

WASHINGTON CROSSING ADVISORS

RISING DIVIDEND PORTFOLIO

Large Cap Value

3Q2019 OVERVIEW | PORTFOLIO MANAGER COMMENTARY

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The Rising Dividend Portfolio increased 2.8% gross (2.7% net) versus an increase of 1.4% for the Russell 1000 Value Total Return Index, the strategy's style benchmark. The S&P 500 Total Return index, a broader market proxy, increased 1.7%. Measured year-over-year, the Rising Dividend Portfolio returned 11.9% gross (10.4% net) versus a 4.0% increase in the Russell 1000 Value Index and a 4.3% return for the S&P 500.

From May, 2011 inception through the end of the third quarter, the Rising Dividend portfolio generated a 13.3% gross return (11.6% net) versus a 10.1% return for the Russell 1000 Value Index and a 12.1% return for the S&P 500. Volatility, measured by the annualized standard deviation of returns, was 10.1% for the Rising Dividend Strategy over the life of the strategy vs. 12.2% for the Russell 1000 Value Index and 11.9% for the S&P 500.

During the quarter, we added General Dynamics Corp. (GD) replacing McDonald's Corp. (MCD). General Dynamics is a diversified defense company with a broad product portfolio in many segments. We view GD as a quality company and good fit for the portfolio based on our analysis. By contrast, McDonald's indebtedness has risen recently, violating our preference for lower debt levels. The switch improves the quality and our expected risk-adjusted return for the portfolio.

At the end of the quarter, the portfolio held 33 positions with a dividend yield of 2.2% versus the market benchmark of 1.9%. The portfolio's 5-year dividend growth rate was 9.2% compared to 8.4% for the Russell 1000 Value Index and 6.8% for the S&P 500. As reflected in the table below, the portfolio's fundamental characteristics are consistent with the strategy's guiding philosophy.

FUNDAMENTAL RATIO <small>As of September 30, 2019</small>	WCA Rising Dividend	Russell 1000 Value ¹	S&P 500 ²
Profitability (Return on Assets)	6.6%	2.2%	3.4%
Leverage (Assets/Equity)	3.5X	4.2X	4.6X
Valuation (Enterprise Value / Sales)	3.8X	5.7X	5.0X
Dividend Trend Growth (5 Years)	9.2%	8.4%	6.8%

Source: Bloomberg ¹Style Benchmark ²Market Benchmark

OBJECTIVE

The WCA Rising Dividend strategy focuses on quality large-cap value companies with rising dividends at reasonable valuations. Consistent, steady dividend growth is a powerful and often neglected marker of quality, and such quality can endure across market cycles.

MANAGEMENT TEAM

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ABOUT WCA

Washington Crossing Advisors (WCA) is a wholly owned subsidiary and affiliated SEC Registered Investment Adviser of Stifel Financial Corp. WCA strategies are primarily offered through the Stifel Opportunity Program. The senior management team has worked together for over 25 years as market strategists and portfolio managers.

RETURNS

ANNUALIZED RETURNS

CALENDAR YEAR RETURNS

	Q319	YTD	1 Year	3 Year	5 Year	Inception	2013	2014	2015	2016	2017	2018
Gross %	2.81	20.66	11.89	14.17	12.95	13.27	29.86	17.13	2.47	13.24	21.10	1.00
Net %	2.48	19.50	10.43	12.61	11.36	11.60	27.91	15.41	0.97	11.56	19.38	-0.37
S&P 500 Index	1.70	20.55	4.25	13.39	10.84	12.05	32.39	13.69	1.38	11.96	21.83	-4.38
Russell 1000 Value Index	1.36	17.81	4.00	9.43	7.79	10.11	32.53	13.45	-3.83	17.34	13.66	-8.27

Inception: May 1, 2011. Past performance should not and cannot be viewed as an indicator of future performance. Indices are unmanaged, and it is not possible to invest directly in an index. All benchmark returns presented are provided to represent the investment environment existing during the time periods shown. Actual investment performance will vary due to fees and expenses. For comparison purposes, the benchmarks include the reinvestment of income. The benchmarks are unmanaged and unavailable for direct investment.

DESCRIPTION OF TERMS

Batting Average: A measure of a manager's ability to beat the market consistently, the Batting Average is calculated by dividing the number of quarters in which the manager beat or matched an index by the total number of quarters in the period. For example, a manager who meets or outperforms the market every quarter in a given period would have a batting average of 100. A manager who beats the market half of the time would have a batting average of 50.

Beta: Beta measures the risk level of the manager. Beta measures the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. In contrast, alpha measures the nonsystematic return of the portfolio, and standard deviation measures the volatility of a portfolio's returns compared to the average return of the portfolio. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. Beta is calculated using regression analysis, and can be summarized by the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market. A beta of greater than 1 offers the possibility of a higher rate of return, but also poses more risk.

Down Market Capture Ratio: Down-Market Capture Ratio is a measure of managers' performance in down markets relative to the market itself. A down market is one in which the market's quarterly return is less than zero. The lower the manager's down-market capture ratio, the better the manager protected capital during a market decline. A value of 90 suggests that a manager's losses were only 90% of the market loss when the market was down. A negative down-market capture ratio indicates that a manager's returns rose while the market declined. For example, if the market fell 8% while the manager's returns rose 2%, the down-market capture ratio would be -25%.

PEG Ratio: PEG Ratio reflects a stock's price/earnings ratio divided by annual earnings per share growth.

R-Squared: R-Squared is a statistic that measures the reliability of alpha and beta in explaining the manager's return as a linear function of the market. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.

S&P 500 Index: The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market.

Sharpe Ratio: Sharpe Ratio is one of two alternative, yet similar, methods of measuring excess return per unit of risk. (The other method is the Treynor Ratio.) In the case of the Sharpe Ratio, risk is measured using the standard deviation of the returns in the portfolio. The Sharpe Ratio relates the difference between the portfolio return and the risk-free rate to the standard deviation of that difference for a given time period.

Standard Deviation: Standard Deviation is a gauge of risk which measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher than average returns affect the standard deviation just as lower than average returns. Thus, it is not a measure of downside risk. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk.

Up Market Capture Ratio: Up-Market Capture Ratio is a measure of managers' performance in up markets relative to the market itself. An up market is one in which the market's quarterly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager capitalized on a rising market. For example, a value of 110 suggests that the manager captured 110% of the up market (performed ten percent better than the market) when the market was up. A negative up-market capture ratio indicates that a manager's returns fell while the market rose. For example, if the market gained 8% while a manager's returns fell 2%, the up-market capture ratio would be -25%.

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Washington Crossing Advisors LLC ("WCA") is a wholly owned subsidiary and affiliated SEC Registered Investment Adviser of Stifel Financial Corp (NYSE: SF). Past performance does not guarantee future performance or investment results. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. The performance statistics shown in this profile are calculated based on composite performance beginning May 1, 2011, and ending with the date shown on this profile. Performance is based upon the asset-weighted performance of all client accounts invested in this strategy (accounts having investment restrictions may be removed from the composite for performance calculation purposes) and is shown on a gross and net of fee basis. Gross of fees means that the figures do not reflect any deductions for investment management fees, trading costs, taxes, or any other costs associated with a managed account. Net of fees means that the figures reflect deductions for investment management fees and trading costs, but do not reflect taxes. Indices are unmanaged, and it is not possible to invest directly in an index. Significant disruptions in market or economic conditions may impact the results portrayed. Please refer to WCA's ADV Part 2 for additional disclosures regarding the firm and its practices.

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