

EquityCompass
Tactical Total Core Strategy

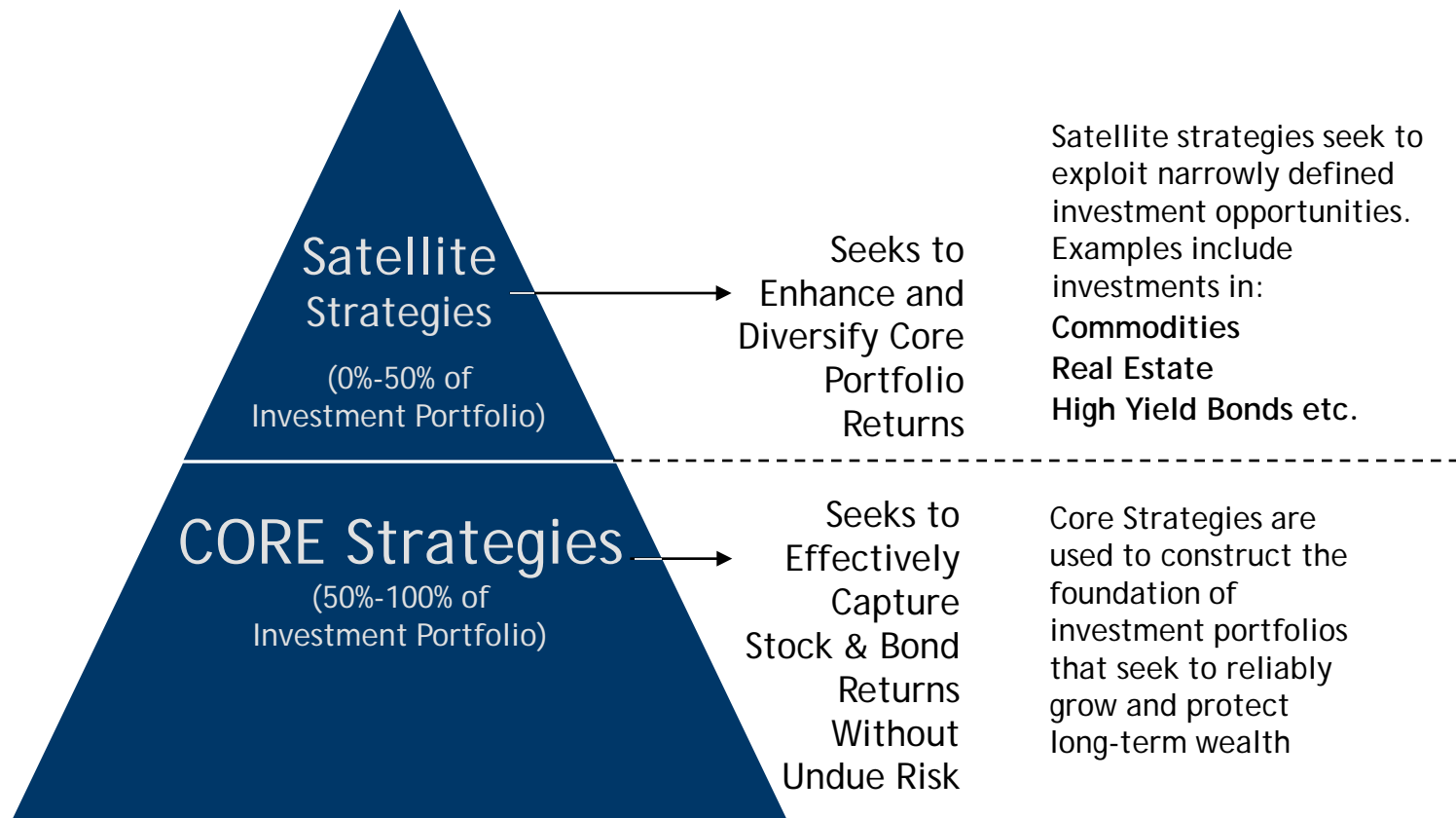
Asset allocation Portfolio Strategy that seeks to effectively capture market returns while minimizing volatility

January 2012

Approved for public distribution

Objective of Tactical Total Core Strategy

- ◆ Asset allocation strategy that seeks to *effectively capture market returns while minimizing volatility*
- ◆ *Can be the solid foundation* of an investor's entire investment portfolio



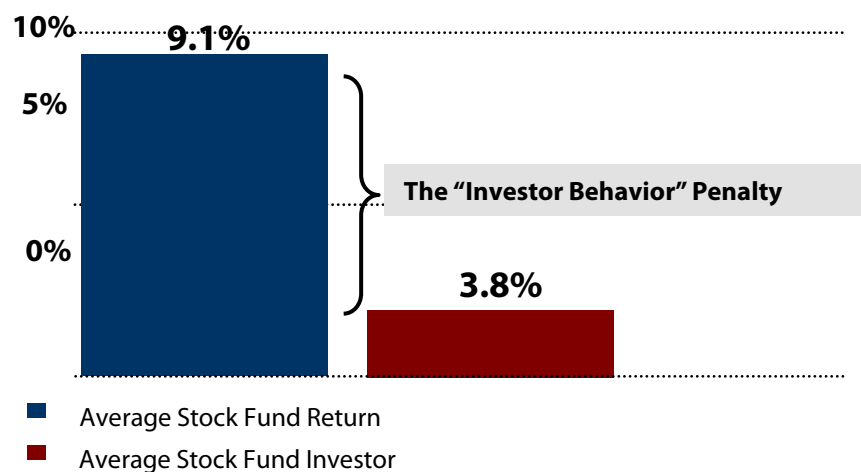
Tactical Total Core (TTC) Strategy adheres to the Core/Satellite Asset Allocation principle and seeks to construct an "All-in-One" Core Portfolio

The Challenge of Capturing Market Returns

Why do most investors fail to match market returns?

Investors' Behavioral Issues can Impact Returns Drastically⁽¹⁾

31 Dec 1990 - 31 Dec 2010



- ◆ 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 March 2011 and Lipper. Dalbar computed the "Average Stock Fund Investor" returns by using industry cash flow reports from the Investment Company Institute. The "Average Stock Fund Return" figures represent the average return for all funds listed in Lipper's U.S. Diversified Equity fund classification model. "The Stock Market" is represented by the S&P 500 Index. Past performance is not a guarantee of future results.

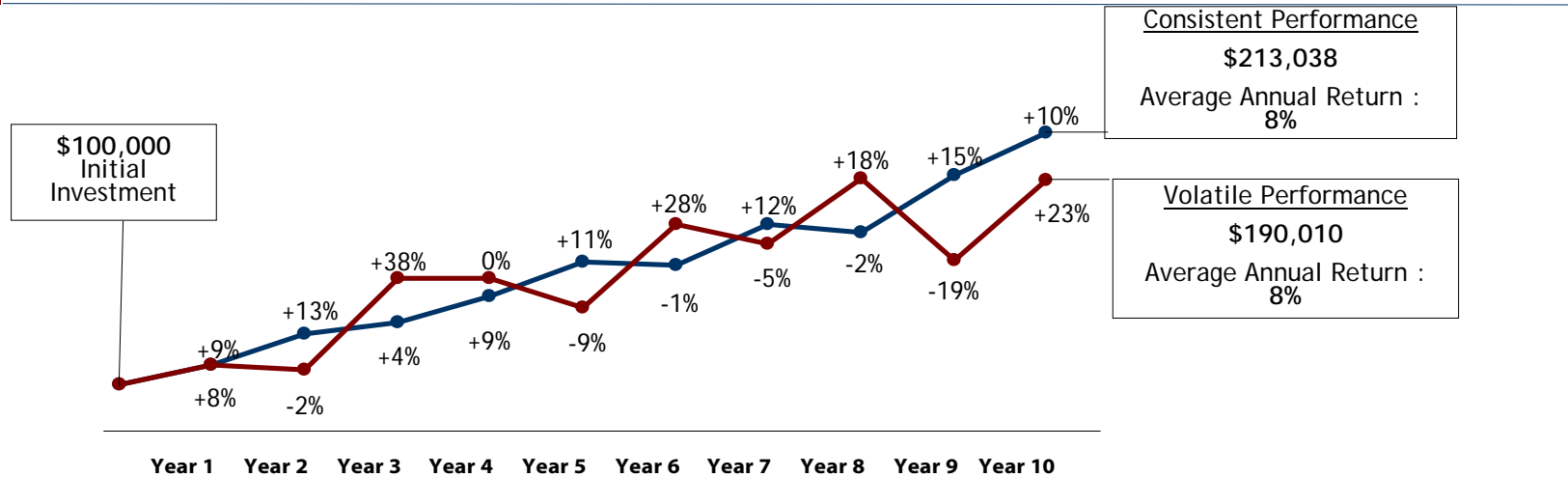
Lower Volatility Can Reduce the Emotional Risk of Investing

Can Keep Investors on Track to Achieving Financial Objectives

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

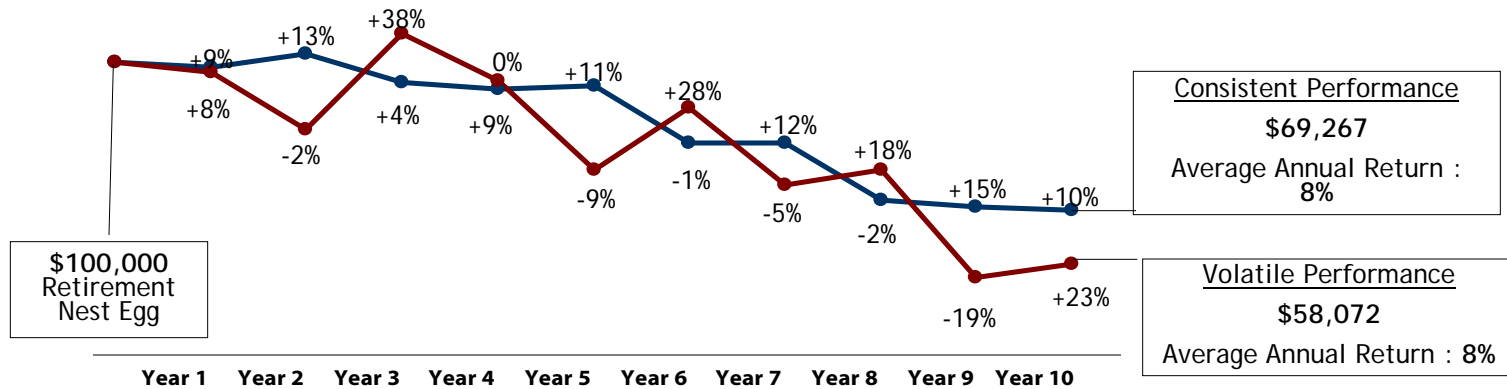
Hypothetical example for illustrative purposes only and does not reflect the performance of any specific investment. There are no guarantees that a consistent rate of return can be achieved.

Accumulation Phase



Distribution Phase

Assumed Annual Distribution : \$10,000



Please see important disclosures regarding performance on page 17.

Source: EquityCompass Strategies

Tactical Total Core Strategy Overview

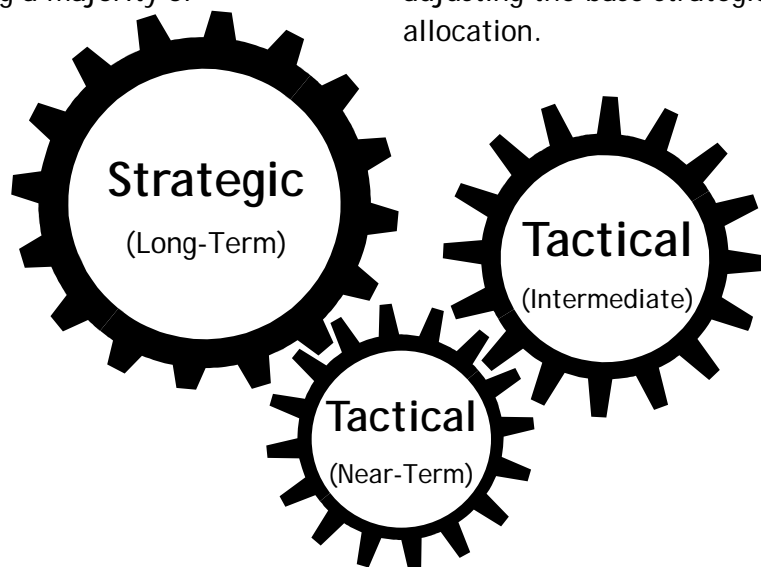
TTC strategy is a synchronized investment approach designed to control portfolio volatility and achieve successful long-term results



- ◆ Determining the long-term stock/bond allocation consistent with the Strategy's stated objective of achieving volatility reduction while still capturing a majority of the gains.

- ◆ Adjusting the base strategic asset allocation to provide flexibility to respond and adapt to intermediate and near-term market conditions by adjusting the base strategic allocation.

- ◆ Specifying the constituents and their mix to construct a core portfolio that seeks to reliably track market performance and provide potential sources of excess return.



Tactical Total Core Investment Process

Unique three-step process designed to build portfolios with flexibility and adaptability to address volatile financial markets and help keep investors on track to achieving financial goals



- ◆ Base allocation of 60% Stocks and 40% Bonds
- ◆ Time horizon of 5 years

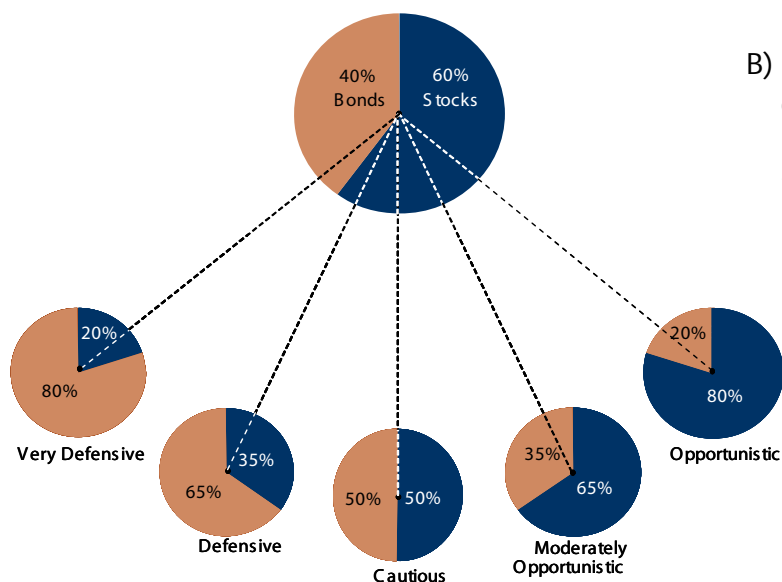
- ◆ Adjusting the base strategic asset allocation to respond to intermediate and near-term market conditions

- A) The annual rebalancing adjusts the stock/bond allocation depending on the current market conditions in relation to historical long-term performance
- B) Equity Risk Management Strategy can dynamically manage an investment portfolio's exposure to the equity markets

- ◆ Specify the optimal mix of active and passive portfolio strategies to construct a core portfolio

- ◆ Passive strategies, usually utilizing Exchange-Traded Funds (ETFs), are used where it can be difficult to add superior risk-adjusted performance to the market return
- ◆ Active strategies are used where a combination of portfolio construction tactics and security selection can provide the potential for risk-adjusted performances superior to the market return

Strategic Allocation



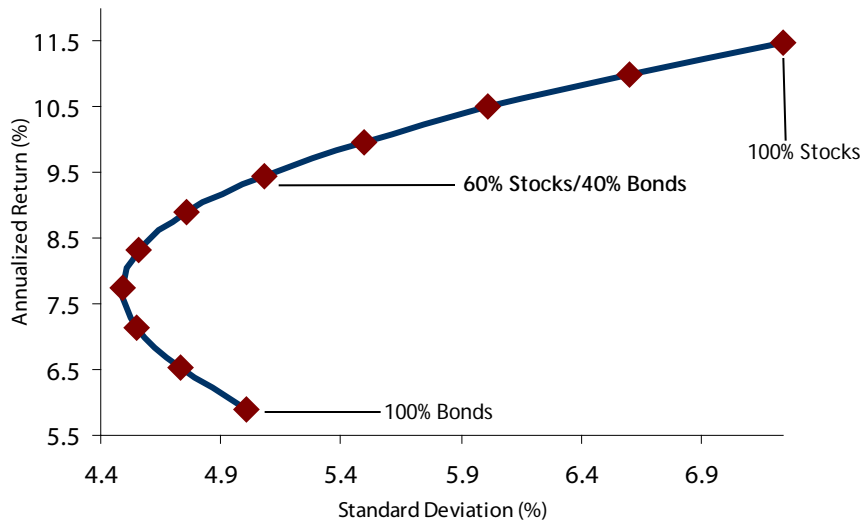
Tactical Allocation Adjustments

The base strategic allocation recommended by TTC Strategy is 60% stocks and 40% bonds

Case for 60/40 Stock/Bond Allocation

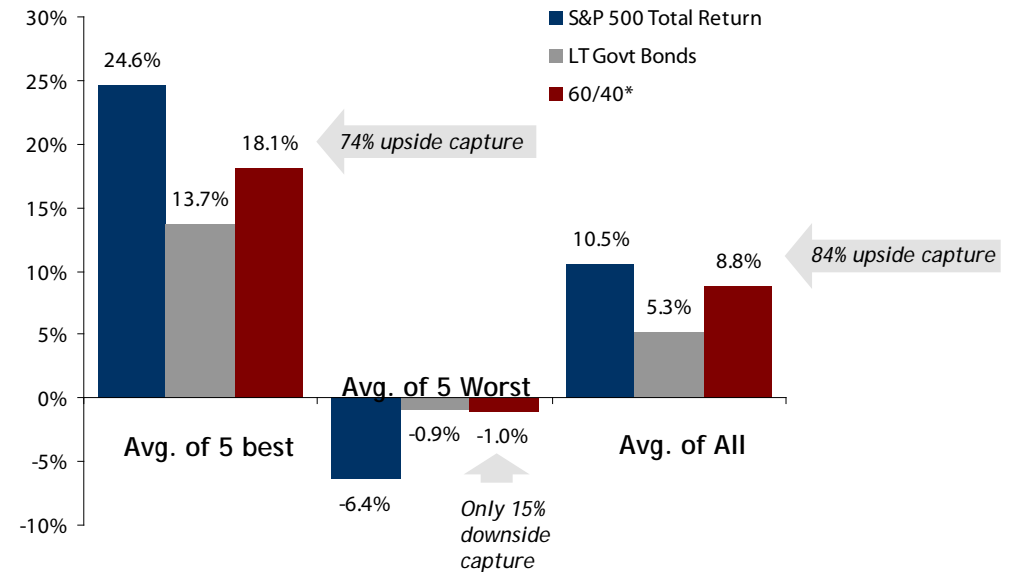
Stock/Bond Allocation - Risk/Reward Comparison

Annualized Rolling 5-year Returns | 31 Jan 1947 - 31 Dec 2010



60/40 Allocation - Historical Performance

Annualized Rolling 5-year Returns | 31 Jan 1929 - 31 Dec 2010



A 60%/40% stock/bond allocation achieved substantial reduction in volatility while capturing 84% of the gains

(* Annually rebalanced)

Stock returns are represented by the S&P 500 total Return Index

Bond total returns are represented by the Ibbotson Long-Term Government Bond Index (1933-1973) and Barclays Government Bond Index (1974-2008)

Dividends included. Past performance should not and cannot be viewed as an indicator of future performance.

Source: Ned Davis Research, EquityCompass Strategies

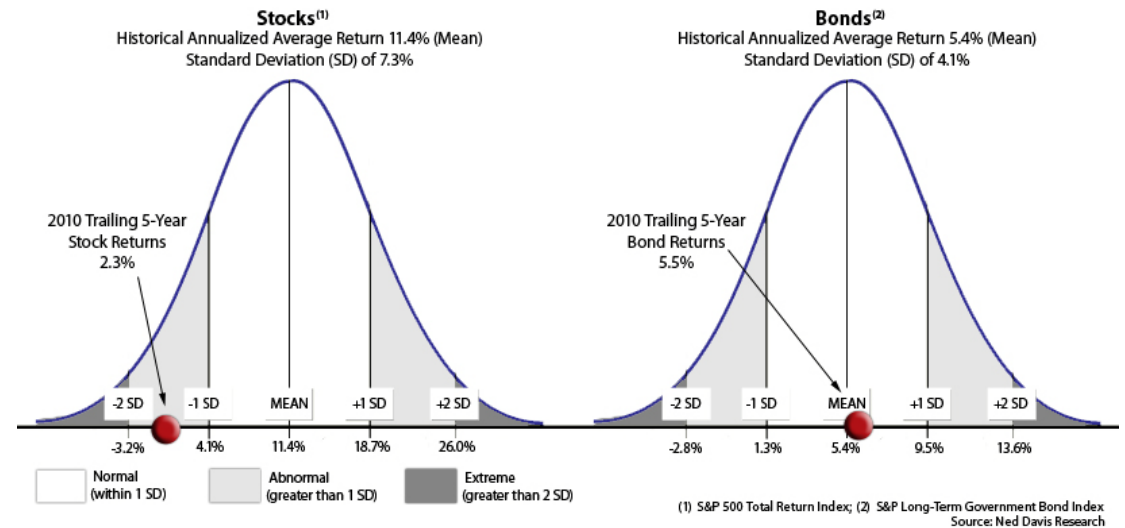
TTC Strategy recommends reviewing the base 60/40 stock/bond allocation annually and adjusting the allocations if the trailing five year returns are abnormally or extremely above or below historical averages

Strategic Rebalancing Decision Matrix

		Stocks				
		Extreme Below (>-2 SD)	Abnormal Below (>-1 SD)	Normal Within (1SD Range)	Abnormal Above (> +1 SD)	Extreme Above (> +2 SD)
Bonds	Extreme Above (>+2 SD)	80 / 20	75 / 25	70 / 30	65 / 35	60 / 40
	Abnormal Above (>+1 SD)	75 / 25	70 / 30	65 / 35	60 / 40	55 / 45
	Normal SD Range (1SD Range)	70 / 30	65 / 35 (2011 Allocation)	60 / 40 (Base Allocation)	55 / 45	50 / 50
	Abnormal Below (>-1 SD)	65 / 35	60 / 40	55 / 45	50 / 50	45 / 55
	Extreme Below (>-2 SD)	60 / 40	55 / 45	50 / 50	45 / 55	40 / 60

TTC Strategy 2009 Stock/Bond Allocation: 65%/35%

Based on 5-Year Annualized Buy & Hold Returns Distribution | 31 Jan 1947 - 31 Dec 2010



The five-year return of stocks by the end of 2010 was **more than one standard deviation below** its historical average

The five-year return of bonds by the end of 2010 was **within the normal deviation range**

Past performance should not and cannot be viewed as an indicator of future performance.
Source: Ned Davis Research, EquityCompass Strategies

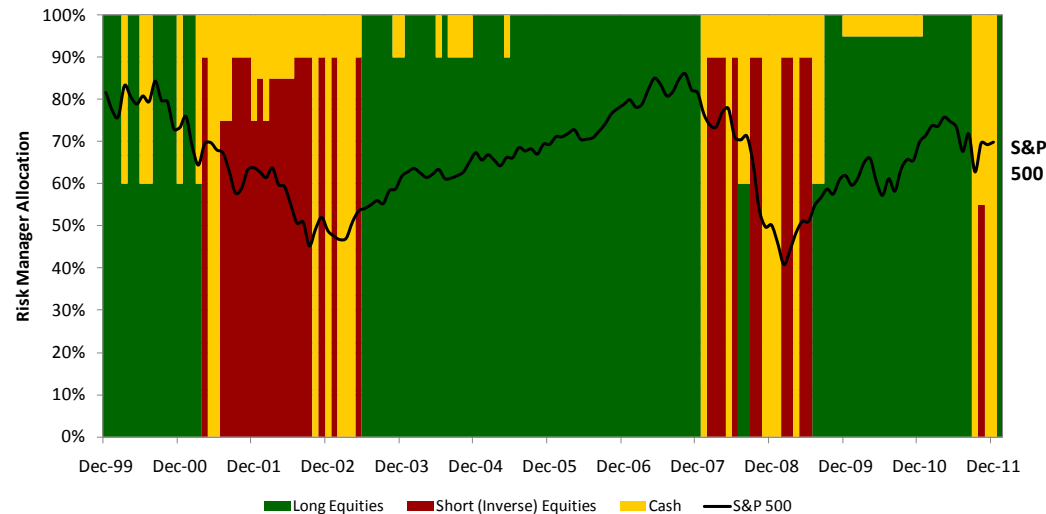
Equity Risk Manager is an innovative tactical strategy from EquityCompass that seeks to adjust stock exposure from near-term factors coinciding with unfavorable equity market performance and restore exposure when the factors are favorable

- ◆ 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)

Market Indicators	Market Condition	Risk Manager Action	TTC Equity Exposure	TTC Allocation
<ul style="list-style-type: none"> ▪ Earnings expectations (fundamentals) rising ▪ Technical conditions positive 	Favorable	Fully Invested	65%	Fully Invested Equity : 43% Fixed Income : 35% Tactical Equity 22% (Equity Risk Manager)
Either fundamental <u>OR</u> technical conditions are negative	Caution	Reduce Equity Exposure	Max : 62% Min : 44%	Tactical Equity: Long S&P 500
Both fundamental <u>AND</u> technical conditions are negative	Unfavorable	Hedge Equity Exposure	Max : 44% Min : 24%	Tactical Equity: Cash Tactical Equity: Short S&P 500

TTC Historical Tactical Allocation*

Dec. 31, 1999 - Dec. 31, 2011



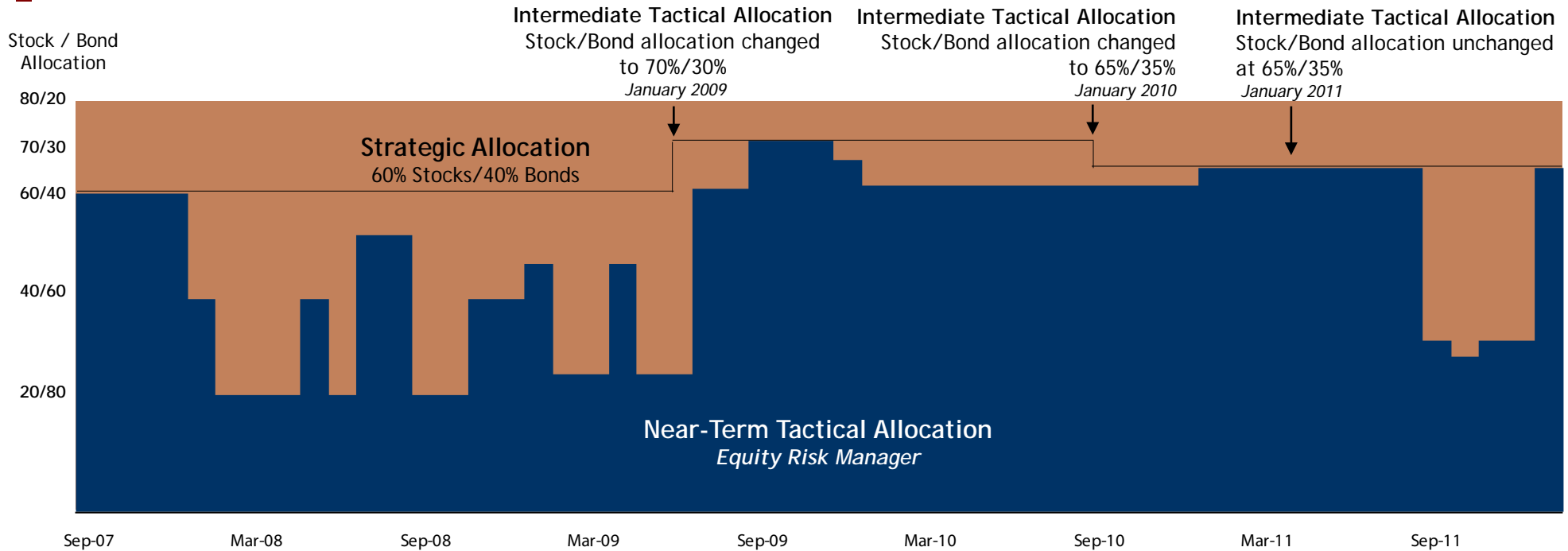
2 Tactical Asset Allocation

Synchronizing Near and Intermediate-Term Tactical Strategies

Investment Process

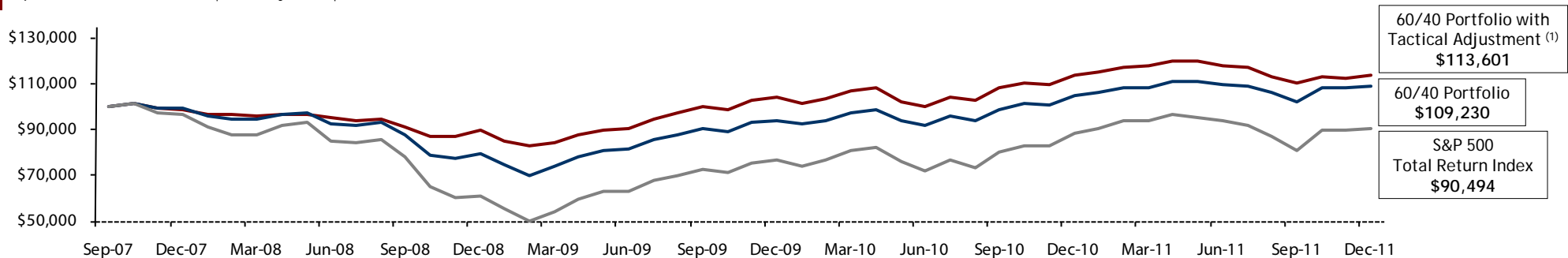
Equity Exposure Changes

Sep 1, 2007 - Dec 31, 2011 | Monthly Data | Includes Dividends



Growth of \$100,000*

Sep 1, 2007 - Dec 31, 2011 | Monthly Data | Includes Dividends

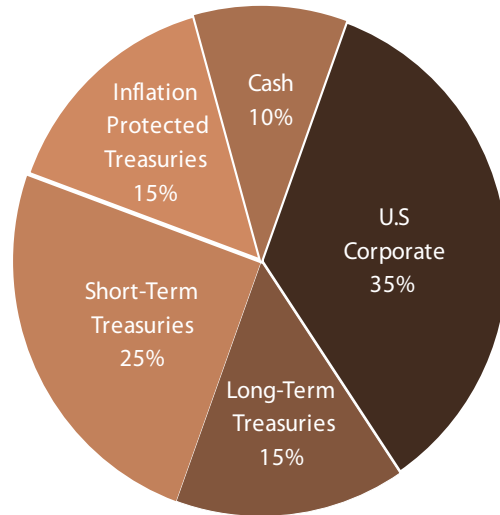


60/40 Portfolio with Tactical Adjustment outperformed the S&P 500 Total Return Index by 25.5% and the 60/40 portfolio by 4.0% during the simulation period

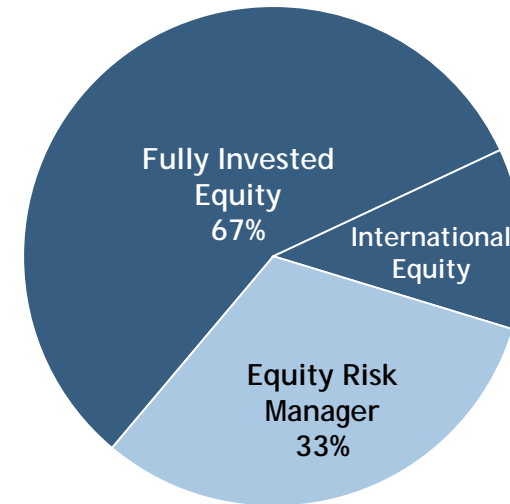
(1) Uses TTC with S&P 500 Total Return Index representing the U.S. equity component (which forms 80% of the overall equity allocation)
Source: EquityCompass using Bloomberg Data

TTC strategy seeks to construct a Core portfolio that is a mix of actively and passively managed investments

Bonds



Stocks



Emphasizes Capital Stability and Credit Quality

- ◆ Seeks to invest, directly or via vehicles like ETFs, in bonds of investment grade or better credit quality
- ◆ Aims to avoid high yield or foreign bonds
- ◆ Average duration of 5.7 years and a weighted average maturity of 10 years
- ◆ 53% of the bond portfolio has maturities of five years or less

Emphasizes Diversification, Volatility Control, and Excess Return Potential

- ◆ Allocation is 67% to fully invested equity strategies and 33% to Equity Risk Manager
- ◆ 20% of the fully invested equity strategies are allocated to international stocks (2/3 developed and 1/3 emerging)
- ◆ The active equity strategies utilize the EquityCompass All-Cap Blend Model Portfolio

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 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 optimize exposure to drivers of excess returns
 - ◆ Investment process designed to keep turnover low

Current Holdings

As of Dec. 31, 2011

Symbol	Company Name	Symbol	Company Name
T	AT&T Inc	INCY	Incyte Corp
AAPL	Apple Inc	IPHS	Innophos Holdings Inc
ACOM	Ancestry.Com Inc	LEG	Leggett & Platt Inc
AEL	American Equity Inv. Life Holding	LPSN	Liveperson Inc
AMT	American Tower Corp Cl A	SHOO	Madden Steven Limited
ARIA	Ariad Pharmaceuticals Inc	MNRO	Monro Muffler Brake Inc
AWK	American Water Works Co. Inc New	NFG	National Fuel Gas Company
BCE	BCE Inc New	NIHD	NII Holdings Inc Cl B New
BEAV	BE Aerospace Inc	NOG	Northern Oil & Gas Inc Nv
CATM	Cardtronics Inc	NUS	Nu Skin Enterprises Inc
CLF	Cliffs Natural Resources Inc	NVE	NV Energy Inc
CMS	CMS Energy Corp	POL	Polyone Corp
CPO	Corn Products International Inc	PCLN	Priceline.Com Inc New
CXO	Concho Resources Inc	QCOR	Questcor Pharmaceutical Inc
EQT	EQT Corp	RGA	Reinsurance Grp. America Inc New
EZPW	Ezcorp Inc Cl A Non-Voting	ROSE	Rosetta Resources Inc
FINL	Finish Line Inc Class A	SIRO	Sirona Dental Systems Inc
GMCR	Green Mountain Coffee Roasters Inc	SCS	Steelcase Inc Cl A
GPOR	Gulfport Energy Corp New	TWI	Titan International Inc
GRA	Grace W R & Company De New	TZOO	Travelzoo Inc
GSM	Globe Specialty Metals Inc	TWO	Two Harbors Investment Corp
HAL	Halliburton Company	URI	United Rentals Inc
HLF	Herbalife Limited	UHS	Universal Health Services Cl B
HRS	Harris Corp Del	VZ	Verizon Communications Inc
HSC	Harsco Corp	WMT	Wal-Mart Stores Inc

Recent Changes

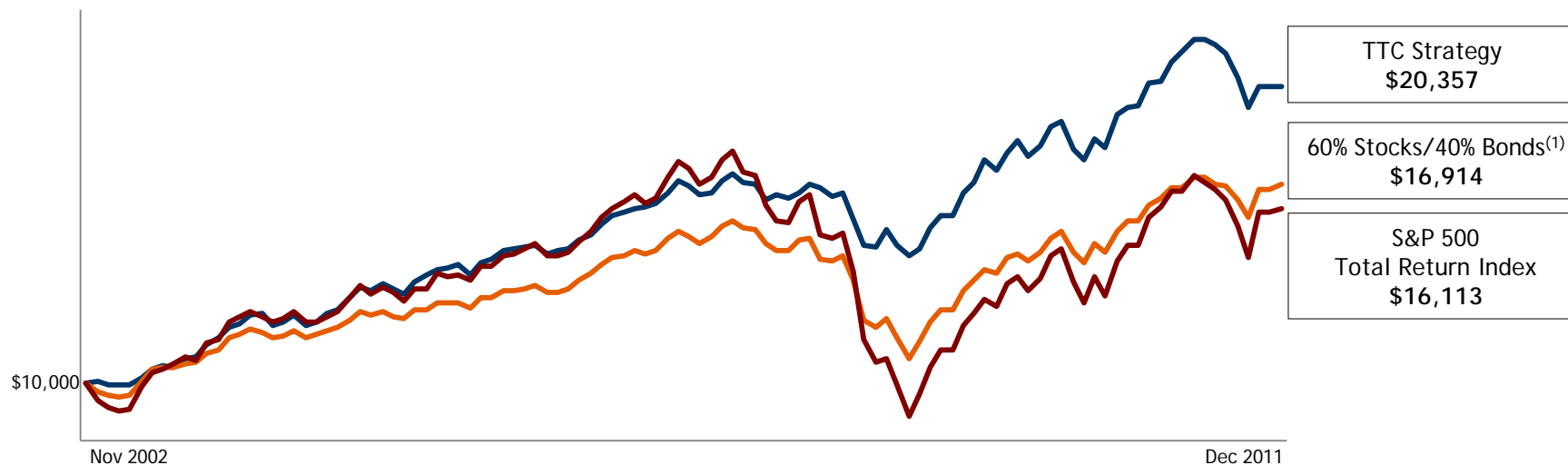
	Removed	Added
10/6/2011	CAR	AMT
	CTL	BEAV
	GBX	CPO
	PCS	T
	WAG	TWI

Holdings are subject to change and not intended as an investment recommendation or a guarantee that specific holdings will be profitable.

TTC Strategy - Performance*

Nov 29, 2002 - Dec 31, 2011 | Simulated results net of annual fees of 1.8% | Monthly data | Includes Dividends | Source: EquityCompass, Bloomberg

Growth of \$10,000



Performance Summary

	Total Returns					Average Annual Total Returns				
	1-Month	3-Month	6-Month	YTD 2011	Inception	1-Year	2-Year	3-Year	5-Year	Inception
Tactical Total Core	0.03%	3.9%	-6.7%	-0.6%	103.6%	-0.6%	5.0%	9.9%	5.0%	8.1%
60/40 Portfolio ⁽¹⁾	1.06%	7.1%	-0.3%	4.4%	69.1%	4.4%	8.0%	11.3%	3.2%	6.0%
S&P 500	1.02%	11.8%	-3.7%	2.1%	61.1%	2.1%	8.4%	14.1%	-0.2%	5.4%

Calendar-year Returns

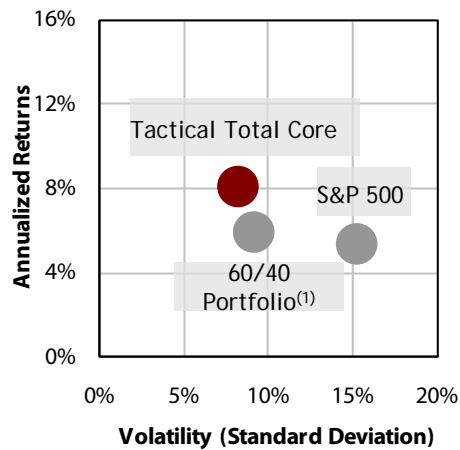
	2003	2004	2005	2006	2007	2008	2009	2010
Tactical Total Core	19.0%	11.4%	7.7%	11.4%	5.8%	-9.2%	20.2%	10.9%
60/40 Portfolio ⁽¹⁾	18.9%	8.3%	3.9%	11.2%	6.1%	-20.1%	18.3%	11.7%
S&P 500	28.7%	10.9%	4.9%	15.8%	5.5%	-37.0%	26.5%	15.1%

(1) Represented by 60% S&P 500 Total Return Index and 40% Barclays Capital Aggregate Bond Index
Source: EquityCompass Strategies, iShares, Bloomberg

TTC Strategy - Superior Risk-Adjusted Returns

Nov 29, 2002 - Dec 31, 2011 | Simulated results net of annual fees of 1.8% | Monthly data | Includes Dividends | Source: EquityCompass, Bloomberg

Historical Risk-Return Simulation



Key Statistics

	TTC	60/40 Portfolio ⁽¹⁾
# of Holdings	56	-
Std Deviation	8.2%	9.1%
Sharpe Ratio	0.9	0.5
Beta	0.5	0.6
Alpha	3.4%	-
Tracking Error	4.4%	-
Information Ratio	0.5	-
Up-Market Capture ⁽²⁾	63.7%	61.5%
Down-Market Capture ⁽²⁾	49.0%	58.0%

(1) Represented by 60% S&P 500 Total Return Index and 40% Barclays Capital Aggregate Bond Index

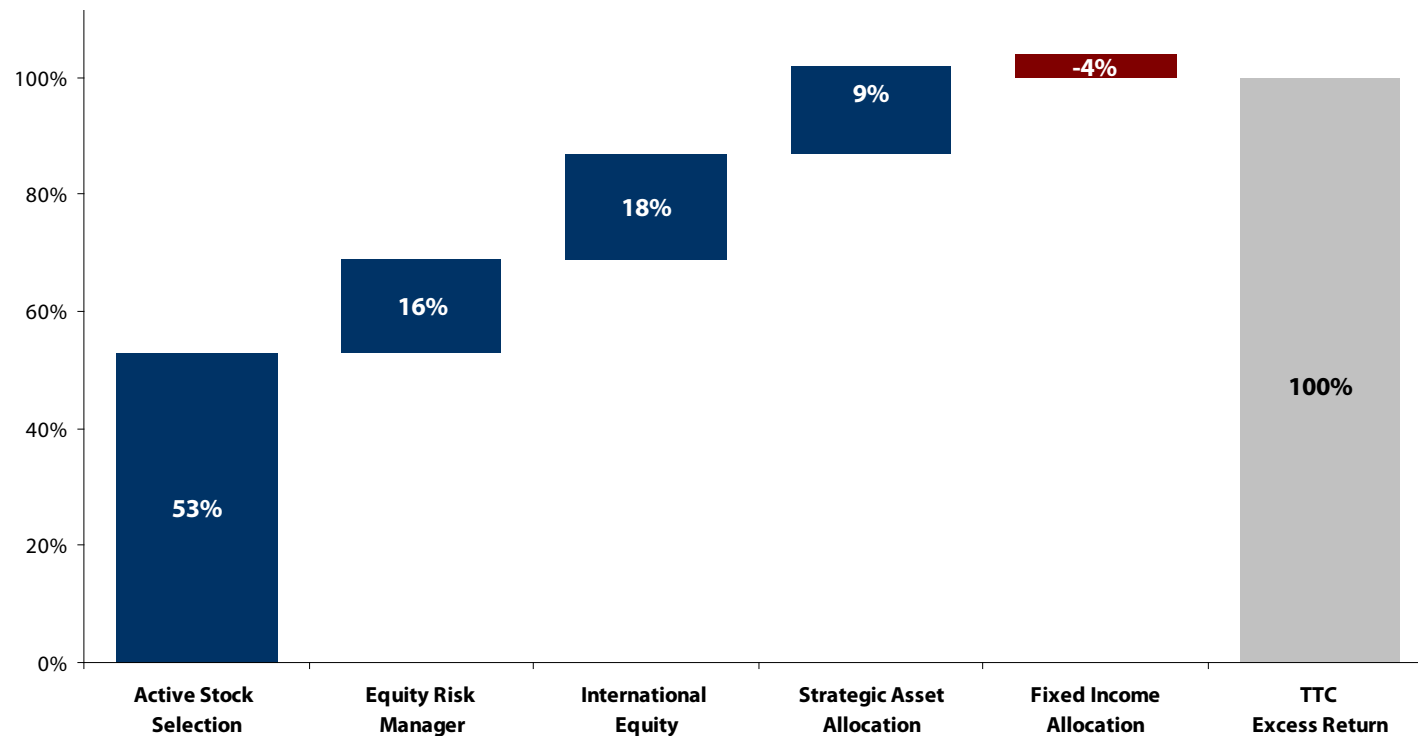
(2) Using S&P 500 Total Return Index as the benchmark

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 17.

TTC Strategy - Excess Return Attribution Analysis ⁽¹⁾

Nov 29, 2002 - Dec 31, 2010 | Simulated results net of annual fees of 1.8% | Monthly data | Includes Dividends | Source: EquityCompass, Bloomberg

TTC outperformed its benchmark by 4.12% during the period



A Note on EquityCompass Performance Simulation

The performance simulation begins in 2002, the year in which the complete EquityCompass stock ratings were first published. All criteria used for the initial construction of the portfolio constituents, as well as all subsequent changes, are based on out-of-sample data as of the most recent month-end at the time that the ratings were derived. Many of the historical members in this portfolio do not exist today for various reasons including acquisition, delisting, merger, bankruptcy, etc. If a company was covered at the time of each monthly evaluation, then it was considered to have been eligible for inclusion in the portfolio at each simulated interval. All portfolio rules are assessed monthly corresponding to the ratings date on all EquityCompass covered stocks.

(1) EC Core Portfolio outperformed the benchmark (60% S&P 500 and 40% Barclays Capital Aggregate Bond Index) by 5.4% in performance simulations

Note: Assumes equally weighted positions rebalanced and reconstituted monthly

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 17.

Source : EquityCompass, iShares, Ned Davis Research, Bloomberg

TTC Strategy Highlights

◆ Comprehensive

- ◆ Seeks to provide investors with the ability to invest in a portfolio diversified across asset classes, investment styles, geographic regions and capitalizations with a single investment

◆ Seeks to generate higher risk-adjusted returns by effectively capturing market returns while minimizing volatility

- ◆ Like index funds, can offer broad diversification and track relevant benchmarks
- ◆ Like traditional funds, can offer active management and superior stock selection to outperform

◆ Actively managed

- ◆ Can help protect from portfolio and systematic risks as well as provide the ability to potentially outperform without assuming additional risks

◆ Adaptable to changing market conditions

- ◆ Ability to tactically deviate from the strategic asset allocation helps the Strategy potentially respond to new sources of risk or take advantage of the opportunities presented by the changing conditions in the global markets

◆ Disciplined

- ◆ EquityCompass' **rules-based investment process** that merges traditional investment theory with quantitative techniques seeks to minimize subjective biases that often characterize traditional managers' investment process

◆ Innovative Risk Management

- ◆ Incorporates the Equity Risk Management Strategy, an innovative tactical asset allocation strategy that seeks to provide downside protection and volatility control while participating in enduring bull runs

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 risks, including a possible loss of principal. 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. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains. 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. High-yield bonds have greater credit risk than higher quality bonds. Government bonds are backed by the U.S. government as to the timely payment of principal and interest. Before investing in government bonds, investors should consider country risk, political risk, inflation risk, and interest rate risk. Bonds will fluctuate with market conditions and may be worth more or less than the original investment if sold prior to maturity. An investment in stocks will fluctuate with changes in market conditions and may be worth more or less than the original investment when sold. 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. 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. Brokerage commissions will be associated with buying and selling ETFs unless trading occurs in a fee-based account. Investors should review the prospectus and consider the ETF's investment objectives, risks, charges, and expenses carefully before investing. 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. Foreign investments are subject to risks not ordinarily associated with domestic investments, such as currency, economic and political risks, and different accounting standards. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Simulated Performance: EquityCompass began publishing the components of the Tactical Total Core Strategy (the “Strategy”) as of May 26, 2009 (the “Inception Date”). Performance information 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 period prior to such Inception Date. 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 such 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 EquityCompass Strategies 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 charged by the wrap sponsor in the applicable program in which the Strategy is used. The results do not reflect the effect of certain transactional cost outside of the wrap sponsor's control, which costs may materially affect actual results. Please refer to the Stifel, Nicolaus & Company's Wrap Program Disclosure Brochure for a more detailed discussion of the program requirement, including the fee schedules applicable to accounts managed using this Strategy.

Index Description(s): The Strategy's returns are compared to the S&P 500 Index based on its size and the similarity of its style and risk characteristics to the Tactical Total Core Strategy. 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. The Ibbotson Long-Term Government Bond Index is a total return index of all public organizations of the U.S Treasury except flower bonds and foreign-targeted issues and has a maturity near 20 years. All bonds have maturities of at least 10 years or more. The returns are weighted by market value including accrued interest. The Barclays Capital U.S. Government Bond Total Return Index is a market-weighted index designed to reflect the performance of the total universe of investment-grade fixed income securities issued by the United States government or its agencies. The Barclays Capital Aggregate Bond Index is a market capitalization-weighted index that represents most U.S. traded investment grade bonds.

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Additional Information Available Upon Request

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