

Equity Investment Corporation

1776 Peachtree Street NW, Suite 600S
Atlanta, Georgia 30309

Style: US Large Cap Value
Sub-Style: Traditional Value
Firm AUM: \$4.5 billion
Firm Strategy AUM: \$954.1 million

Year Founded: 1986
GIMA Status: Approved
Firm Ownership: Employee-Owned
Professional-Staff: 15

PRODUCT OVERVIEW

EIC believes the key to long-term investment success is avoiding significant losses. To that end, EIC follows a fundamental, "absolute value" investment approach, looking to invest in high quality companies with relatively stable earnings and cash flow, high returns on equity and capital, and low levels of debt that are selling at significant discounts to their values as ongoing business entities, while seeking to avoid value traps (companies that look inexpensive relative to their historical records but which are actually in long-term structural decline). All of EIC's holdings are subjected to a rigorous fundamental examination and typically have the above-mentioned characteristics. EIC's risk-averse philosophy provides a foundation for their investment process, each part of which is predicated on reducing the risk of capital loss. EIC is also attentive to the tax implications of investment decisions. Whenever possible, the firm seeks to minimize a client's tax liability through low turnover, deferral of gain-recognition until long term, and pro-active tax-loss harvesting throughout the year.

TARGET PORTFOLIO CHARACTERISTICS

Number of stock holdings:	35 to 40
Average dividend yield:	Similar to/Above the S&P 500
P/E ratio:	Below the S&P 500
Cash level over market cycle:	0 to 15%
Risk (standard deviation):	Below the S&P 500
Average turnover rate:	15 to 45%
Use ADRs:	0 to 15%
Capitalization:	—

PORTFOLIO'S EQUITY SECTOR WEIGHTINGS *

Sector	-----06/18-----		12/17
	EIC	Index***	EIC
Energy	12.70	11.10	11.60
Materials	2.90	4.10	3.20
Industrials	3.40	7.87	3.10
Consumer Discretionary	8.80	8.34	9.60
Consumer Staples	16.60	7.27	14.10
Health Care	13.10	13.85	12.00
Financials	23.80	23.26	26.80
Information Technology	8.20	9.89	12.80
Telecomm Services	3.70	3.63	2.90
Utilities	6.80	5.72	3.90
Real Estate/REITs	0.00	4.91	0.00

MANAGER'S INVESTMENT STRATEGY

- Top-down / portfolio structures based on economic trends
 Bottom-up / portfolio structure based on individual securities

PORTFOLIO STATISTICS

	-----06/18-----		12/17
	EIC	Index***	EIC
Number of stock holdings	35	730	34
Wtd avg dividend yield	2.5%	2.5%	2.0%
Wtd avg P/E ratio ¹	14.80x	18.80x	15.80x
Wtd avg portfolio beta	0.80	—	0.99
Mega capitalization ⁺	30.5%	39.5%	34.8%
Large capitalization ⁺	64.2%	45.2%	60.3%
Medium capitalization ⁺	5.3%	15.1%	2.2%
Small capitalization ⁺	0.0%	0.1%	2.7%
Micro capitalization ⁺	0.0%	0.1%	0.0%

PORTFOLIO'S TOP FIVE EQUITY HOLDINGS

	%
iShares Short Treasury Bond ETF	10.6
Exxon Mobil Corp	4.0
GlaxoSmithkline PLC	3.9
Exelon Corp	3.5
American Express Co	3.4

% PROCESS BASED ON

- 0 Asset allocation - cash vs. stock
10 Industry or sector weighting
90 Stock Selection

¹The P/E used here is calculated by the harmonic mean.

⁺Total may not equal 100% due to rounding.

^{***}Index : Russell 1000 VI

MANAGER'S INVESTMENT PROCESS

- EIC starts by screening the Russell 1000 universe, looking for companies generating high returns on equity and sustainable earnings growth. In addition to screening, ideas are generated from examining companies whose share prices have recently been under significant pressure. Finally, ideas can come from traditional news sources, non-opinionated research, competitors, etc.
- Once a potential candidate is identified, the next step is to determine whether the company is selling at a discount to its economic value as an ongoing business entity, based upon internally developed valuation models. EIC's models constrain them from paying too much for growth, but allow them to pay enough to own quality. Their margin of safety is based on volatility of profitability
- Next, EIC uses a comprehensive set of web-based analytics to help them avoid companies that are structurally or managerially unhealthy, and thus unlikely to grow (value traps). These tools, facilitate financial statement and ratio analysis, allowing them to examine, in both numeric and graphic formats, how components of financial statements interrelate across varying time periods. They help EIC identify changes in key operating fundamentals that less sophisticated methods often miss.
- Finally, EIC performs in-depth company-specific fundamental research. To avoid capitalizing "counterfeit earnings", they evaluate earnings and accounting quality by reading 10-Ks, 10-Qs and footnotes, and examining how a company is making its earnings progress (under-reserving, leverage, etc.).
- In addition, EIC seeks to build a margin of safety into our decisions, EIC tends to under-bet our beliefs. Their portfolios are well diversified across industry groups, with no more than 20% in any one group. Initial position sizes are typically 2% to 4%.

RISK CONSIDERATIONS

Equity securities prices may fluctuate in response to specific situations for each company, industry, market conditions and general economic environment. Companies paying dividends can reduce or cut payouts at any time. Strategies that invest a large percentage of assets in only one industry sector (or in only a few sectors) are more vulnerable to price fluctuation than portfolios that diversify among a broad range of sectors. Investing in securities entails risks, including: When investing in value securities, the market may not necessarily have the same value assessment as the manager, and, therefore, the performance of the securities may decline. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

PORTFOLIO'S ALLOCATION HISTORY (%)⁺

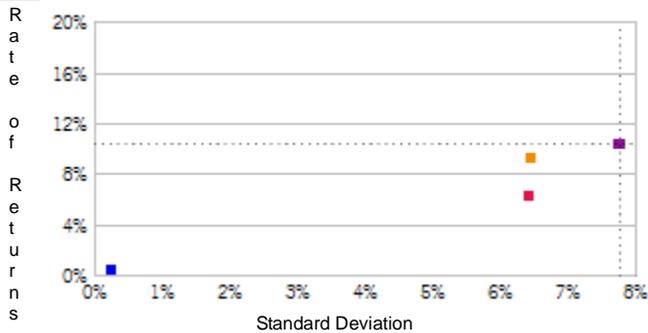
	06/18	03/18	12/17	09/17
U.S. Stocks	73	71	72	70
Non-U.S. Stocks	0	0	3	3
ADRs	9	10	6	7
REITs	1	1	1	2
Cash/Cash Equivalents	17	18	18	19

¹The P/E used here is calculated by the harmonic mean.

⁺Total may not equal 100% due to rounding.

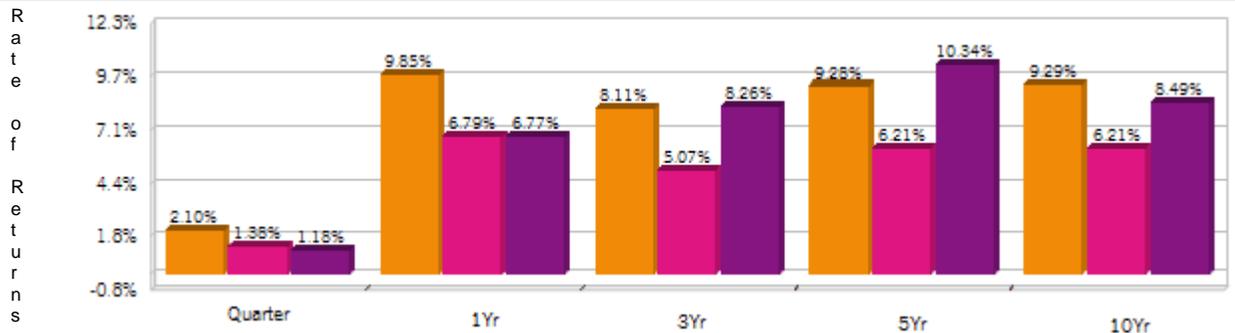
^{***}Index : Russell 1000 VI

RISK/RETURN ANALYSIS - 5 YEARS ENDING 06/30/18



	STD	ROR
EIC (Gross)	6.48	9.28
EIC (Net)	6.44	6.21
Russell 1000 VI	7.78	10.34
90-Day T-Bills	0.26	0.39

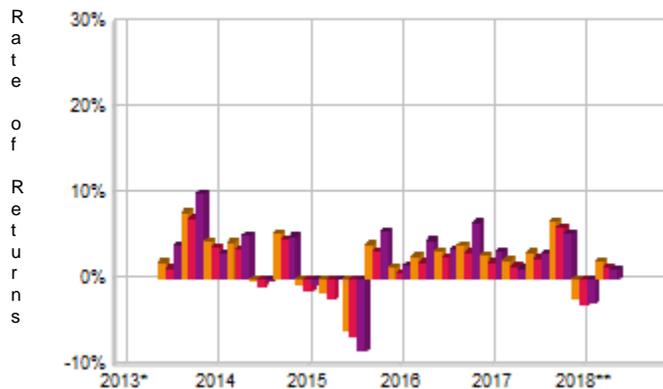
AVERAGE ANNUAL TOTAL RETURN (%) - PERIODS ENDING 06/30/18



INVESTMENT RESULTS

	Annual Rates of Return (%)										10 Year - Ending 06/30/18	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Annual	Std. Dev.
EIC (Gross)	-22.83	25.01	16.83	8.22	9.98	24.81	14.79	-4.45	11.92	15.84	9.29	13.33
EIC (Net)	-25.12	21.52	13.58	5.24	6.85	21.38	11.51	-7.14	8.73	12.57	6.21	13.28
Russell 1000 VI	-36.85	19.69	15.51	0.39	17.50	32.54	13.46	-3.84	17.33	13.66	8.49	17.00

RISK VOLATILITY (%)



*07/01/13-12/31/13 **01/01/18-06/30/18

	Number Of	Up Qtrs.	Down Qtrs.
EIC (Gross)	15	5	5
EIC (Net)	15	5	5
Russell 1000 VI	16	4	4

PORTFOLIO'S QUARTERLY RETURNS (%)

	Quarter1		Quarter2		Quarter3		Quarter4	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
2008	-5.61	-6.31	3.39	2.68	-5.61	-6.32	-16.22	-16.92
2009	-12.24	-12.92	17.16	16.39	15.25	14.47	5.49	4.73
2010	5.01	4.24	-6.91	-7.57	10.12	9.37	8.53	7.78
2011	2.58	1.84	2.29	1.59	-7.22	-7.89	11.16	10.43
2012	8.20	7.44	-1.70	-2.41	5.82	5.07	-2.30	-3.01
2013	10.79	10.04	2.43	1.71	1.98	1.28	7.83	7.09
2014	4.52	3.75	4.31	3.56	-0.09	-0.82	5.38	4.64
2015	-0.62	-1.35	-1.67	-2.37	-6.05	-6.71	4.07	3.35
2016	1.49	0.73	2.70	1.97	3.31	2.60	3.94	3.19
2017	2.78	2.05	2.28	1.55	3.17	2.43	6.81	6.05
2018	-2.36	-3.03	2.10	1.38				

Related Select UMA

PORTFOLIO'S RISK STATISTICS - PERIODS ENDING 06/30/18 ^{1 2}

	3 Year	5 Year
Standard Deviation	6.59%	6.48%
Standard Deviation of Primary Benchmark	8.32%	7.78%
Sharpe Ratio	1.13	1.37
Sharpe Ratio of Primary Benchmark	0.92	1.28
Alpha	1.68%	1.09%
Beta	0.75	0.78
Downside Risk	2.24%	2.35%
R-Squared	0.90	0.89
Tracking Error	2.92%	2.78%
Information Ratio	-0.05	-0.38

PORTFOLIO DIVERSIFICATION - R²(INCEPTION THROUGH 12/14)+

EIC vs. Russell 1000 VI	R ² 0.94
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+Statistics are calculated using gross of fee performance only.

1. Statistics are calculated using gross of fee performance only.
2. Russell 1000 VI was used as the primary benchmark and the 90-Day T-Bills Index as the risk-free benchmark.

See important notes and disclosures pages for a discussion of the sources of the performance data used to calculate the performance results and related analyses shown above.

IMPORTANT NOTES AND DISCLOSURES

COMPOSITE DISCLOSURES

Past performance is no guarantee of future results. Actual individual account results may differ from the performance shown in this profile. There is no guarantee that this investment strategy will work under all market conditions. Do not use this profile as the sole basis for your investment decisions.

Performance results in this profile are calculated assuming reinvestment of dividends and income. Returns for more than one year are annualized and based on quarterly data. Returns for periods of less than a calendar year show the total return for the period and are not annualized.

Sources of Performance Results and Other Data: The performance data and certain other information for this strategy (including the data on page 1 of this profile) reflect the investment manager's results in managing Morgan Stanley program accounts, or the investment manager's results in managing accounts and investment products, in the same or a substantially similar investment discipline. (For periods through June 2012, the Fiduciary Services program operated through two channels - Morgan Stanley channel and the Smith Barney channel - and any performance and other data relating to Fiduciary Services accounts shown here for these periods is calculated using accounts in only one of the these channels.) This information for the investment manager is presented solely to provide information about accounts that were managed according to investment objectives and strategies the same or substantially similar to the corresponding investment discipline in the Select UMA program. Although the Fiduciary Services and Select UMA programs are both Morgan Stanley managed account programs, the performance results and other features of similar investment disciplines in the two programs may differ due to investment and operational differences. For example, the individual investment disciplines in the Select UMA accounts may contain fewer securities, which would lead to a more concentrated portfolio. The automatic rebalancing, wash sale loss and tax-harvesting features of the Select UMA program, which are not available in Fiduciary Services, also could cause differences in performance. Accordingly, the performance of the accounts in the Fiduciary Services program is not, and may differ significantly from, the performance of the accounts in the Select UMA program and should not be considered indicative of or a substitute for Select UMA performance. Similarly, performance results of the investment manager's composites may differ from those of Select UMA accounts managed in the same or a substantially similar investment discipline.

Related Performance:

Performance numbers are the value-weighted, time-weighted, total return composite results of fully discretionary large-cap value accounts. 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. Results include wrap (SMA) accounts and gross returns are shown as supplemental information. Gross returns for SMA accounts are stated gross of all fees and transactions costs; Gross returns for non-SMA accounts are reduced by trading costs.

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 is 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. 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. SMA schedules are provided by independent SMA sponsors and are available upon request from the individual sponsor. 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 March 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 composite has been examined for the periods January 1, 2001 through March 31, 2014. The verification and composite examination 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.

The investment management fee schedule is as follows: Clients are charged a fixed percentage of the assets managed, according to the size and type of account, as well as other considerations, such as account servicing needs, administrative requirements, and overall relationship size. Fees may range from .35% to 1% of assets managed, and may be paid in advance or arrears, depending on the agreement with EIC. Further information about fees and compensation is discussed in EIC's form ADV Part 2 (www.adviserinfo.sec.gov).

Morgan Stanley Performance:

The composite consists of **267** account(s) with a market value of **\$65.7 million** as of **06/30/2018**. In this profile, the performance from December 1, 2014 through December 31, 2015, performance consists of all Fiduciary Services (FS) accounts managed by the investment manager in this strategy, subject to any other limitations stated in this profile. From January 1, 2016, performance consists of the performance of all FS accounts (as described in the previous sentence) as well as the performance of all single style Select UMA accounts managed by the investment manager in this strategy, subject to any other limitations stated in this profile. Performance composites calculated by Morgan Stanley include all fee-paying portfolios with no investment restrictions. New accounts are included beginning with the second full calendar month of performance. Terminated accounts are removed in the month in which they terminate (but prior performance of terminated accounts is retained). Performance is calculated on a total return basis and by asset weighting the individual portfolio returns using the beginning of period values.

Equity Account (Gross): EIC's gross results do not reflect a deduction of the investment advisory fees charged by EIC, or program fees, if any, but are net of commissions charged on securities transactions.

Net Performance for all Periods: Net performance results reflect a deduction of 0.7175% quarterly. This consists of three components: 0.625% maximum quarterly MS Advisory Fee and 0.0175% maximum quarterly Program Overlay Fee (which, together cover the services provided by Morgan Stanley), plus 0.075% quarterly SMA Manager Fees (being the fee currently charged by EIC to new clients for managing their assets in the Select UMA program). The SMA Manager Fees may differ from manager to manager, and managers may change their fee to new clients from time to time. If you select this manager for your account, check the SMA Manager Fees specified in the written client agreement, in case these have changed since you received this profile. Historical net fees reflect the Advisory Fee Schedule as of March 31, 2014.

Morgan Stanley program fees are usually deducted quarterly, and have a compounding effect on performance. The Morgan Stanley program fee, which differs among programs and clients, is described in the applicable Morgan Stanley ADV brochure, which is available at www.morganstanley.com/ADV or on request from your Financial Advisor or Private Wealth Advisor.

Document approval date August 2014.

Document Approval Data September 2017. CRC: 1883790

Focus List, Approved List, and Watch Status:

Global Investment Manager Analysis ("GIMA") uses two methods to evaluate investment products in applicable advisory programs. In general, strategies that have passed a more thorough evaluation may be placed on the "Focus List", while strategies that have passed through a different and less comprehensive evaluation process may be placed on the "Approved List". Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either evaluation process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved". The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" on the cover page.

For more information on the Focus List, Approved List, and Watch processes, please see the applicable Morgan Stanley ADV brochure (www.ms.com/adv). Your Financial Advisor or Private Wealth Advisor can provide on request a copy of a paper entitled "GIMA: At A Glance".

ADDITIONAL DISCLOSURES

The information about a representative account is for illustrative purposes only. Actual account holdings, performance and other data will vary depending on the size of an account, cash flows within an account, and restrictions on an account. Holdings are subject to change daily. The information in this profile is not a recommendation to buy, hold or sell securities.

Actual portfolio statistics may vary from target portfolio characteristics.

The investment manager may use the same or substantially similar investment strategies, and may hold similar portfolios of investments, in other portfolios or products it manages (including mutual funds). These may be available at Morgan Stanley or elsewhere, and may cost an investor more or less than this strategy in Morgan Stanley's Select UMA program.

The portfolio may, at times, invest in exchange-traded funds (ETFs), which are a form of equity security in seeking to maintain continued full exposure to the broad equity market.

Morgan Stanley investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you. Investment advisory program accounts are opened pursuant to a written client agreement.

The investment manager acts independently of, and is not an affiliate of, Morgan Stanley Smith Barney LLC.

Diversification does not guarantee a profit or protect against a loss.

No obligation to notify

Morgan Stanley has no obligation to notify you when information in this profile changes.

Sources of information

Material in this profile has been obtained from sources that we believe to be reliable, but we do not guarantee its accuracy, completeness or timeliness. Third party data providers make no warranties or representations relating to the accuracy, completeness or timeliness of the data they provide and are not liable for any damages relating to this data.

No tax advice

Morgan Stanley and its affiliates do not render advice on legal, tax and/or tax accounting matters to clients. Each client should consult his/her personal tax and/or legal advisor to learn about any potential tax or other implications that may result from acting on a particular recommendation.

Not an ERISA fiduciary

Morgan Stanley is not acting as a fiduciary under either the Employee Retirement Income Security Act of 1974, as amended, or under section 4975 of the Internal Revenue Code of 1986, as amended, in providing the information in this profile.

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INDEX DESCRIPTIONS

90-Day T-Bills

The 90-Day Treasury Bill is a short-term obligation issued by the United States government. T-bills are purchased at a discount to the full face value, and the investor receives the full value when they mature. The difference of discount is the interest earned. T-bills are issued in denominations of \$10,000 auction and \$1,000 increments thereafter.

Russell 1000 VI

The Russell 1000 Value Index is representative of the U.S. market for large capitalization stocks containing those companies in the Russell 1000 Index with lower price-to-book ratios and lower forecasted growth.

S&P 500

The S&P 500 Total Return has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The index has over \$5.58 trillion benchmarked, with index assets comprising approximately \$1.31 trillion of this total. The index includes 500 leading companies in leading industries of the U.S. economy, capturing 75% coverage of U.S. equities. This index includes dividend reinvestment.

Indices are unmanaged and have no expenses. You cannot invest directly in an index.

GLOSSARY OF TERMS

Alpha is a mathematical estimate of risk-adjusted return expected from a portfolio above and beyond the benchmark return at any point in time.

American Depositary Receipts (ADRs) are receipts for shares of a foreign-based corporation held in the vault of a U.S. bank.

Average Portfolio Beta is a measure of the sensitivity of a benchmark or portfolio's rates of return to changes against a market return. The market return is the S&P 500 Index. It is the coefficient measuring a stock or a portfolio's relative volatility.

Beta is a measure of the sensitivity of a portfolio's rates of return to changes in the market return. It is the coefficient measuring a stock or a portfolio's relative volatility.

Bottom-Up Stock Selection Emphasis primarily on individual stock selection. Considerations of economic and industry factors are of secondary importance in the investment decision-making process.

Capitalization is defined as the following: Mega (Above \$100 billion), Large (\$12 to \$100 billion), Medium (\$2.5 - \$12 billion), Small (\$.50 - \$2.5 billion) and Micro (below \$.50 billion).

Dividend a portion of a company's profit paid to common and preferred shareholders.

Downside Risk is a measure of the risk associated with achieving a specific target return. This statistic separates portfolio volatility into downside risk and upside uncertainty. The downside considers all returns below the target return, while the upside considers all returns equal to or above the target return.

Duration is a measure of price sensitivity expressed in years.

High Grade Corporate Bonds corporate bonds from issuers with credit ratings of AA or AAA.

Information Ratio is a measure of the investment manager's skill to add active value against a given benchmark relative to how stable that active return has been. Essentially, the information ratio explains how significant a manager's alpha is. Therefore, the higher the information ratio, the more significant the alpha.

Investment Grade Bonds are those rated by Standard & Poor's AAA (highest rated), AA, A or BBB (or equivalent rating by other rating agencies or, in the case of securities not rated, by the investment manager).

Price/Book Ratio (P/B) weighted average of the stocks' price divided by book value per share. Book value per share is defined as common equity, including intangibles, divided by shares outstanding times the adjustment factor.

Price/Cash Flow Ratio a ratio used to compare a company's market value to its cash flow. It is calculated by dividing the company's market cap by the company's operating cash flow in the most recent fiscal year (or the most recent four fiscal quarters); or, equivalently, divide the per-share stock price by the per-share operating cash flow.

Price/Earnings Ratio (P/E Ratio) shows the multiple of earnings at which a stock sells. Determined by dividing current stock price by current earnings per share (adjusted for stock splits). Earnings per share for the P/E ratio are determined by dividing earnings for past 12 months by the number of common shares outstanding. The P/E ratio shown here is calculated by the harmonic mean.

Price/Sales Ratio determined by dividing current stock price by revenue per share (adjusted for stock splits). Revenue per share for the P/S ratio is determined by dividing revenue for past 12 months by number of shares outstanding.

R2 (R-Squared)/Portfolio Diversification indicates the proportion of a security's total variance that is benchmark-related or is explained by variations in the benchmark.

Sharpe Ratio measures the efficiency, or excess return per unit of volatility, of a manager's returns. It evaluates managers' performance on a volatility-adjusted basis.

Standard Deviation is a statistical measure of historical variability or spread of returns around a mathematical average return that was produced by the investment manager over a given measurement period. The higher the standard deviation, the greater the variability in the investment manager's returns relative to its average return.

Top-Down/Economic Analysis Emphasis primarily on macroeconomic trends as opposed to bottom-up stock selection.

Tracking Error represents the standard deviation of the difference between the performance of the investment strategy and the benchmark. This provides a historical measure of the variability of the investment strategy's returns relative to its benchmark.

U.S. Treasury Bonds a marketable, fixed interest U.S. government debt security with a maturity of more than 10 years. Treasury bonds make interest payments semi-annually and the income that holders receive is only taxed at the federal level.

Volatility a measure of risk based on the standard deviation of the asset return. Volatility is a variable that appears in option pricing formulas, where it denotes the volatility of the underlying asset return from now to the expiration of the option. There are volatility indexes. Such as a scale of 1-9; a higher rating means higher risk.