

EquityCompass Strategies Tactical Total Core Portfolio

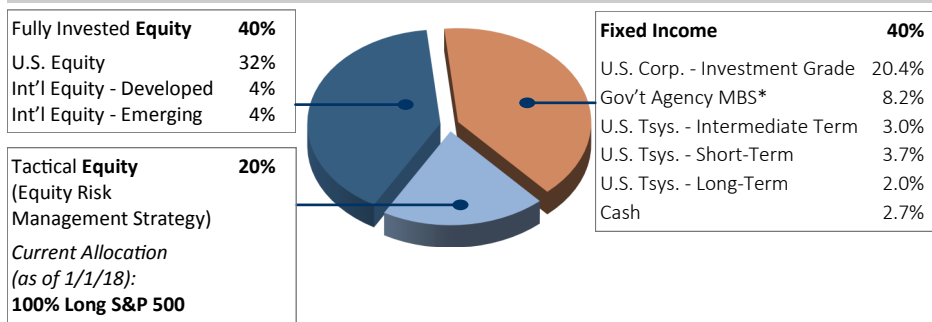
As of December 31, 2017

TTCP



Strategy Profile

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



(*) 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

The **Tactical Total Core Portfolio (TTCP)** participated in the economy's strong fourth quarter, returning 3.32% (2.94% net) versus the benchmark return of 3.25%. The portfolio remains 60% invested in equities, and 40% invested in Fixed Income. For the year, Tactical Total Core Portfolio returned 14.01% (12.32% net) versus 12.49% for its benchmark. Additionally, the portfolio had near identical risk metrics to its benchmark, keeping the portfolio in line with the market.

Portfolio Outlook

If you just read the headlines in the news, you may have thought 2017 was a devastating year. Fortunately, for investors globally, that was far from the case. In fact, 2017 beat even the most bullish of analysts' estimates. Still, investors are justified in being nervous about what lies ahead. The world has proven to be a very turbulent place, which is why we believe at EquityCompass that having a tactical component is all the more important.

With the Tax Cuts and Jobs Act being passed at the conclusion of 2017, we are optimistic that 2018 may continue to yield strong returns. That being said, the full impact of the bill won't be felt immediately. We still believe that the flexibility of the Tactical Core Portfolios provides investors with the opportunity to participate in potential market gains, while having an element that protects them against a permanent loss of capital.

Performance

Annualized Returns

	Q4 2017	2017 YTD	1 Year	3 Years	5 Years	Inception ⁽²⁾
Tactical Total Core (Gross)	3.32%	14.01%	14.01%	6.08%	8.52%	9.97%
Tactical Total Core (Net)	2.94%	12.32%	12.32%	4.50%	6.90%	8.35%
Benchmark ⁽¹⁾	3.25%	12.49%	12.49%	6.02%	7.65%	8.38%

Calendar Year Returns

	2010	2011	2012	2013	2014	2015	2016	2017
Tactical Total Core (Gross)	12.56%	1.43%	11.98%	18.35%	6.55%	-0.59%	5.32%	14.01%
Tactical Total Core (Net)	10.84%	-0.14%	10.27%	16.56%	4.92%	-2.06%	3.75%	12.32%
Benchmark ⁽¹⁾	10.62%	0.61%	9.44%	14.20%	6.23%	-0.26%	6.22%	12.49%

Risk Statistics

Time Period: 1/1/2015 to 12/31/2017

	Alpha	Standard Deviation	Batting Average	Sharpe Ratio	Beta	R ²	Up Capture	Down Capture
Tactical Total Core	0.17	5.05	55.56	1.11	0.98	93.84	99.70	97.93
Benchmark ⁽¹⁾	0.00	4.99	100.00	1.11	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 December 31, 2017, EquityCompass Strategies provided portfolio strategies with respect to assets of approximately \$3.8 billion.

EquityCompass Strategies Tactical Total Core Portfolio

As of December 31, 2017

TTCP



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	1.9%
Price / Earnings (Trailing 12-Month)	20.9

Holdings by Market-Cap

Large Cap	71.5%
Mid Cap	25.0%
Small Cap	3.5%

Sector Allocation

Information Technology	17.4%
Consumer Discretionary	12.6%
Financials	12.3%
Healthcare	11.7%
Energy	10.5%
Industrials	9.7%
Materials	8.1%
Consumer Staples	6.8%
Real Estate	5.5%
Utilities	4.1%
Telecommunications	1.4%

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	7.5	7.3
Coupon	3.2%	3.3%
Duration	5.2	5.2
Yield	2.3%	2.3%
Investment Grade	100.0%	100.0%

*Barclays Capital U.S. Aggregate Bond Index

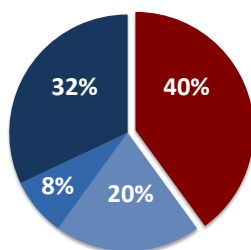
Tactical Equity: Equity Risk Management Strategy

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.

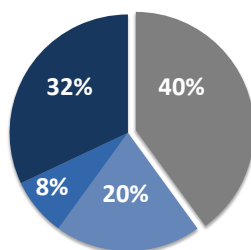
Market Indicators	Market Condition	ERMS Action	TTCP Equity Exposure	TTCP Allocation
<ul style="list-style-type: none"> Earnings expectations (fundamentals) rising Technical conditions positive 	Favorable	Fully Invested	60%	Fully-invested Equity: 40% Tactical Equity 20%
<ul style="list-style-type: none">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

Tactical Family of Portfolios: TTCP, MTTCP, and TCE

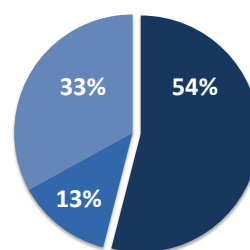
Tactical Total Core Portfolio (TTCP)



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.

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 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

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