

## Investment Philosophy

The firm's philosophy is that employing highly disciplined **Rules Based Investment**<sup>®</sup> processes leads to superior risk control due to the removal of human emotion. We seek to produce enhanced risk adjusted returns.

## Investment Objective

**Equity Income** follows a disciplined **Rules Based Investing**<sup>®</sup> philosophy investing in high quality firms that maintain a high dividend yield. Growing dividends are an indication of an increase in a firm's cash flows while high quality companies have strong financials and are generally less affected by market fluctuations. Equity Income seeks to provide stable long term returns and outperform its benchmark on a risk adjusted basis.



## Portfolio Construction

**Step 1: Income** - Companies with higher dividends than the S&P 500 Index with consecutive years of dividend increases.

**Step 2: Quality** - Balance sheet and income statement are analyzed to ensure companies selected are of higher quality than the S&P 500 Index. Metrics analyzed are Return on Equity, Accrual Ratio, Debt to Equity Ratio, and Free Cash Flow to Dividend Ratio.

**Step 3: Diversification** - Equity Income holds 15 high-quality stocks which consistently pay high dividends. Each month the strategy is rebalanced and companies which no longer meet the necessary criteria are sold. Companies that most recently began meeting the quality and dividend requirements are selected for purchase based on sector diversification benefits.

## Performance

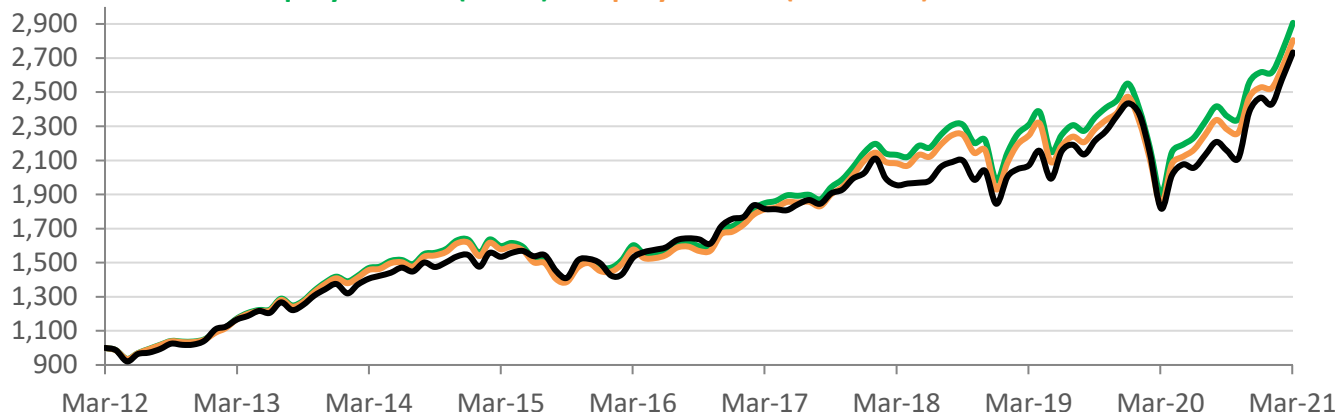
April 1, 2012 through March 31, 2020

	Gross	Net .4%	Index		Year	Gross	Net of .4%	Index
<b>Year-to-Date</b>	11.09%	10.98%	10.77%	(4/1 - 12/31)	<b>2012</b>	5.02%	4.71%	4.16%
<b>1 Year</b>	53.06%	52.47%	50.37%		<b>2013</b>	35.00%	34.48%	31.99%
<b>3 Year*</b>	10.88%	10.45%	11.83%		<b>2014</b>	15.29%	14.82%	12.36%
<b>5 Year*</b>	12.65%	12.21%	12.31%		<b>2015</b>	-9.90%	-10.26%	-3.13%
<b>7 Year*</b>	10.24%	9.81%	9.96%		<b>2016</b>	16.37%	15.91%	17.40%
<b>Since Inception*</b>	12.59%	12.14%	11.82%		<b>2017</b>	25.27%	24.78%	15.36%
<b>Since Inception</b>	190.65%	180.50%	173.31%		<b>2018</b>	-7.71%	-8.07%	-8.95%
<b>Std. Deviation</b>	13.32%	13.31%	14.03%		<b>2019</b>	28.69%	28.20%	31.93%
<b>Sharpe</b>	0.91	0.88	0.82		<b>2020</b>	2.45%	2.05%	1.36%
<b>Beta</b>	0.87	0.87	1.00		<b>YTD 2021</b>	11.09%	10.98%	10.77%
<b>Alpha</b>	2.17%	1.77%						
<b>Up-Capture</b>	92.26%		100.00%					
<b>Down-Capture</b>	80.22%		100.00%					

\*Annualized. Up and Down Capture based on Gross performance April 1, 2012 through March 31, 2021 and is calculated arithmetically. Geometric Up and Down Capture are available upon request. Beta calculated from inception date. **Benchmark Index – S&P 500 Value TR**. The information on this page is qualified in its entirety by attached footnotes and disclosures. Past performance is not a guarantee of future returns

## 5-Year Growth of \$1,000 Investment (4/1/2012-3/31/2021)

Equity Income (Gross)   Equity Income (Net 0.4%)   S&P 500 Value TR



### Portfolio Team

#### Mark H. Fiskio, Senior Portfolio Manager

Former Senior Portfolio Manager in the PIA program at Merrill Lynch and founder of Empirical Asset Management, LLC.

### Characteristics

Inception	April 1, 2012
Holdings	15 Positions
Size	Large-Cap
Style	Value
Sector	Multi-sector
Geography	U.S. Equities
Vehicle	Managed Account

### Empirical Asset Management

Empirical Asset Management, LLC (EAM) is a Registered Investment Advisor with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Empirical manages client assets through proprietary quantitative models.

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### Disclosures

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The advertised performance represents a composite of all discretionary fee paying and non-fee-paying accounts. Accounts that are no longer invested in a manner consistent with the composite description will remain in the composite for all prior months. Gross returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting the highest annual fee of .40% from the gross composite return in the amount of 0.10% per quarter. Returns are presented net of non-reclaimable withholding taxes. The performance portrayed reflects the reinvestment of dividends, interest, and other earnings (total return). Monthly geometric linking of performance results is used to calculate annual returns. Valuations are computed and performance is reported in U.S. dollars. The minimum portfolio size for inclusion in the composite is \$100,000. The benchmark for EAM Equity Income is the S&P 500 Value TR Index.