

# LARGE CAP VALUE BALANCED

from NUVEEN

FIRST QUARTER 2018  
(AS OF 03/31/18)

## FIRM FACTS

- Los Angeles, California based value equity manager founded in 1982, subsidiary of Nuveen, LLC. since 2002
- Total employees: 36 / Investment Professionals: 17<sup>1</sup>
- Key Investment Professionals: Jon D. Bosse, CFA, CIO; Thomas J. Ray, CFA and Susi Budiman, CFA, FRM

## KEY PORTFOLIO FEATURES

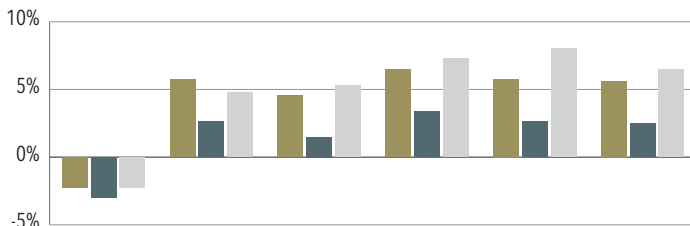
- Includes three disciplines: asset allocation, opportunistic value-oriented stock selection and fixed income management
- Diversified portfolio of 35-50 companies, each selected for its risk/return characteristics
- Equities generally range from 50-70 percent
- Target durations of fixed income assets are within  $\pm$  15% of the index

## WHY NWQ?

NWQ seeks to provide risk-adjusted returns through an analyst-driven, value-oriented process. This gives us the ability to capitalize on opportunities that may have been overlooked elsewhere and invest in undervalued companies with positive catalysts – all while seeking to provide downside protection\* by emphasizing the risk/reward of each investment.

## ANNUALIZED PERFORMANCE<sup>2,3,5</sup>

■ Large Cap Value Balanced (Gross) ■ Large Cap Value Balanced (Net) ■ Benchmark<sup>4</sup>



	QTD	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs
■	-2.25%	5.76%	4.57%	6.50%	5.77%	5.62%
■	-2.99	2.64	1.49	3.36	2.65	2.50
■	-2.28	4.78	5.32	7.27	8.00	6.45

\* There is no assurance that downside protection will be achieved.

**1** As of 03/31/18. **2** Periods greater than one year are annualized. **3** In 2013, the inception date changed from 03/31/00 to 1/1/00. The NWQ Managed Account Division has prepared the performance shown. All manager performance shown in this profile is based on performance of the NWQ Investment Management Company, LLC institutional composite and does not reflect any returns of accounts managed by NWQ in the separately managed accounts programs. In December 2012, as a result of an extensive review of composite construction methodology, NWQ's composites were restated. **The results explanation on the second page of this profile is an integral part of the performance presentation. Past performance is no guarantee of**

## PORTFOLIO CHARACTERISTICS<sup>4,6</sup>

	NWQ	R1000V
Trailing P/E Ratio – 1 Yr	15.7x	16.4x
Forward P/E Ratio – 1 Yr	12.6x	14.4x
Price/Book Ratio	1.7x	2.0x
Avg. Wtd. Market Cap.	\$88.0B	\$120.8B
Median Market Cap.	\$34.7B	\$63.4B
% Large Cap <sup>7</sup>	59.0%	70.7%
% Mid Cap <sup>7</sup>	39.7%	28.5%
% Small Cap <sup>7</sup>	1.2%	0.9%
Alpha – 10 Yrs <sup>5,8</sup>	-0.73	0.00
Beta – 10 Yrs <sup>5,8</sup>	1.00	1.00

## CALENDAR YEAR PERFORMANCE<sup>3,4</sup>

	NWQ (Gross)	NWQ (Net)	Benchmark
2018 YTD <sup>5</sup>	-2.25%	-2.99%	-2.28%
2017 <sup>5</sup>	10.84	7.59	9.75
2016	9.96	6.73	11.44
2015	-3.20	-6.07	-1.76
2014	6.92	3.77	10.62
2013	17.50	14.07	17.67
2012	8.50	5.31	12.45
2011	-1.96	-4.87	4.04
2010	12.57	9.27	12.43
2009	19.51	16.03	14.17
2008	-20.83	-23.22	-21.80

**future results.** **4** Benchmark: 60% Russell 1000® Value Index/40% Bloomberg Barclays U.S. Government/Credit Bond Index. The index's returns source is RIMES and characteristics source is Factset. **5** Preliminary. Final numbers are available upon request by contacting Nuveen Investments Advisers, LLC. **6** Portfolio characteristics represent data from the underlying securities of the equity portion of the new account model portfolio as of 03/31/18. Individual accounts may vary due to restrictions, substitutions and other factors. **7** Market capitalization breakdown is based on data from Russell Investments. **8** Performance statistics are based on composite data and are compared to the benchmark.

## SECTOR WEIGHTINGS<sup>9,10,11</sup>

	NWQ	R1000V
Consumer Discretionary	9.5%	8.4%
Consumer Staples	2.6	6.9
Energy	17.5	10.8
Financials	38.0	31.8
Health Care	7.6	13.1
Materials	4.0	3.2
Producer Durables	10.1	8.3
Technology	7.9	8.7
Utilities	2.8	8.7

**9** Portfolio characteristics represent data for the underlying securities of the equity portion of the new account model portfolio as of 03/31/18. Individual accounts may vary due to restrictions, substitutions and other factors. **10** Sector weightings are classified using the Russell Global Sectors (RGS) classification system. **11** Russell 1000<sup>®</sup> Value Index characteristics source: Russell Investments calculated using Factset. **12** These holdings may change at any time without

## TOP 10 POSITIONS<sup>9,12</sup>

Equity Holdings	Weight	Market Cap (\$B)
EQT Corporation	2.4	\$12.6
CIT Group Inc.	2.3	\$6.8
Citigroup Inc.	2.3	\$173.5
JPMorgan Chase & Co.	2.2	\$376.7
Oracle Corporation	2.0	\$187.3

Fixed Income Holdings	Coupon	Weight	Due
Government of United States of America	1.50	2.8%	8/31/18
Government of United States of America	1.25	2.7	1/31/19
Government of United States of America	1.25	2.5	10/31/19
Government of United States of America	2.75	2.1	2/28/25
Government of United States of America	2.00	1.9	02/28/21

notice. The specific securities do not represent all of the securities NWQ has purchased, sold or recommended for clients over the past year. The reader should not assume that investments in the securities listed above were or will be profitable. This report contains no recommendation to buy or sell any specific securities and should not be considered investment advice of any kind.

## RESULTS EXPLANATION

This material is not intended to be a recommendation or investment advice, does not constitute a solicitation to buy or sell securities, and is not provided in a fiduciary capacity. The information provided does not take into account the specific objectives or circumstances of any particular investor, or suggest any specific course of action. Investment decisions should be made based on an investor's objectives and circumstances and in consultation with his or her advisors.

This strategy is only provided through separately managed accounts program sponsors. Check with your financial advisor for availability. Clients should consult their financial advisors before making any investment decisions. Financial advisors should consider the suitability of the manager, strategy and program for its clients on an initial and ongoing basis.

Effective 1/1/06, NWQ Investment Management Company, LLC redefined the firm for performance presentation purposes through the creation of a separate Managed Account Division. For the purpose of the NWQ Managed Accounts strategies, the firm is defined as NWQ Investment Management Company, LLC - Separately Managed Accounts Division (the "Firm"), a division of NWQ Investment Management Company, LLC. The information shown is presented on behalf of the NWQ Separately Managed Account Division. The performance results are based on accounts that are not in a separately managed accounts program.

The NWQ Large Cap Value Balanced Composite (the "Composite") contains all discretionary, institutional portfolios managed within the NWQ Large Cap Value Balanced strategy, including those accounts no longer with NWQ Investment Management Company, LLC ("NWQ"), who provides the institutional composite data to the Separately Managed Account Division. These results do not reflect any returns of accounts managed by NWQ in the separately managed accounts programs. Accounts in the equity portion of the portfolio may invest in foreign securities in the form of American Depositary Receipts (ADRs) and foreign corporations traded on U.S. exchanges. Accounts in the Composite are a blend of the Large Cap Value and Core Fixed Income Aggregate strategies. These accounts invest in mortgage-backed and asset-backed securities and certain corporate bonds that are not available to separately managed accounts program clients. For a portion of the excess cash in an account (up to 10%), the strategy may invest in an exchange traded fund. For investments in exchange traded funds, fees are charged at the fund level in addition to fees charged to the overall portfolio. Exposure to corporate credit, Exchange Traded Funds and other income producing investments is not to exceed 20% of the fixed income portion of the portfolio and generally will not fall below BB to BB- in rating.

In 2013, the inception date changed from 3/31/00 to 1/1/00. In December 2012, as a result of an extensive review of composite construction methodology, NWQ's composites were restated. Full composite performance histories are available upon request. An additional composite comprised of dual-contract client accounts in the Large Cap Value Balanced strategy, meeting the relevant composite inclusion criteria, is also available upon request.

Effective 6/30/13, the Composite's performance is presented against the custom blended benchmark comprised of 60% Russell 1000<sup>®</sup> Value Index and 40% Bloomberg Barclays U.S. Govt/Credit Index. The

benchmark was changed retroactively to better reflect the strategy. Previously, the benchmark was the 60% Russell 1000<sup>®</sup> Value Index + 40% Bloomberg Barclays Aggregate Index. This benchmark as previously reported for the historic periods were as follows 2005: 5.26%, 2006: 14.81%, 2007: 2.79%, 2008: -21.96%, 2009: 14.81%, 2010: 12.39%, 2011: 3.69%, 2012: 12.18%.

The Russell 1000<sup>®</sup> Value Index measures the performance of those Russell 1000<sup>®</sup> Index companies with lower price-to-book ratios and lower forecasted growth values. The Bloomberg Barclays U.S. Govt/ Credit Index measures the performance of U.S. Dollar denominated U.S. Treasuries, government-related and investment grade U.S. corporate securities that have a remaining maturity of greater than one year. Index Return Source: RIMES. Index returns are provided to represent the investment environment during the time periods shown. For comparison purposes, index returns do not reflect transaction costs, investment management fees or other fees and expenses that would reduce performance in an actual account. It is not possible to invest in an index. The Composite's portfolios have held and are expected to continue to hold securities that are not included in the benchmark and the Firm makes no representations that any account in the Composite is comparable to the benchmark in composition or element of risk involved. While the Firm's objective is to outperform the benchmark, this does not imply that the strategy will share or track the same or similar characteristics as its benchmark.

Composite and benchmark performance presented is calculated on a total return basis, which includes the reinvestment of all income, plus realized and unrealized gains/losses, if applicable. Individual account returns within the Composite will vary depending upon, among other things, account restrictions, timing of transactions, contributions, and withdrawals, and market conditions at the time of investment. The U.S. dollar is the currency used to express performance.

Gross of fee returns for the Composite are presented after all trading expenses. Gross returns do not reflect the deduction of investment management fees or any other expenses that may be incurred in the management of the account. Under the separately managed accounts program, the client's gross return on investment will be reduced by the fee paid to the program sponsor, a portion of which will be paid to NWQ for its services to the client. The fee is described in the agreement between the client and the program sponsor; NWQ's management fee is described in Part 2A of NWQ's Form ADV and is available upon request.

Net of fee performance was calculated using the highest applicable annual fee of 3.00%. This fee was applied monthly. The net effect of the deduction of fees on the annualized performance, including the compounded effect over time, is determined by the relative size of the fee and the account's investment performance.

In the first quarter of 2008, a Managing Director and Portfolio Manager retired from NWQ after 25 years with the Firm. This individual's portfolio management responsibilities were assumed by a team of senior investment professionals with extensive portfolio management experience, led by Jon Bosse. Jon Bosse, NWQ's Chief Investment Officer, continues to serve as lead portfolio manager for the Large Cap Value strategy.

Past performance is not indicative of future results. Equity investments are subject to market risk or the risk that stocks will decline in response

to such factors as adverse company news or industry developments or a general economic decline. All investments carry a certain degree of risk, including possible loss of principal, and there is no assurance that an investment will provide positive performance over any period of time. Value style investing presents the risk that the holdings or securities may never reach their full market value because the market fails to recognize what the portfolio management team considers the true business value or because the portfolio management team has misjudged those values. In addition, value style investing may fall out of favor and underperform growth or other style investing during given periods. ADRs do not eliminate the currency and economic risks for the underlying shares in another country. The strategy's potential investment in non-U.S. stocks presents risks such as political risk, exchange rate risk and inflationary risk, which include the risks of economic change, social unrest, changes in government relations, and different accounting standards. An investment in taxable fixed income securities is subject to certain additional risks, including credit risk, interest rate risk, foreign risk, and currency risk. Investments in mortgage-backed and asset-backed securities are subject to prepayment risks. High yield or lower-rated bonds carry greater credit risk, and are subject to greater price volatility. Fixed income securities may be sensitive to changes in prevailing interest rates. When rates rise, the value generally declines. There is no assurance that the private guarantors or insurers will meet their obligations. Certain information was obtained from third party sources, which we believe to be reliable but not guaranteed for accuracy or completeness. Clients should consult their financial advisors regarding any unknown terms or concepts.

Nuveen Investments Advisers, LLC ("NIA"), a registered investment adviser, provides Separately Managed Accounts marketing services for its affiliates that are registered investment advisers, including NWQ. Although there may be differences between direct institutional and separately managed account program accounts, NIA believes that the performance shown is sufficiently relevant for consideration by a potential separately managed accounts client. Both NIA and NWQ are affiliates of Nuveen, LLC. This report is provided by NIA.

## COMPOSITE STATISTICS

	# of Accounts	Assets (\$M)
2018 YTD <sup>13</sup>	≤5	\$8.3
2017	≤5	\$8.5
2016	≤5	5.0
2015	≤5	12.7
2014	≤5	14.1
2013	≤5	29.1
2012	≤5	29.7
2011	7	42.1
2010	9	47.9
2009	11	59.6
2008	12	53.9

**13** Preliminary. Final numbers are available upon request by contacting Nuveen Investments Advisers, LLC