

Data as of December 31, 2011

The Quality Dividend Strategy seeks to provide capital preservation and to generate attractive current income and long-term capital appreciation by efficiently managing a focused and diversified portfolio of high-quality higher-dividend paying stocks

Commentary and Outlook

- There were no changes in the Quality Dividend Strategy in December.
- In 2011, 22 of the 25 stocks in the Strategy raised dividends; the average dividend increase for the Strategy was 7.4%. There were nine changes in the Strategy last year for an annual turnover of 36%. Most of these changes were made in keeping with our objective of increasing potential dividend growth.
- We note that five companies in the Strategy announced dividend increases for 2012, getting the year off to a great start. These five increases averaged 5%. We expect full year increases from the stocks now in the Strategy to range between 5.5% and 6%.
 - 1) Health Care REIT (HCN) announced plans to raise its dividend by 3.6%.
 - 2) AT&T (T) announced a 2.3% annual increase to \$1.76.
 - 3) BCE Inc. (BCE) announced a 4.8% boost to \$2.17 annually.
 - 4) Waste Management (WM) raised its dividend to \$1.42, an increase of 4.4%.
 - 5) Pfizer (PFE), our most recent addition, raised its dividend 10% to \$0.88 on an annual basis.
- At year-end, the Strategy yielded 4.6% and had a Beta of 0.6. The Strategy is definitely skewed toward large-cap stocks with an average market-cap of \$65.5 billion. Average earnings are forecast to grow by 5% in 2012, and the 2012 payout ratio is forecast to be 55.1%.

Current Holdings

For illustrative purposes only and not intended as personalized recommendations.

Symbol	Name	Dividend Yield
CTL	CenturyLink Inc.	7.80%
SNH	Senior Housing Properties Trust	6.77%
AZN	AstraZeneca PLC ADS	5.83%
T	AT&T Inc.	5.82%
TOT	Total S.A. ADS	5.27%
HCN	Health Care REIT Inc.	5.24%
BCE	BCE Inc.	5.16%
VZ	Verizon Communications Inc.	4.99%
LMT	Lockheed Martin Corp.	4.94%
GSK	GlaxoSmithKline PLC ADS	4.83%
AEP	American Electric Power Co. Inc.	4.55%
TE	TECO Energy Inc.	4.49%
PGN	Progress Energy Inc.	4.43%
WM	Waste Management Inc.	4.16%
SO	Southern Co.	4.08%
PFE	Pfizer Inc.	4.07%
PM	Philip Morris International Inc.	3.92%
RDSA	Royal Dutch Shell PLC (ADS CI A)	3.91%
KMB	Kimberly-Clark Corp.	3.81%
DBD	Diebold Inc.	3.72%
CAG	ConAgra Foods Inc.	3.64%
COP	ConocoPhillips	3.62%
HNZ	H.J. Heinz Co.	3.55%
JNJ	Johnson & Johnson	3.48%
ABT	Abbott Laboratories	3.41%
Average		4.62%

Recent Changes

Removed	Added
11/29/2011 BMY	PFE

Key Portfolio Statistics

Represents Weighted Averages

Number of Holdings	25
Market Cap (\$Billion)	\$65.5
Annual Dividend Yield	4.6%
Price / Earnings (12-Month Forward)	12.7
Beta	0.6
Payout Ratio - 2011	55.1%
Moody's Debt Rating	100% Investment Grade
Dividend Growth - 2011	7.8%

Sector Allocation

Health Care	20%
Telecommunication Services	16%
Utilities	16%
Consumer Staples	16%
Energy	12%
Financials	8%
Industrials	8%
Information Technology	4%

Overview

- Seeks to construct a focused portfolio of 25 high-quality, high-yielding stocks that provide the highest possible dividend yield within the constraints of quality, capital preservation and diversification
- Satellite strategy that seeks to provide income-seeking investors a superior alternative to investing in bonds

Highlights

The strategy has three goals

- 1) Provide asset preservation
- 2) Generate current income
- 3) Develop growth in current income

Investment process combines quantitative and qualitative approaches

Invests in stocks based on the following criteria:

- Quantitative model selects portfolio candidates based on quality, momentum, valuation and timeliness criteria
- Portfolio manager provides insights that leverage fundamental research
- Average portfolio yield was 5.07% compared to 2.32% for the S&P 500 and 1.92% for the 10-year Treasuries
- Diversified across industry sectors with a sector maximum of 20%

Portfolio Management Team

Larry C. Baker, Portfolio Manager:

More than 25 years of investment experience

- MD and Security Analyst – Legg Mason
- V.P. and Security Analyst – Dillon, Read & Co.
- V.P. and Security Analyst – E. F. Hutton

Award-Winning Stock Picker

- Three-time member of Institutional Investor's All-American Research Team
- Forbes/StarMine All-Star Analyst
- The Wall Street Journal *Best on the Street*

Education

- B.S. – United States Military Academy
- Masters in Finance – Sloan School of Mgmt., Massachusetts Institute of Technology



Larry C. Baker, V.P.
Portfolio Manager



Michael S. Scherer, V.P.
Assistant Portfolio Manager

EquityCompass Strategies
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www.equitycompass.com

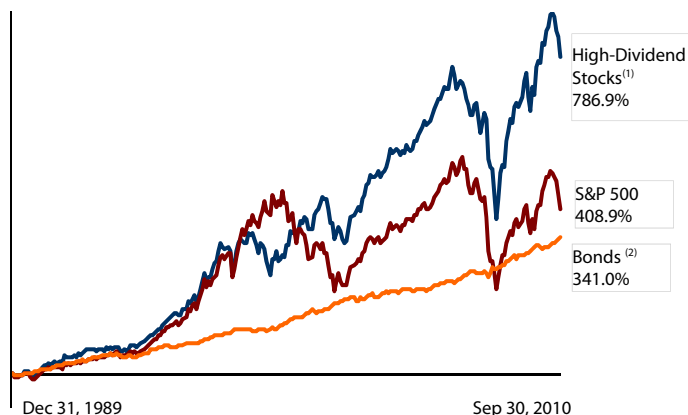
EquityCompass Quality Dividend Strategy

Data as of December 31, 2011



Performance Advantage of High-Dividend Stocks

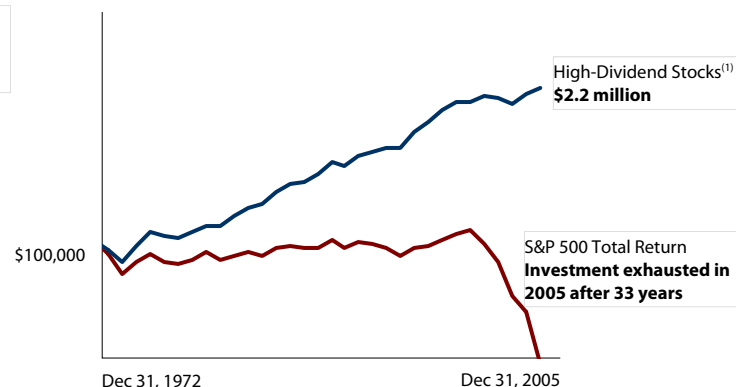
12/31/1989 - 9/30/2010



Source: Bloomberg | Includes Dividends | Monthly Data

Superior Performance of High-Yield Stocks in De-Accumulation

\$100,000 invested on 12/31/72 | Annual withdrawals starting at 4.5% & increasing with inflation



Source: Ned Davis Research | Includes Dividends | Monthly Data

About EquityCompass

EquityCompass Strategies is a research and investment advisory unit of Choice Financial Partners, Inc., an SEC registered investment adviser offering a comprehensive range of investment portfolios and products to institutional and individual investors exclusively through Stifel Nicolaus Financial Advisors.

Subsidiary of Stifel Financial

We are a wholly owned subsidiary and affiliated SEC registered investment adviser of Stifel Financial Corp. (NYSE: SF)

- As a Stifel Financial company, we are able to leverage the resources and global infrastructure of our parent for risk management oversight, trading, record keeping, reporting, and risk control, while still maintaining the autonomy and service of a pure investment firm.

A Rules-Based Approach to Investment Management

We employ a structured and fully-transparent investment process that combines traditional fundamental analysis with sophisticated quantitative modeling.

Extensive Experience

- The EquityCompass investment team has been providing quantitative based strategies for equity portfolios for more than 5 years
- We have been publishing investment research, analysis, and advice for more than 10 years — previously on behalf of Legg Mason and currently on behalf of Stifel Nicolaus
- The investment team is led by Richard Cripps, CIO
 - Former Managing Director of Portfolio Strategy at Stifel Nicolaus and former Chief Market Strategist and Co-Chairman of the investment committee at Legg Mason Wood Walker, Inc.

About Stifel Financial

Founded in 1890, Stifel Financial is one of the leading financial services firms in the U.S. providing full-service brokerage and investment banking services. Stifel Financial is a leading underwriter and advisor for companies and a top provider of trade execution and securities distribution with award-winning research and a suite of asset management strategies.

Stifel was ranked #5 in the Financial Services Industry and #65 overall on Fortune Magazine's *Fastest Growing Companies* list for 2010.

Firm Facts

as of Mar 31, 2011

NYSE Ticker:	SF
Public Company Since:	1983
Equity Market-Cap.:	\$1.5 billion ³
Revenue:	\$1.4 billion ⁴
Client Assets Managed:	\$115.3 billion
Worldwide Offices:	311
Number of Employees:	4916

1 S&P 500 Dividend Aristocrats Total Return

2 Barclays Capital Aggregate Bond Index

3 As of Sep. 07, 2011

4 As of Dec 31, 2010

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