Washington Crossing Advisors

Laddered Bond Portfolio
Corporate Fixed Income

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PORTFOLIO PROFILE SHEET

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About Washington Crossing Advisors
WCA strategies are offered through the Stifel Score Program (Research-Driven Portfolios). The management team has worked together for the past 20 years as market strategists and portfolio managers.

About Stifel
Founded in 1890, Stifel is one of the leading financial services firms in the U.S., providing full-service brokerage and investment banking services. Stifel is a leading underwriter and advisor for companies and a top provider of trade execution and securities distribution with nationally recognized research and a suite of asset management strategies.

Score
Research-Driven Portfolios
STIFEL

PORTFOLIO STRATEGY

The **WCA Laddered Bond Portfolio** seeks to provide a stream of income with preservation of capital. Bonds are **actively chosen and monitored** by Washington Crossing Advisors based upon a **fundamental evaluation** of balance sheet quality, trends in cash flow, interest coverage, and liquidity.

Why a Laddered Bond Portfolio?

Every bond investor wonders whether they should invest money now or wait. Investing now means locking in a fixed income stream at current rates. But what if rates move higher tomorrow? Waiting is an option, but not without its own risks. If the waiting period ends up being a long time, the interest foregone by not having the portfolio invested is a lost opportunity—especially if rates fail to rise as expected. In addition, should interest rates fall, instead of rising as expected, potential appreciation in bond prices is also missed. A laddered bond portfolio offers a possible solution. Mostly, laddering allows a systematic way of investing a portfolio without the constant guessing about what direction interest rates will move next. It also allows the income and yield of the portfolio to gradually adapt to changes in the interest rate environment and maintains consistency in the average maturity. This, in turn, helps reduce market risk, as longer-term bonds generally have greater volatility (change in value) than shorter-term bonds.

INVESTMENT PROCESS

10% of portfolio assets are invested in each year from years one to ten, making the average maturity of the portfolio approximately 5-6 years. Each year, when roughly 10% of the portfolio comes due, the proceeds are reinvested in a new bond on the new 10th year “rung” of the ladder at the prevailing long-term interest rate. This systematic reinvestment process is repeated each year as bonds come due. The result is a portfolio whose average yield adjusts over time to changing rate environments, while keeping the average maturity constant. A hypothetical illustration of this process can be seen on the next page.

Portfolio Characteristics:
Account Minimum: $150,000
Investment Vehicle: 30 Investment-Grade Bonds
Targeted Average Maturity: 5-6 years
Longest Maturity: 10 years
Strategy: Intermediate-term ladder

Investments Include:
Investment-grade corporate bonds

HYPOTHETICAL EXAMPLE OF AN INTERMEDIATE-TERM BOND LADDER ($150,000 PORTFOLIO)

AT INCEPTION

Bond Matures In	Percent Maturing	Amount Maturing (Hypothetical)	Current Yield (Hypothetical)	Annual Income (Hypothetical)
Year 10 (New)	10%	$15,000	5.0%	$750
Year 9	10%	$15,000	4.9%	$735
Year 8	10%	$15,000	4.8%	$720
Year 7	10%	$15,000	4.6%	$690
Year 6	10%	$15,000	4.5%	$675
Year 5	10%	$15,000	3.7%	$555
Year 4	10%	$15,000	3.3%	$495
Year 3	10%	$15,000	2.7%	$405
Year 2	10%	$15,000	2.2%	$330
Year 1	10%	$15,000	1.7%	$255
Total:	**100%**	**$150,000**	**3.7%**	**$5,610**

At Inception:

10% of the portfolio's value is invested in each year going out 10 years. Each year represents a "rung" of the ladder. Interest rates are typically higher with longer maturities on the higher "rungs" in exchange for greater volatility. Shorter maturities on the lower "rungs" typically carry relatively lower rates along with less volatility in price.

The average maturity of this example portfolio is 5-6 years. No bond has a maturity greater than 10 years.

THE FOLLOWING YEAR

Bond Matures In	Percent Maturing	Amount Maturing (Hypothetical)	Current Yield (Hypothetical)	Annual Income (Hypothetical)
Year 10 (New)	10%	$15,000	MARKET RATE	MARKET RATE
Year 9	10%	$15,000	5.0%	$750
Year 8	10%	$15,000	4.9%	$735
Year 7	10%	$15,000	4.8%	$720
Year 6	10%	$15,000	4.6%	$690
Year 5	10%	$15,000	4.5%	$675
Year 4	10%	$15,000	3.7%	$555
Year 3	10%	$15,000	3.3%	$495
Year 2	10%	$15,000	2.7%	$405
Year 1	10%	$15,000	2.2%	$330
Matured	0%			
Total:	**100%**	**$150,000**		

$15,000 REINVESTED IN NEW 10-YEAR BOND

When Bonds Come Due:

Proceeds are invested at the long-end of the ladder in a NEW 10-year bond. The interest rate on that new bond is based on the market rate of interest at the time of purchase. This means that the portfolio's overall yield and average income will not be locked in. Instead, it will gradually adjust as interest rates change over time.

For example, if rates rose over the past year, bond prices may have declined, but newly purchased bonds may take advantage of this higher yield. The opposite would be the case if rates fell. Importantly, this is largely an "automatic" process which cuts out the guesswork regarding the future direction of interest rates. Instead of engaging in guesswork, this process is an unemotional way to:

1) Generate a stream of income;
2) Allow interest rate flexibility should rates rise;
3) Maintain an average maturity of 5-6 years.

Laddering strategies do not assure or guarantee outperformance versus a benchmark or other, non-laddered strategies. In addition, the strategy does not assure or guarantee against loss of principal. Assumptions shown here are for illustration purposes only. Actual interest rates will vary from hypothetical examples. Yields and market values will fluctuate, and if sold prior to maturity, bonds may be worth more or less than the original investment.

MODEL PORTFOLIO STATISTICS (AS OF DECEMBER 31, 2016)

Maturity:	6.0 Years
Modified Duration:	4.16
Current Yield:	3.5%
Yield to Worst:	1.8%
Expected Turnover:	10-15%
Number of Holdings:	30

HOLDINGS

- ALTRIA GROUP INC.
- AMAZON.COM INC.
- ANHEUSER-BUSCH INBEV
- AT&T INC.
- BECTON, DICKINSON & CO.
- BERKSHIRE HATHAWAY INC.
- BLACKROCK INC.
- CISCO SYSTEMS INC.
- COMCAST CORPORATION
- C.R. BARD INC.
- CVS HEALTH CORP.
- DU PONT (EI) AND COMPANY
- FEDEX CORP.
- GENERAL MILLS INC.
- GILEAD SCIENCES INC.
- INTEL CORP.
- KRAFT FOODS GROUP INC.
- LOCKHEED MARTIN CORPORATION
- MCDONALDS CORP.
- MCKESSON CORP.
- NORFOLK SOUTHERN CORP.
- OCCIDENTAL PETROLEUM CORP.
- PEPSICO INC.
- QUALCOMM INC.
- QUEST DIAGNOSTICS INC.
- REPUBLIC SERVICES
- STRYKER CORPORATION
- THERMO FISHER SCIENTIFIC INC.
- WAL-MART STORES INC.
- WALT DISNEY CO.

The holdings are subject to change. The above is for illustrative purposes only and not intended as personalized recommendations. The securities identified and described do not represent all of the securities purchased, sold, or recommended for client accounts. You should not assume thatan investment in the securities identified was or will be profitable.

DISCLOSURES

The Washington Crossing Advisors Laddered Bond Portfolio requires a $150,000 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.

When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. Other risks include the risk of principal loss should the issuer default on either principal or interest payments. This portfolio invests in bonds which are obligations of corporations, and not the U.S. government, and therefore, carry a higher degree of risk relating to default. Although the portfolio strategy seeks to maintain an average portfolio rating of investment grade, individual bonds ratings are subject to change from time of purchase. Investment grade means bonds which carry a rating of Baa3 or higher by Moody's or BBB- or higher by Standard & Poor's. Model portfolio average statistics and model holdings are subject to change without notice. You should therefore carefully consider whether interest rate and default risk are suitable for you in light of your financial condition.