



### 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 Nicolaus

Founded in 1890, Stifel Nicolaus is one of the leading financial services firms in the U.S., providing full-service brokerage and investment banking services. Stifel Nicolaus 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.

The **STIFEL VICTORY PORTFOLIO** seeks capital appreciation through a value-driven, flexible-mandate. Candidate companies may vary in size, sector, and style. When fully invested, the portfolio seeks to invest in 20-30 companies that are:

#### GROWING

Portfolio candidates should have a demonstrated ability to grow shareholder value over time. The compounding effect of profitable growth is a powerful driver to returns and why this is a primary focus of our analysis.

#### PROFITABLE

Not all growth is good growth. Growth can be achieved from unprofitable investments, but detracts from shareholder wealth over time. Therefore, we seek businesses that are demonstrating the profitable use of capital in generating cash flow and returns to investors.

#### WELL-CAPITALIZED

Companies should have relatively low amounts of debt. As a general rule, we believe that companies with less debt on the balance sheet have greater financial flexibility. This flexibility becomes even more valuable during periods of economic distress.

#### ATTRACTIVELY VALUED

Candidate companies should trade at a discount to our estimate of intrinsic value under a set of conservative assumptions. In so doing, we hope to establish a “margin of safety” that helps us to avoid unnecessary risk without sacrificing return. In situations where valuations do not reflect underlying risk, the portfolio may hold cash.

#### PORTFOLIO STATISTICS

Current Number of Holdings	21
Avg. Market Cap (\$ Billions)	\$105
Avg. Est. Price/Earnings (NTM EPS)	14.4x
Avg. Return on Equity	29.7%
Avg. Return on Capital	22.9%
Avg. Long-Term Debt to Assets	20.6%
Dividend Yield	1.65%

Source: Bloomberg

#### SECTOR EXPOSURE

Consumer Discretionary	10.70%
Consumer Staples	27.50%
Energy	7.90%
Financials	0.00%
Health Care	16.40%
Industrials	3.90%
Information Technology	19.90%
Cash & Equivalents	13.70%

# Score

Research-Driven Portfolios

# STIFEL NICOLAUS

As of December 31, 2011



## EVALUATE RISK/REWARD TRADEOFF

Common investment mistakes that often lead to disappointing results include following the herd, excessive trading, and the unwillingness to take losses or pay taxes. We therefore, go to great lengths to base our investment judgments on measured and rational choices. We believe we are unique in our analysis approach in that we subject each investment to as many downside scenarios as upside, establishing a range of quantified expected outcomes. These quantified scenarios then form the basis for buy and sell decisions, reinforce our investment discipline, and help us pursue continuously optimized portfolios.

## CONSTRUCT AND MAINTAIN PORTFOLIO

We believe the best portfolios are well-diversified and seek to maximize risk-reward tradeoffs. As prices, business conditions, and our universe of opportunities change, we will look to ensure that the strongest portfolio candidates are represented and will replace those whose value drivers have deteriorated in our relative ranking of risk and return. To further mitigate portfolio risk, we monitor each investment's performance relative to an appropriate market benchmark index and, if underperforming, place those investments under review for action.

With structure and discipline in place, a monitoring and reporting process helps you track your progress. Washington Crossing Advisors continually monitors your account for adherence to stated objectives. Clients are kept informed through monthly account statements, quarterly performance reports, and year-end tax summary reports, all of which are easy to read and understand.

*Batting Average*

A measure of a manager's ability to beat the market consistently, the Batting Average is calculated by dividing the number of quarters in which the manager beat or matched an index by the total number of quarters in the period. For example, a manager who meets or outperforms the market every quarter in a given period would have a batting average of 100. A manager who beats the market half of the time would have a batting average of 50.

*Beta*

Beta measures the risk level of the manager. Beta measures the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole. In contrast, alpha measures the nonsystematic return of the portfolio, and standard deviation measures the volatility of a portfolio's returns compared to the average return of the portfolio. A beta equal to one indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. Beta is calculated using regression analysis, and can be summarized by the tendency of a security's returns to respond to swings in the market. A beta of 1 indicates that the security's price will move with the market. A beta of less than 1 means that the security will be less volatile than the market. A beta of greater than 1 indicates that the security's price will be more volatile than the market. For example, if a stock's beta is 1.2, it's theoretically 20% more volatile than the market. A beta of greater than 1 offers the possibility of a higher rate of return, but also poses more risk.

*Down Market Capture Ratio*

Down-Market Capture Ratio is a measure of managers' performance in down markets relative to the market itself. A down market is one in which the market's quarterly return is less than zero. The lower the manager's down-market capture ratio, the better the manager protected capital during a market decline. A value of 90 suggests that a manager's losses were only 90% of the market loss when the market was down. A negative down-market capture ratio indicates that a manager's returns rose while the market declined. For example, if the market fell 8% while the manager's returns rose 2%, the down-market capture ratio would be -25%.

*PEG Ratio*

PEG Ratio reflects a stock's price/earnings ratio divided by annual earnings per share growth.

*R-Squared*

R-Squared is a statistic that measures the reliability of alpha and beta in explaining the manager's return as a linear function of the market. If you are searching for a manager with a particular style, for example a growth manager, you would expect that manager to have an R-Squared that is high relative to a growth index if the manager has a diversified portfolio. If the manager's return is explained perfectly, the R-Squared would equal 100, while an R-Squared of 0 would indicate that no relationship exists between the manager and the linear function. Higher R-Squared values indicate more reliable alpha and beta statistics and are useful in assessing a manager's investment style.

*S&P 1500 Index*

The S&P 1500 index is a broad market index that tracks the performance of small, mid, and large capitalization U.S. equities.

*Sharpe Ratio*

Sharpe Ratio is one of two alternative, yet similar, methods of measuring excess return per unit of risk. (The other method is the Treynor Ratio.) In the case of the Sharpe Ratio, risk is measured using the standard deviation of the returns in the portfolio. The Sharpe Ratio relates the difference between the portfolio return and the risk-free rate to the standard deviation of that difference for a given time period.

*Standard Deviation*

Standard Deviation is a gauge of risk which measures the spread of the difference of returns from their average. The more a portfolio's returns vary from its average, the higher the standard deviation. It is important to note that higher than average returns affect the standard deviation just as lower than average returns. Thus, it is not a measure of downside risk. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk.

*Up Market Capture Ratio*

Up-Market Capture Ratio is a measure of managers' performance in up markets relative to the market itself. An up market is one in which the market's quarterly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager capitalized on a rising market. For example, a value of 110 suggests that the manager captured 110% of the up market (performed ten percent better than the market) when the market was up. A negative up-market capture ratio indicates that a manager's returns fell while the market rose. For example, if the market gained 8% while a manager's returns fell 2%, the up-market capture ratio would be -25%.

## DISCLOSURES

Past performance does not guarantee future performance or investment results. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. Performance information has been provided by Zephyr StyleADVISOR. Portfolio returns are based on the performance of the Washington Crossing Advisors model portfolio. All returns are from the period beginning August 1, 2002, which is the inception date for the model. The separately managed portfolio program, which is driven by the model, was begun on March 2, 2004. Actual performance for a client may differ due to such factors as timing, economic and market conditions, cash flows, and client constraints. Indices are unmanaged, and it is not possible to invest directly in an index. Model results are shown on a gross and net of fee basis and do not take into consideration dividends or income. Gross of fees means that the figures do not reflect any deductions for investment management fees, trading costs, taxes, or any other costs associated with a managed account. Net of fees means that the figures reflect deductions for investment management fees and trading costs, but do not reflect taxes. As depicted in the benchmark index performance herein, market returns were generally consistent with strategy returns, although some disparities exist from time to time. Significant disruptions in market or economic conditions may impact the results portrayed.

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 Nicolaus. 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.