

# EQUITY INVESTMENT CORPORATION

## ALL-CAP VALUE SMA

Value | Quality | Growth

Data as of September 30, 2017

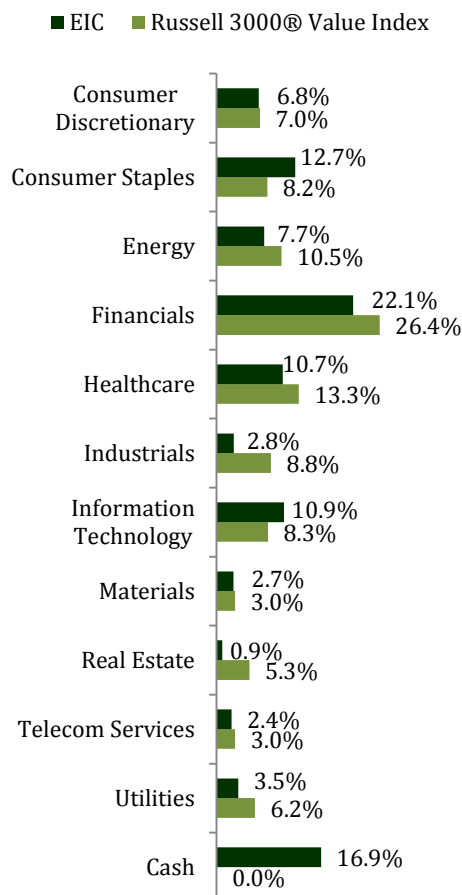
### WHAT MAKES EIC DIFFERENT

- Not “benchmark-centric”
- Focused on absolute vs. relative returns
- Goal is to maximize the investor’s odds of success

### INVESTMENT STRATEGY

With an investment approach that dates back to 1986, EIC implements a value discipline to investing, believing the key to long-term investment success is avoiding significant losses. EIC looks for high quality companies selling below their value as ongoing businesses. This has led to lower volatility and an approach we feel is more tax efficient as well. To that end, we use a highly disciplined investment process that helps identify and avoid value traps. Our culture of independent thinking provides the flexibility to invest where value leads, regardless of capitalization size. (See chart on reverse.)

### SECTOR WEIGHTINGS <sup>1</sup>



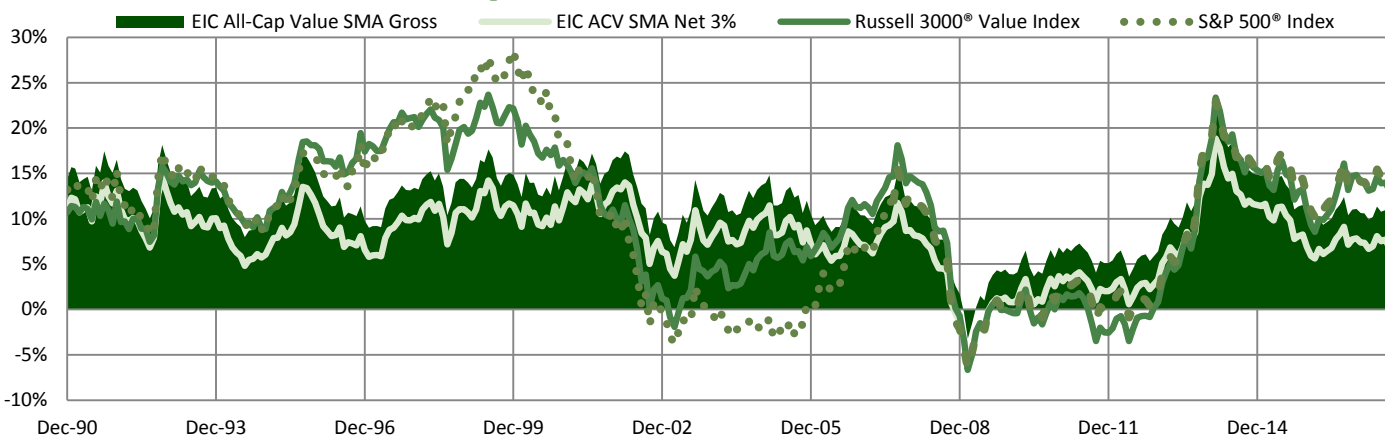
### TOP 10 HOLDINGS <sup>2</sup>

eBay Inc	3.7%
Wal-Mart Stores Inc	3.7%
Exelon Corp	3.5%
American Express Co	3.3%
PNC Financial Services Group	3.3%
Exxon Mobil Corp	3.1%
GlaxoSmithKline PLC ADR	2.9%
PepsiCo Inc	2.9%
US Bancorp	2.8%
United Parcel Service Inc	2.8%

### PORTFOLIO CHARACTERISTICS <sup>3</sup>

Holdings Range	30-40
Average Turnover (Since Inception)	33%
Median Mkt. Cap.	\$71.5B
Median P/E Ratio (TTM)	17.4x
Median P/BV Ratio	2.5x
Median Debt/Equity	68.6%
Median ROE	16.0%

### EIC All-Cap Value SMA 60-MONTH ROLLING RETURNS

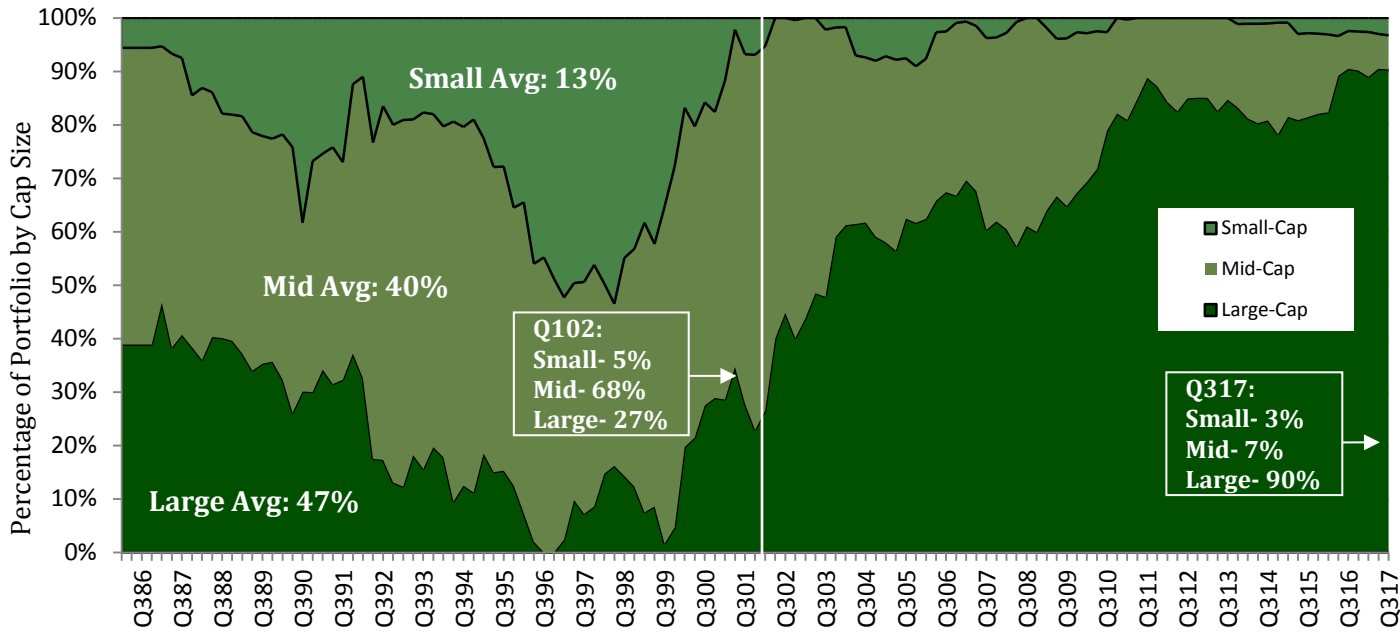


	Rolling Periods	Negative Returns	Positive Returns	Minimum Return	Maximum Return	Average Return
<b>EIC ACV SMA Gross</b>	322	3	319	-3.2%	22.4%	11.3%
<b>EIC ACV SMA Net 3%</b>	322	9	313	-6.1%	18.8%	8.1%
<b>Russell 3000® Value Index</b>	322	36	286	-6.7%	23.7%	10.4%
<b>S&amp;P 500® Index</b>	322	49	273	-6.6%	28.5%	10.2%

This graph illustrates EIC's returns relative to its benchmark index in the 322 rolling 60-month periods from the inception of the All-Cap Value SMA (ACV SMA) Composite (January 1, 1986) through September 30, 2017. Gross returns are before all fees and transaction costs; net results are simulated by reducing gross returns by a 3% annual fee. Please see the attached full disclosure presentation for details. Indices are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly.

EIC Doc #17110202

## ABILITY TO INVEST WHERE VALUE LEADS



### EIC Holdings by Capitalization Size

This chart illustrates EIC's primary adherence to a value discipline and how this allows for changing capitalization exposure over time. The values shown reflect the percentage of small-, mid-, and large-capitalization stocks in representative All-Cap Value portfolios since 1986. EIC uses the capitalization classifications defined by the Russell Corporation and reconstituted annually as of May 31. Individual portfolio capitalization exposure may vary from that of the representative portfolio. Percentages may not equal 100% because of rounding conventions.

## PORTFOLIO MANAGEMENT *(Industry Experience)*

**W. Andrew Bruner, CPA, CFA**  
Principal & Director of Research  
26 Years

**R. Terrence Irrgang, CFA**  
Principal & Portfolio Manager  
36 Years

**Ian Zabor, CFA**  
Principal & Portfolio Manager  
17 Years

## PERFORMANCE & STATS (AS OF 9/30/2017) <sup>4</sup>

### Trailing Returns

	Q317	YTD	1 Yr	3 Yr	5 Yr	10 Yr	SI**
EIC ACV SMA Gross	3.1	8.2	12.5	7.0	10.2	8.1	11.9
EIC ACV SMA 3% Net	2.3	5.8	9.2	3.9	7.0	4.9	8.6
Russell 3000® Value Index	3.3	7.7	15.5	8.8	13.2	6.0	10.7

### Portfolio Characteristics\*

Std Dev	Beta	Up/Down Capture	Tracking Error
±12.7%	0.81	87%/71%	6.3%
±12.4%	0.81	79%/78%	6.3%
±15.8%	1.00		

**This portfolio and performance information is provided as supplemental to a full disclosure presentation.**

<sup>1</sup>Sector weights may not equal 100% because of rounding conventions. <sup>2</sup>The securities identified and described do not represent all of the securities purchased, sold or recommended for client accounts. Actual portfolio holdings may vary for each client and there is no guarantee that a particular client's account will hold any, or all, of the securities identified. The reader should not assume that an investment in the securities identified was or will be profitable. Portfolio data is from a representative All-Cap Value account. <sup>3</sup>Characteristics calculated from a representative All-Cap Value account using Morningstar Direct<sup>SM</sup> software. <sup>4</sup>EIC's results (which include reinvestment of dividends and interest earned on cash) are through September 30, 2017, and represent returns for EIC's All-Cap Value SMA (ACV SMA) composite, presented gross and net of a hypothetical maximum fee of 3% per year. Indices are unmanaged, do not incur management fees, costs and expenses, and cannot be invested in directly. Periods greater than one year are annualized. \*All characteristics are since inception of the strategy. Standard Deviation is of rolling-12 month returns. Beta is a measure of the portfolio's volatility relative to the benchmark, the Russell 3000® Value Index. Upside and Downside Capture are the measures of performance in up and down markets relative to the benchmark index. The higher the upside capture, the better the performance in a rising market. Conversely, the lower the downside capture, the better the performance in a declining market. Tracking Error is the amount by which the performance of the strategy differed from that of the benchmark over the time period. \*\*31 ¾ years (since Jan.1, 1986 inception). 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 one another. Verification reports, along with a complete list of EIC's composites, are available upon request.

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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. 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 Dec - 31	Supplemental Gross Rate of Return <sup>1</sup>	Hypothetical <sup>1</sup> (3% annual) Net Rate of Return	Benchmark Return of Russell 3000® Value Index	Composite 3-Yr St Dev	Benchmark 3-Yr St Dev	Dispersion <sup>2</sup> of Annual Returns (St Dev)	Number of Portfolios <sup>3</sup>	Composite Assets (\$ Millions)	Advisory-Only (UMA) and Managed Assets		
									UMA Assets* (\$ Millions)	GIPS® Firm Assets (\$ Millions)	Total Assets* (\$ 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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