

Mid Cap Core Concentrated: Performance & Commentary

AS OF SEPTEMBER 30, 2018

PERFORMANCE SUMMARY

The strategy returned 1.57% before fees in the second quarter, trailing the S&P 400 Index's return of 3.86%.

Portfolio positioning had a positive effect on the portfolio for the quarter, especially our overweight the Pharmaceutical industry, which was our largest industry overweight. The portfolio's overweight in Software, Insurance, and Retail also proved timely. Our exposure to steadier, lower growth stocks hurt performance across several sectors, though this was felt most acutely in Information Technology and Health Care during the quarter. Better stock-picking results were seen in the Materials sector, where our chemicals names outperformed.

MARKET OUTLOOK

U.S. economic data remains strong going into 2019 and the current expansion is on track to become the longest on record. U.S. financial conditions remain fairly accommodative, despite the Federal Reserve's ("Fed") ongoing rate hikes. The favorable economic data should provide the Fed with more confidence to keep tightening toward their objective of a "soft landing" for the economy. The Fed signaled that another rate hike is likely in December and the potential for an additional three to four rate hikes in 2019.

U.S. companies saw second quarter earnings beat estimates at the highest rate the highest in the past seven years. The favorable results have led many analysts to provide optimistic expectations for earnings growth over 2018 and 2019, but 2018 may prove to be a peak in the growth rate of corporate earnings. The S&P 400 Index closed September, 2018 at 18.5X its \$109 one-year forward operating earnings estimate, a level above its 20-year average of 18.0X, but below the beginning-of-year 22.1X level, as earnings estimate increases have outpaced the price increases of the Index.

Indicators reflect an ideal environment for the U.S. economy and it is becoming challenging to imagine how things can get much better. However, the growing disconnects between the strong U.S. and weaker global economy is a source of concern and a strengthening dollar can become a headwind for U.S. companies with significant foreign sales. Businesses are facing higher labor and transportation costs as margins hit record levels. These factors and other forces may serve to slow equity price appreciation and introduce more volatility in the latter part of the year.

STRATEGY OVERVIEW

Benchmark:	S&P 400
Inception Date:	March 1, 2002

STRATEGY SUMMARY

The Mid Cap Core Concentrated Strategy seeks to identify stocks that demonstrate a high potential for producing future excess returns. These stocks have attractive valuation and are those of companies with proven operational success. Moreover, we can identify catalysts that show they have good probability of increasing in value. Our process exploits anomalies in behavioral finance that are supported by academic and proprietary in-house research which suggest that investors have a tendency to form their expectations for future equity returns based upon past experience. Our proprietary quantitative screen combined with a fundamental overlay is the basis of our investment approach.

PERFORMANCE*

	MOST RECENT QUARTER	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Gross	1.57%	7.41%	13.12%	11.75%	12.95%
Net	1.13%	5.56%	10.61%	8.95%	9.87%
Benchmark	3.86%	14.20%	15.67%	11.90%	12.48%

*Estimated, Past performance is no guarantee of future results.

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.

Mid Cap Core Concentrated: Most Recent Quarter Attribution

AS OF SEPTEMBER 30, 2018

SECTOR ATTRIBUTION					
SECTOR	AVERAGE WEIGHT		ATTRIBUTION ANALYSIS		
	PORTFOLIO	BENCHMARK	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
Communication Services	0.00%	1.91%	-0.10%	0.00%	-0.10%
Consumer Discretionary	10.34%	11.54%	0.06%	-0.09%	-0.03%
Consumer Staples	1.73%	3.40%	0.06%	-0.09%	-0.03%
Energy	3.97%	5.09%	0.00%	-0.25%	-0.25%
Financials	17.43%	16.42%	-0.05%	0.17%	0.12%
Health Care	9.27%	9.73%	-0.03%	-0.45%	-0.48%
Industrials	17.51%	14.77%	0.10%	-0.06%	0.04%
Information Technology	20.40%	16.44%	0.17%	-2.52%	-2.35%
Materials	6.84%	6.94%	0.00%	0.75%	0.75%
Real Estate	7.97%	9.13%	0.05%	-0.04%	0.01%
Utilities	4.52%	4.63%	0.00%	0.03%	0.03%
Total Portfolio	100.00%	100.00%	0.26%	-2.55%	-2.29%

Benchmark: S&P 400

The attribution analysis is based off a model portfolio, and does not include fees or expenses. Individual client results may vary. Total Effect includes sector allocation effect + stock selection effect. Past performance does not guarantee future results. The benchmarks are unmanaged and unavailable for direct investment. This model information is supplemental to the GIPS performance presentation at the end of this document.

Mid Cap Core Concentrated: Characteristics

AS OF SEPTEMBER 30, 2018

STRATEGY OVERVIEW

Benchmark:	S&P 400
Holdings:	45-65 securities
Diversification:	On a security basis, won't over/underweight to the benchmark by more than 5% On a sector basis, won't over/underweight to the benchmark by more than 5%
Return Target:	Outperform its benchmark by 1.00%
Risk Control:	Tracking Error target of 2%-5% vs. benchmark

TOP TEN HOLDINGS BY WEIGHT

	TICKER	PERCENT WEIGHT
Old Dominion Freight Line, Inc.	ODFL	3.2%
Booz Allen Hamilton Holding Corporation	BAH	3.0%
Huntington Ingalls Industries, Inc.	HII	2.8%
Comerica Incorporated	CMA	2.7%
CommScope Holding Company, Inc.	COMM	2.7%
Gallagher Arthur J & Co.	AJG	2.5%
Alliance Data Systems Corporation	ADS	2.2%
ON Semiconductor Corporation	ON	2.2%
Alliant Energy	LNT	2.1%
Transunion	TRU	2.1%

CHARACTERISTICS

GENERAL MEASURES	ZCM	BENCHMARK
Number Of Stocks In Portfolio	60	400
Weighted Average Cap (\$ Mil)	9,112	5,973
Yield (%)	1.6	1.6
ROE (%)	17.7	16.9
Debt/Equity Ratio (%)	112.8	62.2
Beta	0.99	
VALUE MEASURES	ZCM	BENCHMARK
Price/Earnings Ratio* (12-Month Trailing)	18.4	20.8
Price/Earnings Ratio* (Forecast FY)	15.0	17.6
Price/Book Value Ratio	2.6	2.4
Price/Cash Flow Ratio	11.1	11.9
Price/Sales Ratio	1.4	1.4
GROWTH MEASURES	ZCM	BENCHMARK
EPS 1-Year Growth Rate (%) (Forecast FY)	22.7	32.3
EPS 5-Year Growth Rate (%) (Trailing)	14.0	9.5
EPS Growth - Long-Term Forecast	12.3	11.5

*Price /Earnings ratios exclude stocks with zero or negative earnings. Data Source: CapIQ | Past performance does not guarantee future results. The benchmarks are unmanaged and unavailable for direct investment. Characteristics are based on a model portfolio and are supplemental to the GIPS performance presentation at the end of this document. Holdings are subject to change and are as of the date indicated. These holdings should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the securities noted will remain in the portfolio at the time you receive this presentation. It should not be assumed that any of the holdings discussed were, or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable.

Mid Cap Core Concentrated: Sector Weights

AS OF SEPTEMBER 30, 2018

SECTOR	Mid Cap Core Concentrated	S&P 400	Difference
Consumer Discretionary	10.0%	11.6%	-1.6%
Consumer Staples	1.8%	3.3%	-1.5%
Energy	4.2%	5.3%	-1.1%
Financials	17.1%	16.0%	1.1%
Healthcare	9.5%	9.9%	-0.4%
Industrials	18.0%	14.9%	3.1%
Information Technology	19.8%	16.6%	3.2%
Materials	7.1%	6.8%	0.3%
Real Estate	8.0%	8.8%	-0.9%
Telecommunication Services	0.0%	2.1%	-2.1%
Utilities	4.6%	4.6%	0.0%

Based off a model portfolio, and does not include fees or expenses. Individual client results may vary.

Past performance does not guarantee future results. Based on a model portfolio and are supplemental to the GIPS performance presentation at the end of this document. Indices are unmanaged, do not reflect fees and expenses, and are not available 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 loss of principal, and there is no guarantee that investment objectives will be met. Equity securities are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Equity securities may rise and decline in value due to both real and perceived market and economic factors as well as general industry conditions. Small capitalization stocks are likely to be more volatile in price and carry a higher risk of failure than large capitalization stocks. Indices are unmanaged, do not reflect fees and expenses and are not available as direct investments.

NOT FDIC INSURED; NO BANK GUARANTEE; MAY LOSE VALUE

FOR MORE INFORMATION

CALL: (312) 368-1442 | EMAIL: LETTERS@ZIEGLERCAP.COM | VISIT: WWW.ZIEGLERCAP.COM

Mid Cap Core Concentrated Performance Disclosures

As of December 31, 2017

Year-End	Pure Gross Gross-of-Fees Return	Net-of-Fees Return	Benchmark Return	Composite 3 Yr. Ex Post Std. Dev.	Benchmark 3 Yr. Ex Post Std. Dev.	Composite Number of Portfolios	Internal Dispersion	Portfolios With With Bundled Fees (%)	Composite Assets (USD millions)	Strategy Assets (USD millions)	Firm AUM (USD millions)	Firm AUA (USD millions)
2003	42.8%	38.7%	35.6%	N/A	N/A	133	5.4%	100%	\$46	\$64	N.A.	N.A.
2004	18.6%	15.1%	16.5%	N/A	N/A	362	2.5%	100%	\$85	\$135	N.A.	N.A.
2005	9.6%	6.3%	12.6%	14.3%	11.7%	702	2.2%	100%	\$169	\$221	N.A.	N.A.
2006	10.4%	7.1%	10.3%	11.6%	10.3%	820	0.3%	100%	\$200	\$391	N.A.	N.A.
2007	2.7%	-0.3%	8.0%	12.3%	10.5%	696	0.2%	100%	\$154	\$256	N.A.	N.A.
2008	-49.2%	-50.8%	-36.2%	22.8%	19.3%	351	0.1%	100%	\$34	\$78	N.A.	N.A.
2009	59.2%	54.7%	37.4%	29.7%	23.8%	145	0.3%	100%	\$21	\$56	N.A.	N.A.
2010	24.5%	20.9%	26.6%	31.2%	26.2%	84	0.2%	100%	\$15	\$58	N.A.	N.A.
2011	-6.7%	-9.4%	-1.7%	25.1%	22.1%	49	0.1%	100%	\$9	\$30	\$3,545	\$78
2012	19.9%	16.4%	17.9%	19.2%	18.1%	34	0.3%	100%	\$9	\$27	\$3,845	\$72
2013	37.3%	33.3%	33.5%	16.6%	15.2%	27	0.3%	100%	\$10	\$22	\$4,321	\$162
2014	14.3%	11.0%	9.8%	12.1%	11.3%	23	0.1%	100%	\$10	\$23	\$5,748	\$318
2015	-0.9%	-3.8%	-2.2%	12.2%	11.9%	11	0.1%	100%	\$4	\$19	\$9,781	\$605
2016	16.7%	13.3%	20.7%	13.1%	12.4%	9	0.2%	100%	\$4	\$20	\$10,651	\$1,170
2017	18.2%	16.2%	16.2%	12.0%	11.1%	7	0.0%	100%	\$3	\$27	\$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 01/01/01 through 12/31/17. The verification report is available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation.

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 advisement ("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) Mid Cap Core Concentrated is an actively managed equity strategy that applies a quantitative approach to identify neglected, attractive stocks. Starting in the third quarter of 2013, the investment team was broadened and our process was refined. The composite includes wrap-fee portfolios that hold between 45-65 securities. (2) The benchmark is the S&P 400 Index. (3) The composite creation date is June 10, 2011. Prior returns reflect the performance of Lotsoff Capital Management LLC. Returns prior to 1/1/06 do not comply with GIPS standards but instead represent an asset weighted average of the individual returns for each wrap-fee account across multiple managed account programs as calculated by the program sponsor. Ziegler Capital Management did not independently verify the individual account returns provided by the sponsor. (4) The minimum account size is \$100,000. Prior to 1/1/13 there was no minimum. (5) Portfolios with significant cash flows are excluded from the composite. Cash flows of 10% or more are considered significant. Prior to 1/1/13 cash flows of 5% or more were considered significant. (6) Strategy assets include all portfolios benchmarked to the S&P 400 Index, even those portfolios that are excluded from the composite because of significant cash flows or for other reasons, and include non-wrap, wrap and UMA assets. This is presented as supplemental information. (7) The internal dispersion is measured by the asset-weighted standard deviation across portfolio returns represented within the composite for the full 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. (8) Gross-of-fees returns are presented as supplemental information and may not be reduced by any fees, expenses, or transaction costs (i.e. Pure Gross). Net-of-Fees returns are presented after the application of the highest model wrap program fee of 1.75% beginning 01/01/17 applied on a monthly basis. Prior to 01/01/17, the assumed, highest bundled fee was 3%. The fee schedule is: 0.90% on the first \$5 million; 0.85% on the next \$10 million; 0.80% on the next \$10 million; 0.75% on the next \$10 million; 0.70% on the next \$15 million; 0.60% on all additional assets. Wrap fee schedules are available from individual wrap sponsors and currently range up to 1.75%. Wrap program fees include brokerage commissions, investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another.