EQUITY INVESTMENT CORPORATION

Mid-Cap Value

Third Quarter Commentary

October 2024

Stocks rose sharply in the third quarter, adding to already solid year-to-date results. For the quarter, the Russell Midcap® Value Index (RMCV) gained 10.1%, and our Mid-Cap Value (MCV) SMA composite rose 9.6% on a gross basis. Year to date, the RMCV increased 15.1%, and our MCV SMA composite advanced 10.3% on a gross basis.[1]

Our shortfall versus the RMCV for the quarter was attributable primarily to our cash position, which is a byproduct of our stock selection process, while our year-to-date shortfall remained attributable primarily to our stock selection in financials.[2] Longer term, we remain ahead of our benchmark on a gross basis, as shown below.

	For the periods ended September 30, 2024					
	Q3	**YTD**	**1 Year**	**5 Year**	**10 Year**	**SI***
EIC MCV SMA Gross	9.6%	10.3%	24.6%	12.7%	9.8%	10.7%
EIC MCV SMA Net	8.8%	7.9%	21.0%	9.4%	6.6%	7.5%
Russell Midcap® Value Index	10.1%	15.1%	29.0%	10.3%	8.9%	9.6%

*Table 1 Data Source: Morningstar Direct℠. *Since Inception (SI): January 1, 2004. See footnote 3. Returns for periods greater than one year are annualized. Past performance does not guarantee future results.*

Investment Environment

Due in part to strong gains year to date, following a likewise strong 2023, investors have rarely been this optimistic about stocks. According to JP Morgan estimates, household allocations to stocks as a share of financial assets are at 42%, an all-time high since 1952.[4] Much of this exuberance is concentrated in high-priced growth stocks, while value stocks remain more reasonably priced. We often say, particularly at market extremes, that our performance is driven as much by what we avoid as what we own in portfolios. Today, the risks are extreme in growth stocks — valuations based on 10-year average CAPE earnings match all-time peak levels, as seen in the chart on the next page.

Likewise, the spread between growth and value is also near all-time peak levels. At today's starting valuation levels, history suggests value stocks could outperform growth stocks by as much as 6–8% ***per year*** for the next decade — the value index is priced to deliver mid-single digit annual returns, while the growth index is priced for flat or negative annual returns.[5]

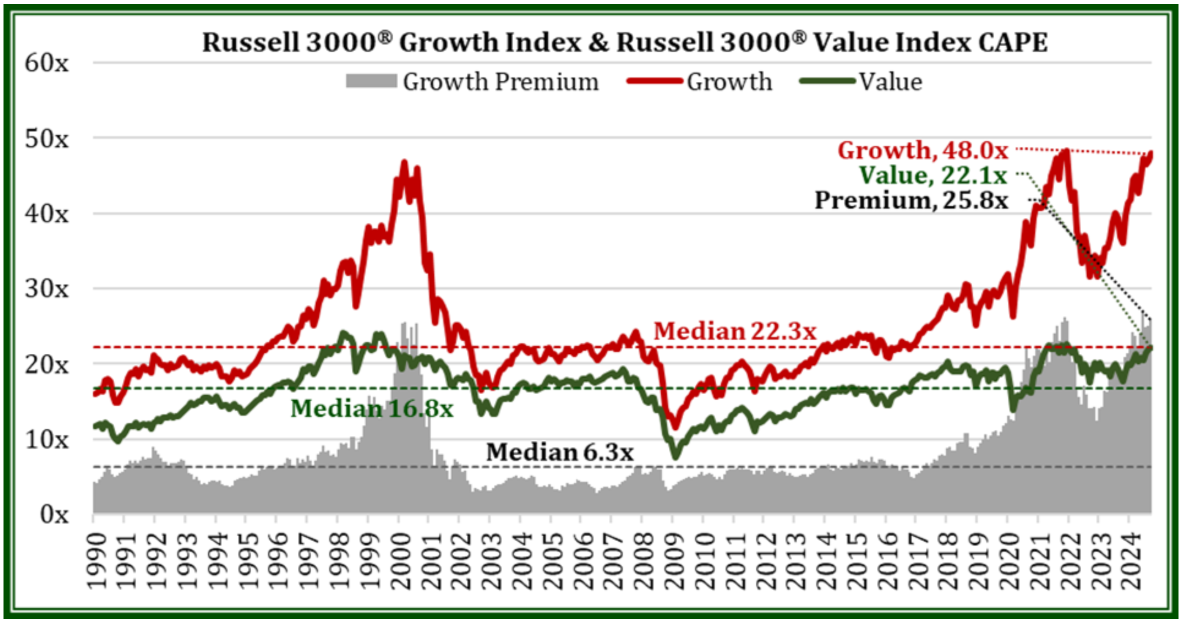

Chart 1 Data Source: S&P Capital IQPRO. See footnote 6. Charts are provided for illustrative purposes only.

Other valuation measures tell a similar story. For instance, valuations using consensus earnings estimates show the Russell 3000® Growth Index (R3000G) likewise expensive at 30.7x forward earnings, while the Russell 3000® Value Index (R3000V) trades at 17.6x forward earnings.[7] The high valuation for growth stocks is partly driven by expectations of strong projected 2025 earnings growth and assumes a continuation of all-time high margins, as shown in the next chart, both of which are susceptible to disappointment and revision.

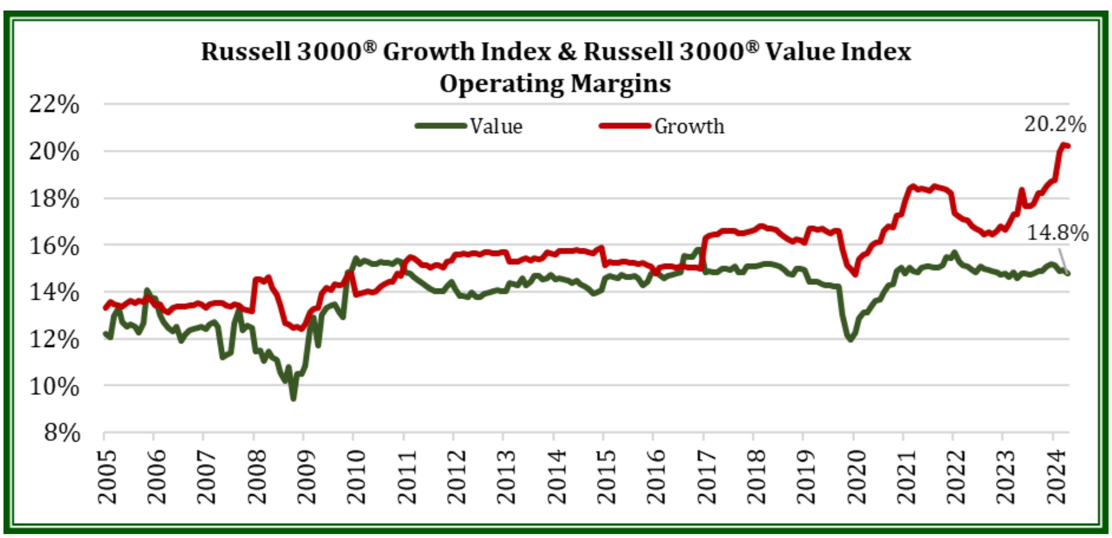

Chart 2 Data Source: S&P Capital IQPRO. See footnote 8. Charts are provided for illustrative purposes only.

According to Yardeni Research, the current consensus estimate for long-term earnings growth for the S&P 500 is 17% annually for the next five years, approximately double what the market has historically produced.[9,10] Notably, estimates for earnings growth have only been this high or higher in three other periods: 1999–2001, 2018, and 2021–2022.[11] In each of these periods, growth expectations disappointed, and markets corrected. Excessive optimism has historically proven to be a major risk to future returns.

Beyond high valuations underpinned by record-high margins and lofty expectations, the R3000G remains heavily concentrated, with the top ten names accounting for 58% of the index. By comparison, the top ten names in the R3000V represent just 16% of the index. Growth returns have been even more concentrated — the ten largest names in the R3000G account for a remarkable 75% of the index's year-to-date return![12]

Thematically, Artificial Intelligence (AI) continues to dominate the growth landscape, while many other areas of growth underperform or suffer from crowding out by AI-focused spending and investment.[13] In fact, the AI mania has set up an interesting dynamic — many growth-oriented but not AI-focused investors have failed to capture the recent strong performance of the growth indexes. As seen in the chart below, 74% of the R3000G's start-of-year index weight has ***underperformed*** the index so far this year, the worst in the series going back to 1986.

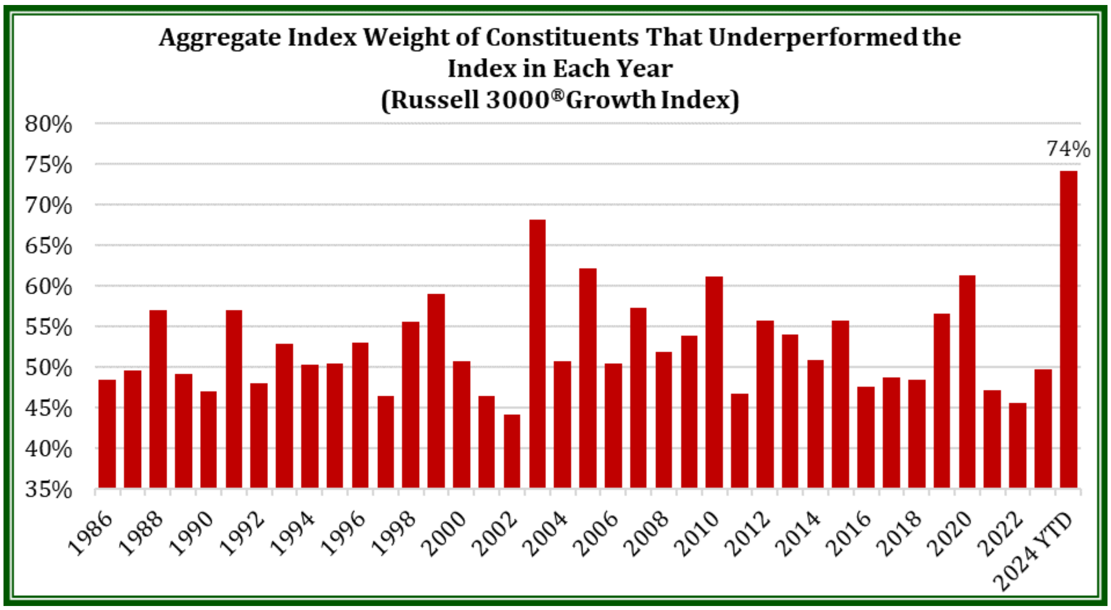

Chart 3 Data Source: S&P Capital IQ^PRO. See footnote 14. Charts are provided for illustrative purposes only.

Although several of the largest companies in the growth index (e.g., the "Magnificent Seven") are directly involved in AI, the mania has pushed into other noteworthy areas. Improbably, utilities, a low-growth, modest return on capital, leveraged and highly regulated industry but presumed AI beneficiary, because of AI's high power demands, is the top-performing sector year to date in both the growth and value indexes.[15]

With respect to the fundamentals of the AI landscape, it is clear that AI is in the midst of a massive capital expenditures boom, one that is having profound impacts on the balance sheets of many of the largest growth companies.[16] What is not yet clear is whether this spending will indeed generate an economic return sufficient for the spending incurred. Aside from chip and hardware companies currently selling into the AI buildout, revenues and profits do not yet justify the significant expense. Anecdotes abound in AI implementations regarding limited applications, "hallucinations" or incorrect answers, and skepticism about the utility given the expense.[17] We note with amusement that, amidst the breathless prophesizing about AI eventually rendering much of skilled labor useless, Microsoft, a major AI player, recently amended its software terms of service to say, "AI services are not designed, intended, or to be used as substitutes for professional advice".[18]

In an influential 2016 research piece, market strategist Michael Mauboussin compiled data from 1950–2015 on long-term revenue growth rates of publicly traded companies. The study showed that, once attaining $50 billion of inflation-adjusted revenues, in only 10 observations (out of 1,099) were companies able to subsequently grow revenues at 15% or higher annually for the next decade.[19] In the eight years since Mauboussin's research was published, Amazon and Alphabet have posted 15%+ growth, but the odds remain stacked against that continuing.[20] The realities of competition and changing market dynamics make persistent high growth from a large base elusive.

Today, the "Magnificent Seven" — NVIDIA, Apple, Meta Platforms, Microsoft, Amazon, Alphabet, and Tesla — represent 51.7% of the R3000G, trade at 31.5x forward earnings, and have revenues of at least $90 billion, some of them substantially more.[21] And like the broader growth index, their valuations are driven by all-time high margins. Perhaps related, most of these companies are currently involved in antitrust litigation.[22] Regardless, using our valuation math, if these seven companies can maintain peak margins and defy history to grow revenues at 15% a year for the next seven years, then at best they are fully valued at today's prices. Any shortfall in these lofty, history-defying assumptions, then they are significantly overvalued today. Such are the expectations embedded in a significant portion of the growth universe.

In summary, growth stocks remain richly priced, and returns are concentrated in a handful of mega-cap names and AI beneficiaries. While past results have been strong, the market ultimately reflects the future, which is, as always, uncertain. Today, growth stocks demand incredibly rosy outcomes to justify their valuations. Accordingly, there is simply no margin of safety in the growth universe today. On the other hand, valuations for value stocks are undemanding overall, priced to deliver reasonable returns, and include pockets of attractive opportunities. Accordingly, our portfolios continue to be heavily weighted towards value stocks.

Portfolio Review[23]

Turnover consisted primarily of adds to and trims of existing holdings based on valuation given the strong performance of mid-cap stocks over the quarter. We already have full positions in areas that we find attractive, while we're finding few opportunities in areas where we would seek new or diversifying exposure. Relative to the value index, we have overweights in consumer staples, energy, and financials. Significant underweights include industrials, information technology, and consumer discretionary.

We added new positions in Zimmer Biomet Holdings, a medical device company, and Kenvue, the consumer health spin-off from Johnson & Johnson. We also sold our position in PPL Corporation, a Pennsylvania-based electric and gas utility, when it hit our sell-price target. Cash in our representative portfolio at quarter end was approximately 13.5%. New accounts currently have higher cash levels due to the application of our stop-buy list — stocks on the list are close to our targeted sell price, so we don't purchase them with new cash deposits.

We bought a 2.5% position in Zimmer Biomet Holdings, Inc. (ZBH), a manufacturer of implants and other products that treat bone, joint and soft tissue injuries. The company holds a leading share of the knee and hip reconstruction implant markets and participates in smaller end markets such as sports medicine. ZBH sells to surgeons, hospitals, healthcare distributors, and group purchasing organizations who are quite loyal to the company's products due to high switching costs. Approximately 60% of revenues are derived from the U.S. with the remaining 40% concentrated in Japan, Canada, parts of Europe, and the United Kingdom. Fundamental performance underwhelmed leading up to the pandemic as the company remediated quality control issues in its manufacturing processes and worked to catch up in the surgical robot market, where it was a late entrant. More recently, ZBH has benefitted from a recovery in elective procedure volumes along with the end-market tailwinds of an aging population and a shift in procedure volumes from hospitals to outpatient settings. Shares recently fell nearly 10% when management commented that operational issues caused by transitioning to a new enterprise resource planning system could reduce sales in the coming quarters. While near-term results may be bumpy, we see the recent sell-off as an attractive entry point for a quality company (BBB rated by S&P)[24] with a defensible competitive position in a growing market having decent prospects of earnings growth. The stock currently trades at less than 15x our estimate of normalized earnings and at an unusually wide discount to peers. ZBH currently has a $21 billion market capitalization and pays a dividend that yields approximately 1%.

Our purchase of a 3.0% position in Kenvue (KVUE) was coupled with the sale of Haleon. Kenvue is a less expensive and higher-quality business than Haleon, the consumer health spin-off from GSK. KVUE has $15+ billion in annual sales split between Self Care (40% of sales with brands such as Tylenol, Nicorette, and Zyrtec), Skin Health & Beauty (30% of sales with brands including Neutrogena and Aveeno), and Essential Health (30% of sales counting Listerine, Johnson's, and Band-Aid brands). The company is the market leader in many of its product categories. Moreover, Kenvue's product offerings tend to have higher margins with relatively stable demand and reasonable growth prospects. Shares trade at approximately 20x current year earnings, pay a 3.5% dividend yield, and carry an A credit rating.[25]

Two of our consumer staples holdings, Dollar General (DG) and Dollar Tree (DLTR), have been our worst performers this year. Both companies reported weak results year to date and have significantly lowered earnings guidance for the year. This stands in contrast to other retailers, such as Walmart and Target, that have posted strong results. Both DG and DLTR tend to target a lower-income consumer than larger box stores, and that consumer is more acutely feeling the impacts of inflation. As a result, inflationary "belt-tightening" is impacting overall profit margins and depressing earnings as mix shifts from higher-margin discretionary goods towards lower-margin staples. Importantly, both companies have reported traffic growth in each of the last four quarters — evidence of sustained relevance with their customer bases. We believe both DG and DLTR remain high-quality businesses and continue to have good long-term growth opportunities. Due to the outsized moves in their stock prices, they are unusually inexpensive at 8–9x our estimate of normalized earnings, and we added modestly to both in the third quarter.

As always, we evaluate each stock for inclusion in portfolios on a fundamental, bottom-up basis. In a historically expensive and concentrated market, we continue to believe we have good odds of achieving investment success by consistently implementing our investment process: avoiding the worst excesses on offer in the market, even if they are performance leaders, and instead focusing on those stocks that combine quality characteristics with reasonable valuations. Collectively, we think our portfolios are broadly diversified and positioned to perform well across a range of economic outcomes. Where we have cyclical exposure, such as in financials and energy, we believe our holdings are reasonably priced on assumptions that do not contemplate overly favorable tailwinds such as higher energy prices. In total, our representative portfolio trades at a weighted average valuation of approximately 17x trailing and 12x forward earnings, with a 10% expected long-term earnings growth rate, a return on equity of roughly 11%, and a dividend yield of 3.2%.[26] We estimate that the portfolio carries a weighted average credit rating of BBB.[27]

We thank you for your partnership with EIC.

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] 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. 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.

[2] Data Source: Morningstar Direct℠. Performance attribution for EIC MCV portfolio versus Russell Midcap Value Index for the three months and nine months ended September 30, 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.

[3] 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.

[4] Banerji, Gunjan. "Americans Are Really, Really Bullish on Stocks." The Wall Street Journal. September 3, 2024. https://www.wsj.com/finance/stocks/americans-are-really-really-bullish-on-stocks-ceee798b.

[5] Equity Investment Corporation, The Case for Value versus Growth. September 30, 2024, page 7.

[6] 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 September 30, 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.

[7] Data Source: S&P Capital IQ[PRO]. Index-weighted price to forward earnings for the Russell 3000 Growth Index and Russell 3000 Value Index as of September 30, 2024.

[8] Index-weighted forward operating margin for Russell 3000 Growth Index (red line) and Russell 3000 Value Index (green line) for each month-end June 30, 2005 to September 30, 2024.

[9] YRI Selected Daily Markets Figure 49. Yardeni Research. October 1, 2024. https://yardeni.com/charts/yri-selected-daily-markets/.

[10] S&P 500 Quarterly Metrics Figure 4. Yardeni Research. October 1, 2024. https://yardeni.com/charts/sp-500-quarterly-metrics/.

[11] YRI Selected Daily Markets Figure 49. Yardeni Research. October 1, 2024. https://yardeni.com/charts/yri-selected-daily-markets/.

[12] Data Source: Morningstar Direct℠. Performance attribution for Russell 3000 Growth Index versus Russell 3000 Value Index, for the nine months ended September 30, 2024.

[13] Megaw, Nicholas. "AI exuberance masks broad weakness in tech sector, say investors." Financial Times. September 9, 2024. https://www.ft.com/content/0b14d871-2d19-46f1-9660-5466301e8066.

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[14] Aggregate percentage of start-of-year index weights of Russell 3000 Growth Index constituents whose return underperformed the Russell 3000 Growth Index return for each annual (or in the case of 2024, year to date through September 30) period since 1986.

[15] Data Source: Morningstar Direct℠. Performance attribution for Russell 3000 Growth Index versus Russell 3000 Value Index, for the nine months ended September 30, 2024.

[16] Rattner, Nate and Dotan, Tom. "The AI Spending Spree, in Charts." The Wall Street Journal. September 11, 2024. https://www.wsj.com/tech/ai/artificial-intelligence-investing-charts-7b8e1a97.

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[19] Mauboussin, Michael and Callahan, Dan and Majd, Darius. "The Base Rate Book." Credit Suisse. September 26, 2016. https://csinvesting.org/wp-content/uploads/2016/10/The-Base-Rate-View-by-Mauboussin.pdf.

[20] Data Source: S&P Capital IQ[PRO]. EIC calculations performed using information from company filings.

[21] Data Source: S&P Capital IQ^PRO^. Multiple share class listings were combined into one weight for the entire company for the analysis. Forward multiple reflects the aggregated index-weighted price to index-weighted earnings. Company revenues reflect the most recent trailing twelve-month period.

[22] Foroohar, Rana. "Google, Apple and the antitrust tipping point." Financial Times. September 15, 2024. https://www.ft.com/content/6237d8e7-b983-47d1-aeae-ca88f29aba6e.

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[23] 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 may 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.

[24] 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.

[25]Data Source: S&P Capital IQ^PRO^ as of September 30, 2024. 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.

[26] Data Source: Morningstar Direct℠ as of September 30, 2024. Weighted average trailing twelve-month P/E Ratio, forward P/E Ratio, trailing twelve-month return on equity, and long-term earnings growth rate for EIC MCV representative portfolio, as calculated by Morningstar.

Data Source: APL Systems as of September 30, 2024. Dividend yield for EIC MCV representative portfolio.

[27] 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 September 30, 2024, and not the portfolios themselves.

This document reflects the views of Equity Investment Corporation as of the date of the document. These views may change and do not guarantee the future performance of any strategy, index, or the markets. Investing involves risk, including possible loss of principal, and there are specific risks that apply to any investment strategy. There can be no guarantee that any investment strategy will be successful.

Equity Investment Corporation
Mid-Cap Value SMA Composite Report

As of 6/30/2024	1 Year	5 Year (annualized)	10 Year (annualized)	Since Inception** (annualized)
Gross Rate of Return[1] (Supplemental)	11.3%	10.9%	8.8%	10.4%
Assumed 3% Annual Fee Net Rate of Return[1]	8.0%	7.7%	5.6%	7.1%
Benchmark Return of Russell Midcap® Value Index	12.0%	8.5%	7.6%	9.3%

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

									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 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)	UMA Assets[3] ($ Millions) (Supplemental)	GIPS® Firm Assets ($ Millions)	Total Assets[3] ($ Millions) (Supplemental)
2024 (through 6/30)	0.7%	-0.8%	4.5%	17.1%	19.3%	0.2%	12	$4.2	$3,104.8	$2,894.1	$5,998.9
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.

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.

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 June 30, 2024. 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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