

WISCONSIN DEPARTMENT OF  
FINANCIAL INSTITUTIONS,

Plaintiff,

vs.

Case No. 12-CX-44-A

WISCONSIN FUNERAL DIRECTORS  
ASSOCIATION, INC.

and

FIDUCIARY PARTNERS, INC., as Trustee  
for the WISCONSIN FUNERAL TRUST,

Defendants.

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MOTION BY THE RECEIVER FOR AN ORDER  
APPROVING AN INTERIM INVESTMENT POLICY

John M. Wirth, the duly-appointed receiver (the "Receiver") for Wisconsin Funeral Trust (the "Trust"), by his attorneys Kravit, Hovel & Krawczyk, s.c. and Mallery & Zimmerman, S.C., moves the Court, pursuant to Section 10(m) of the Court's Injunction and Order Appointing Receiver Over Wisconsin Funeral Trust dated October 24, 2012 (as amended, the "Appointment Order"), for an Order in the form attached to this Motion as Exhibit A approving the Statement of Investment Policy attached to this Motion as Exhibit A-1 (the "Investment Policy") on an interim basis as described below.

In support of this Motion, the Receiver states:

1. On September 3, 2013, the Receiver filed the Motion by the Receiver for an Order Directing the Investment of the Trust's Assets (the "Investment Standards Motion"). The Court heard from the Receiver and parties-in-interest concerning the Investment Standards Motion at a

hearing on September 6, 2013. The Receiver indicated in the Investment Standards Motion that, if the Court approved investment of the Trust's assets in something other than federally-insured accounts, the Receiver intends to come back to the Court promptly with a detailed investment policy. This Motion is the investment policy motion referenced in the Investment Standards Motion. Although the Court did not make a final ruling on the Investment Standards Motion at the September 3 hearing, the Court authorized the Receiver to file this Motion and have the Court consider both motions at a single hearing.

2. The proposed Order attached to this Motion as Exhibit A combines the relief requested in the Investment Standards Motion with the relief requested in this Motion.

3. The Receiver interviewed several prospective Investment Advisors and sought the advice of a number of people in whom the Receiver places trust. A number of the prospective Investment Advisors were impressive; however, the Receiver chose Ziegler Lotsoff Capital Management, LLC ("Ziegler Lotsoff") as his Investment Advisor because of, among other things:

(a) Its experience in advising conservative institutional investors, including non-profit foundations, endowments, senior living and health care communities and trusts;

(b) Ziegler Lotsoff provided extremely attractive pricing (0.20% annually based on the average capital base of all assets under management, as opposed to 0.35% to 1% proposed by others, and the higher fees charged by prior Investment Advisors); and

(c) Its integrity, reputation and desire to help solve the Trust's problems.

4. Background information regarding Ziegler Lotsoff is attached to this Motion as Exhibit B.

5. Ziegler Lotsoff and the Receiver, with the advice of his advisors, crafted the Investment Policy to provide a conservative, realistic and stable return. The particular investments are selected for their safety and stability. The Investment Policy complies with, and is more conservative than the requirements of, the Uniform Prudent Investor Act. The Investment Policy more specifically describes the investment parameters. Information regarding investments is attached to this Motion as Exhibit C.

6. The Receiver proposes the Investment Policy on an interim basis. At some point, depending on the speed with which the Receiver's claims against third parties are resolved, the Receiver will propose that the Court discharge the receiver and approve a final plan. The final plan will include a fully revised Trust Agreement with, among other elements, an oversight structure, checks and balances, reserves and a replacement investment policy. The investment policy in that final plan will be based on an actuarial study that the Receiver has commissioned from Milliman, Inc., one of the world's largest and most respected providers of actuarial services. The Investment Policy proposed in this Motion is only for the period preceding that final plan. Moreover, the proposed Order requires the Receiver to return to the Court no less frequently than every six months to review investment results and to affirm or revise the Investment Policy.

7. In addition to the semi-annual review of investment results and the Investment Policy before the Court, the proposed form of Order requires the Receiver to post monthly financial information for the Trust on the public website for the Trust ([www.wisconsinfuneraltrust.org](http://www.wisconsinfuneraltrust.org)). Information will include a balance sheet showing all assets and liabilities of the Trust, a description of the Trust's investments and investment results, and comparisons against the Investment Policy's benchmarks. Any party to this action, as well as

any beneficiary of the Trust, may compel the Receiver, from time to time between the semi-annual reviews, to appear before the Court to respond to concerns over investment performance.

8. The Trust is further protected by the 60% limitation on initial distributions to funeral homes previously approved by the Court. The Receiver will not propose an increase to such distributions unless and until supported by the Milliman actuarial study. Proceeds from litigation demands and potential litigation will provide an added buffer against market fluctuations.

9. The Receiver and representatives of Ziegler Lotsoff will provide a detailed presentation at the hearing on this Motion.


RELIEF REQUESTED

10. The Receiver seeks an Order in the form attached as Exhibit A.

Dated as of September 20, 2013.

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STATE OF WISCONSIN

CIRCUIT COURT  
BRANCH 17

DANE COUNTY

WISCONSIN DEPARTMENT OF  
FINANCIAL INSTITUTIONS,

Plaintiff,

vs.

Case No. 12-CX-44-A

WISCONSIN FUNERAL DIRECTORS  
ASSOCIATION, INC.

and

FIDUCIARY PARTNERS, INC., as Trustee  
for the WISCONSIN FUNERAL TRUST,

Defendants.

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ORDER DIRECTING THE INVESTMENT OF THE TRUST'S ASSETS AND  
APPROVING AN INTERIM INVESTMENT POLICY

Pursuant to the Motion by the Receiver for an Order Directing the Investment of the Trust's Assets and the Motion by the Receiver for an Order Approving an Interim Investment Policy (collectively, the "Motions"), and having found that proper notice of the Motions has been given, and having heard from counsel at hearings before the Court on September 6, 2013 and October 14, 2013, and for the reasons set forth on the record of such hearing,

THE COURT ORDERS:

1. The Trust that is the subject of this action is a liquidating trust, governed by the laws and equitable principles governing trusts generally under Wisconsin law. Pursuant to Wisconsin Statutes Section 881.01(3)(a)-(b), the Receiver must exercise reasonable care, and "invest and manage assets as a prudent investor would, by considering the purposes, terms,

distribution requirements, and other circumstances of the ... trust.” The Receiver is to have “an overall investment strategy having risk and return objectives reasonably suited to the ... trust.”

2. Considering the changes in the nature of the Trust, the Trust will be known as the WFT Liquidating Trust, and the Receiver is authorized to make such change on the records of the Wisconsin Department of Financial Institutions.

3. As Receiver, the Receiver has served, and will continue to serve, pursuant to the terms, conditions and limitations of the pursuant to the Court’s Injunction and Order Appointing Receiver Over Wisconsin Funeral Trust dated October 24, 2012 (as amended, the “Appointment Order”), as the Trustee of the WFT Liquidating Trust, subject to replacement at the conclusion of this case in a manner acceptable to the Court.

4. Pursuant to Section 10(m) of the Appointment Order, the Statement of Investment Policy attached to this Order as Exhibit A-1 (the “Investment Policy”) is approved. The Receiver is authorized to change the name of the Trust in the Investment Policy to be consistent with the terms of this Order. The Receiver is authorized to invest the assets of the WFT Liquidating Trust pursuant to the Investment Policy and to use Ziegler Lotsoff Capital Management, LLC (“Ziegler Lotsoff”) as his Investment Advisor (subject to removal and replacement by the Receiver in his reasonable discretion upon notice to the Court). The Receiver may also cause funds to be invested in Fidelity money market accounts and may retain adequate working capital checking accounts at financial depositories of the Receiver’s choice.

5. This is an interim approval of the Investment Policy as more fully described in the Motion. The Receiver shall return to the Court no less frequently than every six months, as scheduled by the Court and with notice to the parties-in-interest including all funeral home

beneficiaries of the Trust, to review investment results and to affirm or revise the Investment Policy.

6. The Receiver shall, on or before the Friday of the second full week of each month, or as soon as possible thereafter, post monthly financial information for the Trust on the public website for the Trust ([www.wisconsinfuneraltrust.org](http://www.wisconsinfuneraltrust.org)). Information will include a balance sheet showing all assets and liabilities of the Trust, a description of the Trust's investments and investment results, and comparisons against the Investment Policy's benchmarks. Any party to this action, as well as any beneficiary of the Trust, may compel the Receiver, from time to time between the above-described semi-annual reviews of the trust investments and Investment Policy, to appear before the Court to respond to concerns over investment performance.

Dated October \_\_\_\_, 2013.

BY THE COURT:

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The Honorable Peter C. Anderson  
Circuit Court Judge, Branch 17

**STATEMENT OF INVESTMENT POLICY**

Wisconsin Funeral Trust  
3913 West Prospect Avenue, Suite 201  
Appleton, Wisconsin 54914

Approved Date: \_\_\_\_, 2013

\*\*\*DRAFT\*\*\*

**PURPOSE:**

The purpose of this Statement of Investment Policy ("Policy") is to establish investment philosophies, financial objectives and administrative procedures for the Wisconsin Funeral Trust (the "Trust") and to provide general guidance for preservation, growth and governance of its asset pool (the "Fund").

**BACKGROUND:**

On September 14, 2012, John M. Wirth (the "Receiver") was appointed as interim receiver for the Trust, pursuant to Wisconsin Statutes Section 551.603(2)(b)1., by the Dane County Circuit Court (the "Court") in Case Nos. 12 CX 44 and 12 CX 44A. On October 24, 2012, the Court affirmed the appointment of the Receiver until the Court orders otherwise.

**INVESTMENT ADVISOR:**

As used in this Policy, the "Investment Advisor" shall be Ziegler Lotsoff Capital Management, LLC. The Investment Advisor shall ensure that all persons and organizations involved as an Investment Manager or Advisor for the Fund's assets comply with the terms of this Policy in dealing with the Fund. The Receiver may replace the Investment Advisor from time to time, subject to contemporaneous notification to the Court.

**TERM:**

This Policy has been adopted by the Receiver of the Trust with approval of the Court. The Receiver intends this Policy to be temporary and that a more detailed policy, setting forth the Trust's revised governance structure and longer term objectives and parameters, including objectives and parameters based on the actuarial study engaged by the Receiver, shall replace this Policy at or prior to the conclusion of the receivership. Objectives, guidelines and benchmarks in this Policy shall be revisited and revised at such time with the approval of the Court.

**INVESTMENT OBJECTIVES:**

The primary objective of this Policy is to preserve the current value of invested funds. Risk and volatility are present to some degree with all types of investments; however, high levels of risk



are to be avoided. The Trust maintains that risk is best avoided by both minimizing risky investments and diversifying the asset classes, styles and sectors of investments.

The investment guidelines described in this Policy will be reviewed and, with Court approval, revised periodically. The Receiver has committed to return to the Court at least once every six months to review these guidelines.

All assets shall be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent investor acting in a similar capacity and familiar with such matters would use in the investment of a fund of similar character and with similar aims.

The Trust's overall investment objectives are to achieve an optimized rate of return consistent with the preservation of principal, mitigation of risk and maintenance of liquidity. This Policy sets forth guidelines to effectively manage the Trust's investment portfolio in order to obtain:

- Stability – minimization of volatility and risk
- Liquidity – sufficiency of cash to provide for anticipated withdrawals
- Preservation of Capital – avoidance of significant long-term losses through an emphasis on investment in high quality securities
- Return on Investment – tailoring income from and return on assets of the Trust to potentially cover the interest and administrative costs of the Trust, provided that such objective shall not supersede the preceding objectives.

#### **ATTITUDES TOWARD RISK AND RISK MANAGEMENT:**

The Receiver understands that investment risk can be defined in a number of ways. The Trust and the Receiver expect the Investment Advisor to understand how the Trust defines investment risk, so that the Fund's assets are managed in a manner consistent with the objectives and guidelines as expressed in this Policy.

1. *Risk Aversion.* The Receiver recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund's objectives, and that risk is present in all types of securities and investment styles. However, the Receiver and the Trust expect that the Investment Advisor will utilize prudent judgment and reasonable efforts and techniques to control risk. The Receiver will evaluate the Investment Advisor, and the Investment Advisor will evaluate its managers, regularly, to ensure that the risk assumed is commensurate with this Policy.
2. *Preservation of Capital.* Recognizing that, despite reasonable efforts, losses may occur in individual securities, the Investment Advisor shall make all reasonable efforts to preserve capital in the aggregate.

### **LIQUIDITY AND MARKETABILITY:**

To minimize the possibility of a loss occasioned by the sale of a security required to allow the Trust to pay an obligation, the Receiver will periodically provide the Investment Advisor with an estimate of expected cash flow needs. As further described below, the Receiver requires all Fund assets to be invested in liquid and readily marketable securities (securities which can be transacted quickly and efficiently for the Fund with minimal impact on market prices).

### **ASSET ALLOCATION:**

Asset allocation is a significant factor affecting the ability of the Trust to meet its objectives. Therefore, based on the investment objectives and risk tolerances stated in this Policy, the following asset mix target and ranges are considered appropriate for the Trust.

	<b>Strategic Allocation</b>		
	<b>Lower Limit</b>	<b>Targets</b>	<b>Upper Limit</b>
<b>Domestic Fixed Income</b>	<b>70%</b>	<b>80%</b>	<b>85%</b>
Enhanced Cash	5%	10%	20%
Intermediate Fixed	60%	70%	80%
<b>Domestic Equities</b>	<b>15%</b>	<b>20%</b>	<b>30%</b>
Large Cap Value	15%	20%	30%

<u>Asset Class</u>	<u>Benchmark</u>
Enhanced Cash	90-Day T-Bill Index
Intermediate Fixed Income	Barclay's Capital Intermediate Government/Credit Index
Domestic Equity	Russell 1000 Value Index

Rebalancing within the above ranges should be implemented no less than monthly, and more frequently if the Investment Advisor, upon advising and obtaining the consent of the Receiver, deems it to be appropriate. Given the nature of the investments, transaction costs associated with rebalancing are expected to be low. The Receiver will rely primarily on the Investment Advisor to direct such rebalancing. The Investment Advisor shall report to the Receiver on the status and its recommendations at least monthly.

### **INVESTMENT POLICY GUIDELINES – INVESTMENT SECURITIES:**

Investments are to be limited to liquid securities which can be readily valued, including equities, bonds, mutual funds, commercial paper and other investments. **Interests in commodities, options, futures, hedge funds, private equity, real estate, and derivative securities are not eligible for investment.**

## **Equity Assets:**

The following investment guidelines are intended to apply to the investment of the equity portion of the Trust's portfolio of assets.

- Diversification: The Investment Advisor will ensure adequate investment diversification.
- Marketability/Liquidity: Acceptable levels of marketability/liquidity are frequently expressed as functions of quality, market capitalization, and location of trading of a given security. The Investment Advisor will ensure adequate marketability of investments under its supervision.

## **Fixed Income Assets**

### Intermediate Fixed Income Assets

The objective of the intermediate fixed income portion of the Fund assets is to provide a total return, net of fees, in excess of the Barclay's Capital Intermediate Government/Credit Index, the specified benchmark. The following guidelines are intended to apply to the Investment Advisor and its direction to its managers:

- Duration Target: Fixed income portfolio maturity, as measured by portfolio duration, should be between 90% and 110% of the benchmark. No security with an average life in excess of 10 years is permissible.
- Allowable Credit Quality:
  - At the time of purchase, all securities must be rated in the top four rating categories by Moody's, Standard & Poor's, or Fitch.
  - If a security's rating falls below the allowable rating by Moody's, Standard & Poor's or Fitch, the Receiver must be notified and a plan of action must be presented to the Receiver.

### Cash & Enhanced Cash Assets

The objective of the enhanced cash position of the Trust's portfolio of assets is to provide sufficient liquidity to ensure cash availability to meet projected, as well as unexpected, funding requirements while utilizing maturities out to two years to enhance total return. For this reason, the Investment Advisor's enhanced cash manager shall communicate frequently with the Receiver in regards to cash flow requirements. The following directions are intended to apply to the enhanced cash manager.

- Duration Target: The duration must not exceed one year, and no security with a maturity greater than two years is permissible, except that:
  - Floating rate issues may have a longer maturity if the interest adjustment is based on a security with a maturity of less than one year.
  - A puttable bond may be utilized if the put can be exercised within two years.

- Issues of these types should be limited to an amount consistent with normal liquidity requirements, but should not exceed 25% of the value of the Trust's portfolio.
- Allowable Credit Quality:
  - At the time of purchase, all securities must be rated in the top four rating categories by Moody's, Standard & Poor's, or Fitch.
  - If a bond's rating falls below the allowable rating by Moody's, Standard & Poor's, or Fitch, the Receiver must be notified and a plan of action must be presented.

**Allowable Investments:**

- Equity investments shall be limited to those traded on U.S. registered exchanges.
- Not more than 5% of the market value of the fixed income investments shall be invested in securities of any one issuer, except Government and government sponsored agency obligations, without the Receiver's prior approval. Investments in fixed income securities denominated in non-U.S. currencies are not permitted.
- Securities issued and fully guaranteed by the U.S. government or any of its agencies and instrumentalities.
- Floating rate issues where the interest adjustment is based on a security with a maturity of less than one year.
- Debt obligations issued by any state or political subdivision thereof or any agency or instrumentality of such state or political subdivision.
- Sovereign and supranational debt rated in the top three rating categories by Moody's, Standard & Poor's, or Fitch.
- U.S. denominated deposit accounts, certificates of deposit, and banker's acceptances with domestic commercial banks, which have a rating on their short-term certificates of deposit on the date of purchase of "A1" by Standard and Poor's, "P1" by Moody's, or "F-1" by Fitch, without regard to gradation, and which mature not more than 360 days after the date of purchase.
- Corporate bonds.
- Commercial paper which is rated at the time of purchase within the classification or higher, "A1" by Standard & Poor's, "P1" by Moody's, or "F-1" by Fitch, without regard to gradation, and which matures not more than 270 days after the date of purchase.
- Mortgages issued by a government sponsored agency and investment grade asset backed securities.

- Repurchase agreements are permitted with such broker/dealers who maintain a minimum 104% initial market value collateralization of the loaned amount of securities. The collateral market value shall be marked daily.

### **EVALUATION BENCHMARKS:**

The Receiver will work with the Investment Advisor to establish evaluation benchmarks for the entire Fund. Measurement benchmarks will be set and documented by mutual agreement between the Receiver and the Investment Advisor. The Investment Advisor shall report performance to the Receiver as measured to such benchmarks on a regular basis, but at least quarterly.

Comparative market benchmarks are established to gauge the Investment Advisor's manager's value added. Return requirements (annualized basis) are over a full market cycle (three to five years).

#### **Comparative Market Benchmarks**

**Combined Assets** – Relative to appropriate indices:

<u>Section</u>	<u>Benchmark</u>	<u>Expectation</u>
<b>Total Fund</b>	10% 90-Day TBills, 70% Barclays Intermediate Government/ Credit Index, 20% Russell 1000 Value Index 100%	Meet/Exceed

The investment goal above is the objective of the aggregate Fund, and is not meant to be imposed on each investment account. The goal of the Investment Advisor, over the investment horizon, shall be to:

- Meet or exceed the market index, or blended market index, selected and agreed upon by the Receiver that most closely corresponds to the style of investment management. Each of the Investment Advisor's manager's will have a separate statement which will be attached as an Addendum to this Policy.
- Display an overall level of risk in the Trust's portfolio which is consistent with the risk associated with the benchmark. Risk will be measured by the standard deviation of quarterly/monthly returns.

### **PERFORMANCE REPORTING & EXPECTATIONS:**

Performance reports generated by the Investment Advisor shall be compiled at least monthly and reviewed with the Receiver. Investment performance for the total Fund, as well as asset class components, should be measured against commonly accepted performance benchmarks. The

Receiver will consider performance results to the extent they are consistent with the Fund's goals, objectives and guidelines as set forth in this Policy.

**IMPLEMENTATION AND REVIEW:**

1. This Policy shall be managed for the Trust by the Receiver.
2. Fund investment performance along with a detailed listing of all investment assets shall be reviewed monthly with the Receiver.
3. The Receiver shall review this Policy with the Investment Advisor at least every six months. The Receiver will present recommended changes to the Court every six months, or more frequently if deemed appropriate by the Receiver.

Ziegler Lotsoff Capital Management, LLC has \$4 billion in assets under management across the credit and equity spectrum.

Our investment philosophy: to produce consistent returns through all market cycles while emphasizing risk controls.

EXHIBIT

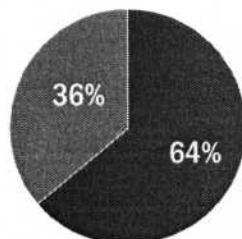
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## FIRM OVERVIEW

- Headquartered in Chicago with an office in Milwaukee
- 47 employees

## ASSETS UNDER MANAGEMENT / in billions, as of 6/30/13

■ Fixed Income & Mutual Funds	\$2.6
■ Equity	\$1.4
Firmwide Assets	\$4.0



## FIRM UPDATES

- Our Large Cap Value Dividend Select Strategy is now offered in Canada on the NexGen Financial mutual fund platform where we act as subadvisor.
- We have launched a new website. Visit [www.zieglerlotsoff.com](http://www.zieglerlotsoff.com) to keep up to date on all of our strategies, download portfolio manager commentaries, and meet our investment professionals.

## FIXED INCOME STRATEGIES

- Enhanced Cash
- Short Term Fixed
- Intermediate Fixed
- Core Fixed

## EQUITY STRATEGIES

- Large Cap Value Dividend Select
- Red Granite Large Cap Growth
- Large Cap Core Select
- Large Cap Core Select 60
- Disciplined Equity Strategy
- Mid Cap Core
- Small Cap Core Select

## MUTUAL FUNDS

- Strategic Income

## ZIEGLER LOTSOFF CAPITAL MANAGEMENT, LLC

20 North Clark Street | 34th Floor | Chicago, IL 60602  
[www.ZieglerLotsoff.com](http://www.ZieglerLotsoff.com)

## CONTACT US

312-368-1442  
[letters@zieglerlotsoff.com](mailto:letters@zieglerlotsoff.com)



# Representative Client List

## HEALTH CARE ORGANIZATIONS

Beaver Dam Community Hospital  
Bronson Methodist Hospital  
Community Foundation of Northwest Indiana  
Coosa Valley Medical Center  
Covenant Ministries of Benevolence  
Essentia Community Hospitals and Clinics  
Evangelical Community Hospital  
Froedtert & Community Health  
Howard Young Medical Center  
Mercy Alliance  
Monroe Clinic  
Noland Health Services  
Northeast Health  
Palisades Medical Center  
Platte Valley Medical Center  
The Richland Hospital  
Tornah Memorial Hospital  
Upland Hills Health  
West Shore Medical Center

## ENDOWMENTS & FOUNDATIONS

Arnold Jannsen Foundation  
Bethesda Foundation of Wilmar  
Episcopal Senior Communities Foundation  
Foundation for Wildlife Conservation  
Jefferson Ferry Foundation  
Lifespace Communities Brede-Wilkins Scholarship Fund  
Northcrest Foundation  
Pasco-Hernando Community College Foundation  
Platte Valley Medical Center Foundation  
Riddle Village Foundation  
Sheboygan Senior Community Foundation  
SQLC Charitable Foundation  
Sunnyside Foundation  
Washington County Historical Society Foundation, Inc.

## SUB-ADVISORY RELATIONSHIPS

Azzad Asset Management  
B. C. Ziegler and Company  
Transamerica Retirement Solutions  
Highmark Funds  
NexGen Financial Limited Partnership

## PUBLIC FUNDS

City of Aurora Retiree Health Insurance Trust Fund  
City of Manitowoc  
City of Mequon  
City of New London  
City of Oak Park, MI Employees Pension  
City of Parkridge Police Pension Fund  
City of Plymouth  
City of West Bend  
City of Wheaton Police Pension Fund  
Deerfield Beach Municipal Firefighters' Pension Trust Fund  
Grand Rapids General Retirement System  
Grand Rapids Police & Fire Retirement System  
Lemont Firefighters Pension Fund  
Palm Tran, Inc./ATU Local 1577 Pension Fund  
Village of Grafton  
Village of Vernon Hills Police Pension Fund  
Village of Gurnee Police Pension Fund

## TAFT HARTLEY PLANS

Amalgamated Transit Union Pension Plan for International Officers & Employees  
Carpenters' District Council of Greater St. Louis Health & Welfare Trust  
Connecticut Laborers' Annuity Fund  
Greater St. Louis Construction Laborers Welfare Trust  
Hawaii Sheet Metal Workers Pension and Annuity Trusts  
Hotel and Restaurant Employees Local 74 Pension Trust  
Iron Workers Local 597 Pension Fund  
Joint Benefit Trust  
Plain Dealer Publishing Company Guild Retirement Plan  
Printing Specialties and Paper Products Union Local 447 Pension & Annuity Fund  
Private Scavengers & Garage Attendants Local 731  
Stabilization Agreement of the Sheet Metal Industry  
ST A-ILA of Baltimore Pension Trust  
Teamsters Life Insurance Trust Fund

## CORPORATIONS

Aon Corporation  
Grand Lodge PA Pension  
Hallmark Cards, Inc.  
LB Foster Company, Portec Rail Products Retirement Plan  
Ohio Valley Electric Corporation and Indiana-Kentucky Electric Corporation

## SENIOR LIVING CLIENTS

Aberdeen Heights  
ACTS Retirement  
Active Retirement Comm., dba Jeff Ferry  
Aldersly  
American Baptist Homes of the West  
Appalachian Christian Village  
Asbury Pointe  
Baptist Homes of Indiana  
Barton Creek Senior Living Center  
Bethesda Adult Communities  
Bethesda Health & Housing  
Bethesda Home & Retirement Center  
Bonita Springs Retirement Village  
Buckingham Senior Living Community  
Buckner Retirement Services  
C.C. Young Memorial Home  
Canterbury Court  
Central Baptist Village  
Capital Manor  
Chestnut Square  
Christian Care Centers  
Christian Homes, Inc.  
Christian Living Communities  
Clement Manor  
Columbia Vantage House  
Craigside Retirement Residence  
Crestview Retirement Community  
Diakon Lutheran Social Ministries  
Eastcastle Place  
Eddy Village Green  
Eliza Jennings  
El Castillo Retirement Residents  
Elderly Housing Development & Operations Corp.  
Episcopal Senior Communities  
Epworth Villa  
Friendship Haven  
Friendship Village of Columbus  
Friendship Village of Sunset Hills  
Friendship Village of Tempe  
Friendship Village of Chesterfield  
Front Porch

Green Hill  
GreenFields  
Gulf Coast Village  
Hartsfield Village  
Hawthorne Ridge  
Henry Ford Village  
Hill View Retirement  
Holland Homes  
John Knox Village of FL  
Kahala Senior Living Community  
Kendal at Oberlin  
La Posada at Park Centre  
Lakeview Village  
LeadingAge of Indiana  
Legacy Senior Communities  
Lifespace Communities  
Linden Grove  
Luther Oaks  
Lutheran Senior Citizens  
Lutheran Senior Services  
Lutheran Social Services of the South  
Masonic Homes of Kentucky  
Mayflower Communities, Inc.  
Middleton Glen  
Midwest Christian Village  
Mission Ridge  
Montgomery Place  
Moorings Park  
Northcrest Community  
Ohio Presbyterian Retirement Services  
Orchard Park CCRC dba Fox Run  
Park Place  
Penney Retirement Community  
People of Faith Foundation  
Peterborough Retirement Community  
Phoebe Devitt  
Pleasant View  
Plymouth Place  
Porter Hills  
Presbyterian Homes of Minnesota  
Presbyterian Retirement Communities Northwest

Redstone Presbyterian SeniorCare  
Ridgecrest Village  
River Terrace Estates  
Royal Oaks Life Care Community  
Saint John's Lutheran Ministries  
Santa Fe Healthcare, Inc.  
Senior Quality Lifestyles Corp  
Shell Point Village  
Sierra Winds Life Care Community  
Skyline at First Hill  
Southminster  
Sunnyside Village  
Tacoma Lutheran Retirement Community  
Terwilliger Plaza  
The Forest at Duke  
The Hill at Whitewash  
The Landing at Plymouth Place  
The Seabury at Field Home  
The Terraces  
The Terraces at Bonita Springs  
Three Crowns Park  
United Methodist Homes  
Village at Gleannloch Farms  
Waterman Village of Mount Dora  
Westport Holdings  
Winchester Gardens at Ward Homestead  
Wittenberg Village  
Woodland Pond

## RELIGIOUS ORDER & SCHOOL

Cardinal Stritch University  
Bay Area Charter School  
Fifth Avenue United Methodist Church  
Fremont Christian School  
Lutheran World Relief  
Macedonia Baptist Church  
Mount Carmel High School  
Renaissance Charter School  
Seventh Day Adventist Church  
St. Labre Indian School  
Woods Charter School

As of 6/30/2013. This list represents a sampling of institutional clients for which Ziegler Lotsoff Capital Management, LLC acts as an Investment Advisor. The names of international, family office and individual clients are confidential. It is not known whether the listed clients approve or disapprove of Ziegler Lotsoff Capital Management, LLC or the advisory services provided. References are available upon request.



# Organizational Structure

## EXECUTIVE COMMITTEE

<b>Scott Roberts</b> President & Chief Executive Officer	<b>Paula Horn</b> Chief Investment Officer	<b>Margaret Baer</b> Chief Administrative & Operating Officer	<b>Allison Brink</b> Chief Marketing Officer	<b>Matt MacLean</b> Chief Compliance Officer
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## PORTFOLIO MANAGEMENT

### CORE & VALUE EQUITIES

**Donald Nesbitt, CFA**  
Senior Portfolio Manager

**Mikhail Alkhazov, CFA**  
Senior Portfolio Manager

**Donald Reid, Ph.D.**  
Senior Portfolio Manager

**Christian Greiner, CFA**  
Portfolio Manager

**Mark Burka, CFA**  
Portfolio Manager

### GROWTH EQUITY

**Joel Vrabel, CFA**  
Senior Portfolio Manager

**David Bowman, CFA**  
Senior Portfolio Manager

**Richard Burling, CFA**  
Senior Portfolio Manager

**Jeffrey Holmes, CFA**  
Research Director

**David Drzadinski, CPA, CFA**  
Senior Research Analyst, Portfolio Manager

**Zachary Newcomer, CFA**  
Senior Research Analyst

### FIXED INCOME

**Eric Zenner, CFA**  
Senior Portfolio Manager

**Richard Scargill**  
Senior Portfolio Manager

**Robert Willemse, CFA**  
Senior Portfolio Manager

**Michael Sanders, CFA, FRM**  
Portfolio Manager

**Nancy Studenroth**  
Portfolio Manager

**Michael Hurley**  
Assistant Portfolio Manager

## MARKETING & CLIENT SERVICE

**Craig Vanucci, CFA**  
Senior Vice President

**Todd Davis**  
Senior Vice President

**Matthew O'Neil**  
Senior Vice President

**Gary Lisk**  
Senior Vice President

**Kevin Carlson**  
Vice President

**Pepe Reilly**  
Marketing Associate

**Chris McLean**  
Marketing & Design Specialist

**Ed Griffin**  
Assistant Vice President

**Andrew Ashley**  
Assistant Vice President

**Kevin Conrath**  
Client Service Associate

## ADMINISTRATION & ACCOUNTING

**Renee Ansbro**  
Chief Financial Officer

**Elizabeth Hathaway**  
Assistant Vice President, Accounting

**Monika Singh**  
Vice President, Compliance

**Jeff Rennert**  
Network Administrator

**Boris Froysheter**  
Systems Developer

**LaShaun D. Woodley**  
Office Manager

**Awilda Rodriguez**  
Administrative Assistant

**Stacey Gardner**  
Administrative Assistant

**Carinda Lisiak**  
Administrative Assistant

**Celia Ceman**  
Administrative Assistant

## INVESTMENT OPERATIONS & TRADING

**Walker Anglin**  
Vice President, Operations Manager

**Matthew Krueger**  
Operations Associate

**Matthew Kowieski**  
Operations Associate

**Robert Brandenburg**  
Senior Equity Trader

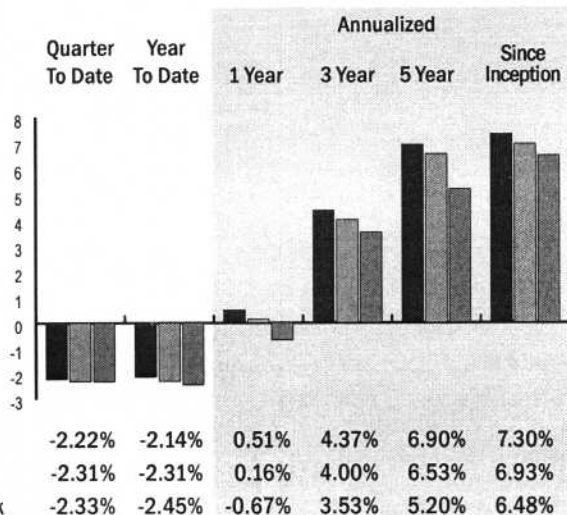
**John Brinckerhoff**  
Equity Trader

as of 6/30/2013

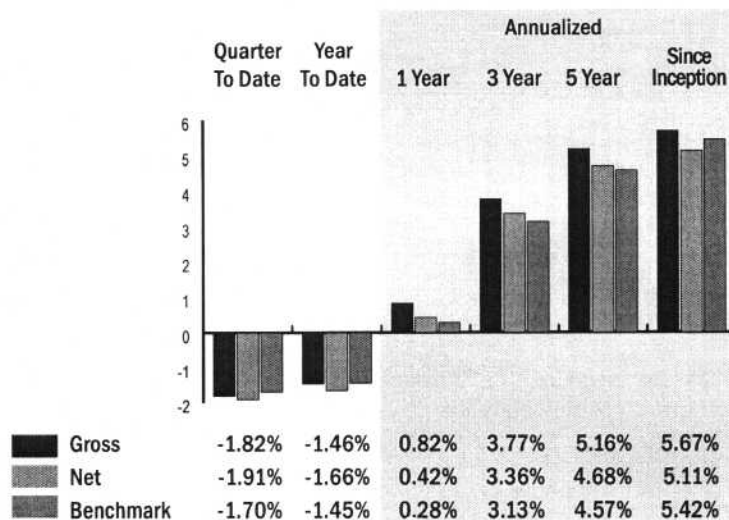
## FIXED INCOME PERFORMANCE SUMMARY

AS OF JUNE 30, 2013

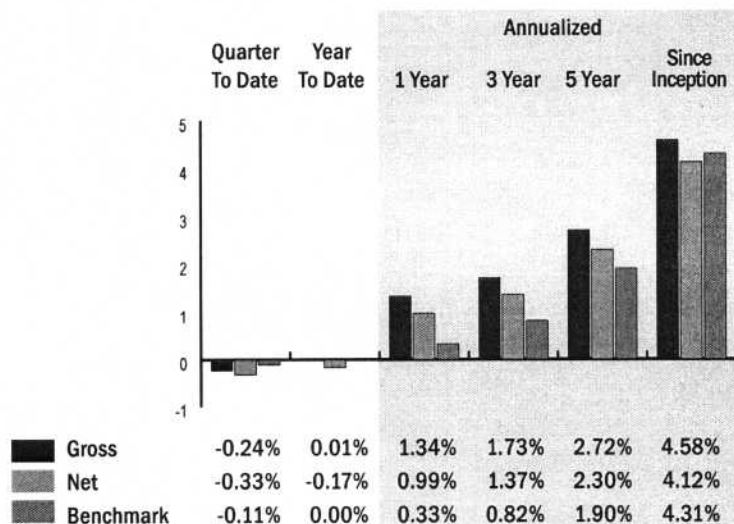
## Core Fixed

Inception:  
April 1991Benchmark:  
Barclays Aggregate

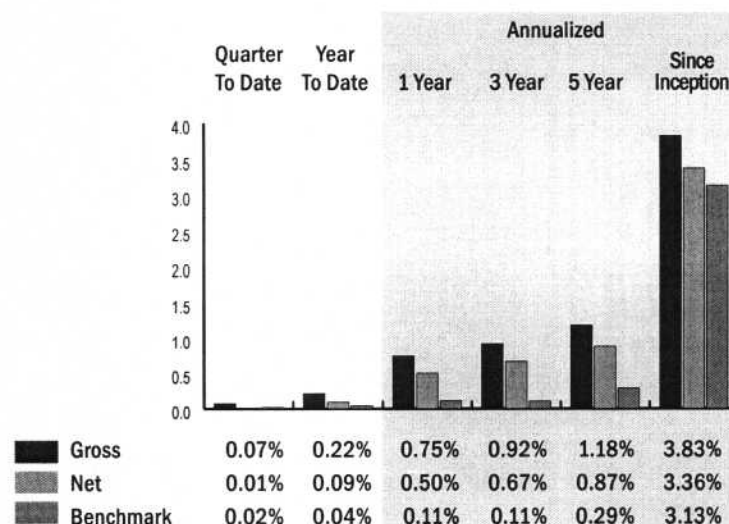
## Intermediate Fixed

Inception:  
January 2000Benchmark:  
Barclays Int. Gov./Credit

## Short Term Fixed

Inception:  
July 1992Benchmark:  
Merrill Lynch 1-3

## Enhanced Cash

Inception:  
July 1992Benchmark:  
90 Day T-Bills

		YTD	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Core Fixed</b>	Gross	-2.14%	6.26%	6.84%	8.28%	13.94%	3.96%	7.16%	4.51%	2.53%	4.70%	5.45%
	Net	-2.31%	5.89%	6.48%	7.90%	13.55%	3.60%	6.79%	4.15%	2.17%	4.33%	5.08%
	Barclays Aggregate	-2.45%	4.23%	7.86%	6.56%	5.93%	5.24%	6.96%	4.33%	2.43%	4.34%	4.11%
<b>Intermediate Fixed</b>	Gross	-1.46%	5.47%	5.35%	6.59%	6.41%	4.95%	7.21%	4.46%	1.70%	3.18%	3.47%
	Net	-1.66%	5.05%	4.94%	6.17%	5.81%	4.35%	6.61%	3.88%	1.11%	2.59%	2.88%
	Barclays Int. Gov./Credit	-1.45%	3.89%	5.80%	5.89%	5.24%	5.08%	7.40%	4.10%	1.57%	3.04%	4.30%
<b>Short Term Fixed</b>	Gross	0.01%	2.83%	1.76%	2.42%	2.52%	5.73%	6.12%	4.47%	1.92%	1.00%	1.86%
	Net	-0.17%	2.47%	1.40%	2.06%	2.01%	5.13%	5.66%	4.01%	1.47%	0.56%	1.42%
	Merrill Lynch 1-3	0.00%	0.43%	1.55%	2.35%	0.78%	6.61%	7.32%	3.96%	1.67%	0.91%	1.90%
<b>Enhanced Cash</b>	Gross	0.22%	1.17%	0.77%	0.88%	1.20%	3.62%	5.52%	5.14%	3.11%	1.45%	1.62%
	Net	0.09%	0.92%	0.51%	0.65%	0.75%	3.15%	5.01%	4.64%	2.63%	0.97%	1.13%
	90 Day T-Bill	0.04%	0.11%	0.10%	0.13%	0.21%	2.06%	5.00%	4.85%	3.07%	1.33%	1.15%

Ziegler Lotsoff Capital Management, LLC (ZLCM) claims compliance with the Global Investment Performance Standards (GIPS®). ZLCM is a registered investment advisor with the Securities Exchange Commission. ZLCM is owned by Rizvi Traverse Management LLC and its funds under management, The Ziegler Companies, Inc., and ZLCM employees. ZLCM was formerly known as Ziegler Capital Management, LLC ("ZCM"). On June 10, 2011, ZCM acquired all of the outstanding shares of Lotsoff Capital Management LLC ("Lotsoff"). On January 3, 2012, ZLCM acquired a majority interest in Red Granite Advisors LLC ("Red Granite"), a registered investment advisor established in 2006. 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 and includes accounts managed by both ZLCM and Red Granite. Returns are calculated in US dollars and reflect the reinvestment of dividends and other earnings. Past performance is not necessarily indicative 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 email to [letters@zieglerlotsoff.com](mailto:letters@zieglerlotsoff.com).

Enhanced Cash Composite contains fully discretionary accounts comprised of money market instruments and short-term fixed income securities with maturities generally not exceeding two years and duration generally not in excess of one year. The strategy may employ repurchase agreements to add yield to the portfolio. The benchmark is the 90 Day T-Bill. The composite creation date is July 1, 1992. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.25%. From July 1, 2009 to December 31, 2009, the highest fee was 0.46%. From April 1, 2009 to June 30, 2009, the highest fee was 0.40%. From July 1, 2008 to March 31, 2009, the highest applicable fee was 0.46%. Prior to July 1, 2008, the highest applicable fee was 0.50%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The fee schedule is: 0.25% on the first \$25 million; 0.20% on the next \$25 million; and 0.15% on all additional assets.

Short-Term Fixed Composite contains fully discretionary accounts comprised of relatively short term fixed income securities with maturities or average lives generally not exceeding five years and portfolio duration ranging within approximately +/- 10% of the duration of the benchmark. The strategy may employ repurchase agreements to add yield to the portfolio. The benchmark is the B of A Merrill Lynch 1-3 Year Treasury Index. The composite creation date is July 1, 1992. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.35%. From January 1, 2008 to December 31, 2009, the highest applicable fee was 0.55%. Prior to January 1, 2008, the highest applicable fee was 0.45%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The fee schedule is: 0.35% on the first \$25 million; 0.25% on the next \$25 million; and 0.15% on all additional assets.

The Intermediate Fixed Composite includes accounts comprised of intermediate term fixed income securities with maturities or average lives generally not exceeding ten years and a duration ranging within approximately +/- 10% of the duration of the benchmark. The benchmark is the Barclays Intermediate Government/Credit Index. The composite creation date is January 1, 2000. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.40%. Prior to January 1, 2010, the highest applicable fee was 0.58%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The fee schedule is: 0.40% on the first \$25 million; 0.30% on the next \$25 million; and 0.20% on all additional assets.

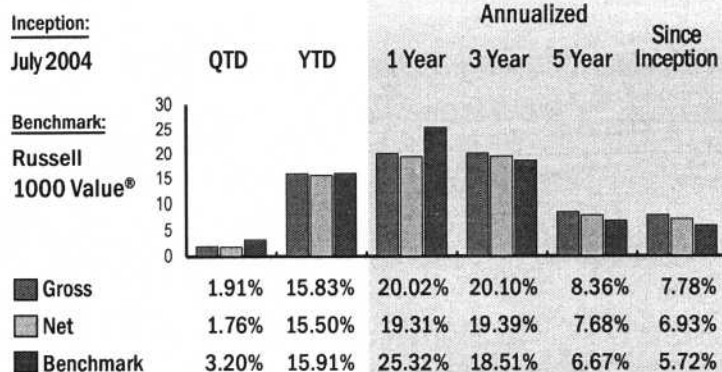
Core Fixed is an actively managed fixed income strategy that applies a top-down, macroeconomic business cycle approach, utilizes a leading indicator model and emphasizes fundamental security analysis. The benchmark is the Barclays Capital US Aggregate Index. The composite creation date is June 10, 2011. Prior returns reflect the performance of Lotsoff Capital Management LLC. Prior to 9/1/97, returns are the core component of the D-RAM composite (creation 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. The strategy employs various types of derivative instruments including exchange traded financial futures, forwards and exchange traded and over-the-counter options. In addition, the strategy may utilize net long option spreads which are limited risk positions. Futures trading involves substantial risk and there is no guarantee that all trades will be successful. Gross-of-fees returns are presented before management fees. Net-of-fees returns are presented after model management fees for a \$10 mm 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 fee schedule is: 0.35% on the first \$50 million; 0.25% on the next \$50 million; 0.20% on all additional assets.



## EQUITY PERFORMANCE SUMMARY

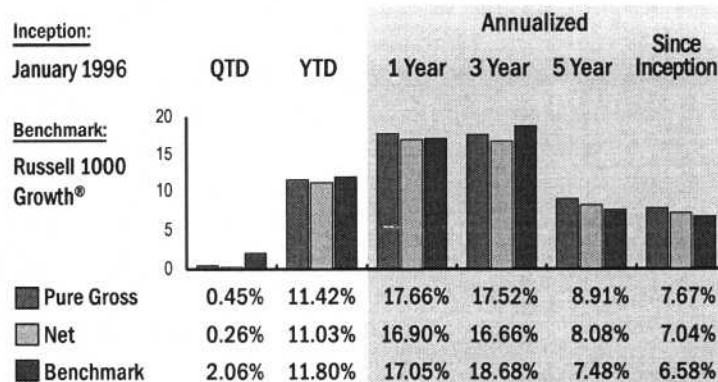
AS OF JUNE 30, 2013

## Large Cap Value Dividend Select

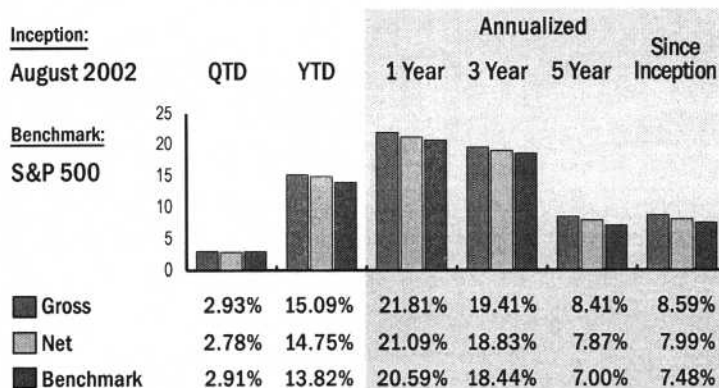


\*Prior to 1/1/08 the benchmark was the Dow Jones Equity Income 100 Index

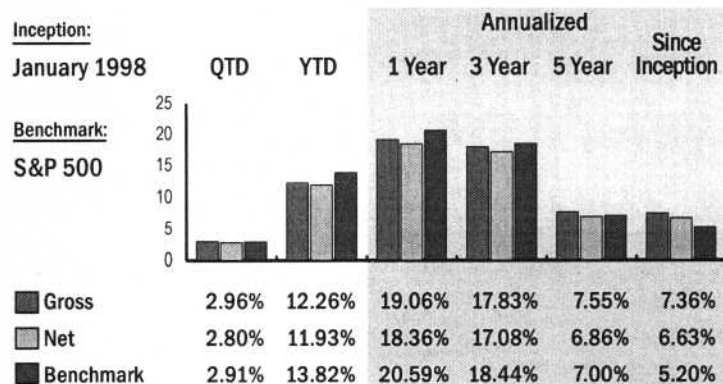
## Red Granite Large Cap Growth



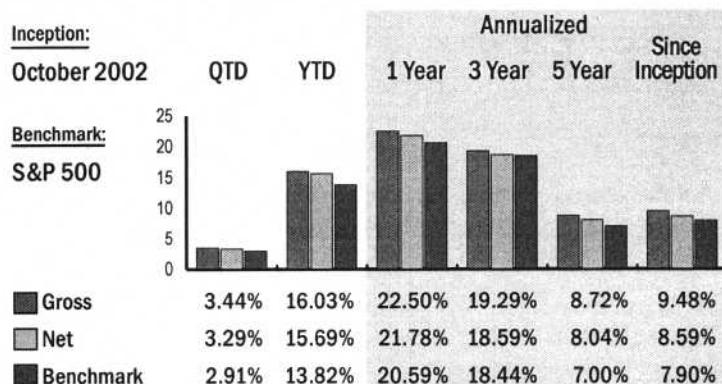
## Large Cap Core Select



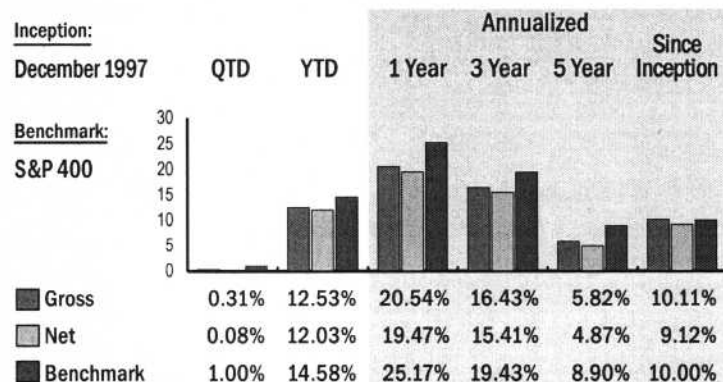
## Disciplined Equity Strategy



## Large Cap Core Select 60



## Mid Cap Core



		YTD	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Large Cap Value Dividend Select</b> (Inception date 7/04)	Gross	15.83%	12.05%	8.93%	18.19%	19.24%	-33.71%	0.57%	23.00%	6.89%	12.39%**	—
	Net	15.50%	11.39%	8.29%	17.51%	18.61%	-34.39%	-0.38%	21.84%	5.84%	11.86%**	—
	Russell 1000 Value**	15.91%	17.50%	0.39%	15.51%	19.69%	-36.85%	-3.73%	24.44%	1.42%	13.82%**	—
<b>Red Granite Large Cap Growth</b> (Inception date 1/96)	Pure Gross	11.42%	10.21%	2.58%	17.45%	37.79%	-28.61%	10.16%	3.13%	4.35%	6.27%	23.22%
	Net	11.03%	9.47%	1.74%	16.55%	36.77%	-29.24%	9.32%	2.68%	3.87%	5.77%	22.66%
	Russell 1000 Growth*	11.80%	15.26%	2.63%	16.72%	37.21%	-38.43%	11.82%	9.08%	5.27%	6.30%	29.76%
<b>Large Cap Core Select</b> (Inception date 8/02)	Gross	15.09%	15.32%	4.17%	15.46%	23.61%	-31.60%	5.28%	18.46%	6.24%	11.80%	26.98%
	Net	14.75%	14.64%	3.69%	15.14%	22.93%	-32.05%	4.68%	17.79%	5.61%	11.14%	26.26%
	S&P 500 Index	13.82%	15.99%	2.09%	15.09%	26.44%	-37.00%	5.49%	15.80%	4.91%	10.88%	28.68%
<b>Large Cap Core Select 60</b> (Inception date 10/02)	Gross	16.03%	16.16%	2.70%	13.20%	25.88%	-31.60%	6.00%	19.66%	8.59%	13.44%	25.83%
	Net	15.69%	15.47%	2.09%	12.55%	25.21%	-32.30%	5.03%	18.51%	7.53%	12.34%	24.64%
	S&P 500 Index	13.82%	15.99%	2.09%	15.09%	26.44%	-37.00%	5.49%	15.80%	4.91%	10.88%	28.68%
<b>Disciplined Equity Strategy</b> (Inception date 1/98)	Gross	12.26%	14.56%	2.18%	17.05%	26.25%	-32.58%	8.36%	13.18%	7.82%	13.10%	29.08%
	Net	11.93%	13.88%	1.57%	16.37%	25.18%	-33.24%	7.46%	12.42%	7.10%	12.34%	28.24%
	S&P 500 Index	13.82%	15.99%	2.09%	15.09%	26.44%	-37.00%	5.49%	15.80%	4.91%	10.88%	28.68%
<b>Mid Cap Core</b> (Inception date 12/97)	Gross	12.53%	14.80%	-6.43%	25.30%	58.47%	-48.43%	10.07%	11.74%	11.52%	17.98%	44.16%
	Net	12.03%	13.79%	-7.29%	24.23%	57.19%	-48.98%	9.10%	10.77%	10.55%	16.96%	42.98%
	S&P 400	14.58%	17.86%	-1.74%	26.65%	37.37%	-36.24%	7.98%	10.32%	12.55%	16.48%	35.62%
	Russell Midcap	15.44%	17.26%	-1.56%	25.49%	40.47%	-41.46%	5.59%	15.27%	12.65%	20.23%	40.08%

\*Prior to 1/1/08 the benchmark was the Dow Jones Equity Income 100 Index. \*\* 6 months

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**Large Cap Value Dividend Select** is an actively managed equity strategy that seeks to provide above-average dividend yields and diversification across major sectors of the benchmark. The benchmark is the Russell 1000 Value Index. Prior to January 1, 2008 the benchmark was the Dow Jones Equity Income 100 Index. It was changed to more accurately represent the investment strategy. The composite creation date is July 1, 2004. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis at the highest applicable management fee is 0.60%. From January 1, 2009 to December 31, 2009 the highest applicable fee was 0.55%. From January 1, 2007 to December 31, 2008 the highest applicable fee was 0.92%. Prior to January 1, 2007, the highest applicable fee was 1.00%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. 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.

**Red Granite Large Cap Growth** Equity strategy 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. The benchmark is the Russell 1000 Growth Index. The composite creation date is January 1, 2012. Returns from May 1, 2006 through December 31, 2011 reflect the performance of Red Granite Advisors LLC. Returns prior to May 1, 2006 reflect the portfolio managers' track record at a prior firm and meet the GIPS portability requirements. Gross-of-fees returns are presented as supplemental information and may not 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 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.

**Large Cap Core Select** is an actively managed equity strategy that applies a quantitative approach to identify neglected, attractive stocks. The benchmark is the S&P 500 Index. The composite creation date is August 3, 2005. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.60%. From January 1, 2010 to June 30, 2011 the highest applicable fee was 0.30%. From January 1, 2007 to December 31, 2009 the highest applicable annual fee was 58%. Prior to January 1, 2007, the highest applicable fee was 0.60%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. 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.

**Disciplined Equity** is an actively managed equity strategy that emphasizes bottom-up stock selection and incorporates a call option overwriting program. The benchmark is the S&P 500 Index. The composite creation date is August 3, 2005. Prior returns occurred while the portfolio manager was affiliated with prior firms and the portfolio manager was the only individual responsible for selecting the securities to buy and sell. The writing of covered call options is employed to implement sell targets, reduce risk and enhance returns on individual securities and indices. The focus is on nearby months, typically out of the money, and approximating the fundamental base price target. Covered call options may be written on 0% up to 100% of a position, but they typically range between 20-30% of shares held. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.60%. From January 1, 2008 to December 31, 2009 the highest applicable annual fee was 0.89%. From January 1, 2007 to December 31, 2007 the highest applicable annual fee was 0.77%. Prior to January 1, 2007, the highest applicable fee was 0.70%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The fee schedule is: 0.60% on the first \$25 million; 0.50% on the next \$25 million; and 0.40% on all additional assets.

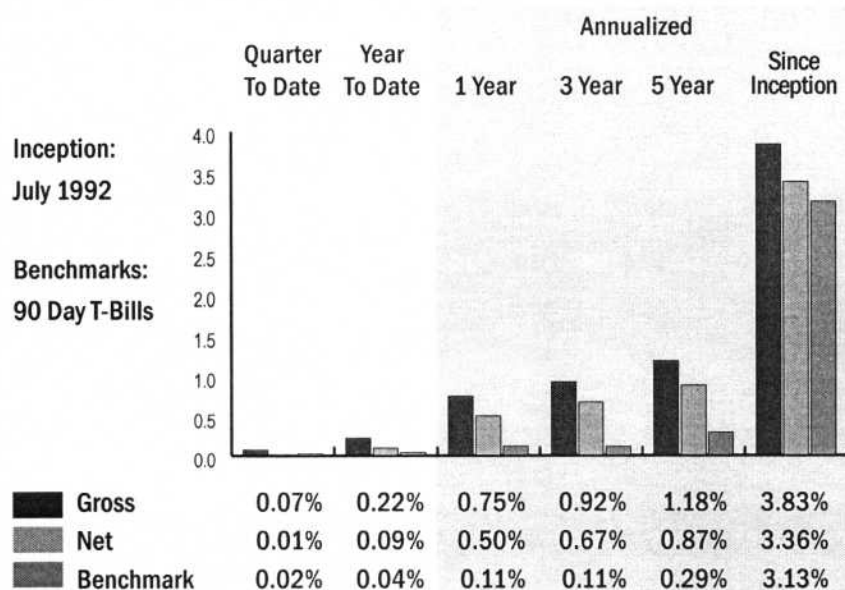
**Large Cap Core Select 60** is an actively managed equity strategy that applies a quantitative approach to identify neglected, attractive stocks. Portfolios typically hold less than 60 securities. The benchmark is the S&P 500 Index. The composite creation date is October 31, 2002. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.60%. From January 1, 2009 to December 31, 2009, the highest applicable fee was 0.59%. From January 1, 2008 to December 31, 2008, the highest applicable fee was 0.91%. Prior to January 1, 2008, the highest applicable fee was 1.00%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. 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.

**Mid Cap Core** is an actively managed equity strategy that applies a bottom-up, sector neutral, fully invested approach. The composite includes institutional portfolios that hold between 80-130 securities. The benchmark is the S&P 500 Index. The composite creation date is June 10, 2011. Returns from March 1, 2000 to June 9, 2011 reflect the performance of Lotsoff Capital Management LLC. Prior to March 1, 2000, returns are the Mid Cap equity subsector of a multiple asset portfolio where cash had been allocated pro-rata to the Mid Cap equity subsector based on market value. Gross-of-fee returns are presented before management fees. Net-of-fee returns are presented after management fees for a \$5 mm 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 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.

# ENHANCED CASH

AS OF JUNE 30, 2013

## PERFORMANCE VERSUS BENCHMARK



## STYLE SUMMARY

The Enhanced Cash strategy's objective is to meet an individual client's short-term cash needs. The portfolio seeks to preserve capital and maximize current income, while matching our view regarding the current interest rate environment and its cyclical behavior over the next 12 months. The Enhanced Cash Style is primarily made up of Repo, U.S. Government securities, U.S. Government agencies, and corporate bonds with a minimum credit quality of A-. The portfolio is benchmarked against 90-day treasury bills.

## MANAGEMENT

### Paula Horn

Chief Investment Officer

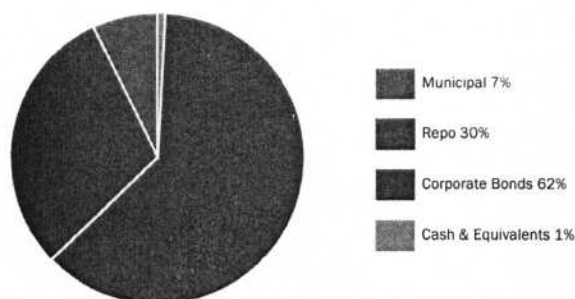
- 20 Years Experience
- M.M. Northwestern University
- B.A. Tufts University

### Nancy Studenroth

Portfolio Manager

- 26 Years Experience
- B.S. Valporasio University

## SECTOR DISTRIBUTION



Sector distribution is subject to daily changes and will vary within individual portfolios. As a percentage of total market value.

	Yield to Worst	Average Maturity	Effective Duration	Average Quality
Enhanced Cash	1.13%	1.05 years	0.99 years	AA+
90-Day T-Bills	0.04%	0.25 years	0.25 years	AA+

## ZIEGLER LOTSOFF CAPITAL MANAGEMENT, LLC

20 North Clark Street | 34th Floor | Chicago, IL 60602

www.ZieglerLotsoff.com

## CONTACT US

312-368-1442

letters@zieglerlotsoff.com

**Ziegler  
Lotsoff**  
CAPITAL MANAGEMENT, LLC



**ENHANCED CASH PERFORMANCE PERIODS / AS OF JUNE 30, 2013**

	YTD	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Gross	0.22%	1.17%	0.77%	0.88%	1.20%	3.62%	5.52%	5.14%	3.11%	1.45%	1.62%
Net	0.09%	0.92%	0.51%	0.65%	0.75%	3.15%	5.01%	4.64%	2.63%	0.97%	1.13%
90 Day T-Bill	0.04%	0.11%	0.10%	0.13%	0.21%	2.06%	5.00%	4.85%	3.07%	1.33%	1.15%

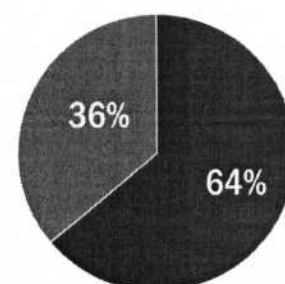
**ABOUT OUR FIRM**

Ziegler Lotsoff Capital Management, LLC has \$4 billion in assets under management across the credit and equity spectrum.

Our investment philosophy: to produce consistent returns through all market cycles while emphasizing risk controls.

**ASSETS UNDER MANAGEMENT / In billions, as of June 30, 2013**

■ Fixed Income & Mutual Funds	\$2.6
■ Equity	\$1.4
<b>Firmwide Assets</b>	<b>\$4.0</b>

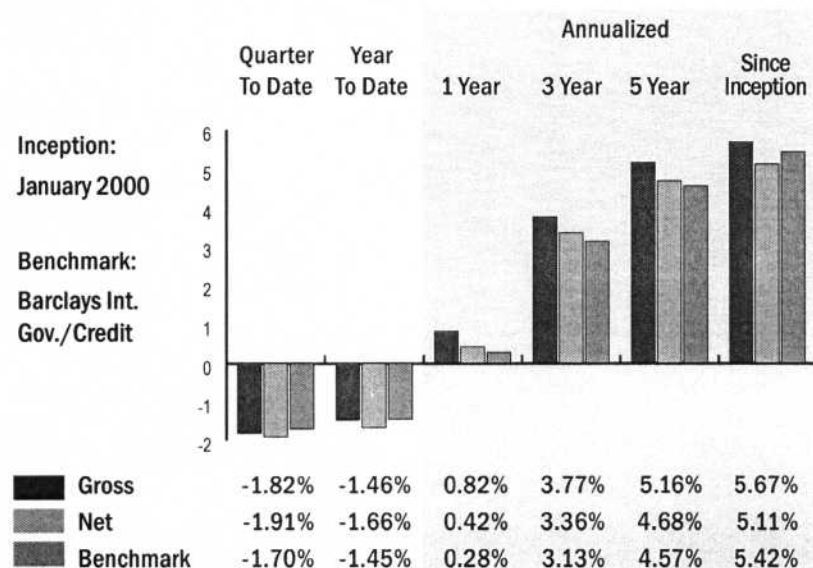


Ziegler Lotsoff Capital Management, LLC (ZLCM) claims compliance with the Global Investment Performance Standards (GIPS®). ZLCM is a registered investment advisor with the Securities Exchange Commission. ZLCM is owned by Rizvi Traverse Management LLC and its funds under management, The Ziegler Companies, Inc., and ZLCM employees. ZLCM was formerly known as Ziegler Capital Management, LLC ("ZCM"). On June 10, 2011, ZCM acquired all of the outstanding shares of Lotsoff Capital Management LLC ("Lotsoff"). On January 3, 2012, ZLCM acquired a majority interest in Red Granite Advisors LLC ("Red Granite"), a registered investment advisor established in 2006. 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 and includes accounts managed by both ZLCM and Red Granite. Returns are calculated in US dollars and reflect the reinvestment of dividends and other earnings. Past performance is not necessarily indicative 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 email to [letters@zieglerlotsoff.com](mailto:letters@zieglerlotsoff.com).

Enhanced Cash Composite contains fully discretionary accounts comprised of money market instruments and short-term fixed income securities with maturities generally not exceeding two years and duration generally not in excess of one year. The strategy may employ repurchase agreements to add yield to the portfolio. The benchmark is the 90 Day T-Bill. The composite creation date is July 1, 1992. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.25%. From July 1, 2009 to December 31, 2009, the highest fee was 0.46%. From April 1, 2009 to June 30, 2009, the highest fee was 0.40%. From July 1, 2008 to March 31, 2009, the highest applicable fee was 0.46%. Prior to July 1, 2008, the highest applicable fee was 0.50%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The fee schedule is: 0.25% on the first \$25 million; 0.20% on the next \$25 million; and 0.15% on all additional assets.

**INTERMEDIATE FIXED**

AS OF JUNE 30, 2013

**PERFORMANCE VERSUS BENCHMARK****PORTFOLIO CHARACTERISTICS**

	Yield to Worst	Average Maturity	Effective Duration	Average Quality
Ziegler Lotsoff	1.92%	4.38 yrs	3.94 yrs	Aa3
Barclays Int. Gov./Credit	1.52%	4.23 yrs	3.88 yrs	Aa2

Quality Distribution*	Ziegler Lotsoff	Int. Gov./Credit Index
Cash	1.90%	0.00%
AAA	52.09%	68.40%
AA	0.45%	4.50%
A	20.86%	13.90%
BBB	24.70%	13.20%

Sector Allocation*	Ziegler Lotsoff	Int. Gov./Credit Index
U.S. Treasury Bonds	40.05%	56.92%
Agencies	0.00%	7.46%
Credit	40.27%	35.62%
MBS	4.34%	0.00%
CMBS/ABS	10.72%	0.00%
Taxable Municipal	2.72%	0.00%
Cash	1.90%	0.00%

\*Percent of Market Value

**STYLE SUMMARY**

The Intermediate Core strategy is a fixed income investment management strategy that seeks to provide a total return in excess of the Barclays Intermediate Government/Credit Index. Excess return is achieved primarily through sector rotation and security selection. The strategy manages risk through issue diversification. Portfolio duration is managed in line with the benchmark. Portfolios — when permitted by client guidelines — will invest in non-benchmark sectors opportunistically.

**MANAGEMENT****Paula Horn**

Chief Investment Officer

- 20 Years Experience
- M.M. Northwestern University
- B.A. Tufts University

**Richard Scargill**

Senior Portfolio Manager

- 23 Years Experience
- M.B.A. Marist College
- B.S. University of South Florida

**Eric Zenner, CFA**

Senior Portfolio Manager

- 25 Years Experience
- M.B.A. DePaul University
- B.S. University of Illinois

**ZIEGLER LOTSOFF CAPITAL MANAGEMENT, LLC**

20 North Clark Street | 34th Floor | Chicago, IL 60602

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**CONTACT US**

312-368-1442

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**INTERMEDIATE FIXED PERFORMANCE PERIODS / AS OF JUNE 30, 2013**

	YTD	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Gross	-1.46%	5.47%	5.35%	6.59%	6.41%	4.95%	7.21%	4.46%	1.70%	3.18%	3.47%
Net	-1.66%	5.05%	4.94%	6.17%	5.81%	4.35%	6.61%	3.88%	1.11%	2.59%	2.88%
Barclays Int. Gov./Credit	-1.45%	3.89%	5.80%	5.89%	5.24%	5.08%	7.40%	4.10%	1.57%	3.04%	4.30%

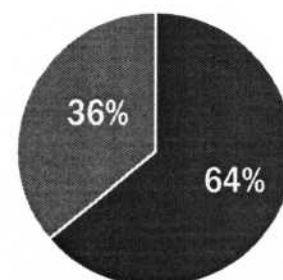
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**ASSETS UNDER MANAGEMENT / In billions, as of June 30, 2013**

■ Fixed Income & Mutual Funds	\$2.6
■ Equity	\$1.4
<b>Firmwide Assets</b>	<b>\$4.0</b>



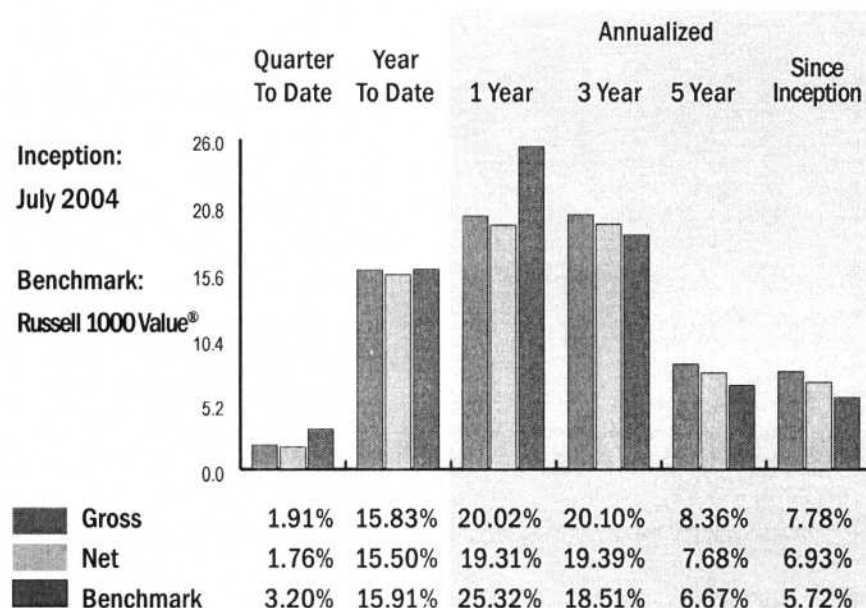
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The Intermediate Fixed Composite includes accounts comprised of intermediate term fixed income securities with maturities or average lives generally not exceeding ten years and a duration ranging within approximately +/- 10% of the duration of the benchmark. The benchmark is the Barclays Intermediate Government/Credit Index. The composite creation date is January 1, 2000. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.40%. Prior to January 1, 2010, the highest applicable fee was 0.58%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The fee schedule is: 0.40% on the first \$25 million; 0.30% on the next \$25 million; and 0.20% on all additional assets.

# LARGE CAP VALUE DIVIDEND SELECT

AS OF JUNE 30, 2013

## PERFORMANCE VERSUS BENCHMARK



\*Prior to 1/1/08 the benchmark was the Dow Jones Equity Income 100 Index

## PORTFOLIO CHARACTERISTICS



Allocation is subject to daily changes and will vary within individual portfolios.

	Large Cap Value Dividend Select	Russell 1000 Value
Number of issues	59	696
Weighted Avg Market Cap	\$96.8B	\$97.4B
Price/Earnings Ratio (12 Month Trailing)	12.9	15.5
EPS 5-Year Growth (%) (Trailing)	4.2	2.9
Current Dividend Yield	3.4%	2.4%

## STYLE SUMMARY

Large Cap Value Dividend Select invests in dividend paying stocks with market capitalization greater than \$1 billion. The portfolio is managed with the dual objectives of out-performing the Russell 1000 Value Index and also producing a higher current yield than the benchmark index. The portfolio is well-diversified, with representation across all ten of the major sectors comprising the U.S. equity market. The bottom-up security selection process seeks to invest in dividend paying stocks that provide attractive fundamental value and demonstrate high-quality earnings growth relative to their sector peers.

## INVESTMENT OBJECTIVE

The Large Cap Value Dividend Select style seeks to provide above-average dividend yields and diversification across major sectors of the Russell 1000 Value Index.

## KEY INVESTMENT PERSONNEL

**Donald J. Nesbitt, CFA**  
Senior Portfolio Manager

**Mikhail Alkhazov, CFA**  
Senior Portfolio Manager

**Mark B. Burka, CFA**  
Portfolio Manager

**Christian J. Greiner, CFA**  
Portfolio Manager

## ZIEGLER LOTSOFF CAPITAL MANAGEMENT, LLC

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## CONTACT US

312-368-1442

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**LARGE CAP VALUE DIVIDEND SELECT PERFORMANCE / AS OF JUNE 30, 2013**

	YTD	2012	2011	2010	2009	2008	2007	2006	2005	2004
Gross	15.83%	12.05%	8.93%	18.19%	19.24%	-33.71%	0.57%	23.00%	6.89%	12.39%*
Net	15.50%	11.39%	8.29%	17.51%	18.61%	-34.39%	-0.38%	21.84%	5.84%	11.86%*
Russell Value 1000**	15.91%	17.50%	0.39%	15.51%	19.69%	-36.85%	-3.73%	24.44%	1.42%	13.82%*

\*6 months | \*\*Prior to 1/1/08 the benchmark was the Dow Jones Equity Income 100 Index.

**CONSISTENT. RISK CONTROLLED. DISCIPLINED.**

When we talk with our clients, we like to use these words to describe the results we've achieved for them. After all, when it comes to talking about your organization's equity investments, surprises and unexpected results are not what you want. Our approach to money management is designed to provide you with investment results that produce consistent returns through all market cycles.

**PHILOSOPHY**

We seek to exploit 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.

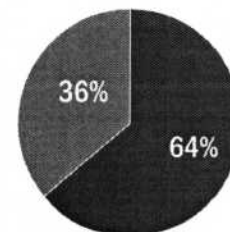
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**ASSETS UNDER MANAGEMENT** In billions, as of 6/30/13

■ Fixed Income & Mutual Funds	\$2.6
■ Equity	\$1.4
Firmwide Assets	\$4.0



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Large Cap Value Dividend Select is an actively managed equity strategy that seeks to provide above-average dividend yields and diversification across major sectors of the benchmark. The benchmark is the Russell 1000 Value Index. Prior to January 1, 2008 the benchmark was the Dow Jones Equity Income 100 Index. It was changed to more accurately represent the investment strategy. The composite creation date is July 1, 2004. Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after the highest applicable management fee applied on a monthly basis. Prior to 1/1/12, fees were applied on a quarterly basis. The highest applicable management fee is 0.60%. From January 1, 2009 to December 31, 2009 the highest applicable fee was 0.55%. From January 1, 2007 to December 31, 2008 the highest applicable fee was 0.92%. Prior to January 1, 2007, the highest applicable fee was 1.00%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. 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.