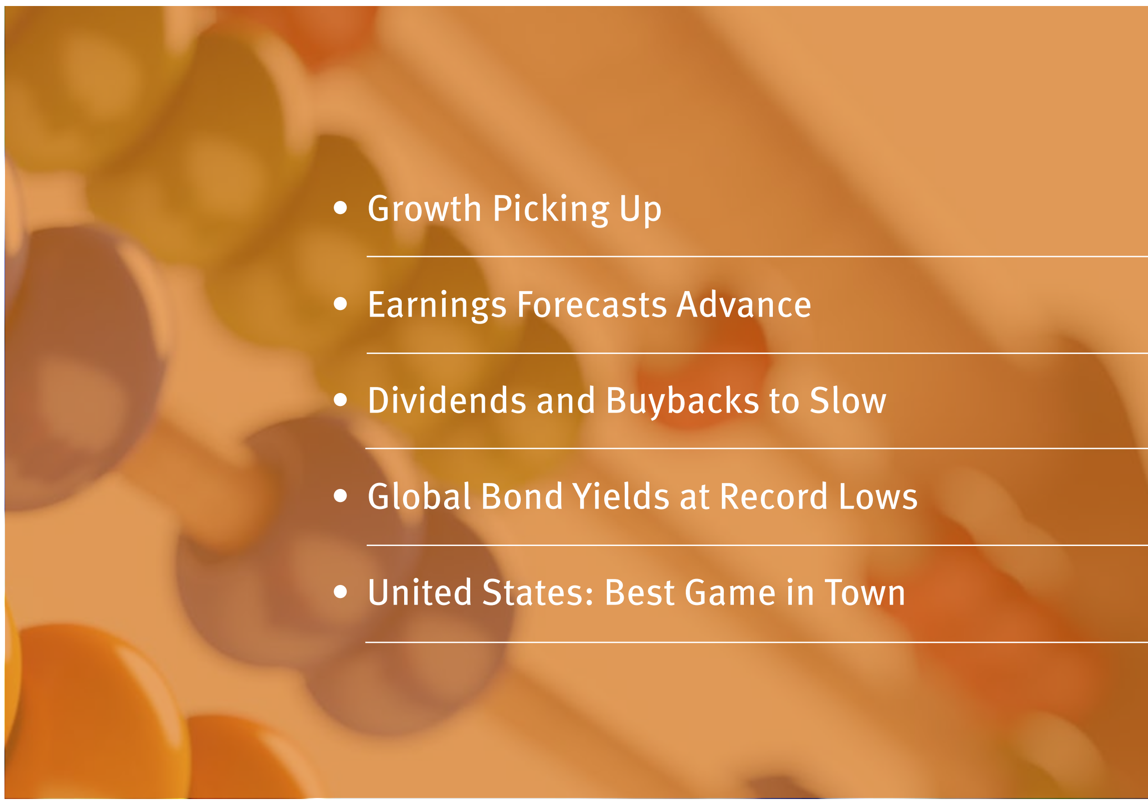
WASHINGTON CROSSING ADVISORS

QUARTERLY 4Q16

TACTICAL ASSET ALLOCATION



The economy continues to gradually improve from a near stall earlier in the year. Earnings forecasts are increasing, and cash returns to equity investors look appealing compared to record low Treasury yields. With signs of economic slack abating, the Fed now seems to be back on track for a December rate hike this year.

Equity allocations in portfolios were increased to overweight during the summer, and we continue to maintain a tilt toward large capitalization domestic growth stocks versus foreign. Bond allocations are tilted away from low-yielding, long-term Treasuries, favoring shorter-duration and higher-yielding corporate debt.

STIFEL

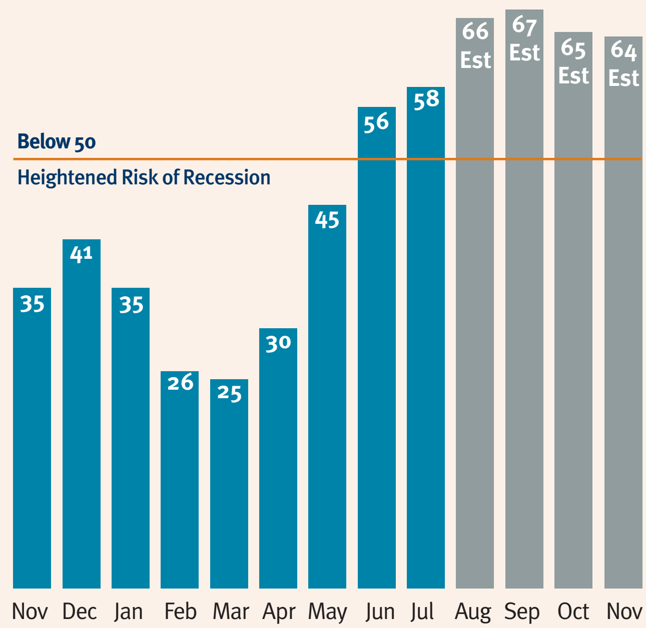
Economy

Conditions improved further through the summer, as economic growth picked up. After growth stalled earlier this year, the domestic economy seems to be headed for third quarter growth between 2-3%. The Federal Reserve noted this improvement during their September meeting. At the meeting, they upgraded their risk assessment to "balanced" and said the case for a rate increase had strengthened. A December rate increase now seems likely.

A pickup in employment is also evident, and the unemployment rate, at 4.9%, is approaching "full employment." Monthly payrolls grew an average of 232,000 from June through August, far above the 118,000 pace seen from March through May. Another benefit of an improving job market is higher wages. For example, per capita income is up 3% in the last year, the best we've seen in several years.

A broader measure of economic "slack," measured by what economists term the "output gap," is down 70% since the recession. While not quite at full capacity, the economy is performing much closer to its full potential. This is a positive development, but suggests less need for aggressive monetary policy. Full employment, rising wages, rising asset prices, and less policy accommodation are signs we are moving into the later phases of expansion.

WCA FUNDAMENTAL CONDITIONS BAROMETER



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.

Equities

We increased equity exposure through the summer on a tactical basis, given improving fundamentals.

An improving outlook is lifting corporate earnings forecasts and helping give a boost to stocks. As economic growth improved in recent months, analysts lifted their forecasts for S&P 500 earnings to $128 from $123 last March. This improvement helps justify much of the recent advance in stock prices.

But we know forecasters can be fickle, and there is little expected in the way of actual earnings growth this quarter, so we take all this with a grain of salt. In fact, third quarter earnings should fall 2.3% from a year ago (+0.9% excluding energy), according to FactSet. Analysts may be more optimistic about future growth, but we have yet to see that optimism in today's data.

For growth, we need to look no further than dividends. S&P 500 dividends are up 6% year-over-year, and are double the level seen in 2009. The fast rise in dividends caused dividends to increase as a percent of corporate earnings, pushing the payout ratio to a relatively high 40%. Adding share buybacks to cash dividends, the total "distribution yield" rises to 4.5%. While happy to receive a generous yield, high total distributions (dividends plus buybacks) now exceed net income by 30%. This is not sustainable, and we expect this ratio to come down over time.

Still, an improving economy, compelling cash yield, and low competing yield alternatives add allure to equities at this time.

Fixed Income

Global bond markets rallied through the first half of the year and into the Brexit vote. The Bloomberg Barclays Global Bond index is now up 10% for the year. The flight to quality following Brexit, coupled with central bank bond buying helped fuel demand for bonds. However, since global yields hit record lows earlier in the summer, the bond rally petered out. The 10-year U.S. Treasury bond is priced to yield about 1.6%, near a record low.

We think corporate bonds will generate better returns than Treasuries, because Treasury yields are so low. Furthermore, the firming of global growth forecasts is helping to allay fears of potential defaults, particularly among commodity producers. We are also interested in how the debate over the effectiveness of further central bank asset purchases ("QE") evolves. As major bond buyers of late, the behavior of central banks has become increasingly important in the behavior of bond markets.

The long trend of slowing inflation and global growth, which supports the case for lower global bond yields, is not yet exhausted. However, there is a mathematical limit to returns that can be earned in bonds, and the mathematics of bonds also produces "fat tails." Accordingly, we need to maintain appropriate expectations from bonds, given today's low starting yields.

Other

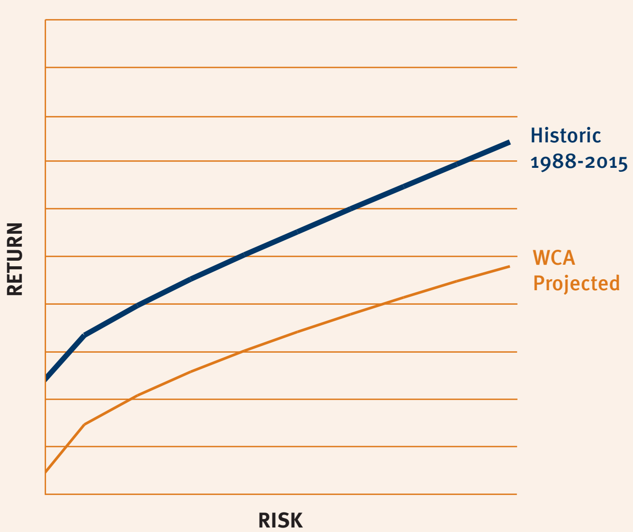
Real estate (REITs), gold, and high-yield corporates all offer somewhat different return behavior than pure stocks or bonds. High-yield bonds and gold both have a long history of providing some diversification benefit, in addition to return. REITs appear fully valued in our view, limiting returns from here. Accordingly, we maintain overweights in high yield and gold, but remain underweight REITs.

Dollar

We expect little further upward appreciation in the dollar so long as the Fed is able to maintain its "steady as she goes" disposition regarding interest rates. We recognize that the market is not pricing in as fast an increase as the Fed's "dot plot" suggests, and foreign conditions seem relatively weak versus the United States. Barring a pickup in inflation here, or unexpected further slide in foreign conditions, we think the dollar's rise through 2014-2015 appropriately discounts real rate and growth differentials.

Our overall expectation is for positive, but low long-run returns. The expected return on equities remains higher, in our view, than the return on bonds. The next page lays out our current recommended strategic and tactical portfolio posture, given our long-run assumptions (strategic) and short-run observations (tactical).

EFFICIENT FRONTIER



LONG-RUN ESTIMATES (10-15 YEARS)

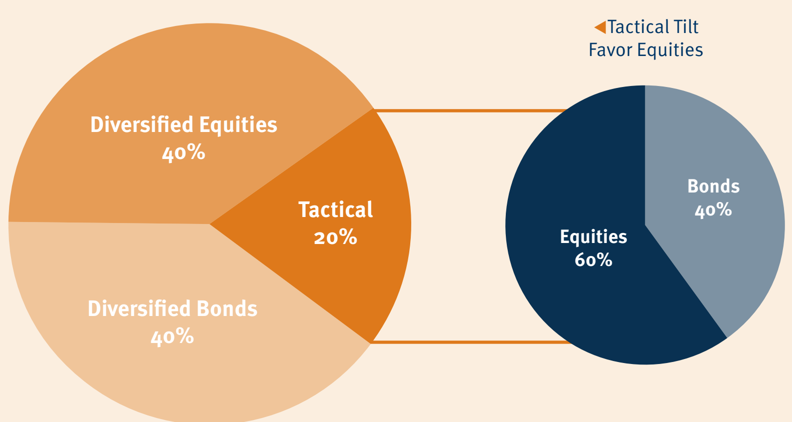
	Long-Run Estimates
Real Corporate Earnings Growth	2.75%
Inflation Expectation	1.50%
S&P 500 Profit Margin Adjustment	-1.00%
S&P 500 Valuation Adjustment	-1.60%
S&P 500 Dividend Yield	2.10%
S&P 500 Net Buyback Yield	2.00%
Large Cap Domestic Equity Return Estimate	5.75%
Risk-Free Rate Estimate	1.50%

Asset Names	Under Weight	Neutral	Over Weight
Core Bonds	■		
1–3 Year Treasury		■	
Mortgage Bonds		■	
Intermediate Government/Credit		■	
Long-Term U.S. Treasuries (20-yr)	■		
Investment-Grade Corporate Bonds		■	
High Yield			■
U.S. Equity			■
Large Cap Growth			■
Large Cap Value		■	
Small Cap		■	
Foreign Developed	■		
Foreign Emerging		■	
REITs	■		
Gold			■

Core: ■Diversified Equities ■Diversified Bonds
Satellite: Tactical ■Equities/■Bonds

Asset Allocation

Our long-run forecasts lead us to overweight large cap domestic growth stocks, high-yield corporate bonds, and gold in the diversified "core" of portfolios. Underweight positions in "core" are long-term U.S. Treasuries, foreign developed equities, and REITs. Meanwhile the equity allocation in the short-term tactical "satellite" portion of portfolios was increased to 60% equity / 40% fixed income. Mid-year rebalancing took place at the end of June to reflect updated long-run forecasts.



COMBINING A STRATEGIC "CORE" AND TACTICAL "SATELLITE" 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 forecasted returns you see above guide these allocations. Because forecasts are long-term, changes in the core tend to be slower. This helps reduce turnover. Also, note that allocations to equities and bonds in the core can be adjusted to fit different risk profiles.

The smaller 20% (blue circle) is the "satellite." As market conditions change, shorter-term "tactical" calls are implemented here.

These views are provided by Washington Crossing Advisors. 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.

About Washington Crossing Advisors

Washington Crossing Advisors is an investment advisory program offered through Stifel. WCA helps supervise and manage over $1 billion in discretionary assets for individuals and institutions.

The team is managed by Kevin R. Caron 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*.

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

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.

iBoxx USD Liquid Investment Grade Index: An index of U.S. dollar-denominated, investment-grade corporate bonds.

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.

GSCI Commodity Index: The S&P GSCI indices are designed to be a "tradable" index, providing investors with a reliable and publicly available benchmark for investment performance in the commodity markets. The index comprises the principal physical commodities that are traded in active, liquid futures markets. The S&P GSCI Precious Metals and Industrial Metals indices are subcomponent indices of the broader GSCI Commodity Index.

Barclays U.S. Corporate High Yield: The Barclays U.S. Corporate High Yield Bond Index measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets country of risk, based on Barclays EM country definition, are excluded. The U.S. Corporate High Yield Index is a component of the U.S. Universal and Global High Yield Indices.

HFRI Merger Arbitrage Index: Merger Arbitrage strategies which employ an investment process primarily focused on opportunities in equity and equity-related instruments of companies which are currently engaged in a corporate transaction.

HFRI Fund of Funds Diversified Index: Fund of Funds invest with multiple managers through funds or managed accounts. The strategy designs a diversified portfolio of managers with the objective of significantly lowering the risk (volatility) of investing with an individual manager. A manager may allocate funds to numerous managers within a single strategy, or with numerous managers in multiple strategies. The investor has the advantage of diversification among managers and styles with significantly less capital than investing with separate managers.

40/40/20 Alternative Mix: A static-weighted blend consisting of a 40% allocation to the S&P 500 Index, a 40% allocation to the Barclays Aggregate Bond Index, and a 20% allocation to a diversified mix of alternative assets, including REITs, commodities, high-yield bonds, merger arbitrage funds, and hedge funds.

Disclosures

Alternative investment strategies may include individual securities, commodities, real estate investment trusts (REITs), and hedged investment strategies. These strategies may include the use of derivatives, the use of leverage, and/or short positions in securities. Specific asset class and securities disclosures follow.

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

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.

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.

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.

There are significant risks associated with managed futures, and they are not suitable for all investors. You could lose all or a substantial amount of your investment. Risk of loss is due to the speculative and leveraged aspects of trading, fluctuating prices, and the unpredictability of market direction. Exchange rules limiting price fluctuations and setting speculative position limits may also increase risk.

Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.

Score Disclosure: The Washington Crossing Advisors Stifel VICTORY Portfolio requires a $50,000 minimum investment. 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.

About Stifel | Founded in 1890, Stifel is one of the nation's leading financial services firms, providing full-service brokerage, investment banking, trading, investment advisory, and related financial services to individual investors, professional money managers, businesses, and municipalities. Stifel offers nationally recognized research and a suite of asset management strategies.

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