

Red Granite Large Cap Growth: Performance & Commentary

AS OF SEPTEMBER 30, 2018

PERFORMANCE SUMMARY

The strategy returned 10.29% before fees for the third quarter, outperforming the Russell 1000 Growth Index's return of 9.17%.

The outperformance was driven by strong stock selection in the Consumer Staples, Industrials, Technology, and Materials sectors. Stock selection in Consumer Discretionary hurt relative results. A structural underweight in the best performing Technology sector and an overweight to Financials also hurt relative results.

MARKET OUTLOOK

Strong U.S. stock market returns are a reflection of favorable corporate fundamentals, rising confidence, supportive tax policy, and accelerating economic growth which we expect will extend into next year.

The absence of economic imbalances and still low inflation pressures and interest rates suggest that the current business expansion could proceed into the next decade. Domestic economic growth is being buoyed by fiscal stimulus (tax cuts and government spending), accelerated credit creation, and a strong jobs market which is boosting consumer income and spending. Consumer savings have risen and consumer net worth has achieved record highs, both augmenting future spending reserves. Strength of the consumer is reflected in the services sector while the manufacturing sector has increased capital spending following the strength of the profit cycle, improving outlook and the low cost of financing.

Corporate profits have benefitted from modest wage pressures, historically low interest rates, a significant tax rate cut, and accelerated domestic growth. However, profit growth may naturally decelerate next year with companies facing rising wages and interest expense; input costs (materials and transportation) have risen and will remain uncertain as long as the trade tensions go unresolved. Although the market remains reasonably priced, if trade issues are resolved, some expansion in the P/E multiple could occur. Historically, quality growth companies with persistent earnings growth and price momentum have outperformed after the year-to-year growth rate of S&P operating profits begins to decelerate. This should generally favor companies in the Technology, Health Care, Communications Services, and Consumer Discretionary sectors. Client portfolios are well represented in these areas.

STRATEGY OVERVIEW

Benchmark:	Russell 1000 Growth
Inception Date:	January 1, 1996

STRATEGY SUMMARY

The Red Granite Large Cap Growth strategy uses a fundamental, bottom-up approach to identify the most attractive high quality portfolio investments. The goal of the strategy is to outperform the Russell 1000 Growth index over a market cycle with reduced risk and less volatility. We seek to own companies with strong competitive positions and proven, sustainable business models for growth.

PERFORMANCE*

	MOST RECENT QUARTER	1 YEAR	3 YEAR	5 YEAR	10 YEAR
Pure Gross	10.29%	25.83%	15.74%	14.53%	13.85%
Net	10.03%	24.93%	14.98%	13.77%	13.05%
Benchmark	9.17%	26.30%	20.55%	16.58%	14.31%

*Returns are estimated. Past performance is no guarantee of future results.

Red Granite Large Cap Growth: Most Recent Quarter Attribution Report

AS OF SEPTEMBER 30, 2018

SECTOR ATTRIBUTION					
SECTOR	AVERAGE WEIGHT		ATTRIBUTION ANALYSIS		
	PORTFOLIO	BENCHMARK	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
Communication Services	9.83%	12.58%	0.29%	-0.12%	0.17%
Consumer Discretionary	17.42%	15.20%	0.03%	-0.25%	-0.22%
Consumer Staples	4.24%	5.55%	0.06%	0.30%	0.36%
Energy	0.00%	0.92%	0.13%	0.00%	0.13%
Financials	7.83%	4.36%	-0.20%	0.00%	-0.20%
Health Care	14.42%	13.62%	0.03%	0.01%	0.04%
Industrials	15.33%	11.95%	0.05%	0.27%	0.32%
Information Technology	25.84%	32.02%	-0.28%	0.60%	0.32%
Materials	2.65%	1.72%	-0.09%	0.32%	0.23%
Real Estate	0.00%	2.08%	0.19%	0.00%	0.19%
Utilities	0.00%	0.00%	0.00%	0.00%	0.00%
Cash	2.45%	0.00%	-0.22%	0.00%	-0.22%
TOTAL	100.00%	100.00%	-0.01%	1.13%	1.12%

Benchmark = Russell 1000 Growth

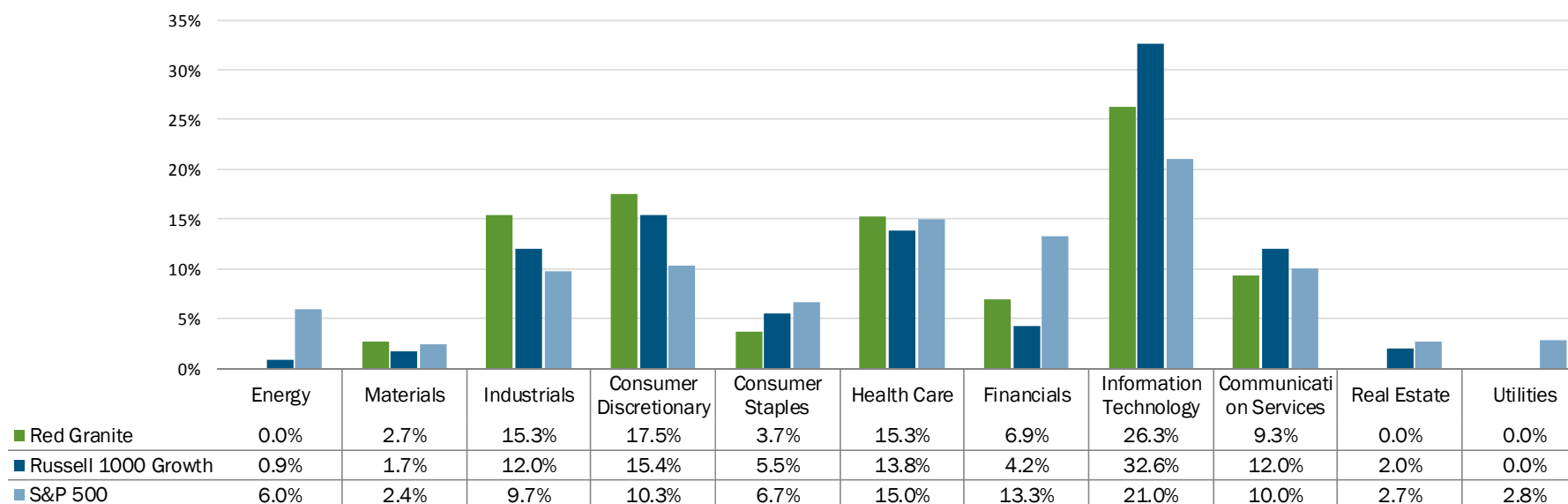
The attribution analysis is based off a model portfolio, and does not include fees or expenses. Individual client results may vary. Total Effect includes sector allocation effect + stock selection effect. Past performance does not guarantee future results. The benchmarks are unmanaged and unavailable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

Red Granite Large Cap Growth: Characteristics

AS OF SEPTEMBER 30, 2018

CHARACTERISTICS	RED GRANITE	RUSSELL 1000 GROWTH	S&P 500
Simple Median Market Cap (in Billions)	\$69.8	\$13.0	\$21.8
P/E Ratio (1 year Trailing)	27.00	27.10	21.60
5 year Trailing Earnings Growth Rate	19.2%	20.5%	14.0%
Beta (3-year vs. Russell 1000 G)*	0.95	—	—
Net Profit Margin	14.4%	15.8%	15.5%
Long-Term Debt To Capital	39.5%	42.3%	38.2%
Portfolio Turnover (3-year average)	31%	—	—
R squared (3 years vs. Russell 1000 G)**	0.91	—	—

SECTOR WEIGHTS



18-02036 • Data Sources: CapIQ • Data Calculated Monthly • The S&P 500 and Russell 1000® Growth are unmanaged common stock indices used to measure and report performance of the stock market. Direct investment in an index is not possible. Excludes cash. Characteristics are based on a model portfolio and are supplemental to the GIPS performance presentation at the end of this document. The model portfolio does not invest in all the securities of either index. Past performance does not guarantee future results. The Russell 1000 Growth is the benchmark for the Red Granite Large Cap Growth.

*Beta is a measure of the volatility, or systematic risk, of a security or a portfolio in comparison to the market as a whole.

**R Squared is a statistical measure that represents the percentage of a fund or security's movements that can be explained by movements in a benchmark index. Calculated using monthly data.

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.

Russell 1000 Growth Index - Measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values.

S&P 500 Index - The Standard & Poor's 500 Index is a capitalization-weighted index that is generally considered representative of the U.S. large capitalization market.

NOT FDIC INSURED; NO BANK GUARANTEE; MAY LOSE VALUE

FOR MORE INFORMATION

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Red Granite Large Cap Growth 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.	Number of Portfolios	Internal Dispersion (%)	Portfolios With Bundled Fees (%)	Composite Assets (USD millions)	Strategy Assets (USD millions)	Firm AUM (USD millions)	Firm AUA (USD millions)
2003	23.2%	22.7%	29.8%	18.7%	23.0%	65	1.1	N.A.	\$535	N.A.	N.A.	N.A.
2004	6.3%	5.8%	6.3%	15.2%	15.7%	86	0.6	N.A.	\$727	N.A.	N.A.	N.A.
2005	4.3%	3.9%	5.3%	9.5%	9.7%	77	0.8	N.A.	\$728	N.A.	N.A.	N.A.
2006	3.1%	2.7%	9.1%	7.7%	8.4%	9	N/A	98%	\$48	\$65	N.A.	N.A.
2007	10.2%	9.3%	11.8%	7.9%	8.7%	10	0.3	98%	\$55	\$89	N.A.	N.A.
2008	-28.6%	-29.2%	-38.4%	13.1%	16.6%	8	0.2	98%	\$33	\$65	N.A.	N.A.
2009	37.8%	36.8%	37.2%	17.4%	20.0%	17	1.0	97%	\$55	\$111	N.A.	N.A.
2010	17.5%	16.6%	16.7%	20.0%	22.4%	21	0.5	94%	\$72	\$141	N.A.	N.A.
2011	2.6%	1.7%	2.6%	16.8%	18.0%	31	0.3	95%	\$86	\$174	N.A.	N.A.
2012	10.2%	9.5%	15.3%	14.1%	15.9%	35	0.5	88%	\$140	\$381	\$3,845	\$72
2013	38.2%	37.3%	33.5%	11.3%	12.3%	34	0.2	87%	\$202	\$577	\$4,321	\$162
2014	10.7%	10.0%	13.1%	10.5%	9.7%	33	0.3	85%	\$225	\$671	\$5,748	\$318
2015	10.8%	10.1%	5.7%	11.4%	10.9%	31	0.1	90%	\$164	\$847	\$9,781	\$605
2016	-1.5%	-2.1%	7.1%	11.1%	11.3%	24	0.2	77%	\$134	\$921	\$10,651	\$1,170
2017	24.0%	23.2%	30.2%	10.2%	10.7%	23	0.2	83%	\$136	\$980	\$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. 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 Red Granite Large Cap Growth composite has been examined for the periods 01/03/12 through 12/31/17. 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 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) Red Granite Large Cap Growth seeks to provide returns in excess of the benchmark over complete market cycles at a risk posture less than the benchmark. Using a fundamental, bottom-up approach, the strategy invests primarily in high-quality domestic large-capitalization companies offering the potential for above-average growth with attractive valuations. (2) The benchmark is the Russell 1000 Growth Index (3) The composite creation date is January 3, 2012. Returns from May 1, 2006 through December 31, 2011 reflect the performance of Red Granite Advisers LLC. Returns prior to May 1, 2006 reflect the portfolio managers' track record at a prior firm and meet the GIPS portability requirements. (4) The composite was redefined on January 1, 2012 to exclude any wrap-fee portfolios where there are bundled fees and the wrap fee sponsor serves as an intermediary between the firm and the end user of the investment services. (5) There is no minimum account size for inclusion in the composite. Prior to January 1, 2012, the minimum account size was \$550,000. (6) Strategy Assets include the equity and cash portions of all portfolios managed by the portfolio management team, including the equity portion of balanced portfolios and including non-wrap, wrap and UMA assets. Portfolios that are excluded from the composite because of significant cash flows or for other reasons are also included in Strategy Assets. This is presented as supplemental information. (7) The internal dispersion is measured by the 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. (8) The composite includes portfolios with bundled fees where the actual trading expenses cannot be identified. Bundled-fee portfolios are charged a single fee by the custodian, broker or financial adviser which includes brokerage commissions, investment management, portfolio monitoring, consulting services, and in some cases, custodial services. Bundled fee schedules are available from the custodian, broker or financial adviser and range up to 3%. (9) 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 actual trading expenses and management fees. If the actual trading expenses cannot be identified and segregated from a bundled fee, net-of-fee returns are reduced by the entire bundled fee. 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 0.80% of average net assets per year for the ten-year period were deducted, the annual total return would be 9.16% and the ending dollar value would be \$24,023,444. The fee schedule is: 0.80% on the first \$3 million; 0.70% on the next \$7 million; 0.60% on the next \$10 million; 0.50% on the next \$10 million; and 0.45% on all additional assets.