

Core Plus Strategy

Precise. Agile. Opportunistic.



May 2017

Bridge Traditional Barriers. The Convergence Core Plus Strategy seeks to provide a greater return potential than traditional approaches. Armed with a proprietary dynamic quantitative model, additional tools, and added flexibility, the managers at Convergence pursue a more material and consistent alpha. The objective of the Convergence Core Plus Strategy is to seek long-term growth.

A Dynamic Investment Process

Identifying not only value, but what the market is valuing.

Quantitative management – systematic, unbiased, and unemotional – can at times also be unresponsive to current market trends the way fundamental management can be. The Convergence Strategy employs our dynamic model, actively measuring the drivers of stock prices and adjusting the model on both the long and the short as it seeks to position the portfolio to take advantage of changing market conditions.

Added Flexibility in a Volatile and Uncertain Market

Additional Tools, Additional Opportunity

By relaxing a major constraint – the ability to short – the Convergence team is able to seek alpha in those stocks identified as having potential, as well as those stocks identified as lacking potential. The Convergence Strategy combines the flexibility previously associated with hedge funds with traditional equity management.

Performance Summary (net of fees) Through May 31, 2017

	Month	YTD	Trailing 1 Year	Trailing 3 Years	Trailing 5 Years	Annualized Since 12/31/2009
Convergence Core Plus Composite	-0.40%	1.95%	16.26%	6.43%	13.77%	13.93%
Russell 3000	1.02%	7.96%	17.69%	9.68%	15.26%	13.32%

Periodic Returns (net of fees) December 2009 - May 2017

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Year
Convergence Core Plus Strategy (net)													
2017	-0.08	2.61	-0.45	0.29	-0.40								1.95
2016	-6.32	0.40	6.47	-1.82	0.57	-1.77	4.98	-0.09	0.73	-0.84	7.97	2.63	12.75
2015	-2.36	4.61	-0.90	-2.01	2.31	-1.18	2.58	-5.64	-1.35	7.16	0.89	-3.18	0.23
2014	-3.61	3.11	1.91	2.39	2.34	-0.53	-1.59	4.99	-3.26	2.14	3.14	-0.10	11.05
2013	5.49	0.72	2.80	2.18	4.57	-0.93	5.63	-3.96	2.47	4.81	3.31	1.16	31.65
2012	6.76	4.90	3.54	-1.06	-6.50	4.01	2.41	3.10	1.42	-1.03	0.98	1.66	21.38
2011	2.95	4.65	2.58	3.23	-0.89	-1.91	-1.15	-6.73	-10.07	10.71	0.47	1.99	4.32
2010	-3.11	6.43	6.55	2.08	-6.13	-7.02	6.08	-6.44	10.43	6.98	1.02	6.35	23.31
2009	-	-	-	-	-	-	-	-	-	-	-	-1.60*	-
Russell 3000													
2017	1.88	3.72	0.07	1.06	1.02								7.96
2016	-5.64	-0.03	7.04	0.62	1.79	0.21	3.97	0.26	0.16	-2.16	4.48	1.95	12.74
2015	-2.78	5.79	-1.02	0.45	1.38	-1.67	1.67	-6.04	-2.91	7.90	0.55	-2.05	0.48
2014	-3.16	4.74	0.53	0.12	2.18	2.51	-1.97	4.20	-2.08	2.75	2.42	0.00	12.56
2013	5.49	1.33	3.92	1.64	2.36	-1.30	5.48	-2.79	3.72	4.25	2.90	2.64	33.55
2012	5.05	4.23	3.08	-0.66	-6.18	3.92	0.99	2.50	2.63	-1.72	0.77	1.23	16.42
2011	2.18	3.64	0.45	2.98	-1.14	-1.80	-2.29	-6.00	-7.76	11.51	-0.27	0.82	1.03
2010	-3.60	3.39	6.30	2.16	-7.90	-5.75	6.94	-4.71	9.44	3.91	0.58	6.78	16.93
2009	-	-	-	-	-	-	-	-	-	-	-	-1.02*	-

*Since Inception 12/29/2009

Performance Statistics (12/31/2009 - 5/31/2017)

	Convergence Core Plus Strategy	Russell 3000
Standard Deviation	13.82	12.81
Realized Beta	1.02	1.00
Alpha	0.35	0.00
Sharpe Ratio	1.00	1.03

Portfolio Statistics (5/31/2017)

Sector Weight %	Convergence Core Plus Strategy			Russell 3000
	Total Portfolio	Long	Short	
Consumer Discretionary	12.5	17.0	4.5	12.9
Consumer Staples	7.3	10.4	3.1	8.4
Energy	5.2	7.0	1.8	5.5
Financials	13.8	19.0	5.1	14.4
Healthcare	12.8	17.4	4.5	13.4
Industrials	9.8	13.6	3.8	10.7
Technology	20.8	28.6	7.8	22.1
Materials	3.1	4.3	1.2	3.3
Real Estate	3.8	5.2	1.4	4.0
Telecommunication	1.9	2.6	0.7	2.1
Utilities	2.9	4.1	1.2	3.3
Total	94.0	129.2	35.2	100.0
Price/Earnings Ratio	12.6	17.0	321.4	25.3
Price to Book	1.85	2.01	2.61	2.67
Holdings Beta	1.16	1.20	1.11	1.02
Return on Assets	9.6%	6.4%	-2.1%	6.3%
EPS Growth*	9.6%	9.6%	9.8%	6.4%
Capitalization (millions)	\$94,608	\$71,929	\$11,325	\$141,314
Number of Holdings	300	157	143	2924

*5 year trailing

Top Ten Holdings (percent)

	Long	Short	
Citigroup Inc	2.57	Dominion Res Inc Va	-0.53
Boeing Co	2.56	Amerco	-0.53
Bank Amer Corp	2.30	Broadcom Ltd	-0.50
Amgen	2.08	Cit Group Inc	-0.49
Abbvie Inc	2.06	Vonage Hldgs Corp	-0.49
J P Morgan Chase & Co	2.03	Paylocity Hldg Corp	-0.47
Pfizer Inc	1.79	Zillow Group Inc	-0.46
Bristol Myers Squibb	1.75	Universal Display Co	-0.45
Wal Mart Stores Inc	1.72	Sprouts Fmrs Mkt Inc	-0.45
Apple Inc	1.68	New Relic Inc	-0.43

Strategy holdings and sector allocations are as of 5/31/2017, are subject to change and should not be considered a recommendation to buy or sell any security.

Convergence Core Plus Strategy

Appendix

Convergence Core Plus Composite (as of 12/31/16)

	Gross of Fees Return	Net of Fees Return	Benchmark Return (Russell 3000)	Composite Dispersion (Full Period)	Number of Separate Accounts (End of Period)	Total Composite Assets (End of Period)	Total Firm Assets (End of Period)	3 Year Annualized Standard Deviation (Composite)	3 Year Annualized Standard Deviation (Russell 3000 Index)
2009 (12/29/2009 - 12/31/2009)	-1.59%	-1.60%	-1.02%	N/A*	1	\$13,471,978	\$66,537,478	N/A	N/A
2010	24.58%	23.31%	16.93%	N/A*	1	\$25,212,822	\$93,181,292	N/A	N/A
2011	5.41%	4.32%	1.02%	N/A*	1	\$57,971,568	\$154,362,324	N/A	N/A
2012	22.62%	21.38%	16.40%	N/A*	1	\$92,258,454	\$217,790,421	17.35	15.95
2013	32.97%	31.65%	33.54%	N/A*	1	\$299,305,670	\$492,677,907	13.79	12.71
2014	12.16%	11.05%	12.56%	N/A*	1	\$320,015,938	\$553,692,556	10.32	9.42
2015	1.26%	0.23%	0.47%	N/A*	1	\$213,526,814	\$444,781,578	10.81	10.72
2016	13.88%	12.75%	12.73%	N/A*	1	\$130,544,576	\$398,488,819	11.70	11.04

*N/A is shown because there were five or fewer portfolios in the composite for the full year.

The information provided herein is for informational purposes only. Investors should seek financial advice regarding the appropriateness of investing in any securities or investment strategies discussed in this documentation and should understand that statements regarding future prospects may not be realized. Investors should note that income from such securities may fluctuate and that each security's price or value may rise or fall. Accordingly, investors may receive back less than originally invested.

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GIPS COMPLIANCE DISCLOSURES

Compliance Statement

Convergence Investment Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.

The firm maintains a complete list and description of composites, which is available upon request. Results are based on discretionary separate accounts under management, including those accounts no longer with the firm. The U.S. Dollar is the currency used to express performance returns and assets. Performance results are presented both net and

gross of management fees and include the reinvestment of income. From the inception of each composite until 01/01/11, Time Weighted Return was compounded on a monthly basis. Beginning 01/01/11 through present, Time Weighted Return was compounded on a daily basis.

Disclosures of Gross and Net Return calculation methodology

The composite gross of fee performance returns are presented net of transaction costs, but do not include the deduction of management fees, and other account expenses, such as custodial fees. No other fees or expenses are deducted for gross of fee performance. Gross-of-Fee performance for mutual fund accounts included in the composite is calculated by adding back the actual monthly expenses incurred to the monthly return on the Net Asset Value. Net-of-fee performance returns are net of transaction costs and management fees, but do not include the deduction of other account expenses, such as custodial fees. Trading costs, such as broker commissions, those fees are built into the cost basis of the securities. For mutual fund accounts included in the composite, net of fee performance is calculated by netting the advisor fee (1.00% annually, assessed 0.0833% monthly) from the Gross return. Valuations are net of all applicable withholding taxes. Portfolios are valued in accordance with GIPS® Valuation Hierarchy Principles. More information regarding standard investment management fees is available upon request.

Definition of the Firm

The firm is defined as Convergence Investment Partners, LLC ("Convergence Investment Partners"), a majority owned subsidiary of Montage Investments, LLC ("Montage"). Montage is a wholly owned subsidiary of Mariner Holdings, LLC. Convergence Investment Partners is an investment adviser registered with the Securities and Exchange Commission. Registration does not imply a certain skill level or training. Convergence Investment Partners is an active equity manager dedicated to managing outstanding U.S. equity strategies. Convergence uses its proprietary process to select and rank investments, construct portfolios, and help manage risk in each of its products. Convergence strategies are based on corporate fundamentals supported by compelling empirical results that are applied within each industry group. The name, Convergence, communicates the firm's philosophy of a fundamental stock picking process that incorporates the intersection of sound investment theory executed in a disciplined environment utilizing advanced technology. The total firm assets will be defined as all discretionary and non-discretionary assets under management within Convergence Investment Partners. This includes primary investment management accounts and sub-advisory investment management accounts, as well as both fee-paying and non-fee paying assets.

The Convergence Core Plus Composite

The creation date of the composite is December 29, 2009. The objective of Convergence Core Plus is to achieve long-term capital growth. The strategy seeks to achieve its investment objective by establishing long and short positions in equity securities of domestic and foreign companies. The strategy focuses primarily on companies with medium and large market capitalizations, although the strategy may establish long and short positions in companies of any market capitalization. The

strategy will hold long (purchase) securities that the Adviser believes will outperform the market, and will sell short securities expected to underperform the market.

For comparison purposes, the Convergence Core Plus Composite is measured against the Russell 3000® Index as a primary index. Individuals cannot invest directly in any index.

Since Inception, Convergence Investment Partners has adopted the following Significant Cash Flow Policy for both composites. If a single or cumulative cash flow(s) are equal or greater than 20 percent of the total account value on the day the cash flow(s) is initiated. If these circumstances exist, the account will be removed from the composite and added back to the composite on the first day of the month following the date that the account is fully invested (defined as being within ten percent of the model portfolios cash target).

The three year annualized standard deviation is calculated using 36 monthly returns to end of period. The standard deviation is not shown for 2011 for the Core Plus strategy as it was less than 36 months since inception.

Fees and Related

The full fee schedule for all Convergence Investment Partners products is available upon request. It should be noted that the collection of fees produces a compounding effect on the total rate of return net of management fees. Convergence Investment Partners Convergence Core Plus Strategy charges 1.00% annually, and is assessed .0833% on a monthly basis. Convergence Investment Partners reserves the right to modify fee structures on an account by account basis at its discretion.

Additional Notes and Disclosures

The use of derivatives may be employed for purposes of currency hedging and or to equitize the cash position of the portfolios. Derivatives have not been used to date, and it is expected that any future use would be on a limited basis. Past performance is not indicative of future results. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The minimum account size for composite inclusion is \$100,000.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's separate account may be worth more or less than its original value.

Current performance may be lower or higher than return data quoted herein. To obtain a full GIPS® compliant presentation, contact the money management firm directly, at 262-240-0117 or visit www.investcip.com.

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