

EquityCompass Share Buyback Strategy

Actively managed strategy that holds equally weighted positions in the 30 most significant stock buyback announcements by U.S. companies.

EquityCompass Strategies

(443) 224-1231

equitycompass@stifel.com

Key Considerations

1. Our strategy focuses on the two drivers of excess returns identified in our empirical tests (recency of an announcement and size of the repurchase) to determine the significance of a buyback announcement.
2. Utilizes an adequate number of positions to help mitigate market impact while maintaining focus on drivers of excess returns (30 stocks).

Strategy Methodology

Determining the Universe

Only stocks that are members of the Russell 3000 Index as of the most recent year-end are considered for inclusion.

Identify Strategy Candidates

Only the companies that have announced the intention to buy back their common stock in the open market within the previous three calendar months are considered. On constitution date, the company must have a market-capitalization of at least \$500 million and annual share trading volume of at least 15 million shares in the previous year.

Setting the Strategy Constituents

The strategy candidates are determined using a two-factor model based upon:

1. Days since announcement (announcement date to constitution date) –
Lower is better
2. Significance of announcement (as a % of shares outstanding) –
Higher is better

The average ranking of each factor determines the overall composite rank. The 30 stocks with the highest overall composite score will form the Strategy. In the event of a tie (i.e., the 30th and 31st stock have the exact same composite rank), the stock with the highest market capitalization will be selected. The strategy holds equal weight positions in the 30 stocks.

Rebalancing

The strategy is reconstituted monthly on the last trading business day.

EquityCompass Share Buyback Strategy Members August 2017

Source: EquityCompass Strategies

Symbol	Company Name
AIR	AAR Corp.
AYI	Acuity Brands Inc.
ADS	Alliance Data Systems Corp.
ALLY	Ally Financial Inc.
AMCX	AMC Networks Inc.
CE	Celanese Corp.
C	Citigroup Inc.
CAG	Conagra Brands Inc.
DFS	Discover Financial Services
ETFC	E*TRADE Financial Corp.
EBAY	eBay Inc.
GEF	Greif Inc.
HAIN	Hain Celestial Group Inc. (The)
IMAX	IMAX Corp.
JBL	Jabil Inc.
JPM	JPMorgan Chase & Co.
KMI	Kinder Morgan Inc.
LZB	La-Z-Boy Inc.
MPC	Marathon Petroleum Corp.
MBI	MBIA Inc.
KORS	Michael Kors Holdings Ltd.
MIK	Michaels Cos Inc. (The)
MSCC	Microsemi Corp.
MS	Morgan Stanley
SYNA	Synaptics Inc.
SNX	SYNNEX Corp.
TEX	Terex Corp.
USNA	USANA Health Sciences Inc.
WABC	Westamerica Bancorporation
WHR	Whirlpool Corp.

Holdings are subject to change and are as of the date indicated. These holdings should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the securities noted will remain in the portfolio at the time you receive this presentation. Actual holdings and percentage allocation in individual client portfolios may vary and are subject to change. It should not be assumed that any of the holdings discussed were, or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable.

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. Securities presented herein are as of the date indicated and are subject to change. 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. Portfolios based on EquityCompass Strategies are available primarily through Stifel, Nicolaus & Company, Incorporated. 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. The specific securities identified and described herein do not represent all of the securities purchased, sold, or recommended to advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of all recommendations made by the firm is available upon request.

Strategy-Specific Risks: Any investment involves risks, including a possible loss of principal. Small company stocks are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies. The market risk associated with small-cap and mid-cap stocks is generally greater than that associated with large-cap stocks because small-cap and mid-cap stocks tend to experience sharper price fluctuations than large-cap stocks, particularly during bear markets. Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. Rebalancing may cause tax consequences that should be discussed with your tax advisor.

Index Description(s): The Russell 3000 Index measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

General Disclaimer on Performance Information: All performance results presented are done solely for educational and illustrative purposes and are not intended for trading, or to be considered investment advice. No representation is made that any of the constituent securities set forth herein as part of the Share Buyback Strategy will prove to be profitable, or that recommendations or decisions that the firm makes in the future with respect to such Share Buyback Strategy will be profitable. Past Performance is no indicator of future performance. Choice Financial Partners, Inc. does not guarantee a positive and/or minimum performance of the Index. Choice Financial Partners, Inc. will determine the Strategy Portfolio for investment in accordance with pre-defined rules in the EquityCompass Share Buyback Strategy. The Strategy is completely rules-based and is free of any discretionary management. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

Additional Information Available Upon Request

© 2017 EquityCompass Strategies, One South Street, 16th Floor, Baltimore, Maryland 21202.
All rights reserved.