Equity Risk Management Strategy

Overview
**Equity Risk Management Strategy**

Tactical allocation strategy that seeks to adjust a portfolio’s equity exposure to potentially provide downside protection and volatility control without curtailing the upside.

Incorporating the Risk Manager involves carving out a portion of an equity portfolio for tactical allocation (could range from one-third to a maximum of 50% of the portfolio).

- The tactically allocated portion helps manage the portfolio’s exposure to equity markets.
- 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).

**Key Benefits**

- Protection from equity market downside risks
- Volatility control
- Maintain the ability to participate in enduring market advances
- Investors’ emotional response to market volatility can lead to ill-timed investment decisions
- Risk Manager seeks to reduce portfolio volatility and provide protection from extended market declines, helping investors to stay invested during periods of market turbulence.

*Model changes prior to May 2009 are based on the retroactive application of a rules set to data that was available at that time. There are inherent limitations with the use of back-tested results, including that the results depicted may not involve market risk. No implication should be drawn that these results are indicative of EquityCompass’ skills, or that similar investment results have occurred or will occur in the future. Please review the important complete disclosures at the end of this presentation.*
Equity Risk Management Strategy analyzes technical and fundamental indicators to determine the current market condition and recommends the appropriate tactical allocation.

### Status of Technical and Fundamental Indicators

<table>
<thead>
<tr>
<th>Status of Technical and Fundamental Indicators</th>
<th>Market Condition Assessment</th>
<th>Risk Manager Action</th>
<th>Portfolio Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings expectations (fundamentals) rising</td>
<td>Favorable</td>
<td>Fully Invested</td>
<td>Tactical Equity Allocation: Equities</td>
</tr>
<tr>
<td>Technical conditions positive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Either fundamental OR technical conditions are negative</td>
<td>Caution</td>
<td>Reduce Equity Exposure</td>
<td>Tactical Equity Allocation: Cash</td>
</tr>
<tr>
<td>Both Fundamental AND technical conditions are negative</td>
<td>Unfavorable</td>
<td>Hedge Equity Exposure</td>
<td>Tactical Equity Allocation: Short (Inverse) Equities</td>
</tr>
</tbody>
</table>

For additional details on the Equity Risk Management Strategy, please refer to the EquityCompass white paper available from your Stifel Nicolaus Financial Advisor.
Equity Risk Management Strategy - See it Work

Risk Manager\(^{(1)}\) Tactical Allocation History

Dec 31, 2007 - Sept. 30, 2013 | Tactical allocation altered 20 times

| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 |
| 100% Long | 100% Cash | 90% Short + 10% Cash | 100% Cash | 90% Short + 10% Cash | 40% Cash + 60% Long | 90% Short + 10% Cash | 100% Cash | 100% Cash | 100% Cash | 90% Short + 10% Cash | 100% Cash | 100% Cash | 90% Short + 10% Cash | 40% Cash + 60% Long | 100% Long | 95% Long + 5% Cash | 100% Long | 100% Cash | 100% Long |

Impact of Tactical Allocation Changes on Performance*

Growth of $10,000 | Dec 31, 2007 - Sept. 30, 2013 | Risk Manager results are simulated and net of annual fees of 1.9% | Monthly data | Includes Dividends | Source: EquityCompass, Bloomberg

- Tactical allocation changes helped reduce the impact of the bear market declines of 2008 thus benefiting the Risk Manager
- A hypothetical investment in the Risk Manager outperformed the S&P 500 by 25% since Jan. 2008

For illustrative purposes only. Past performance should not and cannot be viewed as an indicator of future performance. Please see important disclosures regarding performance on page 8.

\(^{(1)}\) Equity Risk Manager is an investment that follows the Equity Risk Management Strategy by being invested in the S&P 500 when market conditions are deemed favorable, in cash when market conditions call for caution, and short (inverse) the S&P 500 when conditions are unfavorable.

* Prior to May 2009, the simulated results presented do not represent the results of actual trading of client assets, but were achieved by means of the retroactive application of a rule set to data that was available in a prior period. There are inherent limitations with the use of back-tested results, including that the results depicted may not involve market risk. No implication should be drawn that these results are indicative of EquityCompass’ skills, or that similar investment results have occurred or will occur in the future. Please review the important complete disclosures at the end of this presentation.
Equity Risk Management Strategy Performance

Cumulative Returns*

Dec 31, 1999 - Sept. 30, 2013 | Simulated results of Risk Manager net of annual fees of 1.9% | Monthly data | Includes Dividends

<table>
<thead>
<tr>
<th></th>
<th>Equity Risk Manager</th>
<th>50% S&amp;P 500+ 50% Risk Manager</th>
<th>S&amp;P 500</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Return</td>
<td>123.3%</td>
<td>95.8%</td>
<td>48.4%</td>
</tr>
</tbody>
</table>

Calendar Year Returns*

Dec 31, 1999 - Sept. 30, 2013 | Simulated results of Risk Manager net of annual fees of 1.9% | Monthly data | Includes Dividends

<table>
<thead>
<tr>
<th></th>
<th>S&amp;P 500</th>
<th>Equity Risk Manager</th>
<th>50% S&amp;P 500 + 50% Risk Manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative Return</td>
<td>48.4%</td>
<td>125.3%</td>
<td>95.8%</td>
</tr>
<tr>
<td>Annualized Return</td>
<td>2.9%</td>
<td>6.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>15.7%</td>
<td>12.7%</td>
<td>10.5%</td>
</tr>
<tr>
<td>Sharpe Ratio</td>
<td>0.10</td>
<td>0.37</td>
<td>0.34</td>
</tr>
</tbody>
</table>

(1) 50% S&P 500 and 50% Risk Manager
For illustrative purposes only. Past performance should not and cannot be viewed as an indicator of future performance. Please see important disclosures regarding performance on page 8.

Source: EquityCompass, Bloomberg

* Prior to May 2009, the simulated results presented do not represent the results of actual trading of client assets, but were achieved by means of the retroactive application of a rule set to data that was available in a prior period. There are inherent limitations with the use of back-tested results, including that the results depicted may not involve market risk. No implication should be drawn that these results are indicative of EquityCompass' skills, or that similar investment results have occurred or will occur in the future. Please review the important complete disclosures at the end of this presentation.
Equity Risk Management Strategy - Key Differentiators

Downside Protection Without Curtailing the Upside
Risk Manager is not a permanent hedge. It seeks to reduce equity exposure only during periods of unfavorable market conditions. When conditions return to being favorable, the strategy reverts to being fully invested in equities.

Enables Investors to Stay Invested During Periods of Market Turbulence
Investors’ emotional response to market volatility can lead to ill-timed investment decisions. Risk Manager seeks to reduce portfolio volatility and provide protection from extended market declines, helping investors to stay invested during periods of market turbulence.

Addresses the Shortfalls of Traditional Risk Management Techniques
Risk Manager provides 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.

Research Based
Strategy incorporates the insights developed by analyzing a decade’s worth of fundamental data and technical data back to 1916 and covering all bear markets since The Great Depression.

Rules-Driven Decision Making
Equity exposure decisions are based on a predetermined rule-set thus minimizing the subjective biases and imposing discipline and consistency to investment decisions.

Easy to Implement
Please contact your Stifel Nicolaus Financial Advisor for information on the investment products and programs that incorporate the Risk Manager.
About EquityCompass Strategies

SERVICES

◆ Investment Advisory:
  ◆ Risk management strategy that seeks to provide investment portfolios with volatility control, protection from equity market downside risks, and the ability to participate in enduring market advances
  ◆ Equity Investment Portfolios available exclusively through Stifel, Nicolaus & Company, Inc. via the Stifel Score Program
  ◆ Please contact your Stifel Financial Advisor for information on the products and programs that utilize the Equity Risk Management Strategy

◆ Investment Research:
  ◆ Investment advice and financial market commentary
  ◆ Tools for stock selection and portfolio management

EXTENSIVE EXPERIENCE

◆ For more than 10 years, EquityCompass professionals have been publishing timely investment advice and financial market commentary as well as providing tools for stock selection and portfolio management

◆ Experienced investment professionals led by Richard Cripps, CIO
  ◆ Former Managing Director of Portfolio Strategy - Stifel
  ◆ Former Chief Market Strategist - Legg Mason Wood Walker, Inc.

DISCIPLINED INVESTMENT PROCESS

◆ Refined over a decade by rigorous testing and by incorporating investor feedback and capital market insights
  ◆ Foundation of the widely used stock-picking and portfolio management advice

◆ Rules-based stock selection minimizes the subjective biases during decision-making

◆ Risk-Managed
  ◆ Fully transparent quantitative models - not a “black box”
  ◆ Extensive quality control to ensure the integrity of third-party data

SUBSIDIARY OF STIFEL FINANCIAL

Research and investment advisory unit of Choice Financial Partners Inc., an affiliated SEC registered investment adviser and a wholly owned subsidiary of Stifel Financial Corp. (NYSE: SF)
For more information on the EquityCompass Equity Risk Management Strategy and how to incorporate it into your portfolio, please contact your Stifel Financial Advisor.

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 adviser of Stifel Financial Corp. Portfolios based on EquityCompass Strategies are available exclusively 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 risk, including the risk of a loss of principal. Some investments involve unique risks, for example, mutual funds and Exchange Traded Funds (“ETFs”) are subject to the risk that the values will fluctuate with the value of the underlying investments. ETFs trade like stocks and are subject to market risk, including the potential for loss of principal. The value of ETFs will fluctuate with the value of the underlying securities. Inverse ETFs are considered risky. The use of inverse strategies by a fund increases the risk to the fund and magnifies gains or losses on the investment. You could incur significant losses even if the long-term performance of the underlying index showed a gain. Most inverse ETFs “reset” daily. Due to the effect of compounding, their performance over longer periods of time can differ significantly from the performance (or inverse of the performance) of their underlying index or benchmark during the same period of time. Investors should review the prospectus and consider the ETF’s investment objectives, risks, charges, and expenses carefully before investing. Tactical asset allocations are determined by technical assumptions. The effectiveness of the hedging technique relies on the baseline assumptions that could differ significantly from market returns or expected hedge returns. The risk of loss in trading commodities can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition.

Index Description(s): The simulated results are compared to the S&P 500 Index, a broad market index that tracks the performance of 500 stocks from major industries of the U.S. economy. The index was selected based on its size, as well as the similarity of its style and risk characteristics to the strategies covered in these materials. However, the volatility of the index may be materially different from the volatility of the EquityCompass strategy. Indices are unmanaged, and it is not possible to invest directly in an index.

Simulated Performance: EquityCompass Risk Manager has been available as a Strategy since May 2009 (the “Inception Date”). The performance relating to periods prior to the Inception Date is presented on a simulated basis using the buy/sell signals generated by applying the Strategy to historical data for the such prior periods. Furthermore, performance returns for periods after the Inception Date do not reflect the results of actual trading using client assets because EquityCompass does not actively manage client accounts. In determining the back-tested results included in these materials, EquityCompass personnel used simulated analysis and hypothetical circumstances to estimate how the strategy would have performed. The results obtained from such simulations should not be considered indicative of actual results that would have been obtained by actively managed accounts using this strategy. The returns presented herein have not been verified by an independent third party and, as such, have inherent limitations. As hypothetical performance, the returns were developed with the benefit of hindsight and, therefore, may not reflect the impact that any material market or economic factors may have had on EquityCompass management of the strategy. Alternative simulations, techniques, modeling or assumptions might produce significantly different results and prove to be more appropriate. Actual results of any product managed using this strategy will vary, perhaps materially, from simulated returns presented herein. The results presented assume the reinvestment of dividends and interest, and are presented net of the highest possible fee in the applicable program in which such strategy may be used. The results do not reflect the effect of certain other transactional costs outside of the wrap sponsor’s control which may materially affect actual results. Refer to Stifel, Nicolaus & Company, Incorporated’s Disclosure Brochure for a detailed discussion of program requirements, including applicable fee schedules.

General Disclaimer on Performance Information: All performance results presented are done solely for educational and illustrative purposes and 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. Buy-Sell-Hold and other research rankings utilized by EquityCompass Strategies to determine stock selection are provided by an outside entity that may rely on information created by the Stifel Nicolaus Research Department. PAST PERFORMANCE CANNOT AND SHOULD NOT BE VIEWED AS AN INDICATOR OF FUTURE PERFORMANCE.

Additional Information Available Upon Request

© 2013 EquityCompass Strategies, 501 North Broadway, St. Louis, MO 63102. All rights reserved.