



Focused portfolio of leading global companies positioned to benefit from the unprecedented growth in worldwide consumer demand

Portfolio Manager Commentary

Our thesis over the past six months has been that 2018 would be a far different year for stocks than 2017. The low volatility staircase incline for stocks that was the main story last year would not likely repeat. Thus far our viewpoint has been correct. Year-over-year, stock market volatility is currently 50% higher this year than last. Churn amongst asset classes is now at levels not seen since 2007.

What is the cause of all this investor angst? Specifically, we can point to the Federal Reserve's stated mission to raise interest rates to a more normalized level. Secondly, and in our opinion, much more troubling for common stocks, are the rising trade tariffs and intensification of the trade war debate with allies and adversaries alike.

We have said it before but it is worth repeating—markets do not like trade wars. What is the economic pain associated with a trade war? The intangibles include the uncertainty of how businesses should proceed with strategic capital investments and employment. The tangibles include higher costs due to trade tariffs (border taxes) which negatively impact corporate profit margins. For the consumer, the tangible costs mean higher prices and rising inflation.

Thus far, the **Global Leaders Portfolio (GLP)** has weathered the bumpy global road in good shape. The portfolio is ahead of the MSCI All Country World Index for the second quarter and year-to-date. It is worth noting that we just completed our *four year anniversary*. We are pleased to report that since inception, GLP is ahead of the benchmark based on total return as well as on an annualized basis for each of the past trailing four years.

Portfolio Outlook

One might assume rising headline risks have made us pessimistic about the stock market, but that is not true. We are, at the moment, constructive on the outlook for stocks and the likelihood that in the near-term the direction for stocks, albeit bumpy, is higher not lower.

No, we have not become inured over the challenges the market faces, but rather our investment philosophy and process have always been rooted in weighing facts not innuendo. To this point, our fundamental indicator, which we believe is the most reliable indicator for measuring potential trouble for the stock market, remains positive with 12-month forward earnings estimates still upward trending.

Highlights

Invests globally to benefit from the economic expansion of developing countries and the potentially unprecedented growth in worldwide consumer demand

- By 2025, it is estimated that there will be 4.2 billion middle class consumers worldwide—nearly twice as many as in 2010—with purchasing power of \$64 trillion.
- This unprecedented expansion of the world's middle class, according to McKinsey & Company, is *the biggest growth opportunity in the history of capitalism*.†

Invests in Great Companies which we define as those that:

- Produce cash in excess of operating needs that generate a return on invested capital above the cost of capital
- Provide stable and consistent returns with the opportunity to compound shareholder value over the long-term

Portfolio Strategy

- Concentrated, low turnover portfolio of high quality global businesses
- Seeks to minimize risk associated with investing directly in emerging market stocks by instead investing in developed economy multinational companies that sell products and services into developing emerging markets
- Provide tax-advantage returns by minimizing realized short-term taxable gains while maximizing the benefit of compounding unrealized long-term capital gains

General Info

Inception	July 2014
Category	Global Large Cap Core Equity
Benchmark	MSCI All Country World Index
Number of Holdings	24
Minimum Investment	\$50,000
How to Invest	Separately Managed Account in the Stifel Opportunity Program

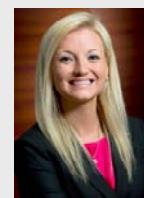
Portfolio Management Team



Robert G. Hagstrom, CFA
Senior Portfolio Manager

More than 30 years of investment experience

- Portfolio Manager of the Growth Equity Strategy at Legg Mason Capital Management for 14 years; managed more than \$7 billion in assets
- Author of *The Warren Buffett Way* (1994, 2003, 2013)
- Author of the first book on concentrated investing entitled, *The Warren Buffett Portfolio: Mastering the Power of the Focus Investment Strategy* (1999)



Lauren E. Loughlin
Portfolio Analyst

EquityCompass Strategies
(443) 224-1231
www.equitycompass.com



As of 6/30/2018

Performance Summary

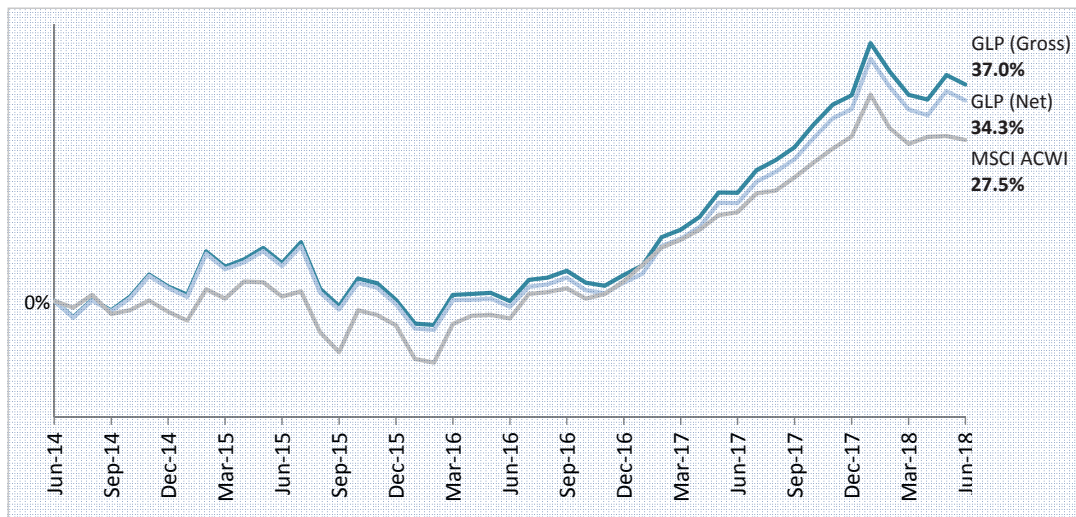
June 30, 2014 — June 30, 2018 | Monthly Data | Includes Dividends | Source: Bloomberg

As of 6/30/2018	Total Returns					Annualized					Calendar		
	Jun-2018	3-Month	6-Month	2018 YTD	Inception (06/30/2014)	1-Year	2-Year	3-Year	4-Year	Inception (06/30/2014)	2015	2016	2017
Global Leaders (Gross)	-1.17%	1.31%	1.37%	1.37%	37.01%	15.64%	17.10%	8.78%	8.19%	8.19%	-2.24%	4.24%	29.50%
Global Leaders (Net)	-1.17%	1.18%	1.12%	1.12%	34.30%	15.06%	16.52%	8.24%	7.65%	7.65%	-2.73%	3.72%	28.85%
MSCI ACWI	-0.54%	0.53%	-0.43%	-0.43%	27.52%	10.73%	14.68%	8.19%	6.27%	6.27%	-2.36%	7.86%	23.97%

Net of fee calculated net of 50 bps manager fee only

Cumulative Returns Since Inception

June 30, 2014 — June 30, 2018 | Past performance is no guarantee of future results.



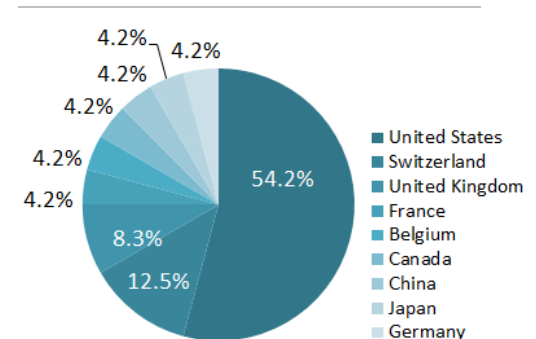
Top Portfolio Holdings by Weight*

Symbol	Company Name
AAPL	Apple, Inc.
BA	Boeing Co. (The)
BLK	BlackRock, Inc.
UL	Unilever Plc
NSRGY	Nestlé SA
MA	Mastercard, Inc.
PYPL	PayPal Holdings, Inc.
BUD	Anheuser-Busch InBev SA/NV
DEO	Diageo Plc
NKE	NIKE, Inc.

Sector Allocation

Information Technology	35.0%
Consumer Staples	25.7%
Financials	13.0%
Industrials	11.6%
Consumer Discretionary	8.6%
Health Care	3.2%
Energy	2.9%
Materials	--
Real Estate	--
Telecommunication Services	--
Utilities	--

Geographic Breakdown



Key Portfolio Statistics

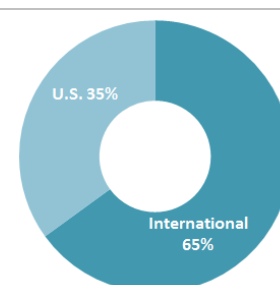
Number of Holdings	24
Market Cap. (USD Billions)	\$209.8
Beta	0.9
Dividend Yield	1.9%
Price/Earnings	21.9x
Earnings Growth (est.)	15.9%
Annual Turnover (3-year avg.)	8.9%

Represents Weighted Averages

Risk Statistics (3-Year, Monthly)

	GLP	MSCI ACWI
Standard Deviation	10.18%	10.67%
Batting Average	50.00%	100.00%
Sharpe Ratio	0.80	0.70
Beta	0.87	1.00
Up-Market Capture	102.83%	100.00%
Down-Market Capture	99.11%	100.00%

Geographic Exposure by Revenue



To learn more about the Global Leaders Portfolio, please contact your Stifel Financial Advisor.



About EquityCompass Strategies

EquityCompass Strategies is a registered investment adviser and a wholly owned subsidiary of Stifel Financial Corp. We offer a broad range of portfolio strategies based on its research-driven, rules-based investment process, which merges traditional investment theory with quantitative techniques. SMA portfolios and equity-linked instruments based on EquityCompass Strategies model portfolios are available primarily through affiliated broker dealer, Stifel, Nicolaus & Company, Incorporated. As of June 30, 2018, EquityCompass Strategies provided portfolio strategies with respect to total assets (Assets Under Management and Assets Under Advisement) over \$4.0 billion.

Description of Terms

Standard Deviation is a gauge of risk which measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher-than-average returns affect the standard deviation just as lower-than-average returns. Thus, it is not a measure of downside risk. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk.

Batting Average is a measure of a manager's ability to beat the market consistently, the Batting Average is calculated by dividing the number of quarters in which the manager beat or matched an index by the total number of quarters in the period. For example, a manager who meets or outperforms the market every quarter in a given period would have a batting average of 100. A manager who beats the market half of the time would have a batting average of 50.

Sharpe Ratio is one of two alternative, yet similar, methods of measuring excess return per unit of risk. (The other method is the Treynor Ratio.) In the case of the Sharpe Ratio, risk is measured using the standard deviation of the returns in the portfolio. The Sharpe Ratio relates the difference between the portfolio return and the risk-free rate to the standard deviation of that difference for a given time period.

Beta measures the risk level of the manager. Beta measures the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. In contrast, alpha measures the nonsystematic return of the portfolio, and standard deviation measures the volatility of a portfolio's returns compared to the average return of the portfolio. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. Beta is calculated using regression analysis and can be summarized by the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market. A beta of greater than 1 offers the possibility of a higher rate of return, but also poses more risk.

Up-Market Capture Ratio is a measure of managers' performance in up markets relative to the market itself. An up market is one in which the market's quarterly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager capitalized on a rising market. For example, a value of 110 suggests that the manager captured 110% of the up market (performed 10% better than the market) when the market was up. A negative up-market capture ratio indicates that a manager's returns fell while the market rose. For example, if the market gained 8% while a manager's returns fell 2%, the up-market capture ratio would be -25%.

Down-Market Capture Ratio is a measure of managers' performance in down markets relative to the market itself. A down market is one in which the market's quarterly return is less than zero. The lower the manager's down-market capture ratio, the better the manager protected capital during a market decline. A value of 90 suggests that a manager's losses were only 90% of the market loss when the market was down. A negative down-market capture ratio indicates that a manager's returns rose while the market declined. For example, if the market fell 8% while the manager's returns rose 2%, the down-market capture ratio would be -25%.

Important Disclosures

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 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. There is no assurance that any securities discussed herein will remain in any account's portfolio at the time you receive this report or that securities sold have not been repurchased. 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. 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 Global Leaders Portfolio is available through Stifel's Opportunity Program. The Stifel Opportunity Program is a fee-based program that requires a \$50,000 minimum investment. Ask a Stifel Financial Advisor for a Disclosure Brochure, which further outlines the fees, services, exclusions, and other costs associated with Stifel advisory programs. You should consider all terms and conditions before deciding whether the Stifel Opportunity Program is appropriate for you. For information about Stifel's advisory programs, including fee structures, please contact your Financial Advisor to request a copy of the Stifel ADV Part 2A or equivalent disclosure brochure.

Any investment involves risk, including the risk of a loss of principal. Rebalancing may have tax consequences, which should be discussed with your tax advisor. 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. This index is generally considered representative of the U.S. large capitalization market. MSCI All Country World Index captures large and mid cap representation across 23 Developed Markets and 21 Emerging Markets countries. The index returns are presented on a total return basis, which assume reinvestment of all cash distributions (such as dividends). With 2,434 constituents, the index covers approximately 85% of the global investable equity opportunity set. The MSCI Emerging Markets Index designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index that consists of indices in 21 emerging economies. Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and different accounting standards. There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass Strategies. Indices are unmanaged, do not reflect fees and expenses, and it is not possible to invest directly in an index.

PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

© 2018 EquityCompass Strategies, One South Street, 16th Floor, Baltimore, Maryland 21202. All rights reserved.