

*Investment*  
**PHILOSOPHY**

The philosophy of FCI's Value Equity team is to build fully diversified portfolios that own stocks which are undervalued by the marketplace. Through the course of our research we seek out companies that show consistency in balance sheet strength, revenues and cash flows. Disciplined diversification helps to lessen downside risk and provides consistency of returns.

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**OBJECTIVE**

The goal of this strategy is to provide consistent total returns for clients through price appreciation and dividend income. Through proper diversification and stock selection, the managers strive to outperform the S&P 500 Index.

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**STRATEGY**

The Value Equity Strategy is a multi-cap value approach to investing that employs both top down macro economic and industry specific research as well as bottom up stock specific research. Generally, each of the ten S&P 500 sectors is represented in a value equity portfolio, although the value equity team will overweight or underweight specific sectors based on our research. Stock specific research is extremely disciplined and screens for insider activity, cash flow models, balance sheet ratios, and sales growth versus inventory levels. After passing initial screens, stocks are screened further with more intricate models and valuation techniques. The strategy is not limited to domestic equities, and portfolio will typically hold between 10-15% in international stocks. The valuation techniques used for selecting stock will generally result in adding companies to the portfolio that pay dividends. While there is no yield requirement for a stock to be purchased, the composite yield of the value equity portfolios has generally been 0.5-1% higher than that of the S&P 500 Index.

**WHAT SETS THIS STRATEGY APART?**

Tenured, focused portfolio managers and analysts with ownership in the firm

Forward looking and opportunistic investment style

Flexibility allowing responsiveness to changes in the economic and market environment

Close working relationship with FCI's institutional fixed income portfolio managers and analysts to ensure equity strategies benefit from fixed income research and expertise



As of June 30, 2018

## SECTOR WEIGHTINGS

Characteristic	Value Equity	S&P 500
Consumer Discretionary	11.5%	12.9%
Consumer Staples	17.9%	7.0%
Energy	10.0%	6.2%
Financials	8.3%	13.8%
Health Care	12.5%	14.1%
Industrials	13.8%	9.5%
Information Technology	9.5%	26.0%
Materials	6.6%	2.6%
Real Estate	0.0%	2.9%
Telecommunications	5.2%	2.0%
Utilities	4.7%	3.0%

## STRATEGY CHARACTERISTICS

Characteristic	Value Equity	S&P 500
Price/Earnings - TTM	18.9	20.5
Est. Long-Term Future Growth	11.3%	14.9%
Debt/Equity	146.4%	141.4%
Cash Flow Yield	9.1%	7.3%
Price/Sales	1.7X	2.2X
Forward Price/Earnings	18.0	19.2
Price/Book Value	2.9X	3.2X
Dividend Yield	2.9%	2.0%
Market Cap (wt. avg.)	86.1B	211.8B
Average No. of Holdings	66	500

## STRATEGY ASSETS UNDER MANAGEMENT

FCI manages **\$577.5 million** in the Value Equity Strategy.

## 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 experienced professionals average over 20 years of experience.

## PORTFOLIO MANAGERS

Andrew Muther

Matthew Montgomery, CFA

## TOP TEN HOLDINGS\*

Twenty-First Century Fox, Inc.

Cisco Systems, Inc.

CSX Corporation

Hormel Foods Corporation

GlaxoSmithKline

Emerson Electric Company

CBS Corporation Class B

Schlumberger Limited

Verizon Communications, Inc.

Merck & Co. Inc.

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

For further information, please contact us at:

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