

# All-Cap Value SMA Composite Performance Description

Equity Investment Corporation (EIC) is an SEC registered independent investment advisor incorporated in the state of Georgia. Effective September 30, 2016, assets of the firm transferred from Jim Barksdale, who founded the firm in 1986, to three members of the investment team who collectively have more than 40 years of experience at EIC. Accounts continue to be managed using the same investment process. 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. All accounts included in the composite are managed according to similar investment guidelines. On January 1, 2003, the benchmark (which excludes an advisory fee) was changed retroactively from the S&P® 500 Index to the Russell 3000® Value Index because it is more representative of the composite. Performance includes reinvestment of dividends, and EIC's returns also include interest earned on cash. 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 broad value segment of the US equity universe. It is the portion of the Russell 3000® Index companies with lower price-to-book ratios and lower forecasted growth rates. The Russell 3000® Index consists of the largest 3000 US companies and represents 98% of the investable US equity market.

| Year Ended<br>Dec - 31 | Supplemental<br>Gross Rate of<br>Return <sup>1</sup> | Hypothetical <sup>1</sup><br>(3% annual)<br>Net Rate of<br>Return | Benchmark<br>Return of<br>Russell 3000®<br>Value Index | Composite 3-Yr<br>St Dev | Benchmark 3-Yr<br>St Dev | Dispersion <sup>2</sup> of<br>Annual Returns<br>(St Dev) | Number of<br>Portfolios <sup>3</sup> | Composite<br>Assets<br>(\$ Millions) | Advisory-Only (UMA) and Managed Assets |                                       |                                |
|------------------------|--|---|--|--------------------------|--------------------------|--|--------------------------------------|--------------------------------------|--|---------------------------------------|--------------------------------|
|                        |  |   |  |                          |                          |  |                                      |                                      | UMA Assets*<br>(\$ Millions)           | GIPS® Firm<br>Assets<br>(\$ Millions) | Total Assets*<br>(\$ Millions) |
| 2017 (through 9/30)    | 8.2%   | 5.8%  | 7.7%   | 8.0%                     | 10.3%                    | 0.3%   | 2538                                 | \$1,233.8                            | \$1,979.5                              | \$2,711.8                             | \$4,691.3                      |
| 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                          |

See next page for Table Notes and other disclosures

# All-Cap Value SMA Composite Performance Description (*cont'd*)

## Table Notes:

\*"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.

<sup>1</sup> Results include SMA accounts and gross returns are shown as supplemental information. Prior to 7/1/1995, the gross returns are that of EIC's All-Cap Value composite. For the period 1/1/1989 through 7/1/1995, SMA accounts represent on average 24% of the composite assets. Please note that gross returns for SMA accounts are stated gross of all fees and trading costs. For the period 10/1/02 through 12/31/06, the gross returns are those of EIC's All-Cap Value composite, and are reduced by trading costs, but not by any additional fees. For all other periods the gross returns are stated gross of all fees and brokerage firm SMA fees. Net returns are simulated by reducing gross returns by an annual SMA fee of 3.0% (0.25% per month).

<sup>2</sup> Dispersion is an asset-weighted standard deviation for the accounts in the composite for the entire year (or year-to-date). 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.

<sup>3</sup> 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.

N/A – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

Additional Notes: The three year annualized standard deviation measures variability of the composite and the benchmark returns over the preceding 36 month period.

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 - Qtr. 3, 2017: <1%. Economic and market conditions have differed over the time period displayed, and likewise will be different in the future. Policies for valuing portfolios, calculating performance and preparing compliant presentations 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 June 30, 2017. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. Verification does not ensure the accuracy of any specific composite presentation. 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, 3007 Piedmont Road NE, Suite 200, Atlanta, GA 30305. 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. EIC's maximum annual fees for SMA accounts (charged quarterly) are 0.75%. Total fees charged may equal 3% per year. 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](http://www.adviserinfo.sec.gov)).

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