

Investment
PHILOSOPHY

FCI's Core Equity investment process focuses on the large-capitalization segment of the market and seeks to identify high-quality companies with solid fundamentals, superior earnings growth potential and companies that are selling at reasonable prices. Through qualitative and quantitative screenings and valuation analysis, we strive to reduce downside risk and enhance long-term returns.

Investment
OBJECTIVE

The strategy seeks long-term capital appreciation, investing primarily in equity securities of domestic companies. Our style is designed to meet a variety of investment objectives, including tax efficiency, as we seek to provide consistent growth of principal and to outperform the S&P 500 Stock Index net of fees with less downside risk, over rolling 3- to 5-year time periods.

Investment
STRATEGY

FCI's Core Equity strategy offers a unique blend of bottom-up stock selection combined with top-down sector work. The Standard & Poor's 500 Index forms the primary base universe which is then reduced to include only those companies with a market capitalization greater than \$6 billion. Since foreign domiciled companies are excluded from the S&P 500, an additional list of domestically-traded foreign securities and other exchange-traded funds is also considered. Securities are then screened within their economic sector for certain quantitative factors, including: long-term debt to capital, return on equity, revenue growth, and earnings growth. Following this quantitative fundamental screening, stocks undergo a thorough qualitative analysis focusing on the key characteristics and fundamentals of the companies. They are then subjected to a proprietary valuation analysis and an exit strategy.

The top-down sector work and analysis forms the structure of a portfolio. The eleven economic sectors are evaluated within the current economic environment and within the context of current monetary and fiscal policies and secular macro trends to identify market segments and sectors, or industries, which have the potential to outperform the market as a whole.

WHAT SETS THIS STRATEGY APART?

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

Emphasis on volatility reduction and consistency of returns through diversification and position sizing

Tactical approach to economic sector management

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 the equity strategy benefits from fixed income research and expertise



As of December 31, 2018

SECTOR WEIGHTINGS

Characteristic	Core Equity	S&P 500
Communication Services	9.8%	10.2%
Consumer Discretionary	12.3%	9.9%
Consumer Staples	10.4%	7.4%
Energy	5.8%	5.3%
Financials	12.3%	13.3%
Health Care	14.8%	15.5%
Industrials	11.2%	9.2%
Information Technology	17.9%	20.1%
Materials	2.0%	2.7%
Real Estate	2.3%	3.0%
Utilities	1.2%	3.4%

STRATEGY CHARACTERISTICS

Characteristic	Core Equity	S&P 500
Price/Earnings - TTM	16.7	16.9
Est. Long-Term Future Growth	14.4%	13.1%
Debt/Equity	138.2%	124.6%
Cash Flow Yield	8.6%	9.1%
Price/Sales	2.0X	1.9X
Forward Price/Earnings	16.7	17.9
Price/Book Value	2.8X	2.9X
Dividend Yield	2.2%	2.2%
Market Cap (wt. avg.)	238.6B	190.4B
Average No. of Holdings	55	500

STRATEGY ASSETS UNDER MANAGEMENT

FCI manages **\$604.4 million** in the Core 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

Bryan Unterhalter
Todd LaRose

TOP TEN HOLDINGS*

Apple, Inc.
Amazon.com, Inc.
Microsoft Corporation
JP Morgan Chase & Co.
UnitedHealth Group, Inc.
Merck & Co. Inc.
Verizon Communications, Inc.
Alphabet Inc. Class C
PepsiCo, Inc.
VISA, Inc.

*Investments listed in descending order based on market value.

For further information, please contact us at:
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