

EQUITY INVESTMENT CORPORATION

2019 Second Quarter Commentary

All-Cap Value & Large-Cap Value

July 2019

Following a strong start to the year, stocks posted respectable gains in the second quarter. The Russell 3000[®] Value Index (R3000V) and Russell 1000[®] Value Index (R1000V) rose 3.7% and 3.8%, respectively, while the S&P 500[®] Index increased 4.3%. Our All-Cap Value (ACV) SMA and Large-Cap Value (LCV) SMA composites each climbed 2.5% gross*. Year-to-date, the R3000V rose 16.0%, the R1000V gained 16.2%, while the more growth-oriented S&P 500 Index increased 18.5%. Our ACV SMA and LCV SMA composites climbed 13.2% gross*. Net of a 3% hypothetical maximum annual SMA fee, results for ACV and LCV would be 1.7% for the quarter and 11.5% year-to-date.¹

Investment Environment

As of this writing, we are beginning the 11th year of economic expansion, the longest period on record according to the National Bureau of Economic Research.² Globally, interest rates remain stunted, and domestically, there are reasonable odds of near term rate *cuts* embedded in market expectations. Unemployment is low, asset values are high, inflation is generally tame and credit losses remain muted. It is seemingly a tranquil environment conducive to risk taking. And the market has obliged by posting some of the highest 10-year gains since the late 1990s/early 2000s.³ Attempts to manage risk, aside from outperformance in brief drawdowns, have resulted in underperforming the market, sometimes by large margins. As Benjamin Graham, the father of value investing, once said, "...in a roaring bull market, knowledge is superfluous and experience is a handicap..."⁴

But when we view the landscape with a rational eye, we see ample cause for concern. Low rates have pushed yield-seeking investors out on the risk spectrum, while simultaneously creating peculiar distortions with the risk averse, as best exemplified by the roughly \$12.5 trillion of bonds currently outstanding globally with negative yields to maturity.⁵ Domestically, the yield curve is flat to modestly inverted at various points, which has historically signaled slowing economic activity. The banking sector still remembers the lessons learned in 2008, but non-financial corporate America has taken the low-rate environment as an opportunity to lever up, leaving them less able to withstand adversity than a decade ago. Trade-war threats continue their back and forth like a grim tennis rally that nobody wants to watch. Globally, many economies are weak or decelerating. And despite the market performing strongly this year, earnings estimates for the S&P 500 continue to come down, with full year earnings growth now expected to be roughly 2%. Further, earnings are expected to decline for the year in five sectors – energy, information technology, materials, real estate and utilities.⁶

Valuations overall are elevated but not extreme, with the S&P 500 trading at 18x forward earnings estimates.⁷ On our valuation math using historical growth rates, this suggests the market is modestly overvalued but importantly this does not incorporate near-term earnings weakness or any adjustments to historically high margins. Making such conservative adjustments would suggest the market is more overvalued than it seems. Of interest to us, within the market there is continued divergence in valuations between growth and value stocks, owing in part to the persistent outperformance of the former versus the latter. To illustrate this, as of June, the top 20% of valuations

in the S&P 500 are trading at 28x forward earnings estimates, only modestly below their peak levels in 2000 and significantly higher than their 30+ year average of 20x. The bottom 20% of valuations, however, are trading at 10x forward earnings, right in-line with their long-term average.⁸ While the performance of technology stocks explains a portion of this dynamic, the outsized divergence is pervasive across sectors. Make no mistake, many of these stocks are cheap for a reason. Security selection is critical. We believe that, regardless of recent history, the best odds of forward investment success lie in avoiding richly priced “winners” in favor of high quality businesses at more reasonable valuations.

Despite the market’s strong performance this year, increased volatility and dispersions of returns among industry groups continues to provide us with potential investment ideas, a welcome change from years past when low volatility and high valuations did not offer up much of a potential pipeline.

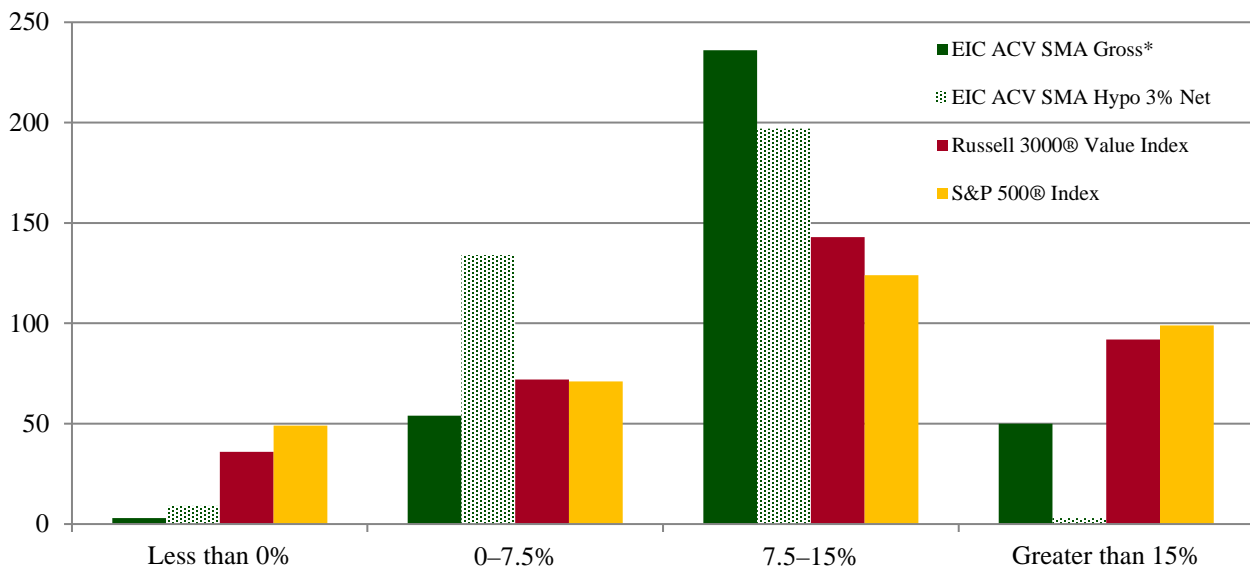
In light of the strength and resilience of the market, we want to take a step back and review our philosophy and our value proposition to our clients. Since our inception in 1986, we have helped our clients achieve their investing goals by striving to smooth out, though not eliminate, the inevitable bumps in the road. To reinforce the benefits of this central mission, we occasionally relay the simple example of driving from point A to point B. If you were to drive 100 miles per hour instead of the posted speed limit of 55, you would frequently arrive at your destination early, having had a thrilling ride. But run the experiment enough times, and the higher speeds would likely result in more and larger errors versus following the speed limit. Reducing the range of outcomes is what we think about daily and what we have put into practice over our history, by following a relatively simple philosophy:

Focus on building a portfolio of quality businesses at reasonable valuations. This does not mean always owning the quantitatively best stocks, the industry or market leaders, or economically insensitive stocks. The opportunity set around value is always changing, but we do want businesses that earn good returns on equity through the cycle, can grow, have prudent management, and trade at valuations that increase our odds of success. And when a holding rises beyond our valuation estimates, we move on, regardless of the merits of the company and our beliefs about it.

Avoid or significantly underweight the bad bets, regardless of tracking error. We often say that what is not in our portfolio is just as important as what is in our portfolio and, like the opportunity set, that is also a dynamically changing list. In addition to always seeking to avoid value traps and bad businesses, today we are underweighting overvalued growth and companies that are imprudently increasing leverage.

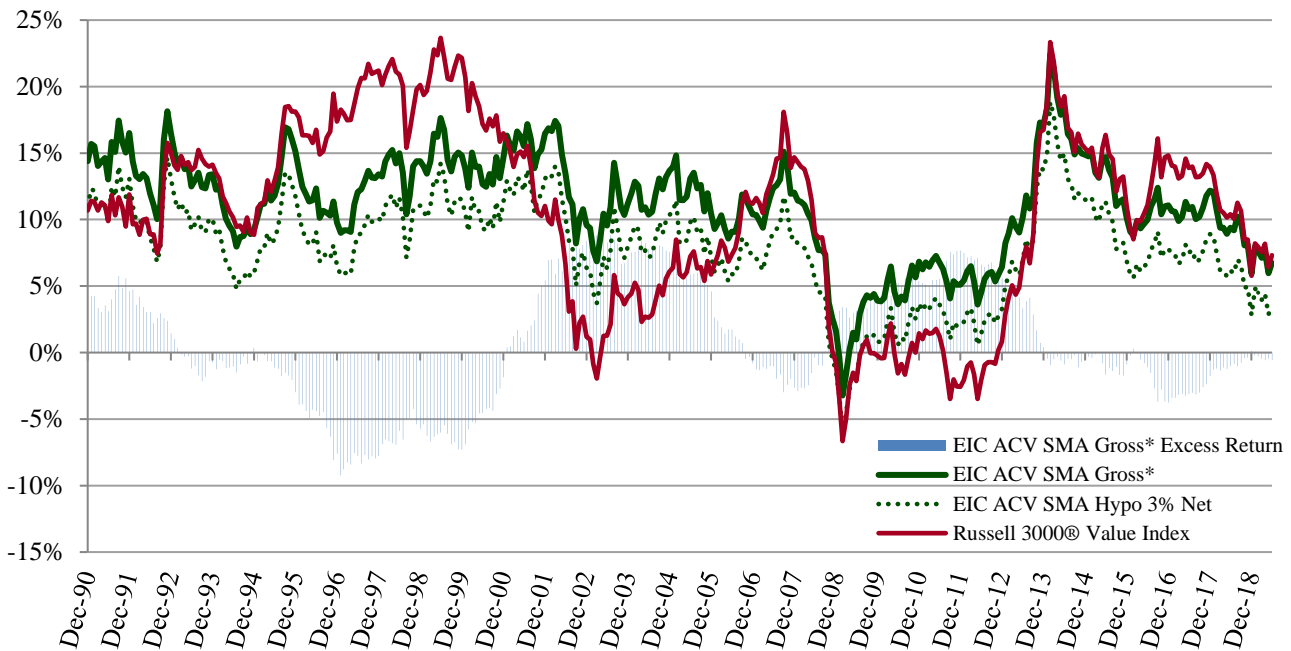
Diversify and under-bet our beliefs. Individual position size and industry limits keep us from the error of overconfidence – believing that we know more than we actually do as passive outside investors without perfect clarity on the future. Further, we push ourselves, when practical and not in conflict with the above guidelines, to own exposures that will diversify our portfolio against a range of outcomes.

The end result of the application of this philosophy has been a narrower range of outcomes, as seen in the following chart, which details the distribution of returns, on a monthly rolling five-year basis since our inception in 1986.



Data Source: EIC, Morningstar Direct SM. Number of rolling 60-month returns for the EIC ACV SMA composite and indices in each range over 343 60-month periods ending 12/31/1990–6/30/2019. Returns for EIC’s ACV SMA composite are gross* (before) and net (after) hypothetical maximum annual SMA fees of 3% *Gross returns are “pure” gross returns, do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to the full disclosure presentation, which is considered an integral part of this report.

In generating this narrower range of returns, we have not sacrificed long-term returns versus the index, though we would note that our results versus the index have been lumpy. Importantly, when underperforming the index, we still tend to deliver strong absolute returns, as shown in the following chart of rolling five-year returns and excess returns versus the index.



Data Source: EIC, Morningstar Direct SM. Rolling returns for the EIC ACV SMA composite and index for 60-month periods ending 12/31/1990–6/30/2019. Excess return measures the difference between the composite return and the index return. Returns for EIC’s ACV SMA composite are gross* (before) and net (after) hypothetical maximum annual SMA fees of 3%.*Excess returns for EIC’s ACV SMA composite are calculated on “pure” gross returns, do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to the full disclosure presentation, which is considered an integral part of this report.

VALUE DISCIPLINE • QUALITY FOUNDATION • GROWTH OBJECTIVE

Portfolio Review⁹

Our most significant portfolio changes during the quarter repositioned our energy exposure, selling Diamond Offshore Drilling, trimming Exxon Mobil, and buying new positions in Total S.A. ADR and Cimarex Energy. Net of these trades, we maintain similar levels of energy sector exposure, roughly in-line with the value indices. We sold Diamond on continued fundamental weakness in deep water offshore drilling. While there are early signs of a rebound, the pace and magnitude of improvement was not sufficient for us in light of upcoming debt maturities. We trimmed Exxon Mobil on relative valuation within the sector.

French-based Total is among the world's largest integrated oil companies, with operations in more than 130 countries. Its exploration and production business is primarily focused in Europe, Africa, and the Middle East – with little exposure to the Americas and no exposure to unconventional US shale production. The company's refinery and petrochemical operations are the second largest in Europe, and its downstream/marketing business is the second largest global distributor outside of North America. Total is a disciplined, conservative capital allocator – a trait it shares with Exxon – with ample dividend coverage and the balance sheet strength to make opportunistic acquisitions such as its recent agreement to acquire Anadarko's African assets (made available due to Occidental buying Anadarko). Total trades at a compelling valuation relative to other supermajors, and a larger than normal discount to Exxon, precipitating our trade.

Cimarex, in contrast with Total's global footprint, operates entirely within two of the largest shale plays in the United States, the Permian basin (Texas/New Mexico) and the Anadarko basin in Oklahoma. The company has among the lowest production and drilling costs of independent exploration and production companies, and a track record of cost-effective production growth. Cimarex recently acquired Resolute Energy, whose assets overlap the company's Permian acreage, creating opportunities for cost savings and productivity improvement. Cimarex has historically demonstrated strong financial discipline relative to peers and maintains an investment grade balance sheet and a conservative cash flow posture. Like Total, Cimarex trades at an unusually low valuation relative to its history.

In addition to the energy sector trades, we sold our position in Qualcomm. Qualcomm had a newsworthy quarter, rising substantially on the settlement of its legal dispute with Apple, then giving back some of that gain when it lost a Federal Trade Commission lawsuit over its pricing practices. The FTC loss brings new earnings uncertainty, thus our sale of the position. Qualcomm was a profitable holding for us, both since its purchase and this quarter, but not as profitable as it would have been had we sold before the FTC ruling.

Finally, we trimmed PepsiCo and PNC Financial Services on price strength, using some of the proceeds to add to Molson Coors and Wells Fargo on price weakness.

Thank you for your continued partnership with EIC and the trust you have placed in us.

Investment Team

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Please see the disclosures on the next page.

Disclosures

¹ EIC's ACV and LCV results are those of our All-Cap Value SMA and Large-Cap Value SMA composites gross* (before) and net (after) assumed maximum annual SMA fees of 3% (0.25% per month). SMA fees include transaction costs, portfolio management, custody, and other administrative fees. *Gross returns for EIC SMA composites are "pure" gross returns, do not reflect the deduction of any expenses, including trading costs, and are presented as supplemental information to the full disclosure presentations which are considered an integral part of this report. All returns include reinvestment of dividends and interest. Indices are unmanaged, do not incur management fees, costs or expenses, and cannot be invested in directly. Past performance is not indicative of future results. **Individual account results may differ from those of a composite.**

² Source: Quoted in "America's expansion is now the longest on record." The Economist (11 July 2019). 12 July 2019 <<https://www.economist.com/leaders/2019/07/11/americas-expansion-is-now-the-longest-on-record>>.

³ Data Source: EIC, Morningstar DirectSM. Russell 3000[®] Value and S&P 500[®] rolling 10-year returns for periods ending 12/31/1995 through 6/30/2019.

⁴ Source: Graham, Benjamin. "Stock Market Warning: Danger Ahead!" California Management Review 2.3 (April 1, 1960):34-41.

⁵ Source: Bloomberg Barclays Global Aggregate Negative-Yielding Bond Index. Quoted in Ryan, Charlotte. "Sub-Zero Bond Yields Force Investors Out of Their Safety Zones." Bloomberg (11 July 2019). 12 July 2019. <<https://www.bloomberg.com/news/articles/2019-07-11/sub-zero-bond-yields-force-investors-out-of-their-safety-zones>>.

⁶ Data Source: S&P Capital IQ. Year-over-year forecast of calendar year 2019 earnings per share growth for S&P 500 and GICS sectors based on consensus earnings estimate. Data as of July 16, 2019.

⁷ Data Source: EIC, S&P Capital IQ. Based on latest closing price to consensus earnings estimate of calendar year 2019 earnings per share for S&P 500. Data as of July 16, 2019.

⁸ Source: Goldman Sachs, @themarketear. Data as of June 20, 2019. Quoted in "The Daily Shot: Not Enough Homes Built to Support Household Formation." The Wall Street Journal (24 June 2019). 5 July 2019. <<https://blogs.wsj.com/dailyshot/2019/06/24/the-daily-shot-not-enough-homes-built-to-support-household-formation>>.

⁹ Portfolio data is from representative All-Cap Value and Large-Cap Value accounts. Actual portfolio holdings may vary for each client, and there is no guarantee that a particular client's account, "wrap," or advisory program will hold any, or all, of the securities identified. The securities identified and described above do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable.

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S&P 500 and Russell indices are sourced from S&P Capital IQ.

All-Cap Value SMA Composite Performance Description

Equity Investment Corporation (EIC) is an SEC registered independent investment advisor incorporated in the state of Georgia. EIC was founded in 1986. Effective September 30, 2016, substantially all of the assets and liabilities of the firm were acquired by three members of the investment team who collectively have more than 40 years of experience at EIC. Accounts continue to be managed using the same investment process, and the firm continues to operate as EIC. Performance numbers (beginning July 1, 1995) are the value-weighted, time-weighted, total return composite results of fully discretionary All-Cap Value equity wrap fee (SMA) accounts. The strategy employs a flexible framework (not constrained by any cap size limitations) of investing in high-quality, well-managed companies, while at the same time avoiding those that look inexpensive relative to their historical record but are actually in structural decline. Prior to January 1, 2013, the composite was called the All-Cap Value Wrap Composite. Returns are generally presented net of foreign withholding taxes on dividends, interest income, and capital gains; however, returns for some accounts are presented gross of foreign taxes depending on the treatment by their custodian. Prior to July 1, 1995, the returns are that of the All-Cap Value composite. Results for the period January 1, 1989, through July 1, 1995, include both SMA and non-SMA accounts. During this period, SMA accounts represent on average 24% of the composite. Since July 1, 1995, SMA accounts comprise 100% of the composite. The composite creation date is July 1, 1995. All accounts included in the composite are managed according to similar investment guidelines. On January 1, 2003, the benchmark (which excludes an advisory fee) was changed retroactively from the S&P® 500 Index to the Russell 3000® Value Index, which is more representative of the composite. Performance includes reinvestment of dividends, and EIC's returns also include interest earned on cash. The Russell 3000® Value Index measures the performance of the largest 3000 US companies in the value segment of the US equity universe. The Russell 3000® Value Index is based on the Russell 3000® Index, a market-capitalization weighted equity index representing approximately 98% of the investable US equity market.

Year Ended Dec - 31	Gross* Rate of Return¹ (Supplemental)	Hypothetical 3% Annual Net Rate of Return¹	Benchmark Return of Russell 3000® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion² of Annual Returns (St Dev)	Number of Portfolios³	Composite Assets (\$ Millions)	Advisory-Only (UMA) and Managed Assets		
									UMA Assets⁴ (\$ Millions) (Supplemental)	GIPS® Firm Assets (\$ Millions)	Total Assets⁴ (\$ Millions) (Supplemental)
2019 (through 6/30)	13.2%	11.5%	16.0%	10.6%	12.2%	0.5%	2286	\$1,160.5	\$1,891.3	\$2,320.4	\$4,211.7
2018	-6.4%	-9.2%	-8.6%	9.3%	11.1%	0.3%	2341	\$1,064.9	\$1,721.0	\$2,219.9	\$3,940.9
2017	15.6%	12.2%	13.2%	8.0%	10.3%	0.4%	2486	\$1,264.8	\$2,044.9	\$2,790.7	\$4,835.6
2016	12.2%	8.9%	18.4%	8.6%	11.0%	0.5%	2893	\$1,406.1	\$2,044.5	\$2,994.4	\$5,038.9
2015	-4.4%	-7.2%	-4.1%	8.9%	10.7%	0.5%	4727	\$1,964.8	\$1,590.0	\$3,658.9	\$5,248.9
2014	14.9%	11.5%	12.7%	8.1%	9.4%	0.5%	5272	\$2,259.6	\$1,657.7	\$3,862.6	\$5,520.3
2013	24.7%	21.1%	32.7%	9.2%	12.9%	0.6%	4290	\$1,703.6	\$1,009.2	\$3,286.3	\$4,295.5
2012	10.0%	6.7%	17.6%	11.5%	15.8%	0.4%	2742	\$1,016.1	\$665.6	\$2,301.1	\$2,966.7
2011	7.4%	4.2%	-0.1%	16.3%	21.0%	0.6%	1398	\$556.0	\$314.5	\$1,127.9	\$1,442.5
2010	18.2%	14.7%	16.2%	18.7%	23.5%	0.5%	937	\$432.6	\$77.9	\$836.9	\$914.8
2009	26.9%	23.2%	19.8%	17.3%	21.3%	1.3%	743	\$282.7	\$10.5	\$541.2	\$551.8
2008	-22.9%	-25.2%	-36.3%	11.7%	15.5%	1.0%	946	\$220.2	\$0.0	\$362.6	\$362.6
2007	3.3%	0.3%	-1.0%	7.0%	8.3%	0.8%	935	\$283.5	\$0.0	\$448.1	\$448.1
2006	16.6%	13.1%	22.3%	6.2%	7.0%	0.8%	758	\$252.7	\$0.0	\$487.2	\$487.2
2005	2.8%	-0.3%	6.9%	8.8%	9.7%	0.7%	675	\$195.5	\$0.0	\$463.6	\$463.6
2004	13.9%	10.6%	16.9%	11.4%	14.8%	0.8%	531	\$137.4	\$0.0	\$388.1	\$388.1
2003	25.2%	21.6%	31.1%	13.6%	16.0%	0.8%	289	\$70.0	\$0.0	\$231.0	\$231.0
2002	-4.1%	-6.9%	-15.2%	15.9%	16.6%	1.5%	59	\$14.6	\$0.0	\$110.7	\$110.7
2001	16.9%	13.5%	-4.3%	15.7%	14.1%	0.8%	13	\$5.4	\$0.0	\$82.2	\$82.2
2000	18.6%	15.2%	8.0%	18.0%	16.8%	0.8%	16	\$6.5	\$0.0	\$62.3	\$62.3
1999	2.1%	-0.9%	6.6%	15.7%	15.9%	1.0%	27	\$13.0	\$0.0	\$64.1	\$64.1
1998	16.2%	12.8%	13.5%	14.5%	14.9%	0.9%	11	\$2.8	\$0.0	\$35.2	\$35.2
1997	30.1%	26.4%	34.8%	8.8%	9.5%	0.8%	12	\$4.9	\$0.0	\$38.8	\$38.8
1996	8.0%	4.8%	21.6%	7.7%	9.2%	0.6%	19	\$16.6	\$0.0	\$69.7	\$69.7
1995	19.7%	16.2%	37.0%	6.2%	8.3%	0.6%	42	\$23.0	\$0.0	\$93.4	\$93.4
1994	0.2%	-2.8%	-1.9%	5.7%	8.2%	0.8%	65	\$32.7	\$0.0	\$92.6	\$92.6
1993	11.3%	8.0%	18.7%	8.0%	9.5%	0.7%	72	\$44.0	\$0.0	\$84.5	\$84.5
1992	10.6%	7.4%	14.9%	12.5%	13.7%	0.9%	69	\$53.3	\$0.0	\$84.1	\$84.1
1991	37.0%	33.0%	25.4%	13.3%	14.5%	1.3%	58	\$35.6	\$0.0	\$48.9	\$48.9
1990	-8.0%	-10.7%	-8.8%	13.2%	13.5%	0.7%	59	\$25.8	\$0.0	\$30.4	\$30.4
1989	20.8%	17.3%	24.2%	18.0%	17.6%	1.6%	51	\$21.4	\$0.0	\$27.8	\$27.8
1988	27.4%	23.7%	23.6%	19.9%	18.9%	1.7%	14	\$6.0	\$0.0	\$8.0	\$8.0
1987	10.6%	7.4%	-0.1%	N/A	N/A	N/A	5	\$0.5	\$0.0	\$0.6	\$0.6
1986	25.0%	21.3%	18.8%	N/A	N/A	N/A	2	\$0.2	\$0.0	\$0.2	\$0.2

Table Notes:

¹ *Gross returns, presented as supplemental information, are “pure” gross and do not reflect the deduction of any expenses, including trading costs, for SMA accounts. “Pure” gross returns from 10/1/02 through 12/31/06, reflect the deduction of trading costs but not any additional expenses. For the period 1/1/89 through 7/1/95, SMA accounts represent on average 24% of the composite assets. Prior to 7/1/95 and for the periods 10/1/02 through 12/31/06, the returns are that of EIC’s All-Cap Value composite. For all other periods, SMA accounts represent 100% of the composite assets. Net returns are calculated by reducing gross returns with an annual SMA fee of 3.0%, applied monthly.

² Dispersion is an asset-weighted standard deviation for the accounts in the composite for the entire year (or year-to-date). “N/A” represents when dispersion is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. For 1986 through 1995 dispersion represents EIC’s All-Cap Value composite, which contains both SMA and non-SMA accounts. For 1996 through 2005, dispersion represents EIC’s internally administered SMA accounts.

³ Number of Portfolios/Composite Assets significantly decreased in 2016 due to transitioning of a major SMA program to a model based (UMA) program during Q416.

⁴ “Total Assets” include our regulatory assets under management (“GIPS® Firm Assets”) and our advisory-only “UMA Assets”. EIC has no trading discretion for UMA accounts and provides a model portfolio to the program sponsor or overlay manager. The “UMA Assets” and “Total Assets ” amounts are shown as supplemental information.

Additional Notes: The three year annualized standard deviation measures variability of the composite (gross of fees) and the benchmark returns over the preceding 36 month period.

Performance has been measured on a monthly basis from January 1, 1986, to present. Periods are geometrically linked to obtain the quarterly and annual results. Eligible new accounts are added to the composite at the beginning of the first full quarter under EIC management. Trade-date accounting with monthly valuations and adjustments for large cash flows are used. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The US Dollar is the currency used to express performance. Returns include the reinvestment of all income. There were non fee-paying accounts during the following years: 1986: 100%; 1987: 36%; 1988: 2%; 1999-2000: 1%; 2010 – 2017: <1%. There are no non fee-paying accounts during any other period. Economic and market conditions have differed over the time period displayed, and likewise will be different in the future. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

EIC claims compliance with the Global Investment Performance Standards (GIPS®) since inception and has prepared and presented this report in compliance with the GIPS® standards. EIC has been independently verified for the periods January 1, 1986, through March 31, 2019. 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 verification reports, as well as a complete list and description of all the firm’s composites, are available upon request by contacting Equity Investment Corporation, 1776 Peachtree Street NW, Suite 600S, Atlanta, GA 30309. Prospective clients should be aware that results are historical and do not imply future rates of return or volatility for EIC or the indices, which may be materially different from the past and from each other.

Investment management fees are based on market values of the assets under management. In addition to a management fee, some accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services. EIC’s maximum annual fees for SMA accounts (charged quarterly) are 0.75%. Total fees charged may equal 3% per year. SMA schedules are provided by independent SMA sponsors and are available upon request from the individual sponsor. Further information about fees and compensation is discussed in EIC’s form ADV Part 2 (www.adviserinfo.sec.gov).

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Large-Cap Value SMA Composite Performance Description

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Year Ended Dec - 31	Gross* Rate of Return ¹ (Supplemental)	Hypothetical 3% annual Net Rate of Return ¹	Benchmark Return of Russell 1000® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion ² of Annual Returns (St Dev)	Number of Portfolios ³	Composite Assets (\$ Millions)	Advisory-Only (UMA) and Managed Assets		
									UMA Assets ⁴ (\$ Millions) (Supplemental)	GIPS® Firm Assets (\$ Millions)	Total ⁴ (\$ Millions) (Supplemental)
2019 (through 6/30)	13.2%	11.5%	16.2%	10.5%	11.9%	0.5%	872	\$294.2	\$1,891.3	\$2,320.4	\$4,211.7
2018	-6.4%	-9.2%	-8.3%	9.1%	10.8%	0.4%	898	\$262.8	\$1,721.0	\$2,219.9	\$3,940.9
2017	15.6%	12.3%	13.7%	7.8%	10.2%	0.7%	902	\$301.6	\$2,044.9	\$2,790.7	\$4,835.6
2016	11.9%	8.6%	17.3%	8.5%	10.8%	0.5%	938	\$289.0	\$2,044.5	\$2,994.4	\$5,038.9
2015	-4.5%	-7.3%	-3.8%	8.9%	10.7%	0.4%	1146	\$318.5	\$1,590.0	\$3,658.9	\$5,248.9
2014	15.0%	11.6%	13.5%	8.1%	9.2%	0.5%	361	\$159.4	\$1,657.7	\$3,862.6	\$5,520.3
2013	24.8%	21.2%	32.5%	9.4%	12.7%	0.5%	863	\$328.7	\$1,009.2	\$3,286.3	\$4,295.5
2012	10.0%	6.8%	17.5%	11.5%	15.5%	0.3%	658	\$197.2	\$665.6	\$2,301.1	\$2,966.7
2011	8.2%	5.0%	0.4%	15.9%	20.7%	0.3%	465	\$130.1	\$314.5	\$1,127.9	\$1,442.5
2010	16.8%	13.4%	15.5%	18.5%	23.2%	0.4%	409	\$98.2	\$77.9	\$836.9	\$914.8
2009	25.0%	21.4%	19.7%	17.2%	21.1%	1.0%	386	\$80.0	\$10.5	\$541.2	\$551.8
2008	-22.8%	-25.2%	-36.9%	12.1%	15.4%	N/A	3	\$0.9	\$0.0	\$362.6	\$362.6
2007	2.1%	-0.9%	-0.2%	6.9%	8.1%	N/A	3	\$1.1	\$0.0	\$448.1	\$448.1
2006	17.7%	14.3%	22.3%	6.0%	6.7%	N/A	3	\$1.0	\$0.0	\$487.2	\$487.2
2005	5.7%	2.6%	7.1%	8.7%	9.5%	0.4%	18	\$9.3	\$0.0	\$463.6	\$463.6
2004	13.1%	9.8%	16.5%	12.7%	14.8%	0.4%	18	\$8.9	\$0.0	\$388.1	\$388.1
2003	23.3%	19.7%	30.0%	14.2%	16.0%	1.1%	21	\$8.5	\$0.0	\$231.0	\$231.0
2002	-9.0%	-11.7%	-15.5%	N/A	N/A	0.5%	42	\$11.0	\$0.0	\$110.7	\$110.7
2001	14.6%	11.3%	-5.6%	N/A	N/A	1.2%	45	\$12.4	\$0.0	\$82.2	\$82.2

¹*Gross returns, presented as supplemental information, are “pure” gross and do not reflect the deduction of any expenses, including trading costs, for SMA accounts. Net returns are calculated by reducing gross returns by an annual SMA fee of 3.0% (0.75%/quarter during 2001 and 0.25%/month thereafter).

²Dispersion is an asset-weighted standard deviation for the accounts in the composite the entire year (or year-to-date). “N/A” represents when dispersion is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

³Number of Portfolios/Composite Assets significantly decreased in Q4 2014 and Q4 2016 due to transitioning of two major SMA programs to model based (UMA) programs.

⁴“Total Assets” include our regulatory assets under management (“GIPS® Firm Assets”) and our advisory-only “UMA Assets”. EIC has no trading discretion for UMA accounts and provides a model portfolio to the program sponsor or overlay manager. The “UMA Assets” and “Total Assets” amounts are shown as supplemental information.

Additional Note: The three year annualized standard deviation measures variability of the composite (gross of fees) and the benchmark returns over the preceding 36 month period.

Performance has been measured on a monthly basis from January 1, 2001, to present. Periods are geometrically linked to obtain the quarterly and annual results. Eligible new accounts are added to the composite at the beginning of the first full quarter under EIC management. Trade-date accounting with monthly valuations and adjustments for large cash flows are used. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The US Dollar is the currency used to express performance. Returns include the reinvestment of all income. During 2002, 2% of the assets are non-fee paying accounts. There are no non-fee paying accounts during any other period. Economic and market conditions have differed over the time period displayed, and likewise will be different in the future. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.

EIC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. EIC has been independently verified for the periods January 1, 1986, through March 31, 2019. 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. The Large-Cap Value SMA composite has been examined for the periods January 1, 2001, through March 31, 2019. The verification and composite examination reports, as well as a complete list and description of the firm's composites, are available upon request by contacting Equity Investment Corporation, 1776 Peachtree Street NW, Suite 600S, Atlanta, GA 30309. Prospective clients should be aware that results are historical and do not imply future rates of return or volatility for EIC or the indices, which may be materially different from the past and from each other.

Investment management fees are based on market values of the assets under management. In addition to a management fee, some accounts pay an all-inclusive fee based on a percentage of assets under management. Other than brokerage commissions, this fee includes portfolio monitoring, consulting services, and in some cases, custodial services. EIC's maximum annual fees for SMA accounts (charged quarterly) are 0.75%. Total fees charged may equal 3% per year. SMA schedules are provided by independent SMA sponsors and are available upon request from the individual sponsor. Further information about fees and compensation is discussed in EIC's form ADV Part 2 (www.adviserinfo.sec.gov).

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