

# Large Cap Value Equity

March 31, 2021



## FIRM INFORMATION

- Founded in 1992
- 100% Employee-Owned
- 11 Total Employees
- Headquarters in Newport Beach, CA

## INVESTMENT TEAM

Senior team has an average of 35 years investment experience.

**Gregory Lai, CFA** Lead Portfolio Mgr & CEO  
B.S. (UCLA); M.B.A. (UCI)

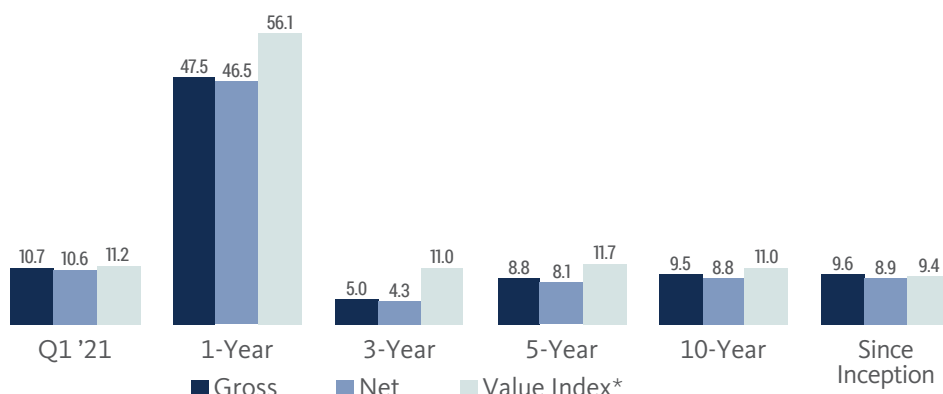
**Iman Movahed** Sr. Portfolio Manager  
B.A. (UCLA), M.A. (Boston University)  
M.B.A. (UCLA)

**Michael Petrino** Sr. Portfolio Manager  
B.A. (Amherst) M.B.A. (University of Chicago)

## INVESTMENT APPROACH

- Stocks are ranked based on a multi-factor model that includes valuation, improving fundamentals, and momentum.
- Stocks ranked in the top quartile are selected from within 15 Affinity-defined sectors.
- Control for risk factors relative to the benchmark, including sector neutrality, market capitalization, etc.
- Alpha is generated almost entirely from stock selection.

## PERFORMANCE BY PERIOD



Past performance is not indicative of future results. Periods less than year are not annualized. Performance inception date is 1/31/1993. All results are dollar denominated. Returns include the reinvestment of dividends and income. Value Index\*: The benchmark returns reflect S&P Barra Value Index for periods prior to January 1, 2005, and Russell 1000 Value Index since that date. This information is supplemental to the Composite Disclosures on the back. Individual results may vary.

## CHARACTERISTICS

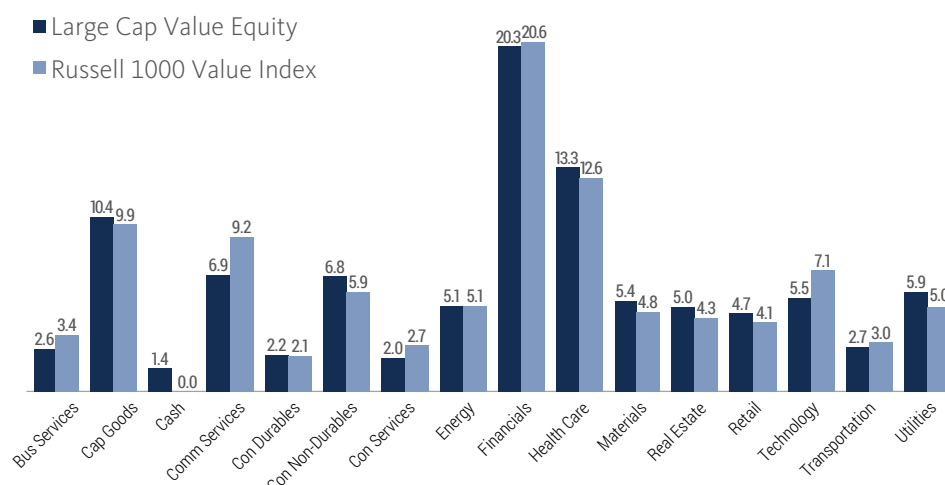
Portfolio Characteristics	Strategy	Index
1-Yr Forward P/E (x)	14.4	18.5
Proj 5-Yr EPS Growth Rate (%)	9.7	13.7
Earnings Est: % Rising	70.6	64.0
Price / Book (x)	2.9	2.8
Dividend Yield (%)	2.5	2.1
Average Market Cap (\$B)	194.2	130.6
Active Share (%)	80.6	—
5-Year Avg Turnover (%)	45.5	—
Number of Securities	51	860
Risk Characteristics (3-Yr Ann)	Strategy	Index
Std Dev	21.9	20.0
Sharpe Ratio	0.3	0.6
Tracking Error (%)	3.9	—

Source: Thomson Reuter Analytics, Morningstar Direct & Affinity Investment Advisors. This information is supplemental to the Composite Disclosures on the back.

## TOP 10 HOLDINGS

JPMorgan Chase	4.2%
Bank of America	3.2%
Home Depot	2.8%
FedEx	2.7%
United Rentals	2.6%
Verizon Communications	2.4%
Chevron	2.4%
AT&T	2.3%
Deere	2.3%
PulteGroup	2.2%

## LARGE CAP VALUE EQUITY SECTOR PROFILE



Data may not equal 100% due to rounding.

Source: Affinity Investment Advisors. This information is supplemental to the Composite Disclosures on back. Provided for informational purpose only and should not be deemed as a recommendation to buy or sell securities shown above. The reader should not assume that an investment in the securities identified was or will be profitable. Subject to change daily.

# Large Cap Value Equity

March 31, 2021



## IMPORTANT DISCLOSURES

### Risk Considerations

There is no assurance that a separately managed account will achieve its investment objective. Separately managed accounts are subject to market risk, which is the possibility that the market values of securities owned will decline and that the value of the shares may therefore be less than what you paid for them. Accordingly, you can lose money investing in a separately managed account. Please be aware that this strategy may be subject to certain additional risks.

**Equity.** In general equity securities' values also fluctuate in response to activities specific to a company.

**Concentration.** The strategy may also focus its investments on certain industries and/or sectors, thereby increasing its vulnerability to any single industry/sector or regulatory development. As a result, the strategy's returns may be considerably more volatile.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market. A separately managed account may not be suitable for all investors. Please consider the investment objectives,

risks and fees of the strategy carefully before investing. A minimum asset level is required. For important information about the investment manager, please refer to Form ADV Part 2.

Separate accounts managed according to the Strategy include a number of securities and will not necessarily track the performance of any index. This material does not constitute an offer to buy or sell any financial instrument or to participate in any trading strategy.

## COMPOSITE DISCLOSURES

Year	Gross Composite Return (%)	Net Composite Return (%)	Russell 1000 Value Index Return*(%)	Composite 3 yr. Ex-Post Standard Deviation (%)	Russell 1000 Value 3 yr. Ex-Post Standard Deviation (%)	Weighted Average Standard Deviation (%)	Number of Accounts	Market Value (\$M)	Firm Assets (\$M)
2020	(8.34)	(8.94)	2.79	21.75	19.90	N/A	< 5	56	1,066
2019	28.24	27.43	26.56	13.98	12.02	N/A	< 5	39	337
2018	(12.24)	(12.82)	(8.26)	12.22	10.98	N/A	5	296	673
2017	18.61	17.86	13.65	11.21	10.35	0.3	6	409	978
2016	10.22	9.51	17.31	11.56	10.93	0.2	13	591	1,235
2015	(2.55)	(3.18)	(3.84)	11.21	10.83	0.3	15	620	1,233
2014	14.27	13.54	13.46	9.96	9.33	0.3	16	591	1,109
2013	35.21	34.35	32.54	13.45	12.88	0.3	17	548	840
2012	16.66	15.92	17.51	16.38	15.73	0.3	12	251	896
2011	1.80	1.14	0.35	20.53	20.96	N/A	< 5	53	791

N/A - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

The Value Equity Composite contains fully discretionary value equity accounts. The composite strategy seeks superior returns relative to the Russell 1000 Value Index by employing a time-tested quantitative strategy with a fundamental overlay. The creation date of this composite was March 31, 1993. Prior to May 1, 2007, the minimum account size for this composite is \$100 thousand. Beginning May 1, 2007, there is no minimum account size required for inclusion. For periods prior to January 1, 2005, benchmark returns reflect the S&P/500 Barra Value Index. The benchmark was changed as a result of Standard and Poors' discontinuing its relationship with Barra in December 2005. Additional information regarding the benchmark is available upon request.

Affinity claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Affinity has been independently verified for the period July 1, 1992, through December 31, 1992, by BDO Seidman and the periods January 1, 1993, through April 30, 2007 and November 1, 2010 through December 31, 2016 by Ashland Partners & Company LLP. For the period January 1, 2017 to December 31, 2018, Affinity has been independently verified by ACA Performance Services, LLC. MSIM has been independently verified for the period May 1, 2007 through May 31, 2010 by Ernst & Young LLP. Invesco has been independently verified for the period June 1, 2010 through October 31, 2010 by Ernst & Young LLP.

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 Value Equity composite has been examined for the period March 31, 1993 through April 30, 2007 and November 1, 2010 through December 31, 2018. The performance for the period May 1, 2007 through October 31, 2010 has been reviewed Ashland Partners & Company LLP and conforms to the portability requirements of the GIPS Standards. The verification and performance examination reports are available upon request.

Affinity Investment Advisors, LLC is a registered investment adviser as defined by the 40 Act. The firm's list of composite descriptions is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. For the period May 1, 2007 through February 28, 2009, non-management fee paying accounts are included in the composite. The percentage of non-management fee paying accounts in the composite was 4.58% as of December 31, 2007 and 1.96% as of December 31, 2008. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns presented include the reinvestment of all income. Gross returns are stated gross of all fees and net of transaction costs. For the period July 1, 2004 to December 31, 2006, wrap fee portfolios are

included in the composite and make up 100% of the composite assets. Beginning January 1, 2007, there are no wrap fee portfolios included in the composite. Gross returns for wrap fee portfolios were reduced by the broker's portion of the total wrap fee. Wrap accounts pay an all-inclusive fee. This fee includes all charges for trading costs, portfolio management, custody, and other administrative fees. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor. Net of fee performance was calculated using the product's standard annual fee of 0.65% applied monthly for all periods shown. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the constituents in the composite managed for the entire calendar year. Policies for valuing portfolios, calculating performance and preparing compliance presentations are available upon request.

The current management fee schedule for the Value Equity product is as follows:

0.65% on the first \$5,000,000  
0.60% on the next \$20,000,000  
0.50% on the next \$25,000,000  
0.45% on the next \$50,000,000  
0.40% on excess over \$100,000,000