EQUITY INVESTMENT CORPORATION

Mid-Cap Value

First Quarter 2024 Commentary

April 2024

Stocks posted strong gains in the first quarter. Our Mid-Cap Value (MCV) SMA composite lagged its benchmark, the Russell Midcap Value Index (RMCV), but remains ahead on a gross basis over all the longer time periods shown below. For the quarter, our shortfall was attributable primarily to stock selection in financials, an underweight to the industrials sector, and our position in cash and short-term investments.[1]

	For the periods ended March 31, 2024				
	Q1	**1 Year**	**3 Year**	**5 Year**	**10 Year**
EIC MCV SMA Gross	5.3%	21.7%	10.8%	12.4%	9.8%
EIC MCV SMA Net	4.5%	18.2%	7.6%	9.1%	6.6%
Russell Mid Cap Value Index	8.2%	20.4%	6.8%	9.9%	8.6%

Table 1 Data Source: Morningstar Direct[SM]. 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 nearly 30%, the *Wall Street Journal* ran a story entitled, "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%.[5] However, analysts are usually optimistic at the start of the year, and estimates have already drifted lower as companies give initial guidance. 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] Between materially higher interest rates and 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 in Chart 1, 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]

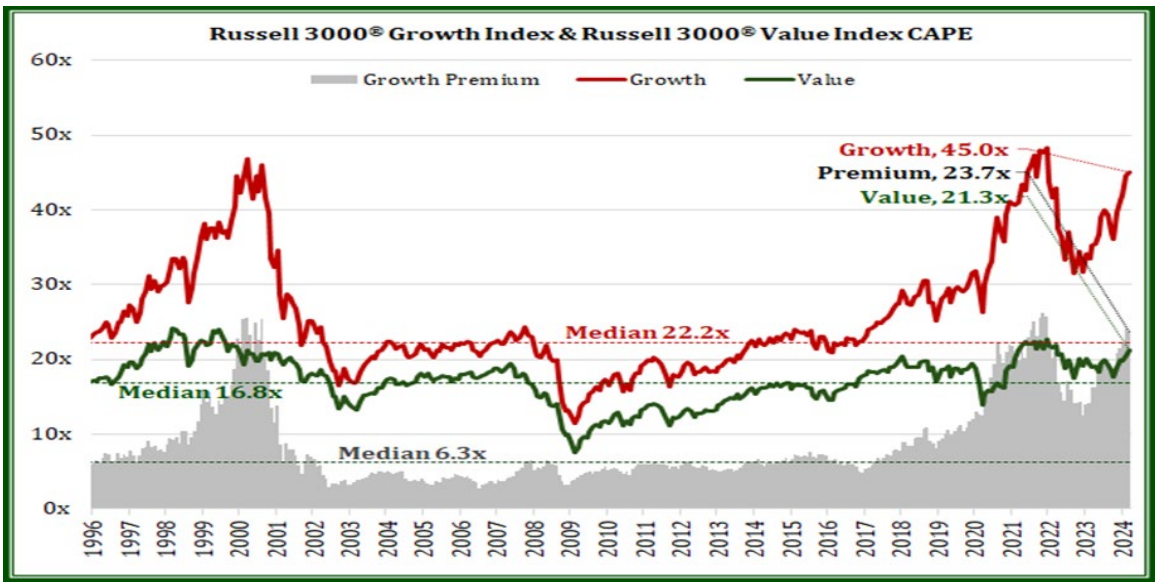

Chart 1 Data Source: S&P Capital IQ^PRO. See footnote 10.

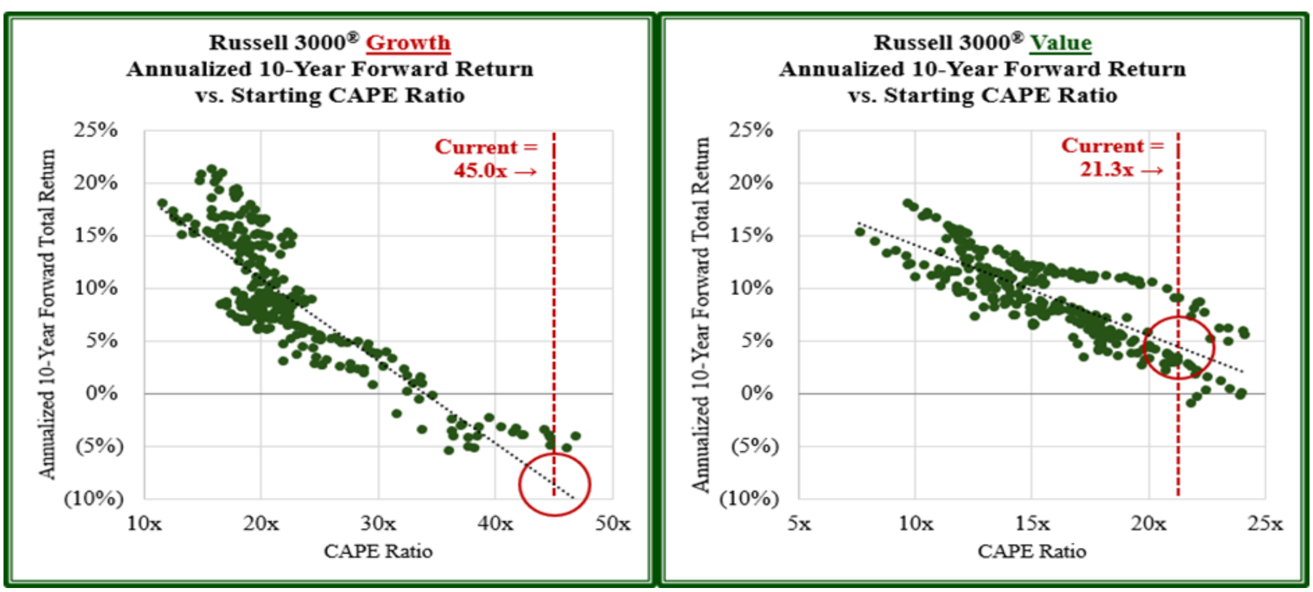

Chart 2 Data Source: S&P Capital IQ^PRO. See footnote 11.

From current CAPE levels seen on Chart 2, 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.

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 itself accounting for 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 historically 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%, 200–270% higher than the company's long-term averages, as shown in Chart 3. 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.

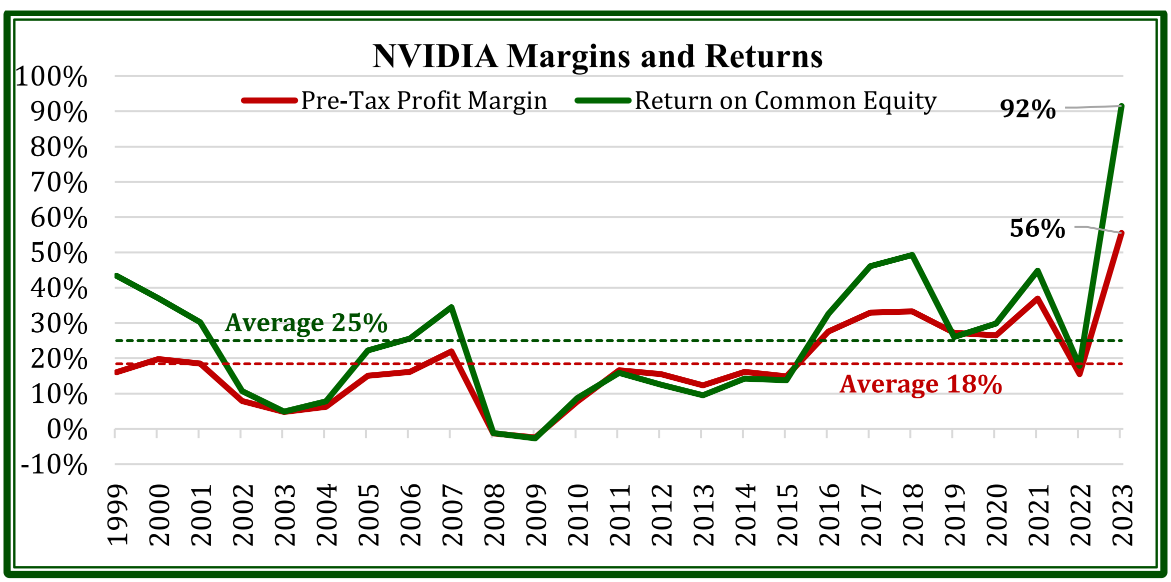

Chart 3 Data Source: S&P Capital IQ^PRO. All-time previous highs for pre-tax profit margin (37%) and return on common equity (49%) were recorded in Fiscal Year Ended January 28, 2022 and January 27, 2019, respectively. See footnote 15.

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[16] — a necessity for the boom to persist — and are already working on their own chips to reduce their reliance on NVIDIA.[17] Such is the nature of competition.

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 seminal 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 two stocks, Cencora and New York Community Bancorp, and purchased two new positions, Vodafone one and W.P. Carey.

Cencora (COR) was a strong performer over our holding period, was trimmed in 2023, and sold when it traded above the valuation we placed on it.

Our largest detractor to performance in the quarter was New York Community Bancorp (NYCB). We originally purchased a 2.5% position in Flagstar Bank in May 2022 and received NYCB shares in exchange upon completion of their merger in December 2022. The stock was a strong performer, and we trimmed our position to 2% in June 2023. We then modestly added back to our position in January of this year, paired with a trim of KeyCorp, based on relative valuation. Later that month, NYCB announced increases in loan loss provisions and a substantial cut to its dividend to increase capital levels, and the stock fell. Though painful, we judged the decisions appropriate under the circumstances and chose to add to our position, bringing it back to 2%. Shares fell further in early February after the reported departures of key risk and audit personnel. Further, Moody's downgraded the bank's credit rating to below investment grade.[21] We viewed this downgrade as a significant risk to the bank's deposit retention, and the departures increased our concerns about the loan portfolio. Accordingly, we sold our position at a loss. After our sale, NYCB entered into a dilutive transaction to raise additional capital, stabilizing the bank but reducing potential upside.

During the quarter, we purchased a 2% position in Vodafone (VOD), the European wireless telecom operator. Vodafone has substantial, high-quality operations in several European countries — notably

Germany and the United Kingdom — and has focused on those while divesting non-core investments elsewhere. While the business overall has underperformed, we believe its core comprises good, cash-generating businesses that are undervalued by the market, while proceeds from divestments are improving an already investment-grade capital structure.

We also 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%) and Europe (37%). The company'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 average remaining term) at reasonable rent rates and a philosophy of selling troubled, vacant properties. Consequently, cash earnings have been stable even in more strained economic environments. WPC has a strong balance sheet, with mid-5x leverage, a four-year weighted average debt maturity, and a BBB+ credit rating from S&P.[22] Shares have declined 35% from their 2023 high as the company sold and spun-off office properties (currently 5% of rent versus more than 23% in 2020), cut its dividend 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.

Finally, we trimmed two other stocks based on valuation, Jones Lang LaSalle and Hartford Financial Services, while adding to four at prices we found attractive: National Fuel Gas, Barrick Gold, Dollar Tree, and Globe Life. As a result, cash remained nearly unchanged at 10.6% in our representative portfolio at quarter end. 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.

After adding to our Globe Life (GL) position, shares fell precipitously on Thursday, April 11, when short seller Fuzzy Panda Research released a report alleging fraud, a toxic sales culture, potential accounting/underwriting inaccuracies, and perhaps most damaging, knowledge of these issues within the company's executive ranks. GL has denied the allegations. We are currently weighing the risks associated with the business and actively evaluating the holding to determine our next step.

We continue to have a bias towards value stocks. While our exposure to growth stocks remains minimal, we are increasingly finding stocks in the core category that meet our valuation criteria. We are still finding opportunities in and have higher than normal exposure to European-based businesses that have similar characteristics but trade at more attractive prices than their U.S. counterparts. With respect to sectors, we maintain overweights relative to our benchmark index in consumer staples, energy, and, significantly so, in financials. 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 portfolio trades at a discount to the RMCV at 14x trailing and 13x forward earnings, has a return on equity of 12%, a weighted-average credit rating of approximately BBB, and an estimated dividend yield of 3%.[23]

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."[24]

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.

Investment Team

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

Robert Ladyman, CFA Thomas Knapp, CFA

Disclosures

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[1] Data Source: Morningstar Direct℠. Performance attribution for MCV representative portfolio versus Russell Midcap Value Index for the quarter ended March 31, 2024.

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.

[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 year-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 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 from 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. “Magnificent Seven? It’s More Like the Blazing Two and Tepid Five.” 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 DirectSM. Performance attribution for Russell 3000 Growth versus Russell 3000 Value Index for the quarter ended March 31, 2024.

[14] Data Source: January 31 fiscal year end. NVIDIA filings and S&P Capital IQ[PRO]

[15] 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.

[16] “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

[17] 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.

[18] Benjamin Graham and David Dodd, 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] Moody’s Investors Service, Inc, (2024 February 6). *Moody's downgrades New York Community Bancorp's long-term issuer rating to Ba2; most ratings remain on review for further downgrade [Press Release]*. https://ratings.moodys.com/ratings-news/414856.

[22] Data Source: 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.

[23] 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 EICMCV representative portfolio, as calculated by Morningstar.

Data Source: APL Systems as of March 31, 2024. Dividend yield for EIC MCV representative portfolio.

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

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

Equity Investment Corporation
Mid-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)	21.7%	12.4%	9.8%	10.7%
Assumed 3% Annual Fee Net Rate of Return[1]	18.2%	9.1%	6.6%	7.5%
Benchmark Return of Russell Midcap® Value Index	20.4%	9.9%	8.6%	9.6%

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 annual SMA fee of 3.0% (0.25%/month).
**Inception Date: January 1, 2004

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 Mid-Cap Value wrap (SMA) accounts. The strategy invests in high-quality, well-managed mid-cap 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 Mid-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. All accounts included in the composite are managed according to similar investment guidelines. The composite creation and inception date is January 1, 2004, and SMA accounts comprise 100% of the composite. The benchmark index is the Russell Midcap® Value Index (which excludes an advisory fee), and was chosen because it is representative of the composite's investment style. The Russell Midcap Value Index measures the performance of the mid-cap value segment of the US equity universe. It is a subset of the Russell Midcap® Index and includes approximately 800 of the Russell 1000® companies with lower price-to-book ratios and lower expected long-term mean earnings growth rates.

Performance has been measured on a monthly basis from January 1, 2004, 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 are no non-fee paying accounts. 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
Mid-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 Midcap® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion[2] of Annual Returns (St Dev)	Number of Portfolios	Composite Assets ($ Millions)	Advisory-Only (UMA) and Managed Assets: UMA Assets[3] ($ Millions) (Supplemental)	GIPS® Firm Assets ($ Millions)	Total Assets[3] ($ Millions) (Supplemental)
2024 (through 3/31)	5.3%	4.5%	8.2%	16.8%	19.1%	0.1%	12	$4.4	$3,114.4	$2,954.7	$6,069.2
2023	12.8%	9.5%	12.7%	17.2%	19.3%	0.5%	12	$4.0	$2,818.0	$2,654.3	$5,472.3
2022	3.0%	0.0%	-12.0%	21.3%	24.4%	0.3%	10	$3.3	$2,392.5	$2,267.8	$4,660.4
2021	30.2%	26.5%	28.3%	18.9%	22.0%	0.7%	12	$3.4	$2,108.2	$2,027.4	$4,135.6
2020	3.5%	0.4%	5.0%	18.6%	22.6%	0.8%	10	$2.2	$1,694.6	$1,607.6	$3,302.2
2019	18.3%	14.9%	27.1%	9.4%	12.8%	0.7%	22	$5.5	$1,942.4	$2,245.1	$4,187.5
2018	-6.4%	-9.2%	-12.3%	8.4%	12.0%	0.7%	21	$4.7	$1,721.0	$2,219.9	$3,940.9
2017	12.6%	9.3%	13.3%	7.5%	10.3%	1.0%	20	$5.4	$2,044.9	$2,790.7	$4,835.6
2016	16.6%	13.2%	20.0%	8.4%	11.3%	1.0%	15	$4.3	$2,044.5	$2,994.4	$5,038.9
2015	-2.1%	-5.0%	-4.8%	8.9%	10.7%	1.0%	9	$2.3	$1,590.0	$3,658.9	$5,248.9
2014	15.2%	11.8%	14.8%	8.9%	9.8%	N/A	5	$1.8	$1,657.7	$3,862.6	$5,520.3
2013	33.6%	29.7%	33.5%	10.5%	13.7%	N/A	3	$1.1	$1,009.2	$3,286.3	$4,295.5
2012	11.3%	8.0%	18.5%	10.7%	16.8%	N/A	3	$0.9	$665.6	$2,301.1	$2,966.7
2011	5.3%	2.2%	-1.4%	15.3%	22.8%	N/A	1	$0.2	$314.5	$1,127.9	$1,442.5
2010	22.8%	19.3%	24.8%	17.9%	27.1%	0.4%	7	$1.7	$77.9	$836.9	$914.8
2009	28.1%	24.4%	34.2%	17.6%	25.0%	0.9%	8	$1.5	$10.5	$541.2	$551.8
2008	-20.4%	-22.8%	-38.4%	13.0%	18.7%	1.2%	11	$1.7	$0.0	$362.6	$362.6
2007	4.4%	1.3%	-1.4%	8.3%	9.1%	0.7%	16	$3.2	$0.0	$448.1	$448.1
2006	12.2%	8.9%	20.2%	7.3%	8.7%	0.5%	20	$6.6	$0.0	$487.2	$487.2
2005	6.0%	2.9%	12.7%	N/A	N/A	0.8%	29	$8.6	$0.0	$463.6	$463.6
2004	19.8%	16.3%	23.7%	N/A	N/A	N/A	32	$10.5	$0.0	$388.1	$388.1

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 annual SMA fee of 3.0% (0.25%/month).

[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.

<u>Additional Note</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.)*:

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).

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