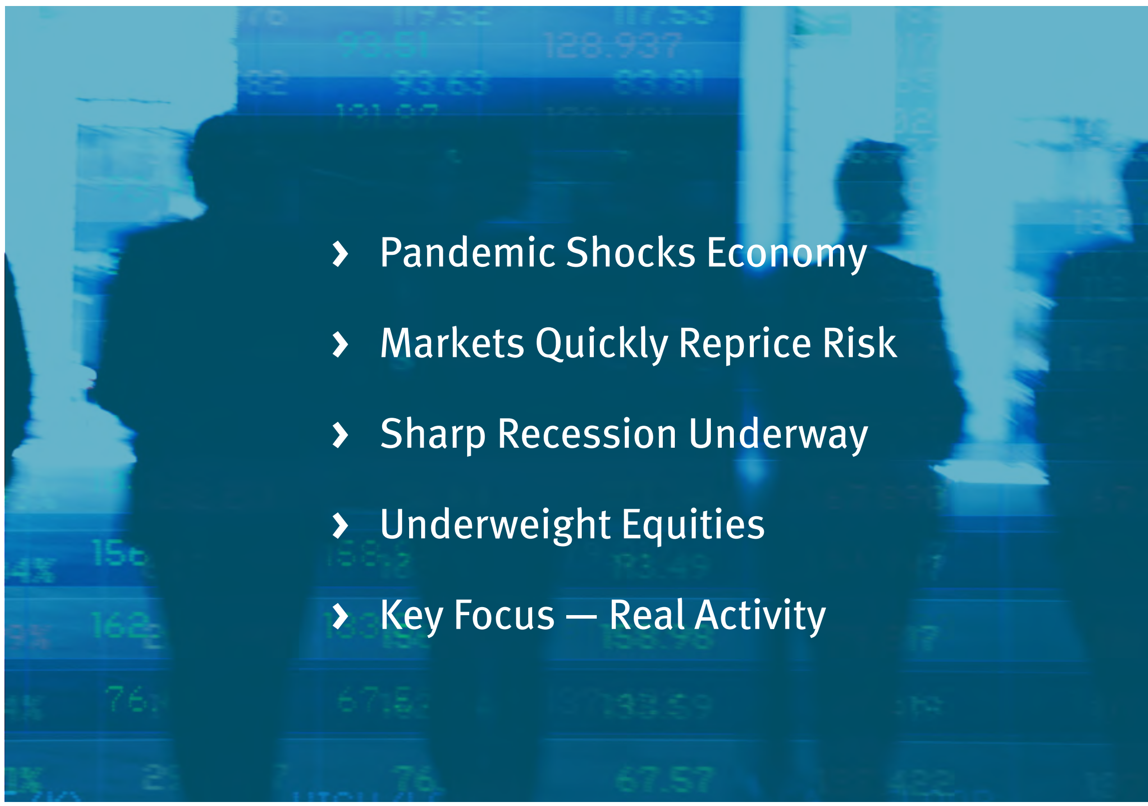
QUARTERLY 2Q20

TACTICAL ASSET ALLOCATION



- Pandemic Shocks Economy
- Markets Quickly Reprice Risk
- Sharp Recession Underway
- Underweight Equities
- Key Focus — Real Activity

An encouraging start to the year gave way to the unsettling reality of a global pandemic last month. In very short order, financial markets responded to extraordinary societal changes. Since February 19, global stock markets shed a record $25 trillion (30%) in a matter of days after Covid-19 became a pandemic. Bond markets and commodities also exhibited volatility and complicated movements. Not since 1987 have markets adjusted with such fury. The scale of the virus' shock to the global economy is without precedent.

Hunt for Safety

Amid the stock rout, investors sought perceived safe harbors as they reassessed the outlook. A dramatic rise in U.S. Treasury bonds caused yields to plunge to levels never before seen in this country. At one point during the quarter, the 30-year U.S. Treasury yield fell below 1%. At the same time, gold soared above $1,650 an ounce for the first time in history. The rise in Treasury bond and gold prices reinforce the idea that balance and diversification can help — especially in times of turmoil (chart, top-right).

Meanwhile, credit and real estate markets struggled amid the specter of rising defaults. High-yield corporate bonds of highly-indebted companies suffered more than high-grade bonds. Real estate investments, potentially exposed to missed rents or rising vacancies, fell.

Unprecedented Disruption

With large parts of the country shut-in, the economy stalled in record time (chart, middle-right). The chart titled U.S. FRBNY Weekly Economic Index captures weekly measures of real economic activity. The index takes a weekly snapshot of retail sales, unemployment insurance claims, temporary employment, consumer confidence, steel production, electric utility output, and fuel consumption. As you can see, the week-by-week plunge in real activity is shocking and without precedent.

We can also see real activity measured as the movement of people. Real-time data provided by Google and Flightradar24 gives us a daily read regarding the national volume of traffic in transit stations and the sky (chart, below-right). On the ground and in the air, there has been a halving of movement and activity. We will be looking for signs of progress in these sorts of "real" economic indicators as we implement tactical portfolio changes over the next few weeks.

Two Paths

Where to from here? It is unquestionable we are now in the midst of a very sharp and deep economic downturn. There are two very different scenarios for what comes next. Either the economy reopens quickly and, with much government and central bank support, roars back (a "V"-shaped recovery), or there is a protracted return to growth lasting many months (a "U"-shaped recovery).

We do not yet know which path we are on because trends have yet to form. But, as the weeks ahead unfold, we believe we will get a better sense of which scenario is playing out.

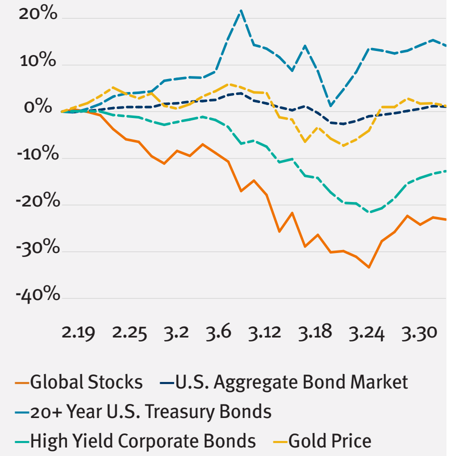
We will incorporate higher-frequency data like the data discussed above, along with our regular WCA Fundamental Barometer updates, into our investment process and weekly commentary (see washingtoncrossingadvisors.com/insights). We will also make tactical updates on a weekly, rather than monthly, basis as this phase unfolds.

Investment Silver Lining

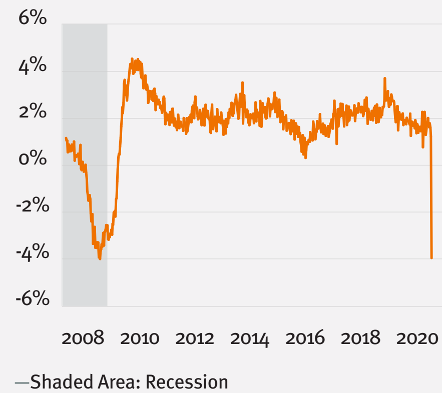
It is worth noting that the plunge in Treasury yields and reduction of equity market valuations raises the long-run relative attractiveness of stocks versus bonds, all else being equal.

This past quarter was challenging. Yet, investors in balanced and diversified portfolios generally performed better than all-stock portfolios. And, while we may not be out of the woods just yet, we believe the recent repricing of assets creates opportunity for investors who can stay the course over the long-haul.

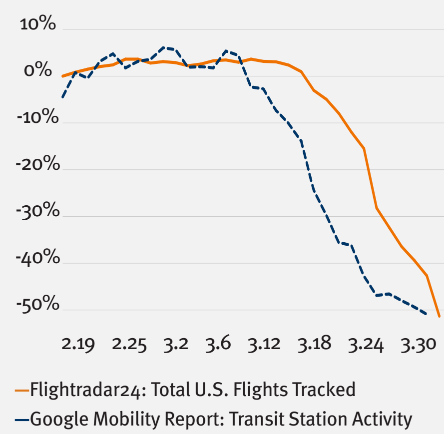
ASSET RETURNS SINCE FEBRUARY 19
Source: Bloomberg



U.S. FRBNY WEEKLY ECONOMIC INDEX
Source: Federal Reserve Bank of New York



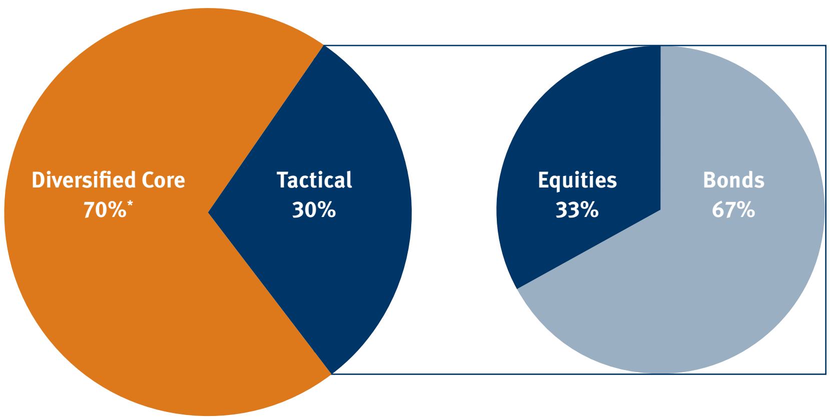
AIR AND TRANSIT STATION TRAFFIC
Source: Google; Flightradar24



PORTFOLIO STRUCTURE

DIVERSIFIED CORE: Long-Term Focus

SATELLITE: Short-Term Focus



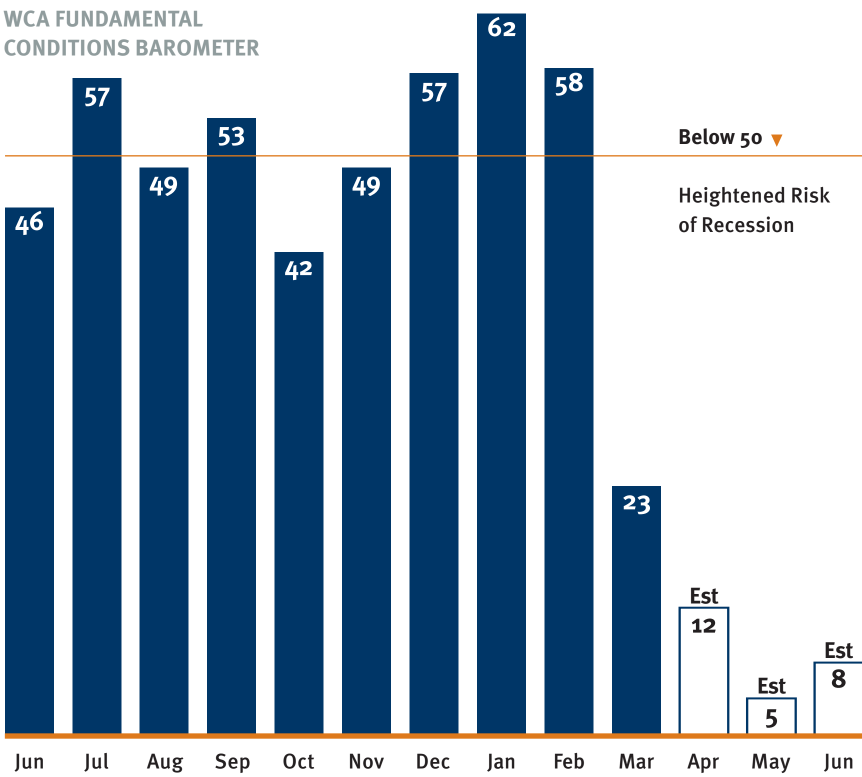
COMBINING LONG- AND SHORT-TERM PERSPECTIVES IN ONE ACCOUNT

We think of portfolios as having two parts. At the “core” of the portfolio is a diversified equity and diversified bond allocation. The long-run capital market assumptions on page 4 guide these tactical allocations. Because forecasts are long term, changes in the core tend to be slower. This helps reduce turnover.

The smaller 30% (blue circle) is the “satellite.” As fundamental conditions change, shorter term “tactical” tilts between stocks and bonds are implemented here.

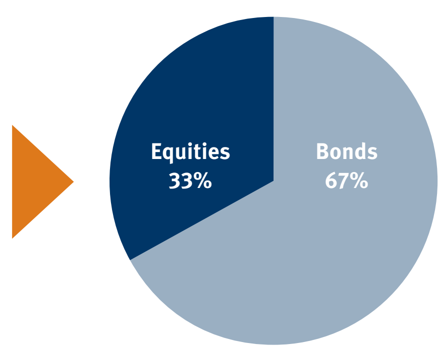
SATELLITE POSITIONING: SHORT-TERM FOCUS

WCA FUNDAMENTAL CONDITIONS BAROMETER



SATELLITE
Short-Term Focus

The equity allocation is tactically adjusted to align with the forecast barometer (see chart left).



We regularly assess changes in fundamental conditions to help guide near-term asset allocation decisions. Analysis incorporates approximately 30 forward-looking indicators in categories ranging from Credit and Capital Markets to U.S. Economic Conditions and Foreign Conditions. From each category of data, we create three diffusion-style sub-indices that measure the trends in the underlying data. Sustained improvement that is spread across a wide variety of observations will produce index readings above 50 (potentially favoring stocks), while readings below 50 would indicate potential deterioration (potentially favoring bonds). The WCA Fundamental Conditions Index combines the three underlying categories into a single summary measure. This measure can be thought of as a “barometer” for changes in fundamental conditions. As of March 31, 2020.

ASSET CLASS	10-YEAR VIEW RETURN	VOLATILITY	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
BOND ASSUMPTIONS					
Core Bonds	1.7%	2.9%			Satellite
1-3 Year Treasury Bond	1.9%	0.8%		Core	
Mortgage-Backed Securities	2.0%	2.1%		Core	
Intermediate Government/Credit	2.1%	2.3%		Core	
20+ Year Treasury Bond	0.0%	12.7%		Core	
Investment-Grade Corporate Bonds	3.3%	5.5%		Core	
High-Yield Corporate Bonds	5.3%	7.1%	Core		
EQUITY ASSUMPTIONS					
Equity	7.2%	13.8%	Satellite		
Domestic Large Cap Value	8.8%	14.2%			Core
Domestic Large Cap Growth	5.8%	13.7%	Core		
Foreign Developed Equity Markets	7.5%	15.3%			Core
Foreign Emerging Equity Markets	7.4%	17.5%	Core		
Gold	2.7%	16.0%			Core
REITs	8.7%	15.7%		Core	

As of March 31, 2020. Past performance does not guarantee future results.

■ Core ■ Satellite

CORE POSITIONING: LONG-TERM FOCUS

DEVELOPED VS. EMERGING	› **Equities are allocated with a tilt toward developed over emerging markets.** Improving growth in the United States, higher expected volatility in emerging markets, and a neutral view on the dollar led us to a tactical overweight for developed versus emerging markets.
GROWTH VS. VALUE	› **Domestic style exposure now is overweight value versus growth.** Outsized gains in technology shares reduces the relative attractiveness of growth over value. Domestically focused sectors, like utilities, offer some near-term value.
DURATION AND CREDIT QUALITY	› **Portfolio duration and credit exposure is currently neutral versus target exposure across most categories of fixed income.**

These views are provided by Washington Crossing Advisors, LLC. Assumptions are estimates based on historic performance and an evaluation of the current market environment. These are estimates only and not intended to represent future performance. References to future expected returns and performance do not constitute a promise of performance for any asset class or investment strategy. Volatility refers to an expected standard deviation of returns, a measure of uncertainty around our estimate. The forecasts contained herein are for illustrative purposes only and not to be relied on as advice or interpreted as a recommendation to engage in the purchase or sale of any security or financial product. These forecasts are based upon subjective estimates and assumptions about circumstances and events that may not have taken place and may never do so. In addition, Washington Crossing used historic index returns in evaluating past return relationships. This information was gathered from third-party sources we deem reliable, but no independent verification has been undertaken. Actual returns could be higher or lower than shown herein. Opinion subject to change without notice.
* Including stocks, bonds, and other assets.

About Washington Crossing Advisors

Washington Crossing Advisors, LLC (“WCA”) is an SEC registered investment advisor and wholly owned subsidiary of Stifel Financial Corp. WCA helps supervise and manage over $4 billion in assets under advisement for individuals and institutions.

The team is managed by Kevin R. Caron, CFA and Chad A. Morganlander, who were among the 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*.

Philosophy and Process

We believe that investments should be selected only after clear and quantified measures of value, risk, and potential reward have been made. Our investment approach combines top-down analysis of the macro economy with fundamentally rooted, bottom-up security analysis.

Description of Indices and Terms Description of Indices and Terms: All performance calculations of indices are calculated on a total return basis (reflecting reinvestment of dividends and other earnings). Indices are unmanaged, are not available for direct investment, and have no associated management fees.

Barclays Aggregate Bond Index: A composite of the Barclays Gov't/Corp Index, Mortgage-Backed Securities Index, and Asset-Backed Securities Index, including securities that are investment grade or better, have at least one year to maturity, and have an outstanding par value of at least $100 million.

S&P 500 Index: Capitalization-weighted composite of 500 stocks traded on the NYSE, AMEX, and NASDAQ; not the largest 500 stocks in U.S., but rather a blend of leading companies in leading industries in the U.S. economy; index comprised of 10 broad industrial sectors.

Dow Jones U.S. Select REIT: The Dow Jones U.S. Select REIT Index intends to measure the performance of publicly traded REITs and REIT-like securities. The index is a subset of the Dow Jones U.S. Select Real Estate Securities Index (RESI),which represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the U.S.

The ICE U.S. Treasury 1-3 Year Bond Index is a market value weighted index designed to measure the performance of U.S. dollar-denominated, fixed rate U.S. Treasury securities with minimum term to maturity greater than one year and less than or equal to three years.

Markit iBoxx USD Liquid High Yield Index consists of liquid USD high yield bonds, selected to provide a balanced representation of the broad USD high yield corporate bond universe.

Moody's Baa Corporate Bond Index—An index comprised of industrial bonds rated Baa by Moody's with a minimum maturity of 20 years.

Consumer Price Index—A measure of the average change in prices over time for a basket of consumer goods.

Asset Allocation—Asset allocation does not ensure a profit or protect against loss.

The FTSE Developed All Cap ex U.S. Index is part of a range of indices designed to benchmark international investments. The index comprises large, mid and small cap stocks from developed markets excluding the U.S.

The FTSE Emerging Markets All Cap China A Inclusion Index is a market-capitalization weighted index representing the performance of large, mid and small cap stocks in Emerging markets. The index is comprised of approximately 3350 securities from 21 countries.

International and Emerging Markets Investing—There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

Bonds and High Yield Bonds—When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High yield bonds have greater credit risk than higher quality bonds.

Commodities and Futures—The risk of loss in trading commodities and futures 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.

Real Estate—When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.

Score Disclosure: The Washington Crossing Advisors, LLC Stifel Conquest and Dynamic Strategies Portfolios require a $25,000 and $50,000 minimum investment, respectively. Strategies in the Stifel Score Program are proprietary products developed by Stifel. More information on the Score Program is included in the Stifel Consulting Services Disclosure Brochure and Part II of the Manager's Form ADV, which may be obtained from your Financial Advisor and which further outlines the fees, services, exclusions, and disclosures associated with this program. The information contained herein is believed to be reliable and representative of the portfolios available through Stifel; however, the accuracy of this information cannot be guaranteed. Investors should consider all terms and conditions before deciding whether the Score Program is appropriate for their needs.

The S&P CoreLogic Case-Shiller 20-City Composite Home Price NSA Index is a value-weighted average that seeks to measure the value of residential real estate in 20 major U.S. metropolitan areas. The index is a composite of single-family home price indices for the nine U.S. Census divisions.

This commentary often expresses opinions about the direction of market, investment sector, and other trends. The opinions should not be considered predictions of future results. The information contained in this report is based on sources believed to be reliable, but is not guaranteed and not necessarily complete.

All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. It is important to review your investment objectives, risk tolerance, and liquidity needs before choosing an investment style or manager. Equity investments are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Fixed Income investments are subject to market, market liquidity, issuer, investment style, interest rate, credit quality, and call risks, among other factors to varying degrees.

Any projections, targets, or estimates in this report are forward looking statements and are based on WCA's research, analysis, and assumptions made by the Adviser. Due to rapidly changing market conditions and the complexity of investment decisions, supplemental information and other sources may be required to make informed investment decisions based on your individual investment objectives and suitability specifications. All expressions of opinions are subject to change without notice. Clients should seek financial advice regarding the appropriateness of investing in any security or investment strategy discussed in this commentary.

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