

EQUITY INCOME

First Quarter | 2012

EAGLE EQUITY INCOME

Top 10 Holdings

JPMorgan Chase & Co.	4.01%
ExxonMobil	3.63%
Chevron	3.50%
Abbott Laboratories	3.28%
General Mills	3.20%
Emerson Electric	3.18%
Tyco	3.08%
Home Depot	3.07%
PNC Financial Services	3.03%
3M	3.02%
Total % in top 10 holdings	33.01%

Statistical Information

Trailing Price/Earnings	15.19x
Forward Price/Earnings	13.08x
Price Earnings/Growth	1.60x
Price/Book	2.41x
Price/Sales	1.47x
Price/Cash Flow	6.43x
Long-term Growth Rate	8.53%
Long-term Debt/Capital	39.01%
Dividend Yield	3.25%
Return on Equity	20.29%

Median market cap	\$48.14 B
Wtd. average market cap	\$94.22 B
Avg. number of positions	30-40
Annual portfolio turnover	less than 50%

Managers:

David Blount, CFA, CPA
Ed Cowart, CFA
John Pandtler, CFA

Our objective is to maximize total returns by investing in high-quality, financially strong companies that pay above-market dividends and have the cash resources (i.e., free cash flow) as well as the demonstrated willingness to share them (by raising dividends regularly).

Features

- Equity objective offering moderate growth rate and consistent dividend distributions
- Capitalization range: greater than \$2 billion
- Weighted-average (dollar-weighted) market cap: \$94.22 billion

Investment Process¹

The Eagle Equity Income team identifies investment opportunities believed to have the following criteria:

Income

- Yield above the S&P 500 Index
- Demonstrated commitment to paying and increasing dividends

Growth

- Dominance in expanding industry
- Growth rate greater than inflation

Stability

- Free cash flow and shareholder-oriented management
- Stock price below estimated intrinsic value

Sell Disciplines

- Appreciation of price near or above sustainable level
- Deterioration of company fundamentals, indicative of dividend cut
- Position size becomes too large relative to total portfolio
- Development of more attractive investment opportunity

The goals of the Equity Income portfolio are — over a market cycle — to: produce a long-term return (before fees and expenses) of approximately 9 percent to 11 percent based on long-term earnings growth of 6 percent to 8 percent and a long-term dividend yield of 3 percent; to have volatility significantly less than the S&P 500 Index; and have a portfolio yield greater than the benchmark.

Performance² as of March 31, 2012

		First Quarter	Year to Date	One Year	Three Years	Five Years	Since Inception (July 1, 1981)
Eagle Equity Income	Gross	7.89%	7.89%	8.72%	22.18%	3.52%	10.75%
Eagle Equity Income	Net	7.40%	7.40%	6.70%	19.88%	1.56%	8.68%
S&P 500 Index		12.58%	12.58%	8.54%	23.42%	2.01%	10.96%

The performance data quoted represents past performance. Past performance does not guarantee future results. Investment return and principal value will fluctuate so that an investor's portfolio, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance information quoted. To obtain current month-end performance information, please call your financial advisor or visit eagleasset.com.

Trailing Standard Deviation as of March 31, 2012

		Three Years	Five Years	10 Years	15 Years	Since Inception (July 1, 1981)
Eagle Equity Income	Gross	16.15%	18.79%	15.24%	13.93%	11.77%
Eagle Equity Income	Net	16.09%	18.72%	15.20%	13.88%	11.74%
S&P 500 Index		19.56%	21.82%	18.59%	18.90%	16.88%

Source: Callan; standard deviation is not statistically relevant for periods less than three years

Manager Outlook

Many sectors of the economy are showing signs of gaining momentum. Automobile sales have climbed to a new recovery high, albeit still below normalized pre-crisis levels. That has led to forecasts of vehicle production to be up 30 percent in the second quarter. Housing prices may not have turned the corner yet but we are seeing increasing signs of purchase interest from investors and foreigners. This is a very positive development, as any effort to soak up excess housing inventory will go a long way to stabilizing what is for most consumers their largest asset. The employment picture is also looking a little better as new filings for jobless claims dropped to the lowest levels since April 2008 and the University of Michigan jobs surveys have hit a new high.

There remain some headwinds. The second quarters of the past two years have not been kind to investors. In both years, the notion of a double-dip recession reared its ugly head. This year may be no different. Current worries that could lead to recession include increasing gasoline and food inflation, the end of the Fed's "Operation Twist," upcoming presidential and congressional elections, year-end expiration of certain tax cuts, ongoing Eurozone sovereign-debt pressures and accelerating U.S. fiscal deficits and debt. We believe those risks will continue to keep a lid on the stock market.

Despite the market's solid first-quarter performance, we continue to believe there is an on-going valuation case to be made for U.S. equities. One metric that we follow is the ratio of the S&P 500 price index to corporate after-tax profits. Corporate profits have rebounded dramatically from the recent financial crisis but this ratio is currently at historically low levels. In fact, the last time we experienced a ratio this low was the high inflation and soaring interest-rate environment of the late 1970s.

We are not Pollyannas: We realize it is very unlikely for the market to increase in price unimpeded. That is why we still believe that being invested in high-quality, cash-flow-producing, dividend-paying stocks will help protect against downside risk and produce superior returns with lower volatility over the long haul.

Benefits of Dividends

- I Attractive returns** – Historically stable businesses can afford to share profits with shareholders.
- I Reduced volatility** – Companies that distribute reasonable dividends generally have exhibited lower stock-price volatility. They also tend to be more stable and mature.
- I Boosts total returns** – Sustainable dividend income can be an important component of total return and can help protect against depreciation of a stock's price. In this way, dividends may soften the impact of stock-price declines on the overall value of a portfolio.
- I Diversification** – Dividend payers can be found across many sectors and industries and often have both value and growth characteristics.
- I Yield** – Dividends provide income.

For more information, visit eagleasset.com

¹ Not every investment opportunity will meet all of the stringent investment criteria mentioned to the same degree. Trade-offs must be made, which is where experience and judgment play a key role. Accounts are invested at the discretion of the portfolio manager and may take up to 60 days to become fully invested.

² Performance Disclosures

The calculation of the performance data includes reinvestment of all income and gains and is depicted on a time-weighted and size-weighted average for the entire period. Performance is shown after deduction of transaction costs and both "gross" (before the deduction of management fees) and "net" (after the deduction of management fees). Performance figures include all internal, retail Equity Income accounts of Eagle Asset Management, a St. Petersburg, Florida-based firm. All composite performance data through 2010 have been verified by an internationally recognized accounting firm. Performance data for the current year have not been audited and are subject to revision. No inference should be drawn by present or prospective clients that managed accounts will achieve similar investment performance in the future. Eagle believes that the performance shown is reasonably representative of its management style and is sufficiently relevant for consideration by a potential or existing client. The compound impact on performance of the deduction of fees is determined by the account size, the amount of the fee, the time period and the gross investment performance. This compounding effect is generally reflected in the Annualized Performance chart. Because accounts are individually managed, returns for separate accounts may be higher or lower than the average performance stated in the charts.

Securities shown should not be considered recommendations or solicitations and may not have been, or in the future be, profitable. Investing in equities may result in a loss of capital. Past performance is not a guarantee of future results.

Descriptions and Definitions

The Standard & Poor's 500 Index is based on the average performance of 500 widely held common stocks. The S&P 500 is a broad-based measurement of changes in stock market conditions. It is a capitalization-weighted index, calculated on a total return basis with dividends reinvested. The S&P 500 represents about 75 percent of the NYSE market capitalization. Indices are unmanaged, and one cannot invest directly in an index. Market index results shown are not reduced by any fees as an index is unmanaged.

Standard Deviation – Standard Deviation is a measure of the dispersal or uncertainty in a random variable. For example, if a financial variable is highly volatile, it has a high Standard Deviation. Standard Deviation is frequently used as a measure of the volatility of a random financial variable.

Risks Associated with Equity Income Investing

Equity Income investing is based upon the identification of companies that possess both moderate growth rates as well as higher-than-average and consistent dividend distributions. Historically, dividend yields have been relatively constant and therefore have created a cushion for investors when stock prices have declined. However, as with all equity investing, there is the risk that a company will not achieve its expected earnings results, or that an unexpected change in the market or within the company will occur, both of which may adversely affect investment results. The biggest risk of equity investing is that returns can fluctuate and investors can lose money.

EAGLE | Asset
Management

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Not FDIC Insured

May Lose Value

No Bank Guarantee