EQUITY INVESTMENT CORPORATION

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

October 2020

The stock market advanced for the second quarter in a row. For the third quarter, our All-Cap Value SMA (ACV) and Large-Cap Value SMA (LCV) composites rose 3.0% and 3.1% gross*, respectively. In comparison, the Russell 3000® Value Index (R3000V) gained 5.4%, and the Russell 1000® Value Index (R1000V) increased 5.6%, while the more growth-oriented S&P 500® Index (S&P) added 8.9%. Net of an assumed maximum annual 3% SMA fee, our ACV and LCV composites correspondingly increased by 2.2% and 2.3%.[1]

Year to date, our ACV and LCV composites declined 8.9% and 9.0% gross*, respectively, outperforming the R3000V, which dropped 12.2%, and the R1000V, which fell 11.6%. In contrast, the S&P 500 climbed 5.6% year to date. Net of an assumed maximum annual 3% SMA fee, our ACV and LCV composites decreased 11.0% and 11.1%, in turn.

Investment Environment: Is 2020 the permanent state of affairs?

The top five names in the S&P (Apple, Microsoft, Amazon, Google, and Facebook) are all up strongly this year. As a result, those top five now account for nearly 23% of the total index weight, a level that surpasses the index concentration in the tech-bubble and approaches levels not seen since the 1960s and '70s.[2] Meanwhile, in the broader Russell 3000® Index, the median stock is still down 15% year to date and down nearly 30% from its 52-week high.[3]

While value stocks outperformed growth stocks during September, they remain deeply out of favor compared to growth. In fact, looking at over 25 years of style data, value stocks posted their worst relative performance ever in the year ended August 2020 when the Russell 3000® Growth Index (R3000G) rose 42.6% versus just a 0.4% increase for the R3000V, a stunning 42.4% spread. For perspective, in the year ended February 2000, at the tech bubble's height, the largest spread occurred when the R3000G gained 35.1% versus a decline of 2.3% for the R3000V.[4]

Relative to value, the majority of growth's outperformance this year, and indeed over the past few years, has come from multiple expansion rather than improving fundamentals. As seen in the following chart, growth stocks are now nearly as expensive as they were at the tech bubble's top in 2000. Value stocks, meanwhile, trade roughly in line with historical average valuations and more cheaply than during the tech bubble. Thus, the spread or premium paid for growth over value is even closer to the tech-bubble peak when measured in relative terms.

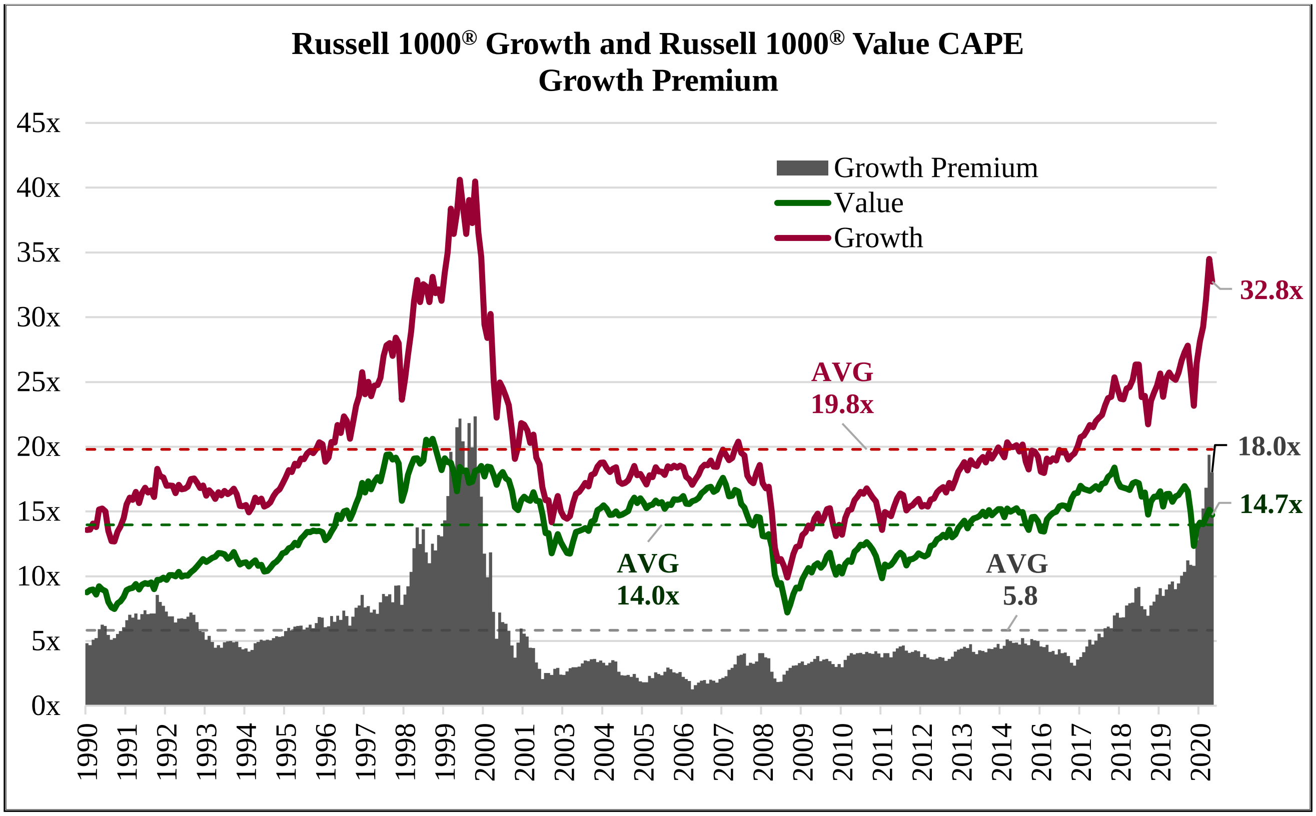

Chart 1 Data Source: S&P Global Intelligence. See footnote 5.

While we have discussed the richness of the growth universe and the relative attractiveness of value for several years now, the 2020 market environment's unique nature has only exacerbated those trends. The uncertainty and novelty of the COVID-19 pandemic introduced a deeply bifurcated market of haves and have nots. Any companies that have facilitated remote work or remain open and service consumer demand saw their share prices soar. Conversely, any sectors or companies directly impacted by COVID-19 related closures or demand curtailment were punished. This divergence has cut across traditional sector lines, with some stocks previously thought of as safe faring poorly this year. In contrast, amid one of the deepest recessions on record in terms of unemployment and Gross Domestic Product (GDP) declines, several deeply cyclical discretionary and technology names have been safe havens.

Against this backdrop of extreme stock market winners and losers, there is increasing evidence that the economy is bouncing back. While the rebound is uneven and businesses most directly affected by COVID-19 (e.g., restaurant dining and air travel) remain significantly depressed, manufacturing, employment, new business creation, and consumer sentiment all point to economic recovery. Some businesses, such as housing and other big-ticket consumer discretionary categories, are quite strong, providing fuel to the rebound and supporting the idea that the consumer is healthier than was feared in March and in much better shape than in 2008. While COVID-19 has accelerated several pre-existing trends, and some of its consequences will persist, a crucial implication of the emerging recovery is that business activity should revert toward pre-pandemic norms. In contrast, the market is pricing in a continuation of this year's unusual trends.

A longer-term look at value

It may seem that underperformance of the magnitude experienced by value stocks over the last few years has an air of permanence to it, but it's worth looking at the historical record, as seen in the next chart.

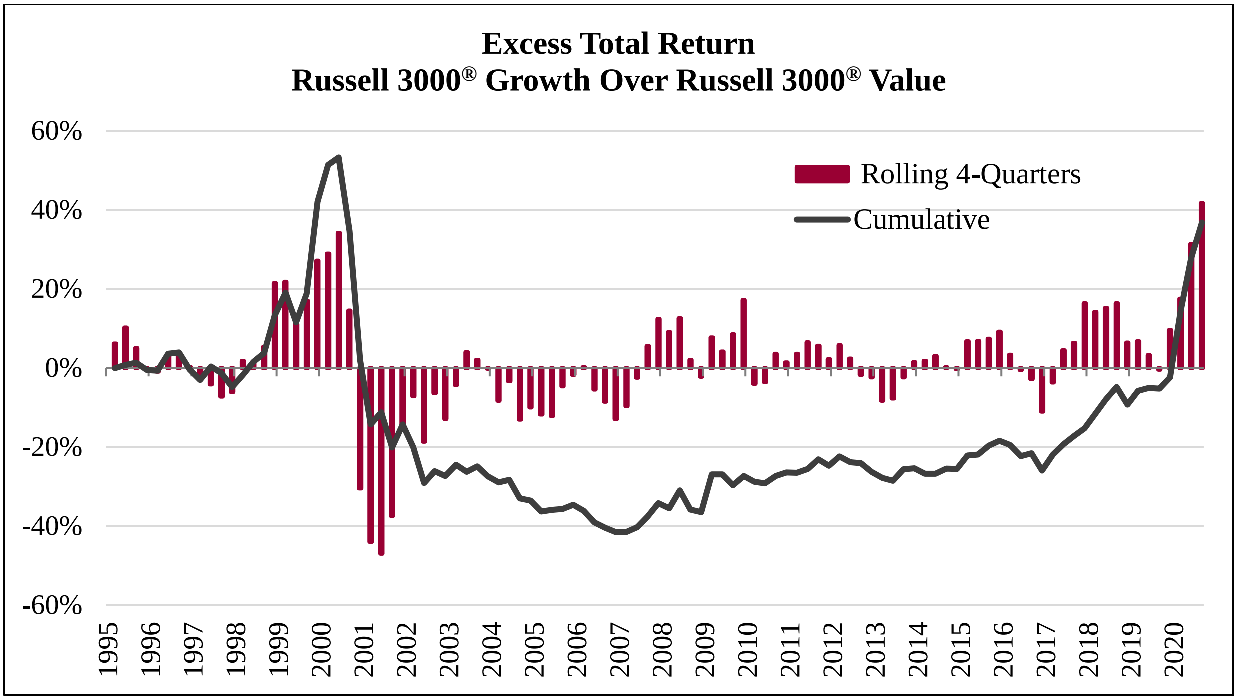

Chart 2 Data Source: S&P Global Market Intelligence. See footnote 6.

For most of the mid-1990s, the performance of growth and value stocks was neck and neck. In 1998, growth started to pull away, propelled higher in 1999, peaked in 2000, and just as quickly fell back to earth in terms of performance parity with value. But then, because of a combination of modestly disappointing fundamentals, still elevated valuations, and a lack of momentum, growth continued to underperform value until bottoming in 2007. Growth started outperforming value from that point forward, although it has only been in 2020 that growth has pulled even with and surpassed value's longer-term performance. Even with this year's incredible performance spread, growth has *still* underperformed value from the market's peak in 2000.[7]

Our view of the superiority of value from current starting levels is not just a simplistic call for mean reversion of valuations, though that has happened in the past and would favor value. Rather, a cheaper entry price increases an investor's odds of outperformance, even accounting for higher earnings growth in the growth-stock universe. Our research shows that, whether a value or a growth stock, the majority of company earnings are used for either dividends or share buybacks. The lower a price an investor pays for today's earnings, the better the total return on that investment in either increased dividend yield or higher earnings per share (EPS) growth due to more significant share buybacks at lower prices.

Undoubtedly, there will continue to be individual winners in the growth space. But for the performance math to collectively work for growth stocks from here, they will need to further expand multiples or deliver higher long-term earnings growth than they have historically generated, an observation that we think is lost on most investors. We cannot predict how far the growth-value divergence will reach or when and how it will correct. However, at current levels, we believe that value stocks offer reasonable future returns, while growth stocks are priced for minimal forward returns or worse. In short, the odds have shifted dramatically in favor of value.

Portfolio Positioning[8]

We initiated two new purchases during the quarter and completed several trims and adds, all with the idea of reducing exposure to stocks with overly optimistic valuations while increasing exposure to cheaper but still high-quality stocks. At quarter-end, our representative portfolios traded at an average price-to-earnings ratio of 16.4x, generated a 21% return on equity,[9] paid a 3.2% dividend yield, and carried an average credit rating of single-A.[10]

In August, we completed a new buy of Walgreens Boots Alliance (WBA). WBA operates the largest retail pharmacy network in the United States (US) and worldwide. Within the US, where WBA earns the bulk of its consolidated profit, the company has approximately a 21% share of retail prescriptions dispensed. WBA also owns a 28% stake in AmerisourceBergen (ABC), another EIC holding. In recent years, WBA has struggled with margin pressure, which has driven adjusted profit down by about 35% since 2018. Pharmacy benefit manager consolidation and public pressure to reduce drug prices have led to a persistent decline in reimbursement rates passed on to retail pharmacies. More recently, increased price transparency on retail goods and de-emphasis of tobacco products have weighed on high-margin sales in the front of the store. While we expect reimbursement pressures to persist, there are signs of stabilization in the convenience store business. In our view, the good news is that there is little evidence of pharmacy traffic degradation, and the company continues to consistently grow revenue. With the stock currently trading at a price multiple of roughly 7.5x expected 2020 EPS (or 6.7x excluding its ABC stake), the market is pricing in a perpetual decline in earnings power going forward. We think WBA presents an attractive risk-reward tradeoff at this price.

In September, we initiated a position in Ingredion (INGR), formerly known as Corn Products International. The company primarily wet-mills corn, breaking the corn down into its underlying components and further processing it into starches, sweeteners, and co-products such as corn oil and animal feed. INGR sells these products to the food, beverage, brewing, and animal nutrition industries. Historically, the company was heavily involved in high-fructose corn syrup production but has steadily diversified away from this market over the past decade towards faster-growing, high-margin specialty products. INGR has come under pressure recently due to higher supply chain and commodity-related costs, as well as pandemic-induced headwinds to the food-away-from-home industry, which accounts for approximately 25% of its sales. We believe this weakness has allowed us to buy INGR, a stable business with a strong balance sheet (BBB credit rating), at a reasonable price.

Finally, we added to a number of positions, including Discovery Inc., Cisco Systems, and General Dynamics, along with a few select financials.

Turning to sales, we completely sold out of our position in Mohawk Industries when a recent lawsuit alleging accounting impropriety reduced our confidence in its earnings and management quality. We also trimmed several positions based on valuation, including Facebook, Lowes, Target, and United Parcel Service. Lastly, we reduced our holding in ABC coincident with the purchase of WBA and trimmed some positions in financials.

We continue to see significant value in financials today, and they represent our largest sector weighting at slightly over 26% at quarter-end. As we are always mindful of risk, it's worth noting that this weight is only roughly 5-6% higher than our 20-year average weighting and below our all-time high weighting of 30%. Through year-end 2019, the financial sector broadly kept pace with the S&P 500 over the past five years and only modestly underperformed over the past ten years, despite persistently low interest rates and the fact that growth stocks outperformed value for both periods.[11] However, this year, banks, which represent nearly half of our financial weighting, have been hit with the double whammy of COVID-19 recessionary fears and low interest rates. The sudden and rapid rise in unemployment along with second-quarter declines in GDP necessitated a sharp and sizeable increase in loss provisioning by banks, depressing or eliminating near-term earnings, and prompting investors to worry, pricing them as if they would repeat their performance of the financial crisis.

But the reality is that banks today are in substantially better shape than in 2008. Leverage is lower, and asset quality is higher. While there are COVID-19 related trouble spots, no category or sector individually or cumulatively represents the magnitude of loan problems faced by banks in 2008. All of our bank holdings recently passed a 2020 Federal Reserve mandated stress test that considered conditions directionally similar to the financial crisis, without requiring capital raises nor considering any government stimulus. Since that test, we have had two rounds of stimulus (with more likely on the way), and economic conditions continue to improve. Moreover, comments from CEOs and CFOs at our banks have been positive about the outlook for loss provisioning and capital returns. While low interest rates remain a headwind, all of our banks have significant non-interest income components. Today's low valuations on banks do not anticipate or even require rising interest rates for the stocks to generate good returns to investors going forward.

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

<u>Investment Team</u>

W. Andrew Bruner, CFA, CPA
R. Terrence Irrgang, CFA
Ian Zabor, CFA

Please see disclosures on the following page.

[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. Indexes 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.***

[2]*Source; Markowicz, Sean, "Big Tech's market might in five charts." 16 September 2020. https://www.schroders.com/en/insights/economics/big-techs-market-might-in-five-charts/. 29 September 2020.*

[3]*Data Source: S&P Global Market Intelligence, Russell 3000 Index constituents. Median value of YTD % change from 12/31/2019 to 9/30/2020 closing prices, % change of 9/30/2020 closing price from 52-week high.*

[4]*Data Source: S&P Global Market Intelligence, Russell 3000 Growth Index, Russell 3000 Value Index. Rolling 12-month returns from 1/31/1995 through 9/30/2020, ranking by excess return of growth index over value index.*

[5]*Russell 1000 Growth modified CAPE (green line), Russell 1000 Value modified CAPE (red line), Russell 1000 Growth modified CAPE premium over Russell 1000 Value modified CAPE (gray area) for each month-end from 1/31/1990 to 9/30/2020.. 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.*

[6]*Data Source: S&P Global Market Intelligence, Russell 3000 Growth Index, Russell 3000 Value Index. Rolling 4-quarter returns from 3/31/1995 to 9/30/2020, excess return of growth index over value index (red bars), cumulative excess return of growth index over value index (gray line).*

[7]*Data Source: S&P Global Market Intelligence, Russell 3000 Growth Index, Russell 3000 Value Index. Rolling 12-month returns from 2/29/2000 through 9/30/2020.*

[8]*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.*

[9]*Data Source: Morningstar Direct℠. Weighted average trailing twelve month P/E and ROE of the representative All-Cap Value and Large-Cap Value accounts at 9/30/2020. The price-earnings ratio (P/E) relates a company's share price to its earnings per share. Return on equity (ROE) is calculated by dividing a company's net income by its shareholders' equity. ROE is considered a measure of how effectively management is using a company's assets to create profits.*

[10]*Data Source: S&P Global Market Intelligence as of 9/30/2020. The rating provided is the weighted average of credit-quality ratings on the underlying securities within the representative All-Cap Value and Large-Cap Value portfolios and not the portfolios themselves. 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.*

[11]*Data Source: Yahoo! Finance, Financial Select Sector SPDR Fund (XLF), S&P 500. Total return for five and ten years ended 12/31/2019.*

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.

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

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.

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).

Equity Investment Corporation
Large-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 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)	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.

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.

Disclosures *(cont.)*:

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 June 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. The Large-Cap Value SMA composite has had a performance examination for the periods January 1, 2001, through September 30, 2021. 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. 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).

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