

WASHINGTON CROSSING ADVISORS

INCOME BUILDER PORTFOLIO: 3Q2022

Growth and Income (60/40)

www.washingtoncrossingadvisors.com

PORTFOLIO PROFILE SHEET

Kevin R. Caron, CFA

Senior Portfolio Manager

(973) 549-4051

kevin@washingtoncrossingadvisors.com

Chad A. Morganlander

Senior Portfolio Manager

(973) 549-4052

chad@washingtoncrossingadvisors.com

Matthew J. Battipaglia

Portfolio Manager

(973) 549-4047

matt@washingtoncrossingadvisors.com

Steven J. Lerit, CFA

Head of Portfolio Risk Management

(973) 549-4028

Suzanne E. Ashley

Relationship Manager

(973) 549-4168

suzanne@washingtoncrossingadvisors.com

About Washington Crossing Advisors

Washington Crossing Advisors (WCA) is a wholly owned subsidiary and affiliated SEC Registered Investment Adviser of Stifel Financial Corp. WCA strategies are primarily offered through the Stifel Opportunity Program.

The senior management team has worked together for over 25 years as market strategists and portfolio managers.

Registration with the SEC does not imply a certain level of skill or training.

The WCA Income Builder Portfolio seeks to invest in companies with rising dividends at attractive valuations. The portfolio uses a fixed income ladder to manage exposure to volatility and provide a steady stream of income.

DIVERSIFICATION

Combining the flexibility of a laddered bond portfolio with rising dividends can provide a hedge against inflation and can be an appropriate addition to a retirement income portfolio. We view a well-constructed portfolio as a triangle. At the base of the triangle are high-quality bonds. Equity investments are then added to provide higher potential return.

60% RISING DIVIDEND EQUITY

We focus our attention on the 1,000 largest, actively traded companies listed on exchanges in the United States. From this starting point, we seek:

STEADILY RISING DIVIDENDS

Portfolio companies must have demonstrated at least five consecutive years of dividend increases. Failure to raise the dividend is grounds for removal from the portfolio.

CONSISTENCY

The emphasis of the WCA Income Builder Portfolio strategy is consistency. Therefore, the selection process favors companies with strong balance sheets and consistent earnings that are capable of sustained growth of shareholder capital and income. We believe that chasing yield without regard for capital growth is folly. Therefore, this portfolio seeks companies we believe are capable of growing both the dividend and shareholder capital over time.

40% INVESTMENT-GRADE CORPORATE BONDS

LADDERED BOND

The Laddered Bond component seeks to provide a stream of income while mitigating risk. 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.

A laddered bond portfolio allows a systematic way of investing a portfolio without constantly guessing about the direction of interest rates. It also allows the income and yield of the portfolio to gradually adapt to a changing interest rate environment and maintains consistency in the average maturity.

DIVERSIFICATION

KEY STATISTICS

Minimum Investment.....	\$250,000
Investment-Grade Bonds.....	30
Equity Positions.....	34

Objectives for Stocks

- › Capital Appreciation
- › Growing Income Stream

Objectives for Shorter Bonds

- › Stability of Principal
- › Some Income

Objectives for Longer Bonds

- › Current Income
- › Diversification

60% STOCKS

GOOD QUALITY STOCKS WITH
INCREASING DIVIDENDS.
HIGHER EXPECTED RISK/RETURN.

40% LADDERED CORPORATE BONDS

INVESTMENT GRADE/INTERMEDIATE DURATION.
GREATER STABILITY/LOWER RETURN.

60% RISING DIVIDEND EQUITY

PORTFOLIO STATISTICS

	Portfolio	S&P 500
Market Capitalization (\$Bil)	\$197	\$468
Return on Assets	9.1%	4.0%
Leverage	4.0x	5.3x
Enterprise Value to Sales	3.9x	5.0x
Dividend Yield	2.3%	1.8%
Dividend Growth (5-Year)	8.1%	4.4%
Expected Turnover	20.0%	—

SECTOR EXPOSURE

Consumer Discretionary	12%
Consumer Staples	24%
Financials	3%
Health Care	17%
Industrials	20%
Information Technology	12%
Materials	6%
Cash	6%

TOP TEN HOLDINGS BY WEIGHT

AUTOMATIC DATA PROCESSING, INC.	LINDE PLC	UNITEDHEALTH GROUP INCORPORATED
COLGATE-PALMOLIVE COMPANY	MARSH & MCLENNAN CO., INC.	WASTE MANAGEMENT, INC.
CUMMINS, INC.	MERCK & CO., INC.	
J.M. SMUCKER COMPANY	STARBUCKS CORPORATION	

40% INVESTMENT-GRADE CORPORATE BONDS

PORTFOLIO CHARACTERISTICS

Investment Vehicle:	30 Investment-Grade Bonds
Targeted Average Maturity:	5-6 Years
Longest Maturity:	10 Years
Strategy:	Intermediate-Term Ladder

PORTFOLIO STATISTICS

Maturity:	5.0 Years
Modified Duration:	4.4 Years
Current Yield:	2.9%
Yield to Worst:	4.7%
Expected Turnover:	10%
Number of Holdings:	30

BOND HOLDINGS

ABBOTT LABORATORIES	COMCAST CORPORATION	LOWE'S COMPANIES, INC.
ADOBE INCORPORATED	COSTCO WHOLESALE CORP.	MCKESSON CORPORATION
ALPHABET, INC.	CSX CORPORATION	NORTHROP GRUMMAN CORPORATION
AMAZON.COM, INC.	DUPONT DE NEMOURS, INC.	PPG INDUSTRIES, INC.
AMGEN, INC.	ELI LILLY AND COMPANY	SALESFORCE, INC.
APPLE, INC.	FLORIDA POWER & LIGHT CO.	TARGET CORPORATION
BLACKROCK, INC.	GILEAD SCIENCES, INC.	UNITED STATES TREASURY BILL
BRISTOL-MYERS SQUIBB COMPANY	HOME DEPOT, INC.	UNITED STATES TREASURY NOTE
CATERPILLAR, INC.	HONEYWELL INTERNATIONAL, INC.	UNITED STATES TREASURY NOTE
COCA-COLA COMPANY	INTEL CORPORATION	WALT DISNEY COMPANY

Source: Bloomberg. The Top 10 holdings are determined by percentage of portfolio allocation and are subject to change at any time, without notice. The holdings presented do not represent all of the securities held by the strategy as of the date presented. A complete list of holdings as of the date noted above will be provided upon request to your Financial Advisor. The above is presented to illustrate the application of the strategy only and not intended as personalized recommendations of any particular security. The securities identified and described above do not represent all of the securities purchased, sold, or recommended for client accounts. You should not assume that an investment in any of the securities identified was or will be profitable. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

ANNUALIZED RETURNS

PERIODS ENDING SEPTEMBER 30, 2022

	3Q22*	YTD*	1 Year	3 Year	Since Inception
Income Builder (Gross)	-3.90%	-13.11%	-6.06%	4.89%	7.56%
Income Builder (Net)	-4.45%	-14.59%	-8.20%	2.51%	5.11%
Benchmark Index	-4.53%	-14.41%	-10.60%	2.39%	3.90%

Inception: June 30, 2018. 60% Russell 1000 Value, 40% Bloomberg U.S. Intermediate Government/Credit.

Net returns are reduced by an assumed annual wrap fee of 2.30%, applied monthly.

CALENDAR YEAR RETURNS

	2019	2020	2021
Income Builder (Gross)	20.45%	11.46%	14.26%
Income Builder (Net)	17.71%	8.93%	11.66%
Benchmark Index	18.55%	5.20%	14.03%

Inception: June 30, 2018. 60% Russell 1000 Value, 40% Bloomberg U.S. Intermediate Government/Credit.

Net returns are reduced by an assumed annual wrap fee of 2.30%, applied monthly.

DISCLOSURES

Investing involves risk, including the possible loss of principal. Changes in market conditions or a company's financial condition may impact the company's ability to continue to pay dividends, and companies may also choose to discontinue dividend payments. 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 that 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.

Washington Crossing Advisors, LLC | A Subsidiary of Stifel Financial Corp.