

A GUIDE TO UNIT INVESTMENT TRUSTS AT RAYMOND JAMES

A CLIENT DISCLOSURE DOCUMENT



Raymond James offers clients a wide range of investment alternatives and services, including a variety of unit investment trusts (UITs). Deciding which UIT to invest in can be a complex process. It is important for you to work with your financial advisor to evaluate how each alternative's investment objectives, risks and associated costs fit your individual needs and objectives. Reading the trust's prospectus carefully is an important aspect of the screening and selection process that must take place prior to investing. Each prospectus contains important information that will help you make informed decisions. Your financial advisor will provide you with a copy of the prospectus for each of the UITs you are considering. He or she will also answer your questions on how the trust's units are priced and the compensation the financial advisor and Raymond James will receive from your investment.

Unit Investment Trusts

A unit investment trust, also known as a defined portfolio, is an SEC-registered investment company that is composed of an unmanaged portfolio in which the investor has an undivided ownership in the underlying securities. The portfolio is professionally selected by the trust sponsor and remains fixed until the termination of the trust, usually ranging from 13 months to five years. Some UITs composed of fixed income securities may have longer maturities. Although the securities within the trust remain fixed and are not managed, the sponsor may remove a security from the trust under limited circumstances. These situations are outlined in the prospectus.

The portfolio is designed to follow an investment objective over a specified time period, although there is no guarantee that the objective will be met. UITs are created by a trust sponsor who enters into agreement with a trustee. When the trust is created, several investment terms are set forth,

such as the trust objective, what securities are placed in the trust, when the trust will end, what fees and expenses will be charged, etc. A full accounting of the terms of the trust will be listed in the prospectus.

The popularity of unit investment trusts results from many investor benefits and features including professional selection, diversification, daily pricing and redemption, and ease of purchase. Because Raymond James has minimum investments of \$2,000, UITs have become the investment of choice for many investors, both large and small. Investors should note that diversification does not ensure a profit or guarantee against a loss.

While past performance is not indicative of future results, a trust's long-term performance record is also likely to be factored into the selection criteria. Your financial advisor will help you compare and review UITs in light of your investment objectives.

Since UITs have a fixed term, investors in most instances have three options available to them upon termination. Some trusts allow investors to elect to receive their pro-rata shares in-kind. They may also elect to use the proceeds of the terminating/redeeming trust to purchase a new UIT at a reduced sales charge (see sections on rollover discounts). If neither of these options is chosen, the proceeds will be credited into the client's account.

Costs

All unit investment trusts charge fees for organizational costs and for operating expenses including portfolio supervision, bookkeeping, administrative and evaluations fees, and any trustee fees. UITs also charge a creation and development (C&D) fee which compensates the sponsor for creating and

developing the trusts. UITs also have sales charges, which are partially used to compensate financial advisors for providing financial advice and client service. These may be charged when you make your investment (known as the initial sales charge) and/or charged over a predetermined time period (known as a deferred sales charge). If you sell your units before the deferred sales charges have been assessed, they will be charged at liquidation. All of these fees are listed in the trust's prospectus.

Fee-Based Accounts: Unit investment trusts may be owned in fee-based accounts. In fee-based investment advisory accounts, there is generally an annual fee based on a percentage of assets in the account. The fee varies with respect to account size, type of securities managed, style of management and/or other services provided. Since it is an asset-based fee, accounts are not charged any initial or deferred sales charge; however, they will still pay any C&D fee and any operational expenses incurred by the trust.

The idea behind fee-based accounts is that the financial advisor and the securities firm share the client's interest in seeing the value of the assets increase since the fee is a percentage of the value of the assets in the account. When considering your alternatives, you should carefully analyze the projected expense of a fee-based account versus commission-based accounts, including such factors as transaction size and volume, level and types of service expected from the financial advisor, as well as your own convictions as to how you are most comfortable paying for these services.

Liquidity

Although unit investment trusts are best suited as buy and hold investments, investors may choose to redeem their units prior to termination. The liquidation price will be at net asset value, calculated from the market value of the underlying securities on the day of liquidation. Any remaining deferred sales charge will be deducted at that time. UITs automatically redeem upon the required termination date at that day's net asset value. Whether redeeming units prior to termination or redeeming at termination, investors may receive more or less than their original investments. Selling a trust before termination may result in an additional liquidation fee. Please contact your financial advisor for more information.

Taxes

Unit holders are subject to taxes on their investments. Investors may realize a taxable gain or loss on their federal tax returns if units are redeemed at or prior to the termination of the trust. Dividends, interest and/or capital distributions are also subject

to taxes. Dividends will fluctuate and are not guaranteed. If the unit holder elects to reinvest redemption proceeds into another UIT, it is considered a taxable event, and the unit holder will realize any gain or loss and wash sale provisions may apply. If the unit holder elects an in-kind distribution, taxes are deferred until the underlying securities are sold. However, there may be a small portion associated with the payment-in-kind such as cash-in-lieu that would be taxable. For more information regarding alternative minimum tax, nonresident aliens, or state or foreign withholdings, please read the prospectus and/or contact a tax advisor or attorney.

For IRA and other tax-deferred accounts, taxes on capital gains and income received is deferred until distributions are made.

Reducing Sales Charges

Breakpoint Discount: While it may sometimes be judicious to own unit investment trusts from different trust sponsors, it may also increase your total costs. Sponsors often offer discounts on sales charges based on the investor's total dollars invested with the sponsor on a single day. The holding levels necessary to receive these discounts are known as "breakpoints." Often, trust sponsors will allow you to combine your purchases with those of your immediate family members to reach breakpoints. Each trust sponsor describes its breakpoint policies, including how investors can reach breakpoint levels, how the UIT defines which family members qualify as "related," and which UITs and account types qualify for breakpoints in its prospectus. Some fixed income trusts allow for clients to sign a letter of intent, enabling investors to participate in a reduced sales charge. Please see the prospectus to determine if this is applicable.

When your financial advisor executes trades in UITs on your behalf, he or she should calculate any breakpoints to which you may be entitled based on purchases made by you or any related accounts on the same day for the same sponsor.

Another way investors can receive a sales charge discount is by reinvesting funds from redeemed or terminated trusts with the same trust sponsor. This is called a rollover.

Rollover Discounts: After an investor redeems trust units through a sale or mandatory redemption, some trust sponsors will allow him or her to buy back into certain trusts, usually within 30 days, at a reduced sales charge. Please see the trust's prospectus for specific policies.

Finally, it is important to note that while rollovers and breakpoints are beneficial, you should not forsake prudent asset allocation among unit investment trusts simply to take

advantage of them. As your objectives change, you should allocate your portfolio among investment alternatives whose objectives most closely meet your needs.

Please note that unit investment trusts are buy and hold-type alternatives and are not meant for short-term trading. If trading is necessary, staying in the same sponsor may be preferable, since switching from one sponsor to another often involves additional costs or fees. At the same time, there can be legitimate reasons to switch to a UIT offered by another sponsor when the existing sponsor does not have the type of UIT required or that sponsor's alternatives do not appear to perform as well based on long-term historical results. However, past performance is no guarantee of future results. If you do choose to switch to a UIT from a different sponsor or to another type of investment, and your account with Raymond James is commission-based, you will most likely incur a full sales charge on the new investment.

How Raymond James and Your Financial Advisor Are Compensated

Raymond James and your financial advisor receive compensation for selling, recordkeeping and monitoring UITs. Raymond James is paid by the trust sponsor from the total fees and expenses paid by investors and a portion of that payment to Raymond James then goes to your financial advisor. The compensation formula that determines the amount of payment to your financial advisor is the same for all UITs. Some UITs carry higher sales charges or asset-based fees. As a result, your financial advisor may receive more or less compensation depending on the UIT you purchase, if purchased on a commission basis. Raymond James does **not** participate in programs that provide preferential treatment to financial advisors based upon the sale of certain UITs. Raymond James financial advisors are compensated at the same level and compete on a level playing field in terms of transaction charges for sales within all UIT sponsors. Finally, sponsor companies may also route some portfolio trades through Raymond James for execution and research services for which Raymond James may be compensated.

Education and Communication: Consistent with FINRA rules, trust sponsors and/or their affiliates may compensate Raymond James for training and education seminars for Raymond James' associates, financial advisors, clients and potential clients. This may include due diligence meetings regarding their UITs, recreational activities or other non-cash

items. The representatives of trust sponsors attend meetings, provide speakers for educational presentations and attend events where they can interact with our financial advisors.

Marketing Service and Support: Raymond James provides a variety of marketing services and other support to sponsors of unit investment trusts regarding their trusts. These services include, but are not limited to, the provision of detailed UIT information to financial advisors, strategic planning support to assist trust sponsors by making financial advisors available for educational information regarding their trusts, and branch office support, including phones, computers, conference rooms, as well as facilities and distribution support for prospectuses and promotional materials relating to their trusts.

Other Raymond James Services and Compensation

Volume Concessions: Raymond James receives additional compensation based on total assets purchased from the sponsor over a given period of time based on a percentage of the public offering price. These fees are used to cover the types of services outlined above and below and are not shared with Raymond James financial advisors or their branch managers as compensation. For more information, please read the trust's prospectus.

Other Services: Raymond James Financial, Inc. (NYSE-RJF) is a Florida-based diversified holding company whose subsidiary companies provide financial services to individuals, corporations and municipalities. For these services, Raymond James receives compensation. As a result, Raymond James can be expected to pursue additional business opportunities with companies whose UITs Raymond James makes available to its clients. Consistent with industry regulations, these services could include (but are not limited to) banking and lending services, sponsorship of deferred compensation and retirement plans, investment banking, securities research, institutional trading services, investment advisory services, and effecting portfolio securities transactions for funds and other clients. Raymond James professionals who offer UITs to individual investor clients may introduce trust company officials to other services that Raymond James provides. For additional information on UITs in general, contact your financial advisor or visit the educational websites of the U.S. Securities and Exchange Commission at sec.gov, and the Investment Company Institute at ici.org.

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©2009 Raymond James Financial Services, Inc. member FINRA/SIPC 09-FI-0041 EN 04/09

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