South Atlantic Capital Management Group, Inc.

Investment Management

June 30, 2023 Portfolio Review

COMPOSITE PERFORMANCE SUMMARY

South Atlantic Capital (SACMG) Core Equity Composite[1] versus S&P 500 and Russell 1000 Value
Annualized as of 6/30/2023

	1 Year	3 Years	5 Years	10 Years	15 Years	20 Years	Since Inception (1/1/1992)	Total Return Since Inception
SACMG Core Equity (gross)	4.20%	11.58%	6.17%	8.31%	10.34%	9.52%	12.17%	3609.52%
SACMG Core Equity (Net)	3.16%	10.47%	5.11%	7.24%	9.26%	8.46%	11.07%	2621.50%
S&P 500[2]	19.59%	14.62%	12.33%	12.87%	10.88%	10.05%	9.98%	1894.69%
Russell 1000 Value[3]	11.54%	14.32%	8.12%	9.23%	8.36%	8.50%	9.67%	1722.87%

South Atlantic Capital is an independent investment adviser registered with the State of North Carolina and the Commonwealth of Virginia. South Atlantic Capital claims compliance with the Global Investment Performance Standards (GIPS®). The firm maintains a complete list and description of composites, as well as GIPS® Reports, which are available upon request by calling (910) 763-4113, or emailing info@southatlanticcap.com.. All returns include reinvested dividends and interest. Past results are not indicative of future performance.

Attached is our most recent GIPS verification through December 31, 2022, including the GIPS Composite Report for our Core Equity Composite (as well as necessary disclosures).

PERFORMANCE

Our returns for the quarter were 1.45% (1.21% net of fees) versus 8.74% for the S&P 500 and 4.07% for the Russell 1000 Value.

Portfolio values have appreciated significantly off the lows. We continue to expect meaningful increases in value over time as prices recover to more accurately reflect our view of the intrinsic value of these companies. In the short run, account values are not where we expect them to be going forward in large part due to the performance of Ardagh Metal Packaging and Warner Brother Discovery.

The markets have declined since January 1, 2022, due to aggressive interest rate increases by the federal reserve to fight inflation. For our portfolios, these two positions represent approximately 75% of the downturn in account values during that time frame. We don't recall two positions where we continue to have such high confidence in their future returns ever having as big a negative effect on account values.

This results in our having clearly well above average future return expectations for these two stocks and a few others we detail below. Despite our view that they are well undervalued, it's unlikely we will add to them significantly since they are essentially full positions.

UNDERVALUED POSITIONS

Ardagh Metal Packaging is the second biggest aluminum can manufacturer in Europe and third biggest in the United States. Issues explained below, which are now largely behind them, caused the stock to trade off. The downturn was greatly exacerbated by Ardagh having gone public in 2021 through a SPAC, Special Purpose Acquisition Company. These were prevalent during the frothy market of 2021 and are now viewed negatively by the market since they are considered to be a backdoor way for many fly-by-night companies (which are now struggling) to go public. Whether a company goes public through a SPAC or through the normal process of an IPO is completely irrelevant if it's a high-quality company. It's a short term, superficial issue that some investors who probably haven't researched the company latch on to. What is relevant is the quality of the business that went public, and we think this cloud dissipates over time for Ardagh given the strength of their business.

Aluminum is infinitely recyclable, and recycled aluminum represents approximately 75% of an aluminum can. This lowers the energy footprint of cans versus plastic or glass bottles. This, along with advantages to beverage companies in filling and transporting aluminum cans, has caused their customers to shift to more can usage. Around 80% of new beverage products are using cans. As a result, Ardagh and their top two competitors were approached by customers to increase production backed by long-term contracts with these customers—in Ardagh's case, to increase annual capacity from 39 billion cans to 60 billion.

Despite volume increases, profits suffered last year due to an unprecedented 10x spike in natural gas costs in Europe due to the Ukraine War. Volumes were also not high enough to grow into their new capacity since cost input increases of 8-10% last year caused their customers to raise prices significantly to meet profit goals rather than their typical practice of in-store promotions which hurt volumes.

However, Ardagh's importance to customers, given that new can sizes and marketing features make manufacturing the can more demanding, allowed them and the other more sophisticated manufacturers to renegotiate and strengthen their contracts. Energy costs are now a pass-through cost to the customer in their European contracts as aluminum has been for a while.

Secondly, promotions are starting to come back as aggressive price increases last year have put the major beverage companies in the untenable position of losing share to generics. This will help margins normalize as they grow into the higher fixed costs from their capacity expansions. We expect Ardagh to have cash earnings of around $.80 share in 2024. With their competitors trading at 15-16 times earnings, we expect significant appreciation from their current price of $3.50. Despite short-term headwinds, the long-term outlook for growing aluminum can usage remains firmly intact.

Warner Brothers Discovery. Discovery uncovered highly excessive costs after their merger with Warner Brothers, which surprised them and the market. They have actively fixed these problems and started to realize significant cost savings from the synergies of merging the two companies. Most severance costs are now behind them such that we expect them to generate roughly $2.50 per share in cash earnings next year and continue to pay down their large, merger-related debt.

They are now in a position to focus on monetizing their intellectual property—their content—which might be the best in the industry. Their prime content includes all the popular HBO series as well as Harry Potter, Lord of the Rings, Barbie, their movie studio, and their television studio, which might be their crown jewel as they supply a lot of the content aired by other broadcast and streaming companies as well as the fast-growing ad supported channels from Tubi, Roku and others. They also have a very successful gaming company including Mortal Combat and this year's most popular game, Hogwarts Legacy.

In our view, those businesses, along with the cable networks, justify a price of 8-10 times cash flow per share. If, as we believe, that content plus Discovery's existing client base in Europe, Asia, and Latin America will allow them to create a growing, profitable worldwide streaming product in Max, their multiple should be higher. A successful streaming product is important to replace declining operating profit from their cable networks as people cut the cord. If their streaming product succeeds, we think the company should trade at 12-15 times cash earnings. While they don't have Disney's valuable theme parks, Disney trades above 20 times cash flow, in large part because the market believes their streaming product will be successful.

Brookfield Corp. Excessive fears and the broad brush of the market over some troubled real estate holdings that represent a small part of their business has caused their stock to trade off 33% since January 1, 2022. This is despite a positive outlook for the great majority of their businesses and a 21% increase in distributable earnings in the last twelve months after adjusting for spinning off 25% of their asset management company. Brookfield is a very well-run company with significant competitive advantages in being a large-scale operator around the world of infrastructure, renewable energy, real estate and insurance companies.

In addition, they have a very successful long-term track record in managing private funds for institutions that invest in those industries as well as private credit. Their stock has compounded at 18% per year over the last twenty years, which is significantly above the market's performance. Their 75% ownership in the asset manager, Brookfield Asset Management, is their most important holding.

A very strong wind is at the back of their asset manager, particularly for their Infrastructure and Renewable Energy funds. This is due to their excellent fund returns and powerful long-term trends stemming from digitalization, decarbonization, and deglobalization in addition to aging infrastructure around the world. In addition, their private credit business is benefiting from large growth in distressed debt, where they are a world leader, due to the sharp increase in interest rates. Opportunities are also being created for private credit as higher rates on deposits are starting to create significant tightening in bank lending. As a result, they expect to raise $150bb in new funds for the asset manager to oversee, which includes $50bb in an investment portfolio of an insurance company they recently purchased. This is fabulous growth considering current fee-paying assets are $440bb.

We also expect operating earnings from their insurance business, which represents about 12% of their earnings, to roughly triple by year end 2024 due to recent acquisitions that were funded without issuing new shares. This, along with slower but solid growth from the infrastructure and renewable energy companies that they operate (as opposed to private fund investments), leads us to believe distributable earnings per share will reach $4.25 to $4.50 per share by year end 2024 versus a current stock price of $32.61 as of August 23, 2023. Historically, Brookfield has traded above 15x distributable earnings according to Value Line.

Citigroup. Citigroup's core franchise is their Treasury and Trade Service business which helps a large swath of the world's largest multinational companies move money to subsidiaries around the world. This is very sticky business because all of Citigroup's difficult to duplicate bank licenses around the world make their system a closed loop and the most efficient system. It also feeds their trading desk with commodity and currency orders to fill for these clients, which is lower risk business than most of Wall Street's trading desks whose biggest customers are hedge funds. This core franchise also helps feed their loan book with high creditworthy loans.

When you consider that they have also upgraded the credit quality of their credit card loans, and no longer hold subprime loans and troubled assets they owned prior to the credit crisis in 2008-2009, it's hard for us to believe that they won't increase their tangible book value, which currently stands at $86/share, even during a recession.

Citi has struggled to earn an adequate return-on-equity because it was shoddily run by previous CEOs. They are selling their lower return consumer loan businesses in 14 countries around the world which also don't add value to their other businesses. This should free up capital to fund their plan to strengthen the Treasury and Trade Service Business and Investment Banking and Wealth Management businesses. That should create an easier to manage, more streamlined business where the remaining businesses also feed off and strengthen each other and generate higher capital returns.

Due to pressure from the Fed, they are also upgrading their Information Technology system firm wide, which should reduce mistakes and increase productivity and client-focused capabilities. That buildout and the extra expense that goes with it should be finished towards the end of 2024. Citigroup has become a much more conservatively run bank with a strong core franchise. If their plan comes close to reaching their 12% return-on-equity target, we think their stock should trade close to their tangible book value over time, which we estimate at about $95/share by year end 2024 versus their current stock price of $41.50.

PORTFOLIO COMPANIES ADD TO LONG-TERM VALUE

Our strategy focuses on investing in companies that maintain an ability during times of stress, including recessions, to make business decisions that add to long-term value. This derives from resilient operating cash flow and managements that maintain a conservative balance sheet. We point out below that this is currently taking place. While the economy has not yet gone into a recession, which is certainly not out of the question, we have seen economic stress from a rapid increase in interest rates that raised borrowing costs and made credit less available. Seen below, this has not kept several of our positions from growing their businesses (***without issuing shares)*** which should help increase per share values overtime.

- **JPMorgan** was a direct beneficiary of the severe stress in regional banks created by the rising cost of funding as they bought the business of failing First Republic Bank at a severe discount.

- **Brookfield Corp** acquired two insurance companies without issuing shares, although they did fund approximately 25% of the acquisitions with their own shares in Brookfield Asset Management. These acquisitions should more than double their insurance operations, which currently represents about 12% of their business. As a side benefit, it will significantly grow Brookfield Asset Management, who will manage the investment portfolios.

- **Enterprise Products Partners** recently brought $4bb in new projects online, which are backed by long-term contracts with creditworthy customers. They have another $6bb in projects under construction. All these projects were funded by operating cash flows in excess of their dividend payout with no new debt or stock issuance. This should increase their distributable earnings over time by approximately 18% as these projects ramp up.

- **Philip Morris** purchased Swedish Match, the leading nicotine pouch manufacturer, for roughly $16bb using untapped borrowing capacity. The deal is accretive to earnings per share, gives them needed distribution in the U. S., and increases their smoke-free customers by over 15%, thus accelerating their goal to have more than 50% of revenue attributable to smoke-free products by 2025. They also purchased the U. S. rights to their leading IQOS brand from Altria for roughly $2bb. Given the size of the U.S. market, this has the potential to grow their free cash flow 30% over time.

- **CF Industries** will purchase the Waggaman ammonia facility in Louisiana for about $1.7bb with $425mm funded upfront by Waggaman in an offtake agreement and the rest funded by cash balances. This will increase CF Industry's production by roughly 5%.

Although Chesapeake Energy reduced their dividend due to lower natural gas prices, <u>the following positions have raised their dividend or reduced their shares outstanding over the past year. Reducing shares outstanding increases your ownership of the company.</u>

1. Enterprise raised their dividend by 5%.
2. JPMorgan raised their dividend by 5% and reduced shares by 1%.
3. Citigroup raised their dividend by 5%.
4. Exxon increased their dividend by over 3% and reduced shares by over 4%.
5. Sirius XM increased their dividend by almost 10% and reduced its share count by over 1.5%.
6. AutoZone reduced their share count by 7%.
7. Fox reduced their share count by 10% and raised their dividend by 5%.
8. CF Industries reduced their share count by 7%.
9. Plains All American GP raised their distribution by over 20%.

<u>INVESTMENT ENVIRONMENT</u>

Our experience is that stock prices tend to start turning around after two or three earnings reports that dispel an inaccurate perception that has caused a portfolio company to trade well below our assessment of its true value. However, while we fully expect these price recoveries to happen, we feel that for some of our positions it could be somewhat less rapid than in past downturns. Even though we think the current price of our portfolio is more than justified when comparing the fundamentals of the specific companies to their often-discounted prices, we don't believe the fundamentals of the market in general currently justify its price. Bumps in the road from market declines could create short-term headwinds in price recovery for our holdings.

We don't feel investors have fully accepted the potential for a secular trend of higher interest rates and higher inflation than in recent times given a market valuation still well above average. We think the expectation that interest rates and inflation will soon decline and that we will avoid a recession is overly complacent due to the difficulty for investors to part with the optimism of 40 years of declining interest rates and a fed ready to support the economy with stimulus without having to worry about inflation. We don't think those conditions exist anymore and interest rates could be pressured higher by the amount of debt the treasury needs to issue to refinance government debt and fund our deficits.

We are still finding some companies we are enthused about; however, the existing portfolio and new ideas have to meet our performance hurdle rates despite our concerns that inflated costs could become harder for companies to pass on to customers and interest rates could increase rather than decline. That's a harder prism to look through and find good ideas, and it is the reason for our larger than normal cash holdings (which earn a nice income). We feel we wouldn't be doing our job well if we ignored these risks when assessing a potential three-year return from a new investment, and this mindset has helped us outperform the market over thirty years (see "since-inception" performance in the table above). Warren Buffett describes his philosophy as not swinging until he sees a fat pitch, which we feel are not as prevalent in the current environment.

However, the obstacles do present long-term opportunities since we expect the potential pain to be felt predominately by heavily indebted companies who have put themselves in a bad spot by overleveraging their balance sheets….seduced by unprecedented low interest rates. We expect well-financed companies with ample liquidity will have an opportunity to pick up market share and be presented with attractive opportunities.

As always, we thank you for your support.

Best regards,

Eddie Nowell

DISCLOSURES

[1]***Core Equity Composite*** *contains all fully discretionary accounts invested in equities excluding accounts that use significant leverage and, for comparative purposes, is measured against the total return for the S&P 500. It includes accounts managed for capital appreciation as well as accounts managed for a combination of capital appreciation and current income. The equity securities are generally large cap value-oriented U.S. equities. The portfolios also include equity securities that provide higher current income such as master limited partnerships, real estate investment trusts and similar securities that "pass through" most of their cash flow as distributions. The portfolios are invested in approximately 20-25 positions but have held fewer than 15 positions in the past.*

[2]***S&P 500 Index*** *has been widely regarded as the best single gauge of the large cap U.S. equities market since the index was first published in 1957. The market-capitalization-weighted index has over U.S. $15.6 trillion indexed or benchmarked, with indexed assets comprising approximately U.S. $7.1 trillion of this total. The index includes 500 leading companies representing all major industries of the U.S. economy and captures approximately 80% of all U.S. equities. Returns include the reinvestment of dividends.*

[3]***Russell Value 1000 Index*** *is also market-cap weighted and measures the performance of the large-cap "value" segment of the US equity universe. This index originated in 1987.*

Returns are presented gross and net of management fees and include the reinvestment of all income. The U.S. Dollar is the currency used to express performance. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request, as are GIPS Reports and lists and descriptions of South Atlantic Capital's composites, by emailing Info@SouthAtlanticCap.com or calling (910) 763-4113. Portfolio composition is subject to change at any time and references to specific securities, industries, and sectors in this letter are not recommendations to purchase or sell any particular security. Current and future portfolio holdings are subject to risk.

The discussion of our firm's investments and investment strategy (including current investment themes, the portfolio managers' research and investment process, and portfolio characteristics) represents the firm's investments and the views of the investment adviser, at the time of this letter, and are subject to change without notice.

Past results are not indicative of future investment performance. An investor should further understand that future results may represent losses for account holders.

EDWARD D. NOWELL

Edward D. Nowell is President and founder of South Atlantic Capital Management Group, Inc.

Mr. Nowell has forty years of experience in the finance business. Since founding South Atlantic Capital in 1991, he has been the sole portfolio manager of our Core Equity Composite, which has outperformed the S&P 500 since its inception on January 1, 1992, and ranks highly among its peers in performance and downside protection during that time period. Recently, he was named a top 10 performing manager by PSN Informa among Large Cap Value managers for the 3rd quarter of 2021 and was named a top 10 Manager of the Decade among all Large Cap Managers at year-end 2012. Previously, he was an Assistant Vice President at Bankers Trust Company in New York. His primary responsibility was arranging bank financing for leveraged buyouts led by Kohlberg Kravis and Roberts, Forstmann Little, and other leading private equity firms. During business school he interned with Merrill Lynch's Capital Markets Group in New York. Later, he served as an Institutional Fixed-Income salesman with Carolina Securities/ Prudential Bache and worked with Fox, Graham, and Mintz, Securities. He graduated from the University of North Carolina at Chapel Hill and received his M. B. A. from the Darden Graduate School of Business Administration at the University of Virginia.

PHILLIP A. TITZER

Mr. Titzer is Chief Operating Officer & Compliance Officer of South Atlantic Capital Management Group, Inc.

Mr. Titzer joined South Atlantic Capital in March 2020, bringing twenty-four years of investing and business operations experience to the firm. As a CFA® charterholder on the advisor's investment committee, he adds additional valuation and investment management experience to the organization. Previously, Mr. Titzer was a portfolio manager and head of investment operations for The Edgar Lomax Company, a large-cap value equity manager in Alexandria, Virginia. There, he directed all research, trading and portfolio administration activities and, along with the firm's founder, managed the Edgar Lomax Value Fund (a mutual fund that earned Morningstar's highest rating of 5 Stars as of December 31, 2019) as well as high-net-worth and institutional separate accounts totaling approximately $1.6 billion. Prior to that, he was a nuclear-trained submarine officer in the U.S. Navy, serving on the U.S.S. Kentucky (SSBN 737) and, later, as a combat control test & evaluation officer for Naval Sea Systems Command. Mr. Titzer holds a B.S. in Mechanical Engineering from Rose-Hulman Institute of Technology and an M.B.A. in Finance from George Mason University.

Alpha Performance Verification Services

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Independent Verifier's Performance Examination Report

Mr. Edward D. Nowell, President
South Atlantic Capital Management Group, Inc.
Wilmington, North Carolina

We have verified whether South Atlantic Capital Management Group, Inc. (the "Firm") has, for the periods from January 1, 2022 through December 31, 2022, established policies and procedures for complying with the Global Investment Performance Standards (GIPS®) related to composite and pooled fund maintenance and the calculation, presentation, and distribution of performance that are designed in compliance with the GIPS standards, as well as whether these policies and procedures have been implemented on a firm-wide basis. We have also examined the Firm's ***Core Equity Composite*** for the periods January 1, 2022 through December 31, 2022.

The Firm's management is responsible for its claim of compliance with the GIPS standards, the design and implementation of its policies and procedures, and for the ***Core Equity Composite's*** GIPS composite report. Our responsibilities are to be independent from the Firm and to express an opinion based on our verification and performance examination. We conducted this verification and performance examination in accordance with the required verification and performance examination procedures of the GIPS standards, which includes testing performed on a sample basis. We also conducted such other procedures as we considered necessary in the circumstances.

In our opinion, for the periods from January 1, 2022 through December 31, 2022, the Firm's policies and procedures for complying with the GIPS standards related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been, in all material respects:

- Designed in compliance with the GIPS standards, and
- Implemented on a firm-wide basis.

Also, in our opinion, the Firm has, in all material respects:

- Constructed the ***Core Equity Composite*** and calculated the ***Core Equity Composite's*** performance for the periods from January 1, 2022 through December 31, 2022 in compliance with the GIPS standards, and
- Prepared and presented the ***Core Equity Composite's*** GIPS composite report for the periods from January 1, 2022 through December 31, 2022 in compliance with the GIPS standards.

This report does not relate to or provide assurance on any specific performance report of the Firm other than the Firm's ***Core Equity Composite's*** GIPS composite report, or on the operating effectiveness of the Firm's controls or policies and procedures for complying with the GIPS standards.

Alpha Performance Verification

Alpha Performance Verification Services
Michael W. Hultzapple, CPA, CFA, CIPM
April 6, 2023

SOUTH ATLANTIC CAPITAL MANAGEMENT GROUP, INC.
CORE EQUITY COMPOSITE
GIPS COMPOSITE REPORT

Year End	Total Firm Assets (millions)	Composite Assets (USD) (millions)	Number of Accounts in Composite	Annual Performance Results Composite		S&P 500	Composite Dispersion	Three Year Annualized Ex-Post Standard Deviation	
				Gross	Net			Core Equity	S&P 500
2022	55.3	42.1	78	(14.41%)	(15.26%)	(18.11%)	1.26%	24.59%	20.87%
2021	66.4	50.1	80	30.19%	28.90%	28.71%	0.95%	21.67%	17.17%
2020	52.8	38.1	71	(2.68%)	(3.65%)	18.40%	1.84%	22.02%	18.53%
2019	54.9	44.8	82	27.23%	25.96%	31.49%	1.11%	12.57%	11.93%
2018	46.1	36.2	77	1.52%	0.51%	(4.38%)	0.72%	12.74%	10.80%
2017	41.6	37.6	77	23.79%	22.57%	21.83%	1.20%	13.43%	9.92%
2016	35.6	29.7	71	10.66%	9.56%	11.96%	1.63%	12.81%	10.59%
2015	42.0	23.4	70	(4.41%)	(5.36%)	1.38%	1.11%	11.57%	10.47%
2014	40.7	26.8	67	8.19%	7.16%	13.69%	0.98%	7.99%	8.97%
2013	37.2	23.1	55	26.97%	25.77%	32.39%	2.15%	9.88%	11.94%
2012	28.6	17.3	46	13.02%	11.94%	16.00%	1.69%	11.19%	15.09%
2011	25.3	15.2	42	3.63%	2.59%	2.11%	2.48%	15.55%	18.71%
2010	22.0	14.4	40	20.19%	19.00%	15.06%	3.42%	17.94%	21.85%
2009	18.6	13.0	36	46.20%	44.76%	26.46%	5.32%	17.26%	19.63%
2008	12.4	8.4	38	(25.98%)	(26.68%)	(37.00%)	2.30%	12.59%	15.08%
2007	17.4	11.9	37	(1.90%)	(2.82%)	5.49%	3.03%	9.31%	7.68%
2006	22.4	12.6	36	12.11%	11.12%	15.80%	2.52%	8.75%	6.82%
2005	12.4	10.8	33	0.78%	(0.16%)	4.91%	3.12%	11.08%	9.04%
2004	12.3	11.1	30	20.38%	19.25%	10.88%	3.37%	12.60%	14.86%
2003	9.2	8.5	23	35.31%	33.93%	28.68%	4.38%	13.67%	18.07%
2002	6.9	6.4	21	(3.21%)	(4.22%)	(22.10%)	6.43%	14.21%	18.55%
2001	7.6	6.7	17	5.18%	4.14%	(11.89%)	2.36%	14.06%	16.71%
2000	7.1	5.9	14	13.89%	12.86%	(9.10%)	3.77%	13.65%	17.42%
1999	6.4	5.4	13	8.94%	7.89%	21.04%	10.61%	12.67%	16.52%
1998	6.5	5.4	13	6.11%	4.93%	28.58%	5.60%	12.07%	16.01%
1997	5.1	4.7	11	41.04%	39.60%	33.36%	5.15%	11.12%	11.14%
1996	3.6	3.3	8	23.65%	22.40%	22.96%	3.34%	11.76%	9.58%
1995	2.9	2.7	6	48.47%	47.05%	37.58%	3.31%	10.46%	8.22%
1994	2.0	1.9	5	7.76%	6.69%	1.32%	8.02%	11.05%	7.95%
1993	1.8	1.7	4	23.26%	22.05%	10.08%	3.33%		
1992	1.3	1.2	3	13.88%	12.87%	7.62%	0.00%		

***Core Equity Composite** contains all fully discretionary accounts invested in equities excluding accounts that use significant leverage and, for comparative purposes, is measured against the total return for the S&P 500. It includes accounts managed for capital appreciation as well as accounts managed for a combination of capital appreciation and current income. The equity securities are generally large cap value-oriented U.S. equities. The portfolios also include equity securities that provide higher current income such as master limited partnerships, real estate investment trusts and similar securities that "pass through" most of their cash flow as distributions. The portfolios are invested in approximately 20-25 positions but have held fewer than 15 positions in the past. The minimum account size for this composite is $50,000. The composite has an inception date of January 1, 1992. The Core Equity composite was created on March 1, 2011.*

South Atlantic Capital Management Group, Inc. ("South Atlantic Capital") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. South Atlantic Capital has been independently verified by Ashland Partners & Company LLP for the periods January 1, 1992 to September 30, 2016; by ACA Performance Services for the periods September 30, 2016 to December 31, 2021; and by Alpha Performance Verification Services for the periods January 1, 2022 to December 31, 2022. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis.

The Core Equity Composite has had a performance examination for the periods January 1, 1992 to December 31, 2022. The verification and performance examination reports are available upon request by calling (910) 763-4113, or by emailing info@southatlanticcap.com.

South Atlantic Capital is an independent registered investment adviser registered with the State of North Carolina and the Commonwealth of Virginia. The firm maintains a complete list and description of composites and limited distributed pooled funds, as well as GIPS Reports, which are available upon request by calling (910) 763-4113, or by emailing info@southatlanticcap.com.

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Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Composite policy requires a three month, temporary removal of any portfolio incurring a client initiated external significant cash inflow of at least 25% of portfolio assets. The temporary removal of such an account occurs at the end of the prior month in which the external significant cash flow occurs and the account re-enters the composite at the end of the second full month after the cash flow. Effective 12/1/1992 - 7/1/2014, net of fee performance was calculated using actual management fees. In 2014, South Atlantic Capital switched to a new database reporting software and switched our composite fee calculation methodology to utilize model fees, using the highest fee in the composite, 1.0%, effective 7/1/2014 - Present. Additional information regarding the treatment of significant cash flows is available upon request. Composite returns represent investors domiciled primarily in the United States. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees and include the reinvestment of all income. Returns are presented after trading expenses but before any applicable taxes. The annual composite dispersion presented is a size-weighted standard deviation calculated for the accounts in the composite the entire period. The annual dispersion and the standard deviation were calculated based on net returns prior to 12/31/2014, and gross of fees beginning 1/1/2015. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request, as are GIPS Reports and lists and descriptions of South Atlantic Capital's composites and limited distributed pooled funds, by emailing info@southatlanticcap.com or calling (910) 763-4113.

South Atlantic Capital's management fee schedule for accounts with assets up to $5,000,000 is generally set at 1.0% per annum, and is negotiable for accounts with assets over $5,000,000. Actual investment advisory fees incurred by clients may vary.