

Large Cap Core: Performance & Commentary

PERFORMANCE SUMMARY

The strategy returned 14.81% before fees in the first quarter, outperforming the S&P 500 Index's return of 13.65%.

Underweighting the relatively poor performing Health Care sector and overweighting the outperforming Technology and Industrial sectors contributed positively to performance. Stock selection in the Financials and Consumer Discretionary sectors were the main contributors to performance. Poor stock selection in Energy and Communication Services produced a relative drag on performance.

MARKET OUTLOOK

The stock market has rebounded dramatically after oversold conditions in the fourth quarter. The "risk on" rally has been led by Small Caps (+15%) and cyclical/growth sectors, like Technology and Industrials, with the S&P 500 up almost 14%. After such a dramatic rally in the first quarter, returns tend to be truncated for the rest of the year and based on that we predict limited near term upside from these levels of around 5-10% for large cap stocks.

Stocks have rallied in large part due to the Federal Reserve ("Fed") easing off the brakes and the promise of a trade deal with China. Earnings estimates have dropped about 2% for 2019 and 3% for 2020 since the beginning of the year. At quarter-end, the S&P 500 Index traded at 16.6x \$171 one-year forward operating earnings estimate, well below its 20-year average of 18.7x.

Earnings per share ("EPS") revisions have dropped but there have been some unusual trends in the first quarter with Energy, Materials, and mega-cap Tech earnings down significantly. Tax reform impacts have skewed comparisons, but on an adjusted basis, revenues were up 6% and EPS was up 8% (15% with the tax boost) in the fourth quarter.

The V-shaped recovery in the stock market from the fourth quarter has eliminated the oversold condition and corrected the valuation discounts that were prevalent at that time. Growth stocks have continued their 12-year long outperformance as investors have sought out companies that can thrive despite the slowing world economies. Growth stocks are now trading at premiums which we think will be sustained until the next "risk off" market correction. Upside over the near term appears limited, and the market appears to have priced in a trade deal with China which could lead to more volatility over the next few weeks. We have constructed our portfolios to hold no large factor or sector bets and rely on alpha generation by individual stock selection.

As of March 31, 2019. 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.

STRATEGY OVERVIEW

Benchmark: S&P 500

Inception Date: November 1, 2002

STRATEGY SUMMARY

The Large Cap Core Strategy seeks to produce superior long term, risk adjusted returns by combining quantitative screening with thorough fundamental analysis by industry focused analysts'. Our investment process is rooted in behavioral finance and we look to take advantage of mispricing opportunities caused by recognized investor biases. Investors tend to extrapolate historical data trends too far into the future and often under-react to new data that contradicts their initial opinions. Further, we focus on free cash flow rather than the more common earnings measures as we believe its ultimately free cash flow return on invested capital and growth rate of free cash flow that matters for stock returns.

PERFORMANCE*

	MOST RECENT QUARTER	1 YEAR	3 YEAR	5 YEAR	10 YEAR
	ANNUALIZED				
Gross	14.81%	8.04%	14.22%	10.76%	15.70%
Net	14.64%	7.40%	13.55%	10.10%	15.02%
Benchmark	13.65%	9.50%	13.51%	10.91%	15.91%

*Returns are estimated. Past performance is no guarantee of future results. Benchmark: S&P 500.

Large Cap Core: Most Recent Quarter Attribution

SECTOR ATTRIBUTION					
SECTOR	AVERAGE WEIGHT		ATTRIBUTION ANALYSIS		
	PORTFOLIO	BENCHMARK	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
Communication Services	7.87%	10.23%	-0.03%	-0.32%	-0.35%
Consumer Discretionary	12.37%	10.02%	0.02%	0.64%	0.66%
Consumer Staples	5.37%	7.21%	0.03%	-0.06%	-0.03%
Energy	5.37%	5.46%	-0.07%	-0.39%	-0.46%
Financials	12.45%	13.31%	0.03%	0.78%	0.81%
Health Care	13.99%	14.97%	0.08%	0.16%	0.24%
Industrials	11.47%	9.50%	0.09%	0.07%	0.16%
Information Technology	23.46%	20.38%	0.17%	0.11%	0.28%
Materials	2.32%	2.68%	0.00%	-0.14%	-0.14%
Real Estate	2.57%	3.00%	-0.03%	-0.01%	-0.04%
Utilities	2.77%	3.25%	0.01%	0.02%	0.03%
Total Portfolio	100.00%	100.00%	0.30%	0.86%	1.16%

Benchmark = S&P 500

As of March 31, 2019. 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.

Large Cap Core: Characteristics

STRATEGY OVERVIEW

Benchmark:	S&P 500
Holdings:	55-65 securities
Diversification:	On a security basis, won't over/underweight to the benchmark by >5% On a sector basis, won't over/underweight to the benchmark by >5%
Return Target:	Outperform its benchmark by 1.50%
Risk Control:	Tracking Error target of 2%-5% vs. benchmark

TOP TEN HOLDINGS BY WEIGHT












	TICKER	PERCENT WEIGHT
Microsoft Corporation	MSFT	5.7%
Alphabet, Inc.	GOOGL	3.9%
Amazon, Inc.	AMZN	3.8%
Visa, Inc.	V	3.7%
Mastercard, Inc.	MA	3.6%
Cisco Systems	CSCO	3.0%
Bank of America Corporation	BAC	2.8%
Johnson & Johnson	JNJ	2.8%
Adobe Systems, Inc.	ADBE	2.7%
Apple Computer, Inc.	AAPL	2.6%

CHARACTERISTICS

GENERAL MEASURES	ZCM	BENCHMARK
Number Of Stocks In Portfolio	56	500
Weighted Average Cap (\$ Mil)	256,784	230,552
Yield (%)	1.9	2.0
ROE (%)	26.6	28.8
Debt/Equity Ratio (%)	93.0	100.0
Beta	1.02	—
VALUE MEASURES	ZCM	BENCHMARK
Price/Earnings Ratio* (12-Month Trailing)	18.6	19.5
Price/Earnings Ratio* (Forecast FY)	16.7	17.7
Price/Book Value Ratio	3.5	3.5
Price/Cash Flow Ratio	12.2	12.1
Price/Sales Ratio	2.2	2.2
GROWTH MEASURES	ZCM	BENCHMARK
EPS 1-Year Growth Rate (%) (Forecast FY)	11.2	8.0
EPS 5-Year Growth Rate (%) (Trailing)	14.3	12.7
EPS Growth - Long-Term Forecast	11.8	12.1

As of March 31, 2019. *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.

Large Cap Core: Sector Weights

SECTOR	ZCM	S&P 500	Difference	
Consumer Discretionary	12.0%	10.2%	1.9%	
Consumer Staples	5.7%	7.3%	-1.7%	
Energy	5.4%	5.4%	-0.1%	
Financials	11.7%	12.7%	-1.0%	
Health Care	14.3%	14.6%	-0.3%	
Industrials	10.2%	9.5%	0.7%	
Information Technology	24.3%	21.2%	3.1%	
Materials	2.2%	2.6%	-0.5%	
Real Estate	2.6%	3.1%	-0.5%	
Communication Services	8.7%	10.1%	-1.4%	
Utilities	2.9%	3.3%	-0.4%	

As of March 31, 2019. 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.

Large Cap Core: Performance Disclosures

as of December 31, 2018

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	Carve Out Percentage	Composite Assets (USD millions)	Strategy Assets (USD millions)	Firm AUM (USD millions)	Firm AUA (USD millions)
2002	N.A.	N.A.	N.A.	N.A.	N.A.	<6	N.A.	100%	\$2	\$7	\$1,748	N.A.
2003	25.8%	24.6%	28.7%	N.A.	N.A.	<6	N.A.	93%	\$6	\$22	\$2,361	N.A.
2004	13.4%	12.3%	10.9%	N.A.	N.A.	11	N.A.	86%	\$9	\$45	\$2,700	N.A.
2005	8.6%	7.5%	4.9%	8.5%	9.2%	16	0.1%	83%	\$31	\$56	\$3,199	N.A.
2006	19.7%	18.5%	15.8%	6.6%	6.9%	14	0.1%	84%	\$33	\$163	\$3,428	N.A.
2007	6.0%	5.0%	5.5%	8.2%	7.8%	15	0.2%	99%	\$39	\$118	\$3,507	N.A.
2008	-31.6%	-32.3%	-37.0%	14.5%	15.3%	26	0.5%	81%	\$37	\$116	\$2,791	N.A.
2009	25.9%	25.2%	26.4%	18.4%	19.9%	17	1.0%	70%	\$30	\$156	\$2,540	N.A.
2010	13.2%	12.6%	15.1%	20.9%	22.2%	12	N/A	0%	\$30	\$168	\$2,744	N.A.
2011	2.7%	2.1%	2.1%	19.0%	19.0%	11	0.2%	0%	\$12	\$174	\$3,545	\$78
2012	16.2%	15.5%	16.0%	16.3%	15.3%	8	0.1%	0%	\$11	\$180	\$3,845	\$72
2013	35.0%	34.3%	32.4%	12.9%	12.1%	5	N.A.	0%	\$7	\$474	\$4,321	\$162
2014	13.6%	12.9%	13.7%	9.3%	9.1%	<6	N.A.	0%	\$4	\$535	\$5,748	\$318
2015	0.2%	-0.4%	1.4%	11.1%	10.6%	<6	N.A.	0%	\$7	\$377	\$9,781	\$605
2016	11.7%	11.0%	12.0%	11.0%	10.7%	12	N.A.	0%	\$23	\$354	\$10,651	\$1,170
2017	23.0%	22.3%	21.8%	10.3%	10.1%	11	0.1%	0%	\$21	\$474	\$9,888	\$1,561
2018	-5.9%	-6.4%	-4.4%	11.8%	11.0%	43	0.1%	0%	\$260	\$460	\$10,085	\$1,775

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 to 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 Large Cap Core composite has been examined for the periods 11/01/02 to 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) Large Cap Core is an actively managed equity strategy that applies a systematic approach combined with fundamental research to identify neglected, attractive stocks. (2) The benchmark is the S&P 500 Index. (3) The composite creation date is October 31, 2002. (4) The minimum account size for this composite is \$100,000. From 1/1/06-12/31/12 the minimum account size was \$250,000. Prior to January 1, 2006, there was no minimum account size. (5) Beginning January 1, 2013, portfolios with significant cash flows are excluded from the composite. Cash flows of 10% or more are considered significant. Prior to January 1, 2006, cash flows of 5% or more were considered significant. (6) Strategy assets include all portfolios in the Large Cap Core Select and Large Cap Core Select 60 strategies, even those portfolios that are excluded from the composites 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 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) Prior to January 1, 2010 balanced portfolio segments were included in this composite and performance reflects required total segment plus cash returns using a cash allocation based on target asset class percentages determined at the beginning of the period. (9) Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable model fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable model fee is 0.60%. From January 1, 2009 to December 31, 2009, the highest applicable model fee was 0.59%. From January 1, 2008 to December 31, 2008, the highest applicable model fee was 0.91%. Prior to January 1, 2008, the highest applicable model fee was 1.00%. 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 0.60% of average net assets per year for the ten-year period were deducted, the annual total return would be 9.37% and the ending dollar value would be \$24,489,624. The fee schedule is: 0.60% on the first \$25 million; 0.45% on the next \$25 million; and 0.30% on all additional assets.

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.

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