EquityCompass Strategies

Select Quality Growth & Income Portfolio

Q2 2018 | Strategy Brochure

As of 6/30/2018

Key Facts & Statistics	Wgtd. Avg. of Hldgs.
Investment Vehicle	Wrap Program
Minimum Investment	$35,000
Inception	January 2006
Benchmark	S&P 500 TR Index
Number of Holdings	30
Market Cap ($Billion)	$58.8
Dividend Yield	1.9%
P/E (12-Months Forward)	13.9x
Earnings Growth (3 Year)	15.4%

Holdings by Market-Cap

Large Cap	57.8%
Mid Cap	35.7%
Small Cap	6.5%

Sector Allocation

Information Technology	24.3%
Consumer Discretionary	16.8%
Financials	14.5%
Industrials	13.3%
Health Care	9.6%
Energy	6.7%
Consumer Staples	5.6%
Materials	3.4%
Telecommunication Services	3.0%
Utilities	2.9%
Real Estate	--

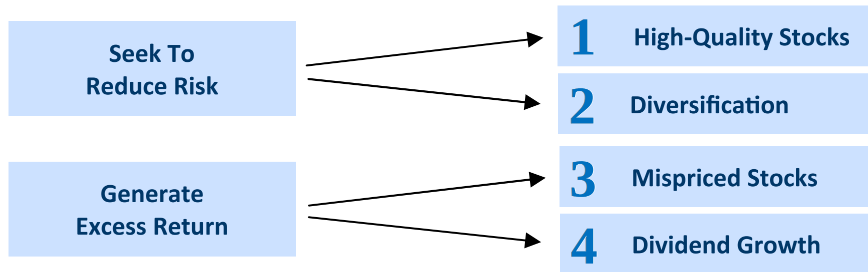
Top Ten Holdings by Weight

Symbol	Company Name
AXP	American Express Co.
ITT	ITT, Inc.
AAPL	Apple, Inc.
EXPE	Expedia Group, Inc.
ADI	Analog Devices, Inc.
BDX	Becton, Dickinson & Co.
EVR	Evercore, Inc.
SSNC	SS&C Technologies Holdings, Inc.
CTSH	Cognizant Technology Solutions Corp.
XEC	Cimarex Energy Co.

For illustrative purposes only and not intended as personalized recommendations. Holdings are subject to change.

The Select Quality Growth & Income Portfolio (SQLT) seeks to provide capital appreciation and income through a diversified portfolio of high-quality stocks. The portfolio is best suited for investors with a long-term time horizon. The strategy has moderate turnover and the dividend yield is expected to be in line with the S&P 500.

Investment Process



Portfolio Manager Commentary

Review

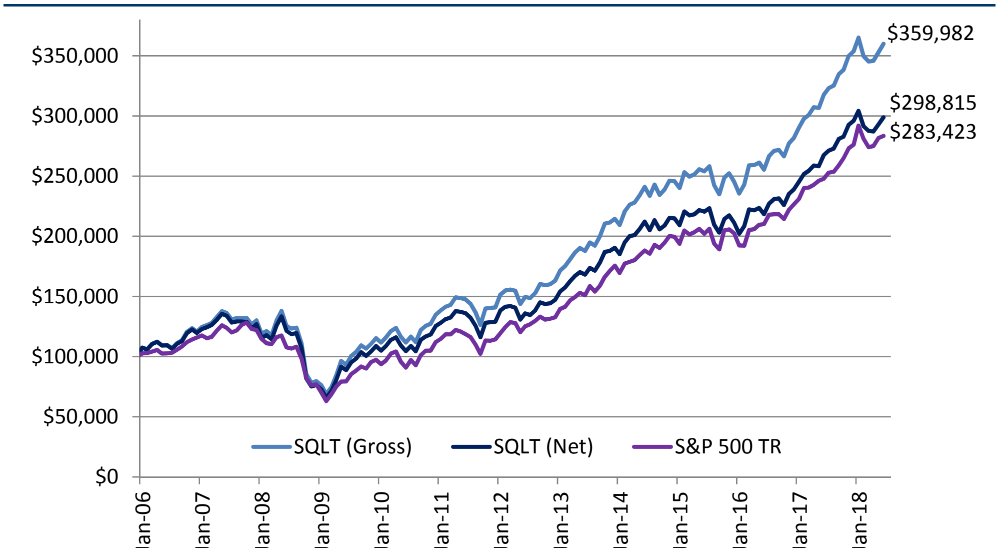
- For the quarter, **Select Quality Growth & Income (SQLT)** increased 4.29% gross (3.91% net) versus a return of 3.43% for the S&P 500 TR.
- Stocks with lower international earnings and sales exposure fared better in the quarter amid proposed tariffs, trade tensions, and strength in the U.S. dollar. This benefited small- and mid-cap stocks, which typically have less revenue and earnings coming from overseas than large caps.
- SQLT was approximately 36% mid-cap, which provided a tailwind in the second quarter compared to large cap benchmarks.

Outlook

- We believe SQLT remains well positioned in terms of valuation and quality. The average 12-month forward price-to-earnings (P/E) ratio for SQLT was 13.9x versus 16.3x for the S&P 500.
- Average projected long-term earnings growth is 15.4%, with 63% of holdings carrying investment-grade credit ratings from Standard &Poor's, and another four holdings having no publicly traded bonds.
- With market concerns focused on the impact of a potential trade war, we expect having less exposure to international sales and earnings will prove beneficial to help avoid short-term risk. By minimizing short-term risks and consistently identifying high quality stocks at attractive prices, we believe the portfolio can continue to yield favorable results over time.

Growth of $100,000

Data shown from 1/1/2006—6/30/2018



PLEASE SEE PAGE 3 FOR IMPORTANT DISCLOSURES.

EquityCompass Dividend Portfolios

Quality Dividend: Low volatility, conservative strategy seeking to provide risk mitigation, current income, and potential growth in income

Select Quality: Moderately aggressive strategy seeking to provide capital appreciation and income

Portfolio Management Team

Michael S. Scherer
Senior Portfolio Manager

- **More than 17 years of investment experience**
- Co-manages the Quality Dividend Portfolio (QDIV)
- Has been involved in quantitative model maintenance and portfolio construction for the EquityCompass portfolios and quantitative models since the beginning

Education

- B.A. – College of William & Mary
- M.B.A. – Loyola University Maryland

Timothy M. McCann
Senior Portfolio Manager

- **More than 20 years of investment experience**
- Led the efforts to develop, refine, and implement the EquityCompass proprietary quantitative models and rules-based investment strategies

Education

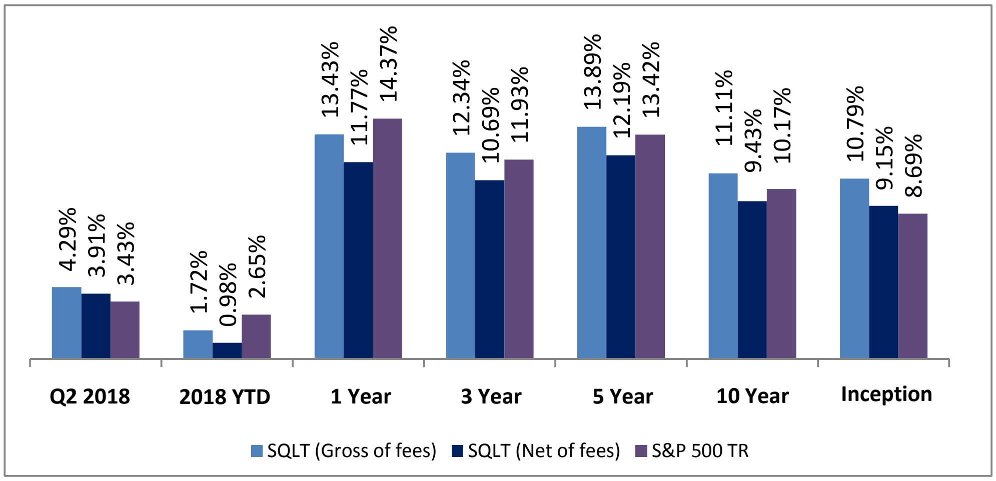
- B.S. – The College of Notre Dame of Maryland

About EquityCompass

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.

Performance Summary

Annualized Returns — Periods Ending June 30, 2018



Calendar Year Returns

Calendar Year Returns									
	2009	2010	2011	2012	2013	2014	2015	2016	2017
SQLT (Gross)	44.87%	16.86%	4.49%	15.89%	31.41%	14.62%	-0.23%	14.84%	25.66%
SQLT (Net)	42.53%	15.17%	2.90%	14.08%	29.42%	12.84%	-1.70%	13.14%	23.81%
S&P 500 TR	26.46%	15.06%	2.11%	16.00%	32.39%	13.69%	1.38%	11.96%	21.83%

Risk Statistics (3-Year, Monthly)

	SQLT	S&P 500 TR
Standard Deviation	9.73%	10.16%
Sharpe Ratio	1.17	1.09
Beta	0.86	1.00
R-Squared	79.84%	100.00%
Batting Average	47.22%	100.00%
Up-Market Capture	96.84%	100.00%
Down-Market Capture	87.99%	100.00%

Why Invest

- Select Quality Growth & Income seeks to generate returns above the broader market without taking undue risk.
- The strategy combines selective Portfolio Manager qualitative focus with intensive quantitative analysis to pursue the objectives of capital appreciation and income.
- Stock holdings are monitored on an ongoing basis to ensure consistency with the portfolio's objectives. Changes are also reviewed for tax efficiency.
- The portfolio management team, Mike Scherer and Tim McCann, has over 35 years combined experience.

PLEASE SEE PAGE 3 FOR IMPORTANT DISCLOSURES.

DISCLOSURES

Past performance does not guarantee future performance or investment results. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. Performance information has been provided by Morningstar Direct.

The performance and statistics shown in this profile are calculated based on composite performance beginning January 1, 2006 and ending with the date shown on this profile. Performance is based upon the asset-weighted performance of all client accounts invested in this strategy (accounts having investment restrictions may be removed from the composite for performance calculation purposes) and is shown on a gross and net of fees basis. Gross of fees means that the figures do not reflect any deductions for investment management fees, trading costs, taxes, or any other costs associated with a managed account. Net of fees means that the figures reflect deductions for investment management fees and trading costs, but do not reflect taxes. As depicted in the benchmark index performance herein, market returns were generally consistent with strategy returns, although some disparities exist from time to time. Significant disruptions in market or economic conditions may impact the results portrayed. 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. 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.

The Standard & Poor's 500 Index is an unmanaged, capitalization-weighted index that includes the reinvestment of dividends but does not include adjustments for brokerage, custodian, and advisory fees. This index is generally considered representative of the U.S. large capitalization market. Indices are unmanaged, do not reflect fees and expenses and are not available for direct investment. The S&P 500 Total Return Index seeks to replicate the economic performance of a total return on the S&P 500. The S&P SmallCap 600 covers approximately 3% of the U.S. equities market. Measuring the small cap segment of the market that is typically renowned for poor trading liquidity and financial instability, the index is designed to be an efficient portfolio of companies that meet specific inclusion criteria to ensure that they are investable and financially viable. The S&P 500 Personal Products Index comprises stocks included in the S&P 500 that are classified as members of the GICS personal products sector. The S&P 500 Health Care Equipment & Supply Index comprises stocks included in the S&P 500 that are classified as members of the GICS health care equipment & supply sector. The S&P 500 Containers and Packaging Index comprises stocks included in the S&P 500 that are classified as members of the GICS containers and packaging sector. The S&P 500 Hotels, Restaurants & Leisure Index comprises stocks included in the S&P 500 that are classified as members of the GICS hotels, restaurants & leisure sector.

This portfolio, a part of the Stifel Score Program, is a proprietary product developed by EquityCompass Strategies, which is a research and investment advisory unit of Choice Financial Partners, a wholly owned subsidiary and affiliated SEC Registered Investment Adviser of Stifel Financial Corp. Please note that the decisions to purchase, hold, and sell securities in these strategies are based on a combination of fundamental, technical, and/or quantitative analysis and may differ from the fundamental analysis used by a Stifel research analyst. Due to the potential for extreme levels of volatility, the Score strategy mentioned herein may only be appropriate for investors with a high tolerance for risk. An investment in this strategy is subject to market risk, including possible loss of the principal amount invested. The Stifel Select Quality Growth & Income Portfolio requires a $35,000 minimum investment.

More information on the Score Program is included in the Stifel Consulting Services Disclosure Brochure and Part 2A of the Manager's Form ADV, which may be obtained from your Financial Advisor and which further outlines the fees, services, exclusions, and disclosures associated with this program. The information contained herein is believed to be reliable and representative of the portfolios available through Stifel; however, the accuracy of this information cannot be guaranteed. Investors should consider all terms and conditions before deciding whether the Score Program is appropriate for their needs.

Description of Terms

Batting Average
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.

Beta
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.

Down-Market Capture Ratio
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%.

R-Squared
R-Squared is a statistic that measures the reliability of alpha and beta in explaining the manager's return as a linear function of the market. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.

Sharpe Ratio
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.

Standard Deviation
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.

Up-Market Capture Ratio
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%.

To learn more about the Select Quality Growth & Income Portfolio, please contact your Stifel Financial Advisor.