QUARTERLY 4Q19
TACTICAL ASSET ALLOCATION

- Trade War and Brexit Hits Growth
- Yields Plunge as Central Banks Ease
- Satellite Equity Exposure: Neutral
- Tactical Tilts: Value Over Growth, Domestic Over Foreign, Overweight Gold, Underweight High Yield

Trade and Brexit worries are cutting into the outlook for global growth. Most forecasts now call for slower growth next year, below our 3.5% base case expectation. While growth estimates are holding up reasonably well in the United States, global central banks are easing. The Federal Reserve is also easing monetary policy, which is helping to support financial conditions. A plunge in global interest rates is raising recessionary red flags and forward looking cash and bond returns are declining as investors chase yield. Equity allocations are trimmed to neutral given signs of cooling in the data. Tactical tilts favor value over growth based on relative valuations, domestic over foreign on better relative growth prospects, and gold over high yield as trade and Brexit uncertainties play out.

Trade War's Impact on Growth

The trade war between the United States and China is hitting the global economy. Growth forecasts for the world in 2020 are now back below 3%, according to the World Bank and International Monetary Fund (IMF). The IMF estimates the cumulative economic loss from the trade war could rise to $700 billion (0.8% of global output) by 2020. Various manufacturing surveys from Germany, China, and the United States all point to contraction. Uncertainty around trade is a common theme weighing on global activity.

Brexit Deadline Approaches

Alongside the United States / China trade dispute is the issue of Brexit. The European Union Withdrawal Act of 2018 defines 'exit day' as 11:00 p.m. on 31 October 2019. In the absence of a deal with the European Union or further delay, Britain would leave the European Union on that day. Departure would bring to close a chapter that began during June 2016 with the 52% to 48% referendum calling for exit from the European Union. The twists and turns in deal-making within Parliament and between the United Kingdom and Brussels raise risks. In the short-term, a hard break between the United Kingdom and Europe would likely hurt growth. Longer-term impacts are harder to estimate. Either way, Brexit remains a pending flashpoint for investors to watch.

Central Bank About-Face

A significant policy shift this year happened among central banks. Most major central banks are now easing policy, providing liquidity to banks. In the United States, the Federal Reserve is cutting rates and appears poised to restart asset purchases. This easing marks an about-face from just over a year ago, when Federal Reserve Chairman, Jerome Powell, seemed intent upon raising rates. With two rate cuts already in place, the market appears to be pricing in another one-to-two rate cuts this year. These cuts are reducing the relative attractiveness of cash and other short-term instruments.

Making a case for significant further cuts, without clear evidence of deteriorating growth, is tough. According to the Federal Open Market Committee's (FOMC) own forecasts, growth and inflation are running close to expectations. The committee's most recent estimates see growth near 2% next year, close to their long-run potential view of 1.9%. Similarly, inflation is expected to be 1.9%, just shy of the Federal Reserve's 2% long-run target. Based on these forecasts alone, there is not a good deal of reason for aggressive further rate cuts.

Amid fading growth and collapsing yields, many investors are on the hunt for growth. Since global growth peaked in mid-2017, the growth style of investing has outpaced value.

Yields Dive

As global growth slows, and central banks move to ease, bond yields are falling fast. In the past 12 months, long-term U.S. Treasury bonds rose over 20% as yields fell toward 1.5% from 3%. The rapid slide in rates mirrors a similar phenomenon around the world. According to Bloomberg, more than $15 trillion of global sovereign debt now carries negative yields. Negative rates were unheard of before recent times. We are unaware of any time in history where debt was priced to generate negative yields.

The fall in the long-end of the U.S. Treasury yield curve raises recession red flags. A decline in long-term bond yields below short-term yields is called an "inversion." Before each of the last several recessions, the treasury curve became inverted. This unusual situation reflects changing market expectations and incentives that can impact growth. We know that, in the past, there were often significant lags between inversions and the onset of a recession, and a couple false signals. We are paying close attention to evidence that might confirm or refute the slowdown the bond market may be foreshadowing.

Hunt for Growth

Amid fading growth and collapsing yields, many investors are on the hunt for growth. Since global growth peaked in mid-2017, the growth style of investing has outpaced value. That pattern continues in 2019. By the end of the third quarter, the MSCI All Country World Growth Index was up 21% versus 13% for value. Strong performance by technology and consumer names drove the growth indices while energy, financials, and materials lagged.

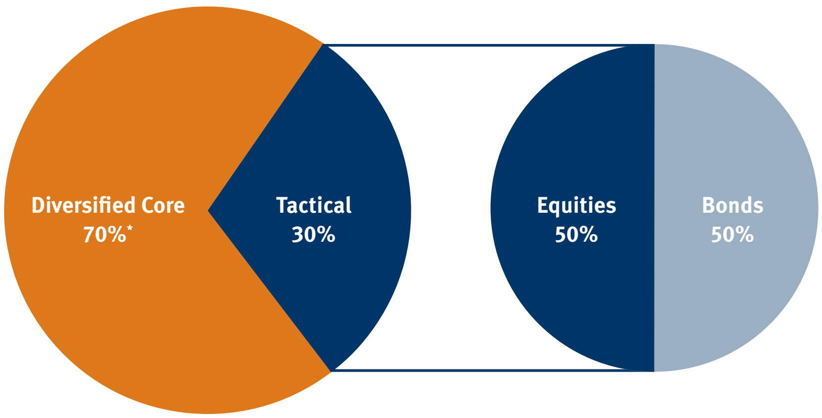
Tactical Posture

After a strong start to the year, growth appears to be fading as trade and Brexit worries linger. Our WCA Fundamental Conditions Barometer (next page), which leapt earlier this year as the Fed moved toward easing, is now drifting sideways. Should tensions begin to cool and uncertainty fade, we could see growth pick up through 2020. For now, however, the data is pointing toward fading growth. Consequently, we moved equity exposure to neutral from overweight during the quarter just ended. Portfolios remain overweight domestic versus foreign equities and tilted toward value over growth. We also raised gold and cut high yield bond exposure, given slower growth along with heightened trade and Brexit risks.

PORTFOLIO STRUCTURE

DIVERSIFIED CORE: Long-Term Focus

SATELLITE: Short-Term Focus



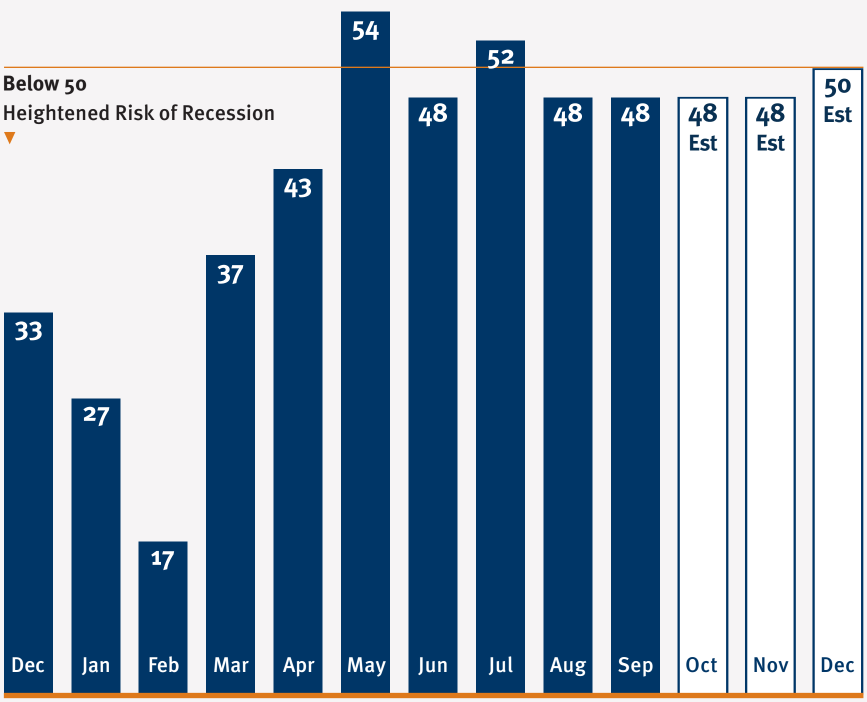
COMBINING LONG- AND SHORT-TERM PERSPECTIVES IN ONE ACCOUNT

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

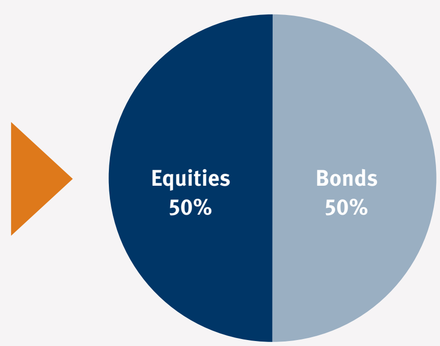
WCA FUNDAMENTAL CONDITIONS BAROMETER



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 September 30, 2019.

SATELLITE
Short-Term Focus

Asset allocation is evenly split between equities and bonds. This view is supported by the WCA Fundamental Conditions Barometer, which has risen to just above 50 (see chart left).



As of September 30, 2019.

ASSET CLASS	10-YEAR VIEW RETURN	VOLATILITY	UNDERWEIGHT	NEUTRAL	OVERWEIGHT
BOND ASSUMPTIONS					
Core Bonds	**2.3%**	**2.9%**		■	
1-3 Year Treasury Bond	**2.4%**	**0.9%**		■	
Mortgage-Backed Securities	**2.4%**	**2.2%**		■	
Intermediate Government/Credit	**2.2%**	**2.3%**		■	
20+ Year Treasury Bond	**1.1%**	**12.6%**		■	
Investment-Grade Corporate Bonds	**2.0%**	**5.0%**		■	
High-Yield Corporate Bonds	**2.0%**	**6.2%**	■		
EQUITY ASSUMPTIONS					
Equity	**5.4%**	**12.9%**		■	
Domestic Large Cap Value	**6.4%**	**12.9%**			■
Domestic Large Cap Growth	**4.2%**	**13.2%**	■		
Foreign Developed Equity Markets	**4.7%**	**14.5%**			■
Foreign Emerging Equity Markets	**5.1%**	**16.6%**	■		
Gold	**3.2%**	**16.5%**			■
REITs	**5.5%**	**14.7%**		■	

As of September 30, 2019. 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 $3 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.

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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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