Jeffrey D. Saut, (727) 567-2644, Jeffrey.Saut@RaymondJames.com

March 12, 2012

Investment Strategy

"The Ambergris Factor!"

> "In the American whaling industry, which got underway during the eighteenth century, whalers slaughtered the giant sperm whale for sperm oil, which came from the head and blubber and was important as a fuel for lamps. Another type of oil, called spermaceti, extracted from the head, became the chief ingredient in candles. While boiling up the blubber and parts of the sperm whale, whalers occasionally noticed a very pleasant fragrance. It turned out this was a third oil-like substance, located in the intestines of the whales. Called ambergris, it became the basis for very expensive perfume. The problem was that the whalers found ambergris in very few of the whales they killed; nevertheless, the substance brought them a good income because the perfume manufacturers paid extremely high prices for it. So the whalers killed a lot of sperm whales looking for those chosen few who had the right intestinal stuff."
>
> . . . *The Fall of First Executive* by Gary Schulte

Investing is a lot like whaling. Investors are constantly searching for that whale of a stock with the "ambergris factor." And, that is what I was doing last week at Raymond James' 33rd Annual Institutional Investors Conference in Orlando, Florida. In attendance were more than 600 professional investors that were listening to presentations from CEOs and CFOs of some 330 companies. As stated, just like the portfolio managers (PMs) were there looking for stocks with the right stuff, so was I. But before I began that search, I had a meeting with two PMs from Switzerland that had 10 questions they wanted answered. The Q & A went like this:

1) **Would you buy cyclical stocks or defensive stocks?**

Answer: I would buy cyclicals because barring some major event I don't embrace the view that we are going to see another recession in the U.S. for the near/intermediate future.

2) **2011 was a "risk on/risk off" year, so is it a "top down" or "bottom up" strategy for 2012?**

Answer: Last year you only had to get two things right. You had to raise cash in March/April and put it back to work during the bottoming sequence of August – October. I did that and think a similar strategy will work this year as well. That said, one always needs to employ a "bottom up" strategy combined with a "top down" view.

3) **Should we buy gold or gold stocks?**

Answer: Both; but if I am forced to pick just one, I would buy gold stocks because they are well behind gold's performance. Therefore, after the yellow metal's consolidation is finished, gold stocks are likely to play catch up.

4) **Homebuilders or Home Depot?**

Answer: We think our early-year buy 'em recommendation on the homebuilders based on the "hope trade" is waning and therefore prefer Home Depot (HD/$48.10/Strong Buy) at this stage.

5) **QE3 or not?**

Answer: My belief has been the economy is moving toward a self-sustaining recovery and consequently I don't think QE3 will be needed. Nevertheless, if it looks like our economy is slipping back into recession, I do believe the Fed will use another QE (quantitative easing) to ameliorate the situation.

6) **GDP this year, 1.5% or 3.5%?**

Answer: Neither, but hereto if I have to pick one it would be the latter.

7) **Treasury 10-year yields of 1.5% or 2.5% by year end?**

Answer: 2.5%.

8) **Obama or Romney?**

Answer: Unless gasoline goes to $5.00 per gallon, or there is some other economic/geopolitical event, I just don't see who can beat President Obama.

Please read domestic and foreign disclosure/risk information beginning on page 4 and Analyst Certification on page 4.

9) Made in China, or made in the U.S.A.?

Answer: One of my themes is, and has been, is that at the margin manufacturing jobs are being moved back to the U.S. Combined with this belief is another theme, namely the re-industrialization of America.

10) Iran?

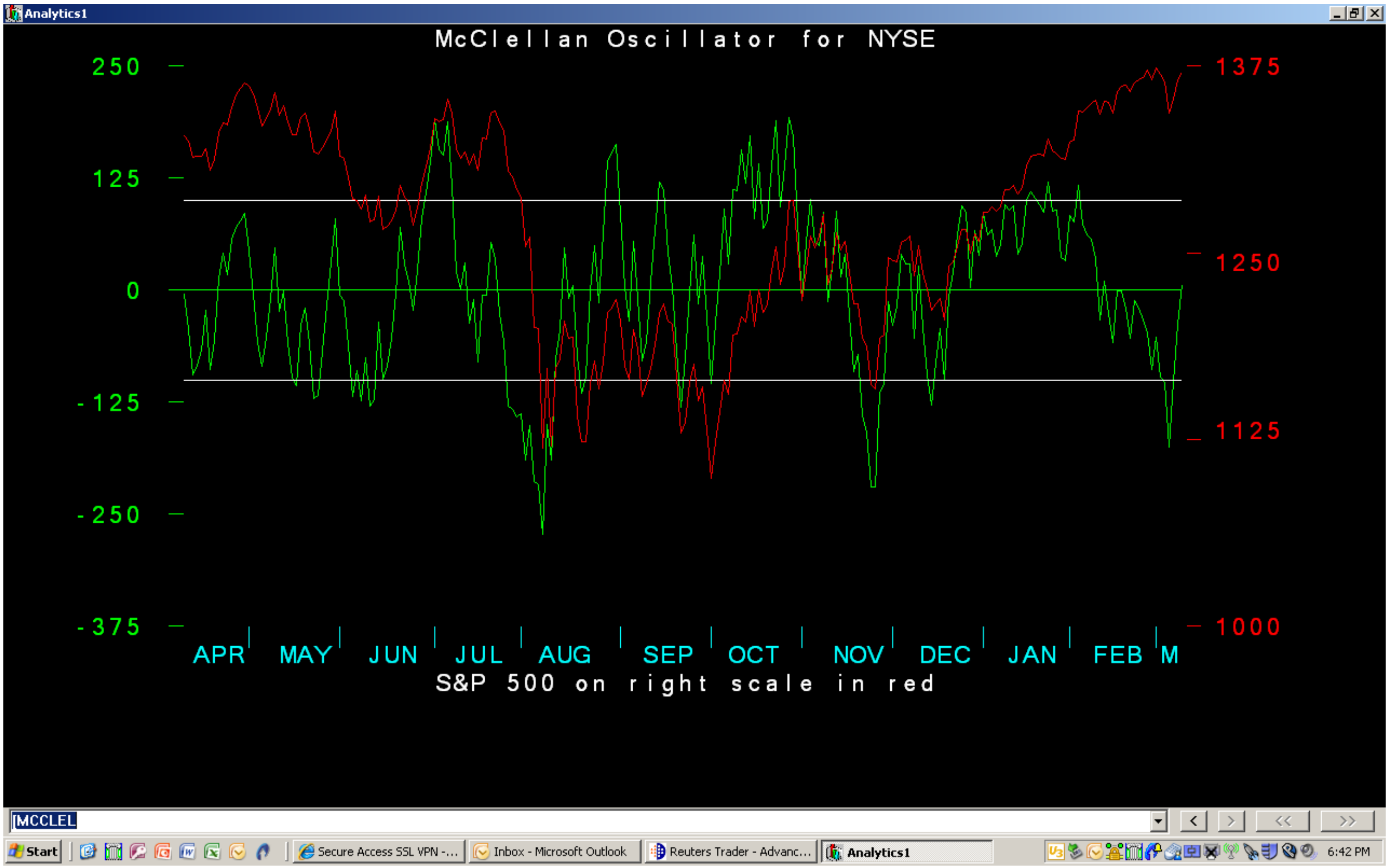
Answer: I don't think Iran's mullahs, who are the ones that really have the power, will let Ahmadinejad do anything in the Hormuz Strait because that would give the world an excuse to "pound" Iran, which might affect regime change.

With those questions asked and answered, I was off to see various presentations. A few of the companies I saw that are favorably rated by our fundamental analysts and thus we offer for your consideration, include: Alere (ALR/$26.01/Strong Buy); Alliance Data Systems (ADS/$122.90/Strong Buy); Lumber Liquidators (LL/$24.01/Strong Buy); Maximus (MMS/$41.63/Outperform); National Oilwell Varco (NOV/$81.38/Strong Buy); Nuance Communications (NUAN/$25.86/Strong Buy); Rayonier (RYN/$45.04/Outperform); TMS International (TMS/$11.93/Strong Buy); Verifone Systems (PAY/$50.72/Strong Buy); and Vocus (VOCS/$14.16/Strong Buy). As always, for further information on these companies please see our fundamental analysts' notes from last week's conference, as well as the various webcasts.

Turning to the stock market, well it had to happen and it did last week. The S&P 500 (SPX/1370.87) finally experienced its first 1%+ down day of 2012 last Tuesday. It took 44 sessions for that to occur, making this the seventh longest beginning of the year such skein since 1928. Last Tuesday's Tumble left the SPX oversold (see the attendant chart) for the first time since the Buying Stampede ended on January 26th. Tuesday also qualified as the first 90% Downside Day of the year, meaning that 90% of the total volume traded came in on the downside, as did the number of total points traded. Typically 90% Downside Days are followed by a rally lasting two to seven sessions, which became even more valid given last Tuesday's oversold readings. Of course, we have now experienced a three-day rebound and accordingly it will be interesting to see how this week plays since today is session four from Tuesday's Dow Dive (-203 points). Whatever the stock market's short-term directionality, over the longer term there continues to be NO signs of a significant "top," which is why I keep chanting, "You can get cautious, but do not get bearish!" And that remains my trading stance; cautious, but not bearish because late last week the SPX made a "throwback rally" toward its recent intraday reaction high of 1378.04 (recorded 2/29/12); and in the process, used up most of its remaining internal energy, at least in the near-term. The implication is that the SPX could be making a double-top. This week should tell the story if that is the case.

The call for this week: The past two weeks have been all about milestones. The week before last saw the D-J Industrials (INDU/12922.02) close above 13000 for the first time since 2008. During that same week the NASDAQ (COMP/2988.34) traded above 3000 for the first time since the turn of the century. Last week contained still more milestones as many of the exchange-traded products that track the homebuilding stocks traded to their highest levels since 2008, raising the question, "With auto sales perky, if the housing sales do better than expected maybe this really is a self-sustaining economic recovery!" And, what an appropriate question to ask on the three-year anniversary of the bull market, which began on 3/9/09 and I was bullish. To be sure, it was a really lonely stance on March 2, 2009 when I said on Bloomberg TV, "The bottoming process that began on 10/10/08, when 92.6% of all stocks traded made new annual lows, is complete this week and we are 'all in'." At the time I likened the March 2009 "nominal price lows" to those of December 1974 that marked the "nominal price low" of that 17-year, wide-swinging, trading range stock market. I also commented that the "valuation low" did not appear until the summer of 1982; and, that I hoped it would not take another eight years for this wide-swinging, trading range market to make its "valuation low." Well, since last November I have been opining that the "undercut low" of October 4, 2011 could be such a "valuation low" with the SPX (at the time) trading below 10x forward earnings estimates with a 10%+ earnings-yield. That combination, when using the yield on the 10-year T'note as your risk-free rate of return, produced an equity risk premium of more than 8%. Such valuation metrics have not been seen in decades! Whether this is a new secular bull market remains questionable, but I am hopeful.

International Headquarters:
The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863



Source: Thomson Reuters

International Headquarters:
The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863

Important Investor Disclosures

Raymond James & Associates (RJA) is a FINRA member firm and is responsible for the preparation and distribution of research created in the United States. Raymond James & Associates is located at The Raymond James Financial Center, 880 Carillon Parkway, St. Petersburg, FL 33716, (727) 567-1000. Non-U.S. affiliates, which are not FINRA member firms, include the following entities which are responsible for the creation and distribution of research in their respective areas; In Canada, Raymond James Ltd., Suite 2200, 925 West Georgia Street, Vancouver, BC V6C 3L2, (604) 659-8200; In Latin America, Raymond James Latin America, Ruta 8, km 17, 500, 91600 Montevideo, Uruguay, 00598 2 518 2033; In Europe, Raymond James European Equities, 40, rue La Boetie, 75008, Paris, France, +33 1 45 61 64 90.

This document is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident of or located in any locality, state, country, or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation. The securities discussed in this document may not be eligible for sale in some jurisdictions. This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. **Investors should consider this report as only a single factor in making their investment decision.**

Investing in securities of issuers organized outside of the U.S., including ADRs, may entail certain risks. The securities of non-U.S. issuers may not be registered with, nor be subject to the reporting requirements of, the U.S. Securities and Exchange Commission. There may be limited information available on such securities. Investors who have received this report may be prohibited in certain states or other jurisdictions from purchasing the securities mentioned in this report. Please ask your Financial Advisor for additional details.

The information provided is as of the date above and subject to change, and it should not be deemed a recommendation to buy or sell any security. Certain information has been obtained from third-party sources we consider reliable, but we do not guarantee that such information is accurate or complete. Persons within the Raymond James family of companies may have information that is not available to the contributors of the information contained in this publication. Raymond James, including affiliates and employees, may execute transactions in the securities listed in this publication that may not be consistent with the ratings appearing in this publication.

Additional information is available on request.

Analyst Information

Registration of Non-U.S. Analysts: The analysts listed on the front of this report who are not employees of Raymond James & Associates, Inc., are not registered/qualified as research analysts under FINRA rules, are not associated persons of Raymond James & Associates, Inc., and are not subject to NASD Rule 2711 and NYSE Rule 472 restrictions on communications with covered companies, public companies, and trading securities held by a research analyst account.

Analyst Holdings and Compensation: Equity analysts and their staffs at Raymond James are compensated based on a salary and bonus system. Several factors enter into the bonus determination including quality and performance of research product, the analyst's success in rating stocks versus an industry index, and support effectiveness to trading and the retail and institutional sales forces. Other factors may include but are not limited to: overall ratings from internal (other than investment banking) or external parties and the general productivity and revenue generated in covered stocks. **The covering analyst and/or research associate owns shares of the common stock of The Home Depot Inc. The covering analyst and/or research associate owns shares of the common stock of National Oilwell Varco Inc.**

The views expressed in this report accurately reflect the personal views of the analyst(s) covering the subject securities. No part of said person's compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research report. In addition, said analyst has not received compensation from any subject company in the last 12 months.

Ratings and Definitions

Raymond James & Associates (U.S.) definitions

Strong Buy (SB1) Expected to appreciate, produce a total return of at least 15%, and outperform the S&P 500 over the next six to 12 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, a total return of at least 15% is expected to be realized over the next 12 months.
Outperform (MO2) Expected to appreciate and outperform the S&P 500 over the next 12-18 months. For higher yielding and more conservative equities, such as REITs and certain MLPs, an Outperform rating is used for securities where we are comfortable with the relative safety of the dividend and expect a total return modestly exceeding the dividend yield over the next 12-18 months.
Market Perform (MP3) Expected to perform generally in line with the S&P 500 over the next 12 months.
Underperform (MU4) Expected to underperform the S&P 500 or its sector over the next six to 12 months and should be sold.
Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be

providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

Raymond James Ltd. (Canada) definitions

Strong Buy (SB1) The stock is expected to appreciate and produce a total return of at least 15% and outperform the S&P/TSX Composite Index over the next six months.
Outperform (MO2) The stock is expected to appreciate and outperform the S&P/TSX Composite Index over the next twelve months.
Market Perform (MP3) The stock is expected to perform generally in line with the S&P/TSX Composite Index over the next twelve months and is potentially a source of funds for more highly rated securities.
Underperform (MU4) The stock is expected to underperform the S&P/TSX Composite Index or its sector over the next six to twelve months and should be sold.

Raymond James Latin American rating definitions

Strong Buy (SB1) Expected to appreciate and produce a total return of at least 25.0% over the next twelve months.
Outperform (MO2) Expected to appreciate and produce a total return of between 15.0% and 25.0% over the next twelve months.
Market Perform (MP3) Expected to perform in line with the underlying country index.
Underperform (MU4) Expected to underperform the underlying country index.
Suspended (S) The rating and price target have been suspended temporarily. This action may be due to market events that made coverage impracticable, or to comply with applicable regulations or firm policies in certain circumstances, including when Raymond James may be providing investment banking services to the company. The previous rating and price target are no longer in effect for this security and should not be relied upon.

Raymond James European Equities rating definitions

Strong Buy (1) Expected to appreciate, produce a total return of at least 15%, and outperform the Stoxx 600 over the next 6 to 12 months.
Outperform (2) Expected to appreciate and outperform the Stoxx 600 over the next 12 months.
Market Perform (3) Expected to perform generally in line with the Stoxx 600 over the next 12 months.
Underperform (4) Expected to underperform the Stoxx 600 or its sector over the next 6 to 12 months.

In transacting in any security, investors should be aware that other securities in the Raymond James research coverage universe might carry a higher or lower rating. Investors should feel free to contact their Financial Advisor to discuss the merits of other available investments.

Rating Distributions

	Coverage Universe Rating Distribution			Investment Banking Distribution		
	RJA	RJL	RJ LatAm	RJA	RJL	RJ LatAm
Strong Buy and Outperform (Buy)	55%	68%	38%	14%	41%	15%
Market Perform (Hold)	38%	32%	56%	5%	30%	3%
Underperform (Sell)	6%	1%	7%	4%	0%	0%

Suitability Categories (SR)

For stocks rated by Raymond James & Associates only, the following Suitability Categories provide an assessment of potential risk factors for investors. Suitability ratings are not assigned to stocks rated Underperform (Sell). Projected 12-month price targets are assigned only to stocks rated Strong Buy or Outperform.

Total Return (TR) Lower risk equities possessing dividend yields above that of the S&P 500 and greater stability of principal.

Growth (G) Low to average risk equities with sound financials, more consistent earnings growth, possibly a small dividend, and the potential for long-term price appreciation.

Aggressive Growth (AG) Medium or higher risk equities of companies in fast growing and competitive industries, with less predictable earnings and acceptable, but possibly more leveraged balance sheets.

High Risk (HR) Companies with less predictable earnings (or losses), rapidly changing market dynamics, financial and competitive issues, higher price volatility (beta), and risk of principal.

Venture Risk (VR) Companies with a short or unprofitable operating history, limited or less predictable revenues, very high risk associated with success, and a substantial risk of principal.

International Headquarters:
The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863

Raymond James Relationship Disclosures

Raymond James expects to receive or intends to seek compensation for investment banking services from the subject companies in the next three months.

Company Name	Disclosure
Alere, Inc.	Raymond James & Associates received non-securities-related compensation from ALR within the past 12 months.
Alliance Data Systems Corp.	Raymond James & Associates received non-investment banking securities-related compensation from ADS within the past 12 months.
	Raymond James & Associates received non-securities-related compensation from ADS within the past 12 months.
Nuance Communications, Inc.	Raymond James & Associates makes a NASDAQ market in shares of NUAN.
The Home Depot Inc.	Raymond James & Associates received non-securities-related compensation from HD within the past 12 months.
TMS International	Raymond James & Associates co-managed an initial public offering of TMS shares in April 2011.
	Raymond James & Associates or one of its affiliates owns more than 1% of the outstanding shares of TMS.
VeriFone Systems, Inc.	Raymond James & Associates received non-securities-related compensation from PAY within the past 12 months.
Vocus Inc.	Raymond James & Associates makes a NASDAQ market in shares of VOCS.
	Raymond James & Associates received non-investment banking securities-related compensation from VOCS within the past 12 months.

Additional Risk and Disclosure information, as well as more information on the Raymond James rating system and suitability categories, is available at rjcapitalmarkets.com/SearchForDisclosures_main.asp. Copies of research or Raymond James' summary policies relating to research analyst independence can be obtained by contacting any Raymond James & Associates or Raymond James Financial Services office (please see raymondjames.com for office locations) or by calling 727-567-1000, toll free 800-237-5643 or sending a written request to the Equity Research Library, Raymond James & Associates, Inc., Tower 3, 6th Floor, 880 Carillon Parkway, St. Petersburg, FL 33716.

International securities involve additional risks such as currency fluctuations, differing financial accounting standards, and possible political and economic instability. These risks are greater in emerging markets.

Small-cap stocks generally involve greater risks. Dividends are not guaranteed and will fluctuate. Past performance may not be indicative of future results.

Investors should consider the investment objectives, risks, and charges and expenses of mutual funds carefully before investing. The prospectus contains this and other information about mutual funds. The prospectus is available from your financial advisor and should be read carefully before investing.

For clients in the United Kingdom:

For clients of Raymond James & Associates (RJA) and Raymond James Financial International, Ltd. (RJFI): This report is for distribution only to persons who fall within Articles 19 or Article 49(2) of the Financial Services and Markets Act (Financial Promotion) Order 2000 as investment professionals and may not be distributed to, or relied upon, by any other person.

For clients of Raymond James Investment Services, Ltd.: This report is intended only for clients in receipt of Raymond James Investment Services, Ltd.'s Terms of Business or others to whom it may be lawfully submitted.

For purposes of the Financial Services Authority requirements, this research report is classified as objective with respect to conflict of interest management. RJA, Raymond James Financial International, Ltd., and Raymond James Investment Services, Ltd. are authorized and regulated in the U.K. by the Financial Services Authority.

For institutional clients in the European Economic Area (EEA) outside of the United Kingdom:

This document (and any attachments or exhibits hereto) is intended only for EEA institutional clients or others to whom it may lawfully be submitted.

For Canadian clients:

International Headquarters:
The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863

Review of Material Operations: The Analyst and/or Associate is required to conduct due diligence on, and where deemed appropriate visit, the material operations of a subject company before initiating research coverage. The scope of the review may vary depending on the complexity of the subject company's business operations.

This report is not prepared subject to Canadian disclosure requirements.

For Latin American clients:

Registration of Brazil-based Analysts: In accordance with Regulation #483 issued by the Brazil Securities and Exchange Commission (CVM) in October 2010, all lead Brazil-based Research Analysts writing and distributing research are CNPI certified as required by Art. 1 of APIMEC's Code of Conduct (www.apimec.com.br/supervisao/codigodeconduta). They abide by the practices and procedures of this regulation as well as internal procedures in place at Raymond James Brasil S.A. A list of research analysts accredited with the APIMEC can be found on the webpage (www.apimec.com.br/ certificacao/Profissionais Certificados).

Non-Brazil-based analysts writing Brazil research and or making sales efforts with the same are released from these APIMEC requirements as stated in Art. 20 of CVM Instruction #483, but abide by recognized Codes of Conduct, Ethics and Practices that comply with Articles 17, 18, and 19 of CVM Instruction #483.

International Headquarters:

The Raymond James Financial Center | 880 Carillon Parkway | St. Petersburg, Florida 33716 | 800-248-8863