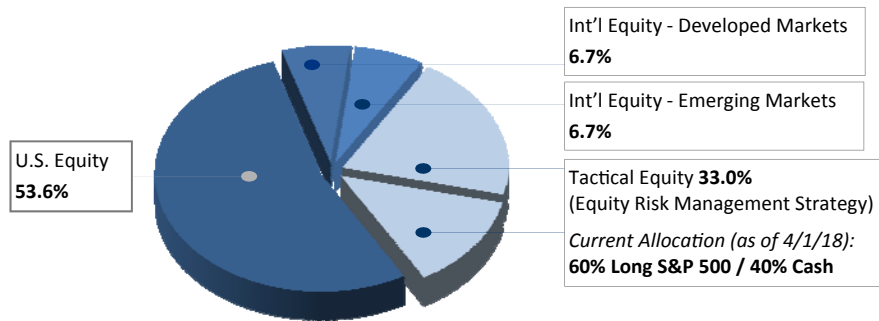


Risk-managed core equity strategy that seeks to exceed the broad equity market returns while minimizing volatility



Portfolio Manager Commentary

The **Tactical Core Equity Portfolio (TCE)** declined in the first quarter as volatility returned from a lengthy slumber. Equity markets have posted their first 10% correction in nearly two years as fears of rising interest rates and trade tensions dominate the headlines. With economic data continuing to outpace expectations, economists are more certain of the Federal Reserve's commitment to continued sustained increases in its short-term Federal Funds rate to offset potential inflation. In response, the yield on the 2-year Treasury has risen to 2.26% at the end of March from 1.88% at year end. TCE declined 1.25% (-1.60% net) versus the benchmark decline of -0.46%. Stocks and bonds both declined during the quarter for the first time in nearly 10 years, since the third quarter of 2008.

The initial mood on Wall Street this quarter appeared to be a negative outlook on a favorable reality. Rising interest rates have been a response to exceptionally strong economic data. Adding to this sentiment is speculation that recently announced U.S. tariffs will lead to potential trade wars. From a fundamental perspective, we believe that equity prices follow earnings expectations. Specifically, we look to the direction of forward 12-month earnings estimates as a guide and precursor to a greater risk to equity markets—an economic recession.

Portfolio Outlook

Declining economic output (i.e., GDP) will, more often than not, decline in step with a cyclical correction in corporate earnings. We believe expectations for these earnings should decline ahead of actual earnings, therefore we wait until we observe two consecutive months of declining earnings estimates before making a fundamental-based reduction in our equity exposure. Our forward 12-month earnings estimate rose to a new all-time high at the end of the quarter to \$159.86 and has advanced for 13 consecutive months. While we are still uncertain on the direction of U.S. and global trade policies, we are optimistic on the fundamentals of equity markets for the next one to two quarters.

However, from a technical perspective the added market volatility, coupled with equities trading more than 10% off their highs, indicates a less favorable environment for risk-adjusted returns for equities in the near term. TCE had full exposure to equities throughout the quarter (100%) but will modestly reduce this exposure to 88% in April as a response to deteriorating technical conditions. If conditions improve within the quarter, equity exposure will be fully restored to 88%.

Performance

Annualized Returns

	Q1 2018	2018 YTD	1 Year	3 Years	5 Years	Inception ⁽²⁾
Tactical Core Equity (Gross)	-1.25%	-1.25%	12.14%	7.25%	10.37%	8.81%
Tactical Core Equity (Net)	-1.60%	-1.60%	10.47%	5.61%	8.63%	7.14%
Benchmark ⁽¹⁾	-0.46%	-0.46%	12.18%	7.63%	9.41%	8.06%

Calendar Year Returns

	2012	2013	2014	2015	2016	2017
Tactical Core Equity (Gross)	15.21%	29.87%	7.80%	-1.08%	6.99%	20.97%
Tactical Core Equity (Net)	13.40%	27.80%	6.02%	-2.61%	5.32%	19.13%
Benchmark ⁽¹⁾	12.97%	25.14%	6.50%	-0.77%	8.67%	18.49%

Risk Statistics

Time Period: 4/1/2015 to 3/31/2018

	Alpha	Standard Deviation	Batting Average	Sharpe Ratio	Beta	R ²	Up Capture	Down Capture
Tactical Core Equity	-0.23	8.86	61.11	0.77	0.98	94.10	97.40	99.44
Benchmark ⁽¹⁾	0.00	8.74	100.00	0.82	1.00	100.00	100.00	100.00

General Information:

How to Invest: Wrap program

Minimum Initial Investment: \$100,000

Inception: May 2011

Category: Global Equity All-Cap Core

Risk/Reward: Moderate

Highlights:

- Designed to be the foundation of an investor's overall portfolio to pursue long-term financial objectives
- Tactically allocated equity (using Equity Risk Management Strategy) seeks to potentially provide downside risk mitigation and volatility control
- Portfolio is diversified with active and passive investment approaches, domestic and international stocks, various investment styles (growth/value), and market-capitalization segments (large/mid/small)
- The actively managed U.S. equity component (EquityCompass All-Cap Blend) seeks to outperform by opportunistic stock selection and portfolio tactics
- Adheres to a research-based, rules-driven investment process implemented using quantitative models to impose discipline and consistency to investment decisions

Portfolio Managers:



Richard Cripps, CFA
Chief Investment Officer &
Senior Portfolio Manager



Tim McCann
Senior Portfolio Manager

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 March 31, 2018, EquityCompass Strategies provided portfolio strategies with respect to assets of approximately \$3.8 billion.

EquityCompass Strategies Tactical Core Equity Portfolio

TCE

As of March 31, 2018



Investment Process

1 Portfolio Allocation

- 67% of TCE is fully invested equity and 33% is tactically allocated by investing in the Equity Risk Management Strategy that can shift from fully invested if market conditions are deemed unfavorable
- Combines active strategies that seek to outperform with passive strategies that focus on reliably capturing market returns
- Diversified to help reduce specific stock or sector risk

2 Portfolio Construction

- Domestic and international stock exposure seeks to provide favorable risk/reward
- The actively managed All-Cap Blend Portfolio represents the U.S. equity portion
 - Equal-weight positions in 50 stocks across 10 economic sectors to provide broad diversification and lower volatility
 - Uses EquityCompass' quantitative models to identify stocks with favorable relative value, price momentum, quality, and mispriced as a result of investor over/underreaction

3 Portfolio Management

- Equity Risk Management Strategy can vary overall equity exposure from 100% to as low as 37%
- The All-Cap Blend portfolio, the U.S. equity component of TCE, is actively managed to attempt to optimize exposure to drivers of excess returns while keeping overall portfolio turnover moderate
- Allocation between U.S. and international equities is reviewed annually

Sector Allocation

Information Technology	16.8%
Consumer Discretionary	13.0%
Financials	11.8%
Industrials	11.6%
Energy	9.9%
Healthcare	9.8%
Materials	7.0%
Utilities	6.9%
Consumer Staples	6.8%
Real Estate	4.4%
Telecommunications	1.3%

Holdings by Market-Cap




Large Cap	68.1%
Mid Cap	26.3%
Small Cap	5.6%

Key Portfolio Stats

Number of Holdings	53
Market Cap - Geometric (\$Billion)	\$28.7
Dividend Yield	2.2%
Price / Earnings (Trailing 12-Month)	18.1

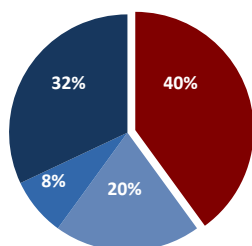
Tactical Equity: Equity Risk Management Strategy

The Equity Risk Management Strategy (ERMS) is a rules-based tactical allocation strategy designed to reduce TCE's equity exposure when near-term market conditions are deemed unfavorable and to restore exposure when factors become favorable. The ERMS analyzes fundamental and technical indicators to determine the market condition. Under favorable conditions, the Strategy will be fully invested to track the S&P 500. When conditions are deemed unfavorable, the ERMS reduces equity exposure by shifting an amount to cash or inverse (short) an investment tracking the S&P 500. This strategy may invest in inverse ETFs.

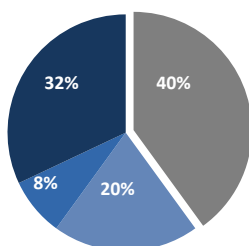
Market Indicators	Market Condition	ERMS Action	TCE Equity Exposure	TCE Allocation
<ul style="list-style-type: none"> Earnings expectations (fundamentals) rising Technical conditions positive 	Favorable	Fully Invested	100%	Fully Invested Equity 67%  Tactical Equity 33% (ERMS)
<ul style="list-style-type: none"> Either fundamental <u>OR</u> technical conditions are negative 	Caution	Reduce Equity Exposure	Maximum: 95% Minimum: 67%	Fully Invested Equity  Tactical Equity: Long S&P 500
<ul style="list-style-type: none"> Both fundamental <u>AND</u> technical conditions are negative 	Unfavorable	Hedge Equity Exposure	Maximum: 67% Minimum: 37%	Fully Invested Equity  Tactical Equity: Short S&P 500

Tactical Family of Portfolios: TTCP, MTTCP, and TCE

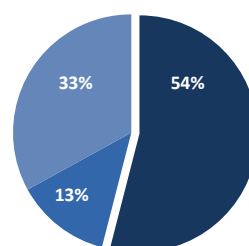
Tactical Total Core Portfolio (TTCP)



Municipal Tactical Total Core Portfolio (MTTCP)



Tactical Core Equity Portfolio (TCE)



- All Cap Blend Portfolio (50 stocks)
- Equity Risk Management Strategy (ETFs)
- International Equity (ETFs)
- Fixed Income Portfolio (ETFs) (sub advised by Ziegler Capital)
- Municipal Securities (ETFs / Closed end funds)



As of March 31, 2018

Alpha

A manager's contribution to return performance that cannot be attributed to market performance. How the manager performed if the market has no gain or loss.

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.

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.

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.

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.

R²

R-squared is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index.

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%.

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 mitigated loss of 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

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. Data represented in this report have been provided by EquityCompass Strategies and Bloomberg. 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. For more information about Stifel's investment advisory programs, including applicable fee schedules, please contact your Financial Advisor to request a copy of the Stifel ADV Part 2A or equivalent disclosure brochure. 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. All investments involve risks, including the risk of a possible loss of principal. Rebalancing may have tax consequences, which should be discussed with your tax advisor. 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. **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 review the prospectus and 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.** 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. The Russell 1000 Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The MSCI World ex USA All Cap Index captures large, mid, small and micro cap representation across 22 of 23 Developed Markets countries including Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the UK. (excluding the United States). With 8,138 constituents, the index covers approximately 99% of the free float-adjusted market capitalization in each country. HFRI Equity Hedge (Total) Index (HFRIEHI) is a fund-weighted index of strategies that maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques, strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. The Bloomberg Barclays US Aggregate Bond Index is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency). The volatility of the S&P 500 Index and any other 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 are not available for direct investment. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE

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To learn more about the Tactical Core Equity Portfolio, please contact your Stifel Financial Advisor.