EQUITY INVESTMENT CORPORATION

All-Cap Value & Large-Cap Value
First Quarter 2024 Commentary
April 2024

Stocks posted strong gains in the first quarter. Our All-Cap Value (ACV) and Large-Cap Value (LCV) SMA composites lagged their benchmarks, the Russell 3000® Value Index (R3000V) and Russell 1000® Value Index (R1000V), respectively, but remain ahead on a gross basis over all the longer time periods shown below. For the quarter, our stocks nearly matched the returns of the R3000V and R1000V; our shortfall was attributable primarily to cash and short-term investments.[1]

	For the periods ended March 31, 2024				
	Q1	**1 Year**	**3 Year**	**5 Year**	**10 Year**
EIC ACV SMA Gross	8.1%	22.9%	12.1%	13.7%	10.4%
EIC ACV SMA Net	7.3%	19.3%	8.8%	10.4%	7.1%
Russell 3000® Value Index	8.6%	20.2%	7.7%	10.2%	8.9%
EIC LCV SMA Gross	7.9%	22.3%	12.6%	13.8%	10.4%
EIC LCV SMA Net	7.2%	18.8%	9.3%	10.5%	7.1%
Russell 1000® Value Index	9.0%	20.3%	8.1%	10.3%	9.0%
S&P 500® Index	10.6%	29.9%	11.5%	15.0%	13.0%

Table 1 Data Source: Morningstar Direct℠. Returns for periods greater than one year are annualized. Past performance does not guarantee future results. See footnote 2.

Investment Environment

Approximately one year ago, before the S&P 500® Index rose 30%, the *Wall Street Journal* ran a story titled, "Stocks Haven't Looked This Unattractive Since 2007". The article started with the observation that the "equity risk premium", the excess earnings yield of stocks over bonds, at roughly 1.6%, had not been that low since 2007. Further, expected earnings growth for 2023 was scant, and the fear of recession and inflation continued to loom large.[3] This viewpoint was common at the time. In fact, in our own 2022 year-end commentary, published in January of 2023, we wrote: "In our estimation, more work remains to fully wring out the excesses of the last few years." Though we were finding a variety of attractive investment opportunities at the time, we thought the overall market, and growth stocks in particular, were too expensive to generate good prospective returns.[4]

Such is the futility of trying to predict market movements, particularly in the short run. There was indeed no growth in earnings for the market in 2023. In fact, earnings conditions deteriorated throughout the year, but no recession materialized, and inflation fears temporarily abated, with talks of rate cuts on the horizon. Growth stocks, imbued with new momentum via AI-themed stocks, led the market in 2023 and again so far in 2024. This has given way to a creeping sense of valuation nihilism in the minds of many investors. Questions about the effectiveness of value investing have resurfaced, much as they did during the tech bubble of the late 1990s.

Because of the stock market's strong performance over the last year, coupled with macro and geo-political developments, conditions today are worse for stocks than a year ago. The good news is that, for now, 2024 earnings are expected to show growth of roughly 10%. However, analysts are usually optimistic at the start of the year, and estimates have already drifted lower as companies gave their initial guidance.[5] Further, inflation remains elevated, and while futures markets still predict 58 basis points of rate cuts in 2024, multiple Fed officials, in a possibly coordinated effort, are cautioning increased patience with respect to cuts.[6] Expectations of higher rates for longer could weigh on stock valuations in general and on growth stocks in particular.

Today, the forward earnings yield of the S&P 500 is only 20 basis points higher than current 10-year Treasury rates.[7] After the Fed raised interest rates and with stocks near all-time highs, it's become cheaper for some companies to raise capital by selling shares rather than borrowing in the debt markets, possibly jeopardizing the future of share buybacks and leveraged buyouts, which have been reliable tailwinds for the equity markets.[8]

As shown below, growth stock valuations have round-tripped from year-end 2021. Moreover, profit margins remain significantly elevated relative to history. If long-term averages are used instead of recent margins, our analysis suggests that growth stocks are even more expensive today than at the peak of the tech bubble in 2000.[9]

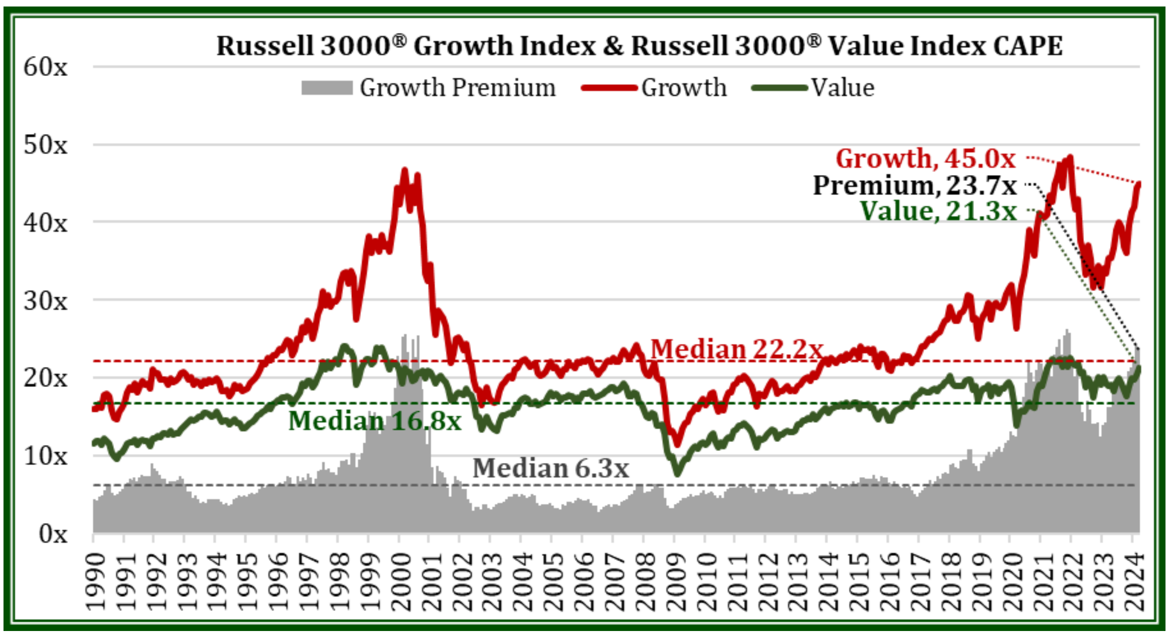
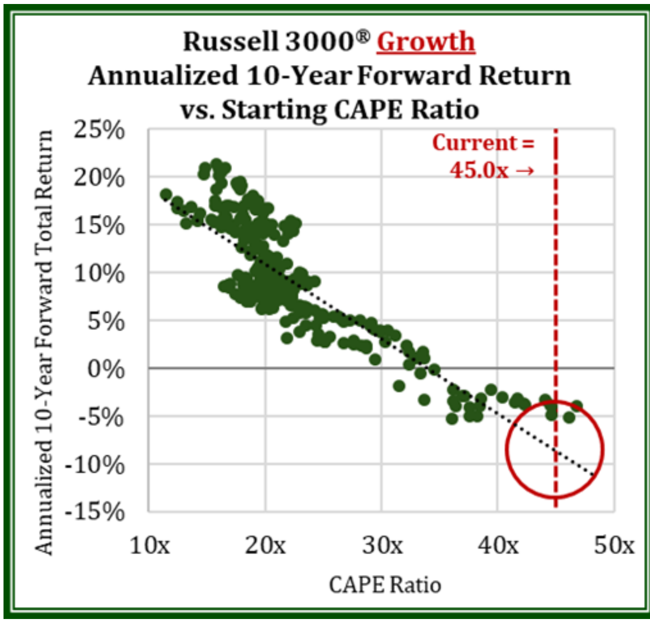


Chart 1 Data Source: S&P Capital IQ^PRO. See footnote 10.

From current CAPE levels, as seen on the following page, history suggests that growth stocks are collectively priced for poor future returns, while value stocks offer more reasonable return prospects. In fact, at current starting valuations, growth stocks have typically lost money annually over the subsequent decade, while value stocks have historically earned positive returns.



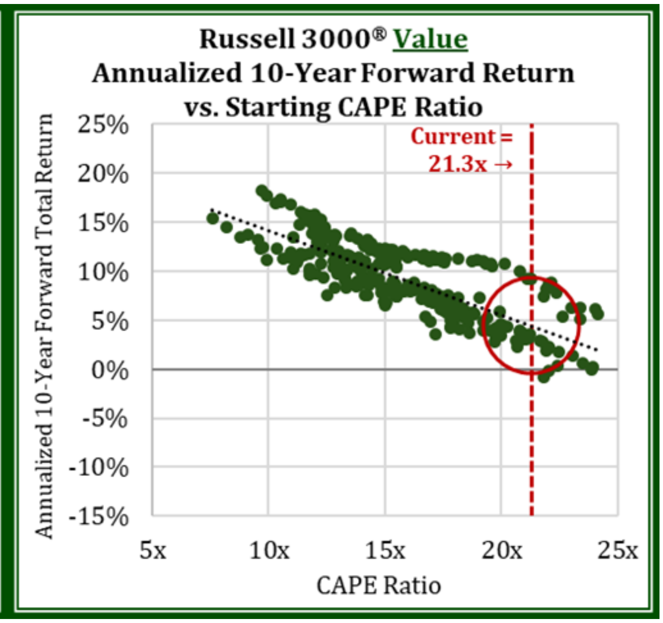


Chart 2 Data Source: S&P Capital IQ^{PRO}. See footnote 11.

In 2023, investors crowded into a handful of large-cap growth stocks, exemplified by the "Magnificent Seven" — NVIDIA, Apple, Microsoft, Alphabet, Amazon, Tesla, and Meta Platforms — that drove growth's outsized performance. Thus far in 2024, however, the "Magnificent Seven" has morphed into the "Blazing Two and Tepid Five".[12] Only NVIDIA and Meta have posted gains well in excess of the market year to date, while shares of Apple and Tesla have declined. Growth returns have become increasingly concentrated in a handful of winners, with NVIDIA by itself accounting for all of growth's outperformance versus value year to date.[13]

NVIDIA is up 1,400% since year-end 2019 and 500% since year-end 2022 alone. It is now the third-largest company in the world, sporting a $2.2 trillion market capitalization. Over the last four years, NVIDIA has posted tremendous earnings growth due to the demand for its processors, which fuel AI computing. Earnings have risen 680% since 2019 and almost 300% in 2023. NVIDIA's multiple has expanded, too — the stock traded at 70x trailing earnings as of March 2024 versus 40–50x at year-ends 2022 and 2019, respectively. NVIDIA bulls might rightly point out that the stock price is, in part, reacting to favorable earnings and growth expectations — fiscal 2025 earnings are expected to almost double from 2024. Shares are "only" trading at 36x these estimated earnings, a relatively cheap price if the rapid growth in earnings can be sustained.[14]

Those bullish on NVIDIA are betting on such an outcome. We have a different take. In 2023, NVIDIA generated a pre-tax profit margin of 56% and a return on equity of 92%, some 200–270% higher than the company's long-term averages, as shown on the next chart. While NVIDIA may be a good business, it is also a cyclical one, and its margins and returns have varied significantly over time. Moreover, not only are NVIDIA's margins and returns on equity high compared to its historical averages, but they are also currently 50–85% higher than all-time previous highs. If we haircut NVIDIA's returns on equity, as we often do when valuing businesses, shares are not trading at 70x trailing earnings but more like four times that level. Such starting valuations, even in the face of high growth, risk relegating the long-term investor to mediocre returns or worse. High growth rates likewise can be difficult to maintain, particularly as companies grow in size. Indeed, a significant percentage of NVIDIA's sales are to fellow members of the "Magnificent Seven" who have yet to materially monetize AI-related services[15] — a necessity for the boom to persist — and are already working on their own chips to reduce their reliance on NVIDIA.[16] Such is the nature of competition.

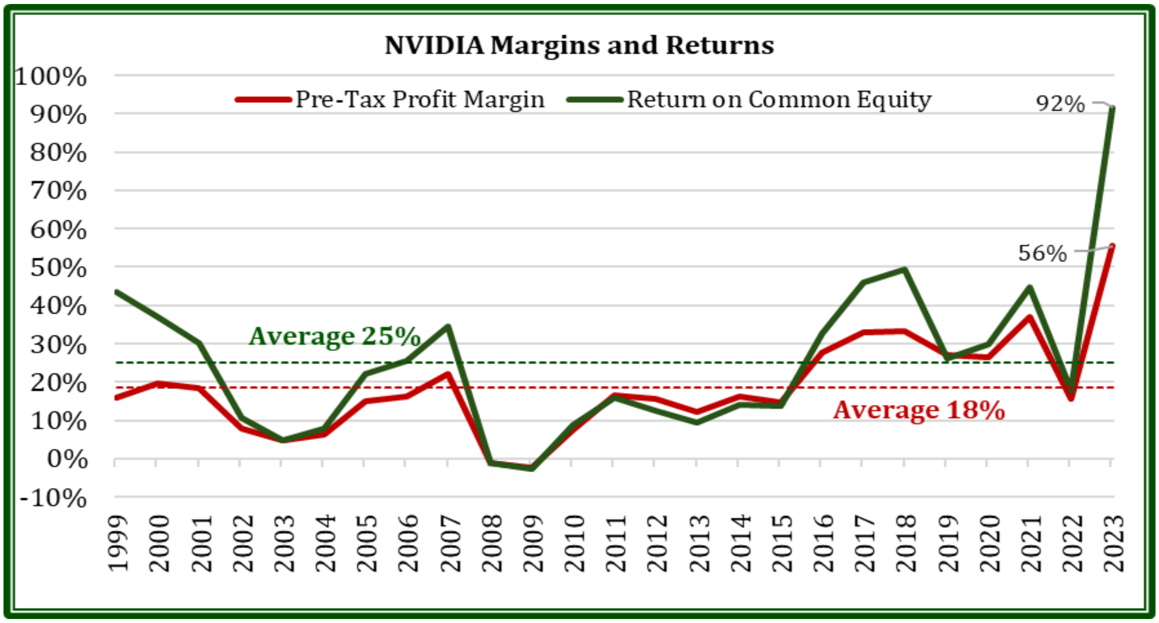


Chart 3 Data Source: S&P Capital IQ^PRO. All-time previous highs for pre-tax profit margin (37%) and return on common equity (49%) were recorded in Fiscal Year Ended January 28, 2022 and January 27, 2019, respectively. See footnote 17.

In summary, a buyer of NVIDIA today is putting tremendous faith in the company's ability to maintain record-high margins, returns on equity, and growth rates, ignoring its cyclical history and concentrated customer base.

Benjamin Graham, the "father of value investing" and mentor to Warren Buffett, defined investment versus speculation in the 1934 first edition of his pioneering work, *Security Analysis*:

> "An investment operation is one which, upon thorough analysis, promises safety of principal and a satisfactory return. Operations not meeting these requirements are speculative."[18]

We would substitute *seeks* safety for *promises* safety but otherwise think the definition has held up well. While NVIDIA is an extreme example, it is emblematic of the growth universe today. History suggests caution when growth valuations are elevated, markets are concentrated, and thematic investing is in favor.[19] For the time being, though, hope is triumphing over experience — hope expressed in valuations and hope that current favorable conditions will persist over the experience of normal business-cycle variability and competition. Meanwhile, value stocks offer investors reasonable odds of earning decent returns; our portfolios continue to be positioned accordingly.

Portfolio Review[20]

During the quarter, we sold three stocks, Cencora, Meta, and Global Payments, and purchased one new position, W.P. Carey. Cencora and Meta were strong performers over our holding period, were trimmed several times, and eventually sold when they traded above the valuation we placed on them. We sold Global Payments to manage overall exposure in conjunction with recent purchases of similar businesses in Fidelity National Information Systems and PayPal.

We also trimmed two stocks on valuation, Hartford Financial Services and American Express, while adding to eight at prices we find attractive: UPS, Sanofi, Unilever, Barrick Gold, TotalEnergies, Dollar Tree, Globe Life, and, in ACV only, National Fuel Gas. As a result, cash decreased during the quarter to 6.5% in both our ACV and LCV representative portfolios. As a reminder, cash is a residual of our valuation process and is not used tactically. We prefer to keep cash levels as low as possible and generally consider mid to low single digits to be fully invested.

We acquired a 1.5% position in W. P. Carey (WPC), a real estate investment trust (REIT) that owns more than 1,400 single-tenant properties in the United States (63% of rent) and Europe (37% of rent). The firm's roster of nearly 350 tenants is diversified, with the top 10 accounting for only 21% of rental revenue. Leases are normally triple-net – tenants are responsible for all property expenses, including utilities, taxes, insurance, and maintenance. Unlike other triple-net REITs that are heavily exposed to standalone retail properties, nearly 60% of WPC's rents are generated from the industrial/warehouse sector. Occupancy is typically high (currently 98%) due to long leases (15-20 years at inception; 12-year remaining average term) at reasonable rent rates and a philosophy of selling troubled, vacant properties. As a result of this model, cash earnings have been stable even in more strained economic environments. The company has a strong balance sheet, with mid-5x leverage, a four-year weighted average debt maturity, and a BBB+ credit rating from S&P.[21] Shares have declined 35% from their 2023 high as the company has sold and spun-off office properties (currently 5% of rent compared to more than 23% in 2020), reduced its dividend by 20% and faced higher interest rates. The stock now trades at a 15% discount to its 10-year average valuation and with a well-covered 6.1% dividend yield.

We continue to have a significant bias towards value stocks. While our exposure to growth stocks remains minimal, we are increasingly finding stocks that meet our valuation criteria in the core category. We are still finding opportunities in and have higher than normal exposure to European-based global businesses that trade at more attractive prices than their U.S. counterparts despite having similar characteristics. With respect to sectors, we maintain overweights in financials, energy, communications services, and consumer staples relative to our benchmark indexes. We believe the stocks we own have high-quality characteristics and trade at reasonable valuations, offering good odds of earning reasonable returns. On a weighted-average basis, our portfolios trade at a discount to the R3000V and R1000V at 15.7–16.1x trailing and 12.4–12.6x forward earnings, have a return on equity of 15%, a weighted-average credit rating of approximately A-, and an estimated dividend yield of 3.2–3.3%.[22]

In January 2021, near the peak of growth stock valuations and just a few quarters before the start of value-led outperformance that would carry through year-end 2022, we wrote the following:

> "The near-term direction from here is uncertain, and it's not clear what will break the growth fever, nor when it will happen. . . . growth has had a fantastic run, but it is currently too expensive to deliver good prospective returns, while its high valuation dramatically increases its risk."[23]

We find ourselves saying the same thing today. Accordingly, our mission is *not* to predict the direction of the capital markets nor when leadership will turn, positioning portfolios to benefit from that one outcome. Rather, our mission is to protect by positioning portfolios for a range of outcomes through the consistent application of our investment process: buying stocks with quality characteristics at valuations based on reasonable assumptions, thus increasing our odds of earning respectable returns.

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

Investment Team

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

Robert Ladyman, CFA   Thomas Knapp, CFA

Disclosures

[1] Data Source: Morningstar Direct[SM]. Performance attribution for ACV and LCV portfolios versus Russell 3000 Value Index and Russell 1000 Value Index, respectively, for the quarter ended March 31, 2024.

[2] 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. Net returns are calculated by reducing gross returns with an assumed maximum annual SMA fee of 3.0%, applied monthly. SMA fees include transaction costs, portfolio management, custody, and other administrative fees. Platform sponsor fees may vary. SMA fee schedules are provided by independent SMA platform sponsors and are available upon request from the individual sponsor. 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. Performance data is historical. Current performance may be lower or higher than the performance quoted. Individual client portfolio results may vary. Investing involves risk including possible loss of principal.

[3] Wallerstein, Eric. "Stocks Haven't Looked This Unattractive Since 2007." The Wall Street Journal. April 6, 2023. https://www.wsj.com/articles/stocks-havent-looked-this-unattractive-since-2007-78fc374c. 9 April 2024.

[4] Equity Investment Corporation. All-Cap Value & Large-Cap Value 2022 Year-End Commentary, January 2023. https://www.eicatlanta.com/wp-content/uploads/2023/01/Q422-EIC-ACV-LCV-Client-Commentary-Final-23011004-0126.pdf

[5] Data Source: S&P Capital IQ[PRO]. S&P 500 Capital IQ Estimates Aggregates Bottom Up/Trends. S&P 500 EPS CY 2024. April 4, 2024.

[6] Smialek, Jeanna. "Higher for Longer After All? Investors See Fed Rates Falling More Slowly." The New York Times. April 9, 2024. https://www.nytimes.com/2024/04/09/business/economy/interest-rates-inflation-federal-reserve.html#: 9 April 2024.

[7] Data Source: S&P Capital IQ[PRO]. S&P 500 Capital IQ Estimates Aggregates Bottom Up/Consensus. S&P 500 Normalized EPS 2024 divided by last close price. 9 April 2024.

Board of Governors of the Federal Reserve System. Market Yield on U.S. Treasury Securities at 10-Year Constant Maturity, Quoted on an Investment Basis retrieved from FRED, Federal Reserve Bank of St. Louis; https://fred.stlouisfed.org/series/DGS10, 9 April 2024.

[8] Rao, Sujata, and Lipschultz, Bailey. "Stock Market: Selling Shares Becomes Cheaper Than Issuing Debt." Bloomberg. February 26, 2024. https://www.bloomberg.com/news/articles/2024-02-27/reddit-campari-aston-martin-turn-to-equity-markets-for-much-needed-cash. 27 February 2024.

[9] Data Source: S&P Capital IQ[PRO.] Russell 3000 Growth Margin-Normalized CAPE at each month-end December 31, 1979 to March 31, 2024. Margin-Normalized CAPE (Cyclically Adjusted Price-to-Earnings) is the ratio of index prices to trailing 10-year index-level earnings before taxes (EBT) adjusted to reflect average trailing EBT margin over the period from December 31, 1979 to March 31, 2024, calculated on a time-weighted basis. Monthly index level margin-normalized EBT is imputed by dividing the month-end index price by an aggregated price to EBT multiple of index constituents with the resulting quotient divided by the month-end trailing EBT margin and multiplied by the long-term average trailing EBT margin.

[10] Russell 3000 Growth Index modified CAPE (red line), Russell 3000 Value Index modified CAPE (green line), Russell 3000 Growth Index modified CAPE arithmetic premium over Russell 3000 Value Index modified CAPE (gray area) at each month-end January 31, 1990 to March 31, 2024. Modified CAPE is the ratio of index prices to trailing 10-year index-level EBT calculated on a time-weighted basis. Monthly index level EBT is imputed by dividing the month-end index price by an aggregated price to EBT multiple of index constituents.

[11] (Left Chart) Russell 3000 Growth Index modified CAPE at each month-end from January 31, 1990 to March 31, 2014, plotted against the subsequent annualized 10-year total return of the Russell 3000 Growth for each month-end January 31, 2000 through March 31, 2024. (Right Chart) Russell 3000 Value Index modified CAPE at each month-end January 31, 1990 to March 31, 2014, plotted against the subsequent annualized 10-year total return of the Russell 3000 Value for each month-end January 31, 2000 through March 31, 2024.

[12] Weiner, Eric J., Wittenstein, Jeran, and Gurman, Mark. "Magnificent Seven? It's More Like the Blazing Two and Tepid Five." Bloomberg. March 21, 2024. https://www.bloomberg.com/news/articles/2024-03-21/nvidia-meta-stock-gains-turn-magnificent-seven-into-two. 9 April 2024.

[13] Data Source: Morningstar Direct[SM]. Performance attribution for Russell 3000 Growth versus Russell 3000 Value Index for the quarter ended March 31, 2024.

[14] Data Source: NVIDIA filings and S&P Capital IQ[PRO].

[15] "How businesses are actually using generative AI." The Economist. February 29, 2024. https://www.economist.com/business/2024/02/29/how-businesses-are-actually-using-generative-ai. 10 April 2024.

[16] Kruppa, Miles and Fitch, Asa. "Google Expands In-House Chip Efforts in Costly AI Battle." The Wall Street Journal. April 9, 2024. https://www.wsj.com/tech/google-expands-in-house-chip-efforts-in-costly-ai-battle-3121c852. 9 April 2024.

[17] Data Source: NVIDIA filings and S&P Capital IQ[PRO]. Pre-Tax Profit Margin calculated as income before income tax divided by revenue. Return on Common Equity calculated as net income to common shareholders (excluding extraordinary items) divided by average total common equity over the period. Long-term averages calculated using annual results over the 25-year period from Fiscal Year Ended January 30, 2000 to Fiscal Year Ended January 28, 2024.

[18] Graham, Benjamin and Dodd, David. Security Analysis, (New York: The McGraw Hill Companies),1934, 54.

[19] "Bitcoin ETFs are off to a bad start. Will things improve?" The Economist. February 1, 2024. https://www.economist.com/finance-and-economics/2024/02/01/bitcoin-etfs-are-off-to-a-bad-start-will-things-improve.10 April 2024.

[20] References to specific securities and their issuers are for illustrative purposes only and are not intended to be, and should not be interpreted as, recommendations to purchase or sell such securities. Any specific securities described herein do not represent all securities purchased, sold, or recommended for advisory clients. Actual portfolio holdings vary for each client, and there is no guarantee that a particular client's account, SMA, or advisory program will hold any, or all, of the securities identified. It should not be assumed that any of the securities or recommendations made will be profitable or will equal the performance of the listed securities.

[21] S&P Capital IQ[PRO]. 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.

[22] Data Source: Morningstar Direct℠ as of March 31, 2024. Weighted average trailing twelve-month P/E Ratio, forward P/E Ratio, and trailing twelve-month return on equity for EIC ACV and LCV representative portfolios, as calculated by Morningstar.

Data Source: APL Systems as of March 31, 2024. Dividend yield for EIC ACV and LCV representative portfolios.

Data Source: S&P Capital IQ[PRO]. Weighted average of S&P credit-quality ratings on underlying securities held in the representative ACV and LCV portfolio on March 31, 2024, and not the portfolios themselves.

[23] Equity Investment Corporation, All-Cap Value & Large-Cap Value, 2020 Fourth Quarter Commentary, January 2021.

Equity Investment Corporation
All-Cap Value SMA Composite Report

As of 3/31/2024	1 Year	5 Year (annualized)	10 Year (annualized)	Since Inception** (annualized)
Gross Rate of Return[1] (Supplemental)	22.9%	13.7%	10.4%	11.9%
Assumed 3% Annual Fee Net Rate of Return[1]	19.3%	10.4%	7.1%	8.6%
Benchmark Return of Russell 3000® Value Index	20.2%	10.2%	8.9%	10.4%

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 with an assumed maximum annual SMA fee of 3.0%, applied monthly.
**Inception Date: January 1, 1986

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 maximum annual 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, 2024, our investment team was responsible for the All-Cap Value SMA composite increasing by 10.5% (annualized) (7.2% net of an assumed maximum annual 3% fee); the Russell 3000 Value Index gained 7.5% (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, 2024, our investment team was responsible for the All-Cap Value SMA composite advancing by 12.2% (annualized) (8.9% net of an assumed maximum annual 3% fee), versus an 9.8% (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 tables.

Performance numbers (beginning July 1, 1995) are the value-weighted, time-weighted, total return composite results of fully discretionary All-Cap Value equity wrap fee (SMA) accounts. The strategy employs a flexible framework (not constrained by any cap size limitations) of investing in high-quality, well-managed companies, while at the same time avoiding those that look inexpensive relative to their historical record but are actually in structural decline. Prior to January 1, 2013, the composite was called the All-Cap Value Wrap Composite. Returns are generally presented net of foreign withholding taxes on dividends, interest income, and capital gains; however, returns for some accounts are presented gross of foreign taxes depending on the treatment by their custodian. Prior to July 1, 1995, the returns are that of the All-Cap Value composite. Results for the period January 1, 1989, through July 1, 1995, include both SMA and non-SMA accounts. During this period, SMA accounts represent on average 24% of the composite. Since July 1, 1995, SMA accounts comprise 100% of the composite. The composite creation date is July 1, 1995, and the inception date is January 1, 1986. All accounts included in the composite are managed according to similar investment guidelines. The benchmark index is the Russell 3000 Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell 3000 Value Index measures the performance of the largest 3000 US companies in the value segment of the US equity universe. The Russell 3000 Value Index is based on the Russell 3000® Index, a market-capitalization weighted equity index representing approximately 98% of the investable US equity market.

Equity Investment Corporation
All-Cap Value SMA Composite Report

									Advisory-Only (UMA) and Managed Assets		
Year Ended Dec - 31	Gross* Rate of Return[1] (Supplemental)	Assumed 3% Annual Fee 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)
2024 (through 3/31)	8.1%	7.3%	8.6%	15.3%	16.4%	0.3%	2287	$1,346.0	$3,114.4	$2,954.7	$6,069.2
2023	13.4%	10.1%	11.7%	15.9%	16.7%	0.8%	2243	$1,231.0	$2,818.0	$2,654.3	$5,472.3
2022	1.6%	-1.4%	-8.0%	19.3%	21.5%	0.6%	1841	$1,021.8	$2,392.5	$2,267.8	$4,660.4
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 maximum 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 *(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. 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, 2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to the composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. The verification reports, as well as a complete list and description of all the firm's composites, are available upon request by contacting Equity Investment Corporation, 1776 Peachtree Street NW, Suite 600S, Atlanta, GA 30309. The firm's list of broad distribution pooled funds is available upon request. Prospective clients should be aware that results are historical and do not imply future rates of return or volatility for EIC or the indices, which may be materially different from the past and from each other.

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

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

Equity Investment Corporation
Large-Cap Value SMA Composite Report

As of 3/31/2024	1 Year	5 Year (annualized)	10 Year (annualized)	Since Inception** (annualized)
Gross Rate of Return[1] (Supplemental)	22.3%	13.8%	10.4%	9.7%
Assumed 3% Annual Fee Net Rate of Return[1]	18.8%	10.5%	7.1%	6.5%
Benchmark Return of Russell 1000® Value Index	20.3%	10.3%	9.0%	7.4%

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 maximum annual SMA fee of 3.0% (0.75%/quarter during 2001 and 0.25%/month thereafter).
**Inception Date: January 1, 2001

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 tables.

Performance numbers are the value-weighted, time-weighted, total return composite results of fully discretionary Large-Cap Value equity wrap fee (SMA) accounts managed in the style of the firm's traditional value methodology with a large-cap bias. The strategy employs a flexible framework of investing in high-quality, well-managed companies, while at the same time avoiding those that look inexpensive relative to their historical record but are actually in structural decline. Prior to January 1, 2013, the composite was called the Large-Cap Value Wrap Composite. Returns are generally presented net of foreign withholding taxes on dividends, interest income, and capital gains; however, returns for some accounts are presented gross of foreign taxes depending on the treatment by their custodian. The composite creation and inception date is January 1, 2001, and SMA accounts comprise 100% of the composite. The benchmark index is the Russell 1000® Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell 1000 Value Index measures the performance of the large-cap value segment of the US equity universe. It is a subset of the Russell 3000® Value Index and includes those Russell 1000® companies with lower price-to-book ratios and lower expected long-term mean earnings growth rates. The Russell 1000 represents approximately 90% of the investable US equity market.

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

Equity Investment Corporation
Large-Cap Value SMA Composite Report

Year Ended Dec - 31	Gross* Rate of Return[1] (Supplemental)	Assumed 3% Annual Fee Net Rate of Return[1]	Benchmark Return of Russell 1000® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion[2] of Annual Returns (St Dev)	Number of Portfolios[3]	Composite Assets ($ Millions)	Advisory-Only (UMA) and Managed Assets: UMA Assets[4] ($ Millions) (Supplemental)	GIPS® Firm Assets ($ Millions)	Total[4] ($ Millions) (Supplemental)
2024 (through 3/31)	7.9%	7.2%	9.0%	14.7%	16.2%	0.2%	973	$418.1	$3,114.4	$2,954.7	$6,069.2
2023	13.8%	10.4%	11.5%	15.4%	16.5%	0.7%	938	$365.5	$2,818.0	$2,654.3	$5,472.3
2022	2.6%	-0.4%	-7.5%	19.0%	21.3%	0.6%	689	$258.5	$2,392.5	$2,267.8	$4,660.4
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 maximum 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.

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