EQUITY INVESTMENT CORPORATION

All-Cap Value & Large-Cap Value

2022 First Quarter Commentary

April 2022

It was the worst quarter for stocks in two years.[1] The Russell 3000® Value Index (R3000V) declined 0.8%, while the Russell 3000® Growth Index (R3000G) dropped 9.3%, and the S&P 500® fell 4.6%. In comparison, our All-Cap Value (ACV) SMA composite ***increased*** by 5.3% gross*. Likewise, our Large-Cap Value (LCV) SMA composite ***gained*** 5.4% gross*, versus a 0.7% decrease for the Russell 1000® Value Index (R1000V). (Net of an assumed maximum annual 3% SMA fee, our ACV and LCV SMA composites gained 4.5% and 4.6%, respectively.)[2]

While performance for one quarter in isolation doesn't tell us much, there were a few interesting things worth noting:

- Relative to the Russell value and S&P 500 indexes, our first-quarter results rank among the best in EIC's 36+ year history. Most of the quarters when we performed better than this were either during the bursting of the tech bubble in 2000-2001 or during the financial crisis in 2008, two extraordinarily difficult periods.
- The quarter's outperformance was largely due to our stock selection in four sectors—health care, financials, consumer discretionary, and industrials. Our overweight in energy, the top-performing sector this quarter, also contributed.[3] Historically, our value-added relative to market indexes has come mainly from stock selection. Sector weights are primarily a by-product of our bottom-up investment approach.
- Only three sectors in the R3000V posted positive year-to-date returns: energy, materials, and utilities. In contrast, our ACV portfolios saw positive returns in eight sectors, while only three sectors registered negative returns. [4]

Investment Environment

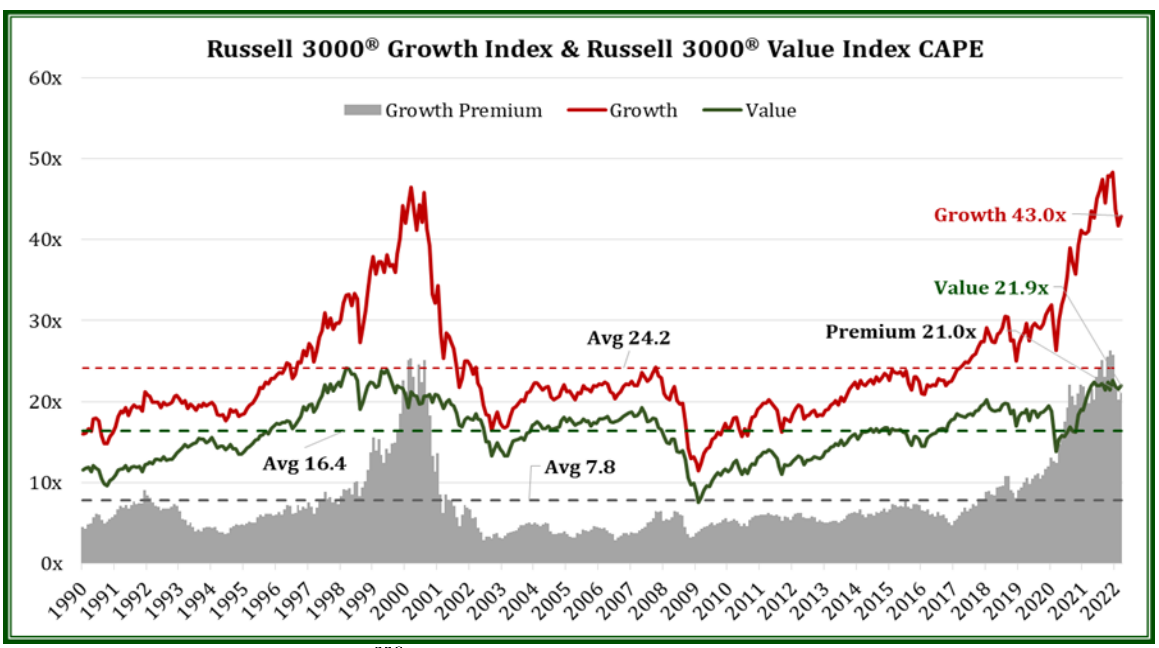

Chart 1 Data Source: S&P Capital IQ[PRO]. See footnote 5.

As shown in the previous chart, despite growth stocks' poor performance so far this year, they remain richly priced compared to history, with valuations still trading 2.5 standard deviations above long-term averages. As we have detailed in past commentaries, history and shareholder-return math continue to suggest that growth should meaningfully underperform value from these lofty valuation levels.[6]

Importantly, as seen in the following chart, which covers growth stocks' meteoric valuation rise since the beginning of 2017, fundamental returns (i.e., earnings and dividends) for growth have ***not*** been superior to value. ***In fact, all the outperformance of growth over value has come from valuation expansion.***

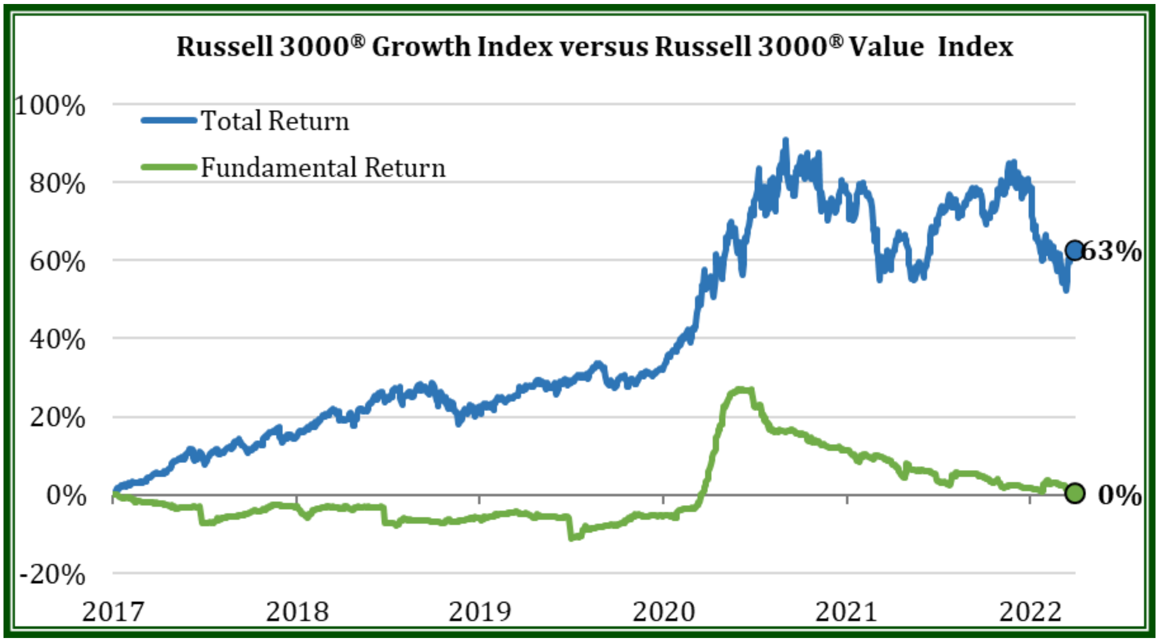

Chart 2 S&P Capital IQ[PRO]. See footnote 7.

The flexibility to invest where value leads, rather than focusing on whether a stock is labeled as "growth", "core", or "value", has always been one of our hallmarks. For example, after underperforming in the 2000s, growth and core stocks were attractively valued, and in 2010 we invested almost 70% of our portfolios in them. Recently, however, we're finding the most attractive investment opportunities among stocks classified as value. Accordingly, the proportion of our holdings classified as value is among the highest in 20+ years.[8]

That said, with nearly a third of stocks in the R3000G off more than 50% from their 52-week highs, we have found ourselves spending more time investigating stocks in the growth universe.[9] While many of these fallen angels screen attractively on adjusted earnings measures, we find that real earnings power for some in this group is well below management's version of non-GAAP earnings. For instance, stock-based compensation, commonly backed out of non-GAAP measures, frequently accounts for more than 25% of pre-tax income.[10] Accounting quality due diligence is a key part of our risk mitigation process, and the majority of fallen growth companies we have reviewed remain prohibitively expensive when such earnings distortions are unwound.

The next chart illustrates the recent increase of stock-based compensation expense within the growth index. Moreover, as the R3000G returned 20% annually over the past five years, employees received outsized compensation due to stock-price gains, while companies only expensed a part of the total value transferred. We believe investors ignore this cost at their peril.

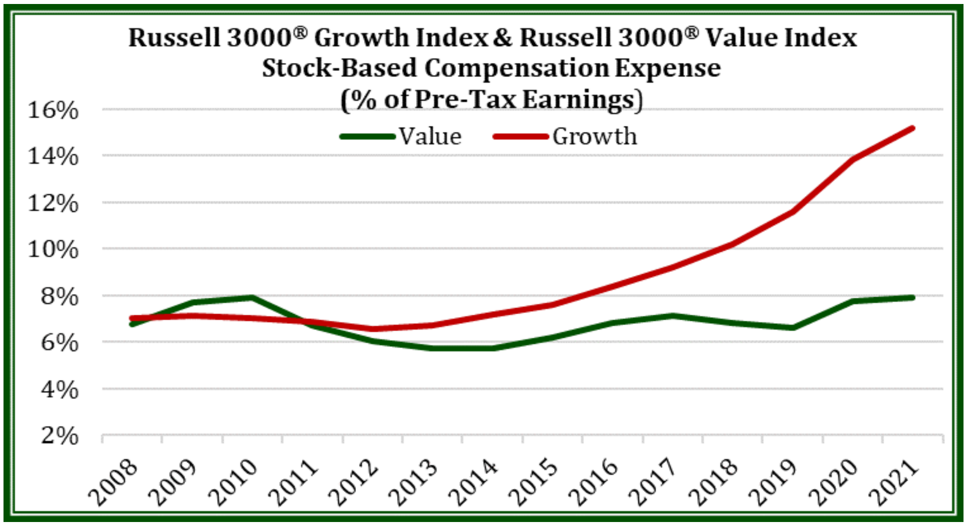

Chart 3 S&P Capital IQ PRO. See footnote 11.

Consider the extreme case of Tesla. For the three years ended December 2021, Tesla expensed $4.8 billion in stock-based compensation yet earned only $6.8 billion in total pre-tax income over the same period, so stock-based compensation represented 70% of pre-tax income. That $4.8 billion non-cash expense was excluded from pro-forma earnings and cash flow, distorting the underlying reality in both cases. Further, the value of this stock-based compensation, given the company's strong stock-price performance, is significantly more than reflected on the income statement. At year-end, the total intrinsic value of Tesla's employee stock options outstanding—that is, the market price of its stock above the options' strike price—was $116 billion! In 2021 alone, employees exercised options for total net proceeds of nearly $27 billion, representing 50% of Tesla's total 2021 revenues.[12]

For the most part, it has been a free lunch for both employees and the company, enabled by stock-based compensation accounting, which does not fully reflect the value transferred, and market convention, which has allowed companies to add back stock compensation to earnings. But the lunch isn't free; it's paid for by shareholders. While shareholders may happily bear that cost, there's no justification for pretending they didn't pick up the tab.

In addition to high valuations and an increasing distortion from stock-based compensation, growth investors must contend with high margins underpinning those elevated valuations, as seen in the following chart.

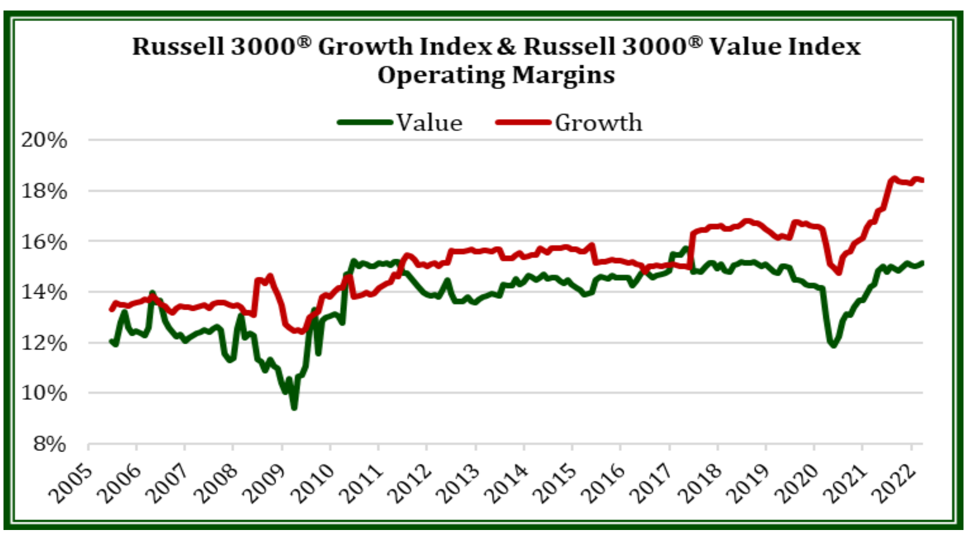

Chart 4 S&P Capital IQ PRO. See footnote 13.

Growth companies, particularly in the technology, consumer discretionary, and communication services sectors, benefitted disproportionately from pandemic-induced demand for remote software, cloud computing, technology hardware, e-commerce, and online advertising, among others. While value margins appear slightly elevated compared to history and bear watching, growth margins are at all-time highs. To the extent that cost pressures, competition, and a post-pandemic return to normal demand patterns weigh on margins, growth investors seemingly have more at risk.

Portfolio Review[14]

As is common for us during heightened market volatility, turnover has increased somewhat this year.[15] In addition to numerous opportunistic trims and adds, we sold five positions: Exelon, Kroger, McKesson, Raytheon Technologies, and Exxon Mobil. The first four stocks were sold based on valuation, while Exxon was replaced with a more attractively priced opportunity in the energy sector.

During the quarter, we bought four positions: Cardinal Health, Paramount Global, Shell, and Unilever. We also received a small position in Constellation Energy as a tax-free spin-off from Exelon.

We acquired a 2% position in pharmaceutical distributor Cardinal Health (CAH). Since the pandemic began, CAH has lagged peers AmerisourceBergen and McKesson, both of which were selected by the US government for exclusive distribution agreements for margin accretive COVID vaccines and therapeutics. While profit growth for Cardinal has trailed its peers recently, revenue growth in the core distribution business has been nearly identical for all three. We think Cardinal offers attractive value at just 11x our view of normalized earnings power. In addition, CAH is rated *BBB* by S&P.[16] With this buy; we sold our position in McKesson (MCK) at 18x normalized earnings.

We bought a 1.5% position in Paramount Global (PARA). Formerly known as ViacomCBS, Paramount Global owns leading TV networks (e.g., CBS, Showtime, Nickelodeon, BET, and Comedy Central) and the Paramount Pictures film studio. In mid-February, the company announced plans to accelerate investments in its direct-to-consumer offerings (e.g., Paramount+, Showtime, BET+, Noggin, and Pluto TV). Though viewership of these services has been strong, the format is not yet profitable, and the announcement triggered a 22% decline in share price. We acquired our stake on this dip at 11x forward EPS or less than 7x forward EPS, excluding direct-to-consumer investments. The company is rated *BBB* by S&P.

We purchased a 1.5% position in Shell plc ADRs (SHEL) for ACV portfolios and 2.0% for LCV portfolios. This purchase was paired with a sell of Exxon Mobil (XOM) to take advantage of large discrepancies in relative price performance and valuation multiples. Shell is one of the integrated supermajors, with exposure to upstream oil and gas production, liquefied natural gas (LNG), chemicals, retail distribution, lubricants, and refining. Compared to Exxon, Shell is more exposed to natural gas and LNG production, less exposed to US shale production, and similarly exposed to Russia (a low to mid single-digit percentage of its business). It currently trades at 6x forward earnings, which represents an unusually wide discount to XOM of about 40%, with a 3.5% dividend yield. SHEL is rated *A+* by S&P

We also acquired a 2.0% position in Unilever plc ADRs (UL). Unilever is a consumer staples business that generates nearly 60% of its revenue from emerging markets and more than half of its revenue from its top 13 brands (e.g., Dove, Ben & Jerry's, Magnum, OMO, Knorr, and Axe, among others). Despite healthy sales growth, the company's share price has been weak in recent months on profitability pressures from higher input costs and fears that it might pursue a transformative acquisition. To mitigate these concerns, Unilever is pushing through mid-single-digit price increases and has committed to "not pursue any transformational deals in the foreseeable future." UL currently trades at 15x our estimate of normalized earnings and with a 4.2% dividend yield, an attractive valuation compared to both its history and peers with similar growth profiles. The balance sheet is also strong, with an *A+* rating from S&P.

Finally, we received a modest 0.6% position in Constellation Energy (CEG) in a tax-free spin-off transaction by Exelon (EXC). Constellation is an independent power provider and operates the largest fleet of carbon-free electricity generation assets in the US. Specifically, almost 90% of its power generation is nuclear. While nuclear power generation often has been controversial, we believe it will continue to represent an important piece of the overall energy picture, particularly with progress toward global decarbonization. An increasingly favorable regulatory stance toward nuclear power and the potential for support at the federal level from production tax credits should meaningfully reduce earnings volatility for the company if power prices fall substantially. We estimate that CEG currently trades at a modest 12x normalized earnings power. The company is rated *BBB-* by S&P.

Our portfolios remain diversified across sectors and are positioned for a range of economic outcomes. In an overall market environment characterized by expensive valuations, we continue to find attractive opportunities bearing reasonable return expectations. As a result, cash levels at quarter-end were about 6%, near fully invested. Overall, portfolios feature a weighted average valuation of roughly 14x trailing earnings, an 18-19% return on equity, 9% expected earnings growth, and a 2.8–2.9% dividend yield, with an estimated *A-* credit rating.[17, 18]

Staff Update

We would like to recognize Barbara Trivedi, our Chief Compliance Officer, who retired on March 31st. Barbara has been with us since 2011 and has played an instrumental role in ensuring our compliance with SEC rules and regulations, as well as other industry standards and best practices. Barbara is succeeded by Phillip Lorren, who has been with EIC since 2014. Phillip managed our operations and worked with Barbara in anticipation of her retirement. Jake Shirley, who joined us in 2018, assumed Phillip's position in operations. Congratulations to Barbara for an exceptional career and a much-deserved retirement and to Phillip and Jake for their promotions.

As always, we thank you for your business and stand ready to assist you.

Investment Team

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

Robert Ladyman, CFA   Thomas Knapp, CFA

Please see disclosures on the following pages.

Disclosures

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[1]As measured by the S&P 500®, Russell 1000®, and Russell 3000® indexes.

*[2]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) a maximum annual SMA fee of 3% (0.25% per month) (which is assumed to be equal to or higher than the highest actual SMA fee charged by a program sponsor). 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 GIPS® Composite Reports, which are considered an integral part of this commentary. 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.*

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.

[3]Data Source: Morningstar Direct℠. Performance attribution for EIC ACV and LCV representative portfolios versus Russell 3000 Value and Russell 1000 Value indexes, respectively, from January 1, 2022 through March 31, 2022.

[4]Only four sectors in the Russell 1000 Value Index posted positive year-to-date returns: consumer staples, energy, materials, and utilities. In contrast, our LCV portfolios saw positive returns in seven sectors, while only three sectors registered negative returns.

[5]Russell 3000 Growth Index modified CAPE (red line), Russell 3000 Value Index modified CAPE (green line), Russell 3000 Growth Index modified CAPE premium over Russell 3000 Value Index modified CAPE (gray area) at each month-end from January 31, 1990 to March 31, 2022. Modified CAPE (Cyclically Adjusted Price-to-Earnings) is the ratio of index prices to trailing 10-year index level earnings before taxes (EBT) 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.

Standard deviations for growth CAPE, value CAPE, growth premium over the period were: ±7.5x, ±3.4x, ±5.1x.

[6]Data Source: S&P Capital IQ[PRO]. The Russell 3000 Growth Index modified CAPE premium over Russell 3000 Value Index modified CAPE for each month-end January 31, 1990 to March 31, 2012, plotted against the annualized 10-year forward total return difference between the Russell 3000 Growth and Russell 3000 Value through each month-end January 31, 2000 to March 31, 2022 indicates 5-8% per year historical underperformance of growth versus value at a 21-22x valuation premium of growth over value.

[7]Daily returns and NTM forward P/ E of the Russell 3000 Growth Index and Russell 3000 Value Index from December 31, 2016 through March 31, 2022. Total Return: Total return of the Russell 3000 Growth Index relative to the Russell 3000 Value Index for the period, indexed to January 1, 2017. Fundamental Return: Total return divided by the NTM forward PE multiple. Fundamental return of Russell 3000 Growth Index relative to the Russell 3000 Value Index, indexed to January 1, 2017.

[8]Data Source: Morningstar Direct℠. EIC ACV and LCV month-end portfolios from March 31, 2001 through March 31, 2022. Percentage of portfolio holdings grouped into value, growth and core categories as calculated and defined by Morningstar.

[9]Data Source: S&P Capital IQ[PRO]. The percentage of stocks in the Russell 3000 Growth Index that are down more than 50% from their respective 52-week high, as of March 31, 2022.

[10]*Data Source: S&P Capital IQ[PRO]. Stock-compensation expense as a percentage of calendar year 2021 pre-tax earnings excluding unusual items. Results are calculated for stocks in the Russell 3000 Growth Index as of March 31, 2022.*

[11]Stock-compensation expense is shown as a percentage of calendar year 2021 pre-tax earnings excluding unusual items. Results are calculated annually on an index-weighted basis for the Russell 3000 Growth and Russell 3000 Value indexes, each shown as a rolling three-year average from January 1, 2006 through March 31, 2022. Figures before 2006 are not comparable due to changes in accounting.

[12]Data Source: Tesla Inc. Form 10-K, 2021, 2022. https://www.sec.gov/Archives/edgar/data/1318605/

00009501722000796/tsla-20211231.htm. 6 April 2022.

[13]Russell 3000 Growth Index and Russell 3000 Value Index forward operating margins calculated as index-weighted forward operating income divided by index-weighted forward revenue, using next 12-months (NTM) analyst estimates, from June 30, 2005 through March 31, 2022.

[14]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 herein do not represent all 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.

[15] *Historically, our annual turnover for ACV and LCV has averaged 33% and 27%, respectively, implying we hold the "typical" stock for about 3-4 years. In the first quarter of this year, our annualized turnover for ACV and LCV approached 53% and 49%, respectively.*

[16] *Data Source: S&P Capital IQ[PRO] as of March 31, 2022. Credit-quality ratings represent Standard & Poor's (S&P) 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.*

[17] *Source: Morningstar Direct[SM]. For EIC ACV and LCV representative portfolios, respectively, weighted average TTM P/E Ratio, weighted median TTM ROE, median estimated 5-year long-term earnings growth, calculated by Morningstar as of March 31, 2022. Dividend yield on March 31, 2022 calculated by APL.*

[18] *The ratings provided relate to the weighted average credit rating of the underlying securities within the representative All-Cap Value or Large-Cap Value portfolio and not the portfolio itself.*

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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)
2022 (through 3/31)	5.3%	4.5%	-0.8%	16.9%	19.1%	0.4%	1677	$1,039.5	$2,248.7	$2,208.9	$4,457.6
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 March 31, 2022, our investment team was responsible for the All-Cap Value SMA composite increasing by 10.6% (annualized) (7.4% net of an assumed 3% fee); the Russell 3000 Value Index gained 7.6% (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 March 31, 2022, our investment team was responsible for the All-Cap Value SMA composite advancing by 13.4% (annualized) (10.1% net of an assumed 3% fee), versus an 11.2% (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 December 31, 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)
2022 (through 3/31)	5.4%	4.6%	-0.7%	16.8%	18.8%	0.4%	557	$246.8	$2,248.7	$2,208.9	$4,457.6
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.

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