South Atlantic Capital Management Group, Inc.

Investment Management

December 31, 2022 Portfolio Review

COMPOSITE PERFORMANCE SUMMARY

South Atlantic Capital (SACMG) Core Equity Composite[1] versus S&P 500 and Russell 1000 Value
Annualized as of 12/31/2022

	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)	-14.41%	2.74%	6.96%	9.68%	9.37%	10.16%	12.30%	3533.93%
SACMG Core Equity (Net)	-15.26%	1.72%	5.89%	8.60%	8.30%	9.09%	11.20%	2579.19%
S&P 500[2]	-18.11%	7.66%	9.43%	12.57%	8.81%	9.80%	9.59%	1606.53%
Russell 1000 Value[3]	-7.54%	5.96%	6.67%	10.30%	6.95%	8.83%	9.65%	1634.20%

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

A 40 year high in the inflation rate led the Federal Reserve to significantly increase interest rates last year at the fastest pace in decades. Along with the threat of recession, this led to a significant decline in the markets and account values, the third biggest market decline since our inception in 1992.

For the quarter, our net returns were 6.69% versus the S&P 500's return of 7.56% and the Russell 1000 Value's return of 12.42%. For the year, our net return was -15.26% versus a return of -18.11% for the S&P 500 and -7.54% for the Russell 1000 Value.

We believe the portfolios were better positioned for the environment than the performance represents, which we will discuss later in more detail. Historically, our defensive bias has mitigated downturns in account value during difficult periods as we discuss below. We feel this is starting to be reflected in our year-to-date 2023 performance. Following are the quarter's top & bottom performers:

TOP 5 PERFORMERS		BOTTOM 5 PERFORMERS	
JPMorgan	29.5%	Warner Bros	(17.1%)
Exxon	27.4%	CF Industries	(11.0%)
Lockheed	26.7%	Ardagh Wts.	(4.3%)
Lennar B	26.2%	Brookfield Corp	(4.1%)
Phillip Morris	24.0%	Fox A	(0.9%)

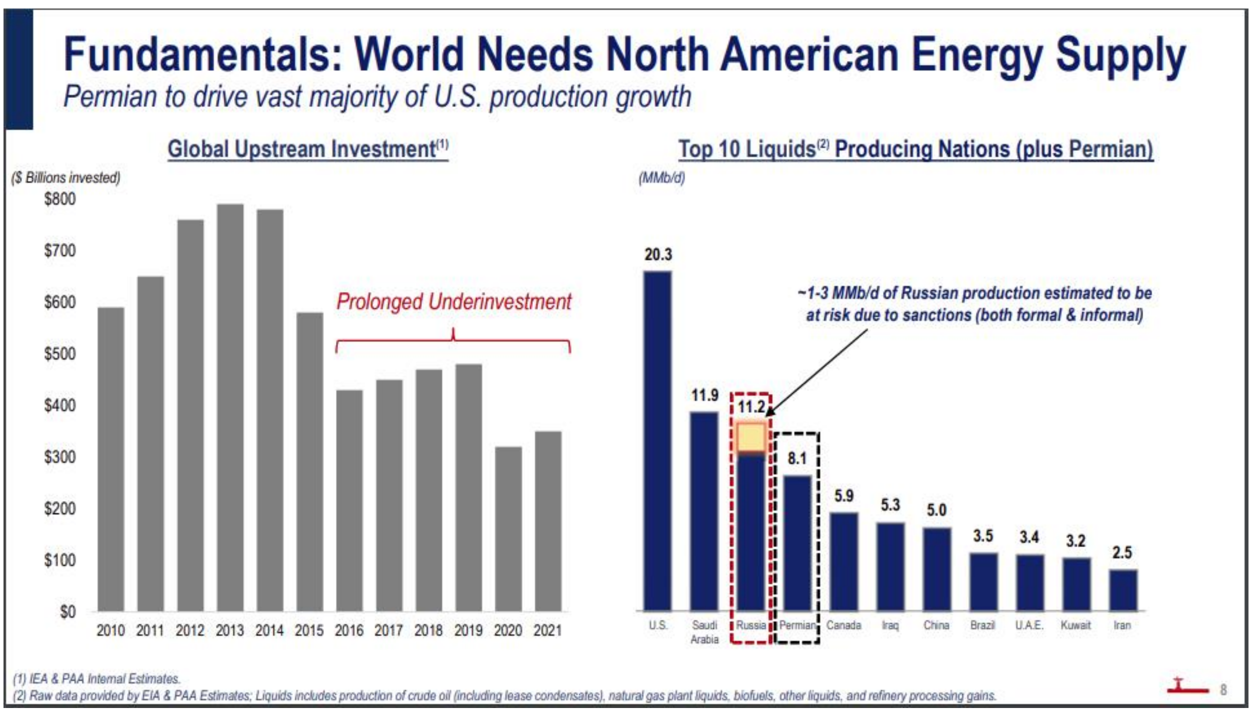
Prepare versus Predict

The *Wall Street Journal* on December 26th commented that almost everyone on Wall Street and in Washington got it wrong in 2022: The Fed thought inflation would be temporary and Wall Street analysts predicted it would be a so-so year.

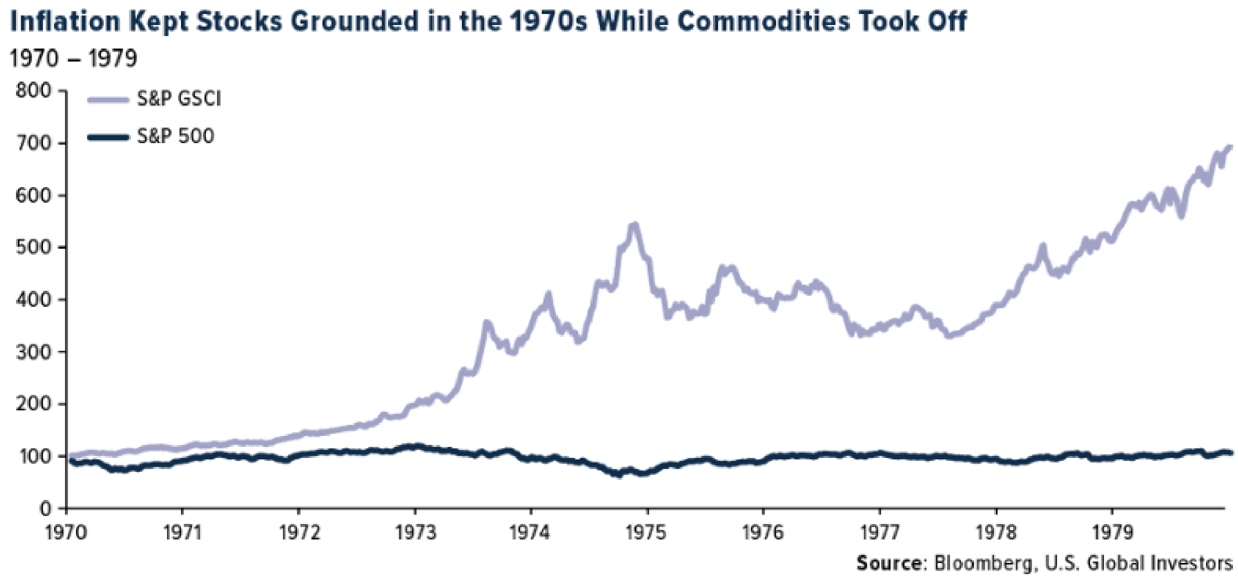
Currently, company executives are sounding the alarm about a recession, but economists at several banks including Credit Suisse and Goldman Sachs see the economy avoiding a recession. You don't have to look back any further than last year to realize it's extremely difficult to accurately predict the short term consistently enough to provide long-term benefits. Take both these predictions with a grain of salt.

While we think it would be a mistake to make decisions based on short-term predictions regarding inflation, interest rates or when and if a recession will occur, we do feel it is important to try to prepare for the risks we see. Our philosophy is to stay invested, but in a risk-averse way, by trying to find investments that can generate adequate returns despite the risks. We certainly don't want to make decisions based on the most optimistic assumptions such as that there will be no recession or that the Fed will soon start reducing interest rates, and we will hold cash if we can't find investments that meet our criteria.

Basically, what "prepare versus predict" means is that rather than investing in companies which would do well only if a prediction such as inflation staying high proves accurate, we attempt to invest in companies that are well suited to withstand that risk if it materializes <u>but we believe will do fine if it doesn't</u>. That helps us avoid permanent losses due to being wrong about short-term predictions which makes it easier to compound capital overtime.



Also, during the inflationary 1970s, returns for commodities far exceeded the return for the S&P 500 as seen in the chart below which was the other side of the equation of trying to prepare rather than simply predict. Given the Fed's stance on rates, we don't expect inflation to remain at elevated levels for as long as it did in the 1970's. However, even in a benign inflationary environment, we expect Exxon to do well due to the prolonged underinvestment in the industry and our view that Russian oil and gas production will decline (see chart above).



Previous Down Markets

Unfortunately, down years for markets such as these are **i**nevitable**.** We have seen 6 of them during our 32-year history, but they have not prevented us from generating attractive returns over time. We think it's much more beneficial to allocate our time towards looking for companies that can generate attractive long-term returns despite the potential risks of what might happen rather than spending excessive time trying to predict what will happen.

It's not surprising that stock prices fell after the Fed raised interest rates 5% in such a short time. Additional pressure came from a 40-year high in inflation and the threat of recession. Historically, we have performed well in downturns by focusing on recession resistant companies with management focused on maintaining access to funds during weak economic periods by maintaining conservative balance sheets, as well as by selling companies when they no longer meet our hurdle rates.

This is illustrated in the graph below, which looks at our verified composite returns starting one year before the end of the last two recessions and looking two and three years out. We chose that starting point to try to factor in the effect of both anticipating a recession and its actual effect on the economy, corporate profits, and the markets. As outlined below, starting one year before the last two recessions ended, which includes most of the market downturn for those periods, our three-year returns were more than adequate.

Recession	**South Atlantic**	**S&P 500 Index**	**Russell 1000 Value Index**
Mar '01 to Nov '01			
2-year (11/00 to 11/02)	4.72%	-14.40%	-6.43%
3-year (11/00 to 11/03)	10.73%	-5.52%	0.85%
Dec '07 to Jun '09			
2-year (6/08 to 6/10)	10.73%	-8.11%	-8.91%
3-year (6/08 to 6/11)	14.27%	3.34%	2.28%

All performance periods start 1 year prior to the end of the recession

South Atlantic returns are net of fees. Index descriptions are provided in the disclosures below.

We feel our portfolios were much better prepared for last year's downturn than last year's performance illustrated. We had two positions where we think the markets took a very short-sighted view, Ardagh Medal Packaging and Warner Brothers Discovery, which resulted in significant but, in our strong view, temporary losses for the portfolio. We estimate those two positions accounted for more than 50% of portfolio declines.

Obviously, the actual performance includes all positions, but I don't recall having two positions representing such a large negative effect on returns, particularly positions where we have this level of conviction in their prospects. We provide this analysis just to give you some context. Optimism in these positions is backed up by me personally continuing to add to these positions which represent a higher percentage of my personal investments than client portfolios where additional diversification is appropriate.

Ardagh Metal Packaging is the number 2 aluminum can manufacturer in Europe and number 3 in North America. ***<u>Sixty percent of their business comes from their top ten customers, which include Coca Cola, Pepsi, Heineken, Budweiser, and Diageo. Eighty percent of their revenue is through long-term contracts with cost pass-throughs</u>***. Aluminum cans are gaining share since they are infinitely recyclable and have a much lower energy footprint than glass or plastic which have much lower recycling rates.

This, along with more advanced packaging, has led to 80% of beverage companies' new products being in aluminum cans. This has driven strong volume growth for Ardagh the last several years and, since specialty cans are harder to make and higher margin for both the can company and the beverage company, more clout with their customers given their scale and manufacturing expertise and flexibility and represent 70% of their expansion projects.

They began a three-year expansion project in 2021 to increase capacity by over 50%, with 70% of the expansion targeting specialty cans. This has been curtailed somewhat due to the current environment which, for the time being, has mitigated the volume growth we expect to result from the switch to aluminum cans.

Their 2- to 7-year contracts tend to have immediate cost pass throughs for aluminum and other items in North America, which led to volume growth, stable margins, and operating growth in the United States of 15% in 2022. In Europe, the cost pass throughs in the contracts lag a year. In Europe, they also had direct exposure to natural gas costs, which skyrocketed in 2022 to the equivalent of $250/barrel oil but have since subsided. These factors led to a drop in operating profit in Europe of 32% despite high single digit volume growth. With aluminum cans representing 80% of new product launches for their customers and the resulting importance of their scale and manufacturing footprint, they have been able to renegotiate their contracts in Europe to avoid the risk of spiking energy costs going forward.

We fully expect margins to normalize through 2023 and 2024 as they receive the lagged cost pass throughs in Europe and grow into their expansions, reducing fixed costs. Volumes have been somewhat reduced from their original plans due to beverage customers raising prices versus promoting product, a practice that is starting to reverse. At more normalized margins, we estimate by 2024 their free cash flow per share will approach $.80 to $.90 per share versus a current stock price of about $4/share, which we think is ridiculously short sighted. Ball Corp, the industry leader, trades at roughly 17 times earnings ***after*** normalizing earnings to the higher levels consistently achieved prior to the spike in natural gas prices in Europe last year. Also, highly regarded investor Carl Icahn, recognizing the long-term prospects for aluminum cans, just made a $700 million investment in the #2 player, Crown Corp.

Warner Brothers Discovery traded off significantly in 2022, driven down by AT&T shareholders who received 71% of the merged company when AT&T spun off Warner Brothers into a merger with Discovery Communications (which we owned previously). They dumped their shares due to a lack of a dividend in the new company. Disappointment when WBD announced additional, unexpected content write-offs post the merger further pressured the stock, as did uncertainty around which companies will ultimately have profitable streaming products.

Disney trades for approximately 80x free cash flow per share and 50 times earnings and Netflix at 80 times free cash flow and 27 times earnings. These multiples won't hold, but the market expects increased earnings and cash flow since, at 250mm or so streaming subscribers, Disney and Netflix are deemed to have the scale to be successful in streaming and make more money as the industry consolidates. Once the streaming business matures and consolidates, a lower multiple of perhaps 20 to 25x times higher cash flow is more reasonable and, for Warner Brothers Discovery, we assume a modest multiple of 12-15 times if they prove successful in streaming.

We owned Discovery under the current management as they went through successfully meeting cost-cutting targets from their merger with Scripps Television. Based on their cost cutting targets for the latest merger, we expect free cash flow to rise to approximately $2/share in 2023 and closer to $2.50 in 2024. In our view, the stock is worth much more than where it currently trades at $15/share but is extremely undervalued if they are successful in growing their combined streaming product resulting from the merger, which they will relaunch in April of this year.

Currently, they make money primarily from their cable channels but also from their 100-year-old Warner Brothers film studio and the Warner Brothers television studio which is the industry's most prolific studio. They have fantastic content that they are currently producing as well as vast, fully paid for, archived content. That's a key advantage in our view over Netflix, which has little archived content with basically none of it fully paid for.

The content available to feed their streaming product includes new seasons of House of The Dragon and the Last of Us, as well as potentially 7 seasons of a Harry Potter series currently under negotiation, Perry Mason, The White Lotus, and others. Other important intellectual property rights include DC Comics (Batman, Superman, Wonder Woman, etc.) which we think was poorly utilized under previous management, future Lord of the Rings movies, all the Warner Brothers movies over the last 100 years, plus MGM movies prior to 1986.

They also have many, many archived Warner Brothers television series and archived original content they can use to build their streaming products including:

Sopranos	Entourage
Curb Your Enthusiasm	Euphoria
Sex and the City	Band of Brothers
Big Bang Theory	White Lotus
Discovery content—Food channel, HGTV, etc.	Game of Thrones
Friends	

They currently have approximately 96 million paid subscribers (number 3 market position) despite only launching streaming in May 2020 and, shortly thereafter, dealing with the distractions of the Warner Brothers Discovery merger. We're confident in their likely streaming success given their strong current content and their massive and popular archived content.

One reason for the merger was Discovery's already large presence in Europe and Asia. In our view, this should serve them well as a cost-effective funnel to market the combined streaming product when it re-launches this spring. In fact, Liberty Media Chairman John Malone stated in a recent interview that part of the logic of the merger was the advantage the combined company would have in growing its streaming product worldwide given Discovery's well-established global network and subscriber base.

Current Positioning

We hold positions where we believe the stock can produce at least a 10% total return. When we compare that expectation, or confidence level, to cash earning 4.8%, it's a different equation than when cash was earning zero. As a result, we have sold or trimmed some positions where we had less confidence in meeting that return threshold over the next two to three years.

We are actively looking to redeploy our higher-than-normal cash balances but feel we need to be patient and require a somewhat higher-than-normal margin of safety given the risks in the current environment. Our philosophy is based totally on the prospects for the individual companies we own. However, a more expensive market, such as has existed since late 2021, makes it harder to find or hold positions that meet our future performance goals since stocks, in general, are more expensive.

As in past downturns, we have significant dry powder to take advantage of opportunities that are more prevalent in times of stress. Hopefully, our historical outperformance that we reviewed earlier will repeat itself. The dry powder should help future returns if reinvested opportunistically, as it represents over 30% of account values when you total our cash balances, the yield on the current portfolio of approximately 4% (versus the S&P 500's 1.72% yield as of March 31, 2023 according to Nasdaq.com), and the liquidity held at the companies we own though their excess cash flow and cash on their balance sheets.

Investing in companies that maintain significant access to liquidity through economic cycles is fundamental to our investment philosophy, and we estimate that 55% of the portfolio can buy back significant amounts of their stock at reduced prices, increasing your ownership. That excludes the 6% Citigroup position which, along with JPMorgan, is gaining clients in a flight to safety during the banking turmoil. Citigroup also has enough capital to buy back stock but is probably reluctant to do so due to the uncertainty in the regulatory environment. We also believe a reversal from the significant downturn in the prices of Ardagh Metal Packaging and Warner Brothers Discovery, that we mentioned earlier, provides a tailwind.

Things can certainly change but, at this point, selling positions to add to cash levels (as opposed to selling positions when we think another company provides more opportunity) would be "cutting bone" or selling investments that, in our view, have attractive multi-year outlooks despite the risks. Warren Buffett put it better when he said, "The stock market is a vehicle to transfer money from impatient people to patient people."

Please keep in mind that distributions exceeding 6% of your account make it difficult to invest in equities without avoiding untimely sales.

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, founder and sole portfolio manager of South Atlantic Capital Management Group, Inc.

Mr. Nowell has over thirty years of experience in the finance business. Prior to founding South Atlantic Capital, he worked in the structured finance department of Bankers Trust Company, New York as an Assistant Vice President. His primary responsibility was arranging bank financing for leveraged buyouts led by Kohlberg Kravis Roberts & Company and other leading private equity firms. During graduate school, he interned with Merrill Lynch's Institutional Capital Markets Group in New York. Later, he served as an institutional fixed income sales representative for Carolina Securities/Prudential Bache Securities and worked with Fox, Graham, and Mintz, Securities. Mr. Nowell graduated from the University of North Carolina with a B.S. in Economics and received his M.B.A. from 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 Verification

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.