EquityCompass

CORE RETIREMENT PORTFOLIO

A Goals-Based Investment Approach

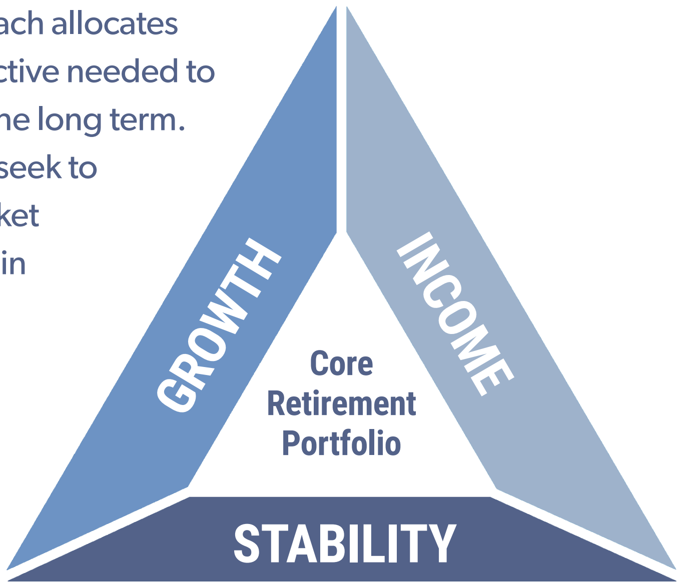
The Challenge of Retirement Income Planning

Many investors spend a great deal of time thinking about investing for retirement—*wealth accumulation*—but do not fully appreciate the challenges of investing in retirement—*the wealth decumulation phase*. These are two different strategies that require two different investment approaches.

Retirees want to enjoy their well-deserved retirement years without being consumed with worry wondering if they will outlive their income. It is important investors not fall into the trap of assuming their retirement savings will last a lifetime. Not only do longevity and unexpected expenses provide challenges, but an unpredictable economy, fluctuating interest rates, and heightened market volatility add complexity to an investor's retirement future.

At EquityCompass, despite obvious market challenges, we believe investors can still achieve a 4% sustainable withdrawal rate lasting 20 to 30 years. But what is required is a different approach to retirement investing.

A Goals-Based Investment Approach



The goals-based investment approach allocates assets to meet the paramount objective needed to address income withdrawals over the long term. In goals-based investing, investors seek to take advantage of the financial market returns in order to build and maintain wealth for future income needs.

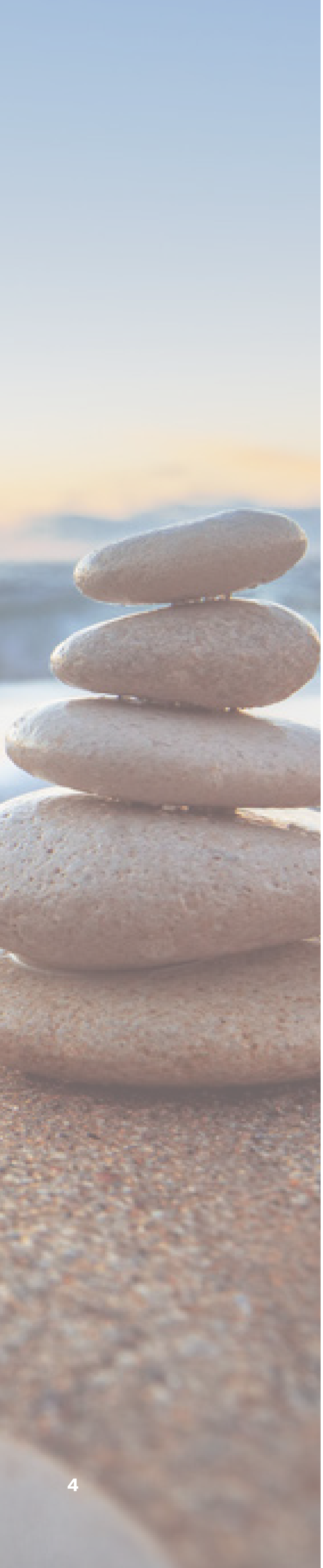
Goals-based investing differs from standard portfolio management applied during the wealth accumulation period in that success in retirement—*the decumulation phase*—is measured by how well an investor is able to meet their long-term financial goals not by how well their investments perform against the market averages over the short term.

The EquityCompass **Core Retirement Portfolio** seeks to address the essential financial needs for investors who are in their retirement years by employing three distinct objectives:

Growth – Investing in growth companies provides the opportunity for capital appreciation to fund future withdrawals

Income – Investing in high-quality (defined as companies with investment-grade debt ratings), high dividend-paying stocks helps fund current withdrawals

Stability – Investing in fixed income securities to seek capital preservation and supplemental income, while employing a flexible asset allocation framework designed to mitigate market volatility and enhance both income and growth when economic conditions are favorable



Growth to Fund Future Withdrawals

A retiree's equity portfolio should include quality, large cap growth companies that are in a position to compound value by reinvesting cash profits back into their business. This, in turn, would generate more future growth that is essential for the long-term capital appreciation needed to fund income withdrawals over a 30-year period.

To achieve this growth, the Core Retirement Portfolio invests in leading companies that operate in the largest total addressable market—the global market—and that generate above-average earnings growth. We aim to identify and invest in the best secular growth stories around the world—realizing that these growth opportunities can adapt or change over time—in order to provide long-term capital appreciation.

We believe the best risk/reward approach for investors is to own blue chip multinational companies domiciled in developed countries that sell products and services globally and exhibit competitive or secular advantages that are sustainable over the long-term.

Income to Fund Current Withdrawals

High-dividend stock strategies provide a compelling opportunity for investors to pursue cash flow goals while helping to sustain purchasing power during periods of inflation through annual cash dividend increases.

To seek not only preservation of current income but also growth of income, the Core Retirement Portfolio allocates a portion to high dividend-paying stocks to generate the highest possible dividend yield within the constraints of quality, capital preservation, and diversification.

The dividend strategy seeks to meet three goals: (1) provide asset preservation, (2) generate attractive current income, and (3) develop growth in current income.

Stability to Counteract Volatility and Supplement Income

To address longevity risk and stability, the Core Retirement Portfolio allocates a portion to fixed income securities while also employing a flexible asset allocation framework designed to mitigate market volatility and enhance both income and growth when economic conditions are favorable.

An allocation to investment-grade fixed income securities can provide income and lower return volatility. During times of economic weakness, bonds may help to preserve capital and help mitigate the portfolio's overall market risk.

We believe an objective and flexible asset allocation approach provides a solid foundation for retirement investing. Based on a quantitative assessment of economic conditions, the allocation to equities, bonds, and cash can be gradually adjusted to seek to preserve capital, offset market volatility, and supplement growth and income.

Unlike traditional retirement approaches, tactical flexibility can provide the additional equity exposure necessary to support the sustainable withdrawals that may be required over a 30-year retirement. It also provides an active approach to help mitigate risk through the ability to shift to more conservative investments when necessary to help remediate asset erosion during a severe market downturn.

EquityCompass Core Retirement Portfolio

Addressing Three Distinct Needs

1 Growth

TO GENERATE CAPITAL APPRECIATION TO FUND FUTURE WITHDRAWALS

By investing in secularly-advantaged global growth businesses with above-average earnings potential the portfolio seeks to provide capital appreciation that is essential for sustaining a long-term withdrawal strategy.

2 Income

TO FUND CURRENT WITHDRAWALS

Dividend-paying stocks seek to provide attractive current income, income growth, and lower volatility.

3 Stability

TO COUNTERACT VOLATILITY AND SUPPLEMENT INCOME

In addition to maintaining a core fixed income allocation, the portfolio allows flexibility to increase equity exposure when economic conditions are favorable or shift further to bonds or cash when market and economic conditions deteriorate. The primary objective is stability and positive investment returns.

There is no guarantee that any of these objectives will be met.

Key Highlights

1) Seeks to provide a 4% sustainable withdrawal rate, increased by 3% each year thereafter that will last 30 years
2) Targets allocation of 75% equity and 25% fixed income; generally overweights stocks relative to bonds to provide capital appreciation and to supplement the current income available in fixed income securities
3) Employs a flexible asset allocation strategy that allows the portfolio to dynamically shift to more conservative investments when cyclical risks emerge; target portfolio exposure can range from approximately 50%–75% in equities and from approximately 25%–50% in fixed income (including cash); stability and positive investment returns supersede outperforming the stock market

Details

Account minimum: $300,000

Contact your Financial Advisor to learn more

IMPORTANT DISCLOSURES

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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 over $5.3 billion as of January 31, 2025.* 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 January 31, 2025. 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.

Any investment involves risks, including a possible loss of principal. Rebalancing may have tax consequences, which should be discussed with your tax advisor.

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.

Due to their narrow focus, sector-based investments typically exhibit greater volatility and are generally associated with a high degree of risk. 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. High-dividend paying stocks may carry elevated risks and companies may lower or discontinue dividends at any time. Diversification and/or asset allocation does not ensure a profit or protect against loss.

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

Additional Information Available Upon Request. Please contact your Financial Advisor.

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EquityCompass

EquityCompass Investment Management, LLC

One South Street, 16th Floor
Baltimore, Maryland 21202
www.equitycompass.com
(443) 224-1231
email: info@equitycompass.com