

EQUITY INVESTMENT CORPORATION

2020 Second Quarter Commentary All-Cap Value & Large-Cap Value

July 2020

The stock market rebounded sharply in the second quarter of 2020. Our All-Cap Value SMA (ACV) and Large-Cap Value SMA (LCV) composites gained 15.3% and 15.5% gross*, respectively. Net of an assumed maximum annual 3% SMA fee, our ACV and LCV composites increased 14.4% and 14.6%¹. In comparison, the Russell 3000[®] Value Index (R3000V) grew 14.6% and the Russell 1000[®] Value Index (R1000V) rose 14.3%, while the more growth-oriented S&P 500[®] Index (S&P) climbed 20.5%.

Despite the strong gains in the second quarter, most equity indices remained in the red year-to-date. Our ACV and LCV composites declined 11.6% and 11.7% gross*, respectively. Net of an assumed maximum annual 3% SMA fee, our ACV and LCV composites fell 12.9% and 13.1%. The R3000V sank 16.7% and the R1000V dropped 16.3%, while the S&P decreased by 3.1%.

Market Commentary

There has been a strong correlation between market capitalization and performance so far this year. As shown in the table below, the largest five stocks (i.e. Apple, Microsoft, Amazon, Alphabet, and Facebook) now account for 19% of the total value of the Russell 3000[®] Index, the highest in more than 40 years, and were up a median 25% year-to-date through June 30, 2020. The next 45 stocks, which are classified (along with the top 5) as Mega-Caps, were flat for the year. The median return for Large-Caps was -4%; Mid-Caps fell 10%; and, Small-Caps brought up the rear, declining 22% year-to-date.

Russell 3000 [®]	% of Index Market Cap	Median YTD Performance	Median Valuation at 6/30/2020			
			P/E Trailing	P/E Forward	EV/ Sales	Price/ Book
Top 5	19%	25%	33x	32x	6x	14x
Mega-Caps	27%	0%	26x	24x	5x	5x
Large-Caps	25%	-4%	24x	23x	5x	5x
Mid-Caps	24%	-10%	24x	23x	4x	3x
Small-Caps	6%	-22%	15x	17x	2x	2x

Data Source: S&P Global Market Intelligence, see note 2.

Of particular interest and frustration to value investors is that these best-performing stocks are also the most expensive on any valuation measure, while the worst-performing stocks are the cheapest. This year's market environment has been one where lower valuations not only did not help but generally hurt returns.

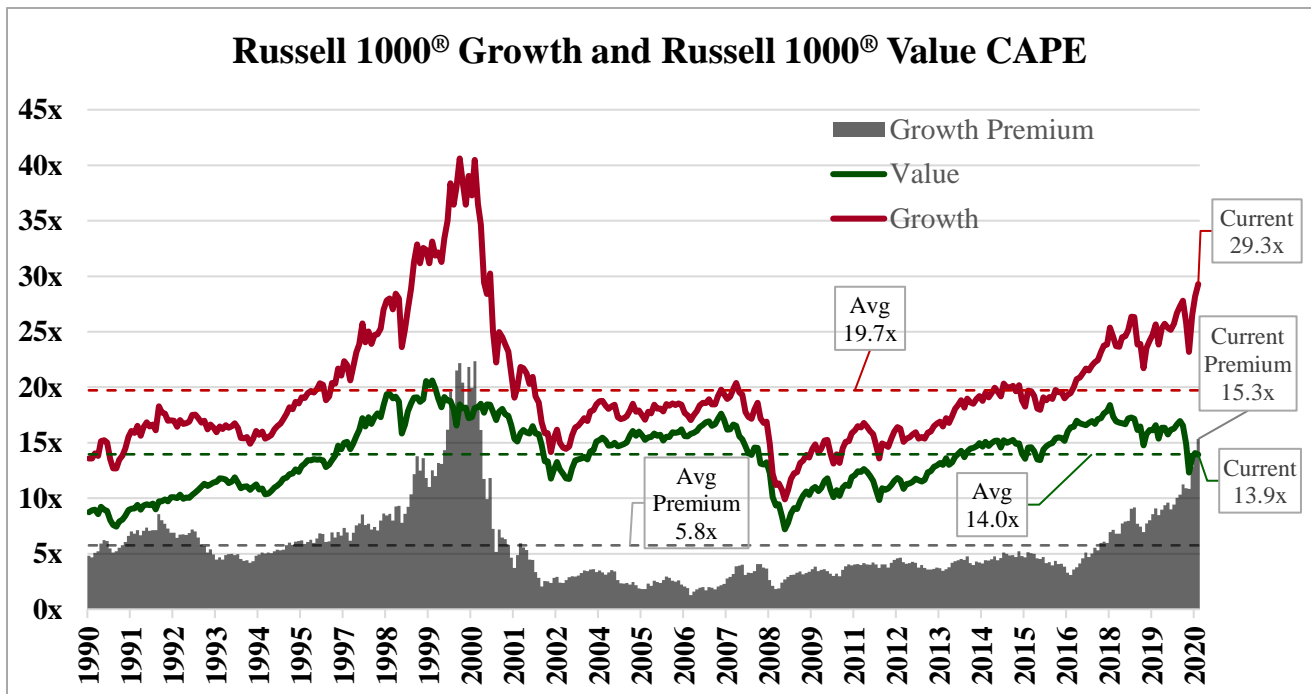
Recessions are typically a cause for elevated market volatility as near-term visibility is minimal compared to the magnitude of ultimate earnings declines and the timing of recovery. Business shutdowns related to the coronavirus pandemic, whether government mandated or driven by consumer caution, caused an unprecedented decline in output and employment in a very short time. While there have been positive

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developments in terms of treatments and best practices that have brought down the mortality rate, the recent spike in cases has reinforced the idea that until there is either a vaccine or herd immunity, COVID-19 will be with us for an indeterminate, but likely lengthy, amount of time. This uncertainty is unnerving to investors.

Consequently, certain industries like brick-and-mortar retail, restaurants, travel, commercial real estate, and banking have been hit hard, and there is deep skepticism about these areas returning to anything resembling normalcy for some time. Nevertheless, there are pockets of resiliency, if not outright strength, notably in housing, online retail, and most outdoor-oriented consumer discretionary categories, including big-ticket items such as boats, motorcycles, and RVs. Moreover, certain segments of technology that had already been experiencing secular tailwinds remain strong. For example, remote work trends have accelerated the need for spending on software, data, and cloud solutions.

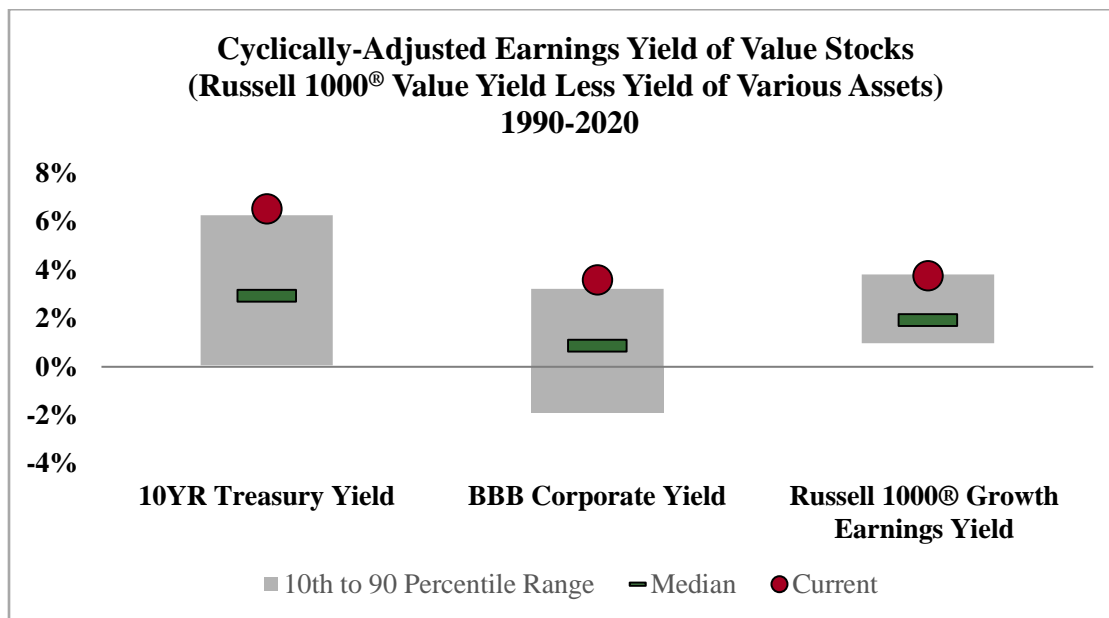
The product of this confluence of events is an anxious market that swings on daily data but in general has a bleak view of industries negatively affected by the pandemic, while simultaneously exhibiting over-optimism towards near-term beneficiaries of the pandemic. It seems as if a lesser version of the 2008 recession and financial scare is occurring simultaneously with a mini-version of the 1999 tech bubble. Correspondingly, the relative attractiveness of value versus growth, a trend we have noted for some time, has widened further this year, as seen in the graph below.



Data Source: S&P Global Intelligence, see note 3.

Using a 10-year average to smooth out earnings volatility, growth stocks currently trade north of 29x earnings, a valuation level surpassed only by the late-90s tech bubble and significantly above their long-term average CAPE of around 20x. At the same time, value stocks are trading right in line with their historic average valuations of 14x earnings, much cheaper than they were during the tech bubble. While growth stocks typically trade at a premium to value stocks, more expensive by roughly 6x earnings on average, the market movement this year has widened that spread to just over 15x earnings, again matched only during the peak years of the tech bubble.

Looking at this spread another way, and thinking about rational investors putting money to work to earn returns, the following graph shows that the earnings yield of value stocks (the reciprocal of the R1000V CAPE ratio, or earnings over price) is currently in the top 10% of observations relative to growth stocks and other investment alternatives. Today, investors are earning roughly 650 basis points (bps) in value stocks over 10-Year U.S. Treasuries, versus a long-term average of about 300bps. Compared to BBB corporate bonds, investors are currently earning an extra 350bps with value stocks, versus a long-term average of 100bps. Lastly, value stocks are presently offering investors almost 400bps of extra yield above that of growth stocks, versus a long-term average of 200bps.



Data Source: S&P Global Market Intelligence, Moody's, see note 4.

Over the long term, value has outperformed growth on a total return basis. For the last 10 years, however, growth stocks outperformed largely due to multiple expansion (P/E) rather than improving fundamentals (earnings and dividends).⁵ Prospectively, at current relative earnings yield levels, for growth stocks to continue outperforming, they either need to realize relative multiple expansion beyond even today's near-historic highs or grow earnings much faster than they have in the past, both of which we think are unlikely.

Today's uncertainty feels similar to 2008 – the problems before us seem vast, we don't know how or when they will end, and what permanent damage, if any, they will cause. Our role, as always, is to carefully and dispassionately assess these risks and construct portfolios to help our clients meet their goals. We rarely deal in certainties, but here are a few things that we view as likelihoods:

This Too Shall Pass

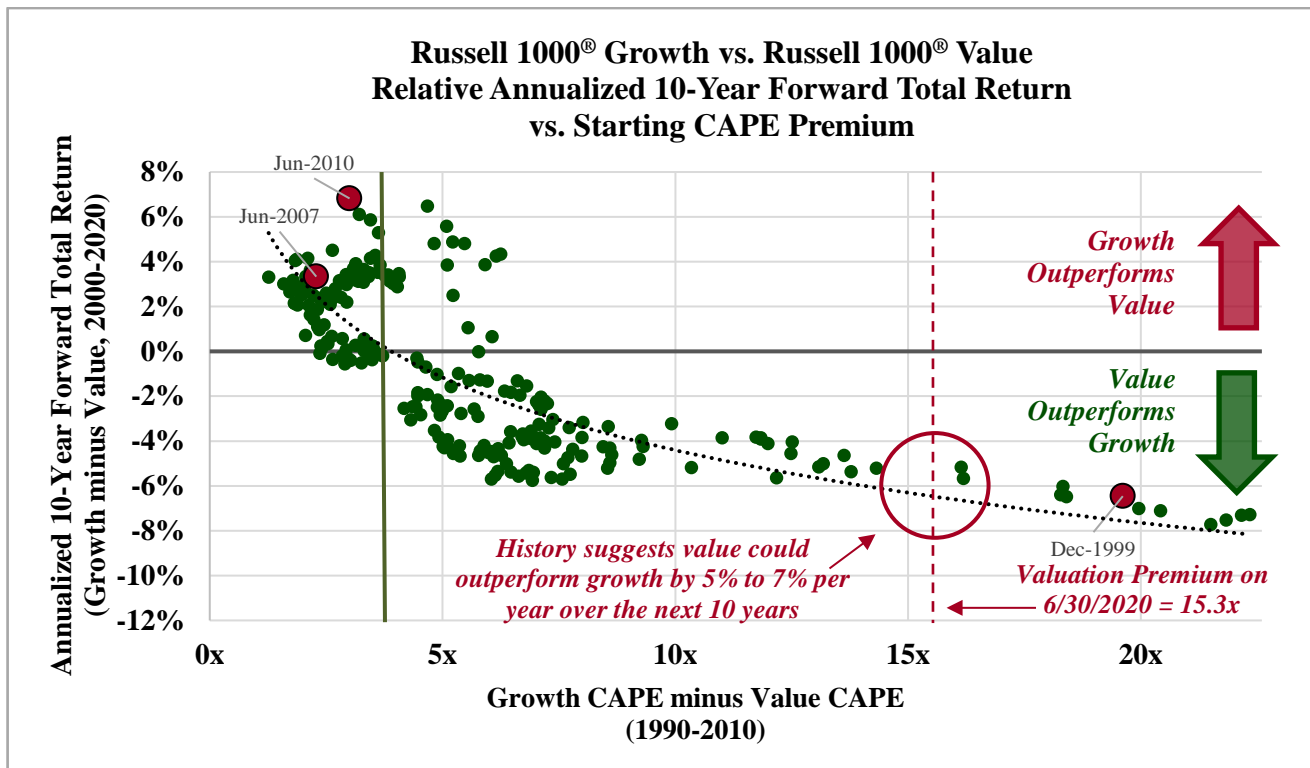
Setting aside frustrations over the recent flare-up in COVID-19 cases, relative to the onset of the outbreak treatments have improved, and there is a greater knowledge of the groups most at risk and how to protect them. As a result, the mortality rate has progressively declined. Moreover, several large pharmaceutical companies are fast-tracking promising vaccines that may be ready as soon as late 2020. And Americans, particularly with the recent flare-ups, are becoming more comfortable with best practices including social distancing and wearing masks. When we eventually put this behind us, life should return to a more normal state of affairs, much as it did for other seemingly permanent shocks to our systems such as the Spanish flu pandemic of 1918 and the terrorist attacks on September 11, 2001.

The Benefit of Active Management

Before 2020, the preceding five years featured below historical average volatility and a growing concentration at the top of the S&P 500, making the index difficult to beat unless invested in those largest companies. Today, the top five companies account for a record 19% of the Russell 3000 Index's market capitalization and even more of the S&P. And, they have become increasingly expensive. Even beyond the top five, there is a historically wide divergence between cheap and expensive stocks. Some of these higher-priced growth stocks will prove themselves worthy of their lofty valuations, but many likely will not. Conversely, there are some incredibly attractive investments in the value space that should provide good returns moving forward, but there are also many landmines – companies that were struggling before the current pandemic and will probably continue to do so, or companies that do not have the right capital structure or business model to survive a prolonged downturn. We have always managed through risks, be they valuation, credit, or other, and today those risks are elevated. Our history is one where our alpha increases as market volatility picks up, and we expect to deliver similar results going forward.

Valuation Ultimately Matters

Below is an updated chart that we have shared in recent quarters. It shows the starting premium for growth stocks versus value stocks (horizontal axis) and the subsequent 10-year out- or under-performance of growth stocks (vertical axis). Generally, the greater the starting premium for growth stocks, the worse they perform relative to value stocks over the ensuing 10-year period. While growth has outperformed value for over a decade, that was largely based on significant valuation expansion, not on earnings and dividend growth. As the valuation differential widens, the higher earnings yields on value stocks improve their odds versus growth stocks. At current valuation spreads, history suggests the next decade could favor value over growth, perhaps by a significant margin.



Data Source: S&P Global Market Intelligence. See note 6.

Portfolio Positioning⁷

During the quarter, turnover in our portfolios remained elevated, though at a slower pace than in the first quarter. We sold completely out of two positions, eBay and PepsiCo, based on valuation. They are perceived beneficiaries of the COVID-19 environment, rising in the crisis and ultimately hitting our targeted sell price. We trimmed quite a few holdings, again based primarily on valuation, including Johnson & Johnson, Kroger, Lowe's, National Grid, Sysco, and Target.

We modestly added to several holdings including AGNC Investment, Exelon, Globe Life, Hartford Financial Services, and Wells Fargo. Finally, we purchased two new positions, Empire State Realty Trust (in ACV only) and PPL Corporation. As a result of this activity, cash levels in our representative portfolios increased slightly over the quarter to 7-8% from 5-6% at the end of the first quarter.

For a while now, we have had difficulty finding attractive opportunities in the real estate sector. Real Estate Investment Trusts (REITs) that appeared to be reasonably priced (e.g. shopping mall REITs) were facing significant challenges, while more fundamentally sound opportunities (e.g. industrial or apartment REITs) were too expensive to meet our valuation criteria. The current crisis, though, has created extremely wide divergences in stock performance and generated some interesting investment opportunities, one of which we believe is Empire State Realty Trust (ESRT).

ESRT owns 10 million square feet of office buildings in Manhattan and the greater New York area. As its name suggests, the company's prized asset is the Empire State Building, which accounts for almost 30% of the company's footprint and supports what is in normal times a highly cash-generative observation deck. Many tenants have requested rent deferrals, and the Empire State Building observation deck is currently closed. Nonetheless, we believe there are reasons to be optimistic about the company's future, particularly in light of the price we paid for the stock. Moreover, office space is typically leased for years at a time, providing some income protection in weaker environments. The observation deck has demonstrated strong admission ticket pricing power and will reopen at some point. With \$1.0 billion of cash (for a company with a \$2.0 billion market cap), ESRT's solid balance sheet should give it staying power and allow it to go on offense, acquiring attractively priced properties in the not-too-distant future. And finally, we believe the price paid provides a healthy margin of safety – shares currently trade at less than \$300 per square foot, a bargain for predominantly Manhattan-based real estate, and well below replacement cost.

PPL Corporation (PPL) is a regulated utility operating in Pennsylvania, Kentucky, and the United Kingdom. The company primarily engages in the distribution and transmission of electricity, though it also owns regulated generation facilities, most of which are coal power plants in Kentucky (these comprise 18% of its regulated assets). Importantly, the company maintains a strong balance sheet (A- rated)⁸ and returns for all its businesses – including its coal power plants – are regulated, providing reasonable protection and visibility to medium-term cash flows. In many ways, recent share-price weakness (the stock is off more than 25% this year) is at odds with the resiliency of its earnings. Finally, despite generating attractive returns on capital, the company trades at a significant discount to its utility peers and currently pays an attractive, well-covered dividend (6.5% yield).

We don't target sector weightings either in an absolute sense or relative to market indices; they are instead principally a result of stock selection. Still, at times it is useful to see how sector allocations impact portfolio positioning. We remain overweight in energy and financials relative to both the R3000V and R1000V, and more so relative to the S&P. We believe that investors are "fighting the last battle" in pricing banks just as they did in the 2008 financial crisis, despite a situation today that is vastly improved, with lower leverage and better asset quality. We think this was affirmed by the Federal Reserve's recent round of bank stress tests

and should begin to be appreciated by investors going forward. In the energy sector, we are focusing on companies with sound capital structures, the ability to endure a long commodity price downturn, and positioned to benefit considerably in any recovery. We also continue to be overweight in healthcare and are finding some values in the utility sector.

Overall, the portfolios' holdings are well diversified across sectors, reasonably priced, and conservatively capitalized, with no high-yield-rated exposure and an average credit rating of A to A-.⁹ We believe the diversity, quality, and valuation of the portfolios position them to deliver reasonable returns over the long term while safeguarding against extraordinary volatility and reliance on any one economic or market outcome.

As always, we thank you for your continued partnership with EIC.

Investment Team

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Disclosures

¹EIC'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. Client net returns are reduced by EIC's management fees or may possibly be reduced by brokerage firm wrap fees, which include transaction costs, portfolio management, custody, and other administrative fees.***

²Russell 3000 Index constituents. Market capitalization at June 30, 2020. Mega-Caps: companies ranking 1-50 by market capitalization. Large-Caps: companies ranking 51-200 by market capitalization. Mid-Caps: companies ranking 201-1000 by market capitalization. Small-Caps: companies ranking 1001-3000 by market capitalization. Valuation as of June 30, 2020. P/E trailing: Price to last 12 months diluted earnings per share. P/E Forward: Price to next 12 months earnings per share. EV/Sales: Total enterprise value to last 12 months total revenues. P/B: Price to book value per share.

³Russell 1000 Growth modified CAPE (red line), Russell 1000 Value modified CAPE (green line), Russell 1000 Growth modified CAPE premium over Russell 1000 Value modified CAPE (gray area) for each month-end January 31, 1990 to June 30, 2020. Modified CAPE (Cyclically Adjusted Price-to-Earnings) is the ratio of index prices to trailing 10-year average index level earnings before taxes (EBT) calculated on a time-weighted basis. Annual index level EBT is imputed by dividing the year-end index price by an aggregated price to EBT multiple of index constituents.

⁴CAPE yield on Russell 1000 Value less 10-year Treasury Bond Yield, CAPE yield on Russell 1000 Value less CAPE Yield on Russell 1000 Growth, CAPE yield on Russell 1000 Value less Moody's Seasoned Baa Corporate Bond Yield, January 31, 1990 to June 30, 2020. Moody's Seasoned Baa Corporate Bond Yield [DBAA], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/DBAA>, July 7, 2020.

⁵Data Source: S&P Global Market Intelligence. Cumulative Russell 3000 Value Index returns relative to cumulative Russell 3000 Growth Index returns for the 20 years ended June 30, 2020. Total Return: Relative total return of the Russell 3000 Value Index vs. the Russell 3000 Growth Index for 10 years ended June 30, 2020. Valuation Change: Multiple expansion defined by the relative valuation of the Russell 3000 Value Index P/E vs. the Russell 3000 Growth Index P/E at the end of the period divided by their relative valuation at the beginning of the period. Fundamental Return: Earnings growth and dividends defined by the relative Total Return of Russell 3000 Value Index vs. Russell 3000 Growth Index minus relative Valuation Change.

⁶Russell 1000 Growth modified CAPE premium over Russell 1000 Value modified CAPE (x-axis) for each month-end January 31, 1990 to June 30, 2010, plotted against the annualized 10-year forward total return difference between the Russell 1000 Growth and Russell 1000 Value (y-axis) for each month-end January 31, 2000 to June 30, 2020.

⁷Portfolio 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.

⁸Data Source: S&P Global Market Intelligence as of June 30, 2020. Credit-quality ratings represent Standard & Poor's opinion as to the quality of the securities they rate. The ratings range from AAA (extremely strong capacity to meet its financial commitments) to D (in default). Ratings are relative and subjective and are not absolute standards of quality.

⁹Data Source: S&P Global Market Intelligence as of June 30, 2020. The ratings provided relate to the credit-quality ratings of the underlying securities within the representative All-Cap Value and Large-Cap Value portfolios and not the portfolios themselves.

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Equity Investment Corporation

All-Cap Value SMA Composite Report

Advisory-Only (UMA) and Managed Assets

Year Ended Dec - 31	Gross* Rate of Return ¹ (Supplemental)	Assumed 3% Annual Net Rate of Return ¹	Benchmark Return of Russell 3000® 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)	UMA Assets ⁴ (\$ Millions) (Supplemental)	GIPS® Firm Assets (\$ Millions)	Total Assets ⁴ (\$ Millions) (Supplemental)
2021	31.0%	27.2%	25.4%	17.1%	19.3%	0.8%	1565	\$937.9	\$2,108.2	\$2,027.4	\$4,135.6
2020	5.0%	1.9%	2.9%	17.3%	20.0%	1.0%	1574	\$784.3	\$1,694.6	\$1,607.6	\$3,302.2
2019	22.7%	19.1%	26.3%	10.6%	12.0%	0.6%	2065	\$1,151.4	\$1,942.4	\$2,245.1	\$4,187.5
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 assumed 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) and is calculated using gross returns. “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.

Equity Investment Corporation

All-Cap Value SMA Composite Report

Disclosures:

Equity Investment Corporation (EIC) is an SEC-registered, independent investment adviser incorporated in the state of Georgia. EIC has been providing investment advisory services to clients since 1986.

From January 1, 1986, through December 31, 1999, Jim Barksdale was primarily responsible for creating and achieving the performance results. Over that time period, the All-Cap Value SMA composite gained 14.4% (annualized) (11.1% net of an assumed 3% fee), while the Russell 3000® Value Index rose 15.6% (annualized).

Andrew Bruner joined as the second member of EIC's investment team in December 1999. From that point through the present day, portfolios have been managed using a team-based approach. Terry Irrgang became the third member of our investment team in April of 2003. Ian Zabor became the fourth member of our team, joining EIC in July of 2005. From January 1, 2000 through December 31, 2021, our investment team was responsible for the All-Cap Value SMA composite increasing by 10.5% (annualized) (7.3% net of an assumed 3% fee); the Russell 3000 Value Index gained 7.8% (annualized).

Effective September 30, 2016, we implemented a succession plan to ensure the continuity and stability of our firm. In a transaction that closed on that date, a new investment adviser entity formed by Messrs. Bruner, Irrgang, and Zabor purchased substantially all of the assets and assumed all of the liabilities necessary for EIC's continuous operation from Mr. Barksdale. That new registrant succeeded to all of EIC's business. As planned, Mr. Barksdale's tenure at EIC ended in August of 2019 when his transitional employment agreement expired. From the date of the succession through December 31, 2021, our investment team was responsible for the All-Cap Value SMA composite advancing by 13.0% (annualized) (9.7% net of an assumed 3% fee), versus an 11.9% (annualized) increase for the Russell 3000 Value Index.

During all times after 1999, our investment team has been responsible for achieving the performance results shown in the table on page 1.

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, and the inception date is January 1, 1986. All accounts included in the composite are managed according to similar investment guidelines. The benchmark index is the Russell 3000 Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. 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.

Equity Investment Corporation

All-Cap Value SMA Composite Report

Disclosures (cont.):

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 investments, calculating performance and preparing GIPS Composite Reports 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 September 30, 2021. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to the composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. 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. The firm’s list of broad distribution pooled funds is available upon request. 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 provided by a program sponsor. The assumed maximum fees for SMA accounts (charged quarterly) are 0.75%. Total fees charged may equal 3% per year (which is assumed to be equal to or higher than the highest actual SMA fee charged by a program sponsor). 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).

London Stock Exchange Group plc (“LSE Group”) is the source and owner of FTSE Russell index data. FTSE Russell is a trading name of certain of the LSE Group companies. “Russell®” is a trade mark of the relevant LSE Group companies and is used by any other LSE Group company under license. All rights in the FTSE Russell indexes or data vest in the relevant LSE Group company which owns the index or the data. Neither LSE Group nor its licensors accept any liability for any errors or omissions in the indexes or data and no party may rely on any indexes or data contained in this communication. No further distribution of data from the LSE Group is permitted without the relevant LSE Group company’s express written consent. The LSE Group does not promote, sponsor or endorse the content of this communication. FTSE Russell Index information is sourced via S&P Capital IQ^{PRO}.

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Equity Investment Corporation

Large-Cap Value SMA Composite Report

Year Ended Dec - 31	Gross* Rate of Return ¹ (Supplemental)	Assumed 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)
2021	30.9%	27.1%	25.2%	17.1%	19.1%	0.8%	548	\$235.1	\$2,108.2	\$2,027.4	\$4,135.6
2020	4.3%	1.2%	2.8%	17.3%	19.6%	0.8%	590	\$206.6	\$1,694.6	\$1,607.6	\$3,302.2
2019	22.6%	19.1%	26.5%	10.6%	11.8%	0.6%	786	\$279.4	\$1,942.4	\$2,245.1	\$4,187.5
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

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. Net returns are calculated by reducing gross returns by an assumed annual SMA fee of 3.0% (0.75%/quarter during 2001 and 0.25%/month thereafter).

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

³ Number 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.

Equity Investment Corporation

Large-Cap Value SMA Composite Report

Disclosures:

Equity Investment Corporation (EIC) is an SEC-registered, independent investment adviser incorporated in the state of Georgia. EIC has been providing investment advisory services to clients since 1986.

From January 1, 1986, through December 31, 1999, Jim Barksdale was primarily responsible for creating and achieving the performance results. Andrew Bruner joined as the second member of EIC's investment team in December 1999. From that point through the present day, portfolios have been managed using a team-based approach. Terry Irrgang became the third member of our investment team in April of 2003. Ian Zabor became the fourth member of our team, joining EIC in July of 2005.

Effective September 30, 2016, we implemented a succession plan to ensure the continuity and stability of our firm. In a transaction that closed on that date, a new investment adviser entity formed by Messrs. Bruner, Irrgang, and Zabor purchased substantially all of the assets and assumed all of the liabilities necessary for EIC's continuous operation from Mr. Barksdale. That new registrant succeeded to all of EIC's business. As planned, Mr. Barksdale's tenure at EIC ended in August of 2019 when his transitional employment agreement expired.

Our investment team has been responsible for achieving the performance results shown in the table on page 1.

Performance numbers are the value-weighted, time-weighted, total return composite results of fully discretionary Large-Cap Value equity wrap fee (SMA) accounts managed in the style of the firm's traditional value methodology with a large-cap bias. The strategy employs a flexible framework 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 Large-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. The composite creation and inception date is January 1, 2001, and SMA accounts comprise 100% of the composite. The benchmark index is the Russell 1000® Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It is a subset of the Russell 3000® Value Index and includes those Russell 1000® companies with lower price-to-book ratios and lower expected long-term mean earnings growth rates. The Russell 1000 represents approximately 90% of the investable US equity market.

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 investments, calculating performance and preparing GIPS Composite Reports are available upon request.

Equity Investment Corporation

Large-Cap Value SMA Composite Report

Disclosures (*cont.*):

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