

Data as of July 31, 2010

The Quality Dividend Strategy seeks to generate attractive current income and long-term capital appreciation by efficiently managing a focused and diversified portfolio of high-quality higher-dividend paying stocks

Commentary and Outlook

- Again, we did not make any trades in July. However, we executed one trade at the beginning of August—selling Total S.A. (TOT) and buying Merck (MRK).
- Dividend Increases:
 - Omega Healthcare Investors raised its dividend 12.5%, exceeding expectations.
 - AstraZeneca PLC raised its second half dividend by 18.6%. This brings its full year dividend increase to 15.3%.
- By the end of August, two thirds of the companies in the portfolio have raised their dividends in the past year.
- Additionally several companies, including DuPont, AstraZeneca, Kimberly Clark and AT&T, reported positive earnings surprises, which helped performance.
- At the end of July, the portfolio yielded 5.4%, with a Beta of 0.7 and an average market capitalization of \$39 billion.

Sample Portfolio Holdings

Ticker	Name	Dividend Yield
CTL	CenturyLink Inc.	8.14%
OHI	Omega Healthcare Investors Inc.	6.55%
VZ	Verizon Communications Inc.	6.54%
T	AT&T Inc.	6.48%
SNH	Senior Housing Properties Trust	6.39%
PBI	Pitney Bowes Inc.	5.98%
PGN	Progress Energy Inc.	5.89%
NYB	New York Community Bancorp Inc.	5.79%
CINF	Cincinnati Financial Corp.	5.74%
BCE	BCE Inc.	5.51%
LLY	Eli Lilly & Co.	5.51%
MRK	Merck & Co Inc	4.41%
ED	Consolidated Edison Inc.	5.16%
RDSA	Royal Dutch Shell PLC (ADS Cl A)	5.15%
BMJ	Bristol-Myers Squibb Co.	5.14%
EXC	Exelon Corp.	5.02%
TE	TECO Energy Inc.	5.02%
SCG	SCANA Corp.	4.96%
NHP	Nationwide Health Properties Inc.	4.81%
SE	Spectra Energy Corp.	4.81%
AZN	AstraZeneca PLC ADS	4.78%
TRP	TransCanada Corp.	4.45%
KMB	Kimberly-Clark Corp.	4.12%
DD	E.I. DuPont de Nemours & Co.	4.03%
COP	ConocoPhillips	3.98%
	Average	5.37%

Recent Transactions

Addition	Removal
5/5/2010 TransCanada Corp. (TRP)	BP PLC ADS (BP)
8/4/2010 Merck & Co (MRK)	Total SA (TOT)

Key Portfolio Statistics

Represents Weighted Averages

Number of Holdings	25
Market Cap (\$Billion)	\$39.0
Annual Dividend Yield	5.4%
Price / Earnings (12-Month Forward)	11.7
Beta	0.7
Payout Ratio	67.0%
Moody's Debt Rating	100% Investment Grade
Dividend Growth (5 year) ⁽¹⁾	6.0%
Holdings Increasing Dividends Last Year	64.0%
Long-term Earnings Growth	9.0%

Sector Allocation

Financials	20%
Utilities	20%
Energy	16%
Telecom	16%
Health Care	16%
Consumer Staples	4%
Industrials	4%
Materials	4%

Overview

- Seeks to construct a focused portfolio of 25 high-quality, high-yielding stocks that provide the highest possible dividend yield within the constraints of quality and diversification
- Satellite strategy that seeks to provide income-seeking investors a superior alternative to investing in bonds

Highlights

Investment process combines quantitative and qualitative approaches

Invests in stocks based on the following criteria:

- Quantitative model selects portfolio candidates based on quality, momentum, valuation and timeliness criteria
- Portfolio manager provides insights that leverage fundamental research

Focused portfolio with equal-weight positions in 25 high-quality, high-yielding stocks

- Average current portfolio yield of at least twice the S&P 500 average and better than the 10-year Treasury yield

Seeks to maximize total returns and downside protection

- Focuses on only 25 stocks to provide adequate diversification without diluting the yield
- Diversified across industry sectors with a sector maximum of 20%
- Targets low-turnover for tax-efficiency

Portfolio Management Team

The strategy is managed by Larry C. Baker:

More than 25 years of investment experience

- Managing Director and Security Analyst in the Industrials sector—Legg Mason
- V.P. and Security Analyst—Dillon, Read & Co.
- V.P. and Security Analyst—E. F. Hutton

Award-Winning Stock Picker

- Three-time member of Institutional Investor's All-American Research Team
- Forbes/StarMine All-Star Analyst
- The Wall Street Journal *Best on the Street*

Education

- B.S.—United States Military Academy
- Masters in Finance—Sloan School of Mgmt., Massachusetts Institute of Technology

Richard E. Cripps
Chief Investment Officer

Larry C. Baker, V.P.
Portfolio Manager

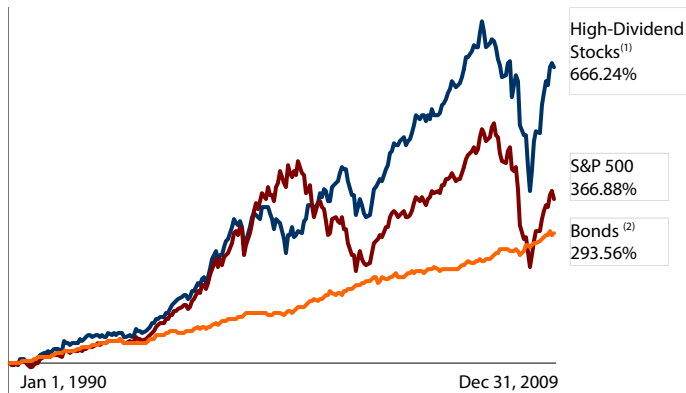
EquityCompass Strategies
443-224-1231
www.equitycompass.com



(1) Normalized Value

Performance Advantage of High-Dividend Stocks

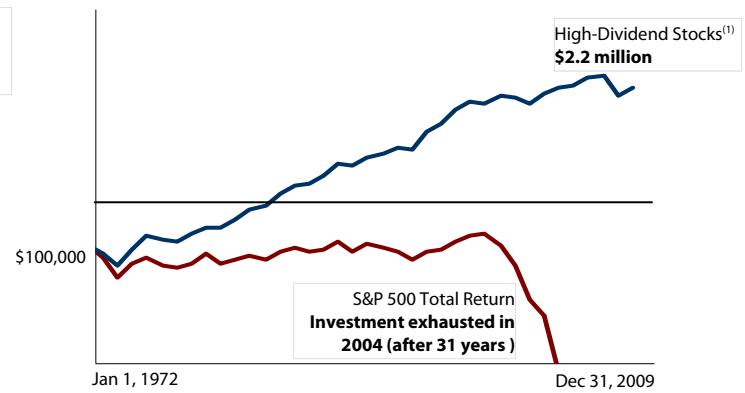
12/31/1989 - 12/31/2009



Source: Ned Davis Research | Includes Dividends | Monthly Data

Superior Performance of High-Yield Stocks in De-Accumulation

\$100,000 invested on 1/1/72 | Annual withdrawals starting at 4.5% & increasing with inflation



Source: Ned Davis Research | Includes Dividends | Monthly Data

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Subsidiary of Stifel Financial

We are a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. (NYSE: SF)

- As a Stifel Financial 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 portfolio management team has been managing quantitative based equity portfolios for more than 7 years
- We have been publishing investment research, analysis, and advice for more than 10 years — previously on behalf of Legg Mason and currently on behalf of Stifel Nicolaus
- The investment team is led by Richard Cripps, CIO
 - Former Managing Director of Portfolio Strategy at Stifel Nicolaus and former Chief Market Strategist and Co-Chairman of the investment committee at Legg Mason Wood Walker, Inc.

About Stifel Financial

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

Stifel was ranked 25th (16th among U.S. firms) on Fortune Magazine's *Fastest Growing Companies* list for 2009.

Firm Facts	as of Dec 31, 2009
NYSE Ticker:	SF
Public Company Since:	1983
Equity Market-Cap.:	\$1.6 billion ³
Net Revenue:	\$1.1 billion
Total Assets:	\$3.2 billion
Worldwide Offices:	298
Number of Employees:	4,289

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