Equity Risk Management Strategy (ERMS)

Fact Sheet
As of 6/30/2021

EquityCompass

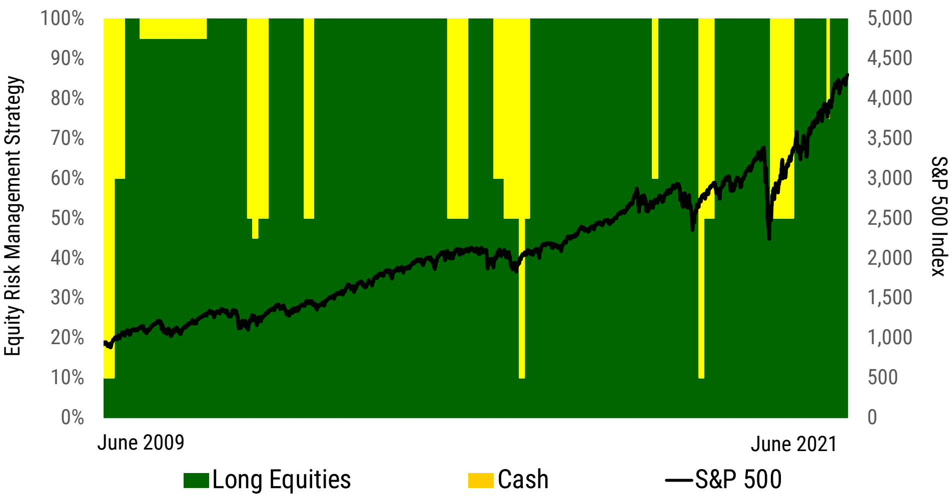
Highlights

Fundamental & Technical Indicators: POSITIVE

- The **Equity Risk Management Strategy (ERMS)** entered the second quarter of 2021 in a fully invested position with a 100% allocation to equities. There were no changes to the allocation throughout the quarter as neither the fundamental nor technical indicators experienced any defensive triggers. As such, ERMS was fully invested in equities throughout the three months ending June 30 and remains in that position entering the third quarter.
- Corporate earnings expectations, a key component of our fundamental model and a measure of longer-term cyclical risk, continue in a positive trajectory as the broad reopening of global economies has improved the overall earnings outlook.
- Although the strategy experienced no triggers during the second quarter within the technical model, which seeks to signal shorter-term shock risk by identifying material changes in equity prices, credit spreads, and market volatility, it is possible such events could occur more often throughout a calendar year than within the fundamental model.

ERMS Tactical Allocation History

June 1, 2009 — June 30, 2021

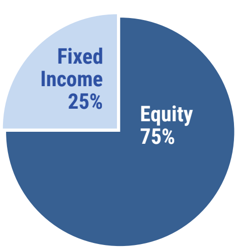


Source: Bloomberg Finance LP, EquityCompass

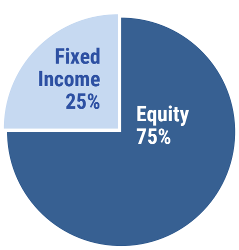
Effective Target Portfolio Allocations (based on current ERMS allocation)

As of June 30, 2021

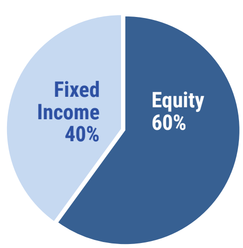
Core Retirement Portfolio (CRP)



Core Investment Portfolio (CIP)



Core Balanced Portfolio (CBAL)



Objective

Tactical allocation strategy that seeks to adjust a portfolio's equity exposure to potentially provide downside risk mitigation and volatility control

Portfolio Management Team

Christopher M. Mutascio
Senior Managing Director

Timothy M. McCann
Senior Portfolio Manager

Highlights

Seeks to avoid large market losses

- The tactically allocated portion helps manage the portfolio's exposure to equity markets. The tactical allocation would be fully invested in equities when market conditions are favorable. When conditions are deemed unfavorable, tactical allocation can be shifted to cash, cash equivalents, money market funds and/or short-term fixed income exchange-traded funds (ETFs).
- Large losses make investors vulnerable to ill-timed investment decisions that can, in turn, undermine the pursuit of financial goals.
- ERMS seeks to reduce portfolio volatility and provide risk mitigation from extended market declines, helping investors to stay invested during periods of market turbulence.

Addresses the Shortfalls of Traditional Risk Management Techniques

ERMS seeks to provide risk control during periods of enormous market stress, when the performance of various asset classes becomes highly synchronized, and the traditional risk management approach of asset class diversification alone is not sufficient.

Rules-Driven Decision Making

Tactical allocation decisions are based on a predetermined rule-set. This approach helps minimize the subjective biases and imposes discipline and consistency to investment decisions.

Important Disclosures

EquityCompass is a Baltimore-based SEC registered investment adviser offering a broad range of portfolio strategies and custom plans for individuals, financial intermediaries, and institutional clients in the U.S. and Europe. Formally organized in 2008, EquityCompass provides portfolio strategies with respect to total assets of approximately $4.6 billion as of June 30, 2021.*

The EquityCompass team of professionals represents deep industry experience in security analysis, capital markets, and portfolio management. We are committed to a consistent investment process that relies on enduring principles, sound empirical reasoning, and the recognition of a dynamic investment environment with a global reach.

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 Investment Management, LLC is a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. Affiliates of EquityCompass 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. Any projections, targets, or estimates in this report are forward looking statements and are based on EquityCompass Strategies' research, analysis, and assumptions made by the Adviser.

Strategy Specific Risks: Any investment involves risks, including the risk of a loss of principal. The Equity Risk Management Strategy invests primarily in ETFs, which are subject to the risk that the values will fluctuate with the value of the underlying investments or indices the ETFs are tracking. ***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. 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.***

Description of Benchmark(s): 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. 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. Indices are unmanaged, do not reflect fees and expenses, and it is not possible to invest directly in an index. Diversification (or asset allocation) does not ensure a profit or protect against loss.

*Total assets combines both Assets Under Management and Assets Under Advisement as of June 30, 2021. Assets Under Management represents the aggregate fair value of all discretionary and non-discretionary assets, including fee paying and non-fee paying portfolios. Assets Under Advisement represent advisory-only assets where the firm provides a model portfolio and does not have trading authority over the assets.

PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.