

# THE STIFEL PACT® PROGRAM



ASSESSMENT  
ASSET ALLOCATION

FINANCIAL STRATEGIES  
MONITOR AND REVIEW

STIFEL  
NICOLAUS

## Developing Customized Asset Allocation Strategies Based on Your Needs and Risk Tolerance.

At Stifel Nicolaus, we develop personal investment strategies to help you achieve your financial goals. Through our Portfolio Allocation Consulting Tool (PACT) program, you and Stifel Nicolaus will work as partners to develop an intelligent, disciplined, and systematic approach to investing.

Because your financial goals are unique to who you are and what you believe, your investment program should be just as singular, just as personal. The Stifel PACT® Program encourages you and your Financial Advisor to take the steps necessary to formulate and document an investment strategy that's appropriate for your needs and circumstances.

Trying to predict what the market will do next can be an impossible task and may be detrimental to the overall performance of your portfolio. By utilizing proper asset allocation, the Stifel PACT® Program can help you maximize investment returns at a reasonable level of risk.

**Our unique Stifel PACT® Program employs a four-step process, which includes:**

1. Assessment of your current financial resources and investment objectives.
2. Defining a diversified asset allocation strategy designed to meet your stated objectives, time horizon, risk tolerance, and income tax situation.
3. Developing financial strategies specific to your situation and circumstances to implement your asset allocation strategy.
4. Periodic monitor and review of the investment program to ensure that it continues to meet your objectives.

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# 1 ASSESS YOUR FINANCIAL SITUATION

## Understanding Today Helps You Prepare For Tomorrow

The first step of Stifel's PACT® program guides you in assessing your current financial situation. By utilizing the PACT® Assessment Questionnaire, you and your Financial Advisor will discuss your short- and long-term financial objectives, accurately detail your financial resources, quantify your annual savings program, and define your tolerance for risk.

### Your Financial Goals

Your financial objectives might include an independent and comfortable retirement, increased income for current spending, or the benefits of a college education for your children or grandchildren. Through the PACT® program, you and your Financial Advisor can have an understanding of these goals and the timeframe and priority for each.

### Your Risk Tolerance

Each investor differs in the amount of risk he or she is willing to accept in an investment program. Investors generally fall into categories such as conservative, moderate, aggressive, or somewhere in between. Defining your risk tolerance will depend upon your investing experience and understanding of, as well as comfort level with, volatility.

### Your Financial Resources

A smart investment program considers your current financial situation, as well as future circumstances. The PACT® program helps you categorize your financial assets as taxable, qualified tax-deferred, and/or annuity tax-deferred. These are further categorized in terms of asset class. "Asset class" refers to individual securities that share common financial characteristics, such as large capitalization stocks, corporate bonds, certificates of deposit, etc.

Your Stifel Financial Advisor will work with you to ensure that you have the information necessary to make disciplined and prudent investment decisions.





# 2 DEFINE YOUR ASSET ALLOCATION

## Proper Asset Allocation Can Have a Significant Impact

Based upon the assessment information, your Financial Advisor and Stifel's Financial Planning Group will develop an asset allocation strategy that works to meet your specific needs. Asset allocation is important to the investment selection process and may have a significant impact on your investment portfolio. In fact, studies indicate that over 90% of the variance in portfolio performance may be attributed to asset allocation.

Asset allocation is the process of deciding what percentage of your investable assets should be invested in three primary asset classes: stocks, bonds, and cash. Stifel's PACT® program allows you to further refine the investing process by defining the asset classes in terms of market capitalization, style (value or growth investing), international or domestic securities, and the taxability of each asset class.

Proper asset allocation allows you to build a portfolio that balances your comfort with investment risk with

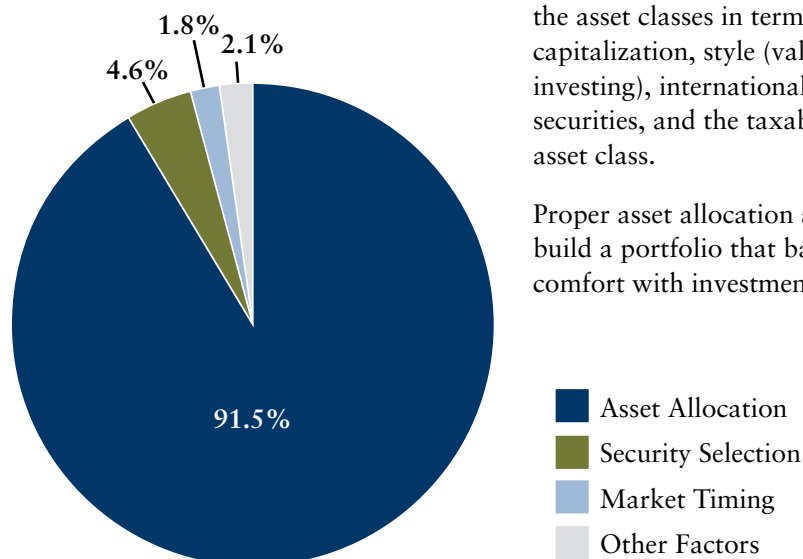
your desired investment returns.

Because time has a moderating effect on investment risk, generally the longer the investment time horizon the greater the opportunity for a positive return.

The PACT® program's primary asset allocation objectives include:

- Maximizing return at a reasonable level of risk;
- Maintaining a prudent diversification of investment assets;
- Accommodating your tolerance for risk, your investment time horizon, and your tax situation; *and*
- Providing periodic monitoring and revision, as required.

Stifel's PACT® program provides you with an easy-to-read and simple-to-understand Asset Allocation Analysis Report that reviews your existing allocation and provides a recommended allocation based on the information you provided during the assessment process. You and your Stifel Financial Advisor can meet to review the report and the suggested allocation changes.



Source: Gary P. Brinson, Brian D. Singer, and Gilbert L. Beebower, "Determinants of Portfolio Performance II: An Update," 1991



# 3 DEVELOP YOUR FINANCIAL STRATEGIES

## An Individually Tailored Plan Can Help You Reach Your Goals

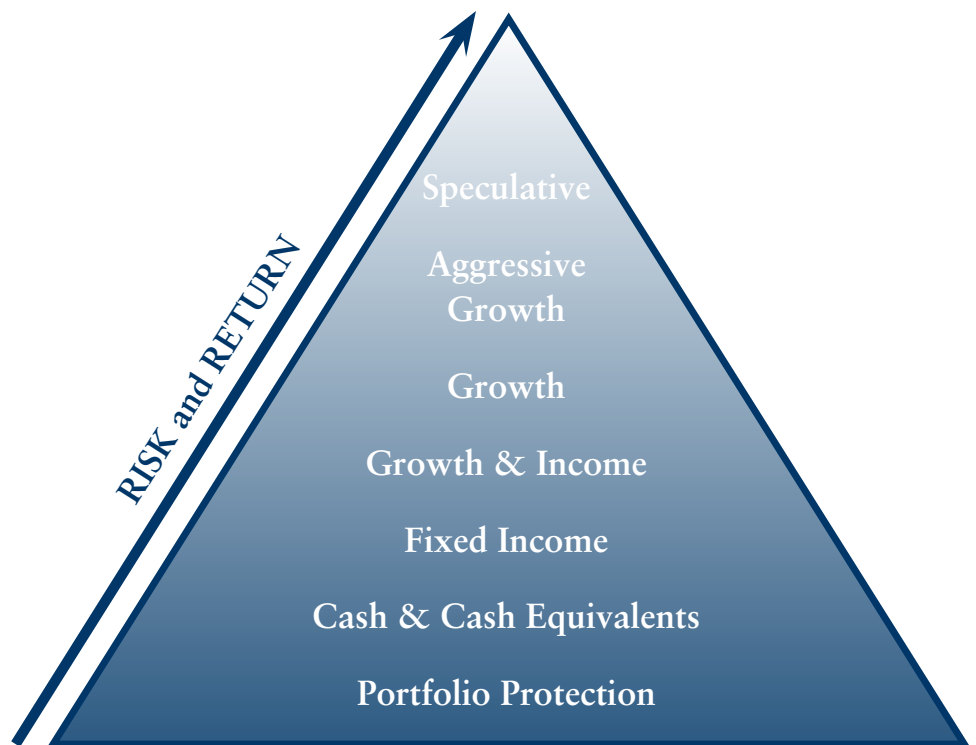
Once you and your Stifel Financial Advisor have agreed upon an asset allocation, then your Financial Advisor can recommend strategies to implement the personalized investment program.

With Stifel Nicolaus, you have a wide range of investments from which to choose to build a portfolio of securities tailored to your particular investment needs. Investments in equity issues may include ownership of domestic or foreign stocks, mutual funds, unit investment trusts, professional portfolio management, and annuities. Investments in debt issues may include ownership of corporate, municipal,

government, or agency bonds, certificates of deposit, mutual funds, unit investment trusts, or annuities.

The cash management tools you require are available through the STIFEL PRESTIGE® Account and STIFEL PRESTIGE *Plus*® Account.

You and your Stifel Financial Advisor can discuss the numerous product selection issues, including: income versus growth investing, active versus passive investing, growth versus value investing, and taxable versus tax-advantaged investing.



# 4 MONITOR YOUR PROGRESS

## Ongoing Communication and Review Help to Keep Your Plan on Course

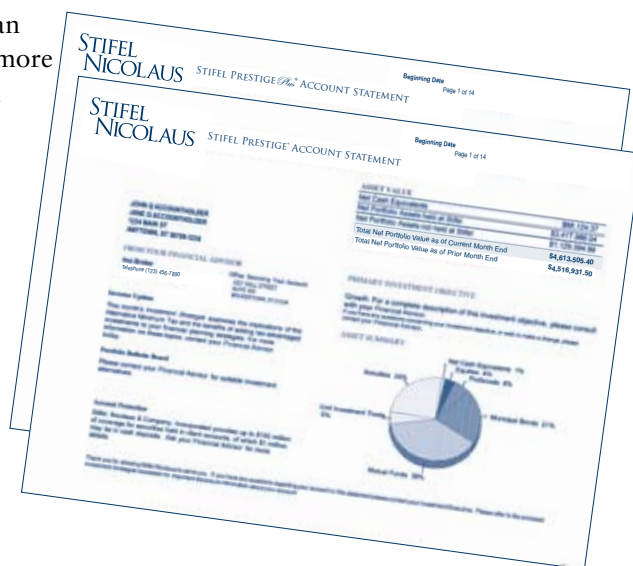
Adherence to your asset allocation program can be critical to your financial success. You and your Stifel Financial Advisor can meet periodically to evaluate your PACT® asset allocation. These meetings should be frequent enough to ensure that the plan stays on track. Such meetings are successful with honest and open communication between you and your Stifel Financial Advisor. Changes in your personal situation, financial resources, tax status, risk tolerance, and objectives should be discussed.

Because actual investment performance will differ from the investment performance illustrated in the assumptions used within the analysis, rebalancing of the portfolio may be required to bring the portfolio back to its optimal target asset allocation. Some asset classes will perform better than expected; others will perform worse than anticipated. This may result in one or more asset classes becoming over-represented in the asset mix. Such concerns can be included in the periodic review meeting with your Stifel Financial Advisor.

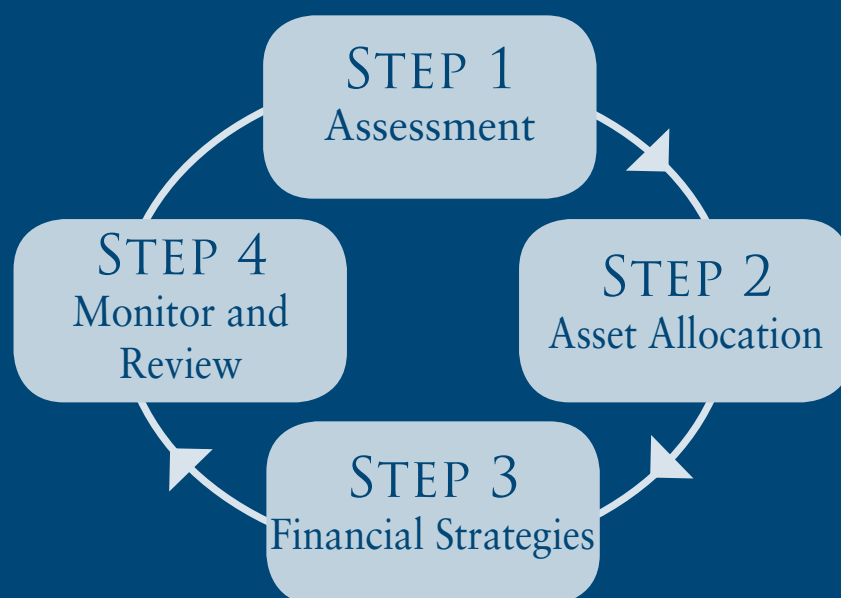
Rebalancing may have tax consequences, which you should discuss with your tax advisor.

The PACT® program will assist you in developing an investment strategy that takes into account your financial objectives. Contact your Stifel Nicolaus Financial Advisor to discuss the PACT® program and to request a free, no-obligation Assessment Questionnaire.

Start today to develop a systematic and disciplined approach to investing. While asset allocation and systematic investing do not ensure a profit or protect against loss, they are a key component of formulating a successful investment program.







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