

Global Leaders Portfolio

“The Biggest Growth Opportunity in the History of Capitalism” †

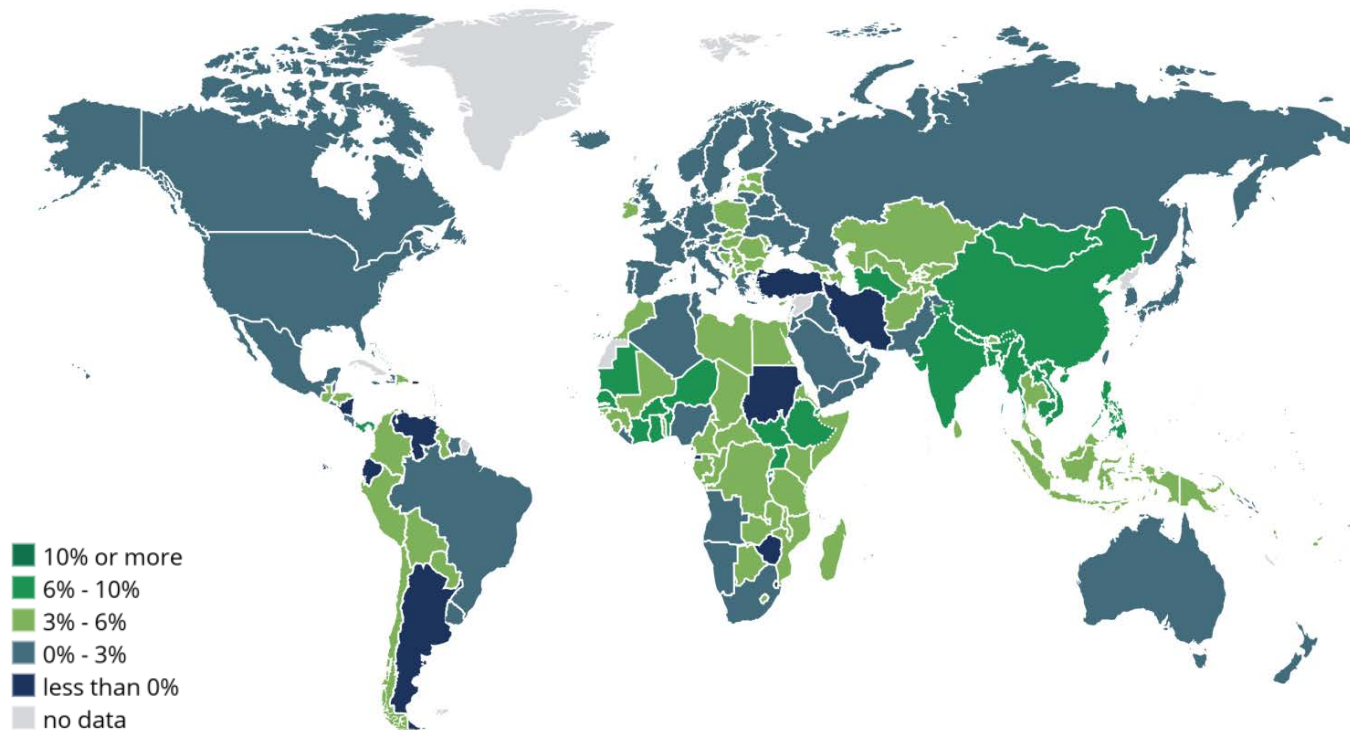
“Beyond the Tipping Point”

Global Economic Growth

Real GDP Growth Around the World

IMF DataMapper

Real GDP growth (Annual percent change, 2019)



©IMF, 2019, Source: World Economic Outlook (April 2019)

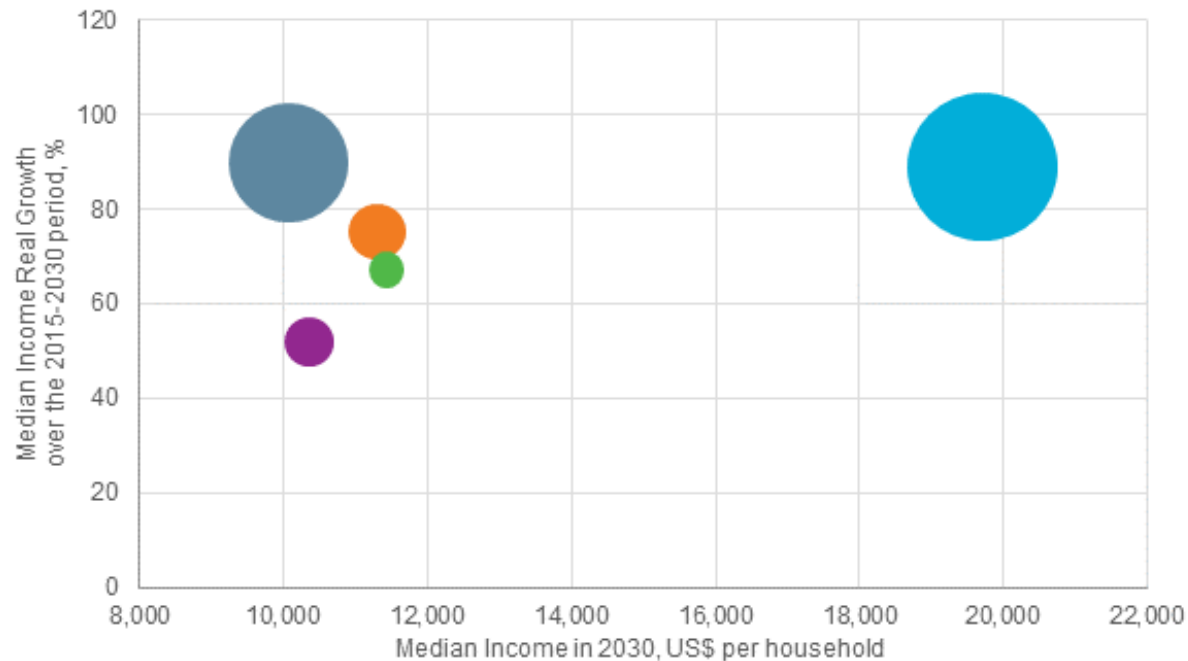
The world's largest economic growth lies outside the U.S.
The challenge for investors is to gain exposure to these valuable
global growth opportunities without taking emerging market risk.



A “Global Tipping Point”

- **“Every second, five people are entering the global middle class”** ¹
- September 2018 signified a **“Global Tipping Point”** — for the first time ever, *over half of the world’s population is now considered middle class or wealthier!* ²
- The growth opportunity emerging from this new middle class majority is enormous because it is the middle class that drives demand in the global economy

Five Emerging Markets with the Best Middle Class Potential: 2015–2030



Source: EuroMonitor International*

● China ● India ● Indonesia ● Nigeria ● Philippines

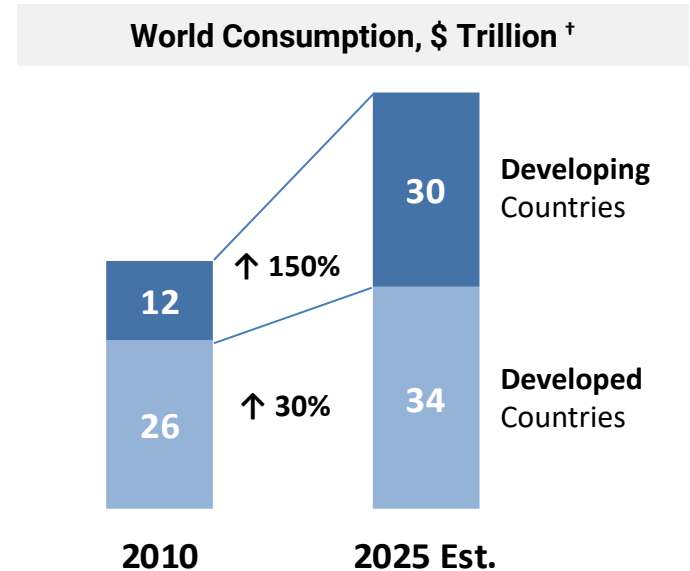


Global Opportunity

The New Global Consuming Class –
Possibly “the Biggest Growth Opportunity in the History of Capitalism” †

By 2025...

- The global consumer class³ is expected to almost double in size to 4.2 billion; annual consumption is expected to rise to \$64 trillion⁴
- Developing countries are expected to account for \$30 trillion of world consumption (approximately three times current U.S. household consumption), up from \$12 trillion in 2010
- Almost 60% of the roughly one billion households with earnings greater than \$20,000/year are expected to live in the developing world



*The growth of the consumer middle class in emerging markets is **an economic force 1,000 times bigger than the Industrial Revolution** or the advent of the baby-boom generation.*



Top 5 Desires of the Global Middle Class with Disposable Income

The rapid emergence and growth of the global middle class has created incredible spending power around the world. The global middle class will have more disposable income available for spending which naturally leads to increased consumption and provides opportunity for investors.

How does the global middle class want to spend their money? †

- 1) Food
- 2) Drinks
- 3) Household Products/Beauty Care/Health Care
- 4) Luxury Goods & Smart Phones
- 5) Travel

The Asian middle class is beginning to adopt premium brands at an accelerating pace, and consumption of premium goods in Asia is becoming a “*demographic sweet spot.*”⁵ For example, by 2025, Chinese consumers will be responsible for 44% of total global luxury sales which is “equivalent to the size in 2016 of the French, Italian, Japanese, U.K., and U.S. markets combined.”⁶



The Biggest Growth Opportunity Turns Digital

- GLP not only benefits from the spending power of the global middle class consumer, *these companies are also leaders in global digital connectivity*—data infrastructure, cloud-based computing, social media, digital payment processing, device innovators and manufacturers, and online shopping.
- Businesses that thrive from advanced telecommunications and connectivity differentiate themselves as not just innovators or adaptors, but as *industry disruptors and leaders that will continuously push to further the economy's digitalization*.
- In addition to the direct digital focus, consumer staples companies will be aided by home delivery. *Leaders in this sector with centralized and robust online shopping capabilities are best equipped to continue consumer purchases and interaction with limited interruption*.
- For companies, adapting to the new post-pandemic normal must include enhanced crisis management, increased remote-working capabilities, improved cybersecurity measures, and better online channels to support both revenue generation and customer interaction. *Incorporating a revitalized digital footprint with business structures will be critical for future growth* and, perhaps more importantly, for the ability to weather future downturns.
- Globalization is not in retreat—*it is evolving into the next phase of global connectivity*.



The Origination of Global Leaders Portfolio (GLP)

Looking back...

We launched the **Global Leaders Portfolio (GLP)** in July 2014 with the stated objective of investing in companies positioned to benefit from what McKinsey & Company called the defining megatrend of our age — *“the biggest growth opportunity in the history of capitalism.”*[†]

The question to consider was — how should GLP best take advantage of this unparalleled historic economic opportunity? There were two distinct strategies:

- 1) Buy an emerging market company domiciled in an emerging market country, or
- 2) Buy a multinational company domiciled in a developed economy that sells its products and services into the emerging markets around the world

For GLP, we decided the better risk/reward approach for investors was to own blue-chip multinational companies in the developed world rather than take on too much risk by owning emerging market companies directly.

Why? Multinational companies domiciled in the developed world have better accounting transparency, robust corporate governance practices, and lower transaction costs while still generating above-average growth that is levered to emerging market economies.



As Expected Returns

Despite significant headwinds caused by the 2016 corporate profit recession which impacted both U.S. and non-U.S. multinationals, the steady and persistent rise in the U.S. Dollar Index, and recent trade war uncertainties, GLP has historically remained consistent, we believe, motored by [individual stock selection](#) and [portfolio management](#).

*Portfolio inception July 1, 2014; Past performance should not and cannot be viewed as an indicator of future performance. Indices are unmanaged, do not reflect fees and expenses, and it is not possible to invest directly in an index. This information is supplemental to the GIPS performance presentation at the end of this document.

As of 8/31/2020	GLP (net of fees)	MSCI ACWI
YTD 2020	16.51%	4.75%
Annualized Returns		
1-Year	27.52%	16.52%
2-Year	16.14%	7.80%
3-Year	15.43%	8.99%
4-Year	16.25%	10.96%
5-Year	13.11%	10.21%
6-Year	11.06%	7.27%
Calendar Year Returns		
2019	34.82%	26.60%
2018	-10.02%	-9.41%
2017	28.87%	23.97%
2016	3.71%	7.86%
2015	-2.72%	-2.36%
Since Inception*		
Cumulative Return	87.74%	53.85%
Compounded Annual Return	10.75%	7.24%



Comparing to Emerging and International Market Indices

While investing directly in emerging and international markets can involve higher risk, investing in established multinational companies with high sales exposure to global consumers is a way to indirectly tap into higher potential growth.

The **Global Leaders Portfolio (GLP)** may benefit investors seeking more growth opportunity.

As of 8/31/2020 <i>(dividends reinvested)</i>	2020 YTD	ANNUALIZED			
		1-Year	3-Year	5-Year	Inception
Global Leaders Portfolio (GLP) <i>(net of fees)</i>	16.51%	27.52%	15.43%	13.11%	10.75%
MSCI ACWI Index (Benchmark)	4.75%	16.52%	8.99%	10.21%	7.24%
MSCI ACWI ex-U.S.A. Index	-3.05%	8.31%	2.63%	5.75%	2.35%
MSCI Emerging Markets Index	0.67%	14.85%	3.18%	9.06%	3.62%

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Looking Forward: *Beyond the Tipping Point*

The opportunity for growth is just beginning...

- Asia in total tallies 53 countries and nearly five billion people, of which only 1.5 billion are Chinese. Greater Asia now accounts for 60% of the world's population and nearly half of the world's gross domestic product (GDP). ⁷
- It is estimated that between 2015-2030, middle class consumption will reach \$30 trillion with only \$1 trillion attributed to developed countries of the western world. ⁷
- By 2030, only 4% of the world's middle class is expected to be from the U.S., and U.S. consumers are projected to account for just 8% of middle class consumer spending. In contrast, Asia's middle class is predicted to be 66% of the world's total and to contribute to 59% of middle class purchases worldwide. ⁸
- At this moment, over 95% of the world's population lives outside the U.S. ⁹

...Global Investing is Alive and Well

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Global Leaders Portfolio



Understanding how the global landscape is changing and where the future opportunities reside are the keys to pursuing investment success.

“The Biggest Growth Opportunity in the History of Capitalism” †

Portfolio Management Team



Robert G. Hagstrom, CFA
*Chief Investment Officer
Senior Portfolio Manager*

Robert is Chief Investment Officer and Senior Portfolio Manager at EquityCompass. He joined EquityCompass in April 2014 and launched the Global Leaders Portfolio in July 2014. Robert was appointed Chief Investment Officer in March 2019. Robert has more than 30 years of investment experience. Previously, he was Portfolio Manager of the Growth Equity Strategy at Legg Mason Capital Management for 14 years where he managed \$7 billion assets. Robert is the author of nine investment books including the New York Times best seller, *The Warren Buffett Way*, widely considered to be the definitive book on the investment approach and strategies of Warren Buffett. Additionally, Robert wrote *The Warren Buffett Portfolio*, a book on concentrated portfolio management, and *Investing: The Last Liberal Art*, a multidiscipline examination of markets and investing. Robert earned his Bachelor's and Master's of Arts degrees from Villanova University. He is a Chartered Financial Analyst, and a member of the CFA Institute and CFA Society of Philadelphia.



Lauren E. Loughlin
Associate Portfolio Manager

Lauren is an Associate Portfolio Manager at EquityCompass. She joined the team in May 2014 and helps manage the Global Leaders Portfolio. Lauren is involved in all aspects of the portfolio management process, including investment research and analysis, portfolio strategy, stock selection, product marketing, asset and performance measurement, and client communications. Prior to joining EquityCompass, Lauren was a member of the Stifel Institutional Equity Sales group, and she also previously worked at Morgan Stanley as an analyst in equity derivative client service. Lauren graduated magna cum laude with a B.S. in business administration from Washington and Lee University.



About EquityCompass

EquityCompass Investment Management, LLC (“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 \$3.8 billion as of August 31, 2020. EquityCompass is a wholly owned subsidiary of Stifel Financial Corp.



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.

Total assets combines both Assets Under Management and Assets Under Advisement as of August 31, 2020. 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.



Footnotes:

† *Winning the \$30 Trillion Decathlon: Going For Gold In Emerging Markets*, McKinsey & Company, August 2012.

* Source: Euro Monitor International; <https://blog.euromonitor.com/top-5-emerging-markets-with-the-best-middle-class-potential/>

(1) <https://www.brookings.edu/blog/future-development/2017/07/27/a-golden-age-for-business-every-second-five-people-are-entering-the-global-middle-class/>

(2) <https://www.brookings.edu/blog/future-development/2018/09/27/a-global-tipping-point-half-the-world-is-now-middle-class-or-wealthier/>

(3) Consuming class: daily disposable income is \geq \$10; below consuming class, $<$ \$10; incomes adjusted for purchasing-power parity

(4) Estimate based on 2010 private-consumption share of GDP per country and GDP estimates for 2010 and 2025; assumes private consumption's share of GDP will remain constant

(5) https://cworldwide.com/media/PDF/Global_demographics.pdf

(6) <https://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/chinese-luxury-consumers-more-global-more-demanding-still-spending>

(7) Khanna, Parag, *The Future is Asian*, (Simon & Shuster: New York), 2019.

(8) <https://www.kiplinger.com/article/business/T019-C021-S001-middle-class-spenders-will-lead-global-growth.html>

(9) As of January 2020, world population is approximately 7.7 billion people of which approximately 330 million (4.29%) live in the U.S.



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 Investment Management, LLC ("EquityCompass") is a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. For information about Stifel's advisory programs, including fee structures, please contact your Financial Advisor to request a copy of the Stifel's ADV Part 2A or equivalent disclosure brochure. 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. Portfolios based on EquityCompass strategies are available primarily through Stifel, Nicolaus & Company, Incorporated. 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. The Global Leaders Portfolio is available through Stifel's Opportunity Program. The Stifel Opportunity Program is a fee-based program that requires a \$50,000 minimum investment. You should consider all terms and conditions before deciding whether the Stifel Opportunity Program is appropriate for you. Gross-of-fees returns are not reduced by any fees, expenses, or transaction costs (i.e. Pure Gross). Net-of-fees returns are presented after the deduction of the manager fee of 0.50% until 6/30/18 and 0.35% starting 7/1/18. There will be additional wrap sponsor fees, including trading expenses and management fees, which will vary by wrap sponsor. These additional fees will lower overall net performance. Please consult the wrap sponsor ADV Part 2A for additional fee information.

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Strategy Specific Risks: Any investment involves risk, including the risk of a loss of principal. Rebalancing may have tax consequences, which should be discussed with your tax advisor. 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. ADRs are subject to foreign securities risks, including currency risks and political risks. It should not be assumed that any of the holdings included in the holding report listed in these materials were or will prove to be profitable, or that recommendation or decisions that the firm makes in the future will be profitable or will equal the investment performance or the dividend yield rates of the securities discussed herein. Changes in market conditions or a company's financial condition may impact the company's ability to continue to pay dividends. Companies may also choose to discontinue dividend payments. The specific securities identified and described herein do not represent all of the securities purchased, sold, or recommended to advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of all recommendations made by the firm is available upon request.

Index Description(s): The MSCI All Country World Index captures large and mid cap representation across 23 Developed Markets and 21 Emerging Markets countries. The MSCI All Country World ex-U.S.A. Index captures large and mid cap representation across 22 of 23 Developed Markets (DM) countries (excluding the US) and 26 Emerging Markets (EM) countries. With 2,206 constituents, the index covers approximately 85% of the global equity opportunity set outside the U.S. The index returns are presented on a total return basis, which assume reinvestment of all cash distributions (such as dividends). With 2,434 constituents, the index covers approximately 85% of the global investable equity opportunity set. 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 MSCI Emerging Markets Index designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index that consists of indices in 21 emerging economies.

General Disclaimer on Performance Information: All performance results presented are done solely for educational and illustrative purposes and are not intended for trading, or to be considered investment advice. No representation is made that any Strategy, model, or model mix will achieve results similar to those shown in these materials. The information provided should not be considered a recommendation to purchase, sell, or hold a particular security. There is no assurance, as of the date of this publication, that the securities purchased remain in the portfolio or that securities sold have not been repurchased. The securities purchased do not represent the entire portfolio and in the aggregate, may represent a small percentage of the portfolio. All benchmark returns presented are provided to represent the investment environment existing during the time periods shown. Actual investment performance will vary due to fees and expenses. For comparison purposes, the benchmarks include the reinvestment of income. The benchmarks are unmanaged and unavailable for direct investment. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

Additional Information Available Upon Request

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GLOBAL LEADERS PORTFOLIO (07/01/14-12/31/18)

Year-End	Pure		Benchmark Return	Composite		Number of Portfolios	Internal Dispersion (%)	Portfolios With Bundled Fees (%)	Composite Assets (USD millions)	Strategy Assets (USD millions)**	Firm AUM (USD millions)	Firm AUA (USD millions)**
	Gross-of-Fees Return**	Net-of-Fees Return		3 Yr. Ex Post Std. Dev.	3 Yr. Ex Post Std. Dev.							
2014*	2.4%	1.7%	1.9%	N/A	N/A	167	N/A	100%	\$15	\$23	\$23	\$1,506
2015	-2.2%	-3.8%	-2.4%	N/A	N/A	519	0.1%	100%	\$53	\$65	\$289	\$1,573
2016	4.2%	2.7%	7.9%	N/A	N/A	539	0.1%	100%	\$72	\$76	\$642	\$1,709
2017	29.5%	27.7%	24.0%	10.1%	10.5%	<6	N/A	100%	\$6	\$110	\$149	\$3,158
2018	-9.6%	-10.4%	-9.4%	10.6%	10.6%	13	N/A	100%	\$12	\$137	\$168	\$3,664

* Returns are for the period 07/01/14 through 12/31/14. **Supplemental Information.

EquityCompass Investment Management, LLC (“EquityCompass”) claims compliance with the Global Investment Performance Standards (“GIPS”) and has prepared and presented this report in compliance with the GIPS standards. EquityCompass has been independently examined and verified for the periods 06/01/14-12/31/17. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm’s policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The verification report is available upon request. Verification does not ensure the accuracy of any specific composite presentation. The firm claims compliance with the GIPS for the period 12/31/2017 - 12/31/2018 but is not independently verified.

EquityCompass is registered as an investment adviser with the Securities and Exchange Commission. The firm provides portfolio strategies and investment research to financial intermediaries and institutions in the United States and Europe. EquityCompass, a wholly owned subsidiary of Stifel Financial Corp. (“Stifel”), was organized as an entity in 2007, and has been registered with the SEC since May 5, 2008. Effective January 1, 2019, EquityCompass changed its corporate name from Choice Financial Partners, Inc. d/b/a EquityCompass Strategies to EquityCompass Investment Management, LLC and its organizational structure changed from a corporation to a limited liability company. Please refer to the firm’s ADV Part 2 for additional disclosures regarding the firm and its practices. Assets under advisement (“AUA”), in the form of model portfolios provided to other financial institutions, are excluded from our definition of the firm and are provided as supplemental information. Returns are calculated in U.S. dollars and reflect the reinvestment of dividends and other earnings. Past performance is no guarantee of future results. To obtain a compliant presentation or a list of our composite descriptions and/or policies for valuing portfolios, calculating performance, and preparing compliant presentations, please call (443) 224-1231 or send an e-mail to info@equitycompass.com

In addition to the information presented herein, we would like to make the following disclosures:

(1) Global Leaders is a portfolio of U.S. exchange traded equities that have global revenue exposure that are deemed to be of high quality in terms of their ability to create and sustain long-term competitive advantages and above average return on capital. Stocks are purchased based on a discount to the manager’s perceived intrinsic value and will own roughly 20-40 stocks across multiple economic sectors. The composite includes wrap-fee portfolios where there are bundled fees and the wrap fee sponsor serves as an intermediary between the firm and the end user of the investment services. (2) The benchmark is the MSCI ACWI Index. (3) The composite creation date is Jun. 30, 2014. (4) Strategy Assets include the equity and cash portions of all portfolios managed by the portfolio management team and includes non-wrap, wrap and UMA assets. Portfolios that are excluded from the composite because of significant cash flows or for other reasons are also included in Strategy Assets. Cash flows of 10% or greater of the total portfolio are considered significant. (5) The internal dispersion is measured by the equal-weighted standard deviation across portfolio returns represented within the composite for the period. If there are less than 6 portfolios in the composite for the entire year, the internal dispersion is not statistically meaningful and is presented as N.A. If there are fewer than 36 months of composite returns, the 3-year standard deviation for the composite and the index will not be shown. (6) Pure gross-of-fees returns are presented as supplemental information and may not have been reduced by any fees, expenses, or transaction costs (i.e. Pure Gross). Net-of-fees returns are presented after trading expenses and actual management fees. If the actual trading expenses cannot be identified and segregated from a bundled fee, net-of-fee returns are reduced by the entire bundled fee. Bundled fee schedules are available from individual wrap sponsors and range up to 3.0% depending on the asset size. Wrap program fees include brokerage commissions, investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The fee schedule per annum is 0.35% on up to 1,000,000, 0.32% on 1,000,000-2,500,000 million, 0.28% on 2,500,000-5,000,000, 0.25% on 5,000,000-10,000,000, and negotiable over 10,000,000.



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