

## Investment PHILOSOPHY

FCI's Equity Income Strategy seeks to provide investors with a high level of current income, as well as the potential for income growth and capital appreciation over time. We strive to accomplish this by focusing on high quality large and mid-capitalization companies with above average current dividends that also display both the proven willingness and financial ability to increase dividends over time. We believe that a diversified portfolio of high quality, dividend-focused stocks has the potential to provide strong cash flows and attractive risk-adjusted returns over a full market cycle, thus meeting the needs of a broad range of investors.

## SECTOR WEIGHTINGS

Characteristic	Equity Income	Russell 1000 Value
Communication Services	4.3%	9.7%
Consumer Discretionary	8.5%	7.5%
Consumer Staples	9.1%	7.7%
Energy	8.0%	4.4%
Financials	16.0%	19.5%
Health Care	17.1%	13.4%
Industrials	6.8%	13.4%
Information Technology	10.6%	9.7%
Materials	1.9%	4.8%
Real Estate	4.8%	4.4%
Utilities	3.1%	5.5%
Cash	5.1%	0.0%
Funds	4.7%	0.0%

## ABOUT FCI ADVISORS

FCI Advisors (FCI) strives to be recognized as a premier provider of investment management, risk management and advisory services. FCI was founded in 1966 and is a SEC Registered Investment Advisory (RIA) firm. The firm manages portfolios and provides investment solutions for a broad array of investors that include corporate, public and union pension plans, bank trust departments, insurance companies, mutual funds, endowments, foundations, charities and individuals nationwide. FCI is owned by MTC Holding Corporation. Our Midwestern fiduciary culture means that caring about clients' interests is at the heart of every decision we make. Our professionals average over 20 years of experience.

## Investment OBJECTIVE

The objective of FCI's Equity Income Strategy is to outperform the Dow Jones Select Dividend TR Index, net of fees over an entire market cycle, with less risk. The strategy is intended to provide investors with an above-market dividend yield as well as a growing income stream from a diversified portfolio of 35 to 45 individual securities selected from all eleven economic sectors. The portfolio is managed with low turnover to take advantage of preferential tax rates applicable to capital gains and qualified dividends. The dividend yield target for the portfolio is at least 150% of the dividend yield of the S&P 500.

## TOP TEN HOLDINGS\*

*JP Morgan Chase & Co.*  
*Ameriprise Financial, Inc.*  
*AbbVie, Inc.*  
*Qualcomm, Inc.*  
*Truist Financial*  
*Target Corporation*  
*Novartis AG*  
*PepsiCo, Inc.*  
*Union Pacific Corporation*  
*Philip Morris International*

\*Investments listed in descending order based on market value.



## STRATEGY CHARACTERISTICS

Characteristic	Equity Income	Russell 1000 Value
Long Term Debt Total Capital	53.7%	43.0%
Free Cash Flow Yield	4.6%	4.9%
EV/EBITDA	13.9	20.5
Forward Price/Earnings	14.9	17.4
Price/Book Value	2.6X	2.3X
Dividend Yield	3.4%	2.1%
3-Year Dividend Growth	9.3%	7.9%
Market Cap (wt. avg.)	\$181.5B	\$133.6B
No. of Holdings	41	855

## DISCLOSURES

Factual materials obtained from sources believed to be reliable but cannot be guaranteed. Strategy weightings and holdings are as of the reporting date and are subject to change.

### Performance Results

The Equity Income composite consists of all discretionary accounts including those accounts no longer with the firm, over \$100,000 that utilize the Equity Income Model. Accounts that are not managed to the model should not expect similar results. All of the assets that contributed to past performance may not be available in the future due to mergers, acquisitions, removal from the model etc.

All total return performance results include the reinvestment of some of the income/distributions of the assets and reflect the deduction of transaction costs. A time-weighted rate of return formula is used to calculate performance of the accounts. The net of fee performance was calculated using the standard fee schedule shown in our ADV and may or may not

## PORTFOLIO MANAGERS

*Benjamin Hill, CFA*

*Patrick Schumann, CFA*

## STRATEGY ASSETS UNDER MANAGEMENT

FCI manages **\$572.1 million** in the Equity Income Strategy.

reflect custodian fees. Advisory fees may vary, but the firm's standard fee schedule is at an annual rate as follows: 1.00% on the first \$2M under management, 0.75% on the next \$3M, and 0.50% on the balance of the account. Performance shown is past performance and does not guarantee or predict future results. Investing in securities includes the potential for loss. Individual account performance may differ materially. Performance may also be impacted by adverse market conditions. The indexes used are the Dow Jones Select Dividend Index and the Russell 1000 Value Index as a secondary index. The indexes have some characteristics in common with the strategy such as dividend growth and some differences such as the index contains near 1000 stocks and the strategy will hold 35 to 45 and may buy stocks not held in the index. Securities held by accounts in the composite will differ from securities in the indexes. Index returns presented assume reinvestment of all distributions and exclude the effect of taxes and fees (if expenses and taxes were deducted, the actual returns of the index would be lower).

For further information, please contact us at:

[SourceNotes@fciadvisors.com](mailto:SourceNotes@fciadvisors.com)