ACTIVE INSTITUTIONAL STRATEGIES and INVESTMENT OBJECTIVES

and

WHY ALLOCATE TO U.S. VALUE EQUITIES and HIRE MIDWEST NOW?

ACTIVE QUANTITATIVE STRATEGIES

All Midwest active portfolios are designed to achieve meaningful, consistent, and sustainable net excess returns over investable indices by minimizing the two major obstacles to success, *subjectivity and high fees*.

U.S. QuantVal® (QV) value equity models rank companies using time-tested factors such as sales and cash flow ratios, and financial health and trend of financial health characteristics. Risk is controlled by sector and sub-sector allocations, and broad security diversification.

U.S. QuantCredit® (QC) corporate fixed models rank companies based on their probability of default, and yield-to-maturity and yield-to-worst expectations. Interest rate anticipation is not engaged. Risk is controlled by sector and sub-sector allocations, and broad security diversification.

Both internal and external research is implemented to place the probability of success in your favor, and models are basically static over time. Each strategy is built for scale, liquidity, diversification, and virtually all decisions are derived from viable statistics and prudence. Based on sound research and actual performance, we believe the return/risk characteristics described below are attainable:

INVESTMENT OBJECTIVES

QuantVal * **Each U.S. Large-cap, Mid-cap, and Small-cap version was built to earn a 2.5% gross average annual return over the Russell 1000®, Midcap®, and 2000® Value Indices without increasing risk.** The investment horizon for each is five to ten years. When all versions are simultaneously held as a "basket," the horizon is reduced to five years. This allows the process to systematically capitalize on specific inefficiencies in the entire $16 trillion U.S. value segment - which is currently very timely.

QuantCredit * The Investment Grade Corporate version was built to earn a 0.5% gross average annual return over the Bloomberg Barclays U.S. Corporate or Intermediate **Corporate Bond Index without increasing risk.** The investment horizon is five years. BBB Investment Grade and BB High Yield versions are forthcoming.

Notes: Environmental, social and corporate governance (ESG) portfolios can also be designed.

Global Investment Performance Standards (GIPS®) Independent Verification Report is attached.

WHY HAVE MEANINGFUL ALLOCATIONS TO U.S. VALUE EQUITIES

and

HIRE MIDWEST NOW?

Based on the attached documents described below,

both are currently outstanding and rare opportunities.

1. Why U.S. Value Equities Now? Analysis. For mean-reversion investors the “value” equity segment is quite attractive, especially when compared to the “growth” or “fixed” areas.

2. QV Large-Cap Value Comparative Return/Risk Analysis. The large-cap sub-segment was selected as it is now possibly the most attractive opportunity of all securities worldwide, and it has vast size and liquidity ($13.4 trillion market-cap). Also, the QV large-cap portfolio (our best performing version) was selected as it clearly demonstrates the capability of our comprehensive factor process.*

   Over the last nine years it outperformed the Russell 1000® Value Index (gross) by an average of 2.97% (gross) and 2.31% (net) annually - without increasing risk.

***QuantVal Objectives** - Each U.S. version (large, mid, small) was built to earn a 2.5% gross average annual return over the Russell 1000®, Midcap®, and 2000® Value Indices without increasing risk. The investment horizon for each is five to ten years. When all versions are simultaneously held as a “basket,” the horizon is reduced to five years.

WHY U.S. VALUE EQUITIES NOW?

January 2019

- U.S. Value stocks generally have a higher market-capitalization than growth, but they are currently quite similar, $15.1 trillion vs. $14.8 trillion.

- Value has outperformed by about 2.5% annually since 1928, but growth outperformed by 4.0% annually for the last ten years ending 2018.

- Value usually outperforms growth in downturns, and during the next correction many growth investors may re-allocate to value, rather than low-yielding and increasingly risky bonds. Accordingly, long-only value investors could be very well-rewarded (barring an economic meltdown), especially with the 2.6% ten-year treasury rate near its all-time low.

  For example, current equity overvaluations are somewhat similar to early 2000. As the chart below shows, the subsequent five-year value - growth differential was15.0% annually.

U.S. EQUITY MARKET

Compounded Annual Returns %

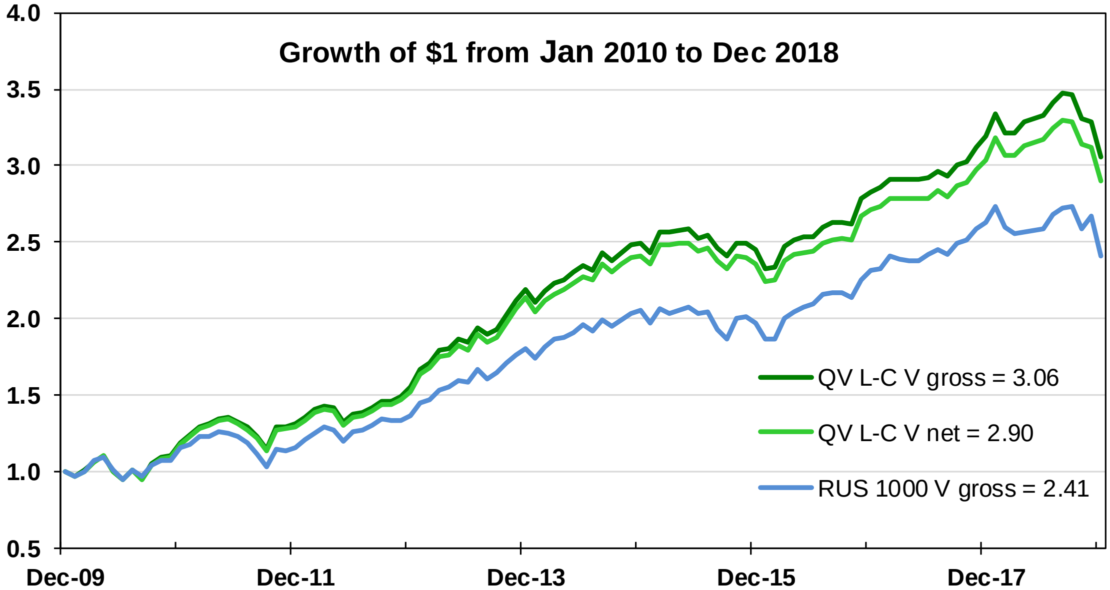
Jan 2000 to Dec 2004

Russell 3000® Index	(1.2)
Russell 3000® Value Index	6.1
Russell 3000® Growth Index	(8.9)
Annual Difference	**15.0**

Source: FTSE Russell 2017

In conclusion, now is a very opportune time for mean-reversion investors in a viable long-only or market neutral strategy.

OUANTVAL® U.S. LARGE-CAP VALUE COMPARATIVE ANALYSIS



Returns and Risks	**QV gross**	**QV net**	**RUS gross**
Comp Ann Return %	**13.24**	**12.58**	**10.27**
Standard Deviation %	**12.20**	**12.22**	**12.62**
Tracking Error %	**4.05**	**3.92**	**n/a**
R Squared %	**0.90**	**0.90**	**n/a**
Alpha %	**3.46**	**2.85**	**n/a**
Beta	**0.92**	**0.92**	**n/a**
Sharpe Ratio	**1.06**	**1.01**	**0.81**
Information Ratio	**0.65**	**0.52**	**n/a**

Notes: The public value of the U.S. Large-Cap Value Index was about $13 trillion as of 12-31-18. Advisors are charging more than $30 billion annually for their services.

Midwest annual fee to 03-31-14 was 0.7%, then reduced to 0.5%.

Past performance does not guarantee future success.

GIPS® independent performance verification available upon request or request or visit our website: www.quantmanagement.com.

Luck never lasts.

Ian Bremmer, Political Scientist