



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

### Portfolio Manager Commentary

**Global Leaders Portfolio (GLP)** is a portfolio of multinational global growth companies domiciled primarily in developed markets including the U.S., Canada, United Kingdom, France, Netherlands, Switzerland, and China. For the third quarter of 2017, GLP increased 6.57% gross (6.44% net) versus its benchmark the MSCI All Country World Index which gained 5.18%. Year-to-date, GLP is up 20.99% gross (20.53% net) versus the benchmark return of 17.25%.

We are currently experiencing a period of outstanding global integrated economic growth in all parts of the world, in both developed economies as well as emerging economies. According to the September 2017 McKinsey Global Survey results, economic optimism among its respondents has reached a six-year high. On average, 54% say economic conditions are better now than they were six months ago, surpassing expectations from six months ago, when only 43% of respondents expected improvements by this time.

However, it is important to realize expectations for economic growth are highest in developing countries, including India, which remains the most hopeful among their peers about future conditions at home. Likewise, Latin America has shown a marked increase in optimism where over half of respondents say economic conditions have improved, twice the share one year ago. Conversely, expectations for future improvement are lowest among the developed economies, with the exception of Europe (excluding the United Kingdom) which is undergoing both economic and political improvement. Somewhat surprisingly, respondents in North America are the most pessimistic about the future of their own economics with only 37% of respondents expecting conditions at home will improve.

### Portfolio Outlook

Strong growth overseas is helping push up both revenues and earnings for companies with significant exposure to the emerging economies. Here in the third quarter, large multinationals with more than 50% of their sales outside the U.S. had revenue growth of 7.7%. In comparison, the S&P 500 companies that have a majority of their sales occurring inside the U.S. reported revenue growth of 3.8% for the quarter. On the earnings front, the comparisons were even more dramatic. S&P 500 companies with sales greater than 50% outside the U.S. generated 7.9% earnings growth while U.S. centric companies actually saw earnings decline 0.1%.

Despite the political, economic, fiscal, and demographic challenges here in the U.S., we remain highly confident about the future growth of the emerging economies and believe this growth will translate into higher, above-average sales and earnings for our large, stable multinational companies for many years ahead.

### Highlights

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

- By 2025, global consumers are estimated to reach 4.2 billion people with purchasing power of \$64 trillion — termed the “biggest growth opportunity in the history of capitalism” by McKinsey & Company†
- Seeks to manage risks associated with investing directly in foreign markets, especially emerging markets, by investing in globally operating, developed market companies

#### Invests in “great” companies which we define as:

- High and sustainable returns on invested capital, intangible assets, and influential insider ownership
- Stable and consistent returns, potentially compounding shareholder returns over the long term

#### Portfolio tactics that seek to maximize risk-adjusted return

- High conviction portfolio with equal-weight positions in 24 stocks
- Keep a long-term investment horizon to capture the power of economic compounding that great companies provide

### General Info

<b>Inception</b>	July 1, 2014
<b>Category</b>	Global Large Cap Core Equity
<b>Benchmark</b>	MSCI All Country World Index
<b>Number of Holdings</b>	24
<b>How to Invest</b>	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
- “Honorable Mention” as Morningstar’s U.S. Equity Manager of the Year in 2007
- Author of *The Warren Buffett Way* (1994, 2003, 2013), *The New York Times* best-selling book on Warren Buffett; considered the definitive book on how Warren Buffett analyzes stocks and makes investment decisions, has sold more than one million copies worldwide, and has been translated into 17 languages
- Author of the first book on concentrated investing entitled, *The Warren Buffett Portfolio: Mastering the Power of the Focus Investment Strategy* (1999), a *BusinessWeek* best seller and recommended reading by Charlie Munger, Vice Chairman of Berkshire Hathaway; ranked as one of the top five “Best Personal Finance Books” of 1999 by *Money* magazine



**Bernard J. Kavanagh III, CMT®**  
Portfolio Manager

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As of 9/30/2017

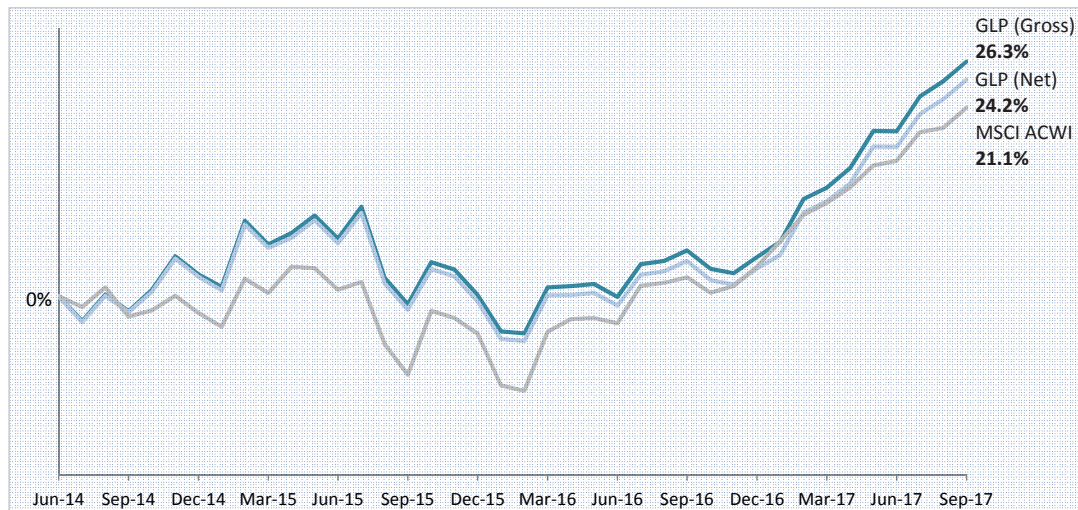
## Performance Summary

June 30, 2014—Sept. 30, 2017 | Monthly Data | Includes Dividends | Source: Bloomberg

As of 9/30/2017	Total Returns					Annualized			
	Sep-2017	3-Month	6-Month	2017 YTD	Inception (06/30/2014)	1-Year	2-Year	3-Year	Inception (06/30/2014)
Global Leaders (Gross)	1.78%	6.57%	12.59%	20.99%	26.27%	20.13%	12.89%	8.70%	7.44%
Global Leaders (Net)	1.78%	6.44%	12.31%	20.53%	24.24%	19.53%	12.33%	8.15%	6.91%
MSCI ACWI	1.93%	5.18%	9.68%	17.25%	21.14%	18.65%	15.25%	7.43%	6.08%

## Cumulative Returns Since Inception

June 30, 2014—Sept. 30, 2017



Past performance is no guarantee of future results.

## Top Portfolio Holdings by Weight

Symbol	Company Name
LVMUY	LVMH Moët Hennessy Louis Vuitton SE
PYPL	PayPal Holdings, Inc.
AAPL	Apple, Inc.
BABA	Alibaba Group Holding Ltd.
MA	Mastercard, Inc.
BAM	Brookfield Asset Management, Inc.
BRK.B	Berkshire Hathaway, Inc.
BLK	BlackRock, Inc.
UL	Unilever Plc
TEL	TE Connectivity Ltd.

## Key Portfolio Statistics

Number of Holdings	24
Market Cap. (USD Billions)	\$151.6
Beta	0.8
Dividend Yield	1.8%
Price/Earnings	25.2x
Earnings Growth (est.)	16.1%

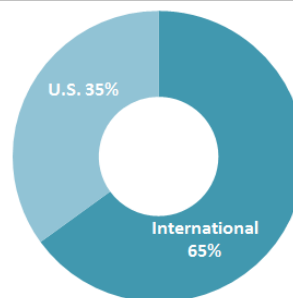
Represents Weighted Averages

## Sector Allocation

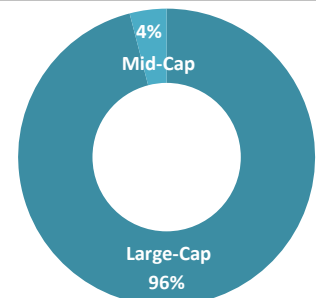
Information Technology	31.9%
Consumer Staples	22.7%
Consumer Discretionary	15.3%
Financials	13.6%
Industrials	8.1%
Materials	3.7%
Energy	3.2%
Health Care	--
Real Estate	--
Telecommunication Services	--
Utilities	--

For illustrative purposes only and not intended as personalized recommendations. Holdings are subject to change. It should not be assumed that any holdings included in these materials were or will prove to be profitable, or that recommendations or decisions that the firm makes in the future will be profitable or will equal the investment performance of the securities discussed herein.

## Geographic Exposure by Revenue



## Holdings by Market Cap



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



### About EquityCompass Strategies

EquityCompass Strategies is the business name of Choice Financial Partners, Inc., a registered investment adviser and wholly owned subsidiary of Stifel Financial Corp. We offer a broad range of portfolio strategies based on our research-driven, rules-based investment process, which merges traditional investment theory with quantitative techniques. As of September 30, 2017, EquityCompass Strategies provided portfolio strategies with respect to model programs of approximately \$3.5 billion.

### Description of Terms

#### Beta

Beta is a measure of the systematic risk of a security or portfolio. Beta measures the historical sensitivity of portfolio or security excess returns to movement in the excess return of the market index. The value for Beta is expressed as a percentage of the market where the market Beta is 1.0. A security or portfolio with a Beta above the market has volatility greater than the market. If the Beta of a security was 1.3, a 1% increase in the market return resulted, on average, in a 1.3% increase in the security's return. A security or portfolio with Beta below the market has lower volatility than the market and the return on the security will move less than the market return. If the Beta of the security was 0.9, a 1% decrease in the market resulted in only a 0.9% decrease in the security's return.

#### Return On Invested Capital

Return On Invested Capital (ROIC) is a percentage metric used to determine a company's investment quality and potential, by assessing returns generated through past capital allocations to operating activities. Comparing return on invested capital with a company's cost of capital (WACC), reveals whether invested allocations were distributed effectively. ROIC is calculated by taking operating profit, less taxes, divided by total capital, (where total capital includes long term debt, common, and preferred stock).

### 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 EAFE (Europe, Australasia, Far East) Index is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 22 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. 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.

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