

Uniform Application for Investment Adviser Registration

Part II - Page 1

OMB APPROVAL

OMB Number: 3235-0049

Expires: February 28, 2011

Estimated average burden
hours per response4.07

Name of Investment Adviser:

Equity Investment Corporation

Address: (Number and Street)

(City)

(State)

(Zip Code)

Area Code Telephone number

3007 Piedmont Road NE, Suite 200

Atlanta

GA

30305

(404) 239-0111

This part of Form ADV gives information about the investment adviser and its business for the use of clients.

The information has not been approved or verified by any governmental authority.

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(Schedules A, B, C, D, and E are included with Part I of this Form, for the use of regulatory bodies, and are not distributed to clients.)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Definitions for Part II

Related person - Any officer, director or partner of applicant or any person directly or indirectly controlling, controlled by, or under common control with the applicant, including any non-clerical, non-ministerial employee.

Investment Supervisory Services – Giving continuous investment advice to a client (or making investments for the client) based on the individual needs of the client. Individual needs include, for example, the nature of other client assets and the client's personal and family obligations.

1. **A. Advisory Services and Fees.** (check the applicable boxes)

For each type of service provided, state the approximate % of total advisory billings from that service.
(See instructions below.)

Applicant:

<input type="checkbox"/>	(1)	Provides investment supervisory services	%
<input checked="" type="checkbox"/>	(2)	Manages investment advisory accounts not involving investment supervisory services	100 %
<input type="checkbox"/>	(3)	Furnishes investment advice through consultations not included in either service described above	%
<input type="checkbox"/>	(4)	Issues periodicals about securities by subscription	%
<input type="checkbox"/>	(5)	Issues special reports about securities not included in any service described above	%
<input type="checkbox"/>	(6)	Issues, not as part of any service described above, any charts, graphs, formulas, or other devices which clients may use to evaluate securities	%
<input type="checkbox"/>	(7)	On more than an occasional basis, furnishes advice to clients on matters not involving securities	%
<input type="checkbox"/>	(8)	Provides a timing service	%
<input type="checkbox"/>	(9)	Furnishes advice about securities in any manner not described above	%

(Percentages should be based on applicant's last fiscal year. If applicant has not completed its first fiscal year, provide estimates of advisory billings for that year and state that the percentages are estimates.)

B. Does applicant call any of the services it checked above financial planning or some similar term?

Yes	No
<input type="checkbox"/>	<input checked="" type="checkbox"/>

C. Applicant offers investment advisory services for: (check all that apply)

<input checked="" type="checkbox"/>	(1)	A percentage of assets under management	<input type="checkbox"/>	(4)	Subscription fees
<input type="checkbox"/>	(2)	Hourly charges	<input type="checkbox"/>	(5)	Commissions
<input type="checkbox"/>	(3)	Fixed Fees (not including subscription fees)	<input checked="" type="checkbox"/>	(6)	Other

D. For each checked box in A above, describe on Schedule F:

- the services provided, including the name of any publication or report issued by the adviser on a subscription basis or for a fee
- applicant's basic fee schedule, how fees are charged and whether its fees are negotiable
- when compensation is payable, and if compensation is payable before service is provided, how a client may get a refund or may terminate an investment advisory contract before its expiration date

2. **Types of Clients** - Applicant generally provides investment advice to: (check those that apply)

<input checked="" type="checkbox"/>	A.	Individuals	<input checked="" type="checkbox"/>	E.	Trusts, estates, or charitable organizations
<input type="checkbox"/>	B.	Banks or thrift institutions	<input checked="" type="checkbox"/>	F.	Corporations or business entities other than those listed above
<input checked="" type="checkbox"/>	C.	Investment Companies	<input type="checkbox"/>	G.	Other (describe on Schedule F)
<input checked="" type="checkbox"/>	D.	Pension and profit sharing plans			

3. **Types of Investments.** Applicant offers advice on the following: (check those that apply)

- | | |
|---|--|
| <input checked="" type="checkbox"/> A. Equity Securities | <input checked="" type="checkbox"/> H. United States government securities |
| <input checked="" type="checkbox"/> (1) exchange-listed securities | <input type="checkbox"/> I. Options contracts on: |
| <input checked="" type="checkbox"/> (2) securities traded over-the-counter | <input checked="" type="checkbox"/> (1) securities |
| <input checked="" type="checkbox"/> (3) foreign issuers | <input type="checkbox"/> (2) commodities |
| <input type="checkbox"/> B. Warrants | <input type="checkbox"/> J. Futures contracts on: |
| <input checked="" type="checkbox"/> C. Corporate debt securities
(other than commercial paper) | <input type="checkbox"/> (1) tangibles |
| <input checked="" type="checkbox"/> D. Commercial paper | <input type="checkbox"/> (2) intangibles |
| <input checked="" type="checkbox"/> E. Certificates of deposit | <input type="checkbox"/> K. Interests in partnerships investing in: |
| <input checked="" type="checkbox"/> F. Municipal securities | <input type="checkbox"/> (1) real estate |
| <input type="checkbox"/> G. Investment company securities: | <input type="checkbox"/> (2) oil and gas interests |
| <input type="checkbox"/> (1) variable life insurance | <input type="checkbox"/> (3) other (explain on Schedule F) |
| <input type="checkbox"/> (2) variable annuities | <input type="checkbox"/> L. Other (explain on Schedule F) |
| <input checked="" type="checkbox"/> (3) mutual fund shares | |

4. **Methods of Analysis, Sources of Information, and Investment Strategies.**

A. Applicant's security analysis methods include: (check those that apply)

- | | |
|---|--|
| (1) <input type="checkbox"/> Charting | (4) <input type="checkbox"/> Cyclical |
| (2) <input checked="" type="checkbox"/> Fundamental | (5) <input type="checkbox"/> Other (explain on Schedule F) |
| (3) <input type="checkbox"/> Technical | |

B. The main sources of information applicant uses include: (check those that apply)

- | | |
|---|---|
| (1) <input checked="" type="checkbox"/> Financial newspapers and magazines | (5) <input type="checkbox"/> Timing services |
| (2) <input checked="" type="checkbox"/> Inspections of corporate activities | (6) <input checked="" type="checkbox"/> Annual reports, prospectuses, filings with the Securities and Exchange Commission |
| (3) <input checked="" type="checkbox"/> Research materials prepared by others | (7) <input checked="" type="checkbox"/> Company press releases |
| (4) <input checked="" type="checkbox"/> Corporate rating services | (8) <input checked="" type="checkbox"/> Other (explain on Schedule F) |

C. The investment strategies used to implement any investment advice given to clients include: (check those that apply)

- | | |
|--|---|
| (1) <input checked="" type="checkbox"/> Long term purchases
(securities held at least a year) | (5) <input type="checkbox"/> Margin transactions |
| (2) <input checked="" type="checkbox"/> Short term purchases
(securities sold within a year) | (6) <input checked="" type="checkbox"/> Option writing, including covered options,
uncovered options or spreading strategies |
| (3) <input type="checkbox"/> Trading (securities sold within 30 days) | (7) <input checked="" type="checkbox"/> Other (explain on Schedule F) |
| (4) <input type="checkbox"/> Short sales | |

5. Education and Business Standards.

Are there any general standards of education or business experience that applicant requires of those involved in determining or giving investment advice to clients?

Yes
☒No
☐

(If yes, describe these standards on Schedule F.)

6. Education and Business Background

For:

- each member of the investment committee or group that determines general investment advice to be given to clients, or
- if the applicant has no investment committee or group, each individual who determines general investment advice given to clients (if more than five, respond only for their supervisors)
- each principal executive officer of applicant or each person with similar status or performing similar functions.

On Schedule F, give the

- name
- formal education after high school
- year of birth
- business background for the preceding five years

7. Other Business Activities. (check those that apply)

- ☐ A. Applicant is actively engaged in a business other than giving investment advice
- ☐ B. Applicant sells products or services other than investment advice to clients
- ☐ C. The principal business of applicant or its principal executive officers involves something other than providing investment advice.

(For each checked box describe the other activities, including the time spent on them, on Schedule F.)

8. Other Financial Industry Activities or Affiliations. (check those that apply)

- ☐ A. Applicant is registered (or has an application pending) as a securities broker-dealer.
- ☐ B. Applicant is registered (or has an application pending) as a futures commission merchant, commodity pool operator or commodity trading adviser.
- C. Applicant has arrangements that are material to its advisory business or its clients with a related person who is a:
- | | |
|--|--|
| <input type="checkbox"/> (1) broker-dealer | <input type="checkbox"/> (7) accounting firm |
| <input type="checkbox"/> (2) investment company | <input type="checkbox"/> (8) law firm |
| <input type="checkbox"/> (3) other investment adviser | <input type="checkbox"/> (9) insurance company or agency |
| <input type="checkbox"/> (4) financial planning firm | <input type="checkbox"/> (10) pension consultant |
| <input type="checkbox"/> (5) commodity pool operator, commodity trading advisor or futures commission merchant | <input type="checkbox"/> (11) real estate broker or dealer |
| <input type="checkbox"/> (6) banking or thrift institution | <input type="checkbox"/> (12) entity that creates or packages limited partnerships |

(For each checked in box in C, on Schedule F identify the related person and describe the relationship and the arrangements.)

- D. Is applicant or a related person a general partner in any partnership in which clients are solicited to invest?

Yes
☐No
☒

(If yes describe on Schedule F the partnerships and what they invest in.)

9. **Participation or Interest in Client Transactions.**

Applicant or a related person: (check those that apply)

- ☐ A. As principal, buys securities for itself from or sells securities it owns to any client.
- ☐ B. As broker or agent effects securities transactions for compensation for any client.
- ☐ C. As broker or agent for any person other than a client effects transactions in which client securities are sold to or bought from a brokerage customer.
- ☐ D. Recommends to clients that they buy or sell securities or investment products in which the applicant or a related person has some financial interest.
- ☒ E. Buys or sells for itself securities that it also recommends to clients.

For each box checked, describe on Schedule F when the applicant or a related person engages in these transactions and what restrictions, internal procedures, or disclosures are used for conflicts of interest in those transactions.

Describe on Schedule F your code of ethics and state that you will provide a copy of your code of ethics to any client or prospective client upon request.

10. **Conditions for Managing Accounts.** Does the applicant provide investment supervisory services, manage investment advisory accounts or hold itself out as providing financial planning or some similarly termed services *and* impose a minimum dollar value of assets or other conditions for starting or maintaining an account?

Yes ☒ No ☐

(If yes, describe on Schedule F)

11. **Review of Accounts.** If applicant provides investment supervisory services, manages investment advisory accounts, or holds itself out as providing financial planning or some similarly termed services:

- A. Describe below the reviews and reviewers of the accounts. **For reviews**, include their frequency, different levels, and triggering factors. **For reviewers**, include the number of reviewers, their titles and functions, instructions they receive from applicant on performing reviews, and number of accounts assigned each

Portfolios tend to be well diversified, holding 35 to 40 names. Initial positions tend to be 2% to 4%, and industry concentrations will typically not exceed 20% of the portfolio. All of our stocks are monitored on an ongoing basis. Portfolios are reviewed at least monthly, or as necessary when a contribution or distribution occurs. A contribution results in a review of the portfolio, especially those stocks selling below their established buy prices, as well as a review of the level of diversification in the account. Similarly, distributions trigger a review of the portfolio, especially those stocks selling at or near their established sell prices, as well as a review of the overall diversification of the portfolio.

Reviews are the primary responsibility of James F. Barksdale, President, W. Andrew Bruner, Portfolio Manager, and R. Terrence Irrgang, Portfolio Manager.

- B. Describe below the nature and frequency of regular reports to clients on their accounts

Generally, portfolio valuations and performance summaries are provided quarterly, unless a client requests otherwise.

12. Investment or Brokerage Discretion.

A. Does applicant or any related person have authority to determine, without obtaining specific client consent, the:

- | | Yes | No |
|--|-------------------------------------|--------------------------|
| (1) securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (2) amount of the securities to be bought or sold? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (3) broker or dealer to be used? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| (4) commission rates paid? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

B. Does applicant or a related person suggest brokers to clients?

Yes	No
<input checked="" type="checkbox"/>	<input type="checkbox"/>

For each yes answer to A describe on Schedule F any limitations on the authority. For each yes to A(3), A(4) or B, describe on Schedule F the factors considered in selecting brokers and determining the reasonableness of their commissions. If the value of product, research and services given to the applicant or a related person is a factor, describe:

- the products, research and services
- whether clients may pay commissions higher than those obtainable from other brokers in return for those products and services
- whether research is used to service all of applicant's accounts or just those accounts paying for it; and
- any procedures the applicant used during the last fiscal year to direct client transactions to a particular broker in return for product and research services received.

13. Additional Compensation

Does the applicant or a related person have any arrangements, oral or in writing, where it:

- | | Yes | No |
|---|-------------------------------------|--------------------------|
| A. is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| B. directly or indirectly compensates any person for client referrals? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |

(For each yes, describe the arrangements on Schedule F.)

14. Balance Sheet. Applicant must provide a balance sheet for the most recent fiscal year on Schedule G if applicant:

- has custody of client funds or securities; or
 - requires prepayment of more than \$500 in fees per client and 6 or more months in advance
- | | Yes | No |
|--|--------------------------|-------------------------------------|
| Has applicant provided a Schedule G balance sheet? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:
Equity Investment Corporation

SEC File Number:

801- **27781**

Date:

06/20/08

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Equity Investment Corporation

IRS Empl. Ident. No.:

58-1684151

Item of Form
(identify)

Answer

1D. - Services and Fees

Equity Investment Corporation (EIC) specializes in the management of equity portfolios. The firm's primary objective is the long-term growth of its clients' capital through the ownership of high-quality stocks that offer both growth and value, according to Equity Investment Corporation's valuation methodology. The firm maintains various proprietary computer applications that assist it in properly implementing its discipline. The firm offers management of the following investment portfolios implemented using a common equity philosophy:

1. All Cap Value
2. Mid Cap Value
3. Large Cap Value
4. Balanced

Schedule of Fees

Clients are charged a fixed percentage of the assets managed, according to the size and type of the account as well as other considerations, such as account servicing needs, administrative requirements, and overall relationship size. Fees range from .35% to 1% of assets managed.

This "Base" fee is computed quarterly at one-fourth of the scheduled rate on the average assets under management during each quarter (or at account start-up, on the initial account balance). The average amount of assets under management each quarter is based on the value of the assets on the last trading day of each month during the quarter. Fees are billed in advance, as soon as practicable at the beginning of each calendar quarter. In the event of termination, fees are prorated until the effective date of such termination, without penalty. The above fee schedule may be adjusted, upwards or downwards, based on individual account circumstances, including such factors as account servicing needs, administrative requirements, and type of account.

In addition, an Incentive Compensation arrangement may be available for certain clients who qualify under Rule 205-3 of the Investment Advisors Act. Additional information about this fee arrangement is available upon request.

Other

Equity Investment Corporation will, at its discretion, negotiate fees with clients, as well as alternative methods for determining the billable assets for the quarter.

Certain clients, who participate in automated account billing services connected with various brokerage firms, may choose to be billed using the rates and minimums shown above, but based on their brokerage firm's method of determining the billable assets for the quarter

Note: In a few instances, EIC may purchase mutual funds in a client account. Since mutual funds have management fees imbedded in their price, the client will be paying a higher fee on those assets.

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06/20/08

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Equity Investment Corporation

IRS Empl. Ident. No.:

58-1684151

Item of Form (identify)	Answer
4. A,B,C Methods of Analysis, Sources of Information and Investment Strategies	<p>Equity Investment Corporation's (EIC) primary objective is the long-term real growth of clients' capital through the ownership of high quality companies. EIC employs a value oriented investment approach in its investment selections. EIC believes the real value of a company is determined by the cash that it will earn for shareholders over its lifetime. This future cash flow is discounted by the rate of inflation plus an equity risk premium. As a result, EIC looks closely at each investment's underlying earnings power, the degree to which these earnings are available to shareholders, the rate of earnings growth, and the length of time such cash flows may be depended upon.</p> <p>The firm seeks to combine the strengths of Growth and Value Disciplines, avoiding "value-oriented" companies that are no longer capable of increasing earnings, and the excessive valuations and momentum orientation often accompanying "Growth" style investors.</p> <p><u>Sell Discipline</u> EIC sells under the following conditions:</p> <ol style="list-style-type: none"> 1. The security reaches EIC's measure of full value, 2. Position increases to more than 6%, 3. Major change occurs rendering historical data invalid for determining true value of business ownership, 4. The firm's quality and financial strength fall below acceptable levels, or 5. The firm shows balance sheet stress, indicating earnings shortfalls or earnings management. <p>Employing this discipline, EIC's portfolio turnover has been approximately 40% since inception.</p>
5. Education and Business Standards	<p>For investment professionals, Equity Investment Corporation requires a degree indicating a specialization in finance and investments. This specialization may be obtained at the undergraduate, or graduate levels, or by obtaining the Chartered Financial Analyst designation offered through a course of study through the Financial Analyst Society.</p>
6. Education and Business Background	<p>James Freeman Barksdale Birth: 3/20/53</p> <p><u>Education</u> Wharton School of Finance, Univ. of Pennsylvania MBA (Finance); December 1977 College of William & Mary, BS (Psychology), 1975 Vanderbilt University, 1971-72</p> <p><u>Business Background</u> 1986 - Present - President - Equity Investment Corp. 1985 - Portfolio Manager - Management Asset Corp. 1985 - Manager Product Mktg. - Merrill Lynch Capital Markets</p>

**Schedule F of
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Continuation Sheet for Form ADV Part II

Applicant:
Equity Investment Corporation

SEC File Number:

801- **27781**

Date:

06/20/08

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Equity Investment Corporation

IRS Empl. Ident. No.:

58-1684151

Item of Form (identify)	Answer
	<p>William Andrew Bruner, CPA, CFA Birth: 4/29/68 <u>Education</u> Chartered Financial Analyst, 1999 Certified Public Accountant, 1993 The University of Texas at Austin, MPA, 1991 The University of the South, BA (International Politics/Economics), 1990 <u>Business Background</u> 1999 - Present – Portfolio Manager - Equity Investment Corporation 1992 – 1999 – Accountant/Sr. Manager – KPMG LLP</p> <p>Richard Terrence Irrgang, CFA Birth: 8/21/57 <u>Education</u> Chartered Financial Analyst, 1990 Temple University, MBA (Finance), 1981 Gettysburg College, BA (History), 1978 <u>Business Background</u> 2003 - Present – Portfolio Manager - Equity Investment Corporation 1991 – 2003 – Global Partner – INVESCO Capital Management 1988 – 1991 – Consultant – Towers Perrin</p> <p>Ian Thomas Zabor, CFA Birth: 6/10/75 <u>Education</u> Chartered Financial Analyst, 2004 University of Virginia Darden, MBA, 2002 Indiana University, BA (Economics), 1997 <u>Business Background</u> 2005 - Present – Investment Analyst - Equity Investment Corporation 2003-2005 – Jr. Portfolio Mgr/Trader Fixed Income – Wachovia Securities 2002-2003 – Investment Analyst - U.S. Small Business Administration 1998-2000 – Fixed Income Trader – A.G. Edwards</p> <p>John Pendleton Stewart, Jr. Birth: 5/3/47 <u>Education</u> University of the South, BA (English), 1969 <u>Business Background</u> 2007 - Present – Director of Marketing - Equity Investment Corporation 2006 – 2007 – Regional Director – AIM Distributors 1992 - 2005 – Regional Director – INVESCO</p> <p>Joyce Ann Michels Birth: 1/27/48 <u>Education</u> SUNY at Stony Brook, BS (Mathematics), 1969 <u>Business Background</u> 1989 - Present – Operations Manager and Chief Compliance Officer (since 2004) – Equity Investment Corporation</p>

**Schedule F of
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Continuation Sheet for Form ADV Part II

Applicant:
Equity Investment Corporation

SEC File Number:

801- **27781**

Date:

06/20/08

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Equity Investment Corporation

IRS Empl. Ident. No.:

58-1684151

Item of Form (identify)	Answer
9.E. Participation in Client Transactions	A portion of the assets of the firm's owner, Mr. James F. Barksdale, is managed in the same manner as client assets. As a result, the securities held in his portfolio are substantially the same as the securities owned by clients. In any purchases or sales, client transactions are completed prior to the initiation of any transaction for Mr. Barksdale's account. Employees may also make purchases or sales in the securities held in client accounts. Employees must request approval before making such purchases, to avoid conflicts with client transactions. Employees may also elect to have their personal accounts managed by EIC. In these instances, employee accounts are traded after client trades are completed. EIC has adopted a formal written Policy and Procedures Regarding Insider Trading and Ethics, which all employees are required to follow.
9. Code of Ethics	In order to provide an understanding of Equity Investment Corporation's (EIC) standards for meeting our fiduciary responsibility to clients, EIC has developed Code of Ethics that must be adhered to by all EIC's employees. This Code sets forth standards of conduct expected of advisory personnel and addresses conflicts that arise from personal trading by advisory personnel. This code includes limitations on personal trading by employees, reporting requirements for employee's securities holdings and personal securities transactions, and insider trading policies and procedures. A copy of EIC's Code of Ethics is available to clients and potential clients upon request.
10. Conditions for Managing Accounts	Equity Investment Corporation's minimum individual account size is \$1,000,000, but may be waived at its discretion.
12. Investment Brokerage and Discretion	<p>If a client does not direct that a specific broker be used in effecting transactions for his account, Equity Investment Corporation negotiates commissions in order to achieve the best price and execution, in consideration of the overall services provided by the broker, and complexity of trade. In the execution of block trades with a particular brokerage firm, prices are averaged across accounts, although commissions may differ depending on the size of the account. When a security is traded across EIC's accounts and through various brokerage firms, EIC utilizes an allocation method, terms of which are available upon request, that promotes fairness and equity to all clients.</p> <p>If a client directs the usage of a specific broker, Equity Investment Corporation is not free to seek best price and execution of transactions. In directing the use of a specific broker, a client should recognize that Equity Investment Corporation is not negotiating brokerage commissions on his behalf, and he/she should negotiate a commission rate or percentage fee that is commensurate with the extra "non-execution" services being provided to him by such broker. As a result of these services, commissions or brokerage fees for such accounts may be higher than for accounts where such services are not being provided.</p> <p>Equity Investment Corporation also serves as a Sub-Advisor to other registered investment advisory organizations, including divisions of various brokerage firms, under various "Wrap" and other advisory programs. Under these agreements, Equity Investment Corporation does not have authority to select the brokerage firm or to determine the commission or other brokerage fees paid to the primary advisory firm, and such clients may pay higher commissions or brokerage fees than Equity Investment Corporation might otherwise be able to negotiate.</p>

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

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06/20/08

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

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Equity Investment Corporation

IRS Empl. Ident. No.:

58-1684151

Item of Form
(identify)

Answer

**13. A. Additional
Compensation**

When clients have no preference, Equity Investment Corporation (EIC) may recommend that clients establish brokerage accounts with the Schwab Institutional division of Charles Schwab & Co., Inc. (Schwab), a registered broker-dealer, member SIPC, to maintain custody of clients' assets and to effect trades for their accounts. EIC is independently owned and operated and not affiliated with Schwab. Schwab provides EIC with access to its institutional trading and custody services, which are typically not available to Schwab retail investors. Schwab's services include brokerage, custody, research, and access to mutual funds and other investments that are otherwise generally available only to institutional investors or would require a significantly higher minimum initial investment.

For EIC client accounts maintained in its custody, Schwab generally does not charge separately for custody but is compensated by account holders through commissions or other transaction-related fees for securities trades that are executed through Schwab or that settle into Schwab accounts.

Schwab also makes available to EIC other products and services that benefit EIC but may not directly benefit its clients' accounts. Some of these other products and services assist in managing and administering clients' accounts. These include software and other technology that provide access to client account data (such as trade confirmations and account statements); facilitate trade execution (and allocation of aggregated trade orders for multiple client accounts); provide research, pricing information and other market data; facilitate payment of fees from its clients' accounts; and assist with back-office functions, recordkeeping and client reporting. Schwab Institutional also makes available other services intended to help EIC manage and further develop its business enterprise. These services may include consulting, publications and conferences on practice management, information technology, business succession, regulatory compliance, and marketing. In addition, Schwab may make available, arrange and/or pay for these types of services rendered to EIC by independent third parties. Schwab Institutional may discount or waive fees it would otherwise charge for some of these services or pay all or a part of the fees of a third-party providing these services to EIC.

**13. B. Additional
Compensation**

Equity Investment Corporation has various agreements through which individuals soliciting accounts on behalf of EIC are compensated a portion of fees on referral accounts. Such agreements are in writing, prohibit the solicitors from providing investment advisory services on behalf of EIC, and require written disclosure to the client of the solicitor's receipt of referral fees.

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

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1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Equity Investment Corporation

IRS Empl. Ident. No.:

58-1684151

Item of Form
(identify)

Answer

Addendum 1

**Equity Investment Corporation
Proxy Voting Policy**

It is Equity Investment Corporation's policy to vote proxies solely in what it believes are the best long-term interests of its clients. In general, this policy results in votes consistent with management's recommendations. However, we vote against proposals that adversely affect:

- 1.) the firm's long-term economic attractiveness
- 2.) the normal functioning of shareholder democracy, or
- 3.) our clients' position as owners of the company.

For example, we normally vote against anti-takeover provisions since they often infringe on shareholder democracy. However, we have voted in favor of staggered board terms on the basis that these increase continuity of management regardless of who the owner is.

We vote in favor of plans that provide an incentive to stock ownership by employees, management, and directors. However, we have become increasingly concerned with the potential for dilution that some stock option and grant plans present. For example, a recent plan requested authorization to issue up to 18% additional equity for options and grants, which would clearly dilute our clients' ownership position in the firm.

Since a fiduciary's endorsement of excessive dilution could be viewed as an imprudent action, we vote against plans that:

- 1.) Allocate more than 5% of the firm's shares to options, or
- 2.) Do not set a limit on the maximum amount that can be awarded to an individual in a given year.
- 3.) Grant options with an exercise price less than 100% of the fair market value at the date of grant, or less than 85% of the fair market value on the date of grant if the discount is granted in lieu of a reasonable amount of salary or cash bonus.
- 4.) Do not delineate the conditions for granting options to non-employee directors, but rather make it subject to management's discretion.
- 5.) Expressly allow the repricing of underwater options.

Requirements #1, #2, and #4 may be waived, however, if the option grant itself (not the exercising of the grant) requires a financial investment on the part of the recipient, since such an investment by the recipient may serve as a built-in control against excessive dilution.

With respect to social issues (religious, tobacco, military, animal rights, Northern Ireland, South Africa, nuclear concerns, etc.) our practice has been to vote with management.

Equity Investment Corporation retains records of each proxy vote taken, which are available to the client upon request.

**Schedule F of
Form ADV**

Continuation Sheet for Form ADV Part II

Applicant:
Equity Investment Corporation

SEC File Number:

801- **27781**

Date:

06/20/08

(Do not use this Schedule as a continuation sheet for Form ADV Part I or any other schedules.)

1. Full name of applicant exactly as stated in Item 1A of Part I of Form ADV:

Equity Investment Corporation

IRS Empl. Ident. No.:

58-1684151

Item of Form
(identify)

Answer

Addendum 2

Privacy Policy of Equity Investment Corporation, Inc.

The Securities and Exchange Commission adopted Regulation S-P, "Privacy of Consumer Financial Information," which requires Equity Investment Corporation, Inc. and other financial services firms to disclose their privacy policy regarding nonpublic personal information of customers and consumers. In accordance with this regulation, EIC has summarized our privacy policy below. Please take a moment to read our policy and rest assured that your privacy is of the utmost importance to us.

Collecting Your Information

We only collect information about you and our other clients as permitted and/or required by law to conduct our business properly and to service your accounts. We receive this information mostly from you via applications, contracts, agreements, etc.

Protecting Your Information

We treat all of your information with the highest amount of confidentiality. We maintain physical, electronic and procedural safeguards to protect your privacy and to ensure its confidentiality. Access to such information is restricted to those principals and employees whose business function requires them to have such information.

Sharing Information

We do not share your information with third parties. However, there are certain occasions when a third party would have access to information about your account, and they are:

- Audits conducted by federal and state regulators, auditors and legal advisors.
- Inquiries by your tax accountants whom you have authorized to obtain certain transactional information in conjunction with preparing your taxes.
- Trades for your account processed by your broker or your custodian.

Accurate Information

In an effort to provide our clients with superior service, we strive to keep all of our records accurate. We take prompt action to correct errors, and we ask that you point out any inaccuracies should you discover any.

The above policies for maintaining privacy of your confidential information provided to us remain in effect even after any termination of your account with us. Should you have any questions regarding our Proxy Voting or Privacy policies, please contact us:

Equity Investment Corporation
3007 Piedmont Road, NE
Suite 200
Atlanta, GA 30305
(404) 239-0111
(404) 239-0280 FAX
email: jmichels@eicatlanta.com

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Equity Investment Corporation
Proxy Voting Policy

It is Equity Investment Corporation's policy to vote proxies solely in what it believes are the best long-term interests of its clients. In general, this policy results in votes consistent with management's recommendations. However, we vote against proposals that adversely affect:

- 1.) the firm's long-term economic attractiveness
- 2.) the normal functioning of shareholder democracy, or
- 3.) our clients' position as owners of the company.

For example, we normally vote against anti-takeover provisions since they often infringe on shareholder democracy. However, we have voted in favor of staggered board terms on the basis that these increase continuity of management regardless of who the owner is.

We vote in favor of plans that provide an incentive to stock ownership by employees, management, and directors. However, we have become increasingly concerned with the potential for dilution that some stock option and grant plans present. For example, a recent plan requested authorization to issue up to 18% additional equity for options and grants, which would clearly dilute our clients' ownership position in the firm.

Since a fiduciary's endorsement of excessive dilution could be viewed as an imprudent action, we vote against plans that:

- 1.) Allocate more than 5% of the firm's shares to options, or
- 2.) Do not set a limit on the maximum amount that can be awarded to an individual in a given year.
- 3.) Grant options with an exercise price less than 100% of the fair market value at the date of grant, or less than 85% of the fair market value on the date of grant if the discount is granted in lieu of a reasonable amount of salary or cash bonus.
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