

# DISCIPLINED EQUITY STRATEGIES

## SUSTAINABLE RESPONSIBLE

### LARGE CAP



GREAT LAKES ADVISORS

A WINTRUST WEALTH MANAGEMENT COMPANY

Fourth Quarter 2016

#### OBJECTIVE

The Sustainable Responsible LargeCap strategy seeks to efficiently capture return opportunities while managing portfolio risk relative to the S&P 500® and LargeCap model portfolio benchmarks.

**Benchmark:** S&P 500 and LargeCap Model Portfolio

**Inception Date:** December 1, 2004

#### PROCESS

The portfolio construction process incorporates Asset4's ESG scores to build a portfolio whose combined ESG score is at least 10% better than that of the S&P 500 index.

In addition, MSCI's industry participation flags are utilized to ensure that the portfolio does not invest in businesses that derive 5% or more of their revenue from the following activities:

- **Manufacturers and owners of military weapons**
- **Manufacturers and owners of alcohol and tobacco products**
- **Manufacturers of gambling devices and/or operators of casinos**
- **Companies with ties to Sudan**

#### SELL DISCIPLINE

Successful positions are sold as return expectations are realized and/or valuation perspectives deteriorate into overvalued conditions.

#### MANAGEMENT GUIDELINES

**Holdings:** Approximately 70-85 positions

**Position weights:** 0.50% to S&P 500 weight +2.50%<sup>1</sup>

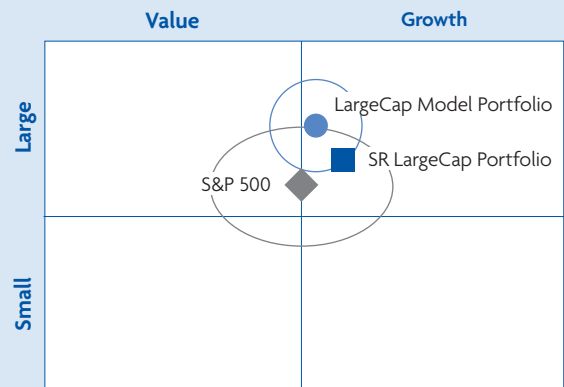
**Cash position:** Typically 0.5% to 1.5%

**Annual turnover:** Typically 60% to 120%

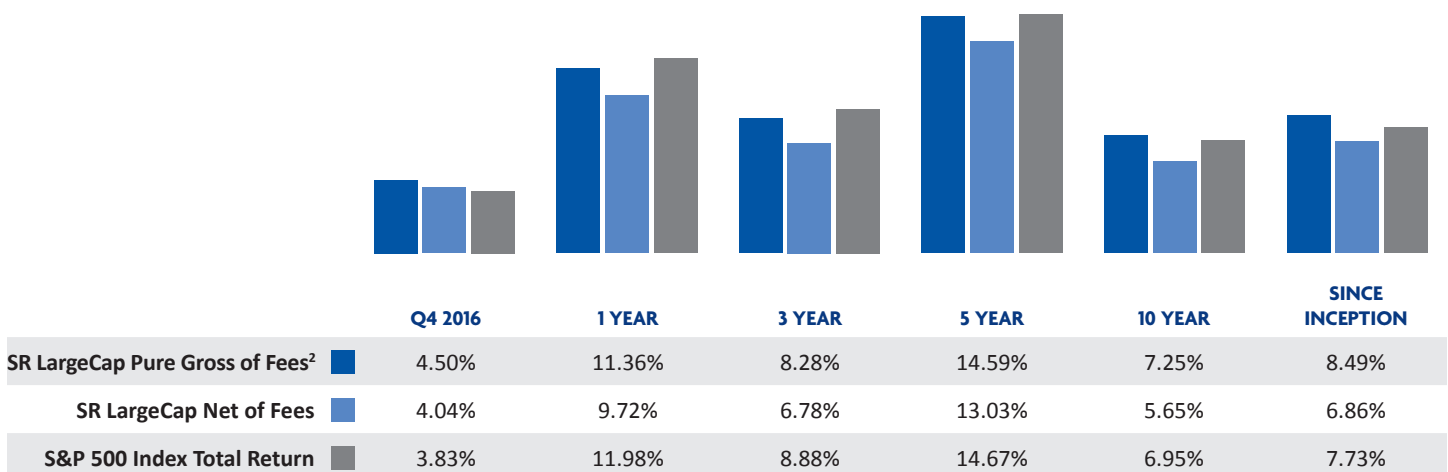
#### DUAL BENCHMARK IMPLEMENTATION

This strategy employs a unique dual benchmark approach. The primary benchmark ensures total active risk versus the S&P 500 which is consistent with our LargeCap strategy portfolio.

The second benchmark limits the tracking error of this strategy versus our LargeCap strategy portfolio. This allows us to maintain very similar characteristics to our LargeCap strategy, while providing the flexibility needed to employ our social screens.



#### COMPOSITE PERFORMANCE



## RISK MANAGEMENT

We use a risk/return optimization process which features individual stock selection as the central source of active risk while constraining style, market capitalization and sector departures from the S&P 500 Index and our Disciplined LargeCap strategy.

- **Active risk/tracking error: 3.5% to 4.5%**
- **Beta/style exposures: similar to the S&P 500 Index**
- **Capitalization: similar to the S&P 500 Index**
- **Industry weights: S&P 500 +/- 4%<sup>1</sup>**
- **Sector weights: S&P 500 +/- 5%<sup>1</sup>**

Barra Risk Factors <sup>3</sup>	SR LargeCap	S&P 500	Difference
Currency Sensitivity	0.04	-0.02	-0.06
Earnings Variation	-0.06	-0.08	0.02
Earnings Yield	0.08	0.09	-0.01
Growth	-0.30	-0.07	-0.23
Leverage	-0.16	-0.14	-0.02
Momentum	-0.06	-0.02	-0.04
Size	0.37	0.37	0.00
Trading Activity	0.04	-0.01	0.05
Value	0.10	-0.03	0.13
Volatility	-0.10	-0.13	0.03
Yield	0.09	0.05	0.04

<b>Weighted ESG Score<sup>4</sup></b>	<b>77.6%</b>	<b>64.4%</b>
---------------------------------------	--------------	--------------

## PORTFOLIO COMPOSITION

Top 5 Active Weights vs. S&P 500	SR LargeCap	ESG <sup>4</sup>
Microsoft	2.59%	100
Intel	2.51%	96
Pepsico	2.44%	33
Alphabet Cl C	2.39%	35
Ball	2.35%	82

Bottom 5 Active Weights vs. S&P 500	SR LargeCap	ESG <sup>4</sup>
Berkshire Hathaway Cl B	-1.61%	7
JP Morgan Chase	-1.60%	91
Apple	-1.55%	50
Amazon	-1.53%	20
General Electric	-1.45%	99

Sector Weightings	SR LargeCap	S&P 500
Consumer Discretionary	1.40%	6.37%
Consumer Staples	10.43%	8.71%
Energy	10.83%	7.36%
Financials	20.04%	18.46%
Health Care	13.38%	12.43%
Industrials	5.92%	7.89%
Materials	6.79%	3.44%
Retail	3.92%	5.27%
Services	3.66%	5.58%
Technology	23.09%	21.19%
Utilities	0.54%	3.30%

1. At the time of purchase.

2. Performance results depicted prior to April 1, 2006 represent returns of unrestricted program portfolios on the Fiduciary Services Platform, following the Sustainable Responsible LargeCap (SRL) Strategy. The returns during this period were calculated by Morgan Stanley Smith Barney Consulting Group. Gross of fee returns do not reflect the deduction of investment management fees or sponsor bundled fees, whereas net of fee returns do reflect those deductions. All calculations include the reinvestment of dividends, interest and capital gains and are calculated on a time and dollar asset weighted basis each month. The results are then linked by the Manager to calculate the historical performance. Performance results depicted after March 30, 2006 and prior to March 1, 2010 include the actual performance of all unrestricted discretionary wrap-fee accounts that follow the SRL Strategy. The returns were calculated by the Manager. Results depicted after February 28, 2010 include the actual performance of all unrestricted discretionary non-wrap fee accounts that follow the firm's SRL Strategy. Results depicted after March 30, 2013 include the actual performance of all unrestricted discretionary wrap-fee accounts that follow the SRL Strategy. Pure gross of fee returns do not reflect the deduction of investment management fees or bundled fees charged by the wrap-fee sponsor. Information provided on a pure gross of fee basis has not been independently verified. Net performance reflects the deduction of investment management fees and bundled fees as applicable. All data is as of December 31, 2016 unless otherwise noted.

3. MSCI Barra, Barra, Inc.'s analytics and data were used in the preparation of this report. [www.msci.com](http://www.msci.com) and [www.barra.com](http://www.barra.com)

4. ESG scores are based on data from Asset 4 ([www.asset4.com](http://www.asset4.com)) and quantify a company's environmental, social and governance standards. Scores range from a perfect 100%-0%.

Great Lakes Advisors, LLC ("Great Lakes" or "GLA") is an investment advisor registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Established in 1981, Great Lakes is a subsidiary of Wintrust Financial Corporation and a part of the Wintrust Wealth Management family of companies. On October 1, 2013, majority owned subsidiary Advanced Investment Partners, LLC ("AIP") became fully-owned and integrated into Great Lakes. Great Lakes is a distinct business unit with distinct investment processes and procedures relating to the management and/or trading of investment portfolios for its clients.

The Disciplined Equity Sustainable Responsible LargeCap Composite includes all unrestricted, fee-paying accounts managed for sponsor platforms under the Sustainable Responsible LargeCap strategy and is benchmarked to the S&P 500 Index. Accounts within this composite do not employ leverage. The composite inception date was December 1, 2004. All cash reserves and equivalents are included in returns. Returns are time weighted and include reinvestment of dividends, income and gains. The value of assets and returns is expressed in U.S. dollars. All holdings available upon request. Performance prior to October 1, 2013 occurred at Advanced Investment Partners prior to being acquired by Great Lakes Advisors. Additionally, market commentary is available on the firm's website at: [www.greatlakesadvisors.com](http://www.greatlakesadvisors.com) or upon request.

The benchmark selected for comparison of returns for the Sustainable Responsible LargeCap Composite is the S&P 500 Index (an unmanaged index that tracks the performance of 500 widely held, large-capitalization U.S. stocks. They are usually the 500 largest companies in terms of market capitalization and are chosen to represent the entire market's value.) Index returns are provided to represent the investment environment existing during the time periods shown. All indexes are fully invested, which includes the reinvestment of income. The returns for the index do not include any transaction costs, management fees or other costs. The index is not available for direct investment. Industry sectors are presented to illustrate the diversity of areas in which we may invest, and may not be representative of current or future investments.

Great Lakes Advisors, LLC claims compliance with the Global Investment Performance Standards (GIPS®). A complete list of firm composites and performance results, and the policies for valuing portfolios, calculating performance, and preparing GIPS compliant presentations are available upon request. To receive a complete presentation that complies with the requirements of GIPS standards and/or a complete list and description of all the firm's composites, contact the firm at (312) 553-3700 or write Great Lakes Advisors, LLC, 231 South LaSalle Street, 4th Floor, Chicago, Illinois 60604.

Great Lakes Advisors, LLC's fees are available upon request and may be found in our Form ADV Part 2A. Performance data quoted herein represents past performance. Past performance does not guarantee or indicate future results. To determine if this strategy is appropriate for you, carefully consider the investment objectives, risk factors, and expenses before investing.