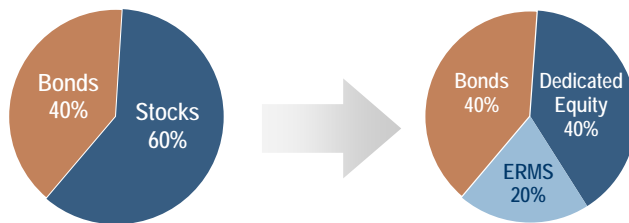


September 2017

Tactical allocation strategy that seeks to adjust a portfolio's equity exposure to potentially provide downside protection and volatility control

- Incorporating the Risk Management Strategy involves carving out a portion of an equity portfolio for tactical allocation (could range from one-third to a maximum of 50% of the portfolio).
- The Risk Management Strategy would be fully invested to track the S&P 500 when market conditions are favorable.
- When conditions are deemed unfavorable, the Risk Management Strategy is shifted to cash or inverse (short).



This example assumes a 60% stock / 40% bond allocation with 33% of the equity allocation invested in the Equity Risk Management Strategy.

## How It Works

The Risk Management Strategy analyzes technical and fundamental indicators to determine the current market condition and recommends the appropriate tactical allocation.

- The fundamental indicator tracks the trend in changes of expected earnings for the S&P 500. Two or more consecutive months of declining expectations increases the risk of large market losses and is considered unfavorable, while two or more consecutive months of increasing expectations is considered favorable.
- The technical indicator determines the market favorability based on the current level of the Dow Jones Industrial Average (Dow).
- This strategy may invest in inverse ETFs.

Status of Fundamental and Technical Indicators	Market Condition	ERMS Action	Equity Allocation
<ul style="list-style-type: none"> <li>• Fundamental (earnings expectations) indicators positive</li> <li>• Technical conditions positive</li> </ul>	Favorable	Fully Invested	95% – 100% S&P 500
Either Fundamental <b>OR</b> Technical indicators are negative	Caution	Reduce Equity Exposure	5% – 100% Cash 0% – 95% S&P 500
Both Fundamental <b>AND</b> Technical indicators are negative	Unfavorable	Hedge Equity Exposure	55% – 90% Inverse S&P 500 45% – 10% Cash

## Current Allocation (as of September 1, 2017)

### Fundamental Indicator: POSITIVE

S&P 500 12M forward EPS estimates were up for a sixth consecutive month, rising 1.1% to \$139.90. Estimates have increased 9.3% over the past 12 months. The Fundamental Indicator remains positive.

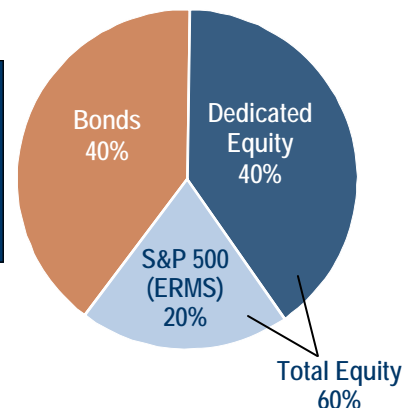
### Technical Indicator: POSITIVE

The Dow Jones Industrial Average hit new closing highs five times in August before finishing the month 0.3% higher at 21,948.1. This left the Dow only 0.8% off its all-time. The Technical Indicator remains positive.

### Risk Management Strategy Allocation

100% S&P 500 (Unchanged)

### Effective Portfolio Allocation



## About EquityCompass Strategies

EquityCompass Strategies is a research and investment advisory unit of Choice Financial Partners, Inc., an SEC registered investment adviser offering a comprehensive range of investment portfolios and products to institutional and individual investors primarily through Stifel Financial Advisors.

### Subsidiary of Stifel Financial Corp.

Choice Financial Partners, Inc. is a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. (NYSE: SF)

- As a Stifel company, we are able to leverage the resources and global infrastructure of our parent for risk management oversight, trading, record keeping, reporting, and risk control, while still maintaining the autonomy and service of a pure investment firm.

### A Rules-Based Approach to Investment Management

We employ a structured and fully-transparent investment process that combines traditional fundamental analysis with sophisticated quantitative modeling.

### Extensive Experience

- The EquityCompass investment team has been providing quantitative-based strategies for equity portfolios for more than 5 years
- We have been publishing investment research, analysis, and advice for more than 10 years
- The investment team is led by Richard Cripps, CIO
  - Former Managing Director of Portfolio Strategy at Stifel and former Chief Market Strategist and Co-Chairman of the investment committee at Legg Mason Wood Walker, Inc.

## About Stifel

Founded in 1890, Stifel Financial Corp. is one of the leading financial services firms in the U.S. providing full-service wealth management and investment banking services. Stifel is a leading underwriter and advisor for companies and a top provider of trade execution and securities distribution with nationally recognized research and a suite of asset management strategies.

Stifel was ranked #5 in the Financial Services Industry and #65 overall on Fortune Magazine's *Fastest Growing Companies* list for 2010.

## Important Disclosures

**EquityCompass Overview:** The information contained herein has been prepared from sources believed to be reliable but is not guaranteed and is not a complete summary or statement of all available data nor is it considered an offer to buy or sell any securities referred to herein. EquityCompass Strategies is a research and investment advisory unit of Choice Financial Partners, Inc., a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. Affiliates of EquityCompass Strategies may, at times, release written or oral commentary, technical analysis, or trading strategies that differ from the opinions expressed within. Opinions expressed are subject to change without notice and do not take into account the particular investment objectives, financial situation, or needs of individual investors. Any projections, targets, or estimates in this report are forward looking statements and are based on EquityCompass Strategies' research, analysis, and assumptions made by the Adviser.

**Strategy Specific Risks:** Any investment involves risks, including the risk of a loss of principal. The Equity Risk Management Strategy invests primarily in ETFs, which are subject to the risk that the values will fluctuate with the value of the underlying investments or indices the ETFs are tracking. **Exchange Traded Funds (ETFs) represent a share of all stocks in a respective index. ETFs trade like stocks and are subject to market risk, including the potential for loss of principal, and may trade for less than their net asset value. The value of ETFs will fluctuate with the value of the underlying securities. Inverse ETFs are considered risky and are not suitable for all investors. Typically, these products have one-day investment objectives, and investors should monitor such funds on a daily basis. Inverse ETFs are constructed by using various derivatives for the purpose of profiting from a decline in the value of an underlying benchmark. Investing in inverse ETFs is similar to holding various short positions, or using a combination of advanced investment strategies to profit from falling prices. Investors should review the prospectus and consider the ETF's investment objectives, risks, charges, and expenses carefully before investing. Prospectuses are available through your Financial Advisor and include this and other important information.** Short selling incurs significant risk. Theoretically, securities sold short have unlimited risk.

**Description of Benchmark(s):** The Equity Risk Management Strategy performance and/or characteristics are compared to the S&P 500. The S&P 500 index is a broad market index that tracks the performance of 500 stocks from major industries of the U.S. economy. The Dow Jones Industrial Average is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the Nasdaq. Indices are unmanaged, do not reflect fees and expenses, and it is not possible to invest directly in an index.

**There is no guarantee that the figures or opinions forecasted in this report will be realized or achieved. Past performance is no guarantee of future results.**

### Additional Information Available Upon Request

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