

Core Fixed Income Commentary

AS OF SEPTEMBER 30, 2018

PERFORMANCE SUMMARY

The strategy returned 0.02% gross of fees for the quarter, matching the Bloomberg Barclays Aggregate Index return of 0.02%.

The strategy's shorter duration and curve positioning added to performance during the quarter as interest rates moved higher and the yield curve flattened. The strategy is 95% of the benchmark's duration and underweight the 2 to 5-year area of the curve while neutral the 10+ year curve. The yield curve during the quarter flattened 7bps between the 2-year and 30-year.

The strategy entered the quarter with a slight underweight to credit with a bias to lower quality and more cyclical issuers. The strategy moved to an overweight in July and this was maintained. Corporate credit added to performance during the quarter but returns were volatile as the market moved from risk off to risk on environments. The strategy is underweight the non-corporate credit sector this hurt performance as foreign sovereigns outperformed.

The strategy moved from neutral in mortgages to overweight during the quarter. Coupon positioning helped performance as lower coupons (3.0% and 3.5%) underperformed higher coupons.

MARKET OUTLOOK

Deregulation, tax reform and a tight labor market, against a backdrop of steady inflation will allow the Federal Reserve ("Fed") to raise the fed funds target rate one more time in 2018 and to continue on its path of raising rates through 2019. The curve should not invert in the near term and actually may steepen as the impact of strong fundamentals or a trade deal with China could affect longer rates. We remain underweight duration at close to 95% of benchmark, underweight the front end of the U.S. Treasury yield curve, neutral the belly, and slightly underweight the long end. As the market continues to price in the Fed's stated path of rate increases, we will look to increase duration exposure on the front end and reduce exposure further out, anticipating a steeper curve.

We remain underweight U.S. Treasuries in favor of spread product, with an overweight U.S. corporate credit and Asset-Backed Securities. Higher all in yields coupled with strong corporate and consumer fundamentals should continue to attract flows into spread product asset classes, especially in longer maturities. The supply/demand picture though is a concern as deficit spending and the Fed's balance sheet unwind is increasing U.S. Treasury supply at the same time foreign demand is waning in the face of unattractive currency conversion.

We maintain our U.S. Treasury Inflation-Protected Securities position as we expect inflation to move higher. Break even rates of inflation have begun to move higher but are still trading below many alternative measures of core prices.

PERFORMANCE*

	MOST RECENT QUARTER	1 YEAR	ANNUALIZED		
			3 YEAR	5 YEAR	10 YEAR
Gross	0.02%	-0.82%	1.37%	2.24%	4.78%
Net	-0.07%	-1.17%	1.01%	1.88%	4.42%
Benchmark	0.02%	-1.22%	1.31%	2.16%	3.78%

*Returns are estimated. Benchmark: Bloomberg Barclays Aggregate

ATTRIBUTION FOR MOST-RECENT-QUARTER

	Total
Sector Rotation	-0.01%
Security Selection	-0.02%
Yield	-0.01%
Term Structure	0.04%
Total Excess Return	0.00%

All benchmark returns presented are provided to represent the investment environment existing during the time periods shown. Actual investment performance will vary due to fees and expenses. For comparison purposes, the benchmarks include the reinvestment of income. The benchmarks are unmanaged and unavailable for direct investment. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment. This information is supplemental to the GIPS performance presentation at the end of this document. Past performance is no guarantee of future results.

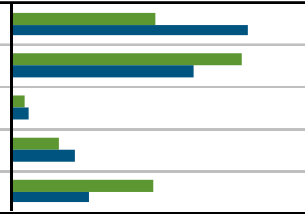
Core Fixed Income Characteristics

AS OF SEPTEMBER 30, 2018

	Yield to Worst	Average Maturity	Effective Duration	Average Quality
Core Fixed	3.52%	8.26 yrs	5.65 yrs	Aa3
Bloomberg Barclays Aggregate	3.45%	8.1 yrs	6.01 yrs	Aa2

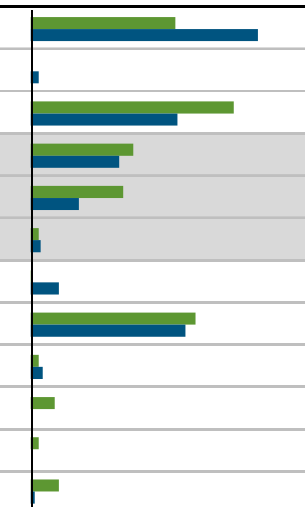
QUALITY DISTRIBUTION (% of Market Value)

	Core Fixed	Bloomberg Barclays Aggregate
Govt/Agency	24.9%	40.8%
AAA	39.8%	31.6%
AA	2.4%	3.2%
A	8.4%	11.0%
BBB	24.5%	13.4%
Total	100.0%	100.0%



SECTOR ALLOCATION (% of Market Value)

	Core Fixed	Bloomberg Barclays Aggregate
U.S. Treasury Bonds	24.9%	39.3%
Agencies	0.0%	1.5%
Credit	35.0%	25.3%
Industrials	17.8%	15.1%
Financials	15.8%	8.3%
Utilities	1.4%	1.8%
Non-Corporate	0.4%	4.7%
MBS	28.3%	26.7%
CMBS	1.2%	2.0%
CMO	4.1%	0.0%
Taxable Municipal	1.2%	0.0%
ABS/Cash	5.0%	0.5%
Total	100.0%	100.0%



Past performance is no guarantee of future results. Based off a model portfolio, and does not include fees or expenses. Indices are unmanaged, do not reflect fees and are not available as direct investments. This information is supplemental to the GIPS performance presentation at the end of this document. The benchmarks are unmanaged and unavailable for direct investment.

Disclosures

This review is for institutional advisory clients of Ziegler Capital Management, LLC. The strategy review often expresses opinions about the direction of market, investment sector and other trends. The opinions should not be considered predictions of future results. The information contained in this report is based on sources believed to be reliable, but is not guaranteed and not necessarily complete.

Information contained herein is for informational purposes only and is not a recommendation to buy or sell any security. Contribution to portfolio return is calculated by multiplying the total return for the security by its average weight in the portfolio. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. A complete list of all holdings is available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities represented herein. Other factors may impact overall performance for different accounts including the execution and timing of trades and any wrap sponsor's policies.

All investments involve risk, including the possible loss of principal, and there is no guarantee that investment objectives will be met. Bonds are subject to market, interest rate and credit risk; and are subject to availability and market conditions. Generally, the higher the interest rate the greater the risk. Bond values will decline as interest rates rise. Government bonds are subject to federal taxes. Municipal bond interest may be subject to the alternative minimum tax; other state and local taxes may apply. High yield bonds, also known as "junk bonds" are subject to additional risk such as increased risk of default.

NOT FDIC INSURED; NO BANK GUARANTEE; MAY LOSE VALUE

FOR MORE INFORMATION

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Core Fixed Income Performance Disclosures

as of December 31, 2017

Year-End	Gross-of-Fees Return	Net-of-fees Return	Benchmark Return	Composite 3 Yr. Ex Post Std. Dev.	Benchmark 3 Yr. Ex Post Std. Dev.	Number of Portfolios	Internal Dispersion	Composite Non-Fee Paying (%)	Composite Assets (USD millions)	Strategy Assets (USD millions)	Firm AUM (USD millions)	Firm AUA (USD millions)
1998	9.5%	9.2%	8.7%	3.4%	3.6%	<5	0.1%	0.0%	\$62	\$311	N.A.	N.A.
1999	-0.7%	-1.0%	-0.8%	3.2%	3.2%	<5	0.3%	0.5%	\$163	\$442	N.A.	N.A.
2000	11.7%	11.3%	11.6%	3.2%	3.1%	11	0.3%	0.3%	\$296	\$352	N.A.	N.A.
2001	9.2%	8.8%	8.4%	3.4%	3.4%	10	0.4%	0.4%	\$282	\$339	N.A.	N.A.
2002	9.1%	8.7%	10.3%	3.3%	3.4%	9	0.5%	0.3%	\$238	\$304	N.A.	N.A.
2003	5.4%	5.1%	4.1%	3.9%	4.3%	8	0.4%	0.0%	\$214	\$278	N.A.	N.A.
2004	4.7%	4.3%	4.3%	3.9%	4.3%	7	0.1%	0.0%	\$246	\$312	N.A.	N.A.
2005	2.5%	2.2%	2.4%	3.7%	4.1%	8	0.1%	0.0%	\$311	\$321	N.A.	N.A.
2006	4.5%	4.1%	4.3%	2.9%	3.3%	8	0.0%	0.0%	\$327	\$337	N.A.	N.A.
2007	7.2%	6.8%	7.0%	2.6%	2.8%	8	0.3%	0.3%	\$365	\$375	N.A.	N.A.
2008	4.0%	3.6%	5.2%	4.2%	4.0%	8	0.2%	0.3%	\$400	\$409	N.A.	N.A.
2009	13.9%	13.6%	5.9%	4.5%	4.2%	8	1.3%	0.5%	\$340	\$356	N.A.	N.A.
2010	8.3%	7.9%	6.6%	4.5%	4.2%	10	0.4%	0.3%	\$382	\$382	N.A.	N.A.
2011	6.8%	6.5%	7.9%	2.6%	2.8%	10	0.3%	0.3%	\$409	\$409	\$3,545	\$78
2012	6.3%	5.9%	4.2%	2.1%	2.4%	9	0.1%	0.0%	\$253	\$269	\$3,845	\$72
2013	-1.0%	-1.3%	-2.0%	2.6%	2.7%	9	0.1%	0.0%	\$260	\$281	\$4,321	\$162
2014	5.6%	5.3%	6.0%	2.6%	2.7%	22	0.1%	0.0%	\$488	\$604	\$5,748	\$318
2015	0.8%	0.5%	0.6%	2.8%	2.9%	20	0.3%	0.0%	\$426	\$658	\$9,781	\$605
2016	2.3%	1.9%	2.7%	2.9%	3.0%	15	0.1%	0.0%	\$359	\$637	\$10,651	\$1,170
2017	3.6%	3.3%	3.5%	2.6%	2.8%	13	0.1%	0.0%	\$285	\$528	\$9,888	\$1,561

Ziegler Capital Management, LLC ("ZCM") claims compliance with the Global Investment Performance Standards ("GIPS") and has prepared and presented this report in compliance with the GIPS standards. ZCM has been independently verified for the periods 1/1/01 through 12/31/17. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. The Core Fixed Income composite has been examined for the periods 6/10/11-12/31/17. Prior to 6/10/11 is the performance record while at Lotsoff Capital Management LLC (LCM). LCM was independently verified for the period 1/1/98 through 6/9/11 and the Core Fixed Income composite was examined for the periods 1/1/01 – 6/9/11. The verification and performance examination reports are available upon request.

ZCM is a registered investment advisor with the Securities and Exchange Commission. From June 10, 2011 until November 30, 2013 ZCM was known as Ziegler Lotsoff Capital Management, LLC. ZCM is a wholly owned subsidiary of Stifel Financial Corp. ("Stifel") and was acquired by Stifel on November 30, 2013. ZCM was formed in 1991 and has grown significantly through strategic business combinations with experienced investment teams nationwide. Through these combinations, we have expanded our investment strategy offerings and broadened our portfolio management teams to best serve our expanding client base. Please refer to the firm's ADV Part 2 for additional disclosures regarding the firm and its practices. Our definition of the firm used to determine the total firm assets and firm-wide compliance includes all fee-paying and non-fee-paying discretionary and non-discretionary assets under management, including accrued income, in all strategies. Assets under adivement ("AUA"), in the form of model portfolios provided to other financial institutions, are excluded from our definition of the firm and are provided as supplemental information. Returns are calculated in U.S. dollars and reflect the reinvestment of dividends and other earnings. Past performance is no guarantee of future results. To obtain a compliant presentation or a list of our composite descriptions and/or policies for valuing portfolios, calculating performance, and preparing compliant presentations, please call (312) 368-1442 or send an e-mail to letters@zieglercap.com.

In addition to the information presented herein, we would like to make the following disclosures: (1) Core Fixed is an actively managed fixed income strategy that applies a top-down, macroeconomic business cycle approach, utilizes a leading indicator model and emphasizes fundamental security analysis. (2) The benchmark is the Bloomberg Barclays Capital US Aggregate Index. (3) The composite creation date is June 10, 2011. Prior returns reflect the performance of Lotsoff Capital Management LLC. Returns prior to September 1, 1997 are the core component of the D-RAM composite (creation date April 1, 1991). The core component represented about 97% of the composite. Cash was allocated pro-rata to the core component based on market value. The D-RAM strategy was closed in September 2000 and all portfolios were transitioned to the Core strategy. (4) The strategy may invest in forward-settling, mortgage-backed-securities (TBAs). (5) The minimum account size for this composite is \$1 million. From January 1, 2009 through December 31, 2012, the minimum account size was \$5 million. Prior to January 1, 2009 there was no account minimum. (6) Beginning January 1, 2010, portfolios with significant cash flows are excluded from the composite. Cash flows of 10% or more are considered significant. From 1/1/10-12/31/12 cash flows of 40% or more were considered significant. (7) Strategy assets include all portfolios benchmarked to the Barclays Capital US Aggregate Index, even those portfolios that are excluded from the composite because of significant cash flows or for other reasons and are presented as supplemental information. (8) The internal dispersion is measured by the asset-weighted standard deviation across asset-weighted portfolio returns represented within the composite for the period. If there are less than 6 portfolios in the composite for the entire year, the internal dispersion is not statistically meaningful and is presented as N.A. (9) Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after model management fees for a \$10mm portfolio applied on a monthly basis. A client's actual return will be reduced by management fees. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The effect of fees and expenses on performance will vary with the relative size of the fee and account performance. For example, if \$10 million were invested and experienced a 10% compounded annual return for ten years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be \$25,937,425. If an advisory fee of 0.35% of average net assets per year for the ten-year period were deducted, the annual total return would be 9.63% and the ending dollar value would be \$25,083,791. The fee schedule is: 0.35% on the first \$50 million; 0.25% on the next \$50 million; 0.20% on all additional assets.