EquityCompass Strategies

Tactical Total Core Portfolio

TTCP

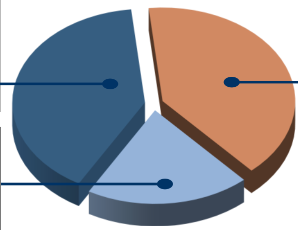
As of September 30, 2017

Strategy Profile

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

Fully Invested **Equity**	**40%**
U.S. Equity	32%
Int'l Equity - Developed	4%
Int'l Equity - Emerging	4%

Tactical **Equity** (Equity Risk Management Strategy)	**20%**
Current Allocation (as of 10/1/17): **100% Long S&P 500**	



Fixed Income	**40%**
U.S. Corp. - Investment Grade	18.4%
Gov't Agency MBS*	8.0%
U.S. Tsys. - Intermediate Term	6.7%
U.S. Tsys. - Short-Term	2.8%
U.S. Tsys. - Long-Term	2.0%
Cash	2.1%

(*) Investment-Grade, Intermediate-Term Mortgage-Backed bonds issued by Government agencies Fannie Mae, Freddie Mac, and Ginnie Mae and backed by the U.S. Government, which guarantees payment of principal and interest regardless of the rate of default on the underlying mortgages.

Portfolio Manager Commentary

Consistent with the favorable environment for stocks, the **Tactical Total Core Portfolio (TTCP)** delivered strong results for the third quarter and year-to-date. TTCP was allocated 60% to stocks and 40% bonds and produced gains of 2.64% (2.26% net) in the third quarter and 10.35% (9.12% net) year-to-date. The equity portion of TTCP was allocated 47% to passive strategies and 53% to active. We attribute results in the active allocation to performance exceeding benchmark returns. Bond allocations produced results in line with benchmark returns of 0.9% for the quarter and 3.1% year-to-date.

Portfolio Outlook

Because the U.S. stock market has remained on an upward, low volatility ascent this year not once sidelined by hint of correction, investors are rightly spooked into thinking it is only a matter of time before the bottom drops out. Most are haunted with the belief they must be overlooking something. In truth, they are and it is obvious—global integrated growth. For the first time since the 2008 Financial Crisis, all of the developed G7 economies and developing BRIC (Brazil, Russia, India, and China) economies have steadily kicked into expansion mode.

There is no official time card for economic expansions and bull markets. What we know is that equity valuations are elevated, inflation and interest rates are low, and global economies and corporate earnings are growing. We also know that forces for market corrections are rarely seen six months beforehand. We believe a tactical approach provides flexibility to the uncertain investment environment ahead.

Performance

Annualized Returns

	Q3 2017	2017 YTD	1 Year	3 Years	5 Years	Inception (2)
Tactical Total Core (Gross)	2.64%	10.35%	11.45%	5.62%	8.14%	9.85%
Tactical Total Core (Net)	2.26%	9.12%	9.79%	4.05%	6.52%	8.23%
Benchmark (1)	2.96%	8.95%	9.37%	5.64%	7.17%	8.22%

Calendar Year Returns

	2010	2011	2012	2013	2014	2015	2016
Tactical Total Core (Gross)	12.56%	1.43%	11.98%	18.35%	6.55%	-0.59%	5.32%
Tactical Total Core (Net)	10.84%	-0.14%	10.27%	16.56%	4.92%	-2.06%	3.75%
Benchmark (1)	10.62%	0.61%	9.44%	14.20%	6.23%	-0.26%	6.22%

Risk Statistics

Time Period: 10/1/2014 to 9/30/2017

	Alpha	Standard Deviation	Batting Average	Sharpe Ratio	Beta	R^2	Up Capture	Down Capture
Tactical Total Core	0.09	5.07	50.00	1.04	0.98	93.91	99.44	99.11
Benchmark (1)	0.00	5.01	100.00	1.06	1.00	100.00	100.00	100.00

General Information:

How to Invest: Wrap program

Minimum Initial Investment: $150,000

Inception: June 2009

Category: Global Balanced Large-Cap Core

Morningstar Risk/Reward Category: Moderate

Highlights:

- Equity allocation, diversified across U.S./ International, economic sectors, investment styles, active and passive management, and market capitalization, to provide growth potential
- Actively managed fixed income allocation focusing on high credit quality and reducing interest rate risk to minimize portfolio volatility
- Stock/bond allocation reviewed annually and adjusted, if necessary, to respond to changing market conditions
- Tactical equity manages equity exposure seeking to reduce portfolio volatility and provide protection from extended market declines
- 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 September 30, 2017, EquityCompass Strategies provided portfolio strategies with respect to assets of approximately $3.5 billion.

(1) Benchmark = 32% Russell 3000 Index, 8% MSCI World Ex-USA Index, 40% Barclays Aggregate Bond Index, 20% HFRI Equity Hedge Index
(2) June 2009

Tactical Total Core Portfolio

TTCP

As of September 30, 2017

Strategy Profile

Equity Allocation 60%

Fully Invested Equity — 40%

- 80% U.S. & 20% International (equally divided between developed/emerging markets), allocation reviewed annually
- U.S. Equity – Actively managed All-Cap Blend Portfolio
  - Diversified across economic sectors, market capitalization, investment styles
  - Employs EquityCompass Strategies' quantitative models to identify favorable stocks based on relative value, price momentum, quality, and stock mispricings
  - Rebalanced monthly to attempt to optimize exposure to drivers of excess returns

Tactical Equity
(Equity Risk Management Strategy) — 20%

- Manages equity exposure based on expected corporate earnings and market price levels
- Can reduce the portfolio's stock exposure from the base level of 60% to as low as 22%
- Evaluated monthly and adjusted if necessary

Equity Characteristics

Key Portfolio Stats

Number of Holdings	53
Market Cap - Geometric ($Billion)	$30.1
Dividend Yield	2.1%
Price / Earnings (Trailing 12-Month)	20.0

Holdings by Market-Cap

Large Cap	72.4%
Mid Cap	22.6%
Small Cap	5.0%

Sector Allocation

Information Technology	14.9%
Consumer Discretionary	12.6%
Industrials	11.8%
Financials	11.4%
Healthcare	11.2%
Energy	10.4%
Materials	8.3%
Consumer Staples	6.9%
Utilities	5.6%
Real Estate	5.6%
Telecommunications	1.3%

Fixed Income Allocation 40%

- Active investment approach focusing on sector allocation, yield, and risk management strategies
- Focused on U.S. Dollar denominated investment-grade securities; 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

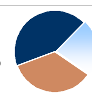
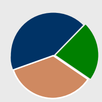
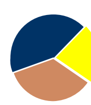
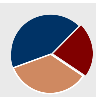
Credit Stats — Fixed Income

	TTCP	Benchmark*
Maturity	6.4	7.3
Coupon	2.9%	3.3%
Duration	4.7	5.2
Yield	2.1%	2.3%
Investment Grade	100.0%	100.0%

*Barclays Capital U.S. Aggregate Bond Index

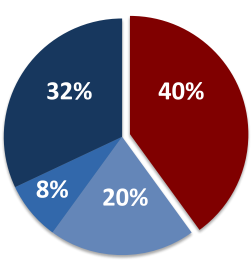
Tactical Equity: Equity Risk Management Strategy

The Equity Risk Management Strategy (ERMS) is a rules-based tactical allocation strategy designed to reduce TTCP'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. The strategy may invest in inverse ETFs.

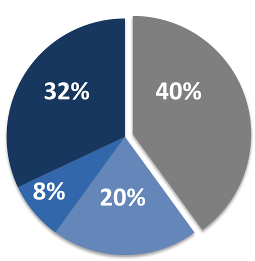
Market Indicators	Market Condition	ERMS Action	TTCP Equity Exposure	TTCP Allocation Fully–invested Equity: 40%  Tactical Equity 20%
▪ Earnings expectations (fundamentals) rising ▪ Technical conditions positive	Favorable	Fully Invested	60%	 Tactical Equity: Long S&P 500
Either fundamental <u>OR</u> technical conditions are negative	Caution	Reduce Equity Exposure	Maximum: 59% Minimum: 40%	 Tactical Equity: Cash
Both fundamental <u>AND</u> technical conditions are negative	Unfavorable	Hedge Equity Exposure	Maximum: 29% Minimum: 22%	 Tactical Equity: Short S&P 500

Tactical Family of Portfolios: TTCP, MTTCP, and TCE

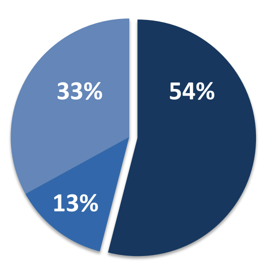
Tactical Total Core Portfolio (TTCP)



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)

Description of Terms

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.

R^2
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 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%.

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. Rebalancing may have tax consequences, which should be discussed with your tax advisor. All investments involve risks, including the risk of 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 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.*** 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 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 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. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

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