Core Equity

Portfolio Update: 2020

For the year 2020, the Core Equity Strategy (the "Strategy") increased +22.22% gross of fees (+21.66% net of fees), outperforming the +20.89% return for the Russell 3000 Index. This marks the fifth consecutive year that the Strategy has performed ahead of its passive benchmark. The compounding value over those five years has returned +17.40% gross of fees (+16.83% annually, net of fees), versus +15.43% for the Russell 3000, and places the Strategy in the top 5% of active managers in the All-Cap manager universe for that five year period, according to PSN.

While we are pleased with the recent returns, given current equity market valuations, we believe it is extremely unlikely to be sustainable over the next five years and it's best to temper return expectations lower. It's always possible we'll be positively surprised, but we think double digit returns are a very low probability and it's better to plan for a much lower return environment in the equity markets. As long-term investors, we tend to think of the investment horizon over multiple years, not quarters, which is why we are moving to an annual letter instead of four quarterly letters.

	Q1	Q2	Q3	Q4	1 Year	3 Years	5 Years	10 Years	Since Inception
Core Equity Strategy	-19.73%	+21.48%	+8.52%	+14.96%	+21.66%	+16.06%	+16.83%	+13.06%	+9.03%
Russell 3000 Index	-20.90%	+22.03%	+9.21%	+14.68%	+20.89%	+14.49%	+15.43%	+13.79%	+10.10%
S&P 500 Index	-19.60%	+20.54%	+8.93%	+12.15%	+18.40%	+14.18%	+15.22%	+13.88%	+9.92%

Inception date: April 1, 2005. Performance for periods of greater than one year is annualized. Performance is presented net of RMB Asset Management's maximum management fee and transaction costs. Performance is not net of RMB's Wealth Management advisory fee (if applicable). Please see important disclosures at the end of this document. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment.

From a traditional attribution perspective, the Strategy's overall outperformance in 2020 was nearly all driven by positive sector allocation, with a very small positive contribution from stock selection. The Financial sector was a standout positive contributor to performance, with notable positive contribution from Health Care, partially offset from negative contribution in Industrials, Consumer Discretionary, and Information Technology. Our stock selection in Financials was truly exceptional, with all four of our holdings performing substantially ahead of the sector return. We will discuss individual holdings impact on performance in a bit.

2020….what a year. It's hard to say that we can write anything that hasn't already been written to describe a most unusual year. The year started with a very healthy economy that was quickly upended by the global pandemic that brought economic collapse and a global health emergency. Behavioral finance bias teaches us that unexpected, outlier events like 2020 happen more often than the human mind's probability analysis comprehends. Hopefully, we'll learn lessons from the pandemic and be better prepared for future health threats. The dichotomy between what was going on in the real economy and how the stock market reacted over the course of the year is also confirmation that the economy and stock market are two separate animals and, at times, aren't even positively correlated. The initial market selloff in February and March was staggering in its speed and depth from peak to trough. Bottoming on March 23rd, the rebound and subsequent rally over the course of the year was equally surprising in its speed and magnitude. None of us in March thought the market could finish the year with positive returns well into the double digits, but it did. The market was clearly rescued by the unprecedented support of monetary policy from the Fed and fiscal policy from the U.S. Government. The "whatever it takes" mantra to get the country through the pandemic, along with remarkable progress on producing a highly efficacious vaccine, supported the market's rebound and astounding full year returns. The market also found solace in the outcome of the U.S. election in November, that showed that most of the country remains quite centrist on policy issues, despite the polarization of Washington DC to the left and right extremes. Capitalism is by no means perfect, but it seems like most of the electorate doesn't want their central government to be overly controlling of their economic or personal lives. No matter your political leanings, we're hopeful the new year brings better leadership, sound economic policy, and greater overall stability. Corporate leadership has been quite vocal that they just want fewer outside surprises, as they lead their companies and plan for the future.

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As we close the books on a most tumultuous year, we think there is a strong case for optimism that the economy will improve significantly in 2021, once the health crisis subsides. With COVID cases, hospitalizations, and deaths still rising at alarming rates, the distribution of the vaccine cannot come quickly enough. This was not your normal recession and the pace of the economic recovery will parallel the success in ending the health crisis. There is a strong case for optimism, as the population becomes vaccinated and more reopening commences. Consumer savings rates have been high during the recession and could unleash strong spending, particularly for consumer services, once we reach the midpoint of the year. Additional stimulus programs from the government are helping bridge the gap and hopefully employment growth will be strong once spring comes.

The stock market is a powerful, forward-discounting mechanism and has priced in an optimistic recovery scenario. Historically high valuations reflect this expected corporate earnings recovery in 2021 and 2022 and for interest rates to remain extremely low. The 10 Year Treasury was already quite low at the beginning of the year at 1.92% but fell even further with the onset of the pandemic and Fed rate cuts, ending the year at 0.92%. While we are not a believer that we will see negative rates in the U.S., much of the world's developed markets do, and, at 1%, we do have a negative real interest rate, when adjusting for inflation. The massive government stimulus programs that have blown the Federal deficit into the trillions (yes, that's trillions plural!) and printing of dollars by the Fed do leave us with concerns about inflation in the future. While this may not be a 2021 event as the economy recovers, we are on the lookout for signs of emerging inflation. The Fed has promised to keep interest rates unchanged, even if inflation exceeds 2%, so there is a possibility that the Fed could get behind the curve at some point in the next couple of years. In our opinion, equity market valuations are pricing in low interest rates for many years into the future, so upward pressure on rates would not be good for stocks. As bottom-up equity investors, we always have some hesitation to opine on "the market" as it's one homogenous thing, as we believe in the mantra of "a market of stocks, not a stock market". Our bottom-up process confirms this expensive market, as we are not finding bargains in individual companies to be abundant, particularly in our quality growth universe. Within our existing holdings, the Strategy has more reward-to-risk ratios under one than it has greater than one, a full reversal from where we stood in mid-March, when we were excited about the long-term opportunities the selloff had presented us. In hindsight, this aggressive buying window was not open for very long after the quick rebound off the lows. The Strategy took advantage of some dislocations during this period, although, in hindsight, we wish we would have been even more aggressive in making a few more changes. That said, we've stuck with our process and strategy and it's paid off in healthy relative returns in 2020 and the past five years. Macro market predictions are very difficult to make with any hopes of being consistently accurate, so we'll keep our efforts principally focused on bottom-up stock selection. We have built a concentrated, yet diversified, Strategy of high-quality, individual companies that can grow their earnings for years into the future and earn attractive returns on invested capital. No matter what happens with the current market cycle, we strongly believe the Strategy positions us to outperform over the long run without taking undue risk.

Contributors and Detractors

The accompanying chart shows the Strategy's largest contributors and detractors to performance during the year. The largest contributor was Danaher Corp. (DHR, +45.29%), a diversified supplier of healthcare, life sciences, environmental and diagnostic products and services. The stock performed well this year, as its revenues were not materially affected by the pandemic and continued to benefit from several notable secular tailwinds, most notably in its Life Sciences division. Danaher has significantly grown this business, after closing on the acquisition of the Life Sciences division of GE Healthcare early in the year. We believe this will prove to be very astute deal in the long run. This follows a series of sales and spinoffs of parts of Danaher over the past few years that has drastically transformed the company into a higher quality, faster organically growing business. Management's capital allocation decisions have proven to be value-enhancing for long-term shareholders like ourselves and we continue to like the prospects for the company and the stock over the next several years. While the valuation is by no means inexpensive today, it remains one of the largest holdings in the Strategy at year end. SVB Financial Group (SIVB, +54.49%), the holding company of Silicon Valley Bank, was the Strategy's second largest contributor. We first purchased our position in the summer of 2019 and further added to the name during the selloff in March this year. We felt that SVB was a very distinctive, growing bank franchise. They have an expertise in serving entrepreneurial businesses in the innovation economy, particularly technology and biotechnology companies, their venture capital partners, founders, employees, private equity funds, and high net worth individuals in this ecosystem. SVB has built its franchise with this

customer base over decades resulting in a deep and valuable network that is hard to replicate. We believe it has an attractive economic moat (high barriers to entry and competitive advantages) in an industry that generally doesn't have that much differentiation. While very few bank stocks had positive returns in 2020, SVB responded extremely well to continued growth in its asset base and had very few issues with credit quality. We continue to like their outlook, although trimmed back our position size towards year end to more appropriately size it within the Strategy and acknowledge the valuation had become less attractive.

On the negative side of the performance ledger, we had several names that detracted from performance in 2020. Leading the way is Middleby Corp. (MIDD, +17.71%), a manufacturer of various types of food equipment for the restaurant, food processing, and residential markets. Middleby's largest end market is the restaurant and commercial foodservice industry, which is suffering tremendous hardship brought on by the pandemic, as food eaten away from home has lost share to food eaten at home. We sold the stock, as we felt that the industry would be slow to recover, given that the large capital expenditure purchasing decisions required by the customer base could be deferred indefinitely and many of its customers may not even survive the recession. We also felt that we could reallocate the proceeds into higher conviction ideas and realize a valuable tax loss in the process. In hindsight, our timing on the sale was poor, as the stock has recovered substantially over the course of the year, despite still murky fundamentals for the company. EOG Resources Inc. (EOG, -50.17%), a U.S. oil and gas producer, was the second largest detractor this year, no surprise given the Energy sector was the worst performer. Already struggling from excess global supply and lackluster demand, oil and gas prices collapsed as the economy shut down in the second quarter. Market prices did recover some in the back half of the year, as reopening optimism grew and OPEC showed that it still has some relevance in impacting global commodity prices. We sold our position in EOG late in the year, acknowledging that for long-term investors, the Energy industry really isn't all that attractive as a place to own "compounders". While EOG was one of the best run and most disciplined companies in the sector, it doesn't control its own destiny. We don't want to own the best house on a bad block, so realized our tax loss and moved on.

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2020 CONTRIBUTION REPORT
Ranked by Basis Point Contribution

	Basis Point Contribution	Return
Top Contributors		
Danaher Corp.	+286	+45.29%
SVB Financial Group	+269	+54.49%
MarketAxess Holdings Inc.	+266	+51.29%
PTC Inc.	+261	+59.71%
Progressive Corp.	+183	+41.52%
Bottom Detractors		
Middleby Corp.	-383	-50.80%
EOG Resources Inc.	-165	-50.17%
SS&C Technologies Holdings Inc.	-140	-35.12%
frontdoor Inc.	-15	-1.52%
salesforce.com Inc.	+2	+0.03%

Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Portfolio. To obtain a copy of RMB's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.

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Portfolio Activity

During the year, the Strategy purchased four new names, which is historically a bit on the lower side, but consistent with our desire to keep turnover low and own long-term, compounding business models that can be owned for years. The four new names bought this year are Tyler Technologies Inc. (TYL), Synopsis Inc. (SNPS), Dollar General Corp. (DG) and Salesforce.com Inc. (CRM). Tyler was purchased during the March selloff and is the largest provider of software to the public sector, with an emphasis on local governments. Through its organic and acquisitive product development over the years, Tyler has grown to be the dominant software provider to this end market with approximately one third market share. It has grown over the years by taking market share from smaller competitors, but also by replacing homegrown software, which remains about 50% of the market today, a huge long-term opportunity for Tyler to replace. Tyler's bookings (new orders for its software) have remained robust in 2020, despite the pandemic. Management's decision to bolster its product lineup, through increased R&D investments around both organic and acquired products over the past few years, was capital well-allocated and did much to broaden TYL's addressable market, deepen its already-formidable competitive moat, and improve its competitive win rates. As R&D moderates back to historical levels, we believe this will result in the virtuous combination of both improving margins and solid growth through share gains within its expanding addressable market. Having extended their competitive lead, Tyler is now positioned for another era of profitable growth. Our position size in Tyler is on the smaller end of the Strategy, as the stock moved substantially higher on us quickly after establishing our initial starter position. Synopsis Inc. (SNPS), a provider of design software to the semiconductor industry, has a similar thesis to Tyler, in that it has a strong competitive position in a vertical software niche. With 90% of revenues recurring and a fast-growing secondary business in Software Integrity analysis, we believe their growth and margin prospects have been underestimated. Similar to Tyler, the stock ran quickly away from us, as we were starting our initial position, and it remains on the lower end of the Strategy. We'd look to buy into any meaningful pullback in the shares of these high quality technology companies.

TOP 10 HOLDINGS AS OF 12/31/20

Company	% of Assets
Alphabet Inc. (Class A and Class C)	6.85%
Visa Inc.	6.03%
Danaher Corp.	5.53%
IHS Markit Ltd.	5.03%
STERIS PLC	4.95%
Edwards Lifesciences Corp.	4.92%
PTC Inc.	4.55%
TJX Companies Inc.	4.45%
Aspen Technology Inc.	4.37%
Dollar General Corp.	4.35%

Holdings are subject to change. Portfolio characteristics are intended to provide a general view of the entire portfolio, or Index, at a certain point in time. Characteristics are calculated using information obtained from various data sources. Past performance is not indicative of future results, and there is a risk of all or part of your investment. The data provided is supplemental. Please see disclosures at the end of this document.

Discount retailer Dollar General Corp. (DG) was initially purchased early in the year and was added to during the market selloff. We like Dollar General as one of a few very high quality retailers growing its store base in a profitable way that earns attractive returns on invested capital. Its customer base is middle income and lower, and we feel the risk from Amazon disruption is fairly low, given mostly purchases are for consumables at a very low average dollar transaction size. Historically, the business model has worked in "good times" and "bad times", when consumers trade down. 2020 proved to be no exception, as comparable store sales have flourished during the pandemic. Given its geographic skew to more rural, smaller towns, Dollar General proved to be an essential source of necessities for consumers during the year. Longer term, Dollar General has significant internal initiatives underway, including Fresh initiatives, expanded cooler space, digital engagement, and improving in stock-levels. This should support a 3-4% same store growth rate for years to come. They also have an aggressive store remodel program that typically results in a 10-15% boost to comps and earns an attractive return on investment. Dollar General has one of the best track records of consistent growth and we believe still has a bright and highly relevant future in front of it, despite a rapidly changing retail industry.

We completely exited four names during 2020. As mentioned earlier, Middleby Corp. (MIDD) and EOG Resources Inc. (EOG) were sold along with SS&C Technologies Holdings Inc. (SSNC) and frontdoor inc. (FTDR). Our sale of financial services software provider SS&C was largely to make room for the Tyler purchase, but also reflected concerns about SS&C's over-reliance on acquisitions to grow, which resulted in a highly leveraged balance sheet. We prefer companies with longer-term organic, secular growth opportunities and it's clear that Tyler's is superior. Residential home warranty provider frontdoor is a name we inherited in the Strategy when it was spun out of ServiceMaster (SERV) in 2018. We have continued to own this

residential pest control provider which changed its name and stock ticker this year to Terminix Global Holdings Inc. (TMX) once it had become a pure play. We believe that frontdoor is still a niche business, but not of high enough quality to own for years to come. Fortunately, we held on and added to our frontdoor position after it sold off substantially a few months after the spin off in 2018. Having recovered to a fair valuation level, we exited the position this year to make room for higher confidence holdings.

Outlook

U.S. corporate earnings growth, which is the biggest long-term driver of stock prices, was impacted significantly in 2020 by the pandemic and recession. That said, earnings proved to be considerably more resilient than one might have thought nine months ago and the recovery in 2021 and 2022 looks to be very strong. It's possible that 2021 earnings recover or potentially even exceed 2019 pre-recession levels this year. It's clear the market has reacted to the bullish recovery case and priced in an optimistic scenario. 2019's +31% market return was nearly all due to P/E multiple inflation and with earnings declining in 2020, it's happened again as the multiple inflated further. Today the market is trading at 22.7x 2021 and 19.5x 2022 current earnings estimates, versus a very long-term average around 16x. Even when accounting for low interest rates, which lowers discount rates and inflates P/E multiples, this is towards the top of historical valuation metrics. We also note that there are some signs of bubblish type behavior in the valuations of in some of the growthiest, more speculative parts of the stock market and recent IPO's. As grizzled veterans, we can't help but recall the TMT (tech, media, telecom) fueled boom of the late 1990's, when individual investors piled into highly speculative stocks. While we don't think we're quite to "mania" levels today, we all remember how the 90's ended.

As always, while we may opine on our view of the overall market, we do not pretend to have any ability of predicting where the market is heading in the short or intermediate term. It's a very difficult, if not impossible, task to add value by timing the market. We think it's prudent to keep return expectations modest for the next few years, as longer-term returns are likely to be lower than what we've enjoyed over the past several years. We continue to focus the Strategy's efforts on owning companies with good secular growth prospects, strong economic moats, underleveraged balance sheets, and superior management teams. These are companies we believe can compound value for shareholders for years into the future. The opportunities to find high-quality growth companies selling at attractive valuations is not abundant, but we will continue to use our "bottom-up" search to optimize the Strategy. If we do our jobs well by adhering to a disciplined investment process and managing Strategy risk, we aim to continue to add value to market returns in subsequent years. We'd like to wish everyone a happy new year, with hope that 2021 will be a much better year and a sincere thank you for the continued trust you place in us to manage your assets. If you have any questions, please do not hesitate to contact us.

Sincerely,

Todd Griesbach
Portfolio Manager

Core Equity

RMB Asset Management

Core Equity Composite // Annual Disclosure Presentation

Organization | RMB Capital Management, LLC ("RMB Capital") is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and established in 2005. The GIPS firm is defined as RMB Asset Management ("RMB AM"), a division of RMB Capital Management, LLC. Previously, the firm was defined as RMB Capital and was redefined on January 1, 2016 to only include the asset management business due to the difference in how its investment strategies and services are offered. RMB AM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. RMB AM has been independently verified for the period April 1, 2005 through December 31, 2019. 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. Verification does not ensure the accuracy of any specific composite presentation. The Core Equity composite has been examined for the period of April 1, 2005 through December 31, 2015. The verification and performance examination reports are available upon request. RMB maintains a complete list and description of composites, which are also available upon request.

Description | The Core Equity Strategy (formerly named All Cap GARP-growth at a reasonable price) reflects the performance of fully discretionary equity accounts, which have an investment objective of long-term growth using a portfolio of primarily small-, mid-, and large-cap stocks and for comparison purposes is measured against the Russell 3000 and S&P 500 indices. The Core Equity Composite was created on April 1, 2005. An account is included in the Composite on the first day of the first full month the account is under management. An account is removed from the Composite as of the last day of its last full month. Account performance is based on total assets in the account, including cash and cash equivalents. Results are based on fully discretionary accounts under management, including those accounts no longer managed by RMB. Valuations and returns are computed and stated in U.S. Dollars.

ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

		Composite Assets		Annual Performance Results								
Year End	Total Firm Assets as of 12/31 ($M)	USD ($M)	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	Russell 3000 (%)	S&P 500 (%)	Composite 3-YR ST DEV* (%)	Russell 3000 3-YR ST DEV (%)	S&P 500 3-YR ST DEV (%)	% Non-Fee Paying Assets	Composite Dispersion (%)
2019	4,947.9	487.6	737	32.14	31.48	31.02	31.49	13.43	12.21	11.93	0.02	0.92
2018	4,196.9	382.9	697	-1.81	-2.28	-5.24	-4.38	13.01	11.18	10.80	0.04	0.46
2017	3,610.6	356.8	625	23.48	22.88	21.13	21.83	12.41	10.09	9.92	0.04	0.37
2016	3,047.5	307.5	621	13.88	13.31	12.74	11.96	13.56	10.88	10.59	0.04	1.02
2015	3,706.0	298.2	666	-4.60	-5.07	0.48	1.38	12.77	10.56	10.47	0.03	0.54
2014	3,312.9	368.3	748	6.44	5.92	12.56	13.69	10.96	9.29	8.97	0.03	0.44
2013	3,248.5	372.1	734	31.78	31.14	33.55	32.39	13.10	12.53	11.94	0.03	0.73
2012	2,585.9	318.2	784	17.62	17.03	16.42	16.00	15.61	15.73	15.09	0.02	0.49
2011	2,218.0	286.4	774	2.03	1.52	1.03	2.11	18.07	19.35	18.70	0	1.06
2010	1,881.9	313.8	783	13.44	12.09	16.93	15.06	N/A	N/A	N/A	0	0.70
2009	1,613.9	298.7	776	24.90	23.35	28.34	26.46	N/A	N/A	N/A	0	1.50
2008	1,113.6	225.3	787	-33.46	-34.29	-37.31	-37.00	N/A	N/A	N/A	0	0.90
2007	1,420.6	279.3	746	7.20	5.86	5.14	5.49	N/A	N/A	N/A	0	0.90
2006	1,070.2	275.4	806	7.99	6.66	15.71	15.79	N/A	N/A	N/A	0	0.60
2005**	811.9	236.3	677	12.41	11.37	8.51	7.22	N/A	N/A	N/A	0	N/A

The 3 year ex-post standard deviation is not presented prior to 2011 because it is not required. Results shown for the year 2005 represent partial period performance from April 1, 2005 through December 31, 2005.*

Fees *| Effective January 1, 2011, RMB' Capital's management fee schedule for this Composite is as follows: 0.50% on the first $3.0 million, 0.475% on the next $2.0 million, 0.450% on the next $5.0 million, 0.425% on the next $15.0 million, and 0.400% over $25.0 million. Actual management fees charged by RMB may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. Gross-of-fees returns means it is net of transaction costs but gross of asset management fees, custodian fees and withholding taxes. The payment of actual fees and expenses would reduce gross returns. The compound effect of such fees and expenses should be considered when reviewing gross returns. The net returns are reduced by all actual fees and transactions costs incurred. The composite includes accounts that pay asset-based pricing for trading expenses. The maximum fee is 15 basis points per year; however, many accounts pay lower amounts due to household break-point relief. Returns for those accounts prior to 3/1/19 do not reflect the deduction of asset-based pricing, and are therefore gross of trading expenses. These accounts represent approximately 84% of composite assets. In addition to a management fee, some accounts pay a wealth management fee based on the percentage of assets under management to RMB Capital. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Risk measures presented are calculated using gross-of-fees performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.*

Minimum Value Threshold *| There is no account minimum in the Core Equity Strategy.*

Comparison with Market Indices *| RMB compares its Composite returns to a variety of market indices such as the Russell 3000 and the S&P 500. The index represents unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. An investment cannot be made directly in an index. The returns of the index do not include any transaction costs, management*

fees, or other costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account in the Composite. Benchmark returns presented are not covered by the report of independent verifiers.

***Other** | Past performance is not indicative of further results, and there is a risk of loss of all or part of your investment. Historical rates of return may not be indicative of future rates of return. Individual client performance returns may be different than the composite returns listed. Total Firm Assets as of 12/31 for the years 2010, 2011, and 2012 have been revised to exclude assets from personal trading accounts that were included in previously reported figures.*

Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The opinions and analyses expressed in this letter are based on RMB Capital Management, LLC's ("RMB Capital") research and professional experience and are expressed as of the date of our mailing of this letter. Certain information expressed represents an assessment at a specific point in time and is not intended to be a forecast or guarantee of future performance, nor is it intended to speak to any future time periods. RMB Capital makes no warranty or representation, express or implied, nor does RMB Capital accept any liability, with respect to the information and data set forth herein, and RMB Capital specifically disclaims any duty to update any of the information and data contained in this letter. The information and data in this letter do not constitute legal, tax, accounting, investment, or other professional advice. The information provided in this letter should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in the Portfolio at the time you receive this letter or that securities sold have not been repurchased. The securities discussed do not represent the entire Portfolio and, in the aggregate, may represent only a small percentage of their holdings. It should not be assumed that any securities transaction or holding discussed was or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein. A complete list of security recommendations made during the past 12 months is available upon request. An investment cannot be made directly in an index. The index data assumes reinvestment of all income and does not account for fees, taxes or transaction costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account. The Russell 3000 measures the performance of the largest 3000 U.S. companies, representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased, and stable barometer of the broad market and is completely reconstituted annually. The S&P 500 includes 500 leading companies in leading industries of the U.S. economy. The S&P 500 focuses on the large-cap segment of the market and covers approximately 75% of U.S. equities. High-quality stocks are those that we believe offer greater reliability and less risk. The quality assessment is made based on a combination of soft (e.g., management credibility) and hard (e.g., balance sheet stability) criteria.