

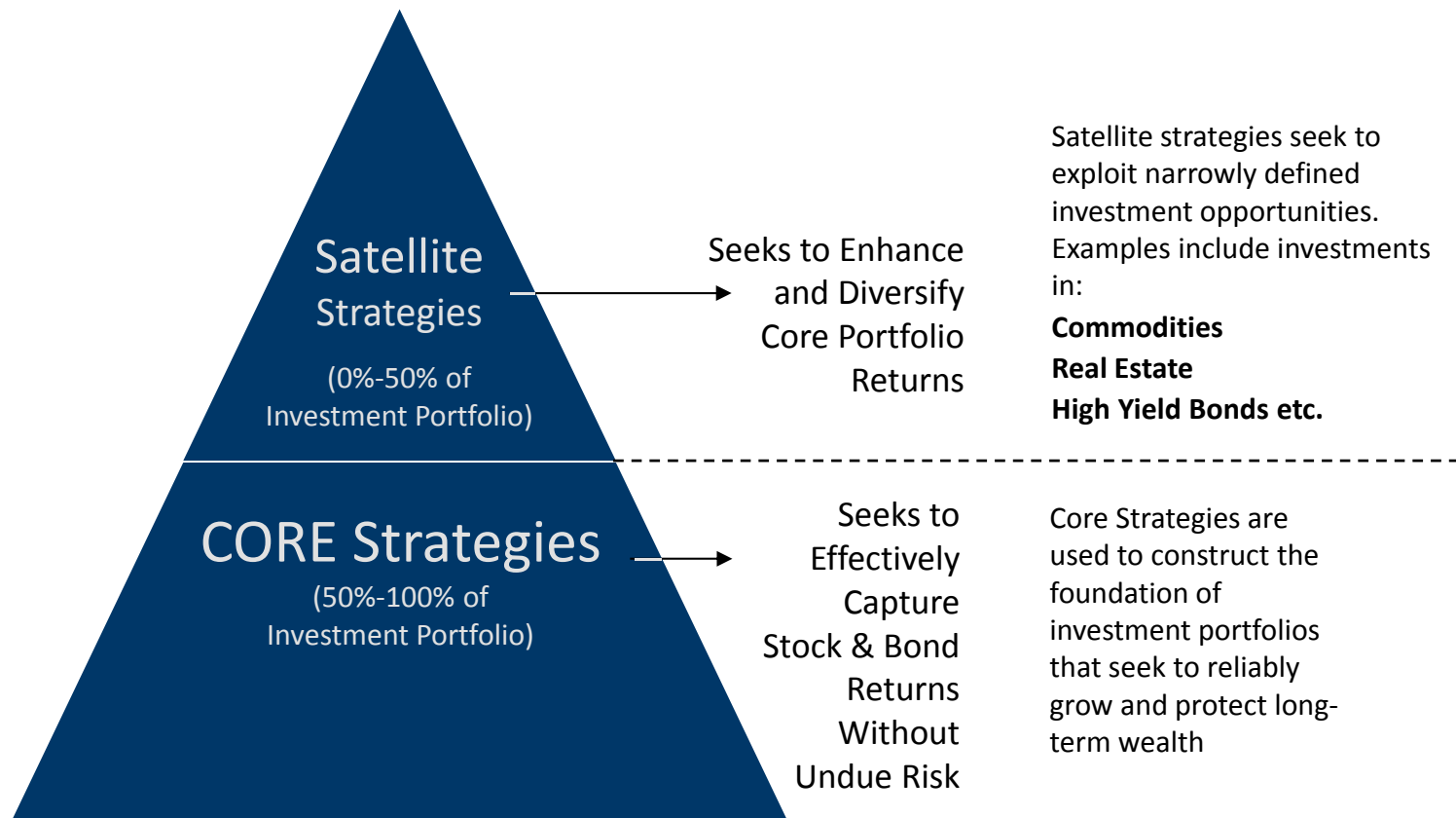
EquityCompass

Tactical Total Core Portfolio Strategy

Asset allocation Portfolio Strategy that seeks to effectively capture market returns while minimizing volatility

Objective of Tactical Total Core Strategy

- ◆ Asset allocation strategy that seeks to ***effectively capture market returns while minimizing volatility***
- ◆ ***Can be the solid foundation*** of an investor's entire investment portfolio



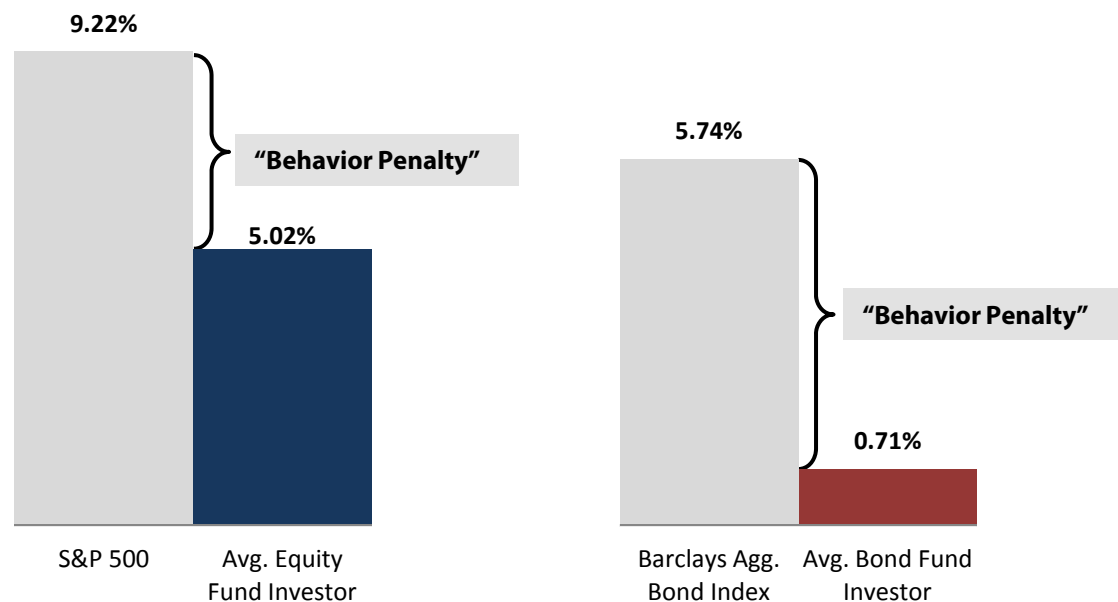
Tactical Total Core (TTCP) Strategy adheres to the Core/Satellite Asset Allocation principle and seeks to construct an “All-in-One” Core Portfolio

The Challenge of Capturing Market Returns

Why do most investors fail to match market returns?

Investors' Behavioral Issues Can Impact Returns Drastically⁽¹⁾

Dec 31, 1993 – Dec 31, 2013



- ◆ The average investor has continuously underperformed the average stock mutual fund
- ◆ The size of the penalty is not due to cost, but rather, inopportune buying and selling (i.e., being too optimistic at market tops and too bearish at market bottoms)
- ◆ Volatile financial markets and the forces of human nature are not well suited for dispassionate decision-making

We believe that the key to capturing market returns is to reduce the volatility that can often lead to poor behavioral decision-making

(1) Source: Quantitative Analysis of Investor Behavior by Dalbar, Inc. published in April 2014. Past performance is not a guarantee of future results.

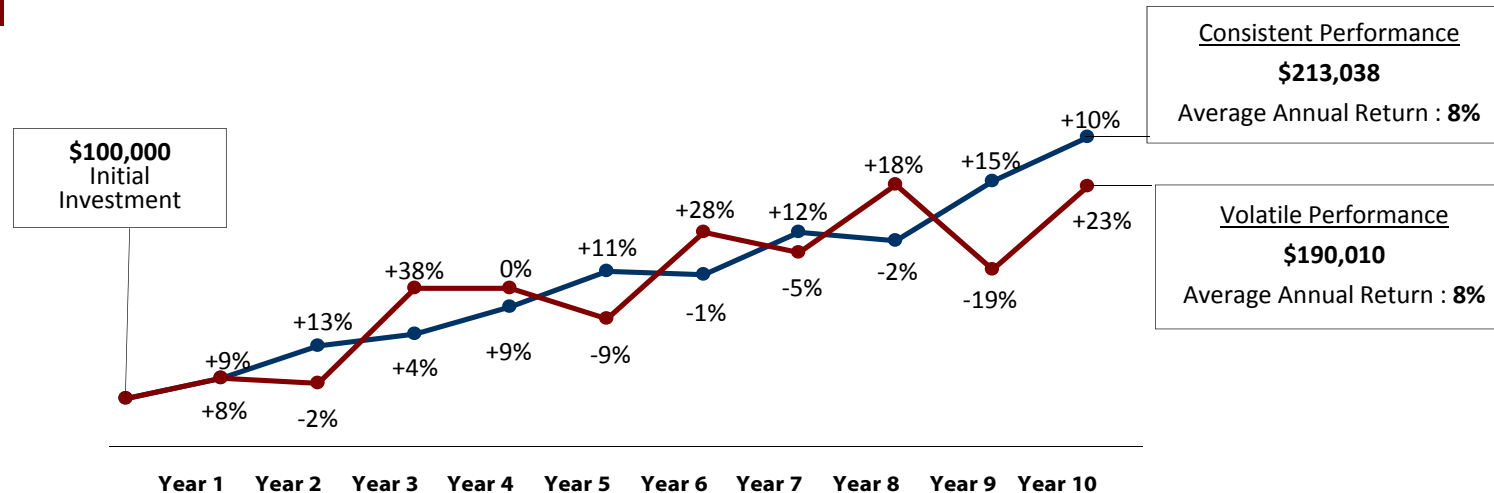
Lower Volatility Can Reduce the Emotional Risk of Investing

Can Help Keep Investors on Track For Pursuing Financial Objectives

Lower Volatility Portfolio Can Potentially Achieve Higher Compounded Returns and Protect Distribution Strategies

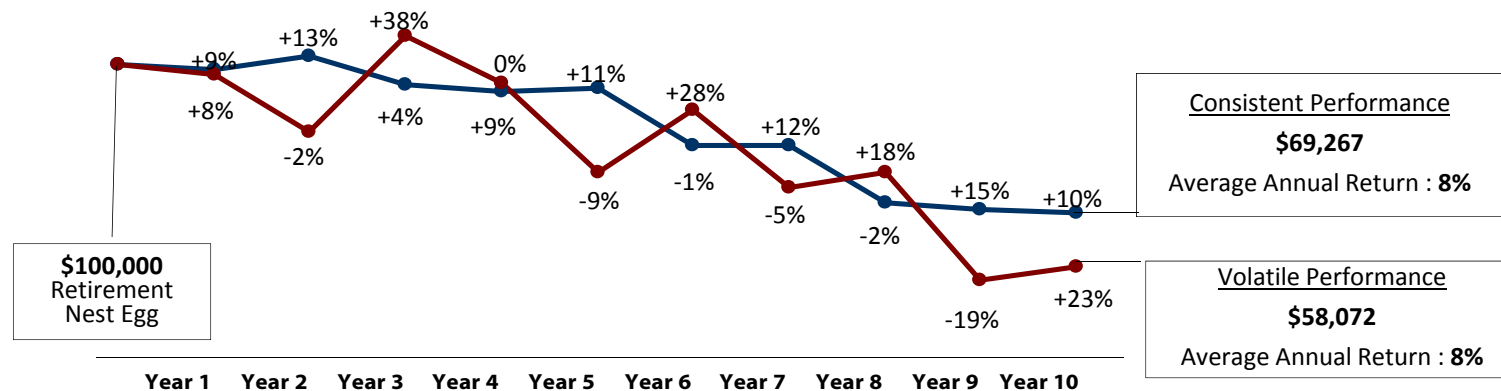
Hypothetical example for illustrative purposes only and does not reflect the performance of any specific investment. The below rates of return are only examples and there is no guarantee that a consistent rate of return can be achieved. Years 1-10 in the charts do not correspond to any particular time period, nor do the returns contemplate any specific market environment or the effect that advisory fees or other expenses would have on rates of return.

Accumulation Phase



Distribution Phase

Assumed Annual Distribution : \$10,000



Please see important disclosures regarding performance on page 13.

Source: EquityCompass Strategies

Tactical Total Core Strategy Overview

TTC strategy is a synchronized investment approach designed to help control portfolio volatility and pursue favorable long-term results

1 Strategic Asset Allocation

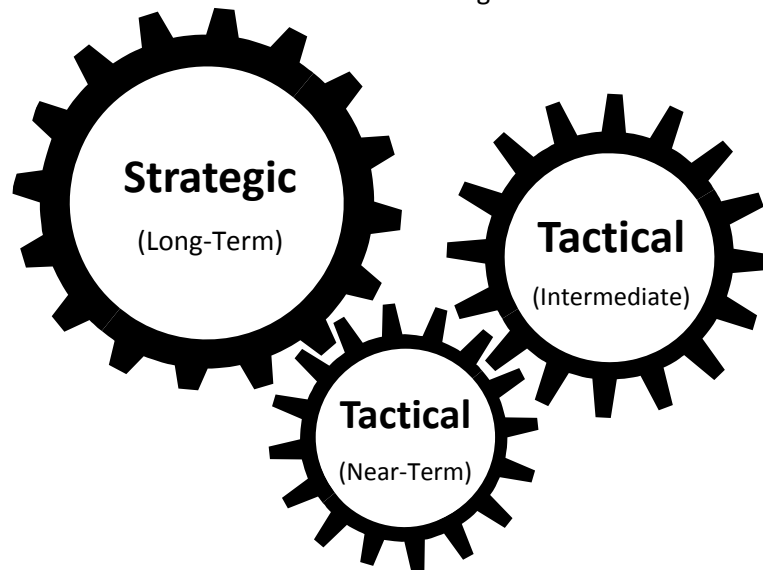
- ◆ Determining the long-term stock/bond allocation consistent with the Strategy's stated objective of achieving volatility reduction while still capturing a majority of the gains.

2 Tactical Asset Allocation

- ◆ Adjusting the base strategic asset allocation to provide flexibility to respond and adapt to intermediate and near-term market conditions by adjusting the base strategic allocation.

3 Portfolio Construction

- ◆ Specifying the constituents and their mix to construct a core portfolio that seeks to reliably track market performance and provide potential sources of excess return.



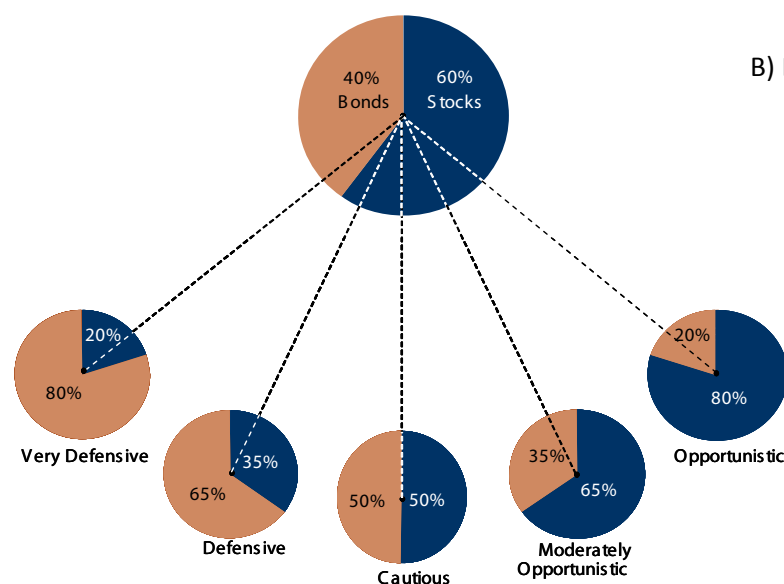
Tactical Total Core Investment Process

Unique three-step process designed to build portfolios with flexibility and adaptability to address volatile financial markets and help keep investors on track for pursuing financial goals

1 Strategic Asset Allocation

- ◆ Base allocation of 60% Stocks and 40% Bonds
- ◆ Time horizon of 5 years

Strategic Allocation



Tactical Allocation Adjustments

2 Tactical Asset Allocation

- ◆ Adjusting the base strategic asset allocation to respond to intermediate and near-term market conditions

A) The annual rebalancing adjusts the stock/bond allocation depending on the current market conditions in relation to historical long-term performance

B) Equity Risk Management Strategy can help to dynamically manage an investment portfolio's exposure to the equity markets

3 Portfolio Construction

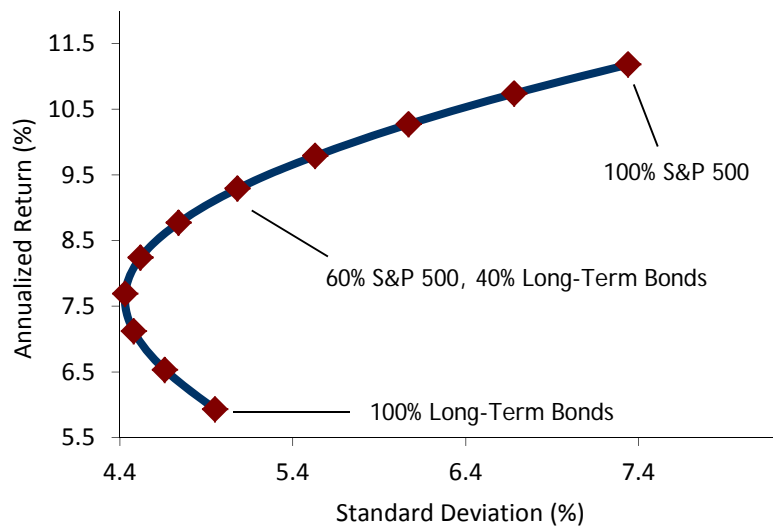
- ◆ Specify the optimal mix of active and passive portfolio strategies to construct a core portfolio
 - ◆ Passive strategies, usually utilizing Exchange Traded Funds (ETFs), are used where it can be difficult to add superior risk-adjusted performance to the market return
 - ◆ Active strategies are used where a combination of portfolio construction tactics and security selection can provide the potential for risk-adjusted performances superior to the market return

The base strategic allocation recommended by TTC Strategy is 60% stocks and 40% bonds

Case for 60/40 Stock/Bond Allocation

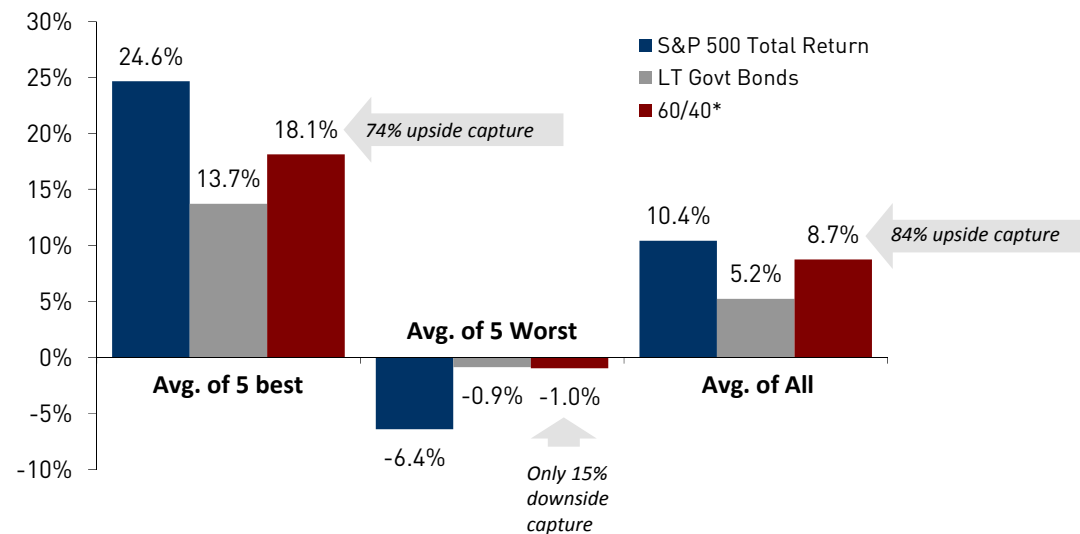
Stock/Bond Allocation – Risk/Reward Comparison

Annualized Rolling 5-year Returns | Jan 31, 1933 – Dec 31, 2014



60/40 Allocation - Historical Performance

Annualized Rolling 5-year Returns | Jan 31, 1933 – Dec 31, 2014



A 60%/40% stock/bond allocation achieved substantial reduction in volatility while capturing 84% of the gains

(*) Annually rebalanced

Stock returns are represented by the S&P 500 Total Return Index

Bond total returns are represented by the Ibbotson Intermediate Government Bond Index (1933-1973) and Barclays Government Bond Index (1974-2012)

Dividends included. Past performance should not and cannot be viewed as an indicator of future performance. You cannot invest directly in an index.

Source: Ned Davis Research, EquityCompass Strategies

2 A Tactical Asset Allocation

Intermediate Term – Annual Rebalancing

Investment Process

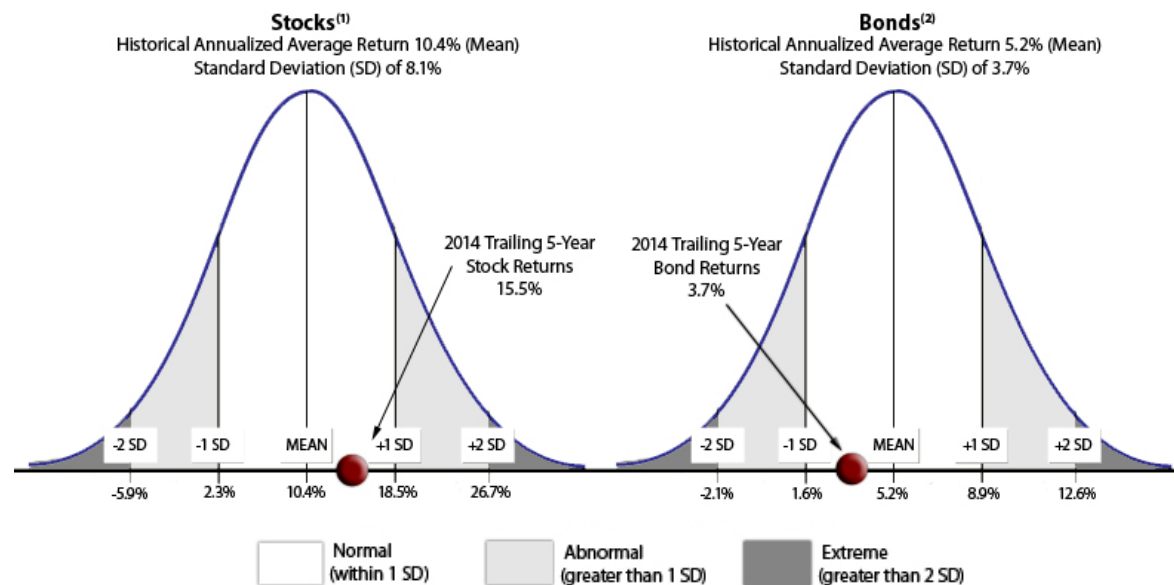
TTCP Strategy recommends reviewing the base 60/40 stock/bond allocation annually and adjusting the allocations if the trailing five-year returns are abnormally or extremely above or below historical averages

Strategic Rebalancing Decision Matrix

		Stocks				
		Extreme Below (>-2 SD)	Abnormal Below (>-1 SD)	Normal Within (1SD Range)	Abnormal Above (> +1 SD)	Extreme Above (> +2 SD)
Bonds	Extreme Above (>+2 SD)	80 / 20	75 / 25	70 / 30	65 / 35	60 / 40
	Abnormal Above (>+1 SD)	75 / 25	70 / 30	65 / 35	60 / 40	55 / 45
	Normal SD Range (1SD Range)	70 / 30	65 / 35	60 / 40 Base & 2015 Allocation	55 / 45	50 / 50
	Abnormal Below (>-1 SD)	65 / 35	60 / 40	55 / 45	50 / 50	45 / 55
	Extreme Below (>-2 SD)	60 / 40	55 / 45	50 / 50	45 / 55	40 / 60

TTCP Strategy 2015 Stock/Bond Allocation: 60%/40%

Based on 5-Year Annualized Buy & Hold Returns Distribution | Jan 31, 1933 – Dec 31, 2014



The five-year return of stocks by the end of 2014 was **within the normal range**





The five-year return of bonds by the end of 2014 was **within the normal range**

Past performance should not and cannot be viewed as an indicator of future performance.
Source: Ned Davis Research, EquityCompass Strategies

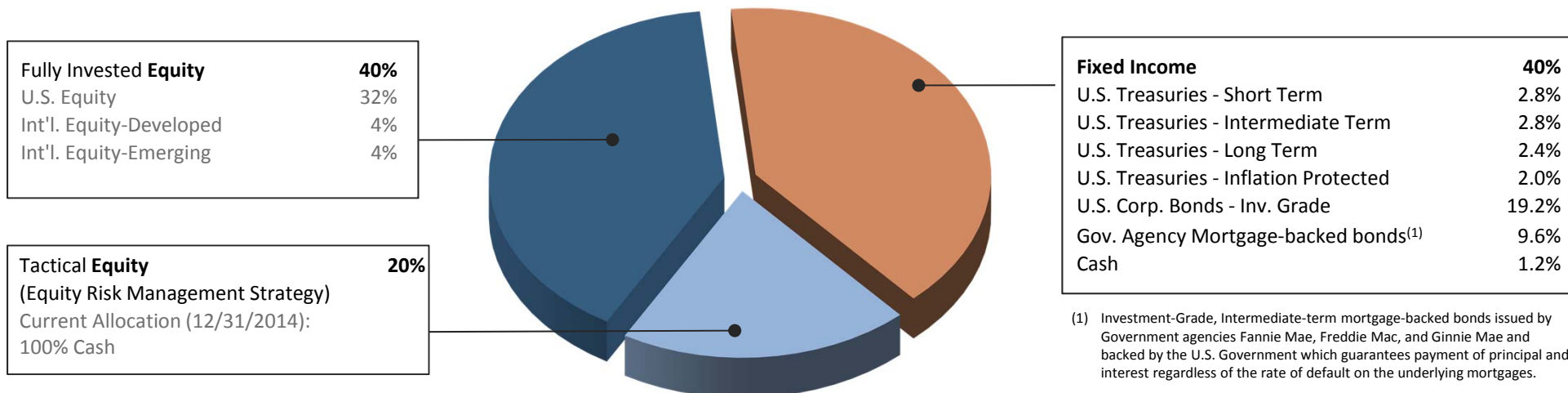
(1) S&P 500 Total Return Index; (2) U.S. Government Bond Index
Source: Ned Davis Research

The Equity Risk Management Strategy is an innovative tactical strategy from EquityCompass that seeks to adjust stock exposure from near-term factors coinciding with unfavorable equity market performance and restore exposure when the factors are favorable

- ◆ Equity Risk Management Strategy (ERMS) analyzes technical and fundamental indicators to determine the current market condition and recommends the appropriate tactical allocation
 - ◆ Tactical allocation would be fully invested in equities when market conditions are favorable
 - ◆ When conditions are deemed unfavorable, tactical allocation is shifted to cash or inverse (short)

Market Indicators	Market Condition	ERMS Action	TTCP Equity Exposure	TTCP Allocation Fully Invested Equity : 40% Fixed Income : 40%		Tactical Equity (ERMS) 20%
<ul style="list-style-type: none"> ▪ Earnings expectations (fundamentals) rising ▪ Technical conditions positive 	Favorable	Fully Invested	60%			
Either fundamental <u>OR</u> technical conditions are negative	Caution	Reduce Equity Exposure	Maximum: 59% Minimum: 40%			Tactical Equity: Long S&P 500
Both fundamental <u>AND</u> technical conditions are negative	Unfavorable	Hedge Equity Exposure	Maximum: 29% Minimum: 22%			Tactical Equity: Cash
						Tactical Equity: Short S&P 500

TTCP strategy seeks to construct a Core portfolio that is a mix of actively and passively managed investments



Equity Investments

Emphasizes Diversification, Volatility Control, and Excess Return Potential

- ◆ 67% of the equity portion is fully invested and remaining 33% is tactically allocated using ERMS
- ◆ 20% of the fully invested equity strategies are allocated to international stocks (equally between developed and emerging markets)
- ◆ The actively managed EquityCompass All-Cap Blend Model Portfolio represents the U.S. equity portion

Fixed Income Investments

Active investment approach focusing on sector allocation, yield, and risk management strategies

- ◆ Focused on U.S. Dollar-denominated, investment-grade securities and seeks to provide a total return in excess of the Barclays Capital U.S. Aggregate Bond Index
- ◆ Features dynamic sector rotation based on historical spreads between fixed income segments and economic cycle considerations

U.S. Equity Component: All-Cap Blend Portfolio

Seeks to generate higher risk-adjusted returns by opportunistic stock selection and active management

■ Highlights

- ◆ Combines qualitative and quantitative research insights for opportunistic stock selection
 - ◆ EquityCompass quantitative models select underpriced stocks based on fundamental, technical, and behavioral themes that have historically been proven sources of excess returns
 - ◆ Qualitative assessment (consensus fundamental analyst opinion) is used to try to avoid unfavorable stocks
- ◆ Portfolio tactics that seek to maximize risk-adjusted return potential
 - ◆ Invests across styles and market capitalizations in order to exploit the most attractive investment opportunities
 - ◆ Diversified equally among the 10 major economic sectors and holds equal weight positions in 50 stocks
 - ◆ Rebalanced monthly to attempt to optimize exposure to drivers of excess returns
 - ◆ Investment process designed to keep turnover low

TTCP Strategy Highlights

◆ Comprehensive

- ◆ Seeks to provide investors with the ability to invest in a portfolio diversified across asset classes, investment styles, geographic regions, and capitalizations with a single investment

◆ Seeks to generate higher risk-adjusted returns by effectively capturing market returns while minimizing volatility

- ◆ Can offer broad diversification and designed to track relevant benchmarks
- ◆ Can offer active management and stock selection seeking to outperform

◆ Actively managed

- ◆ Can help protect from portfolio and systematic risks as well as provide the ability to potentially outperform without assuming additional risks

◆ Adaptable to changing market conditions

- ◆ Ability to tactically deviate from the strategic asset allocation helps the Strategy potentially respond to new sources of risk or take advantage of the opportunities presented by the changing conditions in the global markets

◆ Disciplined

- ◆ EquityCompass' **rules-based investment process** that merges traditional investment theory with quantitative techniques seeks to minimize subjective biases that often characterize traditional managers' investment process

◆ Innovative Risk Management Strategies

- ◆ Incorporates the Equity Risk Management Strategy, an innovative tactical asset allocation strategy that seeks to provide downside protection and volatility control while participating in bull runs

Important 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. EquityCompass Strategies is a research and investment advisory unit of Choice Financial Partners, Inc., a wholly owned subsidiary and affiliated SEC registered investment advisor 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.

Strategy-Specific Risks: Any investment involves risks, including a possible loss of principal. 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. 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. When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. In addition, duration risk measures a debt security's price sensitivity to interest rate changes. Bonds with higher duration carry more risks and have higher price volatility than bonds with lower duration. Therefore, if interest rates are very low at the time of purchase of the bonds, when interest rates eventually do rise, the price of such lower interest rate bonds will decrease and anyone needing to sell such bonds at that time, rather than holding them to maturity, could realize a loss. When investing in real estate, it is important to note that property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance of real estate companies. ***Exchange Traded Funds (ETFs) represent a share of all stocks in a respective index. ETFs trade like stocks and are subject to market risk, including the potential for loss of principal, and may trade for less than their net asset value. The value of ETFs will fluctuate with the value of the underlying securities. Inverse ETFs are considered risky and are not suitable for all investors. Typically, these products have one-day investment objectives, and investors should monitor such funds on a daily basis. Inverse ETFs are constructed by using various derivatives for the purpose of profiting from a decline in the value of an underlying benchmark. Investing in inverse ETFs is similar to holding various short positions, or using a combination of advanced investment strategies to profit from falling prices. Investors should consider the ETF's investment objectives, risks, charges, and expenses carefully before investing. Prospectuses are available through your Financial Advisor and include this and other important information.*** Rebalancing may have tax consequences, which should be discussed with your tax advisor.

Index Description(s): The S&P 500 Index is a broad market index that tracks the performance of 500 leading stocks from major industries of the U.S. economy. The index is generally considered representative of the U.S. large capitalization market. The index returns are presented on a total return basis, which assume reinvestment of all cash distributions (such as dividends). Generally, looking at an index's total return displays more accurate representation of the index performance. However, index returns do not reflect management fees or transactional costs that would be associated with any account managed using the Strategy. Moreover, the volatility of an index may be materially different from the volatility of accounts managed using this strategy. Indices are unmanaged, and it is not possible to invest directly in the index. The Ibbotson Intermediate-Term Government Bond Index is measured using a one-bond portfolio with a maturity near five years. The Barclays Capital U.S. Government Bond Total Return Index is a market-weighted index designed to reflect the performance of the total universe of investment-grade fixed income securities issued by the United States government or its agencies. The Barclays Capital U.S. Aggregate Bond Index covers the USD-denominated, investment-grade, fixed-rate, taxable bond market of SEC-registered securities. The index includes bonds from the Treasury, Government-Related, Corporate, MBS (agency fixed-rate and hybrid ARM passthroughs), ABS, and CMBS sectors. The volatility of the indices identified in this report may be materially different from the volatility of the model portfolios presented by EquityCompass Strategies.

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Additional Information Available Upon Request

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