EQUITY INVESTMENT CORPORATION

2015 First Quarter All-Cap Value & Large-Cap Value Commentary

April 10, 2015

While 2014 favored large companies with low volatility, last quarter was led by small-capitalization 'growth' companies, as shown in the table below. Our own results were consistent with both periods, with our All-Cap Value (ACV) and Large-Cap Value (LCV) composites rising 14.9% and 15.0% in 2014, but falling 0.6%, and 0.7% last quarter (gross of fees)[1].

Performance Segmentation by Size & Style

Indices by Capitalization Size		
Q1 2015	**Value**	**Growth**
Russell Top 200®	**-2.1%**	3.1%
Russell 1000®	-0.7%	3.8%
Russell 3000®	-0.5%	4.1%
Russell Midcap®	2.4%	5.4%
Russell 2000®(Small-Cap)	2.0%	**6.6%**

Source: Capital IQ.

Investment Opportunities & Error Rates

Over the last few years, we've written extensively about the capital market distortions created by aggressive monetary policy. For example, in our 2012 year-end commentary, we wrote that the market's performance:

". . . reflect(s) the impact of the international monetary authorities' (Federal Reserve, Bank of Japan, Bank of England, European Central Bank, etc.) efforts to provide a safety-net under risky assets, increase asset prices to restore balance sheets, and encourage risk-taking, so western economies grow again. In essence, the extensive creation of money is prompting investors in almost all markets to take on higher risks, paradoxically, often in search of a safer yield. This effort has affected prices of European bank and government debt, junk bonds, money market fund holdings, high-yield stocks, and now broader U.S. equity securities."

From a monetary and market perspective, little has changed. With cheap-money fuel still on the fire, and economic growth muted, corporate pursuit of growth via acquisitions and stock-buybacks seems likely to continue. Central banks have created an environment where investment error rates are likely to rise because of fewer opportunities, greater difficulty in separating sustainable economic value from short-term financial engineering, low hurdle rates, and the psychological push to 'stay invested' given the market's upward momentum. Our goal is to make investment decisions that, when today's environment inevitably changes, will still be seen in retrospect as sound.

Portfolio Review

We added a new position in Qualcomm after the price fell as the company guided earnings estimates lower in response to Samsung's decision not to use Qualcomm's Snapdragon chip in the new Galaxy S6 phone. This followed an anti-competitive investigation and settlement in China, although that outcome was not as bad as feared. The company has sustained long-term growth through strong investments in research & development, and its 3G and 4G LTE patents. With no debt and about $19 per share held in cash and investments, the price decline seemed to reflect an outlook in which the company could no longer grow despite these historical strengths, so we initiated a position.

We also added to our existing positions in American Express, Johnson & Johnson, and Southwestern Energy on price weakness. Similarly, three holdings that performed well were trimmed: CVS Health, Dr Pepper Snapple and Medtronic.

Finally, we sold two positions that rallied strongly during the quarter, but in retrospect proved to be investment mistakes on our part (Barrick Gold and Newmont Mining). These investments began in 2008, as the previous bear market in gold was replaced by rising prices due to concerns of debasement of currencies by the Federal Reserve. This provided Newmont Mining and Barrick Gold with strong production margins. The stock prices were low if these margins could be maintained, and markets were skeptical whether gold prices would hold. The margins should have proven sustainable, but the companies were unfortunately undisciplined, investing in high-cost mines and over-priced acquisitions. In retrospect, our mistake was in not selling when the companies jeopardized future margins through these decisions, which came to pass when gold prices fell from 2011's peaks. The events show the importance of 'under-betting one's beliefs' due to the near impossibility of predicting the future (whether interest rates, the stock market, or the price of commodities like oil or gold).

Personnel Additions

Organizations that sustain themselves and grow are authentic in their belief that it is the people who arrive each morning that make everything possible. Thus, we believe hiring and retaining high-caliber personnel are priorities at successful firms. To this end, our hiring process is unusually thorough, while our employee-retention rate is unusually high. We believe this is one of our core strengths.

Last quarter we made three additions. Tate Lambeth, CIMA®, joined us as an external Regional Director. Tate was most recently a Senior Vice President at another asset management firm and has been in the investment business over 15 years. Morgan Purvis joined our internal sales desk, having previously learned about our investment approach as an adviser at Janney Montgomery and Morgan Stanley. Morgan will be supporting Tate's Southwest region, and John Stewart's Southeast region. Finally, we added Josh Golub to our operations staff. Josh joins our squad of young, bright, math whiz-kids trying to keep up with Joyce Michels, our first math whiz-kid, who completed her 25th year with us last year.

Investment Team

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W. Andrew Bruner, CFA, CPA
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VALUE DISCIPLINE • QUALITY FOUNDATION • GROWTH OBJECTIVE

EIC ACV (soft close), LCV, and MCV are available as managed account strategies on select platforms.

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[1]Disclosure

*[1]**For Financial Professionals Only** - Returns are presented in conjunction with our full disclosure presentation, which is considered an integral part of this report. All returns include reinvestment of dividends and interest. Indices are unmanaged, do not incur management fees, costs or expenses, and cannot be invested in directly. Results are historical and do not imply future rates of returns or volatility for EIC or for the indices, which may be materially different from the past and from one another. Individual account results may differ from those of the composite.*

EIC's ACV and LCV results are those of our All-Cap Value SMA and Large-Cap Value SMA Composites gross of (before) all fees. After assumed maximum annual SMA fees of 3% (0.25% per month), the ACV SMA net returns were -1.3% for Qtr. 1, 2015 and 11.5% in 2014. LCV SMA net returns were -1.4% for Qtr. 1, 2015 and 11.6% in 2014. SMA fees include trading costs, portfolio management, custody, and other administrative expenses.

Equity Investment Corporation makes every reasonable effort to comply with industry best practices and the Global Investment Performance Standards (GIPS®). As part of our compliance with the GIPS® standards we prepare and present our composite performance and make this presentation available to all current and prospective clients. Attached you will find our disclosure presentations (through 2014) prepared and presented in accordance with the GIPS® standards. Please take the time to review these disclosures and let us know if you have any questions.

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Large-Cap Value SMA Composite Performance Description

Equity Investment Corporation (EIC) is an SEC registered independent investment advisor incorporated in the state of Georgia since 1986. Performance numbers are the value-weighted, time-weighted, total return composite results of fully discretionary large-cap value 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 date is January 1, 2001, and SMA accounts comprise 100% of the composite. SMA 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 fees. For comparison purposes the composite is measured against the Russell 1000® Value Index, which excludes an advisory fee. On January 1, 2003 the benchmark was changed retroactively from the S&P 500® Index to the Russell 1000® Value Index which is more representative of the composite. The Russell 1000® Value Index measures the performance of the large cap value segment of the US equity universe. It is the portion of the Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values. The Russell 1000® Index includes approximately 1000 of the largest US companies and represents 90% of the US equity market.

Year Ended Dec - 31	Gross Rate of Return[2]	Hypothetical[2] (3% annual) Net Rate of Return	Benchmark Return of Russell 1000® Value Index**	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion[1] of Annual Returns (Standard Deviation)	Number of Portfolios[3]	Composite Assets ($ mm)	Total Firm Assets ($ Millions)	UMA Assets* ($ Millions)	Total* ($ Millions)
2015 (through 3/31)	-0.7%	-1.4%	-0.7%	8.6%	9.8%	0.2%	580	$203.2	$3,965.4	$1,680.5	$5,645.9
2014	15.0%	11.6%	13.5%	8.1%	9.2%	0.5%	361	$159.4	$3,862.6	$1,657.7	$5,520.3
2013	24.8%	21.2%	32.5%	9.4%	12.7%	0.5%	863	$328.7	$3,286.3	$1,009.2	$4,295.5
2012	10.0%	6.8%	17.5%	11.5%	15.5%	0.3%	658	$197.2	$2,301.1	$665.6	$2,966.7
2011	8.2%	5.0%	0.4%	15.9%	20.7%	0.3%	465	$130.1	$1,127.9	$314.5	$1,442.4
2010	16.8%	13.4%	15.5%	18.5%	23.2%	0.4%	409	$98.2	$836.9	$77.9	$914.8
2009	25.0%	21.4%	19.7%	17.2%	21.1%	1.0%	386	$80.0	$541.2	$10.5	$551.7
2008	-22.8%	-25.2%	-36.9%	12.1%	15.4%	N/A	3	$0.9	$362.6	$0.0	$362.6
2007	2.1%	-0.9%	-0.2%	6.9%	8.1%	N/A	3	$1.1	$448.1	$0.0	$448.1
2006	17.7%	14.3%	22.3%	6.0%	6.7%	N/A	3	$1.0	$487.2	$0.0	$487.2
2005	5.7%	2.6%	7.1%	8.7%	9.5%	0.4%	18	$9.3	$463.6	$0.0	$463.6
2004	13.1%	9.8%	16.5%	12.7%	14.8%	0.4%	18	$8.9	$388.1	$0.0	$388.1
2003	23.3%	19.7%	30.0%	14.2%	16.0%	1.1%	21	$8.5	$231.0	$0.0	$231.0
2002	-9.0%	-11.7%	-15.5%	N/A	N/A	0.5%	42	$11.0	$110.7	$0.0	$110.7
2001	14.6%	11.3%	-5.6%	N/A	N/A	1.2%	45	$12.4	$82.2	$0.0	$82.2

*For GIPS® purposes, UMA assets are not part of Firm Assets and are not considered "under management" since EIC has no trading discretion. The "UMA Assets" and "Total" asset amounts are shown as supplemental information.

[1] Dispersion is an asset-weighted standard deviation for the accounts in the composite the entire year (or year-to-date).
[2] Results include SMA accounts and are shown as supplemental information. Gross returns for SMA accounts are stated gross of all fees and transactions costs; net returns are simulated by reducing gross returns of the composite by an annual SMA fee of 3.0% (0.25%/month during 2001-2014, and 0.75%/quarter during 2001).
[3] Number of Portfolios/Composite Assets significantly decreased in 2014 due to transitioning of a major SMA program to a model based (UMA) program during Q414.
N/A – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.
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.

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 portfolios, calculating performance and preparing compliant presentations are available upon request.

Equity Investment Corporation (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, 2014. 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. The Large-Cap Value SMA composite has been examined for the periods January 1, 2001 through December 31, 2014. The verification and composite examination reports, as well as a complete list and description of 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).

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All-Cap Value SMA Composite Performance Description

Equity Investment Corporation (EIC) is an SEC registered independent investment advisor incorporated in the state of Georgia since 1986. 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. 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 Dec - 31	Supplemental Gross Rate of Return[3]	Hypothetical[3] (3% annual) Net Rate of Return	Benchmark Return of Russell 3000® Value Index[4]	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion[1] of Annual Returns (Standard Deviation)	Number of Portfolios	Number of Accounts[2]	Composite Assets ($ mm)	Total Firm Assets ($ Millions)	UMA Assets* ($ Millions)	Total* ($ Millions)
2015 (through 3/31)	-0.6%	-1.3%	-0.5%	8.5%	9.9%	0.2%	5219	473	$2,239.6	$3,965.4	$1,680.5	$5,645.9
2014	14.9%	11.5%	12.7%	8.1%	9.4%	0.5%	5272	479	$2,259.6	$3,862.6	$1,657.7	$5,520.3
2013	24.7%	21.1%	32.7%	9.2%	12.9%	0.6%	4290	494	$1,703.6	$3,286.3	$1,009.2	$4,295.5
2012	10.0%	6.7%	17.6%	11.5%	15.8%	0.4%	2742	446	$1,016.1	$2,301.1	$665.6	$2,966.7
2011	7.4%	4.2%	-0.1%	16.3%	21.0%	0.6%	1398	362	$556.0	$1,127.9	$314.5	$1,442.4
2010	18.2%	14.7%	16.2%	18.7%	23.5%	0.5%	937	283	$432.6	$836.9	$77.9	$914.8
2009	26.9%	23.2%	19.8%	17.3%	21.3%	1.3%	743	152	$282.7	$541.2	$10.5	$551.7
2008	-22.9%	-25.2%	-36.3%	11.7%	15.5%	1.0%	946	235	$220.2	$362.6	$0.0	$362.6
2007	3.3%	0.3%	-1.0%	7.0%	8.3%	0.8%	935	230	$283.5	$448.1	$0.0	$448.1
2006	16.6%	13.1%	22.3%	6.2%	7.0%	0.8%	758	229	$252.7	$487.2	$0.0	$487.2
2005	2.8%	-0.3%	6.9%	8.8%	9.7%	0.7%	675	226	$195.5	$463.6	$0.0	$463.6
2004	13.9%	10.6%	16.9%	11.4%	14.8%	0.8%	531	176	$137.4	$388.1	$0.0	$388.1
2003	25.2%	21.6%	31.1%	13.6%	16.0%	0.8%	289	100	$70.0	$231.0	$0.0	$231.0
2002	-4.1%	-6.9%	-15.2%	15.9%	16.6%	1.5%	59	56	$14.6	$110.7	$0.0	$110.7
2001	16.9%	13.5%	-4.3%	15.7%	14.1%	0.8%	13	13	$5.4	$82.2	$0.0	$82.2
2000	18.6%	15.2%	8.0%	18.0%	16.8%	0.8%	16	16	$6.5	$62.3	$0.0	$62.3
1999	2.1%	-0.9%	6.6%	15.7%	15.9%	1.0%	27	27	$13.0	$64.1	$0.0	$64.1
1998	16.2%	12.8%	13.5%	14.5%	14.9%	0.9%	11	11	$2.8	$35.2	$0.0	$35.2
1997	30.1%	26.4%	34.8%	8.8%	9.5%	0.8%	12	12	$4.9	$38.8	$0.0	$38.8
1996	8.0%	4.8%	21.6%	7.7%	9.2%	0.6%	19	19	$16.6	$69.7	$0.0	$69.7
1995	19.7%	16.2%	37.0%	6.2%	8.3%	0.6%	42	42	$23.0	$93.4	$0.0	$93.4
1994	0.2%	-2.8%	-1.9%	5.7%	8.2%	0.8%	65	65	$32.7	$92.6	$0.0	$92.6
1993	11.3%	8.0%	18.7%	8.0%	9.5%	0.7%	72	72	$44.0	$84.5	$0.0	$84.5
1992	10.6%	7.4%	14.9%	12.5%	13.7%	0.9%	69	69	$53.3	$84.1	$0.0	$84.1
1991	37.0%	33.0%	25.4%	13.3%	14.5%	1.3%	58	58	$35.6	$48.9	$0.0	$48.9
1990	-8.0%	-10.7%	-8.8%	13.2%	13.5%	0.7%	59	59	$25.8	$30.4	$0.0	$30.4
1989	20.8%	17.3%	24.2%	18.0%	17.6%	1.6%	51	51	$21.4	$27.8	$0.0	$27.8
1988	27.4%	23.7%	23.6%	19.9%	18.9%	1.7%	14	14	$6.0	$8.0	$0.0	$8.0
1987	10.6%	7.4%	-0.1%	N/A	N/A	N/A	5	5	$0.5	$0.6	$0.0	$0.6
1986	25.0%	21.3%	18.8%	N/A	N/A	N/A	2	2	$0.2	$0.2	$0.0	$0.2

See next page for Table Notes and other disclosures

Table Notes:
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[1] 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.
[2] Number of accounts - Each internally administered SMA account is treated as a separate account but each separately managed SMA program is considered only one account.
[3] Results include SMA accounts and 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).
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%, 2010-2015: <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.

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