



*Insights from Stifel's CIO Office*



## **Investment Strategy: An Update on the Economy and Impact to Dentistry**

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## Research

Through research and monitoring of the virus, companies may eventually develop drugs to prevent and treat COVID-19. Moderna Inc., Gilead, and Cytodyn are some of the companies working on developing drugs.

### Containment

Aim to detect and isolate early cases in order to limit the spread of the virus.

### Delay

The virus spreads, but officials try to delay its peak by introducing measures such as closing schools or postponing large gathering events.

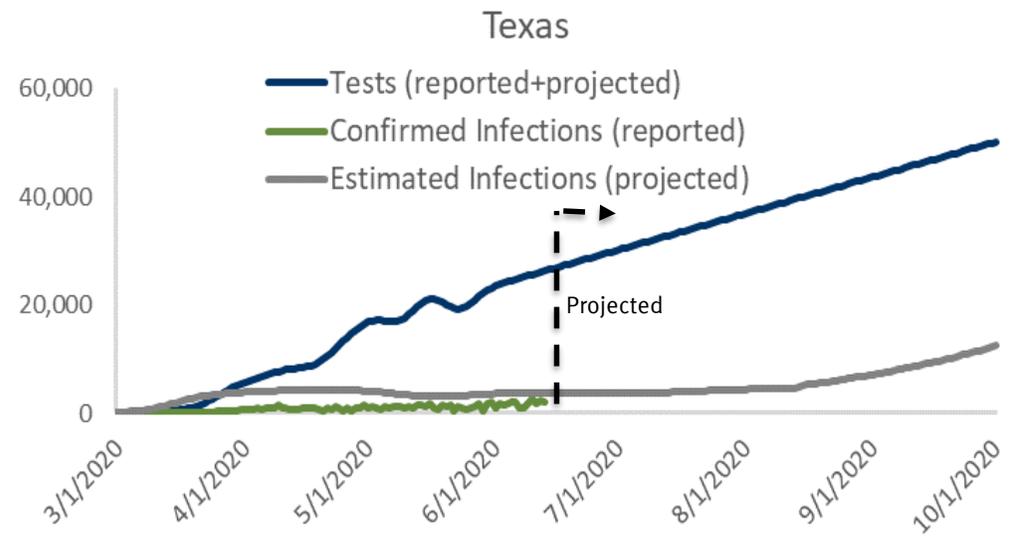
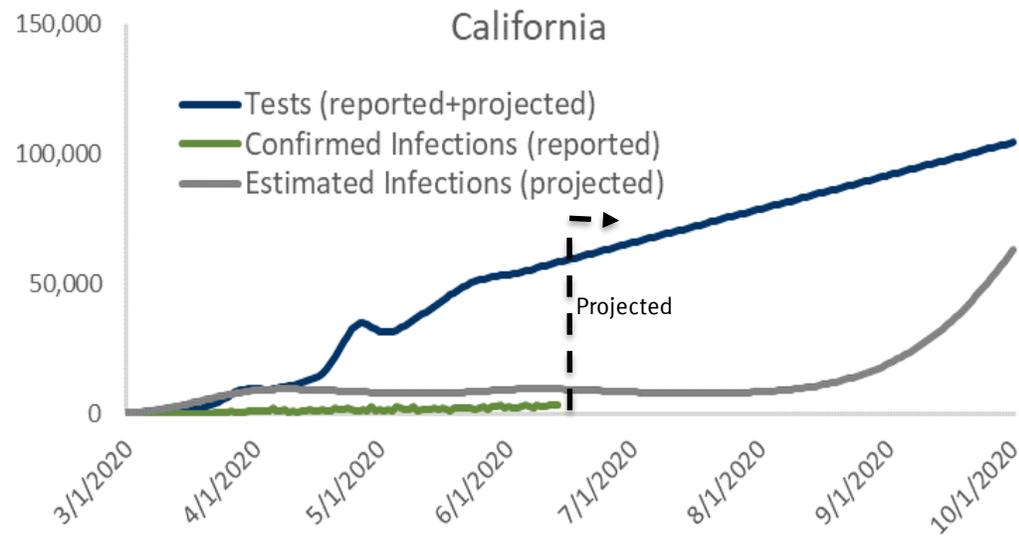
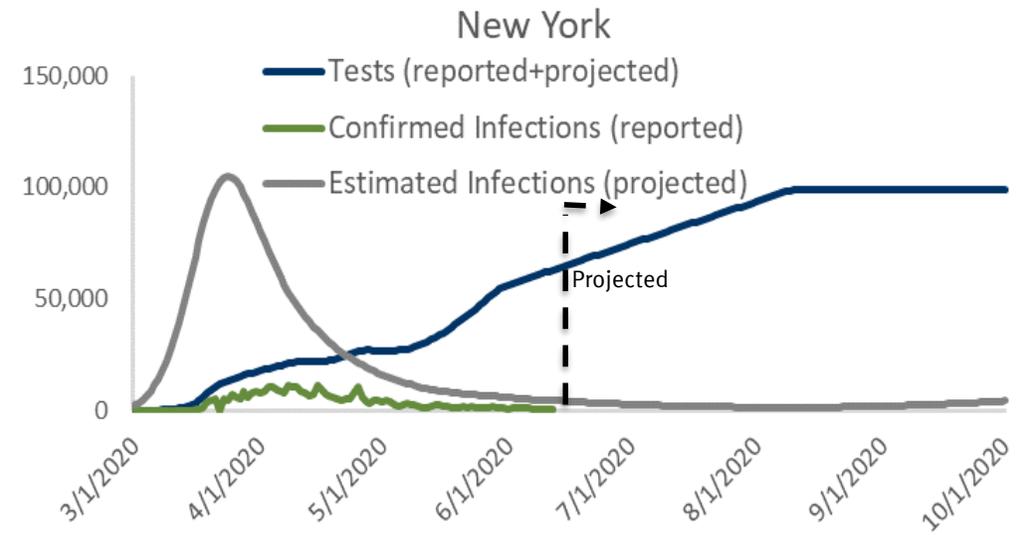
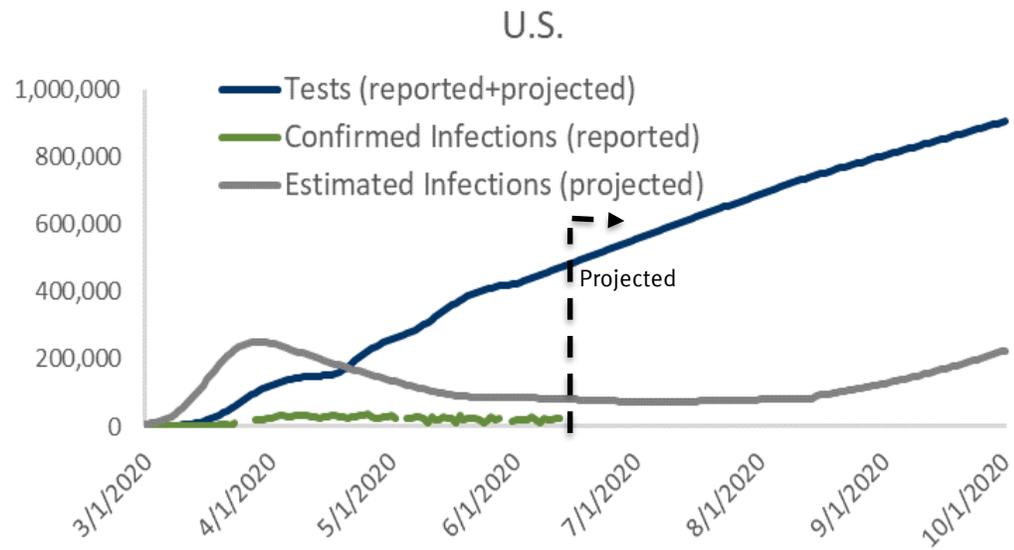
### Mitigation

Introducing even stricter measures and actions that persons, communities, and/or countries can take to help slow the spread of the coronavirus. This can be done through travel and border health measures. The goal is to minimize the impact of the disease on society, public services, and the economy.

## “Flattening the Curve”

Stopping the virus from spreading quickly will help ensure that the healthcare system won't be overwhelmed at once and can manage the pressure of the outbreak.





Source: Stifel Investment Strategy data via <https://covid19.healthdata.org/>, as of June 16, 2020

Projections above are based on estimates made by the Institute for Health Metrics and Evaluation (IHME) and these were developed in response to requests from the University of Washington School of Medicine and other U.S. hospital systems and state governments working to determine when COVID-19 would overwhelm their ability to care for patients.

*Source: The White House & the CDC*

*Can be implemented at  
State or County level*

### **Guidelines for All Phases**

- ✓ Practice Good Hygiene
- ✓ Stay Home if Sick
- ✓ Social Distancing
- ✓ Contact Tracing & Testing

### **State or Regional Gating Criteria**

- 14-day downward trajectory of symptoms
- 14-day downward trajectory of cases
- Hospitals can treat all cases and test at-risk healthcare workers

*Source: The White House & the CDC*

## *Phase One*

- Vulnerable shelter in place
- Avoid groups more than ten
- Telework, return in phases
- Minimize non-essential travel
- Large venues, gyms open with physical distancing
- Schools, bars closed

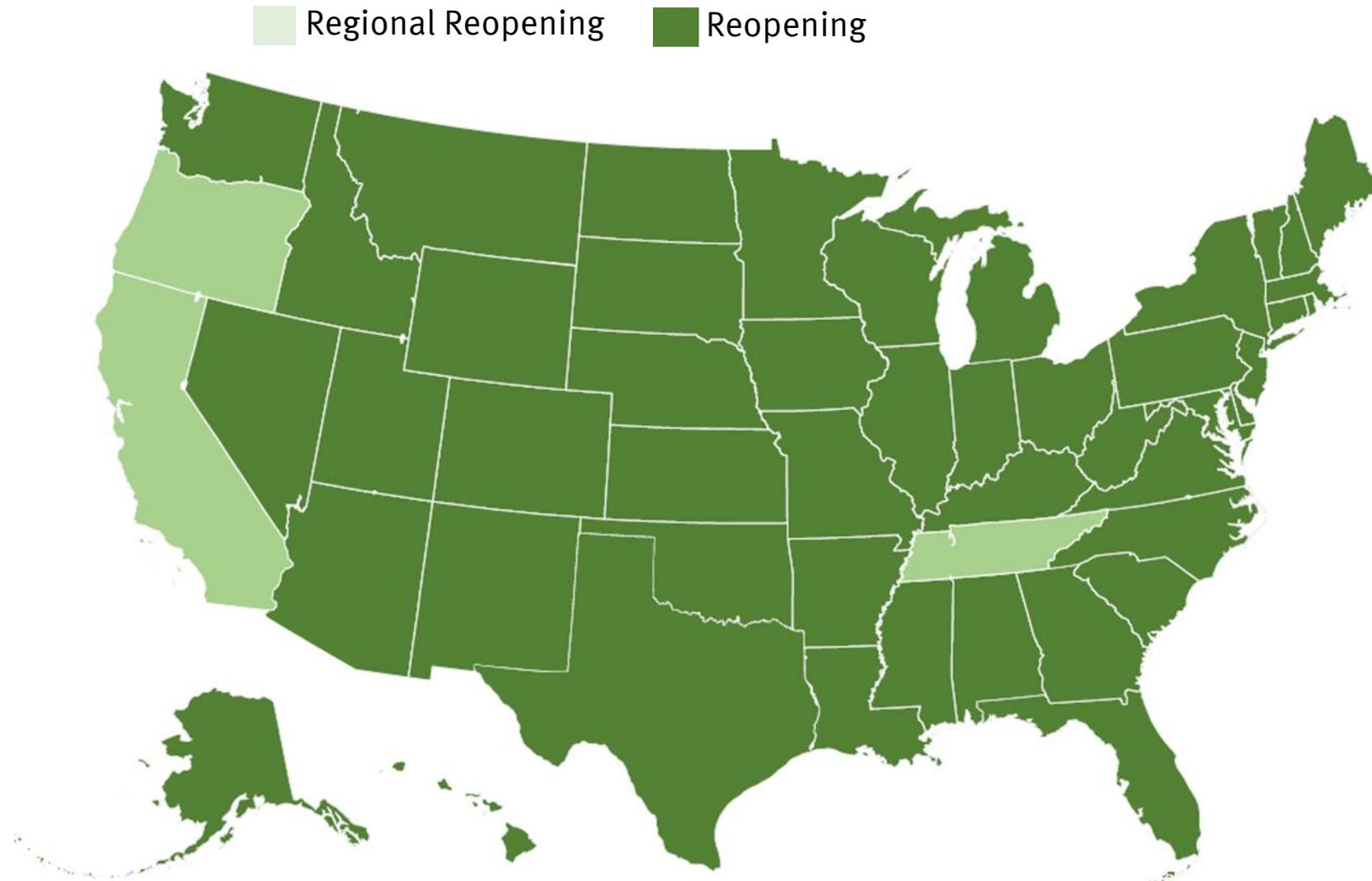
## *Phase Two*

- Vulnerable shelter in place
- Avoid groups more than 50
- Encourage Telework
- Non-essential travel resumes
- Large venues, bars, gyms open with physical distancing
- Schools open

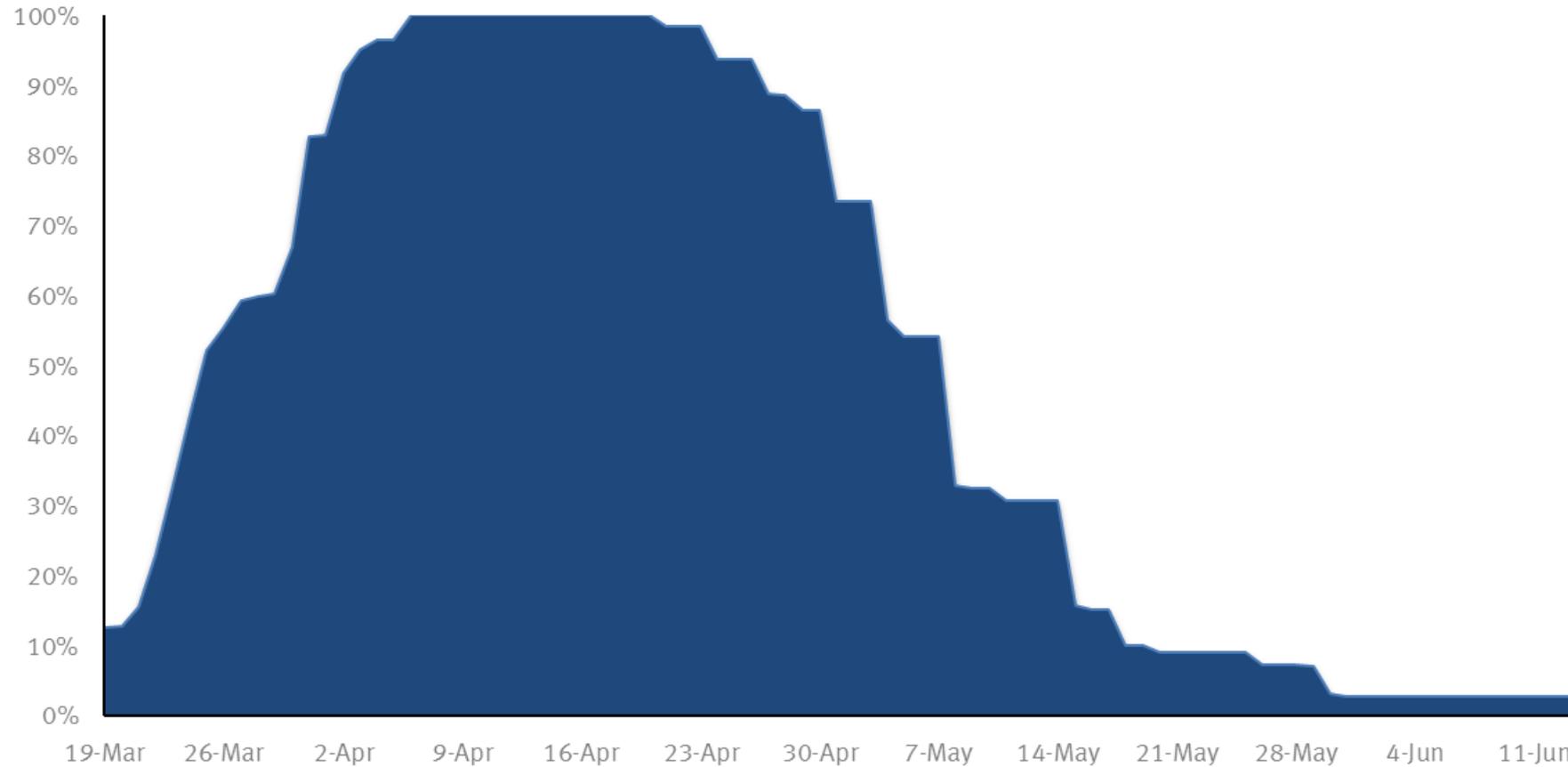
## *Phase Three*

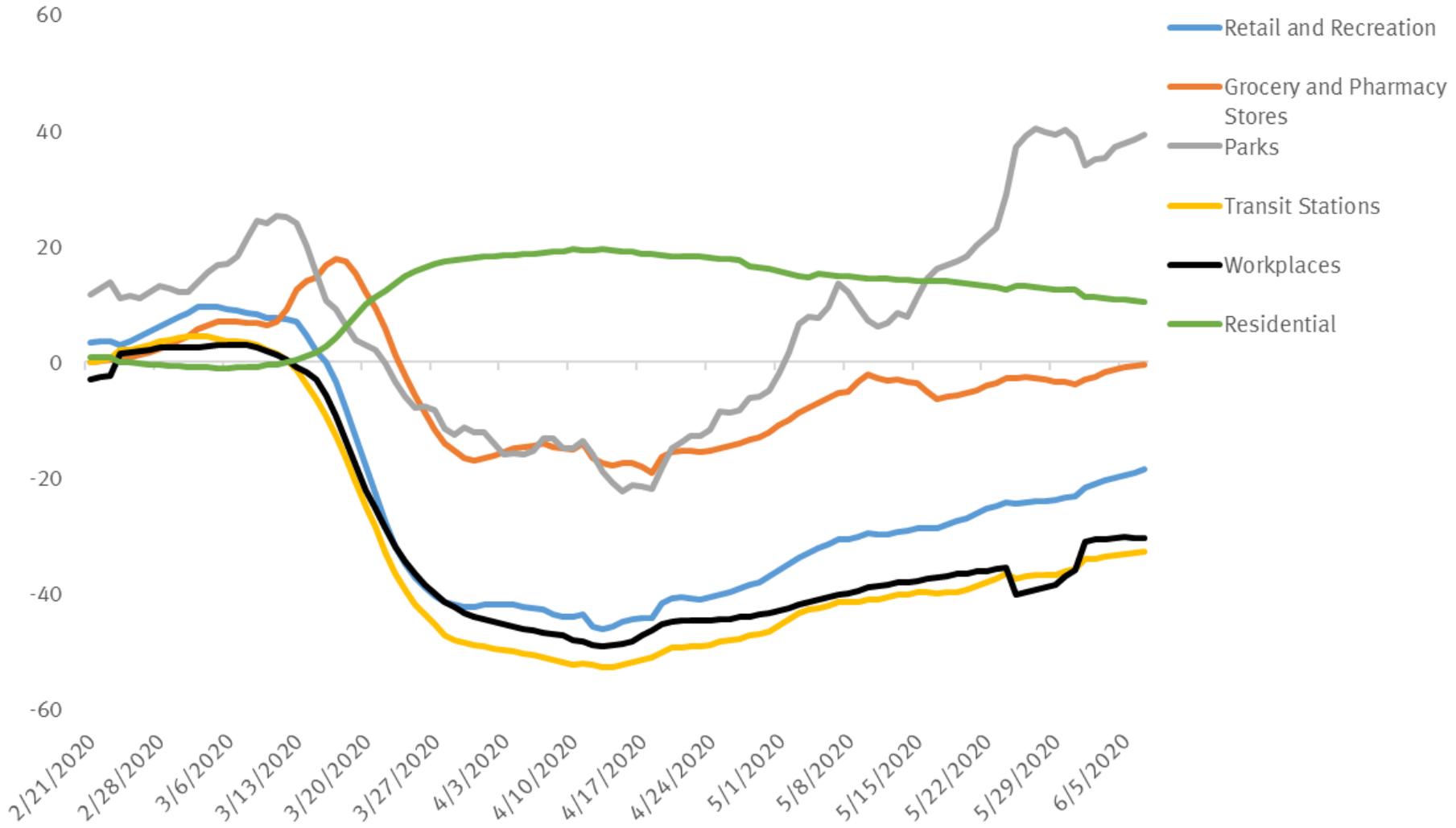
- Vulnerable shelter back to work
- Minimize time spent in crowds
- No workplace restrictions
- Non-essential travel allowed
- Large venues with physical distancing
- Keep gyms clean, have more space in bars

## Reopening Measures



Percent of U.S. Population Under COVID-19 Shutdown Restrictions

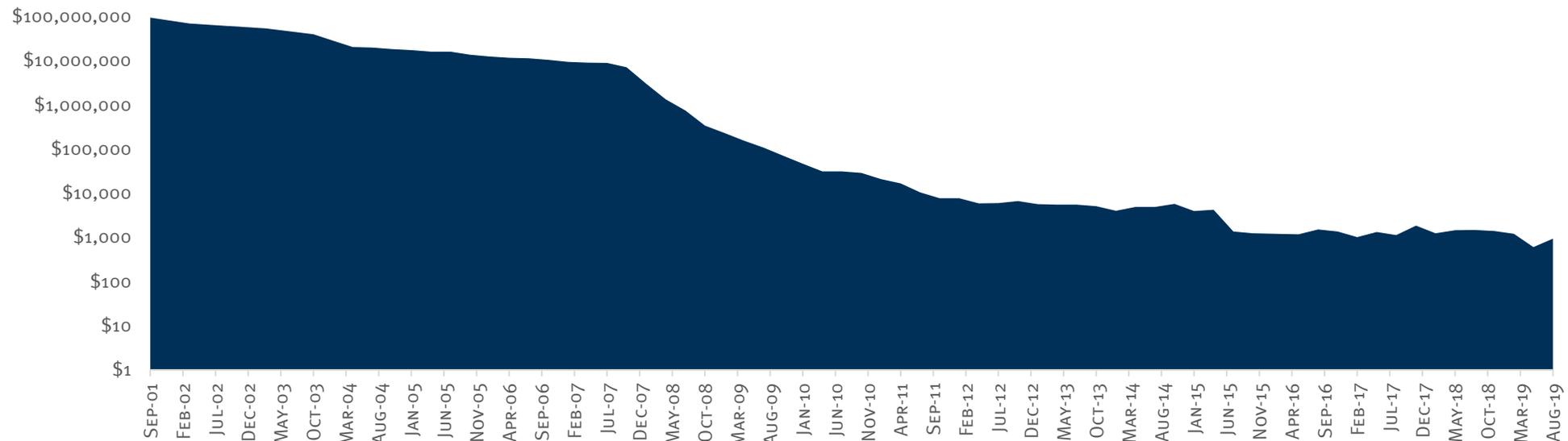




Source: Stifel Investment Strategy via Google Mobility Trends, as of June 7, 2020; based on 7-day moving average data.

- Genome sequencing - in less than 10 days mapped the COVID-19 DNA
- Currently 163 companies pursuing vaccines
  - 10 are now in clinical testing – 5 of which are in Phase II Clinical Trials
- Phase II studies 100s of people and typically take 2-3 years – but for COVID-19, it is expected to take 8 months
- Vaccine for broader distribution possibly available in 2021
- 239 companies are pursuing treatments: purpose specific vs. designed for other diseases
  - Antibody treatments are showing most hope for treatment option

## Cost Per Genome



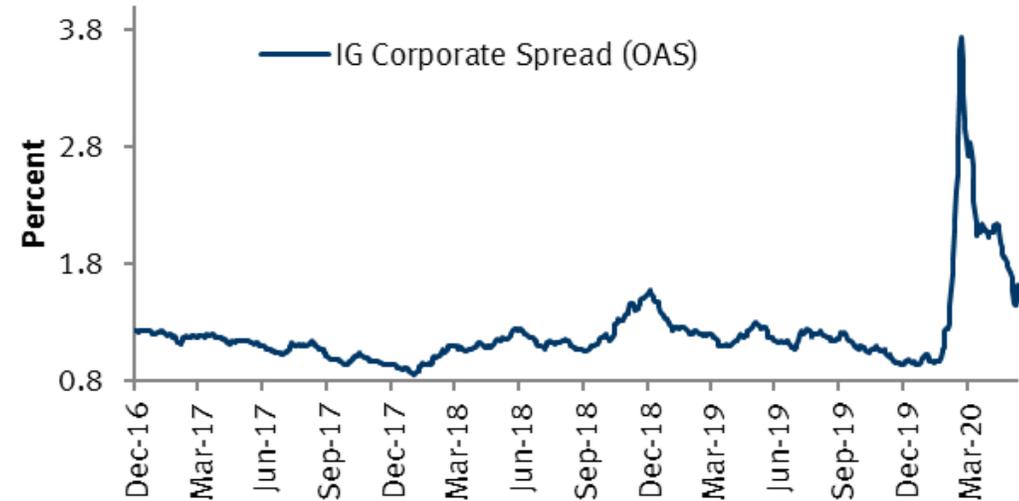
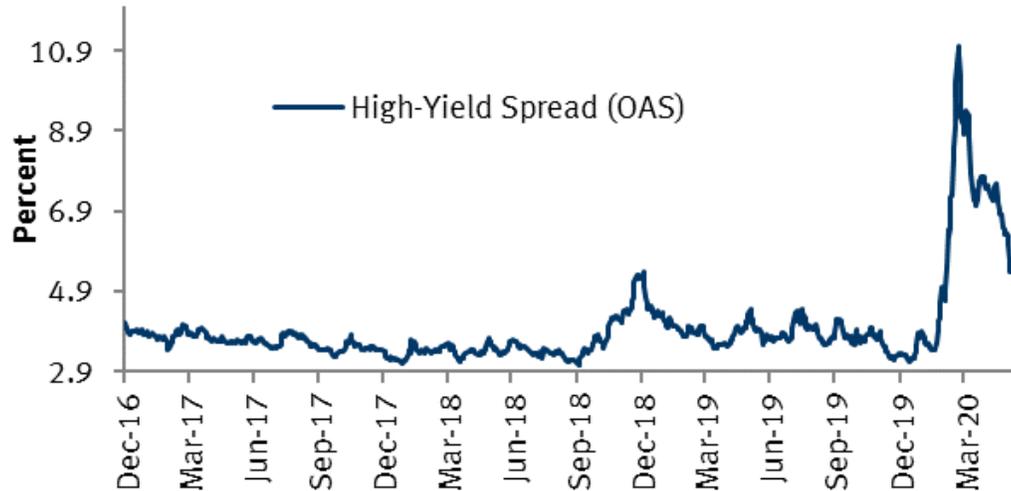
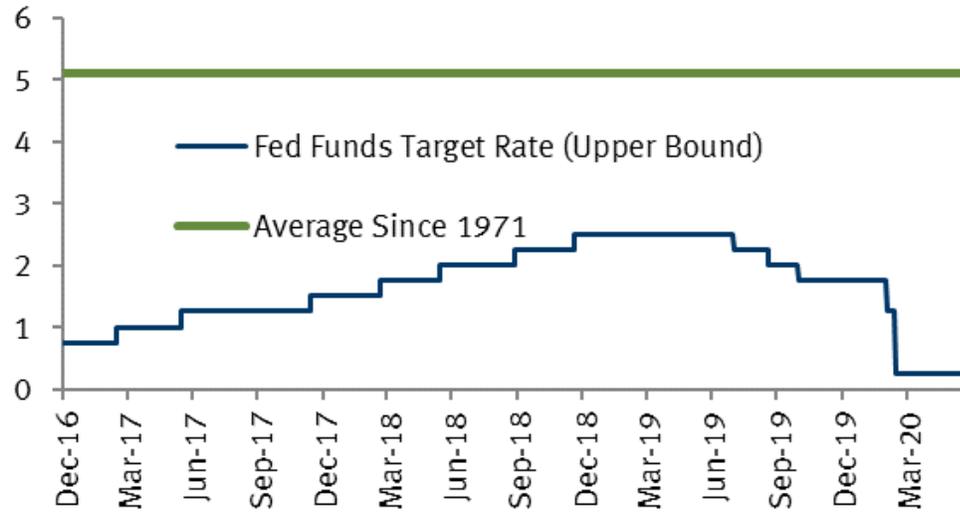
## Monetary Policy

- \$2.3 trillion program to support the economy
- \$600 billion “Main Street Lending Fund” to aid small- and medium-sized businesses
- \$500 billion facility to purchase notes from states, counties, and cities
- Expanded existing facility to begin buying investment grade Collateralized loan obligations (CLOs) and Commercial mortgage-backed securities (CMBS)
- Gives Federal Reserve (Fed) ability to buy high yield bonds
- The Fed is signaling continued monetary policy support as they expect the recovery to come in 2021

## Fiscal Policy

- \$2.3 trillion Coronavirus Aid, Relief, and Economic Security Act Program
  - \$290 billion – stimulus checks of \$1,200 per person and \$500 per child subject to income limits
  - \$260 billion – extended unemployment benefits
  - \$510 billion – loans to businesses, cities, states, firms seen as important for national security
  - \$377 billion – small business assistance
- \$484 billion new Stimulus Package
  - Package will replenish two small business-relief programs that were depleted and provide aid to small businesses and hospitals and an expansion of testing capacity nationwide.
- House passed \$3 trillion coronavirus-aid package and this is now with the Senate.
  - \$1 trillion support for states and localities
  - Additional cash payments for American households
  - Some student-loan debt forgiveness
  - Support for essential workers
- President Donald Trump has demonstrated his willingness to ask Congress to pass more economic stimulus, which may include a payroll tax cut. In addition, administration officials are expected to spend up to \$1 trillion on the next round of relief bills.

## Rates and Spreads



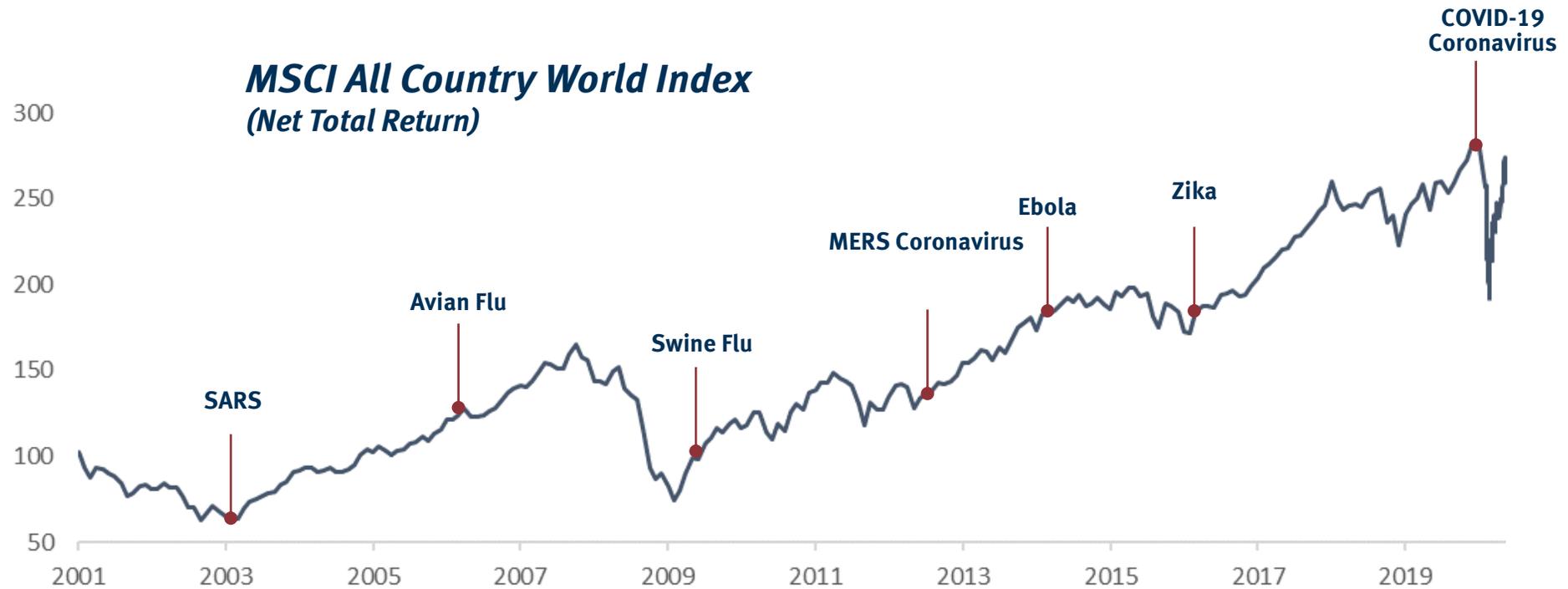
**Performance****2019**

Index	12/31 to 4/30	4/30 to 5/31	5/31 to 12/31	Full 2019
S&P 500	18.2%	-6.4%	18.7%	31.5%
Russell 2000 Index	18.5%	-7.8%	14.9%	25.5%
MSCI EAFE Index	13.1%	-4.8%	13.6%	22.8%
MSCI EM Index	12.3%	-7.2%	14.0%	18.7%
BBG/Barclays U.S. Agg	3.0%	1.8%	3.7%	8.7%

**2020**

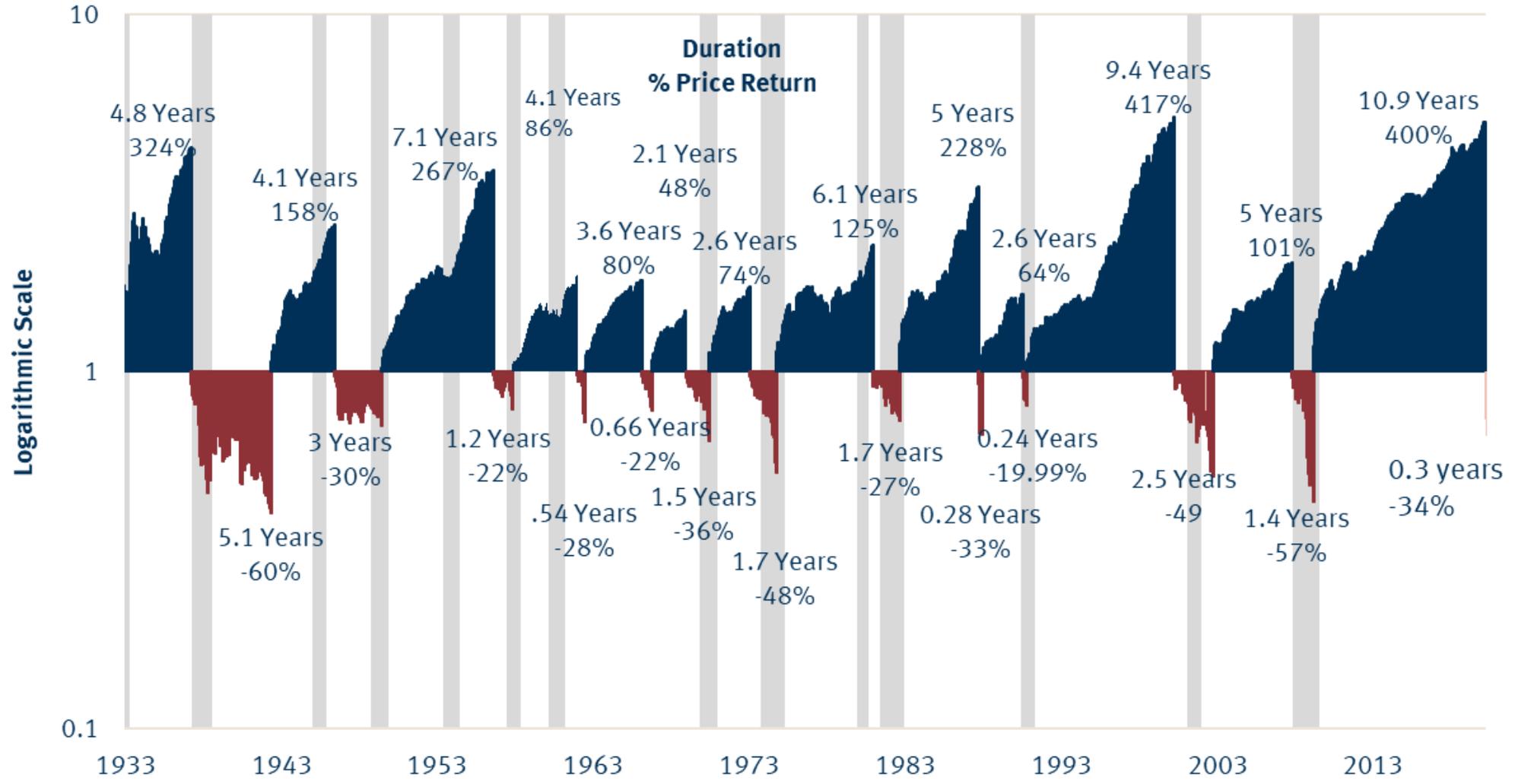
Index	12/31 to 2/19	2/19 to 3/23	3/23 to 6/12	2020 YTD
S&P 500	5.1%	-33.8%	36.6%	-5.0%
Russell 2000 Index	1.6%	-40.7%	38.9%	-16.3%
MSCI EAFE Index	-0.8%	-32.7%	31.7%	-12.1%
MSCI EM Index	-0.9%	-31.2%	30.9%	-10.7%
BBG/Barclays U.S. Agg	2.0%	-0.9%	4.6%	5.7%

Outbreak	Year (s)	Impact on Countries	# of Deaths	# of Infections	Mortality Rate	Contagiousness*
COVID-19	2019-	Global	436,145	8,019,152	5.44%	1.5-3.5
Swine Flu	2009-2010	Global	150,000-300,000	60.8 million	0.03%	1.5
SARS	2003-2004	China and 26 others	800	8,000	10%	3.0
Hong Kong Flu	1968-1970	SEA, USA, Europe	1-4 million	N/A**	0.20%	2.0
Asian Flu	1957-1958	China, USA, Europe	1-2 million	N/A**	0.20%	1.8
Spanish Flu	1918-1919	Global	25 million	500 million	5%	2.0



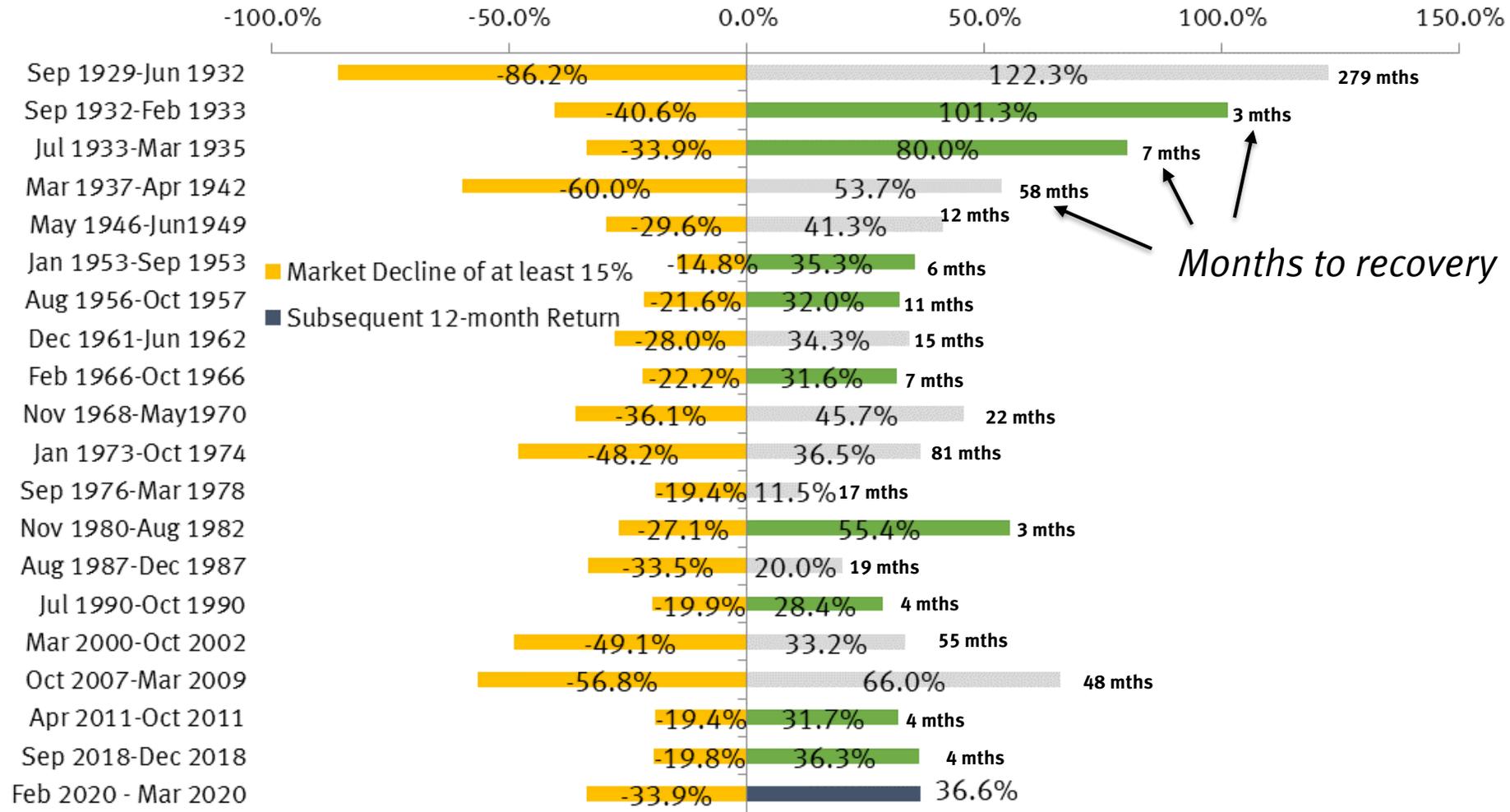
Source: Stifel Investment Strategy via Bloomberg, Boston Consulting Group, Bridgewater Associates, National Health Commission China, American Journal of Epidemiology, U.S. National Library of Medicine, BCG Henderson Institute Analysis, CDC, John Hopkins University, as of June 12, 2020

\*Average number of persons infected by each sick individual at the peak of transmission based on Boston Consulting Group study. \*\*not available.



Source: Stifel Investment Strategy data via Bloomberg, Strategas Research Partners, as of June 12, 2020

The right hand side of the chart below shows the returns of the S&P 500 over the subsequent 12 months. The green bars refer to periods of full recovery within that time.



Source: Stifel Investment Strategy via Bloomberg, as of June 12, 2020  
 Each market decline reflects a decline of at least 15% in the S&P 500's index value, without dividends reinvested.

	Indicator	Pre-Coronavirus Outbreak	Current	Description
<b>Macro</b>	Redbook Retail Sales (%)	5.0	-9.7	Redbook sales give us a weekly view of the U.S. consumer.
	Jobless Claims (thousands)	216.3	1542.0	A good weekly proxy for aggregate U.S. consumer spending.
	Leading Economic Indicators YoY (%)	0.9	-11.5	A good composite economic indicator consisting of key metrics that lead the economic cycle.
	Global Economic Surprise Index	5.8	-5.0	A measure of how well economic data is faring relative to consensus expectations.
	Bloomberg Consensus 2020 World Real GDP (%)	3.1	-3.7	Sell-side estimate of global GDP.
	IMF 2020 World Real GDP (%)	3.4	-3.0	IMF estimate of global GDP.
	Bloomberg Consensus 2020 U.S. Real GDP (%)	1.9	-5.7	Economist survey estimate of U.S. real GDP.
	ISM New Orders - Manufacturing	52.0	31.8	One of the key leading economic indicators.
	Global Money Supply (\$ Trillions)	80.9	85.7	A measure of global liquidity.
	Monetary/Fiscal support			Global central banks and governments have taken simulative measures to support the global economy.
	Federal Reserve Bank of New York Weekly Economic Index (WEI)	2.0	-10.0	The index is designed to provide a signal on the state of the U.S. economy.

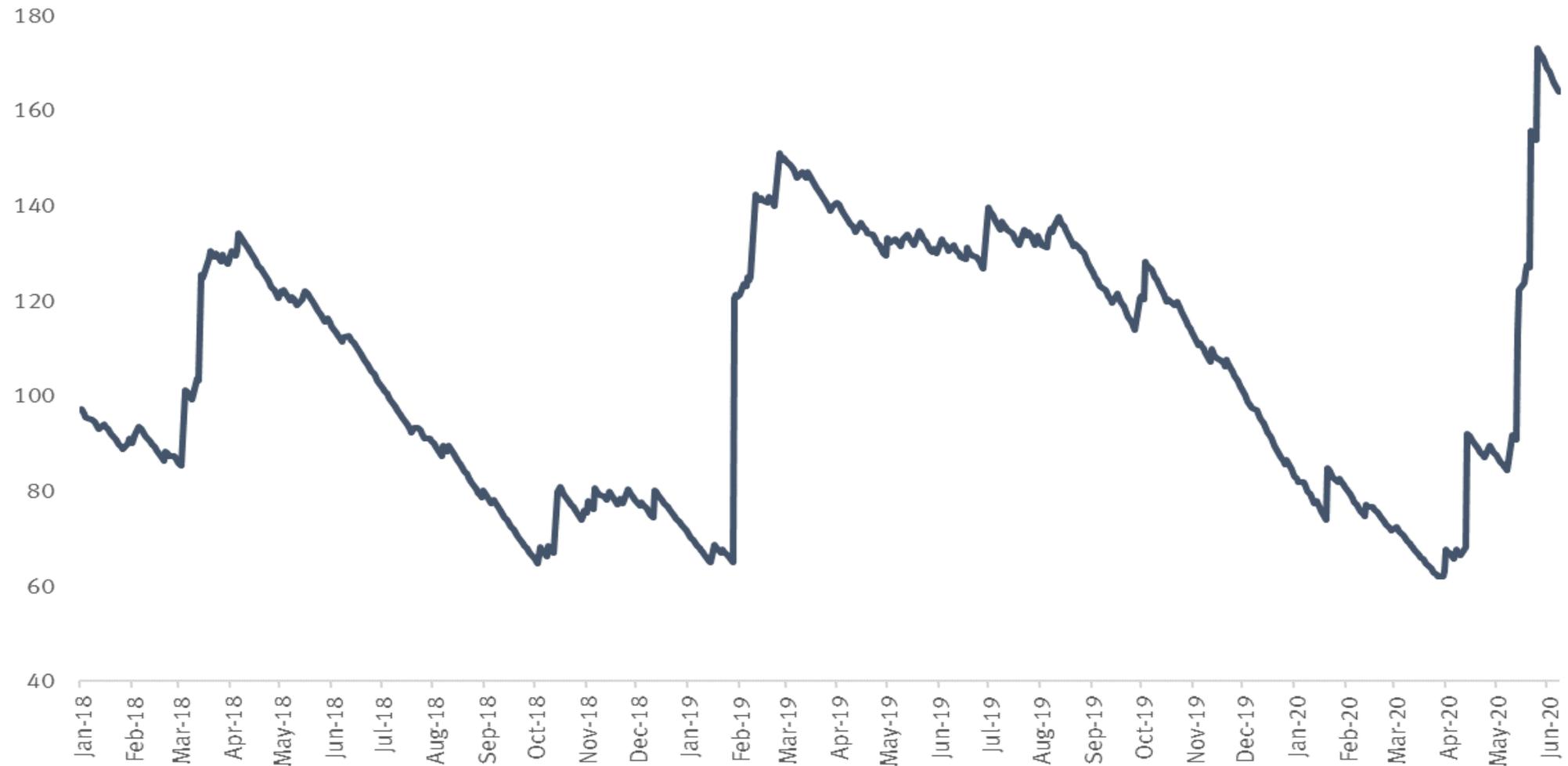
	Indicator	Pre-Coronavirus Outbreak	Current	Description
Survey Data	U. of Michigan Consumer Confidence	99.8	78.9	Forward-looking consumer view of both present and expected economic conditions.
	Conference Board Consumer Confidence	130.4	86.6	Forward-looking consumer view of both present and expected economic conditions.
	NAHB Housing Market Index	75.0	37.0	Homebuilders' confidence - a good proxy of future housing activity.
	U.S. Empire State Manf. Index	4.8	-0.2	How businesses feel about the economy in the state of New York.
	Dallas Fed Manufacturing Index	-0.2	-49.2	How businesses feel about the economy in the state of Texas.
	Philly Fed Manufacturing Index	17.0	-43.1	How businesses feel about the economy in the states of Pennsylvania, New Jersey, and Delaware.
	Markit Manufacturing PMI	51.9	39.8	Reported twice a month and gives a real-time view of the manufacturing sector, covering all-sized U.S. companies.
	ISM Manufacturing PMI	50.9	43.1	Federal Reserve monitors closely. It tracks changes in new orders, production, employment, and inventories.
	Markit Services PMI	53.4	37.5	A timely measure to gauge service level sector activity.
	ISM Services PMI	55.5	45.4	A timely measure to gauge service level sector activity.
Coronavirus	U.S. Coronavirus Cases	0	2,162,406	A direct measure of the virus.
	Global Coronavirus Cases ex China	0	7,936,971	A direct measure of the contagion from the virus.
Market Data	WTI Crude Oil (\$/barrel)	58.5	35.1	A measure of global demand and economic activity. <\$50 puts pressure on energy companies. Opec/Non-Opec price war has exasperated situation.
	Copper (\$/pound)	284.6	254.8	A measure of global demand and economic activity. China accounts for almost half of global copper demand.
	10-Year/2-Year Treas. Yield Spread (BPs)	26.0	47.9	A negative spread has historically signaled a recession. An inversion could cause the Federal Reserve to ease monetary policy.
	Dow Jones Transportation Average Index	11278.9	9081.9	Equity market index for the top 20 U.S. transportation stocks.

**13.3%**  
*Unemployment Rate*

**Over 44  
million\***  
*Jobless Claims*

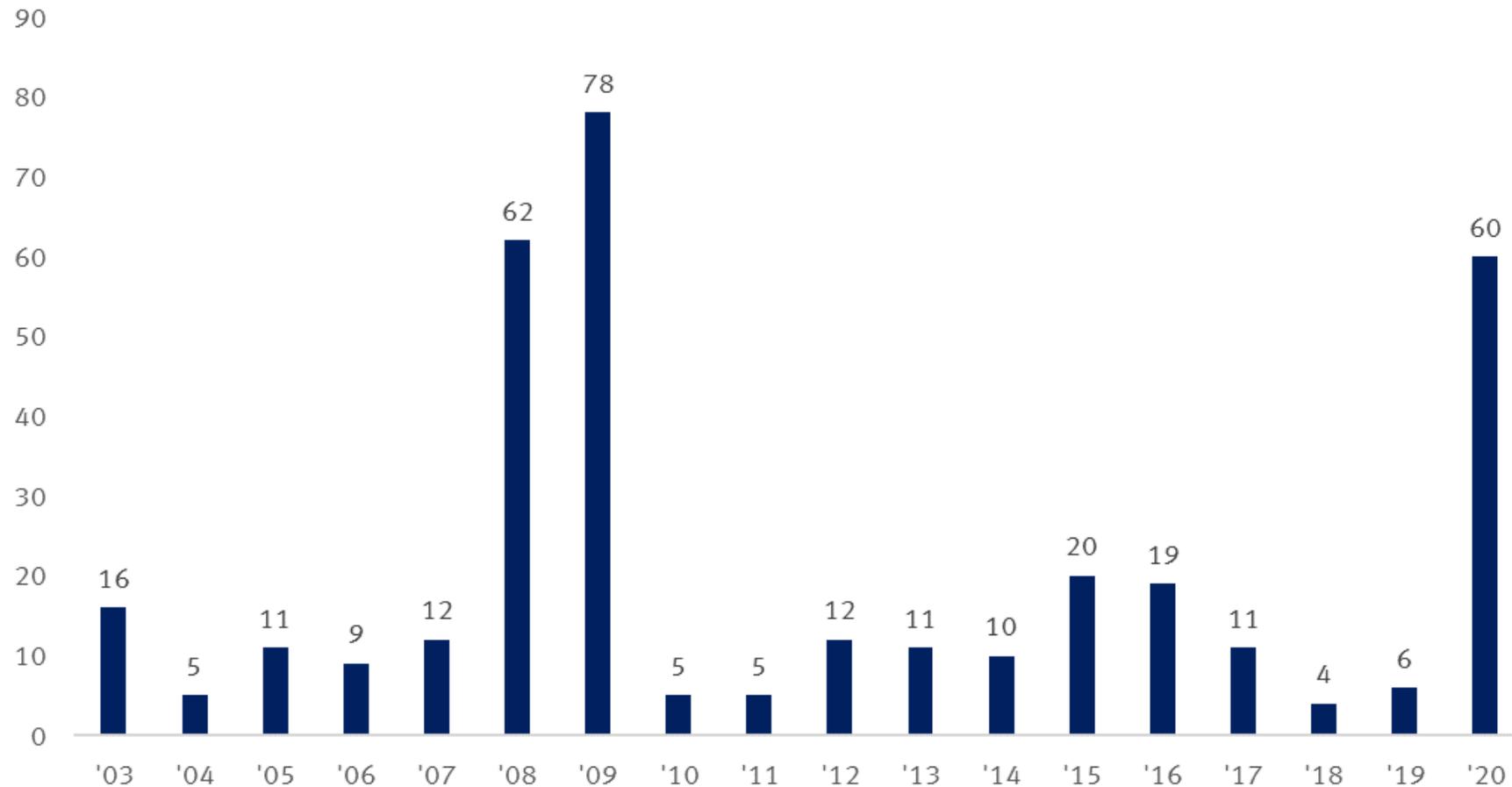
Top 25 Job loss Industries (Feb - May)		Median Income	Mar-May Total		
			Job Losses	Income Lost (\$B)	As % Total Personal Income
					100%
1	Food services and drinking places	\$23,890	-4,681	-\$111.8	-0.6%
2	Accommodation	26,980	-1,061	-\$28.6	-0.2%
3	Amusements, gambling, and recreation	26,800	-1,001	-\$26.8	-0.2%
4	Employment services(1)	31,260	-967	-\$30.2	-0.2%
5	Local government education	48,980	-759	-\$37.2	-0.2%
6	Clothing and clothing accessories stores	25,310	-694	-\$17.6	-0.1%
7	Personal and laundry services	27,570	-665	-\$18.3	-0.1%
8	Local government, excluding education	48,980	-524	-\$25.7	-0.1%
9	Educational services	50,150	-472	-\$23.7	-0.1%
10	Transportation equipment(1)	51,070	-380	-\$19.4	-0.1%
11	Child day care services	26,430	-326	-\$8.6	-0.0%
12	Offices of dentists	48,520	-297	-\$14.4	-0.1%
13	State government education	52,440	-266	-\$14.0	-0.1%
14	Membership associations and organizations	41,150	-261	-\$10.7	-0.1%
15	Performing arts and spectator sports	37,330	-246	-\$9.2	-0.1%
16	Motion picture and sound recording industries	43,360	-241	-\$10.4	-0.1%
17	Nonresidential specialty trade contractors	47,820	-241	-\$11.5	-0.1%
18	Offices of physicians	46,330	-239	-\$11.1	-0.1%
19	Department stores	25,310	-229	-\$5.8	-0.0%
20	Miscellaneous store retailers	26,060	-222	-\$5.8	-0.0%
21	Individual and family services	28,070	-217	-\$6.1	-0.0%
22	Services to buildings and dwellings	29,660	-202	-\$6.0	-0.0%
23	Automobile dealers	36,950	-201	-\$7.4	-0.0%
24	Durable goods	46,840	-196	-\$9.2	-0.1%
25	Transit and ground passenger transportation	34,190	-179	-\$6.1	-0.0%
Total 25 Industries			-14,768	-\$476	-2.7%

Source: Stifel Investment Strategy data via Fundstrat, as of May 30, 2020



**The Bloomberg Corporate Bankruptcy Index** measures both the occurrence and severity of current and recent U.S. bankruptcy activity for corporations with at least \$100 million in reported liabilities. The index is a barometer of bankruptcy activity that equally considers the number of bankruptcies and the U.S. dollar amount of liabilities relative to their 2000 to 2012 medians which are set at 100.

Number of S&amp;P 500 companies that have cut or suspended dividends



- Increased number of companies have cut or suspended their dividends
- In some cases, this can be a prudent strategy to enhance liquidity and mitigate credit risks
- Companies with sound long-term fundamentals are likely to reinstate their dividends as we get past COVID-19 related macro shock

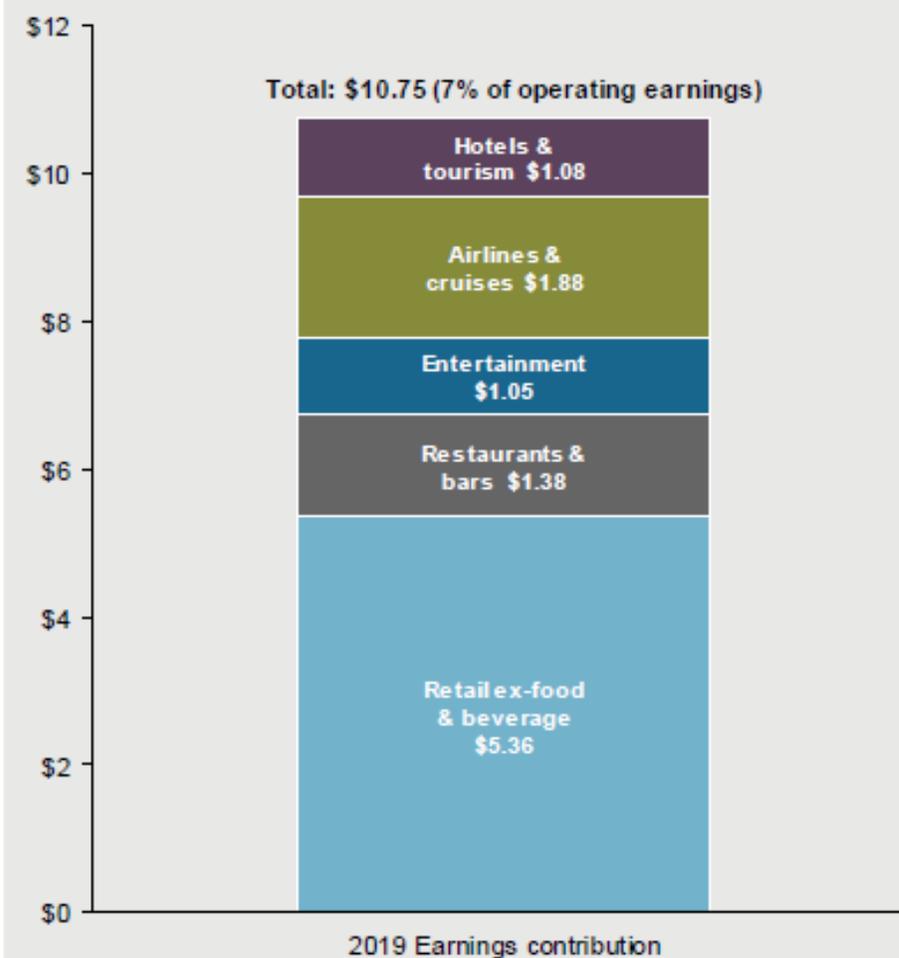
## Consumer spending by industry

2019, billions



## Earnings contribution by industry

Contribution to 2019 S&P 500 operating earnings



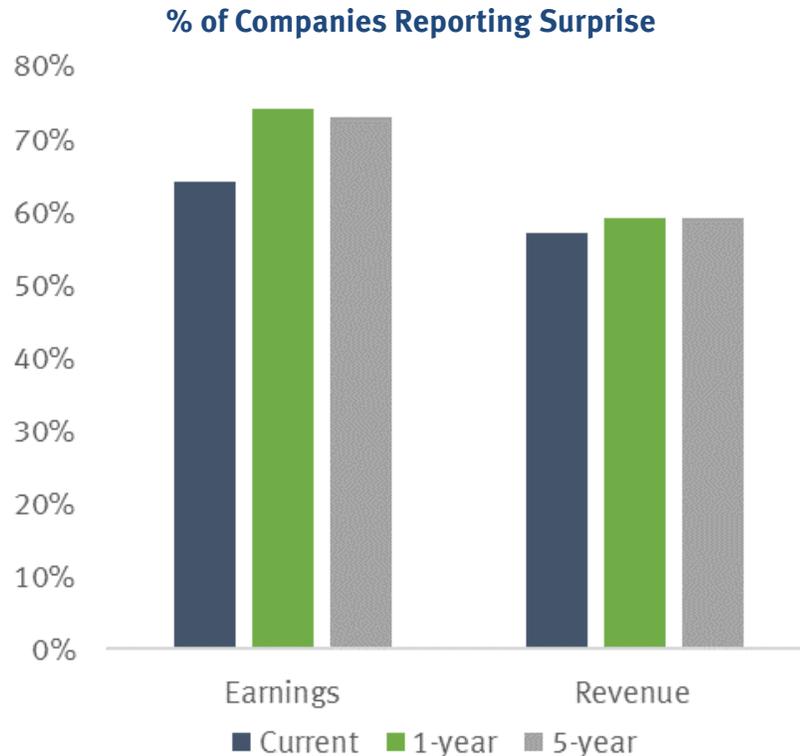
## Employment by industry

Jan. 2020, thousands



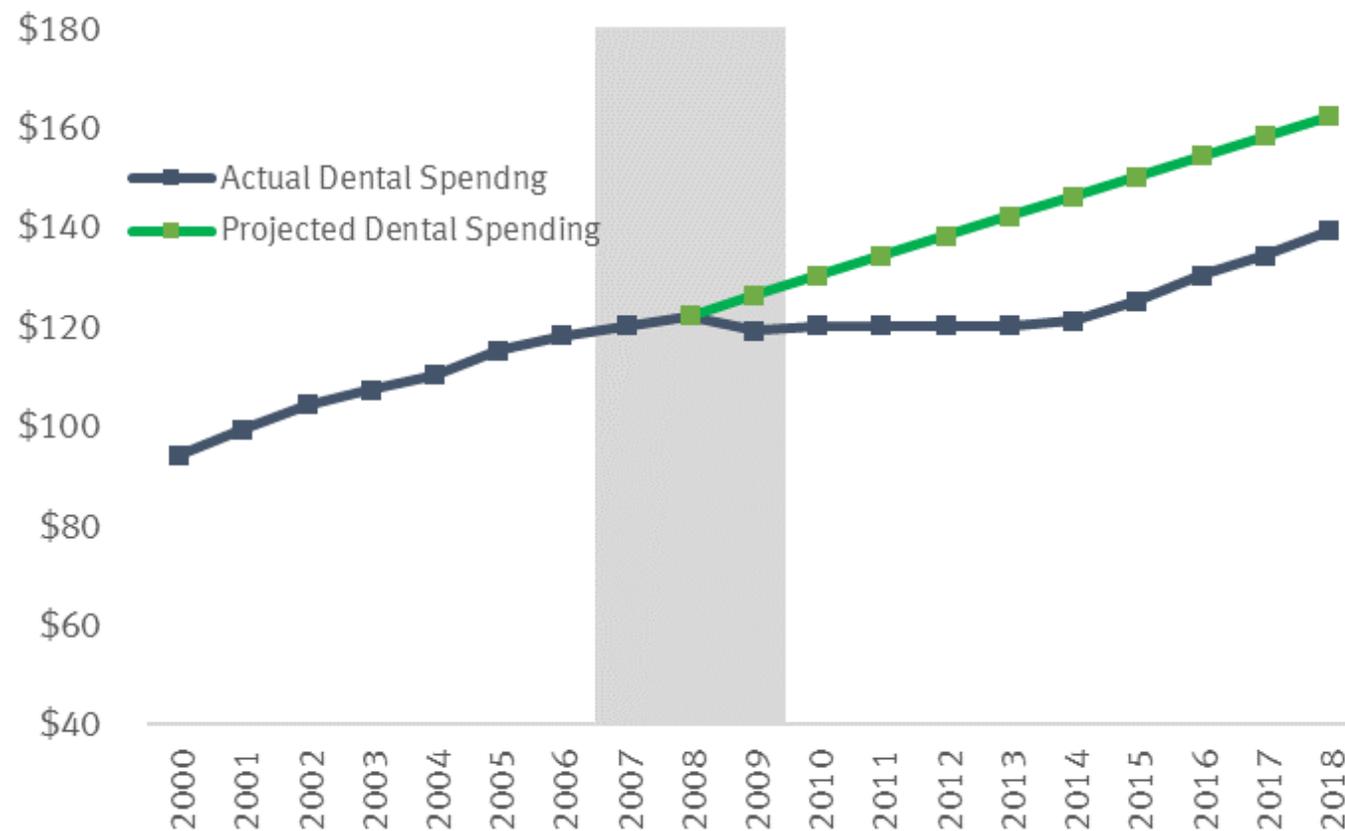
Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Factset, S&P 500, J.P. Morgan Asset Management. Consumer spending (2019 annual): membership clubs, sports, amusement parks, campgrounds, movies, theaters, museums, libraries, casino gambling, purchased meals and beverages, packaged tours, air and water transportation, hotels and motels, and select retail goods and services. Employment (January 2020): air and water transportation, transit and ground passenger transportation, support activities for air and water transportation, arts, entertainment, recreation, accommodation, food services and drinking places, and retail ex-food and beverage stores. Earnings (2019 operating): hotels restaurants and leisure; airlines; select entertainment and travel booking companies; multiline and specialty retail; and textiles apparel and luxury goods. *Guide to the Markets – U.S.* Data are as of June 12, 2020.

## Earnings Season Update



- In the first quarter of 2020, 64% of S&P 500 companies reported earnings that were better than consensus, or a positive earnings surprise
- The result is below the average results over the last year (74%) and last five years (73%). We see a similar result for revenue, with 56% of the companies reporting a positive revenue surprise, below the one-year result (59%) and five-year result (59%)
- Looking forward to 2020, the consensus earnings growth estimate is -21.4%

## U.S. Dental Spending (\$ Billions, Inflation-Adjusted)



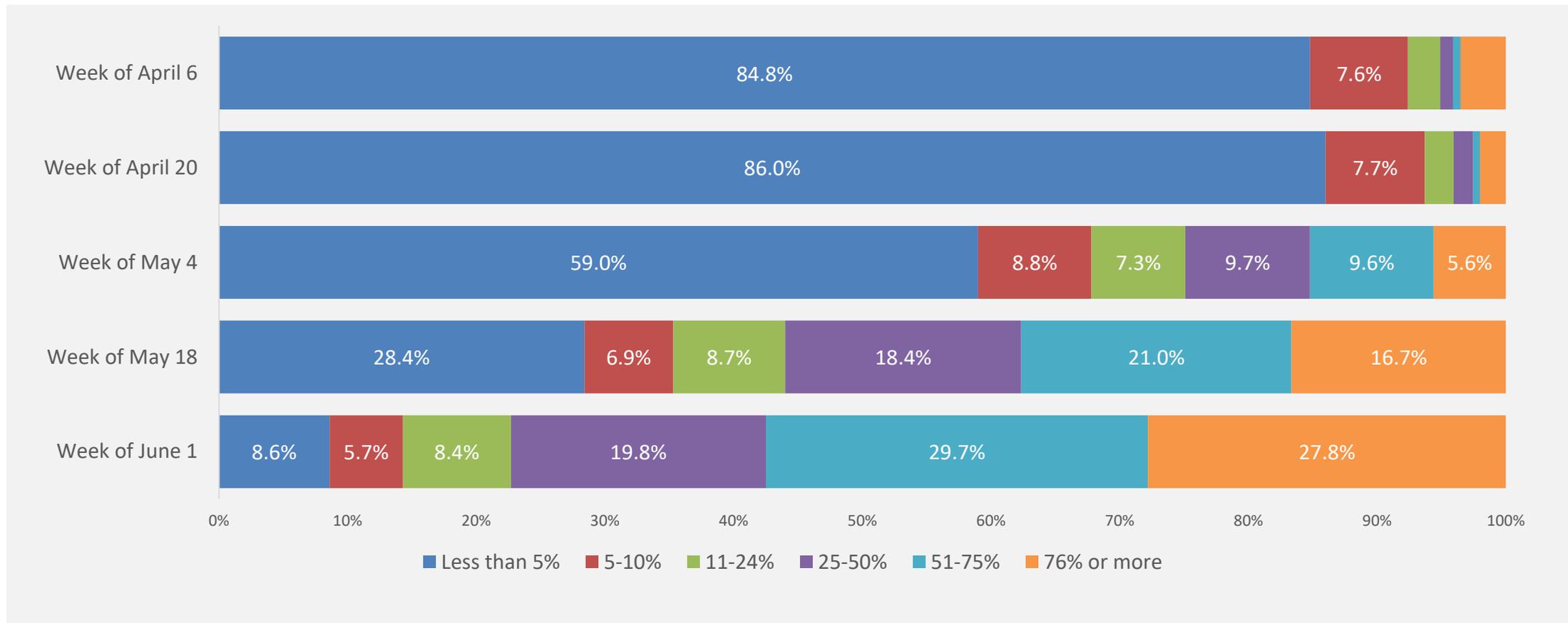
Source: Stifel Investment Strategy via American Dental Association, as of April 30, 2020

For details please refer to: [https://www.ada.org/~media/ADA/Science%20and%20Research/HPI/Files/HPIbrief\\_0420\\_1.pdf?la=en](https://www.ada.org/~media/ADA/Science%20and%20Research/HPI/Files/HPIbrief_0420_1.pdf?la=en)

Data has been approximated based on the figure provided in the report above.

% of Total Typical Dental Spending			
Month	Percentage	Month	Percentage
January	9.4%	July	8.1%
February	8.2%	August	9.0%
March	9.1%	September	6.8%
April	8.2%	October	7.9%
May	8.6%	November	7.7%
June	8.7%	December	8.2%
<b>Jan-Jun Total</b>	<b>52.2%</b>	<b>Jul-Dec Total</b>	<b>47.7%</b>

### Total Patient Volume



Source: American Dental Association Health Policy Institute, COVID-19: Economic Impact on Dental Practices  
 Week of June 1 Results Available at <https://www.ada.org/en> accessed on June 9, 2020

<b>U.S. GDP</b>	<b>Q1 2020</b>	<b>Q2 2020</b>	<b>Q3 2020</b>	<b>Q4 2020</b>	<b>2020*</b>	<b>2021*</b>
Second/Consensus Estimate**	-5.0	-34.0	15.0	7.9	-5.7	4.0
Stifel	-2.6	-28.4	7.9	-3.0	-6.6	1.5
IHS Markit	3.0	-36.5	6.1	9.4	-8.5	7.8
Goldman Sachs	-9.0	-34.0	19.0	12.0	-6.2	5.5
Pantheon Maro	-6.0	-40.0	30.0	10.0	-6.0	4.0
Capital Economics	-3.5	-40.0	18.5	21.5	-5.0	7.0
Strategas	0.0	-33.0	20.0	1.0	-5.4	2.0
Julius Baer	-4.0	-30.0	13.0	11.0	-4.6	5.0
UBS	-5.1	-32.0	2.0	5.7	-6.5	3.6
Wells Fargo	-1.2	-22.3	7.2	4.8	-4.6	1.2
Bloomberg Economics	3.0	-36.6	16.2	6.9	-6.4	3.4
Barclays	-1.5	-40.0	25.0	8.0	-6.4	3.6
TD Bank	-1.9	-27.0	12.8	9.0	-3.5	3.6
JPMorgan Chase	-10.0	-40.0	25.0	8.0	-6.4	6.2
Bank of America Merrill Lynch	-7.0	-30.0	-1.0	30.0	-6.4	3.4

\*Annualized percent change from prior quarter and year-over-year change are shown for quarterly and yearly periods, respectively.

\*\*Q1 2020 is based on second Q1 GDP estimate.

Source: Stifel Investment Strategy data via Bloomberg, as of Jun 15, 2020

*Economic Recovery as Measured by GDP*

**L**

**Substantial loss in economic growth followed by a period of stagnation**

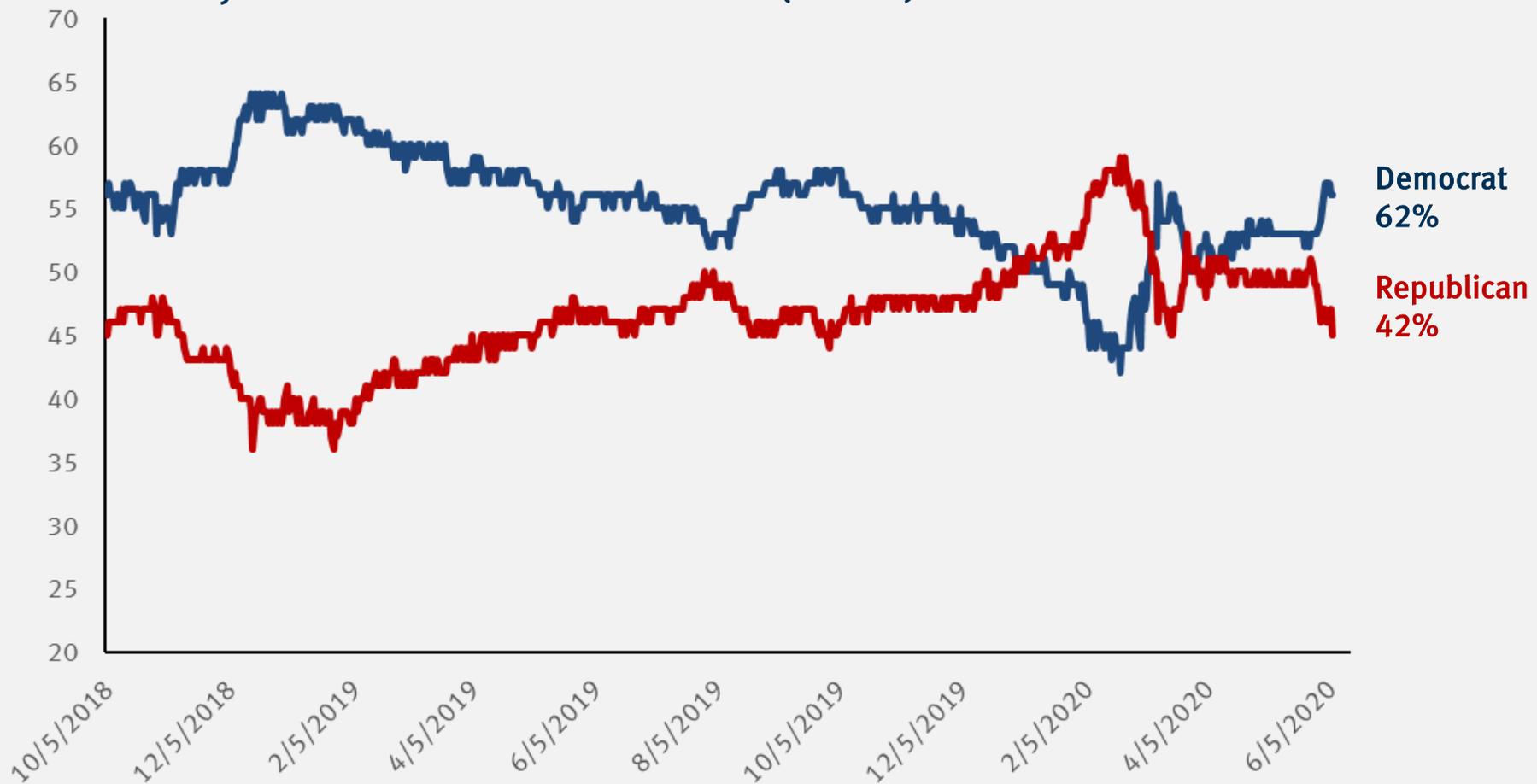
**U**

**Economy falls and then recovers at a moderate pace**

**V**

**Economy endures a sharp but brief decline, followed by a strong recovery**

**Betting Odds:**  
**Which Party Will Win the 2020 Presidential Election (PredictIt)**



## ► **Base Case: 60% Probability**

- The coronavirus will likely severely impact consumers, businesses, and trade.
- As a result, the U.S. economy will likely be in a deep recession, with contraction in the first two quarters of 2020.
- Company earnings will likely decline materially in 2020, most severely negative in the second quarter.
- Monetary and fiscal support to deal with this crisis has been unprecedentedly large.
- We see the reopening of businesses and other activities going well in May/June and into the third quarter.
- We therefore believe the economy will start to recover in the second half, as will earnings.
- Correspondingly, in this scenario, we see stocks, while remaining volatile, moving modestly higher from here.

## ► **Bull Case: 20% Probability**

- As businesses and other activities open in May/June and into the third quarter, the virus could remain under control, building confidence and speeding up the reopening activity.
- Like the flu, coronavirus could be seasonal, giving us all much-needed relief over the summer.
- We could see the development of an effective therapeutic to help people with more extreme COVID-19 cases, lowering the death rate substantially.
- Great progress could be made on a vaccine, with even the possibility of one being available this year.
- Given the relief and increased consumer confidence, the global monetary and fiscal stimulus kicks in to support significant economic recovery and the rehiring of many who are newly unemployed.
- Stock market volatility may fall, and stocks may return to record levels by the end of 2020.

## ► **Bear Case: 20% Probability**

- The coronavirus could reemerge much more than expected, impacting the healthcare system and triggering the need to move back into a lockdown.
- As a result, we could experience more economic damage.
- Similarly, company earnings don't start to recover and may even decline further.
- The economy and earnings may take longer to recover.
- Stock market volatility may increase, and stocks may fall from current levels, possibly revisiting the recent March lows.

- **What it is:**

Behavioral Finance combines psychology with financial theory to understand the interactions between markets, emotions, individual's identities, and reason.

- **What it explains:**

Human beings don't always make rational investing decisions, and decision making is largely influenced by their emotions.

- **Why do Investors behave the way they do?**

- *Why do investors buy high and sell low?*
- *Why do investors stay away from deeply discounted investments even though they take advantage of a sale at a retail or grocery store?*
- *Why do investors react to FOMO, or the Fear of Missing Out?*

**Loss Aversion**

Most investors have a natural aversion to losing money but studies indicate that losses have a much stronger impact on preferences than do gains: people care a lot more about losing a dollar than they do about making a dollar. Investors subject to this bias could panic sell during sharp market declines.

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**Herd Mentality**

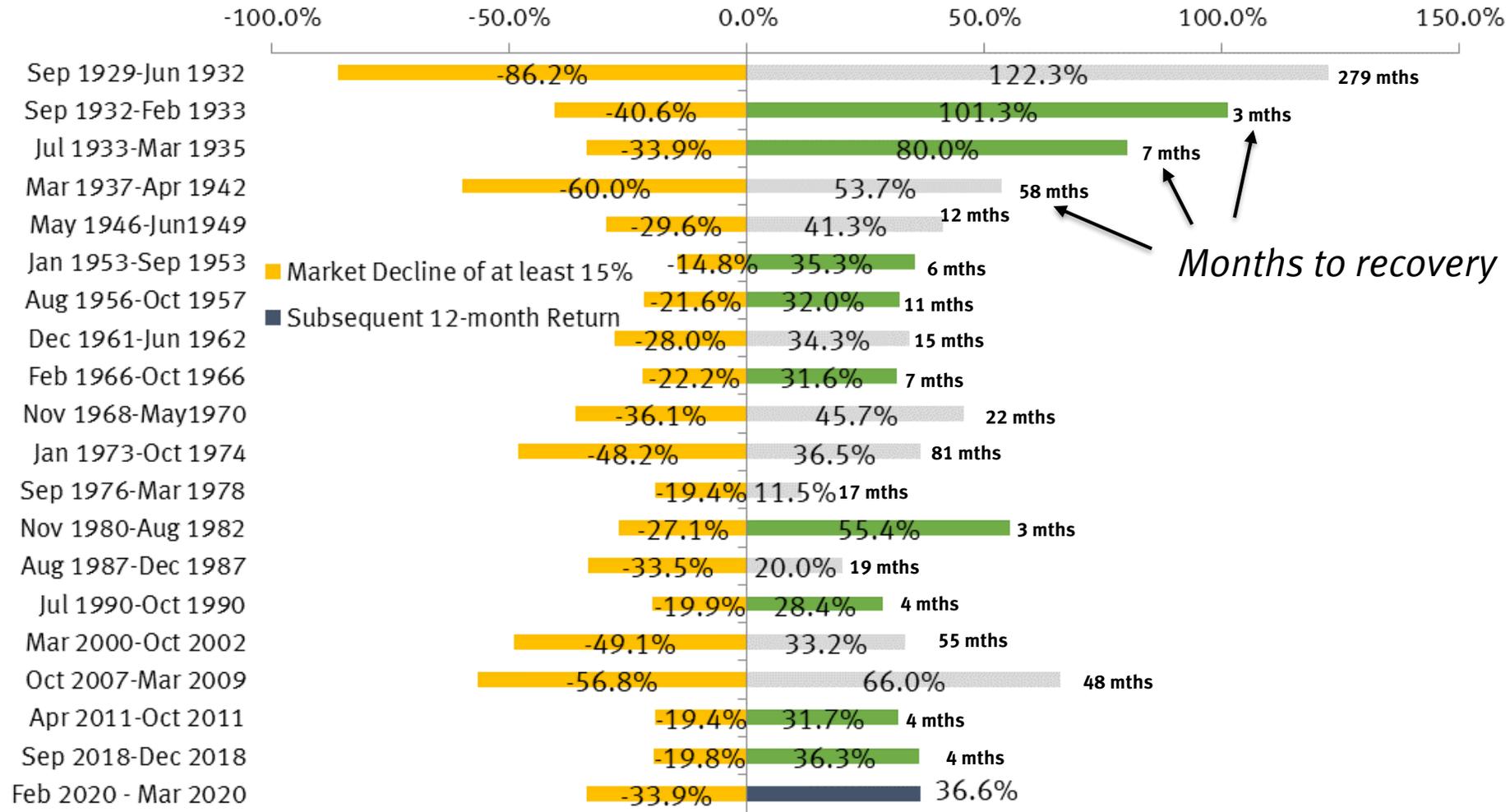
The herd behavior is usually when individuals tend to behave like the larger group they are associated with. Individually, they might not have necessarily made those choices. Some of the common reasons could be acceptance by the group, member influence (positive or negative), idea that large group could not be wrong.

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**Recency Bias**

Another common bias is recency bias where we most easily remember something that has happened recently and this feeling makes us comfortable. During volatile periods, investors are vulnerable to short-term decision-making that could undermine their long-run success.

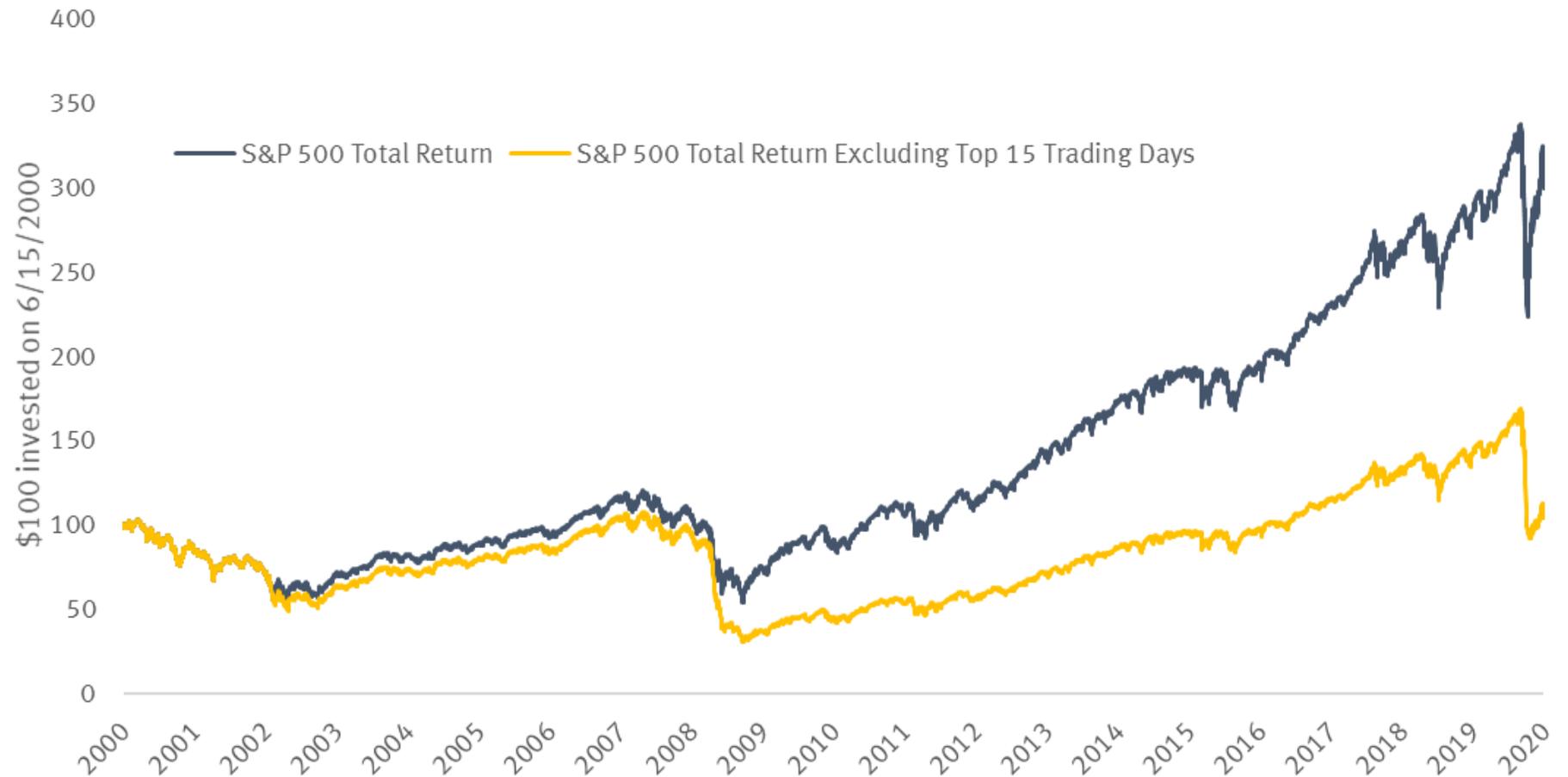
The right hand side of the chart below shows the returns of the S&P 500 over the subsequent 12 months. The green bars refer to periods of full recovery within that time.



Source: Stifel Investment Strategy via Bloomberg, as of June 12, 2020  
 Each market decline reflects a decline of at least 15% in the S&P 500's index value, without dividends reinvested.

If one missed the top 15 trading days over the past 20 years, the cumulative S&P 500 return would almost be flat.

It's important to have fortitude and stay invested, especially at times of market volatility!



Source: Stifel Investment Strategy via Bloomberg, as of June 15, 2020; latest data point is based on intra-day price.

S&P 500 Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

## Our Proprietary Financial ID

- Questionnaire which results in a high resolution image of how the investor thinks and feels about investing
- Helps us understand how to create an investment experience that is supportive of the investor's financial goals
- Investments are mapped to Financial ID characteristics

## Our Financial ID vs Traditional Risk Tolerance

### TRADITIONAL RISK TOLERANCE

- Account-based
- Time horizon
- Income requirements
- Liquidity needs

### OUR FINANCIAL ID

#### DECISION STYLE RISK ATTRIBUTES

Risk Attitude – personal appetite for risk

Composure – ability to withstand volatility

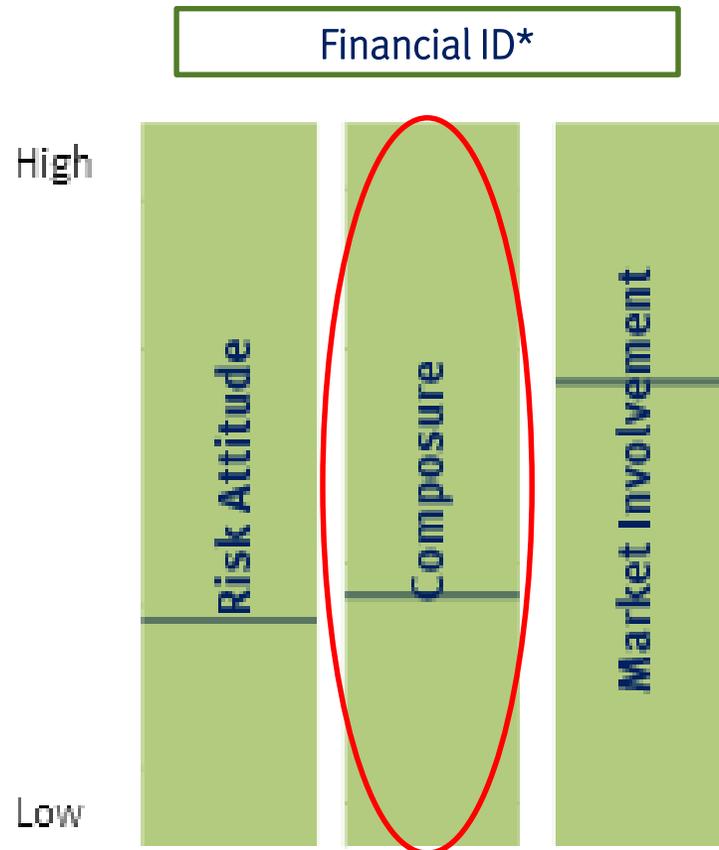
Market Involvement – depth of connection to markets

Perceived Investment Expertise – degree of acumen (self scored)

Degree of Delegation – comfort with giving up control

Belief in Skill – can managers outperform

## Lower Composure clients tend to react when markets correct



### What is Composure?

How emotionally engaged you tend to be with the investment journey – how much you feel and respond to short-term gains and losses. Such investors typically get stressed or anxious during short-term market swings.

### What do we recommend for clients with Low Composure?

We recommend holding a little more cash that can provide some cushion. This can also act as dry powder to redeploy on market weakness.

We also recommend rebalancing portfolios, where necessary (for example, trimming equities) or “selling your winners” to overcome certain behavioral biases.

\*The Financial I.D. understands varied aspects of an investor's financial identity in a scientific manner. The results build a highly detailed profile of their financial preferences and risk attitudes. We can use this high resolution picture of our client as a starting point for designing an optimal, personalized Investment Portfolio -- one that matches both their financial identity and their investment objectives. It is a 36 question questionnaire and measures investors risk attitudes and decision style on a scale of six dimensions.



## Understanding Your Financial ID?

QUESTIONNAIRE

An optimal wealth management strategy requires a strong understanding of your unique circumstances, goals, and identity. At STIFEL, we believe each client should have an investment portfolio tailored specifically to their financial identity as well as their objectives.

The Stifel Financial ID helps us understand the varied aspects of your financial identity – the financial influence how you feel about risk, approach to investments, and preferred investment preferences.

– In a robust, scientific, and objective manner – as a key data point for designing an optimal, personalized investment strategy.

**Responding to the Questionnaire:**  
Consider your entire wealth, not just the Stifel account. The Financial ID is about you, so when responding, regardless of what portion of your assets which funds must be attributable to you, please represent your attitudes, beliefs, and strong reactions – so we always can create a more meaningful and personalized strategy for you.

**Give your honest, natural response:**  
It is important that you answer each question in the way that feels most natural to you.

**Name:**

**Signature:**

**Date:**



**What is your Financial ID?**  
When answering the questionnaire, please be as honest as possible. The only "correct" answer is the one that feels most comfortable to you. If a question is unclear or vague, respond in the way that best reflects your feelings.

	STROONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STROONGLY DISAGREE
1. I would be satisfied with a consistent positive annual return if I had that stock, regardless of the strategy used.	<input type="checkbox"/>				
2. Compared to an average person, I am informed about investing in general.	<input type="checkbox"/>				
3. Investment managers are able to get better returns than the market average for their investors.	<input type="checkbox"/>				
4. Compared to other people, I am prepared to take higher financial risks.	<input type="checkbox"/>				
5. I am concerned by the amount of tax that would be paid by my estate.	<input type="checkbox"/>				
6. I want my investment manager to be using the most sophisticated techniques available.	<input type="checkbox"/>				
7. I want a greater proportion of my portfolio to be focused on my local stock market.	<input type="checkbox"/>				
8. I would like to participate in a wealth dividend or cash dividend rather than receive more consistent annual returns.	<input type="checkbox"/>				
9. I want my investment manager to do the work for me.	<input type="checkbox"/>				
10. I am comfortable committing to long-term investments that will be successful if not paid out enough.	<input type="checkbox"/>				
11. In order to achieve high returns, I am willing to choose high-risk investments.	<input type="checkbox"/>				
12. I live for the next.	<input type="checkbox"/>				
13. I have more experience with investing than the average person.	<input type="checkbox"/>				



- Questionnaire used to understand an investor's risk attitudes and decision making preferences.
- 36 questions, takes about 10 minutes to complete

***Click the link below to schedule a Complimentary Consultation  
built specifically for Henry Schein Clients***

[Stifel.com/financialwellness](https://stifel.com/financialwellness)

A dark blue banner with a light blue heartbeat line and a hexagonal pattern in the background. The word "STIFEL" is written in large, white, serif capital letters in the center.

STIFEL

Focused on Your Financial Well-Being

The following summarizes how we deliver our economic and market analysis and corresponding investment guidance, along with some helpful links.

- Each day we broadcast [Stifel Investor Insights on iHeartRadio](#).
- *Sight/Lines* is a weekly note for clients, along with a [video summary](#) and a podcast on [Spotify](#), [Apple](#), [Omny](#), and [Google](#).
- [Market Pulse](#) is shared when the S&P 500 Index moves up or down 2%.
- The monthly *Investment Strategy Brief* [video series](#) shares our update on the current economic and market environment. The podcast: [Spotify](#), [Apple](#), [Omny](#), and [Google](#).
- The [weekly](#), [monthly](#), and [quarterly](#) *Market Perspectives* provide a recap of the most recent period's global market results.
- The monthly [Favorite 15](#) shares our favorite 15 slides for the month.
- *Stifel's Allocation Insights* provides our dynamic asset allocation leanings quarterly.
- The [Stifel Outlook](#): provides our annual outlook and related articles.
- [Stifel's Approach to Asset Allocation](#) summarizes our asset allocation approach and provides a catalogue of various recommended asset mix models.
- The *Stifel Financial ID* [video series](#) provides an overview of our work in behavioral finance and the related *Stifel Financial ID* model.

Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment.

Past performance does not guarantee future results. Investing involves risk, including the possible loss of principal. Asset allocation and diversification do not ensure a profit or protection against loss.

**Alternative Investments or Non-Traditional Assets** – Alternative investments may include, but are not limited to: Real Estate Investment Trusts (REITs), Commodities, Futures, Hedge Funds, Venture Capital, Limited Partnerships, etc.

**Real Estate** – When investing in real estate companies, property values can fall due to environmental, economic, or other reasons, and changes in interest rates can negatively impact the performance.

**Commodities and Futures** – The risk of loss in trading commodities and futures can be substantial. You should therefore carefully consider whether such trading is suitable for you in light of your financial condition. The high degree of leverage that is often obtainable in commodity trading can work against you as well as for you. The use of leverage can lead to large losses as well as gains.

**Hedge Funds** – *Investors should be aware that hedge funds often engage in leverage, short-selling, arbitrage, hedging, derivatives, and other speculative investment practices that may increase investment loss. Hedge funds can be highly illiquid, are not required to provide periodic pricing or valuation information to investors, and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information. While hedge funds may appear similar to mutual funds, they are not necessarily subject to the same regulatory requirements as mutual funds.*

**Venture Capital** – Venture capital investments involve substantial risks. The risks associated with investing in companies in the start-up or expansion stages of development are greater than those of companies in later stages, because the companies' business concepts generally are unproven and the companies have little or no track record.

**Limited Partnerships** – Generally, limited partnership investments are suitable only for a narrow class of relatively sophisticated investors. Limited partnership investments may be speculative in nature and be subject to resale restrictions or illiquidity. An investment is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

**Bonds** – When investing in bonds, it is important to note that as interest rates rise, bond prices will fall. High-yield bonds have greater credit risk than higher quality bonds.

**Duration** – Duration is a measure of the sensitivity of the price -- the value of principal -- of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years.

**Standard Deviation** – Standard deviation is a measure of the dispersion of a set of data from its mean. It is calculated as the square root of variance by determining the variation between each data point relative to the mean. If the data points are further from the mean, there is higher deviation within the data set.

**International and Emerging Markets** – There are special considerations associated with international investing, including the risk of currency fluctuations and political and economic events. Investing in emerging markets may involve greater risk and volatility than investing in more developed countries.

**Private Equity** – Private equity funds are not appropriate for all investors. Investors should be aware that private equity funds may contain speculative investment practices that can lead to a loss of the entire investment. Private equity funds may invest in entities in which no secondary market exists and, as such, may be highly illiquid. The funds are not required to provide periodic pricing or valuation information to investors and often charge high fees that can erode performance. Additionally, they may involve complex tax structures and delays in distributing tax information.

**Short Positions** – The investor should note that when a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker will demand more collateral and the manager might have to close out that short position at an inopportune time to limit any further losses.

**Small Company Securities** – Small company securities are typically more volatile and carry additional risks, since smaller companies generally are not as well established as larger companies.

**Bloomberg Barclays U.S. Treasury Bills 1-3 Months Index** includes all publicly issued zero-coupon U.S. Treasury Bills that have a remaining maturity of less than three months and more than one month, are rated investment grade, and have \$250 million or more of outstanding face value.

**Bloomberg Barclays U.S. Corporate IG Index** is an unmanaged index considered representative of fixed-rate investment-grade taxable bond debt.

**Bloomberg Barclays U.S. Aggregate Corporate Index** is an unmanaged index considered representative of fixed-rate investment-grade taxable bond debt.

**Bloomberg Barclays U.S. Corporate High Yield** is an unmanaged index considered representative of fixed-rate, noninvestment-grade debt.

**Bloomberg Barclays U.S. Government Bond Index** is an unmanaged index considered representative of fixed-rate, investment-grade US Government debt.

**Bloomberg Barclays Global Aggregate** This index provides a broad-based measure of the global investment-grade, fixed-rate debt market.

**DXY Index** is a measure of the value of the U.S. dollar relative to the value of a basket of currencies of the majority of the U.S.'s most significant trading partners.

**S&P 500 Index** is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

**Russell 1000 Index** represents approximately 1,000 of the largest companies in the U.S. equity markets, the Russell 1000 is a subset of the Russell 3000 Index. The Russell 1000 (maintained by the Russell Investment Group) comprises over 90% of the total market capitalization of all listed U.S. stocks and is considered a bellwether index for large cap investing.

**Russell 2000 Index** measures the performance of the 2,000 smallest companies in the Russell 3000 index.

**MSCI EAFE Index** captures large and mid cap representation across Developed Markets countries around the world, excluding the U.S. and Canada. With 914 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**MSCI Emerging Markets (EM) Index** captures large and mid cap representation across 23 Emerging Markets (EM) countries. With 837 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

**Morgan Stanley Market** implied pace of hikes index (MSPOKE) is the number of Fed rate hikes in the 12 months following the first rate hike implied by the Eurodollar interest rate futures market.

The **MSCI World Index** is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets.

**Wilshire 5000 Index** is a market-capitalization-weighted index of the market value of all stocks actively traded in the United States.

**VIX Index** shows the market's expectation of 30-day volatility. It is constructed using the implied volatilities of a wide range of S&P 500 index options.

**EURO STOXX 50** is a stock index of Eurozone stocks designed by STOXX, an index provider owned by Deutsche Börse Group. According to STOXX, its goal is "to provide a blue-chip representation of Supersector leaders in the Eurozone

**Cash & Cash Eq.** is represented by the Bloomberg Barclays U.S. Treasury 3-6 months Bill Index, comprised of treasury bills issued by the U.S. government with less than one year to maturity.

**U.S. Gov't Bonds** is represented by the Bloomberg Barclays U.S. Government Bond Index, comprised of the U.S. Treasury and U.S. Agency indexes.

**U.S. Corp IG Bonds** is represented by the Bloomberg Barclays U.S. Corporate Bond Index, comprised of the investment grade, fixed-rate, taxable corporate bond market.

**High-Yield Bonds** is represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, comprised of U.S. Dollar denominated, high-yield, fixed-rate corporate bond market securities.

**U.S. LC (Large Cap)** equities is represented by Russell 1000 Index, comprised of 1,000 of the largest U.S. securities based on a combination of their market cap and current index membership.

**U.S. SC (Small Cap)** equities is represented by the Russell 2000 Index, comprised of 2,000 of the smallest U.S. securities based on a combination of their market cap and current index membership.

**Dev Int'l Equities** is represented by the MSCI EAFE Index, comprised of equity securities that belong to markets outside of the U.S. and Canada.

**EM Equities** is represented by the MSCI EM Index, comprised of equity securities that belong to emerging markets.

**Moderate Bench** stands for moderate benchmark portfolio return which is a blended portfolio of stocks (60% weight, represented by MSCI AC World Index) and bonds (40% weight, represented by Bloomberg Barclays U.S. Agg Gov/Credit).

**MSCI AC World Index** is comprised of equity securities belonging to 23 developed markets and 24 emerging markets countries.

**Bloomberg Barclays U.S. Government/Credit Bond Index** is comprised investment grade, dollar-denominated, fixed-rate Treasuries, government-related and corporate securities.