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Overview
Quarterly Performance Reviews are provided to all Stifel advisory clients. Performance reviews help advisors and clients measure progress toward goals. The review process is an important step that helps identify whether clients are on track to pursue goals and whether any adjustments are necessary to client investment selections.

With Stifel’s Quarterly Performance Review, advisors and clients can more easily keep an eye on their progress. This brochure will guide you through each page of Stifel’s advisory performance reports and offer helpful advice in analyzing Stifel advisory accounts.

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Navigating Your Performance Review

Stifel Advisory Performance Reviews
Stifel’s advisory performance reviews are designed to present relevant account information conveniently on every page, chart, and graph. In the header of every page you will find the account or advisory household name and performance period available. Single account reports also have advisory product information in the header.

For combined advisory household reports, account numbers are accompanied by corresponding advisory product information so advisors and clients always know which manager they are reviewing. Additionally, colors assigned to specific accounts in charts and graphs are consistent throughout the entire report to make page-by-page comparisons easy.

Report footers are used to provide information on blended benchmarks and other notes regarding specific data points. When applicable, a complete review of any blended benchmarks utilized is available in the disclosure section of the report.
Overview
The Portfolio Review report provides a comprehensive and easily understandable representation of an advisory portfolio. It is included in the standard Quarterly Performance Review package for all accounts and is available as a standalone report.

Portfolio Performance
The Portfolio Performance section compares the account or household performance against its primary benchmark. Time periods provided include quarter-to-date (QTD), year-to-date (YTD), 1 year, and since inception. All time periods greater than one year are annualized.

Investment Earnings and Cash Flows
The Investment Earnings and Cash Flows section displays the beginning market value, net deposits and withdrawals, income and capital appreciation, and ending market value for the account or household. Time periods provided include quarter-to-date (QTD), 1 year, and since inception. All time periods greater than one year are annualized.

Asset Allocation
The Asset Allocation section displays an account or household’s allocation across equities, fixed income, cash, and other assets.

Top Portfolio Holdings
The Top Portfolio Holdings section lists the account or household’s top ten holdings along with the percentage concentration in each holding.
Overview
The Combined Portfolio Summary report shows the account allocation of an advisory household. It is included in the standard Quarterly Performance Review package for combined advisory households and is available as a standalone report.

Combined Portfolio Pie Chart
A pie chart displays the graphical representation of an advisory household’s account allocation on the left. This chart helps clients and advisors quickly identify advisory products that represent a significant concentration in the overall portfolio.

Combined Portfolio Pie Table
Details on each account – including a masked account number, investment manager, portfolio, market value, and each account’s percentage of the overall portfolio value – are provided in the table on the right. A color legend corresponding to the pie chart is integrated into the table so clients and advisors can easily identify accounts.
Overview
The Portfolio Performance (Annualized) report provides an overview of an advisory account or household’s performance compared to one or more benchmarks depending on the account type. Time periods analyzed include quarter-to-date (QTD), year-to-date (YTD), 1 year, 2 year, 3 year, 5 year, and since inception. All time periods greater than one year are annualized. It is included in the standard Quarterly Performance Review package for all accounts and is available as a standalone report.

Portfolio Performance (Annualized) Chart
On the top half of the page, a bar chart displays an advisory account or household’s performance across several applicable time periods. Single discretionary accounts are compared to one benchmark applicable to the discretionary portfolio assigned to the account. Single non-discretionary accounts are compared to multiple benchmarks representing domestic and international equities, fixed income, and a balanced blend of equities and fixed income. For advisory households, colored bars represent the combined household and individual account performance while the paired gray bars represent the corresponding benchmarks.

Portfolio Performance (Annualized) Table
Details on each account – including a masked account number and advisory product information – are provided in the table on the bottom of the page. A color legend corresponding to the bar chart is integrated into the table so clients and advisors can easily identify accounts.
Overview
The Portfolio Performance (Calendar Year) report provides an overview of an advisory account or household’s performance compared to one or more benchmarks depending on the account type. Time periods analyzed include quarter-to-date (QTD), year-to-date (YTD), and up to five consecutive calendar years. It is included in the standard Quarterly Performance Review package for all accounts and is available as a standalone report.

Portfolio Performance (Calendar Year) Chart
On the top half of the page, a bar chart displays an advisory account or household’s performance across several applicable time periods. Single discretionary accounts are compared to one benchmark applicable to the discretionary portfolio assigned to the account. Single non-discretionary accounts are compared to multiple benchmarks representing domestic and international equities, fixed income, and a balanced blend of equities and fixed income. For advisory households, colored bars represent the combined household and individual account performance while the paired gray bars represent the corresponding benchmarks.

Portfolio Performance (Calendar Year) Table
Details on each account – including a masked account number and advisory product information – are provided in the table on the bottom of the page. A color legend corresponding to the bar chart is integrated into the table so clients and advisors can easily identify accounts.
Overview
The Index Return Summary report provides an overview of benchmarks across several asset classes and blends, including cash and equivalents, balanced portfolios, fixed income, broad equity markets, large cap equities, mid/small cap equities, international and global equities, and non-traditional asset classes. It is included in the standard Quarterly Performance Review package for all accounts and is available as a standalone report.

Index Return Summary Table
The Index Return Summary Table displays the performance of over 20 benchmarks across several time periods, including quarter-to-date, year-to-date, 1 year, 3 year, 5 year, up to five consecutive calendar years and since inception. All time periods greater than one year are annualized.
Overview
The Investment Earnings and Cash Flows report displays the beginning market value, net deposits and withdrawals, capital appreciation/depreciation, and ending market value for the account or household. It is available for all accounts as a standalone report.

Investment Earnings and Cash Flows Chart
On the top half of the page a chart clearly displays the account or household’s historical market value relative to its principal value. The principal value is represented by the semi-transparent green shaded area. Market value is represented by the solid blue line.

Investment Earnings and Cash Flows Table
The bottom of the page contains a table with market value and flow information for the account or household. Time periods provided include quarter-to-date (QTD), year-to-date (YTD), 1 year, 3 year, and since inception.

Please note that the Investment Earnings and Cash Flows report is an "On Demand" report and is not included in the QPR packet.
Portfolio Risk/Return Analysis

Overview
The Portfolio Risk/Return Analysis report measures the historical return and risk of an account or household relative to its primary benchmark. Data points provided include performance, standard deviation, upside capture, and downside capture over the performance period available.

The expanded version of the Portfolio Risk/Return Analysis report includes all of the data points provided in the standard version, but also includes the quantity of up and down periods, average upside and downside return, alpha, beta, Sharpe ratio, tracking error, information ratio, and R². It also includes metrics broken into 1 year, 3 year, 5 year, and Since Inception time periods, depending on the performance period.

Please see the Risk/Return Analysis Statistical Definition pages for more information on the use and calculation of these metrics.

Risk/Return Analysis Chart and Table
The left half of the page contains a chart plotting the account or household and benchmark return (measured by the vertical axis) relative to its standard deviation (measured by the horizontal axis).

Upside/Downside Capture Chart and Table
The right half of the page displays the account or household’s upside and downside capture relative to its benchmark.

Please note that the Risk/Return Analysis reports are "On Demand" reports and are not included in the QPR packet.
## Risk/Return Analysis Statistical Definitions

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<td><strong>Standard Deviation</strong></td>
<td>Measure of the total volatility, or risk, of your portfolio; standard deviation tells how widely a portfolio's returns have varied around the average over a period of time. Standard deviation is a measure of the variance/ dispersion of returns around the mean.</td>
<td>A smaller standard deviation indicates a lower level of risk because the returns, over time, do not stray far from the mean. A larger standard deviation is more prevalent in non-discretionary portfolios, or portfolios following no set model.</td>
<td>Penalizes outperformance and underperformance equally. Does not take into account whether or not returns are skewed by outliers.</td>
<td>Lower Standard Deviation = Less Variance = Lower Total Risk</td>
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<td><strong>Sharpe Ratio</strong></td>
<td>Excess returns over a risk-free asset per unit of risk (where risk is measured by standard deviation). Helps to make the performance of one portfolio comparable with that of another portfolio by making an adjustment for risk.</td>
<td>Amount of excess return generated for each additional unit of risk. Sharpe ratio tells whether your portfolio's returns are due to smart investing or excess risk. Sharpe ratio uses what is commonly referred to as the &quot;risk-free rate&quot; in the calculation. The risk free rate is usually the 3-month Treasury bill rate. To illustrate, suppose Manager A generates a 15% return and Manager B generates a 12% return while the risk-free rate is 5%. Manager A’s standard deviation is 8% while Manager B’s is 5%, indicating a Sharpe ratio of 1.25 for Manager A and 1.4 for Manager B. Manager B was able to produce a higher return on a risk-adjusted basis than Manager A.</td>
<td>Sharpe ratio is a relative measure. Therefore, a &quot;hard&quot; number cannot be given. Comparisons must be made from one Sharpe ratio to the next.</td>
<td>Higher Sharpe Ratio = Better Risk-Adjusted Return</td>
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<td><strong>Alpha</strong></td>
<td>Measures the excess return of your portfolio above the expected return as established by comparison to a beta-adjusted benchmark.</td>
<td>Alpha is the added or subtracted value a manager brings to the table after adjusting for market-risk. An alpha of 1.0 means the portfolio has outperformed its benchmark index by 1%. An alpha of -1.0 means the portfolio has underperformed its benchmark index by 1%.</td>
<td>It is essential that an appropriate benchmark be used. Alpha is prone to misinterpretation. On the Portfolio Risk/Return Analysis page, the alpha for the benchmark index is displayed as 0.00.</td>
<td>Higher Alpha = More Outperformance = Better Active Management</td>
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<td><strong>Beta</strong></td>
<td>Measure of the volatility, or systematic (market-related) risk, of a portfolio as compared to the overall market.</td>
<td>Beta is the tendency of a portfolio’s returns to respond to swings in the market. Betas of 1, &lt;1, and &gt;1 indicate that the portfolio will move with the market, less than the market, or more than the market, respectively. For example, if a portfolio’s beta is 1.2, it is theoretically 20% more volatile than the market. One could assume that if the market was up 5%, the portfolio would be up 6%. Similarly, if the market was down 2%, the portfolio would be down 2.4%.</td>
<td>Does not differentiate between up markets and down markets. An appropriate benchmark must be used.</td>
<td>Lower Beta = Lower Market Risk (Volatility)</td>
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<td><strong>R²</strong></td>
<td>Measure of strength of the relationship between a portfolio and its market measure, or benchmark; values range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation.</td>
<td>The percentage of a manager's return that is &quot;explained&quot; by the benchmark. A large R² (between 85 and 100) indicates the portfolio’s performance patterns can be explained by changes in the benchmark, with reliability. A small R² (70 or less) means that fluctuations in the index are not as reliable in explaining changes in the portfolio.</td>
<td>No &quot;golden rule&quot; as to what is or isn’t acceptable. Sometimes investors don’t want to track the benchmark. A small R² could indicate that the benchmark may not properly reflect the portfolio’s assets – a benchmark “mismatch”.</td>
<td>Higher R² = Stronger Relationship</td>
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## Risk/Return Analysis Statistical Definitions

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<td><strong>Upside Capture</strong></td>
<td>Average return of a portfolio during positive index periods divided by average return of benchmark during positive periods. Used to evaluate how well a portfolio has performed relative to an index, during periods when the index has risen.</td>
<td>Ratio of the portfolio’s returns to the index returns when the index is positive. For example, upside capture of 110 would indicate that, on average, for every 1% the index returns, the portfolio will return 1.1%. In a perfect world, the upside capture ratio would always be greater than 100.</td>
<td>Should be run for an entire market cycle. If the time period used is too small, there may not be enough up periods or down periods to create a useful analysis.</td>
<td>Higher Upside Capture = Portfolio Captured More Positive Returns</td>
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<td><strong>Downside Capture</strong></td>
<td>Average return of a portfolio during negative index periods divided by average return of benchmark during negative periods. Used to evaluate how well a portfolio has performed relative to an index, during periods when the index has declined.</td>
<td>Ratio of the portfolio’s returns to the index returns when the index is negative. For example, downside capture of 75 would indicate that, on average, for every -1% the index returns, the portfolio will return -0.75%. In a perfect world, the downside capture ratio would always be less than 100.</td>
<td>Should be run for an entire market cycle. If the time period used is too small, there may not be enough up periods or down periods to create a useful analysis.</td>
<td>Lower Downside Capture = Portfolio Captured Less Negative Returns</td>
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<td><strong>Tracking Error</strong></td>
<td>The difference between a portfolio’s returns and the benchmark (index) it was intended to mimic or beat. Calculated as the standard deviation of the difference in return between a portfolio and its benchmark.</td>
<td>A measure of consistency of performance relative to benchmark. A measure of degree of active management. Low tracking error means a portfolio is closely following its benchmark. This gives investors a sense of how “tight” the portfolio is around its benchmark (how volatile the portfolio is relative to a given benchmark). For example, portfolio XYZ is set up to replicate the Russell 2000 index. Over the last three months, XYZ has returned 2%, 1.5%, and 2.3%, respectively. During the same time period, the Russell 2000 returned 1.4%, 2%, and 2.2%, respectively. The tracking error would be 5.6% over the three month period.</td>
<td>Only a measure of relative risk, not absolute risk.</td>
<td>Lower Tracking Error = Lower Variance From Benchmark</td>
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<td><strong>Information Ratio</strong></td>
<td>Excess returns over a benchmark per unit of risk (where risk is measured by tracking error). Incorporates the two most important aspects of active management: outperformance and consistency.</td>
<td>Used to compare more and less aggressive managers at the same time. Information Ratios in the range of 0.40-0.60 are quite good, ratios of 1.00 are rare. The larger the IR, the more consistent a manager is.</td>
<td>Only useful when the benchmark is carefully chosen and appropriate. A measure of relative risk, not absolute risk.</td>
<td>Information Ratio should be positive. Higher Information Ratio = Better Risk-Adjusted Return.</td>
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