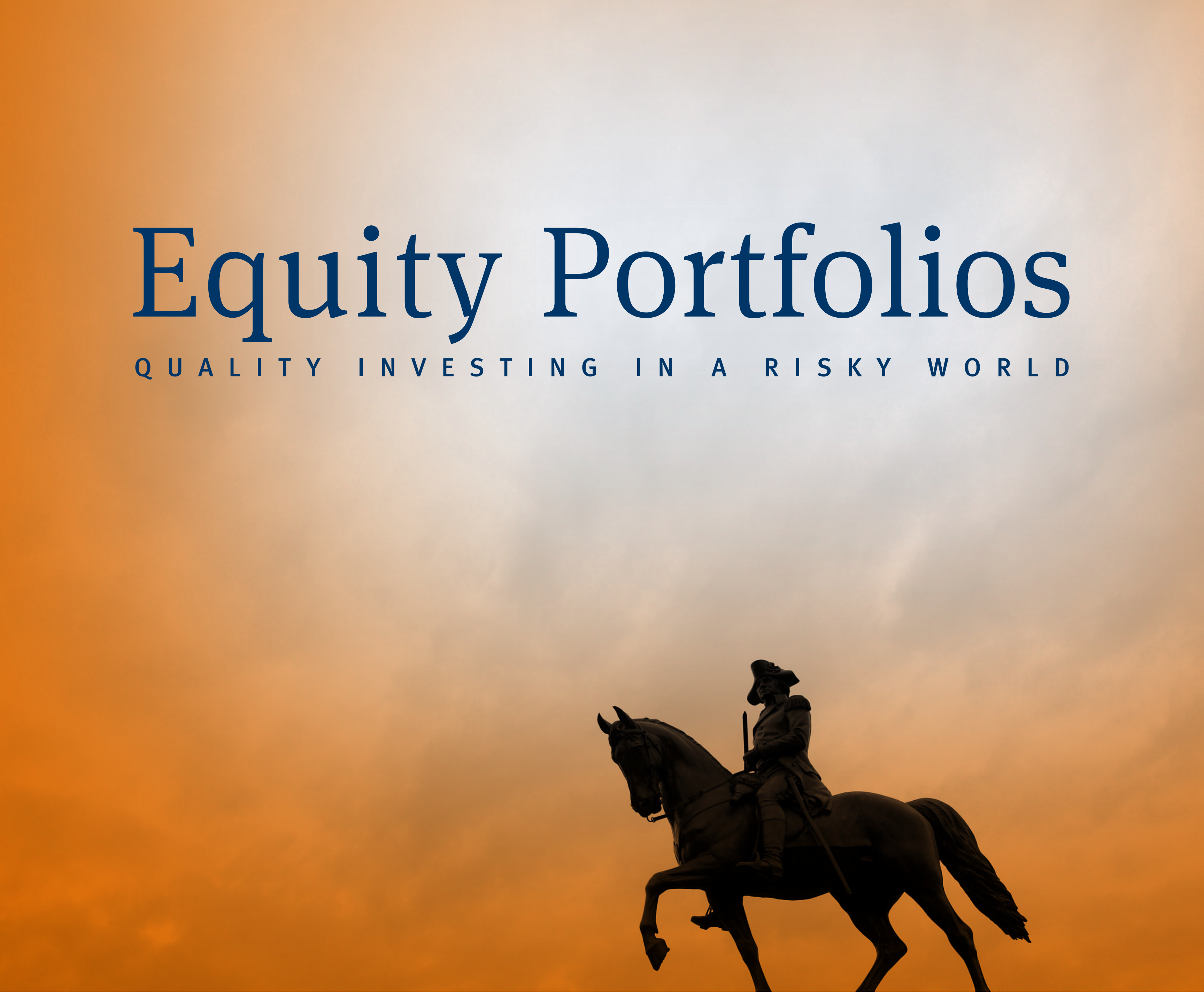
Equity Portfolios

QUALITY INVESTING IN A RISKY WORLD



Rising Dividend Portfolio

Victory Portfolio

Separately Managed Account

WASHINGTON CROSSING ADVISORS

The prevalence of risk...

THE WORLD IS A RISKIER PLACE THAN MANY UNDERSTAND OR REALIZE

1987: Black Monday
1990: Iraq Invades Kuwait
1991: Japan Asset Bubble Bursts
1992: Pound Sterling Crashes
1994: Treasury Bond Losses
1997: Asian Financial Crisis
1998: Russia Debt Default
2000: Dot-Com Bubble Bursts
2001: 9/11 Terrorist Attacks
2002: Accounting Scandals
2007: U.S. Housing Bubble Bursts
2008: Financial Crisis
2010: European Sovereign Debt Crisis
2010: "Flash" Crash
2011: U.S. Sovereign Debt Downgrade
2015: China Market Crash
2018: Global Growth Worries
2020: Coronavirus Pandemic
2022: Russia Invades Ukraine

Shocks to the financial system can roil markets and turn a portfolio on its head.

...underscores the need for quality.

WHAT WE MEAN BY QUALITY

Quality can mean different things to different people.

To us, quality means:

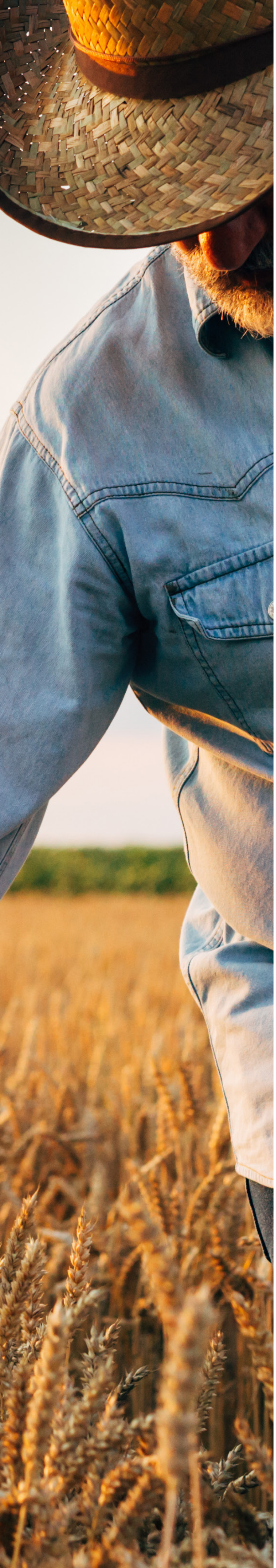
1. **PREDICTABLE** (i.e., steady businesses)
2. **DURABLE** (i.e., low debt)
3. **FLEXIBLE** (i.e., profitable assets)

Quality companies are predictable

Predictable businesses start with stable cash flow and can provide an element of resilience for investors.

Predictable companies can serve to stabilize a portfolio, particularly during times of uncertainty and elevated risk.

Quality companies are durable



Durable businesses tend to have low debt, which reduces risk of failure during downturns.

Sound financial management avoids taking on unnecessary debt and adds a “margin of safety.”

Quality companies are flexible

Flexible companies tend to own profitable assets and offer differentiated products.

Quality management at flexible companies consistently demonstrate the profitable use of capital.

At a reasonable price…

A different take on “value”

PERSONALIZED INVESTING APPROACH

› **NOT JUST “CHEAP”**

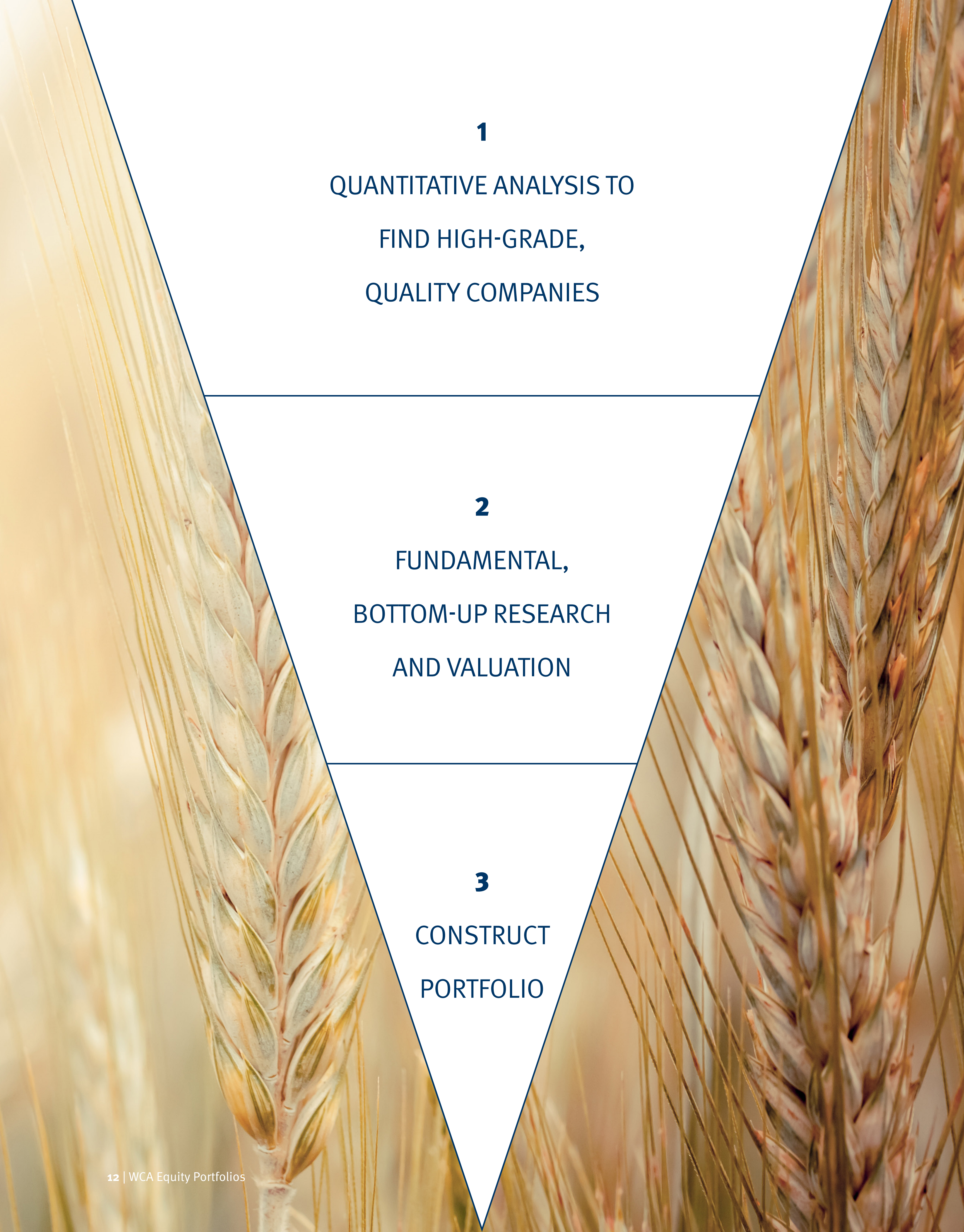
We look for reasonably-priced, quality assets, not just “cheap” ones. A proprietary and fundamentally-grounded approach guides our valuation work.

› **DISCIPLINED AND PATIENT**

We are disciplined and patient investors. Investments are evaluated over a 3-5 year horizon. This perspective helps us avoid many pitfalls that come with short-term thinking.

› **HOLISTIC CONSTRUCTION**

Portfolios are constructed holistically. Each investment must “fit” in a portfolio in such a way as to add to the portfolio’s expected risk-adjusted return.


1
QUANTITATIVE ANALYSIS TO FIND HIGH-GRADE, QUALITY COMPANIES
2
FUNDAMENTAL, BOTTOM-UP RESEARCH AND VALUATION
3
CONSTRUCT PORTFOLIO

Where quality and value meet

CONSTRUCTING A WCA EQUITY PORTFOLIO

1 Quality companies operate steady businesses, are less indebted, and highly profitable.

2 Investments should be selected only after clear and quantified measures of value, risk, and reward have been made.

3 Portfolios seek to maximize expected risk-adjusted return.

Rising Dividend Portfolio

PORTFOLIO SUMMARY

- › **Large cap relative value, primarily domestic stock.**
- › **Quality companies with a record of growing dividends for five consecutive years.**
- › **Seeks income growth coupled with capital appreciation.**
- › **Tax efficient, low turnover strategy.**

QUALITY : The emphasis of the WCA Rising Dividend Portfolio strategy is quality. Starting with a universe of the 1,000 largest companies, we look for resilient, conservatively-financed businesses with a competitive advantage. Academic studies show that quality is one of the few market anomalies that tend to persist over time.

STEADILY RISING DIVIDENDS : Eligible companies must have demonstrated at least five consecutive years of dividend increases. Failure to raise the dividend is grounds for removal from the portfolio. Yet, we do not see a rising dividend as an end in itself, as much as a means to find quality. Thus, dividend growth rather than dividend yield is most important to us.

VALUE : Quality endures, and we seek to buy it at a reasonable price. We use a proprietary valuation process using fundamentally-driven techniques.

STYLE CONSIDERATIONS : We seek solid risk-adjusted returns and income growth, but no strategy outperforms in all markets. Quality styles tend to perform better in flat-to-down markets, but lag in strong bull markets. Because the strategy avoids high debt and volatile earnings, performance can differ substantially from traditional value strategies.

Victory Portfolio

PORTFOLIO SUMMARY

- **All cap value, primarily domestic stock.**
- **Seeks capital appreciation through quality companies at attractive valuations.**
- **Strategy includes a flexible cash mandate.**
- **Low turnover and low volatility.**

GROWING : Portfolio candidates should have a demonstrated ability to grow shareholder value over time. The compounding effect of profitable growth is a powerful driver to returns and why this is a primary focus of our analysis.

CONSISTENTLY PROFITABLE : Not all growth is good growth. Growth can be achieved from unprofitable investments, but detracts from shareholder wealth over time. Therefore, we seek businesses that are demonstrating the profitable use of capital in generating cash flow and returns to investors.

WELL-CAPITALIZED : Companies should have relatively low amounts of debt. As a general rule, we believe that companies with less debt on the balance sheet have greater financial flexibility. This flexibility becomes even more valuable during periods of economic distress.

ATTRACTIVELY VALUED : Candidate companies should trade at a discount to our estimate of intrinsic value under a set of conservative assumptions. In so doing, we hope to establish a "margin of safety" that helps us to avoid unnecessary risk without sacrificing return. In situations where valuations do not reflect underlying risk, the portfolio may hold cash.

Washington Crossing Advisors

ABOUT US

Washington Crossing Advisors, LLC (“WCA”) is an SEC registered investment adviser and wholly owned subsidiary of Stifel Financial Corp. WCA helps supervise and manage over $8 billion in assets under management and advisement for individuals and institutions.*

The team is managed by Kevin R. Caron, CFA, and Chad A. Morganlander, who were among the first founding members of Washington Crossing Advisors.

Washington Crossing Advisors’ views on investing and markets are regularly sought by national media outlets, including *CNBC*, *Bloomberg*, *Fox Business News*, *The Wall Street Journal*, *Forbes*, and *Reuters*.

** Assets Under Management represents the aggregate fair value of all discretionary and non-discretionary assets, including fee paying and non-fee paying portfolios as of September 30, 2023. Assets Under Advisement represent advisory-only assets for which the firm provides a model portfolio and does not have trading authority over the assets. Registration with the SEC does not imply a certain level of skill or training.*

ABOUT WASHINGTON CROSSING ADVISORS | Washington Crossing Advisors, LLC ("WCA") is a wholly owned subsidiary of Stifel Financial Corp. (NYSE-SF). The WCA team has been helping individual and institutional investors build wealth for more than 25 years.

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