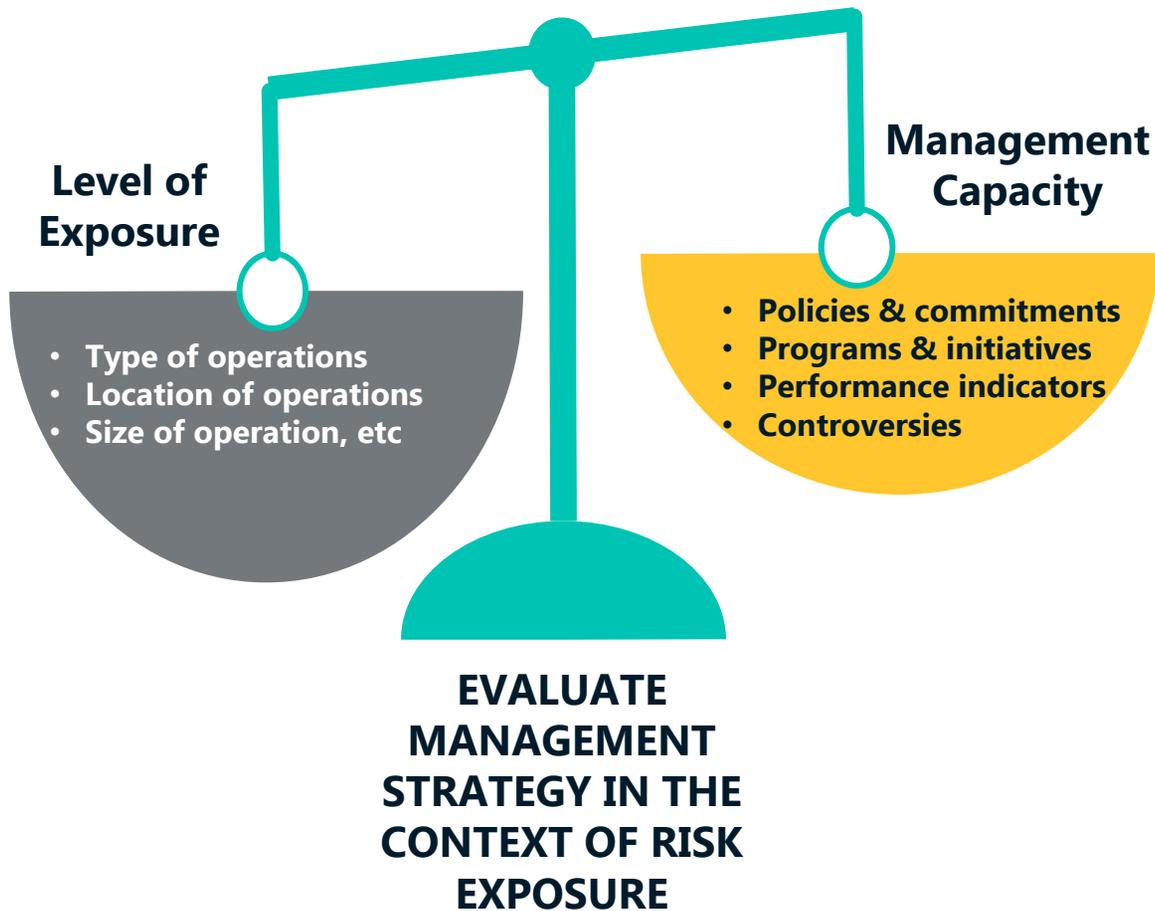
1,000+ ESG Metrics across **risk** exposure, risk mitigation practices and performance



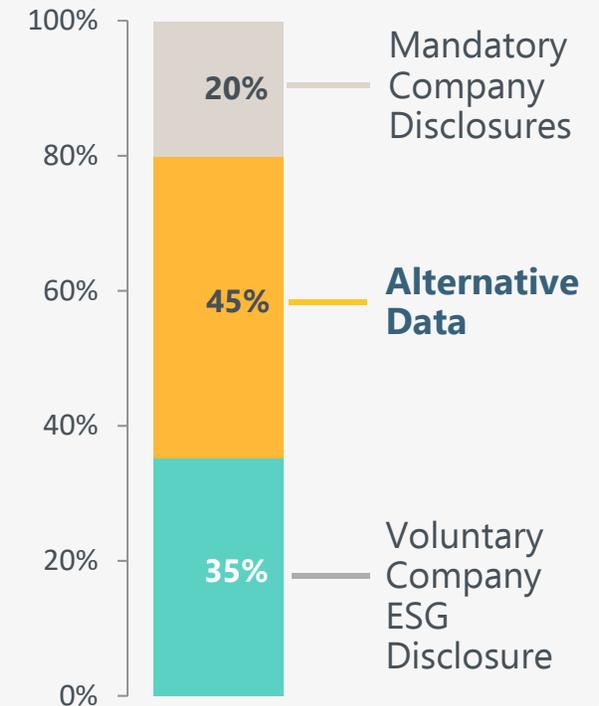
Outputs and delivery



ESG risk exposure vs management capacity



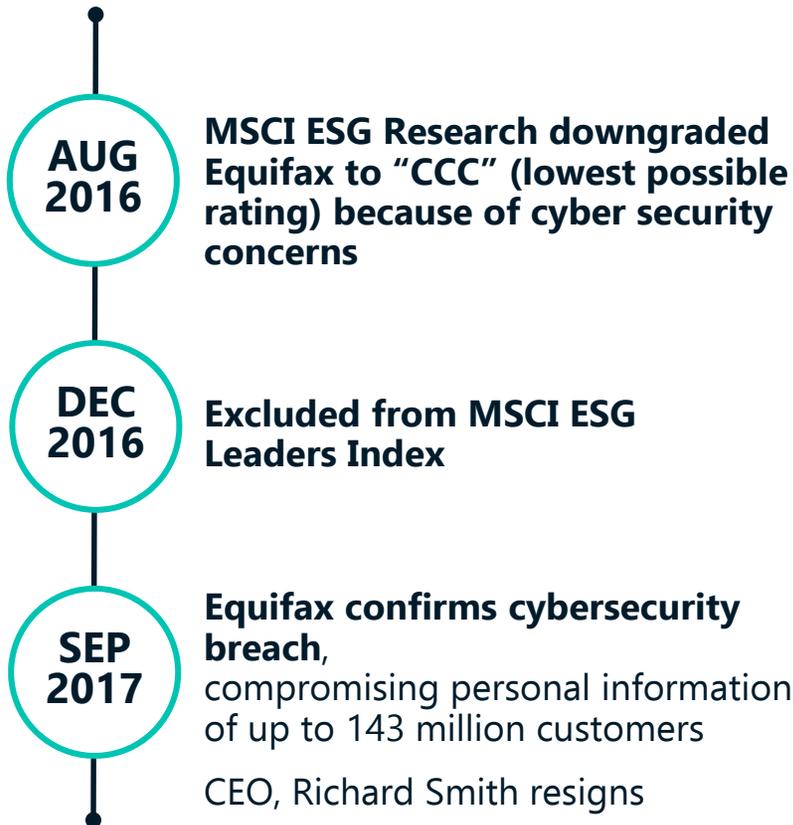
Alternative data is a significant input to ESG Ratings model



2,434 constituents of the MSCI ACWI Index as of November 30, 2017
Source: MSCI ESG Research LLC

▶ The Equifax example illustrates how a proper ESG approach helped identify a material risk

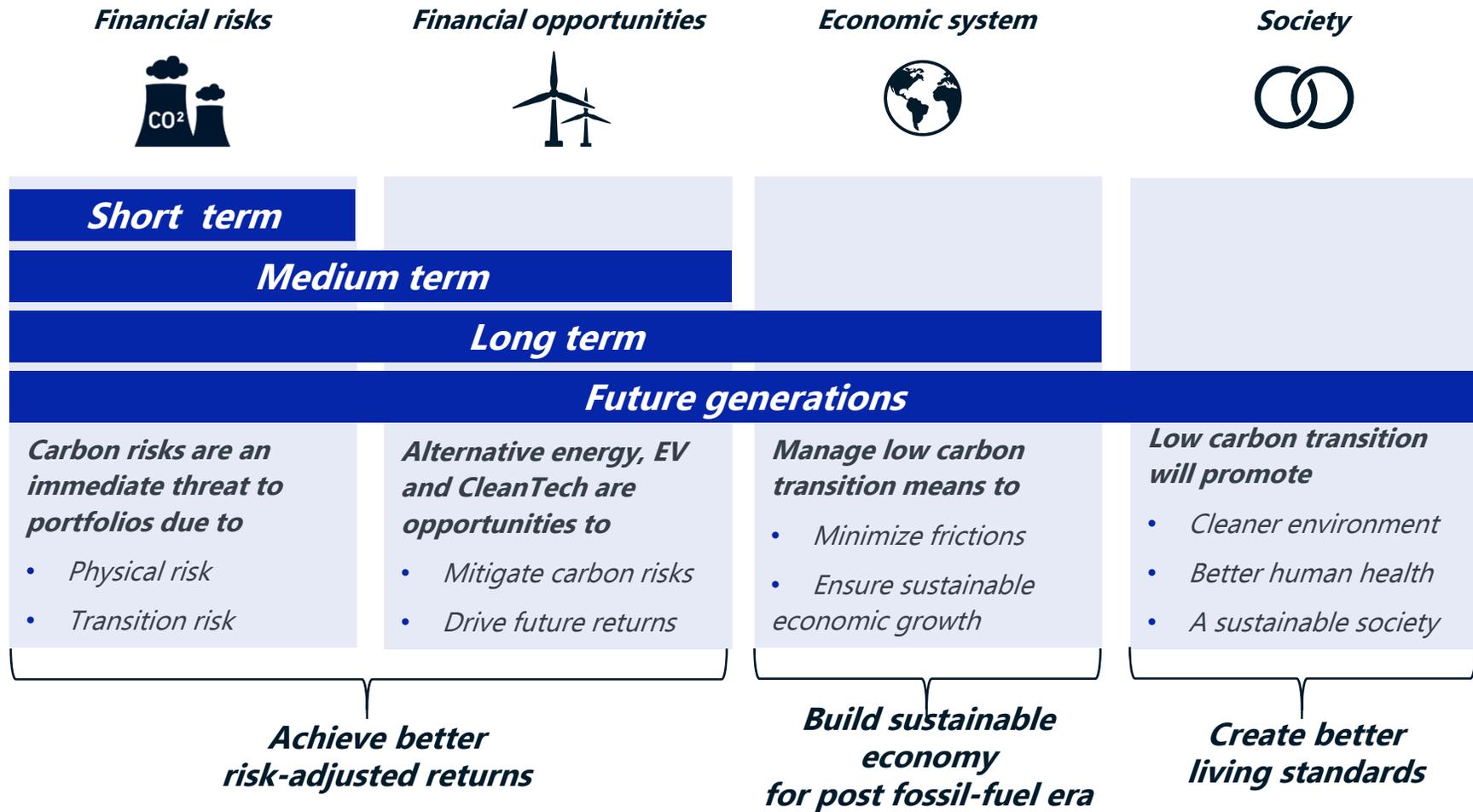
ESG Ratings for Equifax highlighted key data breach risks more than one year before the breach.



HERE IS WHAT LED TO EQUIFAX'S DOWNGRADE IN AUGUST 2016:

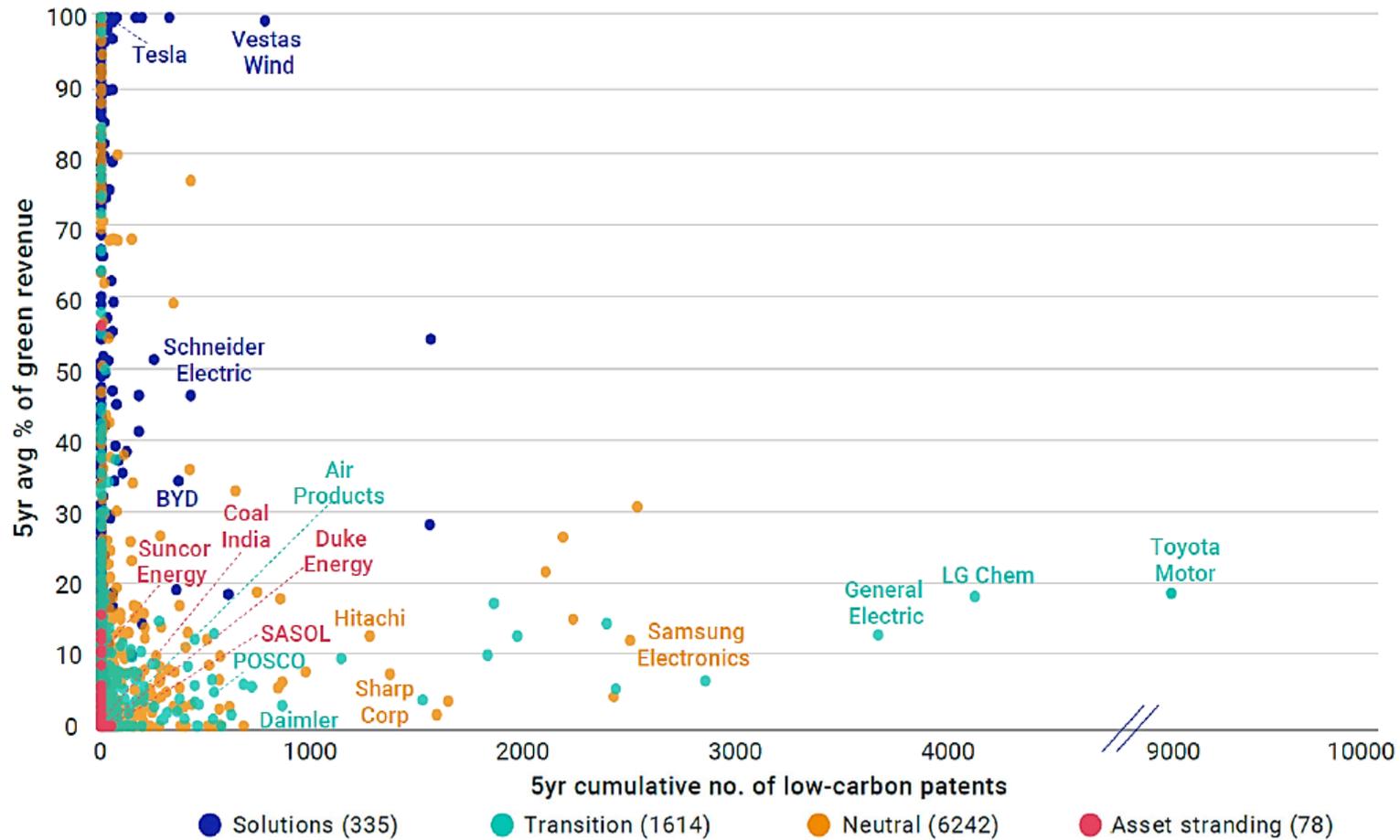
- 1** High weight on Data Privacy and Security key issue. The methodology-driven issue selection triggers **deeper analysis on what matters**
- 2** Systematic review of **forward-looking** information (strategy, policies and targets) across sector. EFX was weakest by far
- 3** Special focus on performance analysis. EFX was already subject to major hack and did not adapt. **Use of alternative data sources** (in this case, databases of hacks) allows for more effective assessment compared to company reported data

What is the meaning of climate change for investors?
financial, economic and social dimensions



Climate change innovators: Spotting the sleeping giants

Green revenue vs. low-carbon patents of companies



▀ About MSCI

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Comparative Performance Analysis Report

Sewerage and Water Board of New Orleans ERS

May 31, 2020

Pension Committee

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Sewerage and Water Board of New Orleans ERS Total Composite

Market Performance

As of May 31, 2020

Name	Description	May-20	Last 3 Months	Fiscal YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
US Equity								
Russell 3000	Broad	5.35	2.89	-5.63	11.46	9.54	9.17	12.80
S&P 500	Large Cap Core	4.76	3.59	-4.97	12.84	10.23	9.86	13.15
Russell 1000	Large Cap Core	5.28	3.44	-4.91	12.54	10.09	9.58	13.07
Russell 1000 Growth	Large Cap Growth	6.71	10.45	5.23	26.25	17.21	14.50	16.07
Russell 1000 Value	Large Cap Value	3.43	-4.61	-15.70	-1.64	2.60	4.36	9.85
Russell MidCap	Mid Cap Core	7.03	-1.45	-10.73	2.63	5.51	5.94	11.43
Russell 2000	Small Cap Core	6.51	-5.18	-15.95	-3.44	1.98	3.72	9.23
Russell 2000 Growth	Small Cap Growth	9.45	1.74	-6.65	7.32	7.72	6.34	11.72
Russell 2000 Value	Small Cap Value	2.87	-12.95	-25.65	-14.69	-4.16	0.71	6.54
International Equity								
MSCI ACWI	Global Equity	4.35	-0.07	-9.16	5.43	5.19	5.29	8.47
MSCI World ex USA	International Equity	4.25	-4.23	-14.42	-3.12	-0.25	0.74	4.93
MSCI EAFE	Developed Equity	4.35	-3.73	-14.26	-2.81	-0.37	0.79	5.27
MSCI Emerging Markets	Emerging Equity	0.77	-6.95	-15.96	-4.39	-0.15	0.88	2.47
Fixed Income								
91 Day T-Bills	Cash and Cash Equivalents	0.01	0.14	0.39	1.47	1.68	1.13	0.59
BBgBarc US Aggregate TR	Fixed Core	0.47	1.65	5.47	9.42	5.07	3.94	3.92
BBgBarc US Govt/Credit TR	Fixed Core	0.58	1.68	6.28	10.68	5.57	4.30	4.22
BBgBarc US Municipal TR	Fixed Muni	3.18	-1.81	1.24	3.98	3.81	3.74	4.14
BBgBarc US High Yield TR	Fixed High Yield	4.41	-3.39	-4.73	1.32	3.04	4.27	6.71
FTSE WGBI TR	Global Fixed	0.20	0.77	3.42	6.36	3.72	3.51	2.47
FTSE WGBI ex US TR	International Fixed	0.48	-0.94	0.08	3.11	2.50	3.12	1.88
Real Estate								
FTSE NAREIT All REIT	Real Estate	1.71	-12.20	-17.28	-9.35	2.42	4.61	9.25
NCREIF Property Index	Real Estate	0.00	0.71	0.71	5.28	6.41	7.65	10.17
Alternatives								
HFRI Fund of Funds Composite Index	Hedge Funds	2.54	-1.99	-3.24	0.33	1.67	0.94	2.53
Inflation								
Consumer Price Index	Inflation	0.00	-0.88	-0.23	0.12	1.56	1.52	1.63

Sewerage and Water Board of New Orleans ERS
Total Composite
Investment Analysis

Sewerage and Water Board of New Orleans ERS Total Composite

Sewerage and Water Board of New Orleans ERS Total
Composite Performance

As of May 31, 2020

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Sewerage and Water Board of New Orleans ERS Total Composite	205,081,937	100.00	3.87	-4.93	-7.17	0.83	3.90	3.56	4.67	6.41	5.59	Jul-02
<i>Strategic Asset Allocation</i>			2.64	-1.19	-5.07	4.74	5.07	4.33	4.93	6.50	5.54	Jul-02
Equity Composite	94,709,742	46.18	4.87	-0.62	-7.50	8.52	--	--	--	--	5.13	Jan-18
<i>Equity Balanced Index</i>			5.01	-0.23	-9.25	5.37	--	--	--	--	3.18	Jan-18
Earnest Partners	35,613,535	17.37	8.93	-18.99	-18.30	-12.86	-3.61	-1.17	0.95	--	4.00	Oct-11
<i>MSCI ACWI ex USA</i>			3.27	-4.99	-14.85	-3.43	-0.24	0.79	2.40	--	4.75	Oct-11
iShares S&P 500 Growth ETF	17,582,211	8.57	5.97	8.61	3.54	20.02	14.84	--	--	--	14.98	Mar-16
<i>Russell 1000 Growth</i>			6.71	10.45	5.23	26.25	17.21	--	--	--	18.92	Mar-16
NewSouth Capital	17,630,610	8.60	5.53	-2.83	-13.25	-0.31	6.20	5.49	8.20	--	11.39	Sep-11
<i>Russell 2500 Value</i>			4.57	-11.12	-22.62	-11.68	-2.35	1.26	4.31	--	9.24	Sep-11
Chicago Equity Partners	14,933,531	7.28	5.27	1.44	-7.64	7.47	7.76	7.11	9.89	12.13	8.10	Jun-06
<i>Russell 1000</i>			5.28	3.44	-4.91	12.54	10.09	9.58	11.46	13.07	8.73	Jun-06
Barrow, Hanley, Mewhinney, & Strauss	8,949,854	4.36	5.97	-3.93	-16.90	-1.17	--	--	--	--	--	Aug-06
<i>Russell 1000 Value</i>			3.43	-4.61	-15.70	-1.64	--	--	--	--	--	Aug-06
Fixed Income Composite	77,307,199	37.70	1.61	0.62	1.62	6.03	--	--	--	--	4.66	Jan-18
<i>Fixed Income Balanced Index</i>			0.94	0.95	4.29	8.51	--	--	--	--	5.46	Jan-18
Pyramis Global Advisors (Fidelity)	77,276,974	37.68	1.62	0.63	1.62	6.04	4.31	3.94	3.86	4.73	5.05	Apr-07
<i>BBgBarc US Universal TR</i>			0.93	0.94	4.29	8.50	4.83	4.02	3.74	4.19	4.64	Apr-07
Zazove Associates, LLC (Residual Asset)	30,225	0.01	-5.18	-18.61	-15.39	-5.10	--	--	--	--	18.79	Jan-18
<i>ICE BofA Convertibles Securities TR</i>			7.71	3.83	4.93	18.06	--	--	--	--	11.47	Jan-18

Sewerage and Water Board of New Orleans ERS Total Composite

Sewerage and Water Board of New Orleans ERS Total
Composite Performance

As of May 31, 2020

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Real Estate Composite	16,403,250	8.00	1.75	-10.48	-15.72	-7.18	--	--	--	--	1.10	Jan-18
<i>Real Estate Balanced Index</i>			0.11	-15.30	-21.20	-15.39	--	--	--	--	-3.27	Jan-18
Vanguard Real Estate ETF	16,403,250	8.00	1.75	-10.48	-15.72	-7.18	2.34	3.98	5.70	8.90	8.23	May-10
<i>MSCI US REIT</i>			0.11	-15.30	-21.20	-15.39	-1.47	1.18	3.29	6.85	6.20	May-10
Alternatives Composite	15,949,435	7.78	0.30	-9.82	-6.67	-5.96	--	--	--	--	-2.34	Jan-18
<i>Alternatives Balanced Index</i>			2.54	-1.99	-3.24	0.33	--	--	--	--	0.27	Jan-18
Prisma Capital Partners LP	15,931,144	7.77	0.30	-9.83	-6.68	-5.96	-0.55	-0.98	0.98	2.28	2.20	May-07
<i>HFRI Fund of Funds Composite Index</i>			2.54	-1.99	-3.24	0.33	1.67	0.94	2.25	2.53	1.26	May-07
Equitas Capital Advisors (Residual Asset)	18,291	0.01	0.01	-0.75	-0.74	-1.73	--	--	--	--	-1.85	Jan-18
<i>HFRI Fund of Funds Composite Index</i>			2.54	-1.99	-3.24	0.33	--	--	--	--	0.27	Jan-18
Cash & Equivalents	712,310	0.35										
Cash Account	712,310	0.35										

- Strategic Asset Allocation = 27% Russell 3000 / 20% MSCI ACWI ex USA / 35% BBgBarc US Universal TR / 8% HFRI Fund of Funds Composite Index / 9% MSCI US REIT / 1% FTSE T-Bill 1 Month TR

- Equity Balanced Index = Weighted Average of MSCI ACWI ex USA / Russell 2500 / S&P 500 Growth / Russell 1000 / Russell 1000 Value

- Fixed Income Balanced Index = Weighted Average of BBgBarc US Universal TR / ICE BofA All US Convertibles TR

- Real Estate Balanced Index = Weighted Average of MSCI US REIT

- Alternatives Balanced Index = Weighted Average of HFRI Fund of Funds Composite Index

- Performance for all accounts and composites reported gross of fees unless otherwise indicated.

Sewerage and Water Board of New Orleans ERS Total Composite

As of May 31, 2020

Strategic Asset Allocation Policy

12/31/1989-8/31/1994		3/1/2005-6/30/2007		10/01/2009-3/31/2010		3/1/2016-4/30/2016	
CG Broad Bond	75%	Russell 3000	40.00%	Russell 3000	33.50%	Russell 3000	33.00%
S&P 500	25%	MSCI ACWI exUS	7.75%	MSCI ACWI exUS	8.50%	MSCI ACWI exUS	9.00%
		CG Broad Bond	25.00%	Barclays Agg Bond	28.00%	Barclays Aggregate	37.00%
9/1/1994-8/31/1997		CG World Govt Bond	10.00%	Barclays Global Tips	9.00%	HFRI Fund of Funds	8.75%
CG Broad Bond	55%	CSFB Tremont/Hdgc	7.25%	CSFB Tremont/Hdgc	8.75%	MSCI REIT	3.25%
Russell 1000 Value	25%	90-Day US T-Bill	10.00%	S&P GSCI	7.25%	30 Day T-Bill	9.00%
Russell 1000 Growth	11%			DJ Wilshire xUS Resi	1.75%		
Russell 2000 Growth	9%	7/1/2007-8/31/2008		MSCI REIT	3.25%	5/1/2016 -8/31/2019	
		Russell 3000	40.00%			Russell 3000	40.25%
9/1/1997-2/28/1999		MSCI ACWI exUS	7.75%	4/01/2010-4/30/2014		MSCI ACWI exUS	9.00%
CG Broad Bond	45%	CG Broad Bond	25.00%	Russell 3000	33.50%	Barclays Universal	37.00%
Russell 1000 Value	30%	CG World Govt Bond	10.00%	MSCI ACWI exUS	8.50%	HFRI Fund of Funds	8.75%
Russell 1000 Growth	14%	CSFB Tremont/Hdgc	7.25%	Barclays Agg Bond	28.00%	MSCI REIT	3.25%
Russell 2000 Growth	11%	DJ Global Index	10.00%	Barclays Global Tips	9.00%	30 Day T-Bill	1.75%
				CSFB Tremont/Hdgc	8.75%		
3/1/1999-8/31/2000		9/01/2008-11/30/2008		S&P GSCI	7.25%	9/01/2019 - Present	
CG Broad Bond	45%	Russell 3000	40.00%	MSCI REIT	3.25%	Russell 3000	27.00%
Russell 1000 Value	30%	MSCI ACWI exUS	7.75%	FTSE EPRA/Nareit xUS	1.75%	MSCI ACWI exUS	20.00%
S&P 500	14%	CG Broad Bond	25.00%			Barclays Universal	35.00%
Russell 2000 Growth	11%	CG World Govt Bond	10.00%	5/01/2014-11/30/2015		HFRI Fund of Funds	8.00%
		CSFB Tremont/Hdgc	7.25%	Russell 3000	33.00%	MSCI REIT	9.00%
9/1/2000-8/31/2001		DJ Wilshire xUS Resi	5.00%	MSCI ACWI exUS	9.00%	30 Day T-Bill	1.00%
CG Broad Bond	45%	90 Day US T-Bill	5.00%	Barclays Agg Bond	28.00%		
Russell 1000 Value	30%			Barclays Global Tips	9.00%		
Russell 1000 Growth	14%	12/01/2008-4/30/2009		HFRI Fund of Funds	8.75%		
Russell 2000 Growth	11%	Russell 3000	40.00%	S&P GSCI	7.25%		
		MSCI ACWI exUS	7.75%	MSCI REIT	3.25%		
9/1/2001-1/31/2002		CG Broad Bond	25.00%	FTSE EPRA/Nareit xUS	1.75%		
CG Broad Bond	45%	CG World Govt Bond	10.00%			12/01/2015-2/28/2016	
Russell 1000 Value	30%	CSFB Tremont/Hdgc	7.25%	Russell 3000	33.00%	Russell 3000	33.00%
Russell 1000 Growth	14%	DJ Wilshire xUS Resi	5.00%	MSCI ACWI exUS	9.00%	MSCI ACWI exUS	9.00%
Russell 2000	11%	90 Day US T-Bill	5.00%	Barclays Agg Bond	37.00%	Barclays Agg Bond	37.00%
				HFRI Fund of Funds	8.75%	HFRI Fund of Funds	8.75%
2/01/2002-2/28/2005		5/01/2009-9/30/2009		S&P GSCI	7.25%	S&P GSCI	7.25%
CG Broad Bond	35%	Russell 3000	30.00%	MSCI REIT	3.25%	MSCI REIT	3.25%
Russell 1000 Value	30%	MSCI ACWI exUS	7.75%	FTSE EPRA/Nareit xUS	1.75%	FTSE EPRA/Nareit xUS	1.75%
Russell 1000 Growth	14%	Barclays Agg Bond	25.00%				
Russell 2000	11%	Barclays Global Tips	10.00%				
ML IG Conv. Bonds	10%	CSFB Tremont/Hdgc	7.25%				
		90 Day US T-Bill	20.00%				

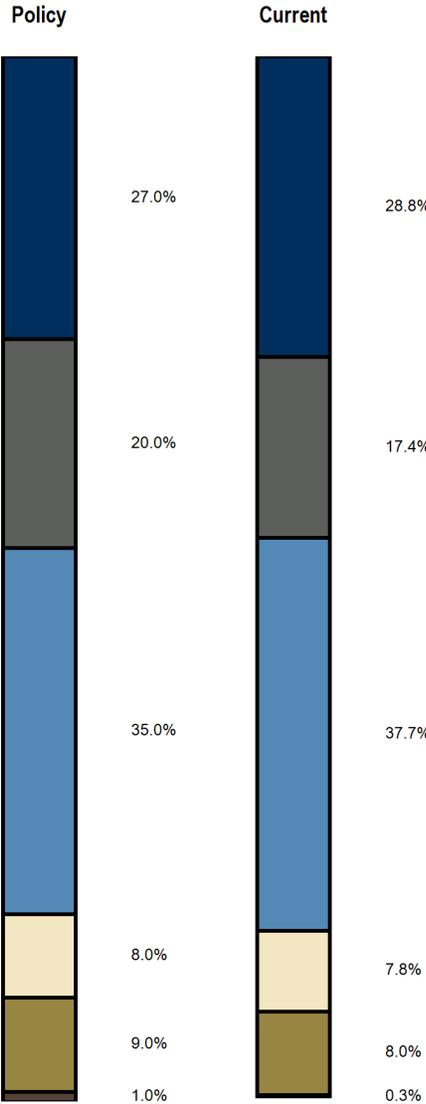
This report has been prepared for informational purposes only.
No guarantee is made that the information is accurate or complete.

Historical data from inception through Dec 31, 2008 provided by FIS Group, Inc.
Historical data from January 1, 2009 through March 31, 2018 provided by FFC Capital Management.
Historical data from April 30, 2018 to Present provided by FFC Investment Advisors of Raymond James.

Sewerage and Water Board of New Orleans ERS Total Composite

Sewerage and Water Board of New Orleans ERS Total
Composite Allocation

As of May 31, 2020



Allocation vs. Targets and Policy							
	Current Balance	Current Allocation	Target	Target Range	Difference*	Within IPS Range?	
US Equity	\$59,096,207	28.8%	27.0%	15.0% - 35.0%	1.8%	Yes	
iShares S&P 500 Growth ETF	\$17,582,211	8.6%					
NewSouth Capital	\$17,630,610	8.6%					
Chicago Equity Partners	\$14,933,531	7.3%					
Barrow, Hanley, Mewhinney, & Strauss	\$8,949,854	4.4%					
Non-US Equity	\$35,613,535	17.4%	20.0%	15.0% - 30.0%	-2.6%	Yes	
Earnest Partners	\$35,613,535	17.4%					
US Fixed Income	\$77,307,199	37.7%	35.0%	25.0% - 50.0%	2.7%	Yes	
Pyramis Global Advisors (Fidelity)	\$77,276,974	37.7%					
Zazove Associates, LLC (Residual Asset)	\$30,225	0.0%					
Alternatives	\$15,949,435	7.8%	8.0%	5.0% - 12.0%	-0.2%	Yes	
Prisma Capital Partners LP	\$15,931,144	7.8%					
Equitas Capital Advisors (Residual Asset)	\$18,291	0.0%					
Real Estate	\$16,403,250	8.0%	9.0%	5.0% - 12.0%	-1.0%	Yes	
Vanguard Real Estate ETF	\$16,403,250	8.0%					
Cash	\$712,310	0.3%	1.0%	0.0% - 1.0%	-0.7%	Yes	
Cash Account	\$712,310	0.3%					
Total	\$205,081,937	100.0%	100.0%				

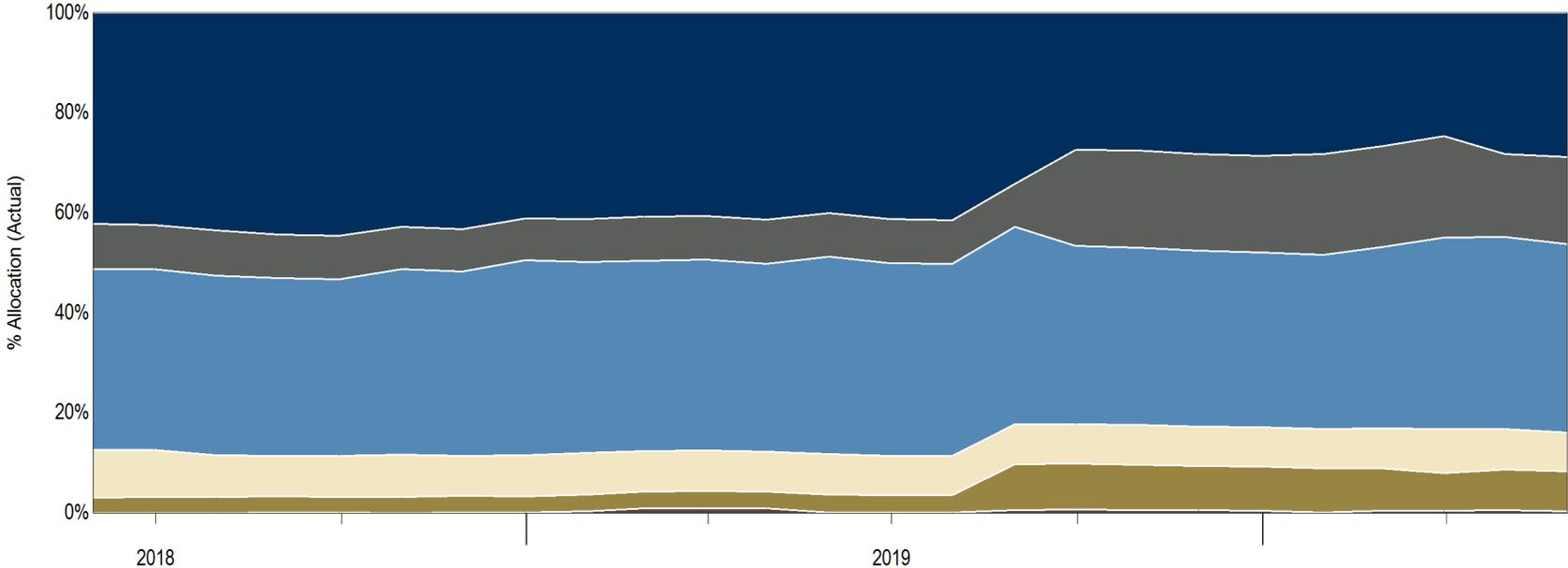
*Difference between Target and Current Allocation

Sewerage and Water Board of New Orleans ERS Total Composite

Sewerage and Water Board of New Orleans ERS Total Composite Allocation History

As of May 31, 2020

Asset Allocation History
2 Years Ending May 31, 2020



	44.6	41.1	40.6	41.3	27.4	28.6	24.6
	8.7	8.3	8.8	8.8	19.2	19.3	20.3
	35.3	39.0	38.2	38.5	35.6	34.9	38.3
	8.1	8.3	8.0	7.9	8.0	7.8	8.9
	3.1	3.2	3.5	3.4	9.1	8.8	7.5
	0.1	0.1	1.0	0.1	0.7	0.5	0.5

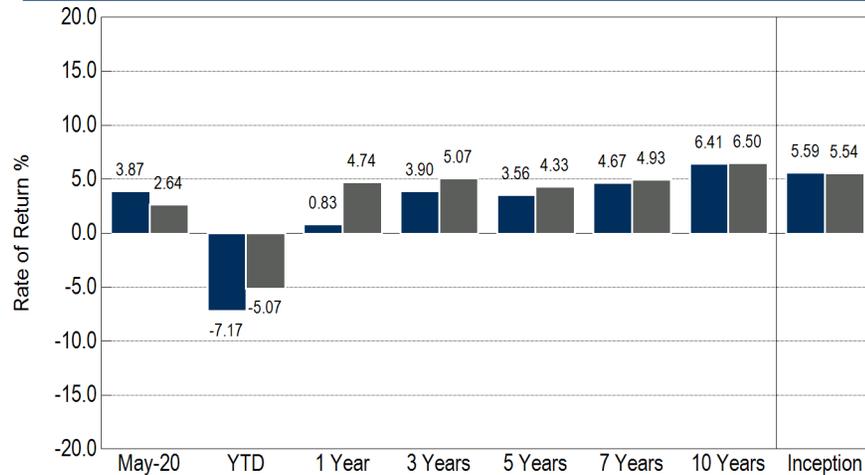
US Equity
 Non-US Equity
 US Fixed Income
 Alternatives
 Real Estate
 Cash

Sewerage and Water Board of New Orleans ERS Total Composite

Sewerage and Water Board of New Orleans ERS Total Composite Performance

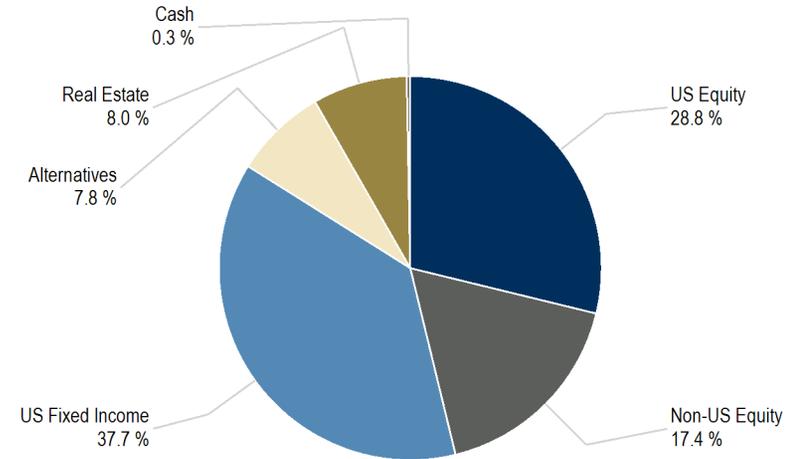
As of May 31, 2020

Return Summary (%)



■ Sewerage and Water Board of New Orleans ERS Total Composite
 ■ Strategic Asset Allocation

Current Allocation



Summary of Cash Flows

	Last Month	Year-To-Date
Beginning Market Value	\$197,887,380	\$225,441,131
Contributions	\$0	\$6,565,737
Withdrawals	-\$449,590	-\$10,727,966
Net Cash Flow	-\$449,590	-\$4,162,229
Net Investment Change	\$7,644,147	-\$16,196,965
Ending Market Value	\$205,081,937	\$205,081,937
Net Change	\$7,194,557	-\$20,359,194

Sewerage and Water Board of New Orleans ERS Total Composite

As of May 31, 2020

Asset Allocation by Manager vs. Difference from Target

As Of May 31, 2020

	Total Market Value	% of Portfolio	US Equity	Non-US Equity	US Fixed Income	Alternatives	Real Estate	Cash
US Equity								
iShares S&P 500 Growth ETF	\$17,582,211	8.6%	\$17,582,211					
NewSouth Capital	\$17,630,610	8.6%	\$17,630,610					
Chicago Equity Partners	\$14,933,531	7.3%	\$14,933,531					
Barrow, Hanley, Mewhinney, & Strauss	\$8,949,854	4.4%	\$8,949,854					
Non-US Equity								
Earnest Partners	\$35,613,535	17.4%		\$35,613,535				
US Fixed Income								
Pyramis Global Advisors (Fidelity)	\$77,276,974	37.7%			\$77,276,974			
Zazove Associates, LLC (Residual Asset)	\$30,225	0.0%			\$30,225			
Alternatives								
Prisma Capital Partners LP	\$15,931,144	7.8%				\$15,931,144		
Equitas Capital Advisors (Residual Asset)	\$18,291	0.0%				\$18,291		
Real Estate								
Vanguard Real Estate ETF	\$16,403,250	8.0%					\$16,403,250	
Cash								
Cash Account	\$712,310	0.3%						\$712,310
Total	\$205,081,937	100.0%	\$59,096,207	\$35,613,535	\$77,307,199	\$15,949,435	\$16,403,250	\$712,310
Percent of Total			28.8%	17.4%	37.7%	7.8%	8.0%	0.3%
Difference from Target (%)			1.8%	-2.6%	2.7%	-0.2%	-1.0%	-0.7%
Difference from Target (\$)			\$3,724,084	-\$5,402,853	\$5,528,521	-\$457,120	-\$2,054,124	-\$1,338,509

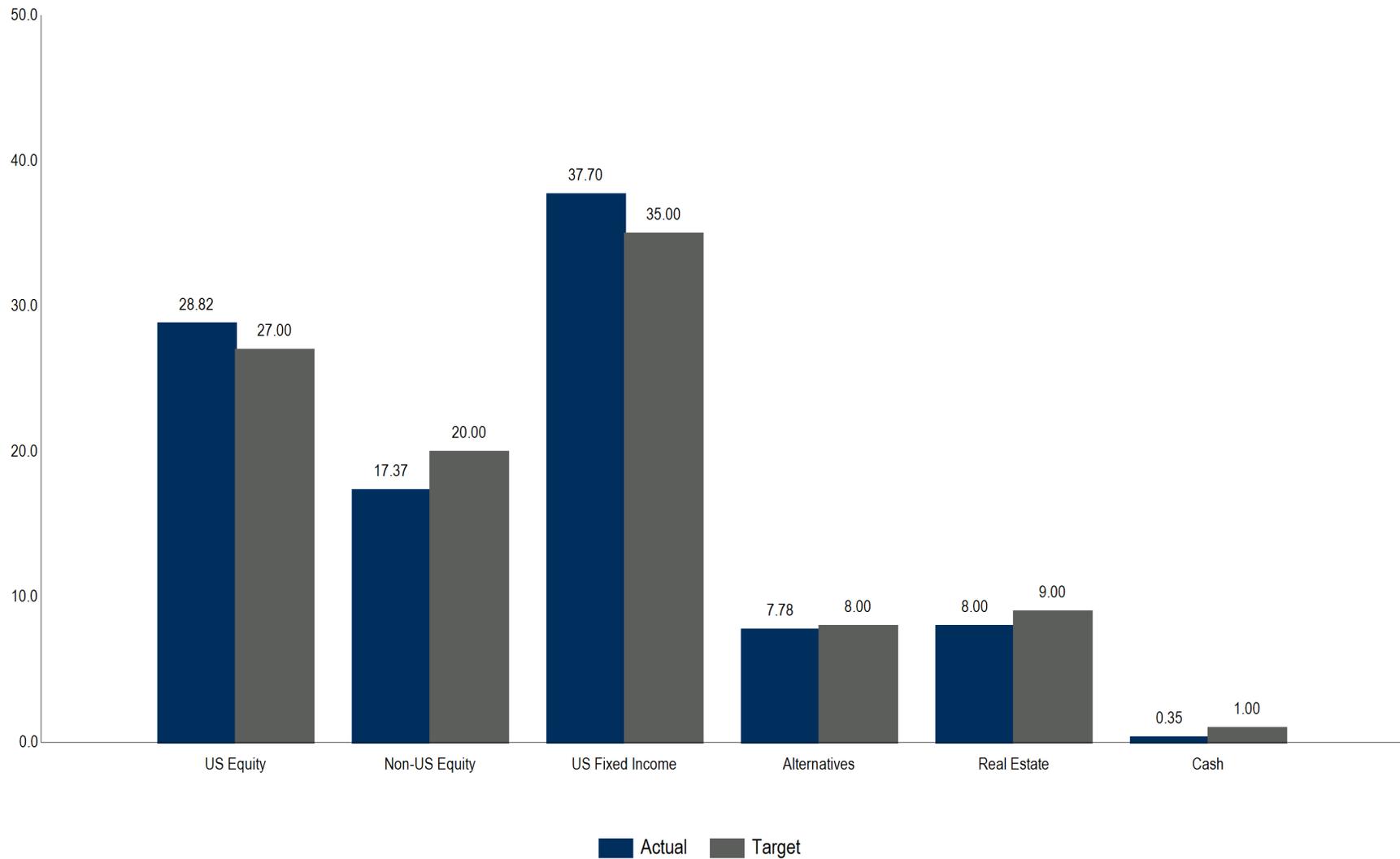
As of May 31, 2020

Allocation vs. New Targets and Policy

	Current Balance	Current Allocation	Target	Difference*	Target Range	Within IPS Range?
US Equity	\$59,096,207	28.8%	27.0%	\$3,724,084	15.0% - 35.0%	Yes
Non-US Equity	\$35,613,535	17.4%	20.0%	-\$5,402,853	15.0% - 30.0%	Yes
US Fixed Income	\$77,307,199	37.7%	35.0%	\$5,528,521	25.0% - 50.0%	Yes
Alternatives	\$15,949,435	7.8%	8.0%	-\$457,120	5.0% - 12.0%	Yes
Real Estate	\$16,403,250	8.0%	9.0%	-\$2,054,124	5.0% - 12.0%	Yes
Cash	\$712,310	0.3%	1.0%	-\$1,338,509	0.0% - 1.0%	Yes
Total	\$205,081,937	100.0%	100.0%			

*Difference between Target and Current Allocation

Actual vs Target Allocation (%)
As of May 31, 2020



IMPORTANT DISCLOSURES

This information is provided for your convenience, but should not be used as a substitute for your account's monthly statements and trade confirmations. Material is provided for informational purposes only and does not constitute a recommendation. It has been gathered in a manner which we believe to be reliable, but accuracy is not guaranteed. It is not intended as tax advice. Past performance does not guarantee future results.

Diversification and strategic asset allocation does not ensure a profit or protect against a loss. No investment strategy can guarantee success. Investments are subject to market risk, including possible loss of principal.

Investing in small and mid-cap stocks are riskier investments which include price volatility, less liquidity and the threat of competition. International investing involves additional risks such as currency fluctuations, differing financial accounting standards and possible political and economic instability. These risks are greater in emerging markets. Alternative investment strategies involve greater risks and are only appropriate for the most sophisticated, knowledgeable and wealthiest of investors. Managed futures involve specific risks that maybe greater than those associated with traditional investments and may be offered only to clients who meet specific suitability requirements, including minimum net worth tests. You 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. Commodities are generally considered speculative because of the significant potential for investment loss. REITs are financial vehicles that pool investors' capital to purchase or finance real estate. REITs involve risks such as refinancing, economic conditions in the real estate industry, changes in property values and dependency on real estate management.

Alternative investments such as Hedge Funds involve substantial risks that may be greater than those associated with traditional investments and are not suitable for all investors. They may be offered only to clients who meet specific suitability requirements, including minimum-net-worth tests. These risks include, but are not limited to, limited liquidity, tax considerations, incentive fee structures, potentially speculative investment strategies, and different regulatory and reporting requirements. Investors should only invest in hedge funds if they do not require a liquid investment and can bear the risk of substantial losses. There is no assurance that any investment will meet its investment objectives or that substantial losses will be avoided. Investors should carefully review any offering materials or prospectuses prior to investing. A Non marketable security is typically a debt security, that is difficult to buy or sell due to the fact that they are not traded on any normal, major secondary market exchanges. Such securities, if traded in any secondary market, are usually only bought and sold through private transactions or in an over-the-counter (OTC) market. For the holder of a non-marketable security, finding a buyer can be difficult, and some non-marketable securities cannot be resold at all because government regulations prohibit any resale.

Performance: Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Please contact your Financial Advisor for up to date performance information.

Indices: Raymond James reserve the right to change the indices at any time. Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). In some circumstances, the benchmark index may not be an appropriate benchmark for use with the specific composite portfolio. For instance, an index may not take into consideration certain changes that may have occurred in the portfolio since the inception of the account(s), (e.g., changes from a brokerage to an advisory account or from one advisory program to another, asset class changes, or index changes for individual managers). The volatility of the index used for comparison may be materially different from that of the performance shown. Indices are unmanaged and not available for direct investment. Index returns do not take into account fees or other charges. Such fees and charges would reduce performance. Please see the Benchmark Definitions section of this material for additional information on the indices used for comparison.

Performance Inception Month End: Performance Inception Month End refers to performance calculated from the end of the month in which the accounts became eligible for performance. Calculating performance from the Performance Inception Month End allows for a comparison to be made to appropriate benchmarks. Performance Inception Month End does not necessarily correspond to the account opening date.

Realized/Unrealized Gain/Loss: The gain and loss information is provided for informational purposes only, may not be complete, is not a substitute 1099 form (or any other appropriate tax form), and should not be used for tax planning or preparation. Gain and loss values are estimates and should be independently verified. We are not responsible for any gain and loss information provided by you or another financial institution. You are responsible for ensuring the accuracy of such information.

Projected 12 Month Income: Projected Next 12 Months income includes cash income such as interest and cash dividends, based on current yields and may include income from Raymond James & Associates, Inc. and externally held accounts where data is available. These are projections based on historical data and the actual income may be lower or higher than the projections. Raymond James & Associates, Inc. member New York Stock Exchange/SIPC. Investment advisory services offered through Raymond James & Associates.

Investors should consider the investment objectives, risks, charges and expenses of an investment company carefully before investing. The prospectus contains this and other information and should be read carefully before investing. The prospectus is available from your investment professional.

Index Descriptions

It is not possible to invest directly in an index.

31 Day T-Bills – The average discount rate at which the US government is issuing short term-debt.

BBgBarc Municipal Bond: 1-10 Year Blend - A component of the BBgBarc Capital Municipal Bond Index with municipal bonds in the 1-10 year blend (1-12) maturity range.

BBgBarc 1-5 Government/Credit - BBgBarc 1-5 Year Government/Credit Index: Includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar-denominated bonds that have maturities of between 1 and 5 years and are publicly issued.

BBgBarc 1-5 Year Government - An inclusion of securities within the BBgBarc Government Index that have a maturity range from 1 up to (but not including) 5 years.

BBgBarc 1-5 Year Treasury - The 1-5 year component of the BBgBarc Capital U.S. Treasury Index with securities in the maturity range from 1 year up to (but not including) 5 years.

BBgBarc Credit 1-3 Year - BBgBarc 1-5 Year Credit Index: Includes all medium and larger issues of U.S. government, investment-grade corporate, and investment-grade international dollar denominated bonds that have maturities of between 1 and 3 years and are publicly issued.

BBgBarc U.S. Government/Credit (BCGC) - The Government/Credit component of the U.S. Aggregate. The government portion includes treasuries (public obligations of the U.S. Treasury that have remaining maturities of more than one year) and agencies (publicly issued debt of the U.S. Government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. Government). The credit portion includes publicly issued U.S. corporate and foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. Must be a publicly issued, dollar-denominated and non-convertible, U.S. Government or Investment Grade Credit security. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following rating agencies: Moody's, S&P, Fitch; regardless of call features, have at least one year to final maturity, and have an outstanding par value amount of at least \$250 million.

BBgBarc Intermediate U.S. Government/Credit (BCIGC) - The intermediate component of the BBgBarc Capital Government/Credit Index with securities in the maturity range from 1 up to (but not including) 10 years.

BBgBarc Global Aggregate - The index is designed to be a broad based measure of the global investment-grade, fixed rate, fixed income corporate markets. The major components of this index are the US Aggregate, Pan-European Aggregate, and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government, agency and corporate securities.

BBgBarc Global Aggregate Intermediate - The intermediate component of the BBgBarc Global Aggregate index with securities in the maturity range from 1 up to (but not including) 10 years.

BBgBarc U.S. Government: Intermediate - The intermediate component of the BBgBarc Capital U.S. Government Index with securities in the maturity range from 1 up to (but not including) 10 years.

BBgBarc U.S. Government: Long - The long component of the BBgBarc Capital U.S. Government Index with securities in the maturity range from 10 years or more.

BBgBarc LT Muni - A component of the BBgBarc Capital Municipal Bond Index with municipal bonds with a maturity range greater than 20 years.

BBgBarc Municipal Bond Index - A rules-based, market-value weighted index that is engineered for the long-term tax-exempt bond market. Bonds must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following rating agencies: Moody's, S&P, Fitch. The bonds must be fixed rate, have a dated-date after December 31, 1990, have an outstanding par value of at least \$7million, and be issued as part of a transaction of at least \$75 million. The four main sectors of the index are: general obligation bonds, revenue bonds, insured bonds (including all insured bonds with a Aaa/AAA rating), and prefunded bonds. Remarketed issues, taxable municipal bonds, floating rate bonds, and derivatives, are excluded from the benchmark.

BBgBarc U.S. Treasury - A component of the U.S. Government Index. Must be publicly issued, dollar-denominated and non-convertible, fixed rate (although it may carry a coupon that steps up or changes according to a predetermined schedule) U.S. Treasury security. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following rating agencies: Moody's, S&P, Fitch; regardless of call features, have at least one year to final maturity, and have an outstanding par value amount of at least \$250 million.

BBgBarc U.S. Treasury: Intermediate (BCIT) - The intermediate component of the BBgBarc Capital U.S. Treasury Index with securities in the maturity range from 1 year (but not including) 10 years.

BBgBarc U.S. Treasury: Long - The long component of the BBgBarc Capital U.S. Treasury Index with securities in the maturity range from 10 years or more.

BBgBarc U.S. Treasury: U.S. TIPS - Comprised of Inflation-Protection securities issued by the U.S. Treasury. Must be a fixed rate, publicly issued U.S. Treasury Inflation Note that is dollar-denominated and non-convertible. Must be rated investment-grade (Baa3/BBB- or higher) by at least two of the following rating agencies: Moody's, S&P, Fitch; have at least one year to final maturity, and have an outstanding par value amount of at least \$250 million.

BBgBarc High Yield Composite BB - A component of the BBgBarc U.S. Corporate High Yield Bond Index with bonds in the BB or better.

FTSE 1-3 Year U.S. Treasury - Component of the FTSE U.S. Treasury that measures total returns for U.S. Treasuries with a maturity between 1-3 years.

FTSE 3 Month U.S. Treasury Bill - This index measures monthly return equivalents of yield averages that are not marked to market. The Three-Month Treasury Bill Indices consist of the last three three-month Treasury bill issues.

FTSE World Government Bond - FTSE World Government Bond Index (WGBI), includes the most significant and liquid government bond markets globally that carry at least an investment grade rating.

FTSE World Government Bond ex US – Similar to the FTSE World Government Bond Index (WGBI), includes the most significant and liquid government bond markets globally that carry at least an investment grade rating but excludes bonds from the United States.

Consumer Price Index - All Urban Consumers (CPI-U) - As an economic indicator, and as the most widely used measure of inflation, the Consumer Price Index (CPI) is an indicator of the effectiveness of government policy, and as a guide in making economic decisions for business executives, labor leaders, and other private citizens. Published on a monthly basis by the U.S. Bureau of Labor Statistics (BLS), the CPI is a measure of the average change in prices over time of goods and services purchased by households. CPI for All Urban Consumers (CPI-U) encompasses approximately 87 percent of the total U.S. population which includes, in addition to wage earner and clerical worker households, groups such as professional, managerial, and technical workers, the self-employed, short-term workers, the unemployed, and retirees and others not in the labor force.

Dow Jones UBS Commodity - Provides a diversified representation of commodity markets as an asset class. The index is comprised of exchange-traded futures on physical commodities; representing 19 commodities which are weighted for economic significance and market liquidity. To promote diversification, weighting restrictions are placed on individual commodities and commodity groups.

FTSE NAREIT U.S. Real Estate - All REITs - The index is designed to represent a comprehensive performance of publicly traded REITs which covers the commercial real estate space across the US economy, offering exposure to all investment and property sectors. It is not free float adjusted, and constituents are not required to meet minimum size and liquidity criteria.

HFRI Equity Hedge Fund Index - The index is designed to represent strategies which maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. Equity Hedge managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities - both long and short.

HFRI (Hedge Fund Research, Inc.) Fund of Funds Composite Index (1) - The index only contains fund of funds, which invest with multiple managers through funds or managed accounts. It is an equalweighted index, which includes over 650 domestic and offshore funds that have at least \$50 Million under management or have been actively trading for at least 12 months. All funds report assets in US Dollar, and Net of All Fees returns which are on a monthly basis.

MSCI ACWI - A free float-adjusted market capitalization index that is designed to measure the equity market performance of both developed and emerging markets. This "All Country World Index" reflects performance across the Americas, Europe & the Middle East, Africa, Asia, and the Pacific.

MSCI EAFE - 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. As of December 31, 2010 the MSCI EAFE Index consists of 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 EAFE Value -Net Dividend - 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. Value attribute for index construction is defined using: book value to price ratio, 12-months forward earnings to price ratio, and dividend yield. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI EAFE Growth -Net Dividend - 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. Growth attribute for index construction is defined using: long-term forward earnings per share (EPS) growth rate, short-term forward EPS growth rate, current internal growth rate, long-term historical EPS growth trend, long-term historical sales per share growth trend. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

MSCI Emerging Markets - A free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. As of December 31, 2010, the MSCI Emerging Markets Index consists of the following 21 emerging market country indices: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey.

MSCI World - A free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. As of December 31, 2010, the MSCI World Index consists of the following 24 developed market country indices: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

NCREIF - The index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. Information on this index is available at ncreif.com.

Russell 1000 - Based on a combination of their market cap and current index membership, this index is comprised of approximately 1,000 of the largest securities from the Russell 3000. Representing approximately 92% of the Russell 3000, the index is created to provide a full and unbiased indicator of the large cap segment.

Russell 1000 Growth - Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value - Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower expected growth values.

Russell 2000 - Based on a combination of their market cap and current index membership, this index is comprised of approximately 2,000 of the smaller securities from the Russell 3000. Representing approximately 8% of the Russell 3000, the index is created to provide a full and unbiased indicator of the small cap segment.

Russell 2000 Growth - Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2000 Value - Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower expected growth values.

Russell 2500 - Based on a combination of their market cap 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.

Russell 2500 Growth - Measures the performance of those Russell 2500 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 2500 Value - Measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower expected growth values.

Russell 3000 - Representing approximately 98% of the investable U.S. equity market, the Russell 3000 index measures the performance of the largest 3,000 U.S. companies.

Russell 3000 Growth - Measures the performance of the broad growth segment of the U.S. equity universe which includes Russell 3000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 3000 Value - Measures the performance of the broad growth segment of the U.S. equity universe which includes Russell 3000 companies with lower price-to-book ratios and lower forecasted growth values.

Russell Midcap - A subset of the Russell 1000 index, the Russell Midcap index measures the performance of the mid-cap segment of the U.S. equity universe. Based on a combination of their market cap and current index membership, includes approximately 800 of the smallest securities which represents approximately 27% of the total market capitalization of the Russell 1000 companies. The index is created to provide a full and unbiased indicator of the mid-cap segment.

Russell Midcap Growth - Measures the performance of those Russell Mid-cap companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap Value - Measures the performance of those Russell Mid-cap companies with lower price-to-book ratios and lower expected growth values.

Standard & Poor's 400 MidCap - Comprised of 400 domestic stocks that are chosen based upon market capitalization, liquidity and industry representation. The medium size US firms range with a market capitalization between \$2 billion to \$10 billion, and are between the S&P 500 Index and the S&P Smallcap 600 Index. It is a market-weighted index, which represents approximately 7% of the aggregate market value of US companies.

Standard & Poor's 500 - Representing approximately 75% of the investable US 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.

Stark 300 Trader - The Stark 300 index tracks the performance of the top-300 futures and forex traders. The index is calculated monthly using an equity-weighted formula to determine performance.

Index Abbreviations

Bloomberg Barclays – Abbreviated as BBgBarc and then a descriptor. For example BBgBarc US Aggregate TR is the Bloomberg Barclays United States Aggregate Total Return.

Statistics and General Definitions

Alpha – Measures how well a portfolio performed versus its benchmark after factoring in the amount of risk (as measured by beta) taken. Technically, alpha is the difference between the excess return of a portfolio and the excess return of the benchmark multiplied by beta. Excess return is simply the actual return minus the return of the risk-free asset, U.S. Treasury Bill. A positive alpha indicates the portfolio has performed better than the benchmark on a risk-adjusted basis.

Allocation Effect – Attributable to the asset allocation of the portfolio.

Annual Standard Deviation – A measure of variability in returns. The annual standard deviation measures the dispersion of annual returns around the average annualized return.

Annualized Return – A statistical technique whereby returns covering periods greater than one year are converted to cover a one year period.

Attribution – Analytical technique used to evaluate the performance of the portfolio relative to a benchmark. Attribution shows where value was added or subtracted as a result of the investment manager's decisions. The four main attribution effects are: Selection or Manager Effect, Allocation Effect, Currency Effect, and Interaction Effect.

Beta – A coefficient measuring a portfolio's relative volatility with respect to its market. Technically, beta is the covariance of a portfolio's return with the benchmark portfolio's return divided by the variance of the benchmark portfolio's return. Thus, a portfolio with a beta greater than 1.00, indicates the portfolio experienced greater volatility than the benchmark, whereas a portfolio with a beta less than 1.00, indicates the portfolio experienced less volatility than the benchmark.

Commitments – Also called Committed Capital. The amount an investor has agreed to contribute towards the funding of a venture capital fund. May be paid at one time or over a longer period.

Consumer Price Index – Measures the change in consumer prices, as determined by a monthly survey of the U.S. Bureau of Labor Statistics. CPI components include housing costs, food, transportation and electricity.

Correlation – Measures the strength of association between two variables. The value ranges between -1 and +1. The strongest linear relationship is indicated by a correlation of -1 or +1. The weakest linear relationship is indicated by a correlation of 0. Positive correlation means if one variable gets bigger, the other variable tends to get bigger. Negative correlation means that if one variable gets bigger, the other variable tends to get smaller.

Currency Effect – The effect that changes in currency exchange rates over time affect excess performance

Downside Capture Ratio – Measures investment manager's performance in down markets relative to a particular benchmark. A down-market is defined as those periods (months or quarters) in which market return is less than 0%.

Duration – A measure of the price sensitivity of a bond or bond portfolio to a change in interest rates.

Information Ratio – Describes the risk / reward trade-off of alpha and tracking error. Because the formula for calculating information ratio is Alpha divided by Tracking Error, the larger the information ratio, the more attractive the portfolio is from an overall risk return profile.

Interaction Effect – The portion that is not accounted for by the Selection/Manager Effect or Allocation effects.

R² – Also called the coefficient of determination. On the detail page, R² measures how much of the variation in the investment manager's returns can be explained by movements in the market (benchmark).

Sharpe Ratio – A risk-adjusted measure calculated using standard deviation and excess return to determine reward per unit of risk. The higher the Sharpe ratio, the better the manager's historical risk-adjusted performance.

Selection or Manager Effect – attributable to the investment manager's stock selection decisions

Tracking Error – A measure that describes the volatility of the expected excess return (alpha) achieved through active management. Since excess return can only be achieved through a portfolio that actively differs from the benchmark, the level of tracking error is indicative of how different the portfolio will perform relative to any given benchmark.

Upside Capture Ratio – Measures investment manager's performance in up markets relative to a particular benchmark. An up-market is defined as those periods (months or quarters) in which market return is greater than 0%.

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Active and Passive Investing in Bull, Bear and Neutral Markets

Many investment professionals struggle with the decision to invest actively, passively or in a hybrid fashion. Here at Raymond James, the AMS Investment Committee (IC) feels strongly about the merits of active investing as a core component of an investment strategy and recognizes that the returns of passive investments, in certain market environments, play a significant role in the portfolio construction process.

The standard argument for passive investing is that active management struggles to generate positive alpha in some asset classes, which leads investors to choose low cost, passive investing. The argument that will be tackled in this paper is whether the type of market environment, such as bull or bear, has a significant impact on whether active or passive investing will outperform.

KEY TAKEAWAYS

Investors have the ability to invest passively, typically through exchange traded funds (ETFs) and index mutual funds, and actively through investment managers within investment vehicles such as mutual funds or separately managed accounts.

Active investments generally outperform their respective indices in bear and neutral markets, but underperform in bull markets.

This phenomenon can be attributed to several factors: cash impacts, lower beta (risk) policy, higher quality tilts, risk aversion, and stock selection.

Step 1



Capital Market Assumptions

Step 2



Asset Allocation

Step 3



Manager Selection

Step 4



Ongoing Monitoring

All investments are subject to risk and you may incur a profit or a loss. There is no assurance that any investment strategy will be successful. Asset allocation and diversification does not ensure a profit or a loss. Illustrated peer groups may be subject to specific risks in addition to broad market risks. Peer groups and indices are not available for direct investment. Any investor who attempts to mimic the performance of an index would incur fees and expenses which would reduce returns. The charts and tables presented herein are for illustrative purposes only and should not be considered as the sole basis for your investment decision. Please see additional disclosures and important information beginning on page 8.

To answer that argument the paper will review the differences of active and passive investing, compare the performance of active and passive investing in bull and bear markets across various asset classes, and discuss the reasons for the performance divergence. Ultimately the paper will conclude that passive investing typically outperforms in bull markets, whereas active investing has historically outperformed in most bear or neutral markets.

OBJECTIVE

The objective of this paper is attempting to determine if general market performance impacts the ability for active management to outperform their respective benchmark. To achieve this goal the paper compares the peer group of three asset classes to their respective index on the basis of excess returns and alphas across bull, bear and neutral markets.

PART I: ACTIVE VS. PASSIVE INVESTMENT STYLES

Simply put, active management is designed to be different than its benchmark in order to achieve set goals against that benchmark. In many cases those goals will be to outperform the benchmark from a total return perspective, but in others it will be the potential to produce superior risk-adjusted returns compared to the benchmark. Investment managers can employ active management within many investment vehicles, including separately managed accounts, mutual funds, and in actively managed ETFs. Passive investing, which does not attempt to outperform the benchmark, is intended to replicate the underlying index through index mutual funds and ETFs.

Active managers deviate from their stated benchmark through tracking error or active share. Tracking error is the volatility of the difference in excess returns between the active manager and the benchmark. Active share measures how different the manager's holdings are from the benchmark. Managers achieve these variations by a variety of methods. Some managers are concentrated stock pickers, while some managers focus on investing in sub-styles such as high-quality companies or stocks in a certain sector. In addition, the active manager may have the latitude to use their expert opinion to go defensive, such as raising cash levels, or to go on offense, such as investing in faster growing securities. To achieve the desired goal of excess or risk-adjusted returns, the active manager charges higher fees than what a typical passive investment charges.

Passive investments are meant to track the underlying index as closely as possible. In contrast to active management, a passive strategy has no latitude to go on offense or defense, and generally should not outperform the index. However, the fees charged for passive investing are typically much less than those charged by the average active manager.

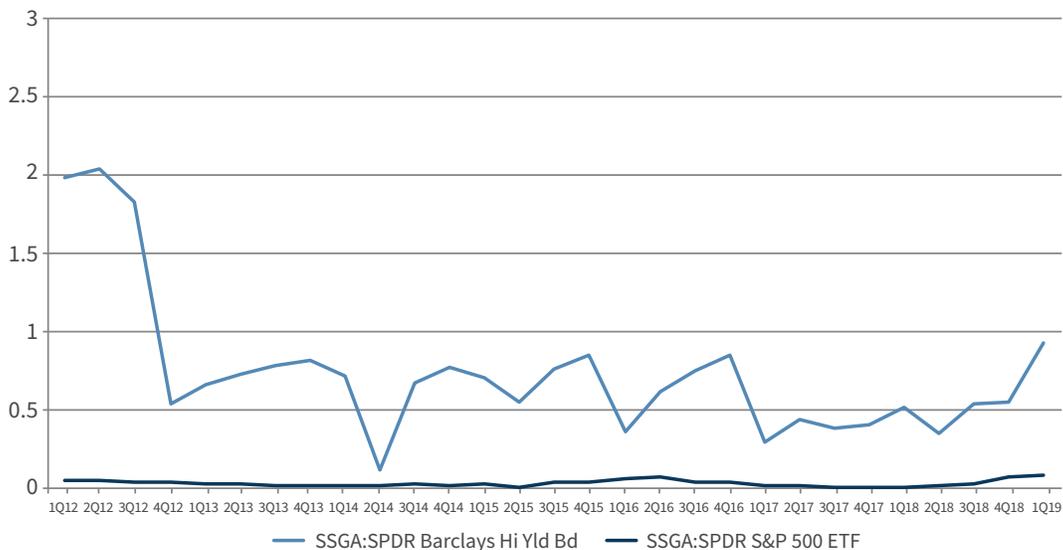
TABLE 1: ACTIVE AND PASSIVE INVESTMENT CHARACTERISTICS

ACTIVE	PASSIVE
Advantages	
Expert analysis	Lower fees and operating expenses
Possibility of index outperformance	Generally more tax-efficient
Defensive measures	No manager risk
Disadvantages	
Higher fees and operating expenses	Inflexible strategy holdings dictated by index
Generally less tax-efficient	No defensive measures
Manager risk	Slim chance of outperformance

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It is well-known that some active managers in each peer group underperform their objectives. However, many passive investments also fall short of their goal of closely replicating the underlying index that most investors believed they were meant to track. In highly liquid markets, such as the U.S. large cap (S&P 500), passive ETFs typically do a very good job of replicating the underlying index at an extremely low cost. In other markets, such as the corporate high yield market (Barclay Capital U.S. Corporate High Yield 2% Issuer Capped Index), illiquidity makes it difficult to track the index with precision, causing most passive investments to experience significant dispersion from the index. Therefore, the ETFs generally attempt to replicate a more liquid version of the high yield market. Tracking issues such as this make passive investment due diligence extremely important to make sure that the passive investments are tracking the underlying index at an acceptable level. This paper will assume that a passive investment tracks its respective index, and will assume the index itself is an investable passive vehicle.

CHART 1: TRACKING ERROR OF PASSIVE INVESTMENTS IN BARCLAY CAPITAL U.S. CORPORATE HIGH YIELD 2% ISSUER CAPPED INDEX VS S&P 500



Source: Callan, as of 3/30/19

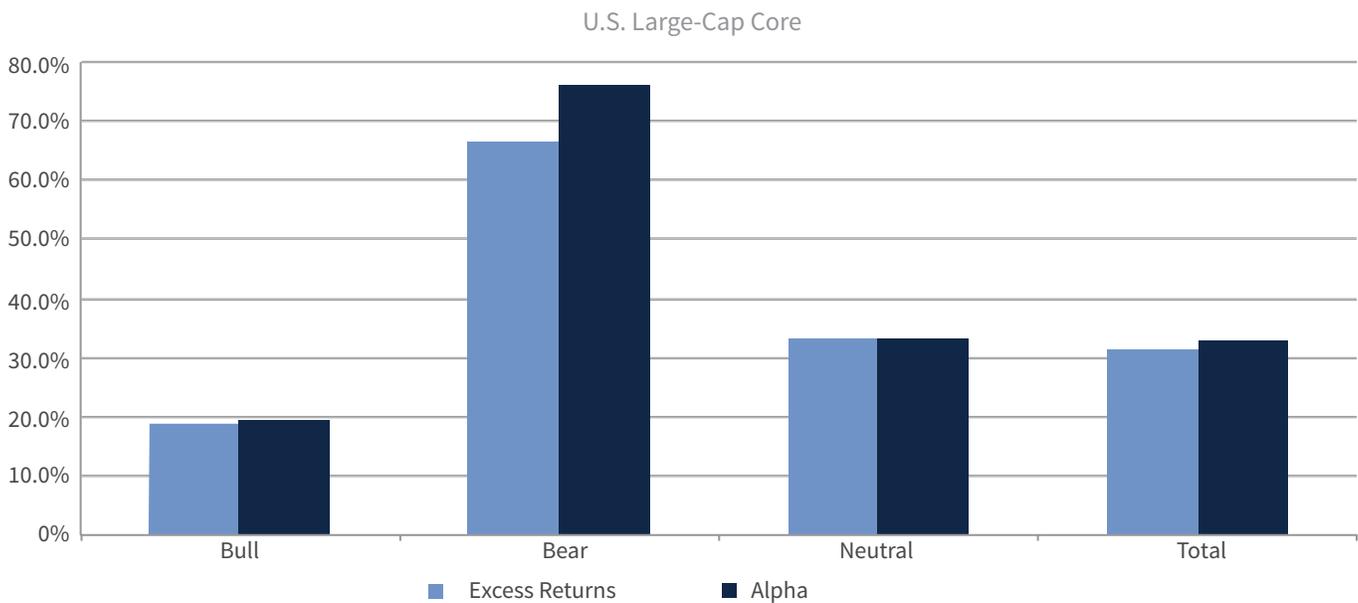
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PART 2: THE ANALYSIS IN BULL, BEAR AND NEUTRAL MARKETS

Do active and passive investments perform similarly in different market environments? Many investors would assume so or would believe that it is asset class dependent. AMS Research conducted an experiment utilizing different asset classes across different market environments to answer this question. The asset classes studied were U.S. large cap core, U.S. small cap core and international large cap core. For each asset class, the experiment compared the Morningstar peer group to their index. The respective indices are the S&P 500, Russell 2000 and MSCI EAFE. The market environments studied are bull markets, defined as a greater than 15% annualized return over three years; bear markets, defined as an annualized loss over three years; and a neutral market, which would be neither bull nor bear. The analysis begins in the fourth quarter of 1974 for each and goes through the fourth quarter of 2017.

Across all three studied asset classes, the peer group performs worse than the index in bull markets in regard to excess returns. The peer group beat the index only 15% of the time for U.S. large-cap core, 44% for small-cap core, and only 9% for international large-cap core. The opposite occurred in bear and neutral markets, with the peer groups winning 68%, 61% and 80% of the time respectively in bear markets. All of these excess returns were statistically different than zero at 95% confidence except small cap.

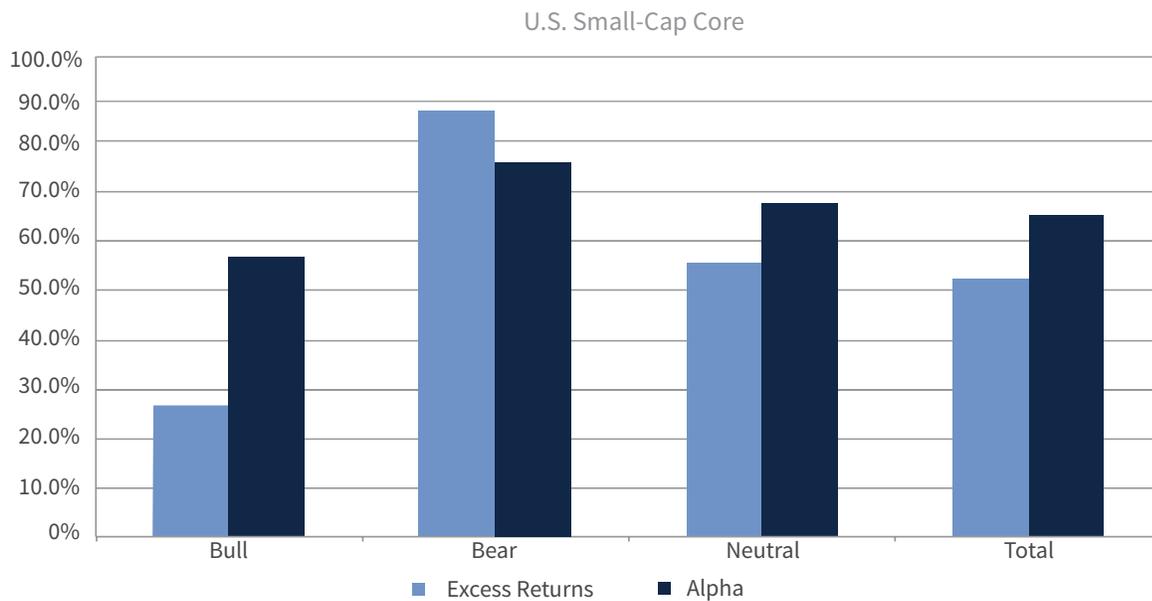
CHART 2: U.S. LARGE-CAP CORE PEER GROUP EXCESS RETURN AND ALPHA WINNING PERCENTAGES



Source: AMS Institutional Research, as of 3/30/19

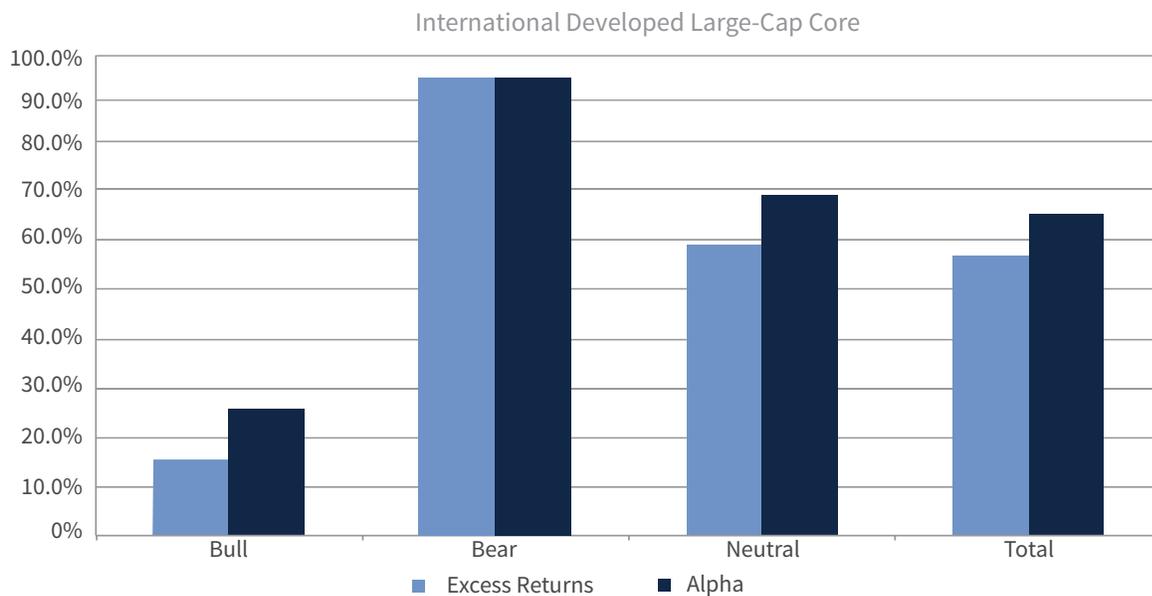
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CHART 3: U.S. SMALL-CAP CORE PEER GROUP EXCESS RETURN AND ALPHA WINNING PERCENTAGES



Source: Callan, as of 3/30/19

CHART 4: INTERNATIONAL LARGE-CAP CORE PEER GROUP EXCESS RETURN AND ALPHA WINNING PERCENTAGES



Source: Callan, as of 3/30/19

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TABLE 2: U.S. LARGE-CAP SUMMARY STATISTICS

U.S. LARGE-CAP BLEND				
		# of Periods	Average	P-Value
Excess Returns	Bull	68	-1.359	0.000
	Bear	24	0.028	0.002
	Neutral	86	0.206	0.000
Alpha	Bull	68	0.191	0.000
	Bear	24	0.750	0.000
	Neutral	86	0.326	0.000

Source: Callan, as of 3/30/19

All tests were statistically significant at a 95% confidence level.

TABLE 3: U.S. SMALL-CAP SUMMARY STATISTICS

U.S. SMALL-CAP BLEND				
		# of Periods	Average	P-Value
Excess Returns	Bull	44	-1.042	0.390
	Bear	16	2.967	0.000
	Neutral	90	0.382	0.000
Alpha	Bull	44	0.568	0.013
	Bear	16	0.750	0.004
	Neutral	90	0.678	0.000

Source: Callan, as of 3/30/19

All tests were statistically significant at a 95% confidence level except for the bull market excess return test.

TABLE 4: INTERNATIONAL LARGE-CAP SUMMARY STATISTICS

INTERNATIONAL LARGE-CAP BLEND				
		# of Periods	Average	P-Value
Excess Returns	Bull	34	-5.489	0.000
	Bear	32	2.060	0.003
	Neutral	81	1.035	0.009
Alpha	Bull	34	0.265	0.000
	Bear	32	0.938	0.000
	Neutral	81	0.691	0.000

Source: Callan, as of 3/30/19

All tests were statistically significant at a 95% confidence level except for the bull market alpha test.

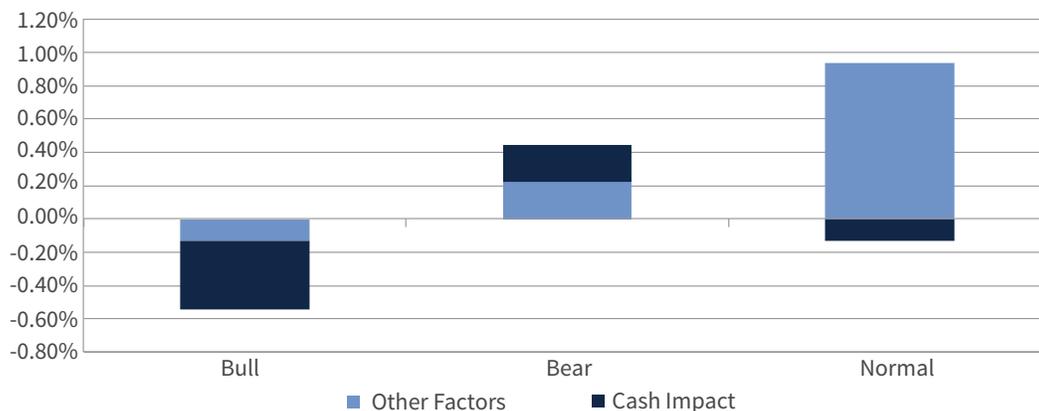
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PART 3: THE RATIONALE

The previous experiment gives compelling evidence that active management has historically outperformed its respective index in bear and neutral markets, but generally underperforms in bull markets. There exists investment rationale for these findings that includes the cash impact on active management strategies as well as a general lower beta bias in active management across many asset classes. Due to cash holdings, sector allocation tilts and/or stock selection, many actively managed funds tend to realize a lower beta (less sensitive to overall market movements) than passively managed funds. The term “beta bias” suggests that active management will typically be less exposed to market volatility and therefore tend to be the favored approach during market stress. Behaviorally, investment managers may be risk averse, which causes them to underweight higher momentum stocks. In bull markets this risk aversion harms the strategy, but in bear markets it may aid the strategy. In neutral markets these impacts are mitigated, which allows the stock picking skills to potentially be the dominant force in determining whether or not active management outperforms.

Active managers hold various levels of cash in their portfolios. Many managers like to have cash on hand to give them flexibility if they see attractive market opportunities. Managers also need cash on hand in case of redemptions. In addition, cash can be utilized as a defensive measure to reduce market risk. From 1995 through June 2016, the average large-cap manager held about 2.8% cash regardless of whether it was a bull or bear market, but that amount dropped to just over 2% in neutral markets. The cash holdings act as an anchor when markets are roaring in bull markets and it protects the manager returns in bear markets.

CHART 5: IMPACT OF CASH ON THE LIPPER LARGE-CAP CORE 3 YEAR EXCESS RETURNS VERSUS THE S&P 500

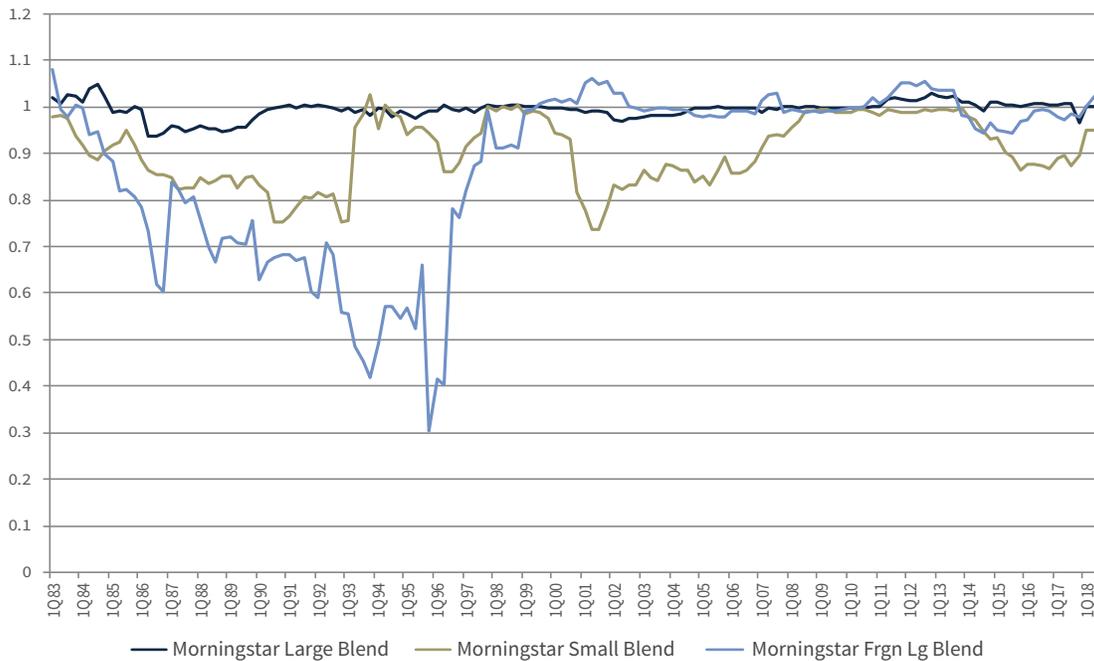


Source: Callan, as of 3/30/19

Active managers tend to have a lower beta than their respective indices. The manager’s cash balance will act as a beta reducer regardless of how much is held in the portfolio. In addition, managers on average hold a larger amount of higher quality stocks than the indices, in the IC’s view. From a behavioral standpoint this can be viewed as risk aversion because lower quality assets generally exhibit higher leverage, more volatility, and more positive or negative momentum. From an economic standpoint most managers feel higher quality assets are stronger long-term investments versus their riskier counterparts. Regardless of motivation this tilt results in a lower beta bias.

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CHART 6: 12 QUARTER BETA OF PEER GROUPS TO THEIR RESPECTIVE INDEX



Source: Callan, as of 3/30/19

CONCLUSION

The active or passive debate has generally centered on if there were certain asset classes to invest in passively due to a lack of ability to add excess returns. However, this paper shows that the ability of a peer group to add value relative to an index is highly dependent on the market environment. Generally, the study finds that active management underperforms the index in bull markets, but outperforms the index in bear and neutral markets at a statistically significant level. While an end for the recent relative underperformance of active strategies cannot be predicted, we have no reason to believe that the underperformance should be expected to continue indefinitely, as they have shown past reversion to their historic relative performance levels and active management should also tend to perform better relative to its index. We believe investors can benefit from investing in both active and low cost passive strategies as part of an overall portfolio.

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There is no assurance that any investment strategy will be successful.

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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. Strategies discussed are subject to change at any time by Asset Management Services due to market conditions or opportunities.

- 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.
- Callable bonds generally offer a higher yield than non-callable bonds as they have the option to call the bonds and repay the principal prior to maturity. Issuers will generally be inclined to initiate a call if interest rates have declined since the bonds were first issued, as they can reissue new bonds at a lower interest rate. Investors will then be positioned to reinvest return on principal in a declining interest rate environment, thus receiving a lower yield going forward. Credit risk includes the creditworthiness of the issuer or insurer, and possible prepayments of principal and interest. Bonds may receive credit ratings from a number of agencies however, Standard & Poor’s ratings range from AAA to D, with any bond with a rating BBB or higher considered to be investment grade. Securities rated below investment grade generally provide a higher yield but carry a higher risk of default which could result on a loss of the principal investment. Because high-yield bonds have greater credit and default risk they may not be appropriate for all investors. While bonds rated investment grade have lower credit and default risk, there is no guarantee securing the principal investment.
- Investors should consider the Yield to Worst (YTW) of a bond or bond portfolio versus the Current Yield as the YTW is the lowest potential yield that can be received without default. YTW takes into account any bonds that could be called prior to maturity.
- Securities issued by certain U.S. government-related organizations are not backed by the full faith and credit of the U.S. government and therefore no assurance can be given that the U.S. government will provide financial backing should an issue default.
- Please note these portfolios may be subject to state, local, and/or alternative minimum taxes. You should discuss any tax or legal matters with the appropriate professional.
- International investing involves special risks, including currency fluctuations, different financial accounting standards, and possible political and economic instability.
- 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.
- 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.
- Some accounts may invest in Master Limited Partnership (“MLP”) units, which may result in unique tax treatment. MLPs may not be appropriate for ERISA or IRA accounts, and cause K-1 tax treatment. Please consult your tax adviser for additional information regarding the tax implications associated with MLP investments.
- 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.
- Changes in the value of a hedging instrument may not match those of the investment being hedged.
- 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.
- Companies in the technology industry are subject to fierce competition, and their products and services may be subject to rapid obsolescence.
- An ETF is a type of Investment Company whose investment objective is to achieve a return similar to that of a particular market index. An ETF will invest in either all of the securities or a representative sample of the securities included in the index they track. ETFs may be bought or sold throughout the day in the secondary market, but are generally not redeemable by retail investors for the underlying basket of securities they track. Clients likely to find a ETF strategy most appropriate are those willing to accept market-like returns, lower management fees and operating expenses, with little potential for the individual ETFs to outperform the indices they track.

Index Descriptions:

Bloomberg Barclays U.S. Corporate High Yield: Covers the universe of fixed rate, non-investment grade debt which includes corporate (Industrial, Utility, and Finance both U.S. and non-U.S. corporations) and non-corporate sectors.

The index also includes Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included. Must be publicly issued, dollar-denominated and non-convertible, fixed rate may carry a coupon that steps up or changes according to a predetermined schedule, and be rated high-yield (Ba1 or BB+ or lower) by at least two of the following: Moody's, S&P, Fitch. Also, must have an outstanding par value of at least \$150 million and regardless of call features have at least one year to final maturity.

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.

MSCI EAFE (Europe, Australasia, Far East): 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. As of December 31, 2010 the MSCI EAFE Index consists of 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.

Russell 2000: Based on a combination of their market cap and current index membership, this index is comprised of approximately 2,000 of the smaller securities from the Russell 3000. Representing approximately 8% of the Russell 3000, the index is created to provide a full and unbiased indicator of the small cap segment.

Russell 3000: Representing approximately 98% of the investable U.S. equity market, the Russell 3000 index measures the performance of the largest 3,000 U.S. companies.

SPDR S&P 500 ETF: Standard & Poor's depositary receipt, an exchange-traded fund (ETF) managed by State Street Global Advisors that tracks the Standard & Poor's 500 index (S&P 500). Each share of a SPDR contains a 10th of the S&P 500 index and trades at roughly a 10th of the dollar-value level of the S&P 500.

SSGA: SPDR Barclays Hi Yld Bd: The Fund seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of an index that tracks the U.S. high yield corporate bond market.

Standard & Poor's 500 (S&P 500): Representing approximately 75% 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.

Terms and Definitions:

Active investing: An investment strategy that involves ongoing buying and selling activity by the investor.

Alpha: Alpha is a measure of the difference between a manager's actual returns and its expected performance, given its level of risk as measured by Beta.

Beta: Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. Beta is used in the capital asset pricing model (CAPM), which calculates the expected return of an asset based on its beta and expected market returns. Beta is also known as the beta coefficient.

Beta bias: Term that suggests that active management will typically be less exposed to market volatility and therefore tend to be the favored approach during market stress.

Excess Returns: Excess returns are investment returns from a security or portfolio that exceed the riskless rate on a security generally perceived to be risk free, such as a certificate of deposit or a government-issued bond. Additionally, the concept of excess returns may also be applied to returns that exceed a particular benchmark, or index with a similar level of risk.

Passive investing: An investment strategy to maximize returns by minimizing buying and selling.

Risk aversion: When an investor who, when faced with two investments with a similar expected return, prefers the one with the lower risk.

Sector allocation tilts: Overweighting or underweighting equity sectors compared to benchmark allocations.

NOT Deposits • NOT Insured by FDIC or any other government agency

NOT GUARANTEED by the bank • Subject to risk and may lose value

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Cultivating relationships with skilled money managers

The Manager Research & Due Diligence team evaluates managers on 10 key traits.

Dedicated to the research and evaluation of professional portfolio managers, the Manager Research & Due Diligence department plays a vital role in identifying the investments available to clients through Raymond James Asset Management Services' Freedom fund portfolios, Freedom UMAs, and RJCS SMAs. This team uses an established, proactive due diligence process to help ensure the funds and managers invited onto the platform have maintained their standards of excellence over time.

At any given time, there are roughly 200 portfolio managers on the AMS platform. If that sounds like a lot, consider there are more than 10,000 investment disciplines in the databases, consultant publications, financial industry websites and other sources where the team begins its search. From the outset, the Due Diligence team looks for managers with excellent reputations who are committed to helping clients reach their investment goals. Once a manager passes through a rigorous screening process and enters the program – final decisions are made with input from the AMS Investment Committee – the Manager Research & Due Diligence team continues to analyze the manager's performance, portfolio characteristics and business infrastructures. The team is also responsible for providing ongoing resources to keep financial advisors and their clients informed of changes in an investment manager's product, process or status within the AMS program.

AMS MANAGER SELECTION

The manager evaluation process begins with a broad review of performance, investment strategy and regulatory record for indications of a fiduciary culture. If an investment manager passes these initial screens, the team then conducts investigative research and analysis, including an initial visit to the manager's offices, followed by regular calls and visits with the manager. Each manager is evaluated based on 10 key performance criteria, known as the 10 P's: philosophy, people, passion, process, portfolio, predictability, product proliferation, price, parent and progress. The 10 P's can be considered the qualitative ingredients that, when combined, create a complete manager evaluation process. To fully explore each aspect, we ask more than 250 questions about the 10 P's.

KEY TAKEAWAYS

- The Manager Research & Due Diligence team is responsible for ensuring the quality of the professional portfolio managers available on the Asset Management Services platform.
- The Due Diligence process evaluates managers on 10 key performance criteria, known as the 10 P's: philosophy, people, passion, process, portfolio, predictability, product proliferation, price, parent and progress.
- The team has several questions – a bank of more than 250 – it can ask to evaluate a manager on the 10 P's.

MANAGER RESEARCH & DUE DILIGENCE

- **31** professionals
- Over **400** combined years of industry experience
- **100+** on-site manager visits per year
- **250+** meetings in Raymond James offices in St. Petersburg and Memphis
- **150+** conference calls per year

The 10 P's of Performance



PHILOSOPHY

The Manager Research & Due Diligence team believes the most successful investment managers have well-defined, well-articulated investment philosophies that are independent of conventional wisdom. Without understanding the philosophy, the Due Diligence team cannot determine the reason for an investment manager's past successes, nor can it determine whether the investment manager may have the potential for future success.



PEOPLE

When assessing the people that make up a manager's investment team, the Manager Research & Due Diligence team must determine whether the existing investment team has the ability and experience to add value to the investment process, through good times and bad. Also, the people responsible for the past successes of the firm must be involved in the management process now and be expected to remain in place or train potential replacements for the foreseeable future. A further consideration is to determine whether there are adequate incentives to retain these people (e.g., deferred compensation, employment contracts, ownership, etc.). In the team's view, the most important aspect to consider is whether or not these people act as an efficient team. Manager Research & Due Diligence believes a diverse investment team with good chemistry is a key strength. Without a true team environment and a great flow of communication, an investment management firm may have difficulty achieving continued success.



PASSION

Asset management is a competitive and humbling field in which few stand out but many see short-term success for their businesses. Successful investment managers over the longer term appreciate the high probabilities for intermittent failure and learn from collective experiences. Common among the most highly regarded in the field is an altruistic admission of mistakes and the drive for improved decisions. In assessing manager skill, it is important to consider the sources of motivation in decision-makers and investment contributors. Once found, it is as important to assess regularly whether the motivating drivers have eroded or remain intact. Asset managers that have endured long periods of time with high levels of consistency understand how to structure an organization to optimally minimize complacency and support a chemistry that propels insights and outcomes.



PROCESS

The Manager Research & Due Diligence team believes that a successful investment manager has a well-defined investment process that is consistent with its investment philosophy; the investment process is the mechanism by which the firm's philosophy is transformed into a product. It is necessary to determine if the manager has been true to the process over time and if the "real process" differs from the "stated process." In addition, as an investment management firm grows, it may neglect to add sufficient operational and client service personnel to continue to serve its clients in an effective manner. As a result, it is important to assess whether the firm has the infrastructure to support its process and to evaluate the efficiency and effectiveness of the process overall. Finally, successful investment managers over time will continually make small enhancements to keep up with the changing marketplace and also to adapt to the makeup of their evolving investment staff.

(continued on next page)



PORTFOLIO

A firm's product should be consistent with its investment philosophy and its investment process. The product should be flexible enough to meet the needs of a variety of clients and able to adapt to the changing dynamics of the markets. Changes in the macroeconomic environment have different effects on different assets. For instance, prices of assets like stocks and bonds may move differently at times and knowing the investment characteristics of the securities held allows our team to properly position the discipline. The Due Diligence team sets expectations for each portfolio upfront and closely monitors the makeup and results over time.



PREDICTABILITY

While it is true that past performance is not indicative of future results, the same cannot be said necessarily about the types of risks a given asset manager takes. The Manager Research & Due Diligence team allocates considerable resources toward understanding process biases, investment predispositions and the continuity of implementation over long periods of time. Asset managers that possess a predictable risk footprint provide for more efficient exposure within the overall portfolio context, as attractive risk exposures can be accentuated while undesirable risk exposures can be diversified away through offsetting investment selections elsewhere in the overall portfolio.



PRODUCT PROLIFERATION

At the onset, it is important to determine how an investment manager plans to extract abnormal returns from the market. Early on in the due diligence process, it is also important to understand the culture of the organization and whether the operating environment is conducive to supporting such skills over long periods of time. Generally speaking, Manager Research & Due Diligence finds greater success with asset managers that maximize what they are good at while minimizing efforts where greater uncertainty of skill reside. Investment-driven cultures are more likely to appreciate the former proposition and often establish processes that are designed to protect such assets. Marketing-driven cultures, on the other hand, tend to be more solutions based, with less regard for the level of skill available to deliver on promised product outcomes.



PRICE

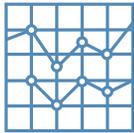
Popular academic studies highlight the importance that price plays in determining the attractiveness of plan implementation, especially through active management solutions. As low-cost exchange-traded options abound in virtually every asset class, it is paramount that the price paid be supported by outcomes that warrant the fees. A passive approach to achieving the overall stock or bond market returns can often be acquired quite cheaply, therefore the expense ratio, management fees and any "hidden" fees, must be included in decision-making.

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PARENT

Investment managers come in all shapes and sizes. Many smaller firms are privately owned, often by the founder. Some larger companies are private, some are publicly traded and some are considered boutiques of a much larger parent firm. The culture of these investment firms often starts at the top, which is why the due diligence process includes speaking with many levels of management. Parent firms often offer distribution, compliance, trading and operations. Resources requested by the specific portfolio managers of the products our team is interested in must be gladly supported by the broader firm. Incentives to keep the key investment people are very important also; therefore compensation, revenue sharing and equity ownership plans are integral discussion topics during the ongoing due diligence process.



PROGRESS

The Manager Research & Due Diligence team believes that investment managers should continuously integrate innovative ideas into their investment philosophy and process. Once an idea has been proved, imitators will enter the market, diminishing the value of that idea. In order to sustain a record of success over time, an investment manager must be willing to foster innovation, to try to do things a little differently from the rest of the investing world. Up-to-date computer systems often enhance a firm's efficiency and capability; therefore it is important to stay ahead of the technology curve and use of risk systems involved with portfolio management. The team focuses carefully on the merit of innovations and growing numbers of key people. The culture of the firm and the strengths of the process must continue through the changes.

PUTTING IT TOGETHER

While other firms may have four or six P's, we have found 10 important ones that collectively contribute to the performance earned by these investment managers. The Manager Research & Due Diligence team scrutinizes historical performance patterns before adding a manager or fund to the platform. While numerous studies have demonstrated that historical performance has little or no relation to future performance, it is important to review this historical performance data and risk taken in seeking to identify managers whose process has been successful over time.

With current technology the team has the capability to monitor portfolios and performance regularly, analyzing numerous data points, including statistics that relate returns to risk taken and that measure consistency of a manager's success. Other items of scrutiny may include

comparing performance patterns against expectations given a manager's philosophy and process; review of composites to establish a performance track record as comparable to the product currently offered; identifying the managers responsible for reported performance; and analysis of institutional composites and other pooled vehicles of a manager if applicable.

INTERNAL ANALYSIS OF ASSET MANAGEMENT SERVICES MANAGERS

Once an investment manager enters the AMS program, a continuous, detailed analysis is maintained on their products. This analysis includes performance calculations, peer comparisons and examination of portfolio characteristics. The Manager Research & Due Diligence team's goal is to ensure that the manager stays true to their discipline, while providing clients with quality investment decisions. Information flow

and performance monitoring is daily, and each quarter the team requests of each investment manager an in-depth questionnaire that provides detailed information about the entire organization and the products they offer. In addition, an on-site visit, conference call, and/or home office visit with the investment manager is performed typically each year to interview the portfolio's stock selector(s) and analysts, as well as their operations and client services personnel. This provides considerable insight on the people, process and progress of the firm. It is important to note that one or two conference calls to the investment manager are scheduled between on-site visits if progress and performance are meeting expectations. If not, communication is as needed. These calls are held with the key investment professionals of the firm and emphasize the team's perspective on current events, issues and market conditions.

DIFFERENTIATION

In addition to providing information based purely on performance and index comparisons, the Manager Research & Due Diligence team has developed unique qualitative and subjective tools to examine AMS managers compared to their respective peer groups. Examples would be the Asset Class Reviews and the WatchList process. The Asset Class Reviews are a team effort discussing findings from travel, calls, data gathering and performance patterns. There are numerous factors and data points that are scored while comparing managers versus peer groups and benchmark indices in terms of all of the 10 P's. Products failing to meet AMS standards qualitatively, or when using quantitative measures such as alpha and information ratio, over the long term will be added to the WatchList. This can result in a hold being placed on the product for new accounts, a recommendation to move client assets to another product, or even termination of the product from AMS. Additionally, portfolio holdings are stored daily in a computer database to allow the department to review specific portfolio characteristics and perform attribution analysis on an ongoing basis.

PORTFOLIO STATISTICS

Using various holdings-based analysis systems, the Manager Research & Due Diligence team has the ability to keep track of equity managers' portfolio characteristics and has access to hundreds of statistics for more than 10,000 traded stocks. For example, the Manager Research & Due Diligence team keeps close track of managers' price-to-earnings, price-to-book value and price-to-cash flow ratios; median market

capitalizations, sector weightings and stock allocations; and yield, return on equity and earnings-per-share ratios. Both correlation (R-squared) and product holdings allow Manager Research & Due Diligence to determine if a manager and/or fund is staying within its discipline and being compared versus the appropriate peer groups and index. Attribution analysis is used to separate a return figure into three components: the performance contribution/detraction of the market or index; the performance contribution/detraction of the manager's sector and industry selections (indicative of a top-down or thematic approach); and the performance contribution/detraction of the manager's specific security selection (indicative of a bottom-up or fundamental approach). The Manager Research & Due Diligence team also closely tracks the number of holdings, turnover and tax efficiency of each manager.

FINANCIAL ADVISORS AND THEIR CLIENTS

The Manager Research & Due Diligence team believes that communication is a key to success in the investment management business. The various reports we produce are designed to help financial advisors and their clients ascertain which AMS managers and Freedom products could help clients reach their investment goals. The due diligence process often results in hundreds of pages of information, and much of this is distilled into pieces helpful for advisors and clients. For example, "A Closer Look" booklet has been published every quarter since 1997. Material happenings and events affecting our investment opinion are communicated broadly and as soon as possible.

The Manager Research & Due Diligence effort, developed by AMS, is a detailed and ongoing service. By maintaining a proactive manager search, selection and monitoring program, AMS hopes to better serve clients by identifying and offering programs with the highest caliber of investment managers, analyzing and monitoring their portfolios, and effectively communicating relevant information.

Questions about the 10 P's

To evaluate a professional portfolio manager, the Manager Research & Due Diligence team may ask the manager and other key members of the management team more than 250 questions about the 10 P's.

WHAT WE ASK ABOUT PHILOSOPHY

- How much of your philosophy is art vs. science?
- Can your philosophy be explained in a few simple sentences?
- What, if any, of your philosophy was learned at another firm?
- What differentiates you or gives you a competitive advantage?
- What are the most enduring elements of your philosophy and when were they last tested?
- Who on your team is learning the most from you and applying your philosophy?

WHAT WE ASK ABOUT PEOPLE AND PASSION

OWNERSHIP & ORGANIZATION

- How is ownership structured?
- Who owns the equity? When and how was it obtained?
- How is equity transferred? What happens when someone leaves?
- How will ownership structure evolve and what is the timing?
- If your biggest account left, would it change any business decisions or staffing?
- Do you want to sell your business someday? What are your specific plans?
- What is the reasoning behind the organizational structure?

RETENTION & COMPENSATION

- Tell us about your background and how you came to this firm?
- How do you keep good employees happy?
- What is the bonus structure?
- Why is this place a good fit for you?
- How much of your money is in your fund?

TEAM CULTURE

- Describe the team culture?
- How do you build a culture of excellence within your team?
- Who were your mentors?
- How are you teaching team members to think like you?
- What is your boss's management style?
- What motivates you to perform?
- What motivates your team members to do well for clients?
- Do team members spend time together outside of work?
- What are the portfolio manager's hot buttons? What do they like or dislike?

COMMUNICATIONS

- Who do you interact with most day to day?
- What are the team's daily interactions?
- How is information shared within the team? The firm?

PORTFOLIO MANAGERS & ANALYSTS

- How are you allocating your time to the many roles of a portfolio manager?
- How much time do you spend mentoring?
- How do you break down stock coverage among the team?
- Which areas do team members gravitate toward?
- What are each analyst's coverage names, countries or sectors?
- Team member strengths/weaknesses
- What nuances or tilts does the team have?
- How do team members complement each other?
- What do you admire about each of your team members?
- What did you learn for your most recent performance review?
- How are you seeking to improve?
- Do you admire any teams outside of the organization?
- How often do portfolio managers buy an analyst's idea?

RESPONSIBILITIES

- Do team members have areas of focus? Do they rotate?
- What does the director of research do here?
- Do you sit on any boards?
- What are the expectations for analysts regarding maintenance and new-idea generation?
- What is the expected workload per analyst?

SUCCESSION

- What is your succession plan?
- What is your expectation for people turnover per year?
- Why did the last person leave?
- What are the expectations for leadership in the next 5-10 years?
- Who do you think is next in line for Portfolio Manager?
- What is your hiring process and what do you look for in a new hire?
- What are the plans to make the business stronger in the next generation?

PERSONAL

- What are your hobbies?
- How do you invest your money? Your parents' money?
- Do you manage a hedge fund?
- How would you spend a perfect day – and who is handling the headaches?

CLIENT FIT

- Do you enjoy marketing and client service? Meeting the people who invest with you?
- Do you write monthly or quarterly portfolio commentaries?
- What is your best definition of client risk and how do you control it?

WHAT WE ASK ABOUT PROCESS**INVESTMENT PROCESS**

- What is your investment process?
- What are its strengths?
- What are the more salient parts of the process?
- How do you get information on who else holds the stocks in your portfolio and whether they are selling or buying?
- What recent tweaks have you recommended to your team?
- How has the strategy evolved over the years?
- Is the tendency to trim on strength, let winners run, sell on weakness or buy more?
- Is there a common framework for evaluating securities?
- What parts of the market does the product tend to lean into or away from?
- How do you balance top down views with bottom up work?
- How important is price momentum or a recent earnings surprise?
- Do you visit competitors or suppliers/customers of companies you hold?

SCREENING

- How important are front-end screens or quant rankings?
- What is your buy universe and how quantitatively do you narrow it down?
- How are you dealing with the inflow or new data?
- What is your market cap range and how important and consistent is the concentration of certain sized holdings?
- How is artificial intelligence/machine learning used?

IDEA GENERATION

- How does an investment go from an idea into the portfolio?
- Where do you get most of your new stock/bond ideas?
- Do you maintain a list of vetted securities waiting for a catalyst?
- How many stocks are in your bullpen, and whose responsibility is it to keep it fresh?
- How do you source investment ideas?

DECISION-MAKING

- Do you like to go out on a limb by yourself?
- How has the decision-making group evolved, including a timeline for the people involved?
- Are analysts pushing ideas to portfolio managers, or are portfolio managers giving ideas to analysts?
- How involved are analysts in vetting ideas outside their spaces?
- How involved are analysts in position sizing?
- How do you avoid behavioral pitfalls?
- Provide an example of a disagreement on a specific name with details about who was on each side and what was decided.
- In a disagreement, who has the final say?
- How has your discretion over buys and sells evolved?
- Do a certain number of analysts have to agree on a name for it to be implemented?
- Walk us through a recent sale/purchase.

SYSTEMS AND DOCUMENTATION

- How is research documented?
- What systems have improved your process and how?
- Do you outsource anything or do you plan to – technology systems, public relations, compliance, data gathering?
- Do your analysts write down their theses or catalysts and then monitor?
- Do you keep a notes database?

WHAT WE ASK ABOUT PORTFOLIO AND PREDICTABILITY**SIZING**

- How do you size your positions?
- How do you consider sizing at different conviction levels?
- How involved are analysts in position sizing?

SECTOR TILTS

- Are there any sector biases in this portfolio?
- What is the reasoning behind the current sector weightings?

MARKET CAP

- What is your market-cap range and how important/consistent is the concentration of certain sized holdings?

HOLDINGS

- Why do you think this number of holdings best represents this portfolio?
- Why own so many stocks rather than concentrate into your best ideas?
- Give examples for each type of bucket of stocks the portfolio is invested in?
- What is the tendency to hold positions not held elsewhere at the firm?
- How important is tax* efficiency for your fund and for all clients?

RISK MANAGEMENT

- How do you manage risk in the portfolio?
- What is your method for combining factor exposure?
- How do you set discount rates, assign valuation multiples?
- How important are risk management reports? Do you look at impact before making a trade?
- Do you tend to scale in and out of position, or buy and sell full positions?
- What is your process when you find out bad news?
- What is the process for mitigating risk on an ongoing basis?
- What are your risk-return goals?
- If you do not run an exact clone model for all clients, what are your dispersion goals?
- What beta should we expect?

CAPACITY

- How is capacity measured?
- Are there specific percentages of stock or bond issues that trigger capacity conversations?
- Where will the bottlenecks be as assets ramp closer to capacity?
- How, on the margin, will the product have to adapt to growth?

STYLE

- Do you agree with Morningstar's style box assessment of this portfolio?
- What is the reason for the style drift?
- How would you define your product from a style perspective?
- What times would you expect to underperform?

POSITIONING

- What are the non-consensus views in the portfolio?
- What is the market missing that you are seeing? What could go wrong?
- How do you hedge for the possibility your positioning is off the mark?
- Where are you finding value currently?

BENCHMARK

- How important to you is the benchmark? Any rules of thumb for tracking error, sector weights, etc.?
- Are you concerned with beta, tracking error or what industries are moving the markets?
- Are there nuances in the Russell or S&P indices you take issue with?
- What is your best benchmark?

WHAT WE ASK ABOUT PRODUCT PROLIFERATION

- What product ideas are being discussed and who is leading that project?
- What market trends are you interested in?
- How do you assure the business will be stronger under the next generation?
- What research initiatives are you considering?
- If you had a magic wand, what would you change?
- Do you have any active ETFs available?
- What happens when multiple products are interested in the same stock?
- What other products does the team contribute to?

WHAT WE ASK ABOUT PRICE

- What is the broker/dealer SMA pricing versus institutional pricing? How transparent is it? Who makes decisions?
- What is your strategy for mutual fund pricing/expense ratio?
- What are your trading costs?
- What are your actual vs. targeted costs for new product implementation?

WHAT WE ASK ABOUT PARENT

- How is the firm managed: committee, CEO, parent?
- How hands on is the parent company, especially when things aren't working?
- What issues could derail the relationship with the parent?
- What updates are taking place at the firm level and how are they affecting this strategy?
- Are there any contracts? Non-compete or non-solicit clauses?
- How are portfolio managers and analysts compensated?
- Who makes compensation decisions?

WHAT WE ASK ABOUT PROGRESS**INTROSPECTION**

- What stocks that you bought early or late did you learn a lesson from?
- Where were results better or worse than expected – what are you proud of and where did you leave money on the table?
- What internal goals do you have for outperformance?
- How do you reconcile recent performance vs. your expectations?
- How much credit or blame belongs to the portfolio manager?
- Are postmortems conducted?
- What stock was not implemented in the portfolio that should have been?

- What do you still have to prove?
- What part of your skill set are you trying to improve?
- What steps are you taking to ensure your cyber security is best-in-class?
- What new research initiatives are you thinking of incorporating?

NAME CONVICTION

- What economic variables are most important to growing earnings?
- What do you look for in the CEO of a firm?
- Where do you get your best information on a company – what is your advantage?
- How do you adjust stock options and employee healthcare assumptions to forecast earnings?
- How do you compare and adjust for depreciation vs. maintenance capital expenditures?

- How patient are you regarding a negative earnings/cash flow surprise?
- What insight do you get from sell-side analysts?
- Do you find yourself selling or buying old favorites at opportune times?
- How important are management contract and/or travel to gaining insights?

BUY/SELL DISCIPLINE

- What is your sell discipline?
- Give examples of positions sold – one good, one bad.
- What is your typical planned holding period and goal for upside of a stock?

MARKET OUTLOOK

- In your opinion, where are we in the market cycle?
- What does today's market environment remind you of?

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Managed accounts may not be appropriate for all investors. 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, you may incur a profit or a loss. Past performance is no guarantee of future results. There is no assurance that any investment strategy will be successful. Diversification does not ensure a profit or protect against a loss. All investments are subject to risk, including loss.

DEFINITIONS:

Price-to-earnings: The price-earnings ratio (P/E ratio) is the ratio for valuing a company that measures its current share price relative to its per-share earnings. The price-earnings ratio is also sometimes known as the price multiple or the earnings multiple.

Return on equity: Return on equity (ROE) is the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.

Earnings-per-share: Earnings per share (EPS) is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

R-squared: R-squared is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. For example, an R-squared for a fixed-income security versus the Barclays Aggregate Index identifies the security's proportion of variance that is predictable from the variance of the Barclays Aggregate Index. The same can be applied to an equity security versus the Standard and Poor's 500 or any other relevant index.

Top-down investing: Top-down investing is an investment approach that involves looking at the overall picture of the economy and then breaking down the various components into finer details. After looking at the big-picture conditions around the world, analysts examine different industrial sectors to select those that are forecast to outperform the market. From this point, they further analyze stocks of specific companies to choose potentially successful ones as investments.

Bottom-up investing: Bottom-up investing is an investment approach that focuses on the analysis of individual stocks and deemphasizes the significance of economic cycles and market cycles. In bottom-up investing, the investor focuses his attention on a specific company, rather than on the industry in which that company operates or on the economy as a whole. This approach assumes individual companies can do well even in an industry that is not performing.

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