



## Red Granite Large Cap Growth: Performance &amp; Commentary

## PERFORMANCE SUMMARY

The strategy returned 11.31% before fees (11.09% net of fees) in the fourth quarter, lagging the Russell 1000 Growth Index's (Russell) return of 14.16%.

Positive stock selection from the Consumer Discretionary and Information Technology sectors was more than offset by negative stock selection from the Health Care, Industrials, and Materials sectors. Given the sizable decline in interest rates, investors favored the higher growth Information Technology sector over the more defensive characteristics of the Health Care sector. Allocation effect from these two sectors hurt by 85bps. Cash drag was 72bps.

## MARKET OUTLOOK

The Federal Reserve's recent pivot to suggest three potential rate cuts in 2024 drove interest rates down precipitously fueling a global year-end rally in various markets. This optimism is based on the belief in a "soft-landing" economic scenario, strengthened by improved inflation rates and low unemployment. Equity investors are more enthusiastic with expectations of 5-6 Fed rate cuts.

The current economic cycle has been unique, characterized by substantial monetary and fiscal stimulus injected during a pandemic, and has defied conventional indicators. For over 18 straight months leading economic indicators have declined and the yield curve has been inverted, lending standards have tightened, manufacturing PMIs are contracting, and money supply has fallen. Meanwhile, credit spreads have narrowed, employment is full and US GDP growth has been resilient despite a 5.5% Federal Funds rate.

As equity market gains in 2023 were almost entirely driven by price/earnings multiple expansion, we remain cautiously optimistic as valuations and investor sentiment are elevated. Although slowing inflation could reduce revenue growth and pressure operating margins, an uptick in the inflation rate would pressure the Fed. Additionally, geopolitical uncertainties and a US presidential election this year add to the likelihood of more market volatility.

With most of the Russell return coming from a handful of artificial intelligence linked technology stocks in the first nine months of the year, the fourth quarter saw signs of market broadening. A continuation of this should benefit our more diversified high-quality approach, which has been at a structural disadvantage to the concentrated Russell Index.

## 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 what we consider to be 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 notable, sustainable business models for growth.

## PERFORMANCE\*

	MOST RECENT QUARTER	1-YEAR	3-YEAR	ANNUALIZED 5-YEAR	10-YEAR
Pure Gross*	11.31%	28.46%	4.24%	14.89%	11.45%
Net	11.09%	27.45%	3.41%	13.98%	10.57%
Benchmark	14.16%	42.68%	8.86%	19.50%	14.86%
S&P 500	11.69%	26.29%	10.00%	15.69%	12.03%

Source - Bloomberg and ZCM

\*Returns are estimated. Benchmark: Russell 1000 Growth.

As of December 31, 2023. 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. Investment performance reflects the reinvestment of dividends and other income. Gross-of-fees performance is shown net of trading expenses. Net of fees performance is shown net of a model investment management fee that is equal to the highest fee charged to the intended audience. For comparison purposes, the benchmarks include the reinvestment of income. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment. Past performance is no guarantee of future results.



## Red Granite Large Cap Growth: Most Recent Quarter Attribution Report

SECTOR ATTRIBUTION					
SECTOR	AVERAGE WEIGHT		*ATTRIBUTION ANALYSIS		
	PORTFOLIO	BENCHMARK	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
Communication Services	9.21%	11.55%	0.09%	-0.12%	-0.03%
Consumer Discretionary	13.05%	15.68%	0.11%	0.24%	0.35%
Consumer Staples	4.25%	4.14%	0.00%	-0.07%	-0.07%
Energy	1.62%	0.55%	-0.18%	0.01%	-0.17%
Financials	7.88%	6.43%	-0.02%	-0.12%	-0.14%
Health Care	17.65%	10.88%	-0.34%	-0.76%	-1.10%
Industrials	9.14%	5.83%	-0.04%	-0.46%	-0.50%
Information Technology	29.60%	43.32%	-0.51%	0.31%	-0.20%
Materials	2.50%	0.67%	0.07%	-0.27%	-0.20%
Real Estate	0.00%	0.90%	-0.07%	0.00%	-0.07%
Utilities	0.00%	0.05%	0.00%	0.00%	0.00%
Cash	5.10%	0.00%	-0.72%	0.00%	-0.72%
Total Portfolio	100.00%	100.00%	-1.61%	-1.24%	-2.85%

Benchmark = Russell 1000 Growth

\*The attribution analysis is based off a model portfolio, and does not include fees or expenses.

As of December 31, 2023. 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. Percentages may not add up to 100% due to rounding.



## Red Granite Large Cap Growth: Characteristics

## STRATEGY OVERVIEW

Benchmark:	Russell 1000 Growth
Holdings:	35-45 securities
High Quality Focus:	Persistent earnings growth, financial strength, market leadership, proven management/business model
Turnover Range:	15-35%
Average Cash Weighting:	3% to 7%

## TOP TEN HOLDINGS BY WEIGHT

	TICKER	PERCENT WEIGHT
Alphabet Inc.	GOOGL	6.43
Microsoft Corporation	MSFT	6.19
Amazon Inc.	AMZN	5.23
Mastercard Inc.	MA	4.32
Apple Inc.	AAPL	4.22
Visa Inc.	V	3.55
UnitedHealth Group Inc.	UNH	3.36
Palo Alto Networks, Inc.	PANW	3.34
NVIDIA Corp.	NVDA	3.31
Adobe Inc.	ADBE	3.07

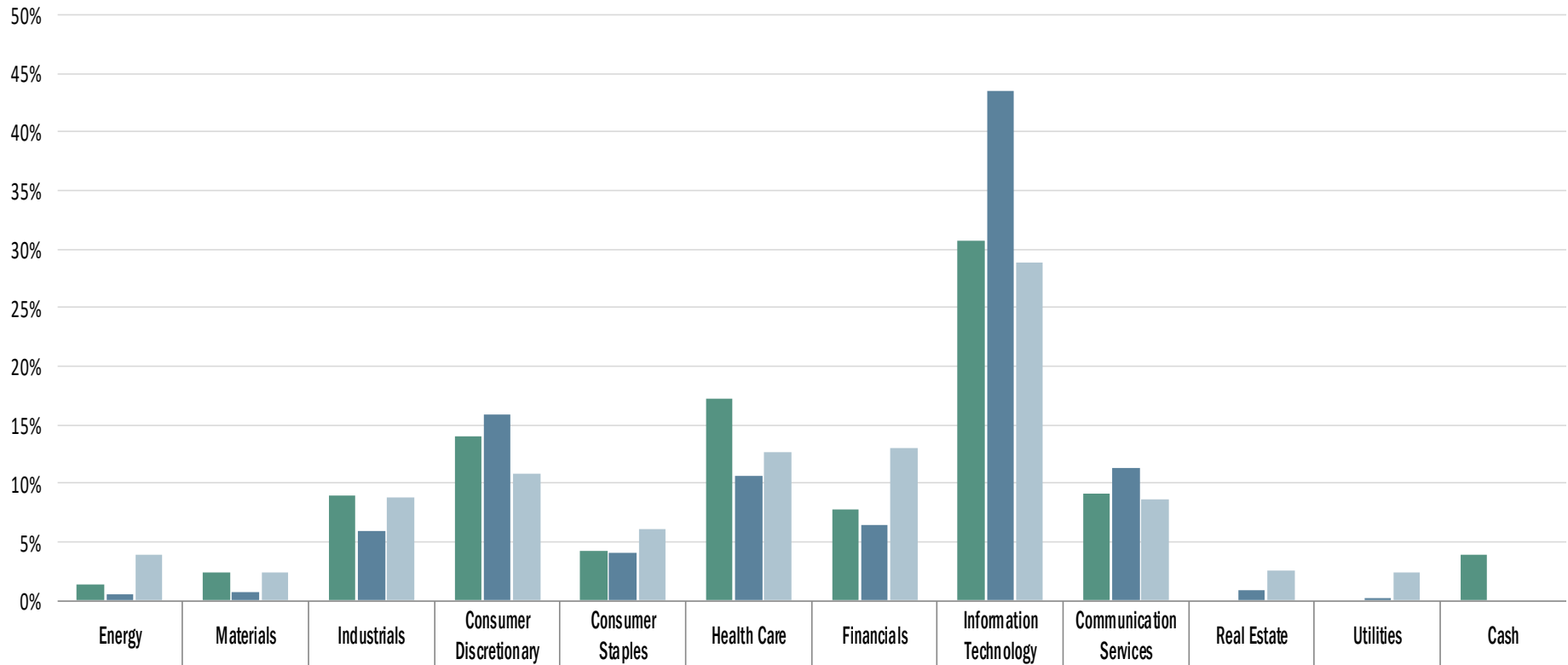
## CHARACTERISTICS

GENERAL MEASURES	ZCM	Russell 1000 Growth	S&P 500
Number Of Stocks In Portfolio	38	443	503
Median Market Cap (\$ Mil)	141,541	18,044	33,771
Yield (%)	0.8	0.7	1.5
ROE (%)	51.0	56.6	40.5
LT Debt/Cap (%)	37.8	42.6	42.3
Beta	0.85	—	—
VALUE MEASURES	ZCM	Russell 1000 Growth	S&P 500
Price/Earnings Ratio* (12-Month Trailing)	31.9	34.3	24.0
Price/Earnings Ratio* (Forecast FY)	27.3	29.4	21.5
Price/Book Value Ratio	7.7	11.4	4.2
Price/Cash Flow Ratio	22.8	24.7	15.4
Price/Sales Ratio	3.7	4.6	2.8
GROWTH MEASURES	ZCM	Russell 1000 Growth	S&P 500
5-Year Revenue Growth Rate (%)	12.9	12.5	11.2
5-Year EPS Growth Rate (%) (Trailing)	18.3	21.5	17.4
EPS Growth - Long-Term Forecast	15.8	17.7	13.6

As of December 31, 2023. \*Price/Earnings ratios exclude stocks with zero or negative earnings. Data Source: FactSet | Past performance does not guarantee future results. The benchmarks are unmanaged and unavailable for direct investment. 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. A complete list of all recommendations made by the firm is available upon request. Performance attribution and portfolio characteristics are calculated from the published daily holdings of the SPDR S&P 500 ETF Trust (Ticker: SPY), an exchange traded fund that seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500 Index. However, the performance and portfolio characteristics of SPY may deviate from the S&P 500 Index at any point in time.



## Red Granite Large Cap Growth: Sector Weights



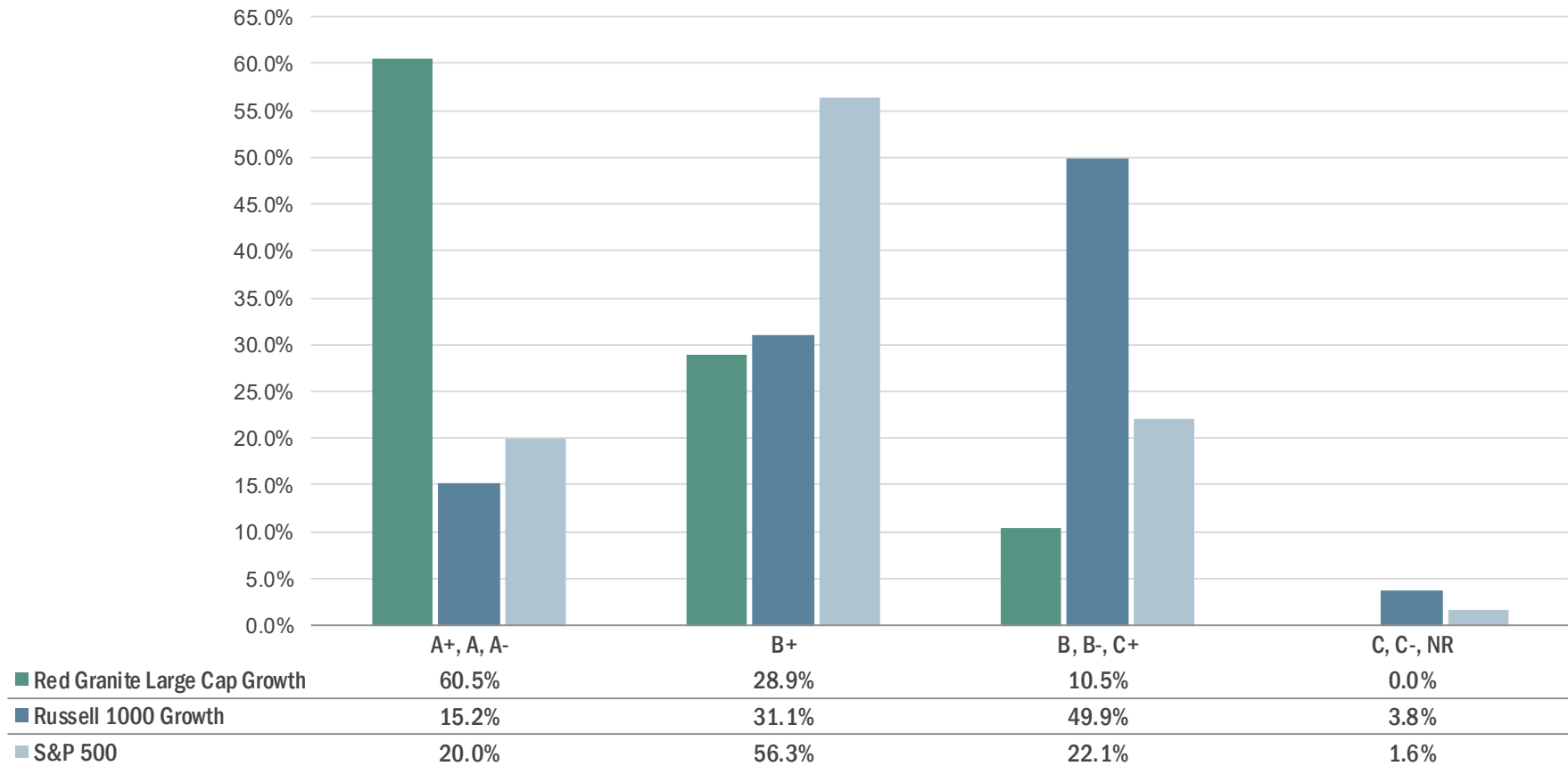
■ Red Granite Large Cap Growth	1.48%	2.47%	8.94%	13.98%	4.30%	17.14%	7.87%	30.74%	9.15%	0.00%	0.00%	3.93%
■ Russell 1000® Growth	0.50%	0.70%	5.87%	15.80%	4.14%	10.64%	6.41%	43.54%	11.40%	0.95%	0.05%	0.00%
■ S&P 500	3.89%	2.41%	8.81%	10.85%	6.15%	12.62%	12.98%	28.86%	8.58%	2.52%	2.34%	0.00%

As of December 31, 2023. The Russell 1000 Growth is the benchmark for the Red Granite Large Cap Growth Strategy.

23-02036 • Data Sources: FactSet • 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. The model portfolio does not invest in all the securities of either index. Past performance does not guarantee future results. Performance attribution and portfolio characteristics are calculated from the published daily holdings of the SPDR S&P 500 ETF Trust (Ticker: SPY), an exchange traded fund that seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500 Index. However, the performance and portfolio characteristics of SPY may deviate from the S&P 500 Index at any point in time. Portfolio characteristics and attribution are shown for a model portfolio of the referenced investment strategy and do not reflect an actual active, managed account. Portfolio characteristics and attribution may vary among actual accounts invested in the same investment strategy. ZCM believes the model portfolio closely resembles its intended strategy. Portfolio holdings and allocations are subject to change at any time without notice. Securities listed should not be considered a recommendation to buy or sell any security.



## Red Granite Large Cap Growth: Quality Ratings Comparison



The Russell 1000 Growth is the benchmark for the Red Granite Large Cap Growth Strategy.

As of December 31, 2023. Source: Intrinsic Research Systems Inc. Introduced in 1970, Ford Equity Research's Quality Rating is based upon a number of factors that indicate a company's overall financial strength and earnings predictability. Quality rating assigned by Ford indicating financial strength and earnings predictability, ranging from A+ to C- (or 1 to 9 numerically). B- (6) is average. Quality rating considers company size (as measured by market capitalization and/or annual sales,) historical stability of earnings, financial condition, principally debt/equity ratio, and stability of the markets in which the company operates. The statistics referenced above reflect Ford Equity Research's Quality Rating of a Large Cap Growth Representative Portfolio as of the date listed above and have been calculated on an equal weighted basis. 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. The Red Granite Large Cap Growth Model Portfolio does not invest in all the securities of either index.



## Red Granite Large Cap Growth: Performance Disclosure

As of 12/31/2022

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)
2013	38.2%	37.2%	33.5%	11.3%	12.3%	34	0.2	86.9%	\$202	\$577	\$4,321	\$162
2014	10.7%	9.9%	13.1%	10.5%	9.7%	33	0.3	85.0%	\$225	\$671	\$5,748	\$318
2015	10.8%	10.0%	5.7%	11.4%	10.9%	31	0.1	90.0%	\$164	\$847	\$9,781	\$605
2016	-1.5%	-2.3%	7.1%	11.1%	11.3%	24	0.2	77.2%	\$134	\$921	\$10,651	\$1,170
2017	24.0%	23.0%	30.2%	10.2%	10.7%	23	0.2	83.1%	\$136	\$980	\$9,888	\$1,561
2018	-1.5%	-2.2%	-1.5%	12.9%	12.3%	18	0.3	90.6%	\$117	\$917	\$10,084	\$1,775
2019	31.0%	30.0%	36.4%	14.1%	13.3%	16	0.2	89.3%	\$130	\$1,145	\$10,693	\$2,112
2020	34.9%	33.8%	38.5%	20.0%	19.9%	12	0.2	90.7%	\$164	\$1,148	\$8,238	\$2,118
2021	25.6%	24.6%	27.6%	17.9%	18.4%	12	0.1	8.5%	\$183	\$1,228	\$8,040	\$2,293
2022	-29.8%	-30.4%	-29.1%	21.9%	23.8%	9	0.1	0.3%	\$108	\$729	\$6,383	\$1,734

Ziegler Capital Management, LLC, doing business as 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 01/01/01-12/31/22. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Red Granite Large Cap Growth composite has had a performance examination for the periods 01/03/12-12/31/22. The verification and performance examination reports are available upon request. The performance shown from inception to 01/03/12 was the performance of Red Granite Advisors. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

ZCM is a registered investment advisor that became a majority owned indirect subsidiary of 1251 Capital Group, Inc, that they acquired from Stifel Financial on March 27, 2020. ZCM was formed in 1991 and has grown significantly through strategic business combinations. Through these combinations, we have expanded our investment strategy offerings and broadened our portfolio management teams to best serve our expanding client base. ZCM's CEO changed in May 2021, and in February of 2023. Please refer to the firm's ADV Part 2 for additional disclosures regarding the firm and its practices. ZCM's 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. A list of broad distribution and limited distribution pooled funds is available upon request. To obtain a GIPS report or a list of our composite descriptions and/or policies for valuing investments, calculating performance, and preparing GIPS reports, please call (312) 368-1442 or send an e-mail to letters@zieglercap.com.

**Composite and Benchmark Description:** 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. The benchmark is the Russell 1000 Growth Index. Russell 1000 Growth Index measures the performance of those Russell 1000 index companies with higher price-to-book ratios and higher forecasted growth values. The composite contains bundled fee portfolios. 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%. A portfolio manager retired in December 2022.

**Minimum Account Size:** There is no minimum account size for inclusion in the composite. Prior to January 1, 2012, the minimum account size was \$550,000.

**Composite Creation and Inception Date:** The Red Granite Large Cap Growth composite creation date is January 3, 2012. Returns from May 1, 2006 through December 31, 2011 reflect the performance of Red Granite Advisors, LLC. The composite inception date is January 1, 1996. 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.

**Significant Cash Flow Policy:** None

**Internal Dispersion:** 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. All risk measures are calculated using gross-of-fees returns.

**Fees:** Pure 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 model management fees for a \$3 mm portfolio applied on a monthly basis. The highest applicable management fee was 0.80%. 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 \$3 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 \$7,927,736.56. 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 \$7,867,197.48. 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.

**Other:** Strategy Assets include the equity and cash portions of all portfolios managed by the portfolio management team, including the equity and cash portions 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.



This review is for institutional advisory clients of Ziegler Capital Management, LLC, doing business as ZCM. 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. 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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