EQUITY INVESTMENT CORPORATION

All-Cap Value & Large-Cap Value

2022 Second Quarter Commentary

July 2022

It was the worst first half of the year for stocks in over 50 years.[1] Adding to the pain, bonds performed poorly. According to Deutsche Bank, 10-year US Treasuries had their worst first half since 1788, just before George Washington became president.[2] The performance of fixed income, typically a ballast in volatile times, was, to some, the most shocking surprise so far this year. Amid the chaos, relative to their benchmark indexes, our All-Cap Value (ACV) and Large-Cap Value (LCV) SMA composites posted the third-best first-half results in their history, surpassed only by 2001 and 1986 for ACV and 2008 and 2001 for LCV.[3]

In the second quarter, our ACV SMA composite declined 8.6% gross* while the Russell 3000® Value Index (R3000V) fell 12.4%, and the more growth-oriented S&P 500® dropped 16.1%. Year to date, our ACV SMA composite decreased 3.7% gross* while the R3000V fell 13.1%, and the S&P 500 lost 20.0%. (Net of an assumed maximum annual SMA fee of 3%, our ACV SMA composite declined 9.3% in the second quarter and 5.2% year to date.) [4]

Likewise, in the second quarter, our LCV SMA composite declined 7.6 % gross* while the Russell 1000® Value Index (R1000V) fell 12.2%. Year to date, our LCV SMA composite decreased 2.7% gross, while the R1000V dropped 12.9%. (Net of an assumed maximum annual SMA fee of 3%, our LCV SMA composite fell 8.4% in the second quarter and 4.1% year to date.)

A few things are noteworthy in our year-to-date results. Our energy overweight, the only sector of the stock market with positive results year to date, contributed 2.4% in absolute return and 1.2% in relative return for ACV compared to its R3000V benchmark. For LCV, the energy sector contributed 2.6% in absolute return and 1.4% in relative return compared to its R1000V benchmark.[5]

But unlike its benchmark, ACV had three more sectors deliver positive returns—health care stocks rose 4.3%, utilities gained 3.7%, and consumer discretionary stocks increased 2.9%. LCV had two more sectors deliver similarly positive results—health care, up 3.8%, and consumer discretionary, up 3.2%. Moreover, ACV produced a positive "active return", the contribution from a combination of sector over- or under-weights and stock selection, in all but one sector, materials. LCV produced positive "active return" in all but four sectors—communications services, consumer staples, materials, and utilities.

In short, our outperformance versus the benchmarks so far this year was broad-based, driven primarily by stock selection across a range of sectors rather than any one particular sector bet. In a market that has been fixated on growth regardless of valuation, our consistent focus on quality, value, and diversification has proved valuable for clients this year, as it has through prior bouts of market volatility.

Investment Environment

After the rough start to this year, the question in many investors' minds is, "What comes next?". Given the steep decline in growth stocks, we have been actively looking at and have added exposure to a few of these names. (Please see the Portfolio Review section for details.) Big picture, as shown in the following chart, valuations remain elevated among growth stocks but are more reasonable on the value side. Accordingly, our portfolios continue to favor value stocks.

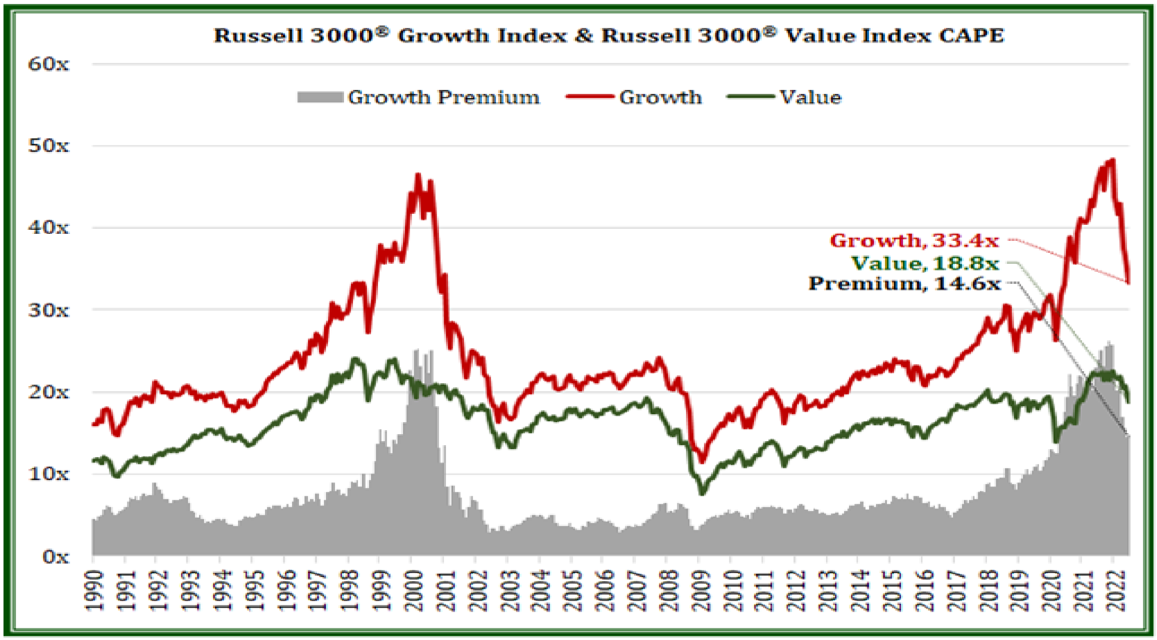

Chart 1 Data Source: S&P Capital IQ^PRO. See footnote 6.

Over the longer run, the performance of growth and value stocks has been similar.[7] Yet, largely because of the 2017-2020 outperformance of growth, driven almost exclusively by its valuation multiple expansion relative to value, growth stocks still have a commanding performance lead compared to value over the last decade.[8] While growth stocks may settle here at still-high valuation levels, we believe it is more likely that they will further underperform. Indeed, our analysis of historical valuations and returns suggests that, from current levels, growth could underperform value by 400 to 600 basis points a year for the next decade.[9]

On top of growth valuations still elevated relative to historical levels, growth investors must also contend with historically high margins supporting those valuations.[10] In addition, recently elevated levels of stock-based compensation could prove difficult to navigate if stock prices do not rebound. Consider, for example, the case of DocuSign. In fiscal 2021 and 2022, the company reported positive non-GAAP (or Pro-forma) earnings per share of $0.98 and $2.09, respectively. However, if the hundreds of millions of dollars the company paid in stock-based compensation were included, the company lost money in both years.[11] In other words, the company was unprofitable when including the full costs of paying its employees.

DocuSign is not unique in this regard—earnings quality for the software industry has steadily deteriorated over the past 15 years. Excluding Microsoft, the industry trades at 33x forward non-GAAP earnings estimates. Such a multiple might be justified, assuming rapid growth, high returns on capital, a healthy balance sheet, and clean accounting. But trading at 108x forward GAAP earnings estimates (ex-Microsoft), the software industry does not meet these criteria. Headline valuations based on non-GAAP earnings can present a severely distorted view of the industry's attractiveness. As shown in the next chart, the increasing divergence between non-GAAP and GAAP earnings estimates provides, in our view, yet another reason that more pain is likely for growth investors.

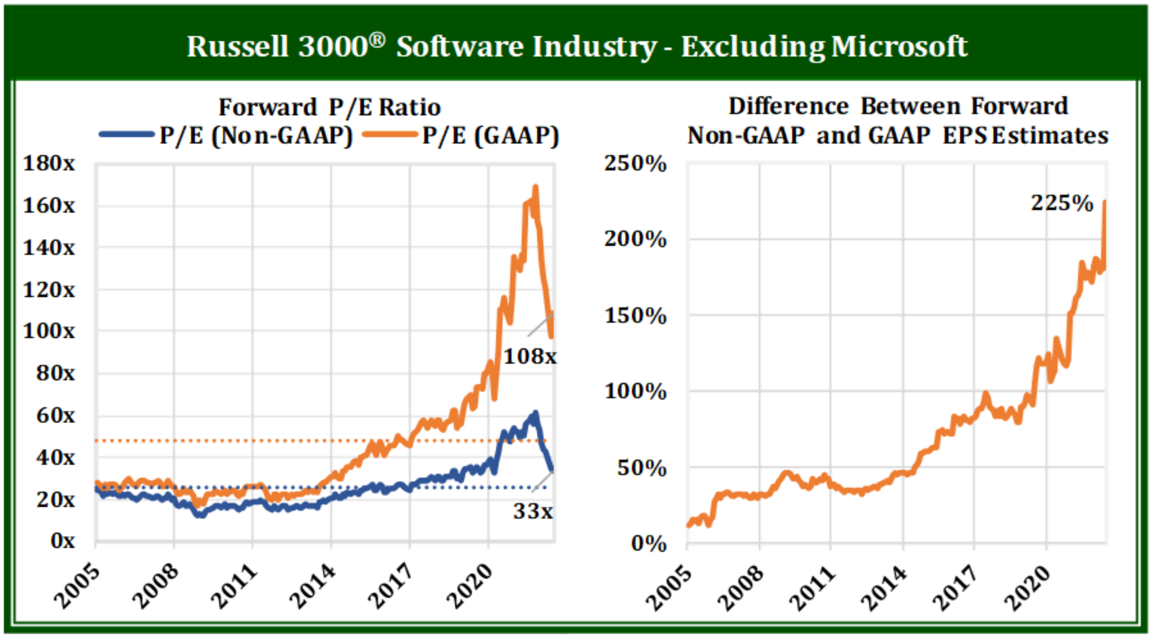

*Chart 2 S&P Capital IQ*PRO*. See footnote 12.*

Portfolio Review[13]

As is typical during periods of heightened stock-market volatility, portfolio turnover year to date was higher than our long-term average, coming in at an annualized 43% for ACV and 39% for LCV versus averages of 33% and 27%, respectively.

During the quarter, we added to five existing positions in both strategies: Meta Platforms, PNC Financial Services, TotalEnergies, US Bancorp, and Warner Bros. Discovery, plus Verizon and Wells Fargo in LCV. We also trimmed three holdings: Dollar Tree, Johnson & Johnson, and Williams Companies. In all cases, the adds and trims were opportunistic and valuation driven. Lastly, we established a new position in Netflix in both strategies; and in ACV, Oshkosh Corporation.

We acquired a 2.0% position in Netflix (NFLX), the leading provider of streaming video services with 222 million global subscribers. The company operates in a growing market segment as consumers "cut the cord" and spend more time watching television streamed over the internet. Despite NFLX's growing end market, the share price has been weak—at purchase, off more than 75% from its 52-week high—on concerns of slowing demand and increased industry competition. While there has been plenty of bad news, given the magnitude of the sell-off, we believe NFLX's future is now better than its share price reflects. Scale will likely continue to be the key ingredient for success in the industry, and the company is well-positioned in this regard as the leader in the streaming industry. Additionally, in sharp contrast to a few years ago, the company now lives within its means, with an investment-grade credit rating from S&P of *BBB.*[14] At the time of purchase, NFLX traded with a reasonable valuation of 16x our estimated normalized earnings.

In ACV, we also purchased a 2.0% position in Oshkosh Corporation (OSK), a leading manufacturer of specialty trucks with leading market share positions for many of its vehicles. OSK also has a growing government business highlighted by contracts to supply vehicles to the Department of Defense and US Postal Service. In recent quarters, earnings have fallen due to inflationary pressures and supply chain constraints that reduced manufacturing capacity utilization. In response to these near-term headwinds, OSK raised prices across its commercial product lines to ensure a swift return to historical profitability levels. Further, the order backlog has grown significantly and is now at historic highs, which with the price increases, should lead to a meaningful acceleration in earnings. While demand for its products is cyclical, as are most industrial businesses, OSK is conservatively capitalized, is rated *BBB* by S&P, and currently holds a substantial net cash position. At 11x our estimate of normalized earnings, we believe the purchase price more than compensates investors for the company's inherent demand cyclicality and recent profitability weakness.

Finally, we eliminated two stocks from ACV and LCV portfolios. We sold Walgreens Boots Alliance (WBA) primarily on deteriorating underlying fundamentals. Highly profitable COVID vaccines and sale-leaseback transactions have masked deterioration in WBA's core business. A large, transformative acquisition and increasing leverage added to our concerns. We exited the position at a small gain from the initial purchase price. We also sold Paramount Global (PARA) during the quarter, pairing the sale with our purchase of NFLX. We prefer NFLX and Warner Bros. Discovery (WBD) in this space, so we sold PARA at a small loss in order to manage overall portfolio exposure to streaming media.

As a reminder, we build portfolios from the bottom up, one stock at a time, with an overall goal of constructing diversified portfolios designed to perform in and protect against a range of market and economic outcomes. For instance, at current weights, we consider 50% to 53% of our representative ACV and LCV portfolios to have low economic sensitivity[15]. The remaining 47% to 50% is invested in more economically sensitive stocks, though diversified across multiple fundamental drivers.[16]

Regardless of economic sensitivity, we first and foremost seek out high-quality companies selling at reasonable valuations, going where value leads us. Quality, valuation, and diversification is a formula that has worked well for us over our long history. While this approach has featured periods of ***relative*** underperformance (though it still tends to deliver good ***absolute*** returns), it has excelled in the aftermath of periods of market exuberance. Applied consistently since inception, we have produced more stable returns with a narrower range of outcomes versus benchmark indexes while outperforming them over the long run.

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

Investment Team

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Robert Ladyman, CFA   Thomas Knapp, CFA

Please see disclosures on the following pages.

[1]*Duguid, Kate, Rovnick, Naomi, and Lockett, Hudson. "US stocks suffer sharpest first-half drop in more than 50 years." June 30, 2022. https://www.ft.com/content/abb8a9f6-e57f-4a54-bb17-14a2c489831f. 1 July 2022.*

[2]*@lisaabramowicz1. "H1 Total Returns of US 10-yr Treasury (or Proxy) index. The worst H1 since 1788!" Twitter, 1 July 2022, 4:34 a.m., https://twitter.com/lisaabramowicz1/status/1542832041078800386/photo/1.*

[3]*Data Source: Morningstar Direct℠. Annual first six months gross performance of EIC ACV and LCV SMA composites since their inception through June 30, 2022. First-half performance for ACV was 29.4% in 1986 and 12.1% in 2001 versus the Russell 3000 Value Index at 18.1% and -0.3% respectively. First half performance for LCV was 11.5% in 2001 and -2.4% in 2008 versus the Russell 1000 Value Index at -1.3% and -13.6%, respectively.*

[4]*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.

[5]*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 June 30, 2022.*

Sectors are determined using the Global Industry Classification Standard ("GICS"). GICS® was developed by and is the exclusive property of Standard & Poor's Financial Services LLC ("S&P") and MSCI Inc. ("MSCI"). GICS is the trademark of S&P and MSCI. "Global Industry Classification Standard (GICS)" and "GICS Direct" are service marks of S&P and MSCI.

[6]*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 June 30, 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.*

[7]*Data Source: Morningstar Direct℠. Annualized returns of Russell 3000 Growth, Russell 3000 Value, and S&P 500 from January 1, 1979 through June 30, 2022 were 11.3%, 11.6%, and 11.8%, respectively.*

[8]*Data Source: S&P Capital IQ^PRO. Daily returns and next 12-months (NTM) forward P/ E of the Russell 3000 Growth Index and Russell 3000 Value Index from December 31, 2016 through June 30, 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 is 47% higher. Fundamental Return: Total return divided by the NTM forward PE multiple. Fundamental return of the Russell 3000 Growth Index relative to the Russell 3000 Value Index, indexed to January 1, 2017 is 2% less.*

[9]*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 June 30, 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 June 30, 2022 indicates 4–6% per year historical underperformance of growth versus value at a 14–15x valuation premium of growth over value.*

[10]*Russell 3000 Growth Index forward operating margins calculated as index-weighted forward operating income divided by index-weighted forward revenue, using NTM analyst estimates, from June 30, 2005 through June 30, 2022. Range 12.4–18.4%; average 15.2%; current 17.1%.*

[11]*Includes stock-based compensation and related tax expense. Data Source: DocuSign Inc. Form 10-K, 2022, 2021. https://www.sec.gov/Archives/edgar/data/1261333/000126133322000049/000126133322000049/0001261333-22-000049-index.htm and https://www.sec.gov/Archives/edgar/data/1261333/000126133321000059/0001261333-21-000059-index.htm. 7 July 2022.*

[12]*(Left chart) Price to forward earnings ratio for the Russell 3000 Software Industry excluding Microsoft, calculated using forward GAAP earnings per share (orange line) and forward non-GAAP earnings per share (blue line). (Right chart) The percentage difference between non-GAAP earnings per share and GAAP earnings per share for the Russell 3000 Software Industry excluding Microsoft. Data is calculated monthly on an index-weighted basis from January 31, 2005 to June 30, 2022.*

[13]*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.*

[14]*Data Source: S&P Capital IQ^PRO as of June 30, 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.*

[15]*Low economically sensitive categories include the total percentage of cash plus stocks held in healthcare, consumer staples, utilities, wireless telecommunications, insurance, and defense in the ACV and LCV representative portfolios as of June 30, 2022.*

[16]*More economically sensitive categories include the total percentage of stocks held in banks, financial services, energy, media, non-defense industrials, consumer discretionary, materials, technology and real estate in the ACV and LCV representative portfolios as of June 30, 2022.*

Equity Investment Corporation
All-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 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)	Advisory-Only (UMA) and Managed Assets		
									UMA Assets[4] ($ Millions) (Supplemental)	GIPS® Firm Assets ($ Millions)	Total Assets[4] ($ Millions) (Supplemental)
2022 (through 6/30)	-3.7%	-5.2%	-13.1%	17.4%	19.5%	0.5%	1708	$948.4	$2,145.3	$2,052.4	$4,197.7
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.

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 June 30, 2022, our investment team was responsible for the All-Cap Value SMA composite increasing by 10.1% (annualized) (6.8% net of an assumed 3% fee); the Russell 3000 Value Index gained 6.9% (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 June 30, 2022, our investment team was responsible for the All-Cap Value SMA composite advancing by 11.1% (annualized) (7.8% net of an assumed 3% fee), versus an 8.2% (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.

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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 6/30)	-2.7%	-4.1%	-12.9%	17.3%	19.2%	0.4%	597	$233.4	$2,145.3	$2,052.4	$4,197.7
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.

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