

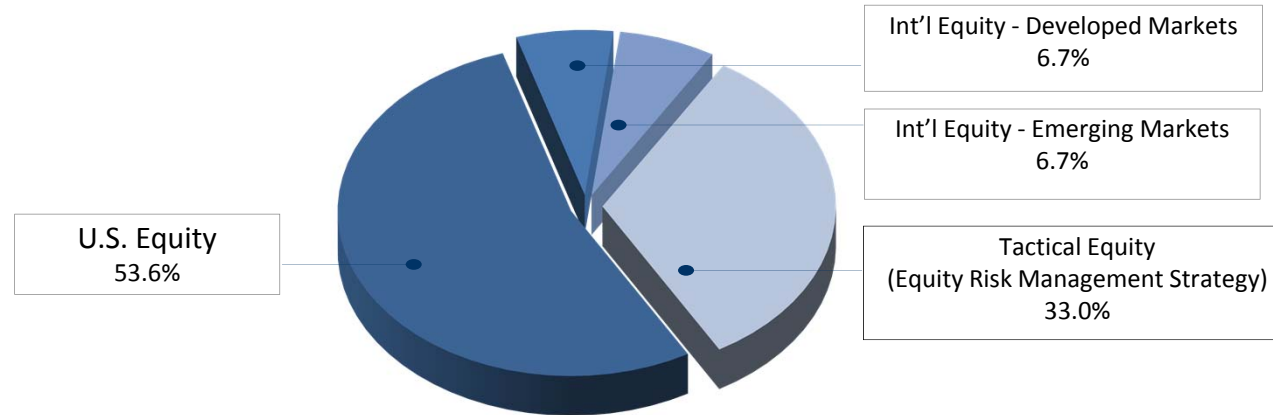
EquityCompass

Tactical Core Equity Portfolio Strategy

Global core equity portfolio strategy that seeks to outperform equity markets while minimizing volatility

Tactical Core Equity (TCE) Strategy

- ◆ Global core equity portfolio strategy from the Tactical Core portfolio family
- ◆ Emphasizes volatility control, excess return potential, and diversification
- ◆ Can be the core of an investor's total equity portfolio



Tactical Core Portfolio Family

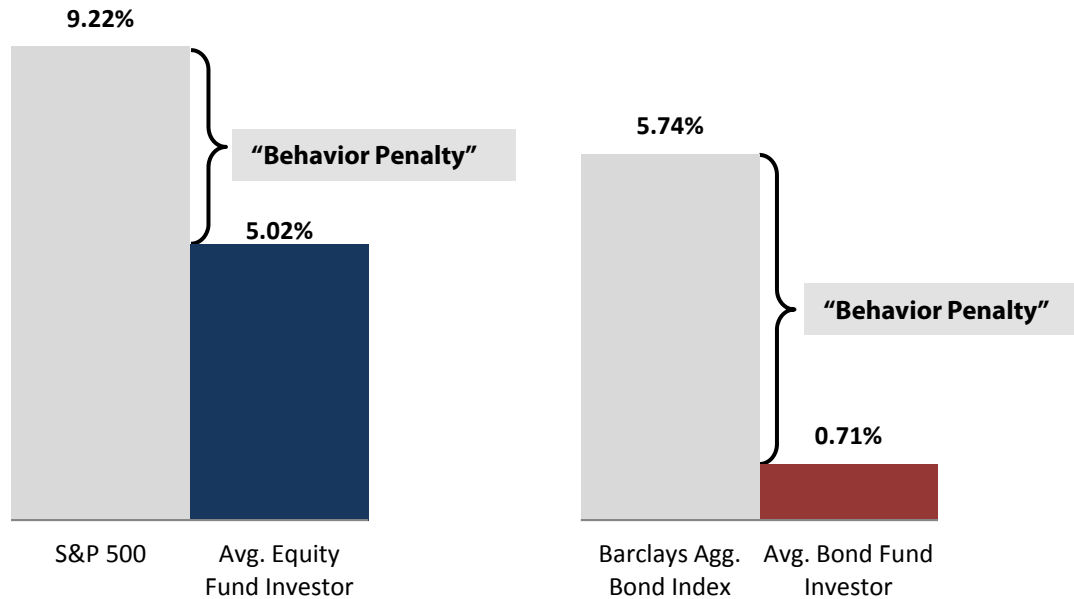
<p>Tactical Total Core (TTCP)</p> <p>Inception: June 2009</p>	<p>Stock and bond portfolio that seeks to reliably capture market returns while minimizing volatility</p>
<p>Tactical Total Core – Municipal (MTTCP)</p> <p>Inception: December 2009</p>	<p>Stock and municipal bond portfolio that seeks to reliably capture market returns while minimizing volatility</p>
<p>Tactical Core Equity (TCE)</p> <p>Inception: May 2011</p>	<ul style="list-style-type: none"> ◆ All-equity portfolio that seeks to achieve returns in excess of the stock market return while minimizing volatility ◆ Equity portion of TTCP and MTTCP

The Challenge of Capturing Market Returns

Why do most investors fail to match market returns?

Investors' Behavioral Issues Can Impact Returns Drastically⁽¹⁾

Dec 31, 1993 – Dec 31, 2013



- ◆ The average investor has continuously underperformed the average stock mutual fund
- ◆ The size of the penalty is not due to cost, but rather, inopportune buying and selling (i.e., being too optimistic at market tops and too bearish at market bottoms)
- ◆ Volatile financial markets and the forces of human nature are not well suited for dispassionate decision-making

We believe that the key to capturing market returns is to reduce the volatility that can often lead to poor behavioral decision-making

(1) Source: Quantitative Analysis of Investor Behavior by Dalbar, Inc. published in April 2014. Past performance is not a guarantee of future results.

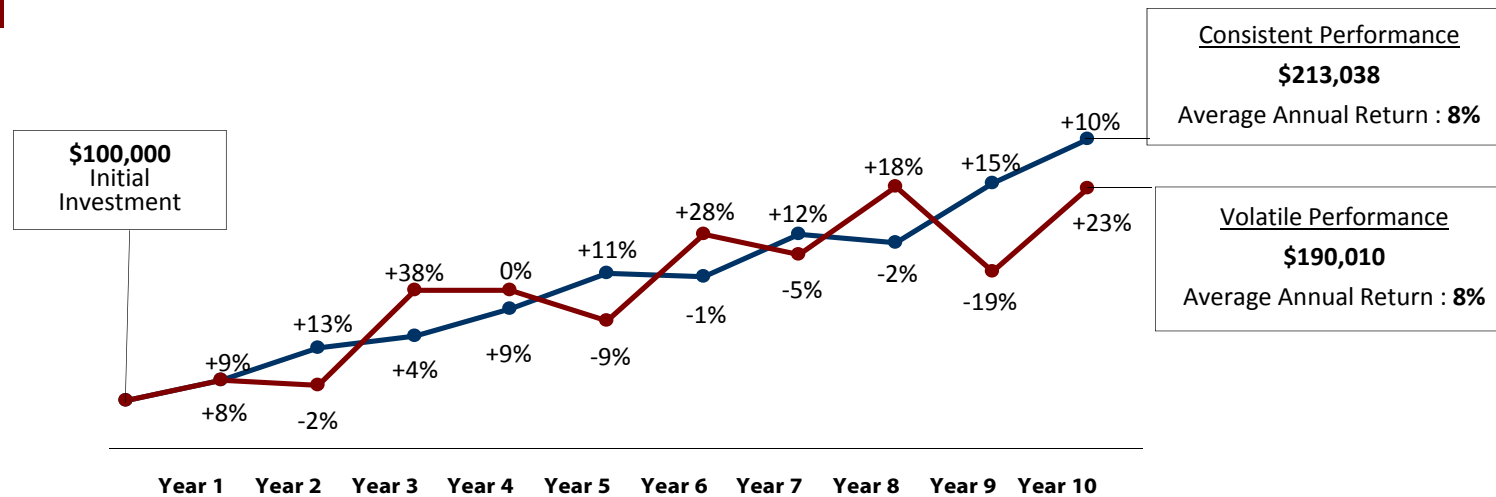
Lower Volatility Can Reduce the Emotional Risk of Investing

Can Help Keep Investors on Track For Pursuing Financial Objectives

Lower Volatility Portfolio Can Potentially Achieve Higher Compounded Returns and Protect Distribution Strategies

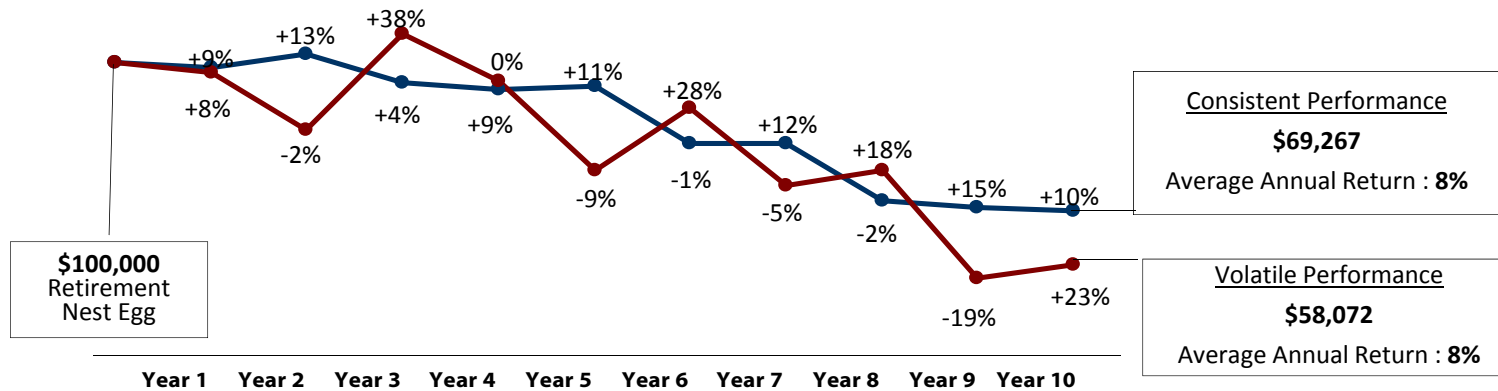
Hypothetical example for illustrative purposes only and does not reflect the performance of any specific investment. The below rates of return are only examples and there is no guarantee that a consistent rate of return can be achieved. Years 1-10 in the charts do not correspond to any particular time period, nor do the returns contemplate any specific market environment or the effect that advisory fees or other expenses would have on rates of return.

Accumulation Phase



Distribution Phase

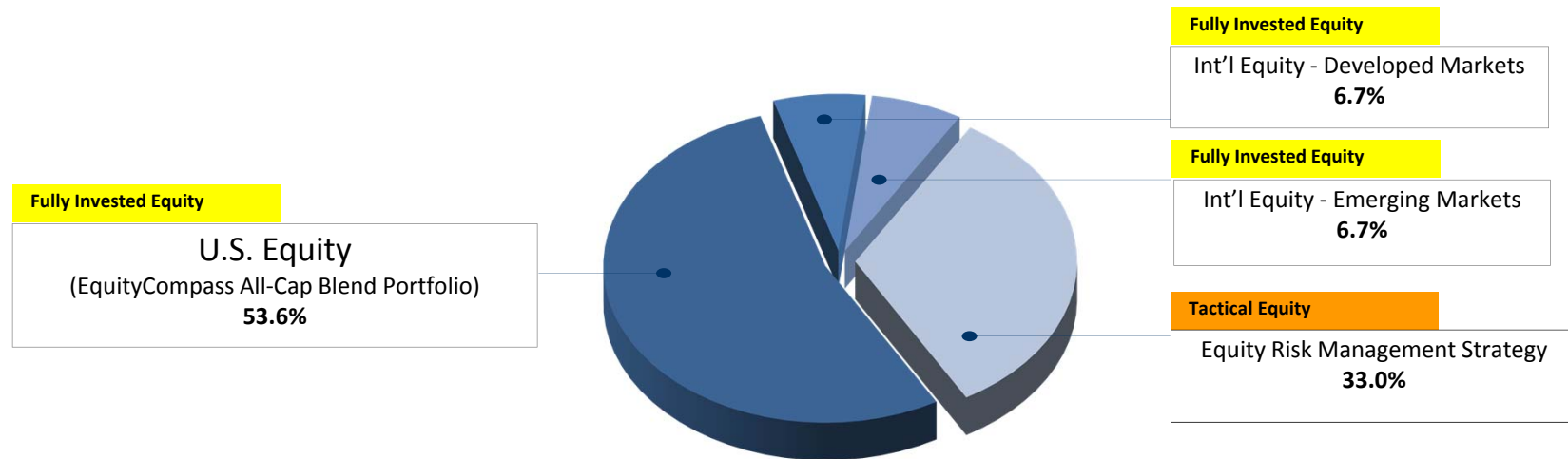
Assumed Annual Distribution : \$10,000



Please see important disclosures regarding performance on page 9.

Source: EquityCompass Strategies

Tactical Core Equity Strategy



Highlights

- ◆ Volatility Control
 - ◆ Incorporates the Equity Risk Management Strategy, an innovative risk management approach that seeks to provide downside protection and volatility control without curtailing the upside
- ◆ Excess Return Potential
 - ◆ Actively managed U.S. equity component seeks to generate higher risk-adjusted returns by leveraging our expertise in security selection and portfolio management
- ◆ Enhanced Diversification
 - ◆ TCE is diversified with active and passive investment approaches, domestic and international stocks, various investment styles (growth/value), and market-capitalization segments (large/mid/small)
- ◆ Objective and Consistent Investment Process
 - ◆ Our research-based, rules-driven investment process implemented using quantitative models minimizes subjective biases and imposes discipline and consistency to investment decisions

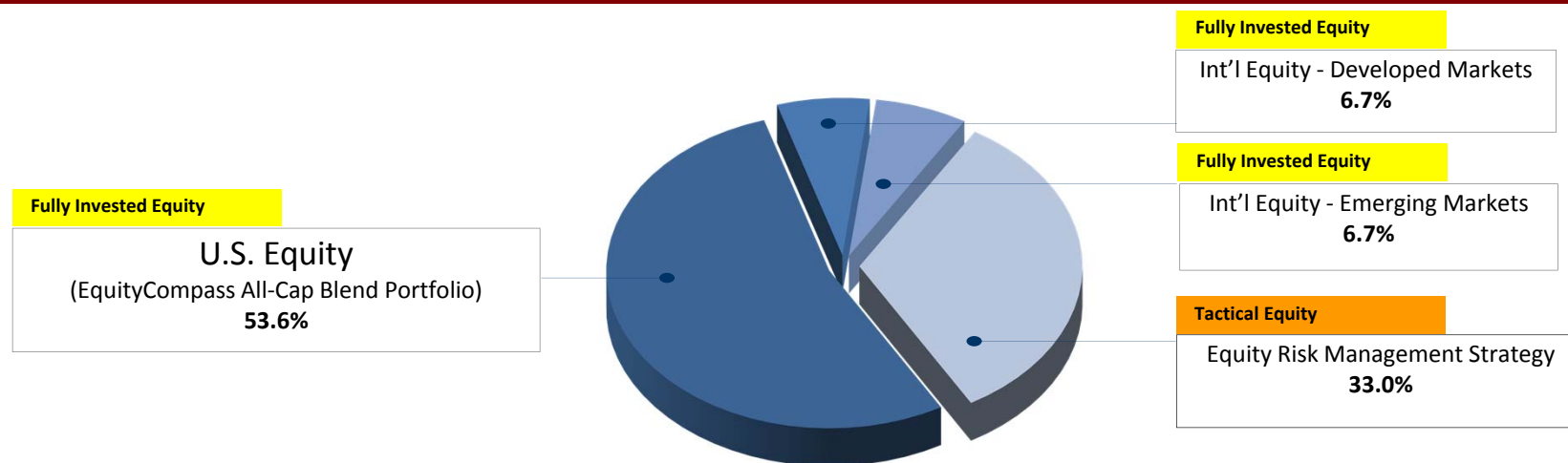
Tactical Equity: Equity Risk Management Strategy (ERMS)

Helps to manage TCE's equity exposure to potentially provide downside protection and volatility control without curtailing the upside

- ◆ Equity Risk Management Strategy analyzes technical and fundamental indicators to determine the current market condition and recommends the appropriate tactical allocation
 - ◆ Tactical allocation would be fully invested in equities when market conditions are favorable
 - ◆ When conditions are deemed unfavorable, tactical allocation is shifted to cash or inverse (short)

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

Fully Invested Equity



- ◆ 20% of the fully invested equity strategies are allocated to international stocks (equally between developed and emerging markets)
 - ◆ In the last five years, emerging markets have tripled the performance of U.S. stocks
 - ◆ However, an 80/20 allocation between U.S. and international stocks provides the best risk-adjusted return for a long-term investor
- ◆ Comprehensive mix of actively and passively managed approaches
 - ◆ TCE uses actively managed EquityCompass All-Cap Blend Portfolio to potentially generate higher risk-adjusted returns by security selection and portfolio management
 - ◆ 50 stock portfolio with equal weighting of stock positions among the ten S&P sectors and providing balanced exposure to investment styles and market capitalizations
 - ◆ Passive approach in the form of Exchange Traded Funds (ETFs) to provide exposure to international markets
- ◆ Ongoing maintenance
 - ◆ Monthly: Review of ERMS and All-Cap Blend constituents and allocations; reconstitution or rebalancing if necessary
 - ◆ Annual: Review of allocations to U.S. and international equity markets; rebalance if necessary

U.S. Equity Component: All-Cap Blend Portfolio

Seeks to generate higher risk-adjusted returns by opportunistic stock selection and active management

Highlights

- ◆ Combines qualitative and quantitative research insights for opportunistic stock selection
 - ◆ EquityCompass quantitative models select underpriced stocks based on fundamental, technical, and behavioral themes that have historically been proven sources of excess returns
 - ◆ Qualitative assessment (consensus fundamental analyst opinion) is used to try to avoid unfavorable stocks
- ◆ Portfolio tactics that seek to maximize risk-adjusted return potential
 - ◆ Invests across styles and market capitalizations in order to exploit the most attractive investment opportunities
 - ◆ Diversified equally among the 10 major economic sectors and holds equal weight positions in 50 stocks
 - ◆ Rebalanced monthly to attempt to optimize exposure to drivers of excess returns
 - ◆ Investment process designed to keep turnover low

Important 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 Strategies is a research and investment advisory unit of Choice Financial Partners, Inc., a wholly owned subsidiary and affiliated SEC registered investment advisor of Stifel Financial Corp. Portfolios based on EquityCompass Strategies are available primarily through Stifel, Nicolaus & Company, Incorporated. 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.

Strategy-Specific Risks: Any investment involves risks, including 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 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.** Rebalancing may have tax consequences, which should be discussed with your tax advisor.

Index Description(s): The S&P 500 Index is a broad market index that tracks the performance of 500 leading stocks from major industries of the U.S. economy. The index is generally considered representative of the U.S. large capitalization market. The index returns are presented on a total return basis, which assume reinvestment of all cash distributions (such as dividends). Generally, looking at an index's total return displays more accurate representation of the index performance. However, index returns do not reflect management fees or transactional costs that would be associated with any account managed using the Strategy. Moreover, the volatility of an index may be materially different from the volatility of accounts managed using this strategy. Indices are unmanaged, and it is not possible to invest directly in the index.

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Additional Information Available Upon Request

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