South Atlantic Capital Management Group, Inc.

Investment Management

June 30, 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 6/30/2022

	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)	-9.43%	4.93%	9.41%	9.93%	8.83%	9.45%	12.44%	3459.68%
SACMG Core Equity (Net)	-10.33%	3.88%	8.32%	8.85%	7.76%	8.38%	11.34%	2537.71%
S&P 500[2]	-10.62%	10.59%	11.33%	12.97%	8.55%	9.08%	9.67%	1567.94%
Russell 1000 Value[3]	-6.82%	6.86%	7.18%	10.51%	6.09%	7.86%	9.61%	1534.48%

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, 2021, including the GIPS Composite Report for our Core Equity Composite (as well as necessary disclosures).

Performance

The threat of a recession, which we discuss below, plus higher interest rates and inflation resulted in very poor 2nd quarter performance for the market….and the worst first six months of the year since 1970. Our returns for the quarter were (15.81%), slightly outperforming the loss for the S&P 500 of (16.10%) which is more vulnerable to higher rates since it is comprised of so many high p/e technology stocks whose values, at least in the short term, are more negatively affected by higher rates and trailing the Russell 1000 Value's return of (12.21%).

We feel the portfolios are protected against higher interest rates given our position in the banks whose margins will increase as rates rise and Blackstone Mortgage Trust whose business is extending well underwritten senior adjustable-rate loans collateralized by hard assets whose nominal values they feel will benefit from inflation. We believe the earnings of the portfolio companies are also adequately protected from inflation through the growth prospects for the companies versus their price, as well as trying to emphasize companies with pricing power earlier this year. In addition, the excess funds held by so many of our holdings should prove valuable in this environment.

For example, Fox has approximately $3.7bb in excess funds as of June 30 after maintaining $1.5bb in cash. We expect them to have a particularly good year despite the market's worries about softer ad revenues, which has affected their stock price, due to the amount of political ads streaming in and the ads they expect to generate from carrying premiere events this year such as the World Cup and Super Bowl.

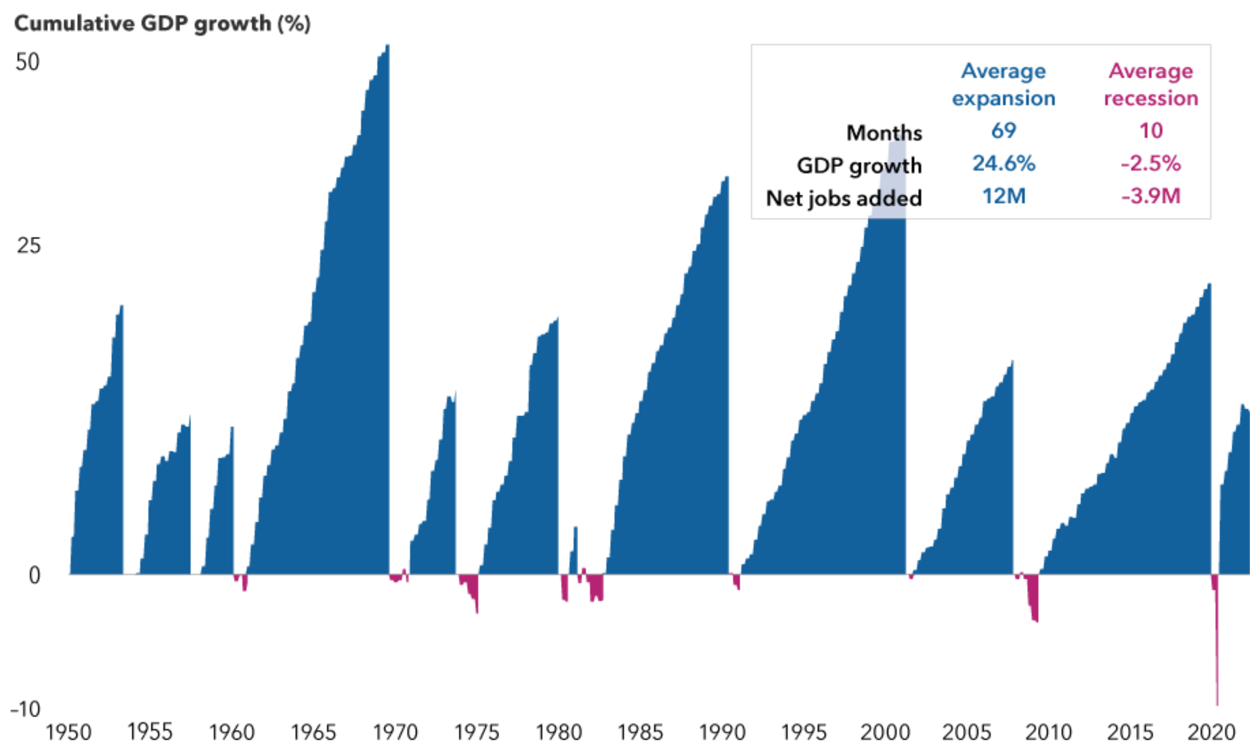
This year they also begin the process of renegotiating 70% of their cable contracts over the next twenty- four months. They have a very strong negotiating hand since their audience through sports and news is a much, much bigger slice of the cable audience as those properties don't suffer from streaming competition. Assuming no new investments, we expect them to end June 30, 2023, with approximately $6.7bb of excess cash and investments versus a current market value of approximately $17bb.

Our best and worst performers for the 2nd quarter are outlined below:

TOP 5 PERFORMERS		WORST 5 PERFORMERS	
Phillip Morris	6.4%	Ares	(29.7%)
AutoZone	4.8%	Bank of America	(24.0%)
Exxon	4.6%	Berkshire	(22.6%)
Lockheed	(1.9%)	Ardagh	(21.7%)
Enterprise	(3.9%)	Brookfield	(21.2%)

How to Invest with the Threat of a Recession

Is a recession on the horizon? Recessions are a natural and inevitable part of the business cycle, and one may certainly be on the horizon. However, keep in mind that since 1920 there have been 17 recessions which, over the last 70 years, have averaged 10 months in length and a 2.5% downturn in GDP. Yet, since 1920, the average annual return for the S&P 500 is 10.5% according to Howard Marks of Oaktree Capital. People tend to overlook that these attractive long-term returns include so many periods of recession and that, as seen below, the cumulative decreases in GDP during downturns is overwhelmed by the cumulative increases in the economy during the much longer periods of growth.



Sources: Capital Group, National Bureau of Economic Research, Refinitiv Datastream.

Despite the successful track record of long-term investing and evidence that market timing doesn't work, investors still have a tendency to want to protect their portfolios. Several studies, including from Dalbar and Associates, have shown returns for the average investor fall far short of the market's return. In Dalbar's annual quantitative analysis of investor behavior for the 30 years ended 12/31/21, the average equity fund investor earned an annual return of **7.13% versus 10.65% for the S&P 500.** Typically, investors succumb to short-term strategies and fail to capture the benefits the markets can provide long term. Similarly, JP Morgan did a study

of the 5.6% annual market return from 1998-2018 which also points out the difficulties of market timing. If you were out of the market for the 10 best trading days during that period, your return falls to 2.0%. If you were out for the best 20 days (or just one day per year) their study found your returns were effectively nil. *Attempts to time markets appear to jeopardize long-term returns more than they protect them.*

Historically, these attractive long-term returns have been achieved by investors willing to hold investments through recessions. Well regarded investor Bill Miller puts it this way, “We believe time not timing is the key to building wealth in the stock market.” Perhaps most detrimental to successful long-term investing would be selling to try to time markets ***after*** a recession has already been largely priced into valuations as we believe is currently the case.

Although it’s unlikely the market decline is over, a decline from the high for the S&P 500 of approximately 17% as of September 14th of this year indicates, in our view, that a significant amount of the risks are priced in. Again, while recession is certainly not the only risk facing the market, the historical long-term returns mentioned earlier were achieved after accepting the risk of holding investments through a recession. In other words, why sell now if recessions have not prevented attractive long-term returns and the risk is now largely priced into markets. Daniel Kahneman, who won the Nobel Prize for economics, attributes this investment behavior of trying to protect your portfolio through market timing to loss aversion. People dislike losses twice as much as they like gains, which the studies previously mentioned would indicate leads to emotional mistakes and lower returns.

You shouldn’t overreact to the threat of a recession; however, you shouldn’t totally discount them either. Increasing probability of recession can quickly turn investor sentiment more negative. When investor sentiment turns south, significantly overvalued companies or significantly overleveraged companies are at risk for permanent mark downs in value as people take a more realistic view.

Downside protection can be very important in helping investors stay patient and avoid the emotional mistakes of selling undervalued investments because they have suffered a short-term drop in value. Not all equity funds are created equal when looking at downside protection. Here are some things to consider, which have historically mitigated fund drawdowns:

1. Look for a history of downside protection. Despite evidence that market timing doesn’t work, investors still want to protect their assets and this year’s downturn has renewed that interest. A study by the Capital Group, using data from Morningstar and Standard & Poor’s, found that funds with a history of downside resilience was an indicator of potential success in future downturns. Specifically, funds with low downside capture ratios (a measure of results relative to a benchmark in negative market) in the three previous years—which placed them in the top quartile in that measure—outpaced their peers in subsequent downturns in 12 of the 13 subsequent downturns or bear markets since 1973.

2. Higher yielding. Funds ranking in the top quartile of downside protection with a downside capture ratio of 85% or less were found to have higher yields in an analysis of monthly returns by the Capital Group from 1/1/1993-12/31/2020 in all periods measured, with lower yielding funds having noticeably lower downside protection. Higher yields can also help offset inflation risk.

3. Look for firms with risk mitigation embedded in their investment process. Specifically, over our 30+ year firm history, we have witnessed with our own portfolio investments that those companies that fared relatively well in downturns are generally those with recession resistant operating profits, pricing power and a commitment to maintaining access to funds through a strong balance sheet such that

they can be opportunistic during those downturns. Demonstrating strong downside protection helps clients to stay patient and compound their capital over long periods of time.

How Our Companies are Faring

There may be way more detail in this report than you want to read. However, it may help you absorb, overall, the strength of the business positions of the companies in the portfolio despite the turmoil in the economy and give some comfort that things are not going to hell in a hand basket. Besides healthy growth in dividends, which are a sign of a company's confidence in its future and now throw off 4% a year of income as summarized below, we also feel the portfolio companies will continue to build long-term value despite the current environment. Their excess liquidity should prove to be a big plus as things unfold.

We certainly aim to sell companies if we feel they have become overvalued or if our opinion about their prospects deteriorates, but we are convinced that you compound wealth by investing long term in quality companies, not by timing markets. Again, we feel our companies discussed below can comfortably withstand the downturn and continue to build value over time.

Healthy Dividend Increases Protect Against Inflation

	2021	Current*	Increase
Blackstone Mortgage	$2.48	$2.48	0
Enterprise Products Ptnrs.	$1.80	$1.90	6%
Brookfield Asset Mgmt.	$0.52	$0.56	8%
Ardagh Metal Pckg.	not public	$0.40	
Liberty Media/Sirius XM	0	0	
Chesapeake Energy	$1.36	$9.28	now pays 50% of cash flow
Citigroup	$2.04	no change	
Warner Brothers Disc.	0	0	
JPMorgan	$3.70	$4.00	8%
Lennar	$1.00	$1.50	50%
CF Industries	$1.20	$1.60	33%
Fox Corp.	$0.48	$0.50	4%
Phillip Morris Int'l	$4.90	$5.08	4%
Bank of America	$0.78	$0.88	12%
Exxon	$3.48	$3.52	1%
Berkshire Hathaway	0	0	
AutoZone	0	0	
Ares Capital	$1.88	$2.44	30%
Lockheed Martin	$10.40	$11.20	8%

* Annualized most recent dividend

Brookfield Asset Management. Brookfield's stock has returned 17% annually over the last 30 years and 19% over the last 20 years. With a total of $750bb in assets managed through their private funds as well as through investments in publicly traded operating companies where they manage the companies, they have scale, breadth, and a global reach few can match. In the current environment, given their size, this leaves few competitors for many large deals as opportunities become more attractive.

The essential and durable nature of their infrastructure and renewable energy assets in particular, as well as their premium real estate, which together make up about 60% of assets under management, offer protection against inflation since they meet vital needs for customers. This means the revenue for most of these assets have inflation adjustments written into their long-term contracts. Prime real estate also benefits from inflation in terms of rising replacement costs which also restricts supply.

This is illustrated in the 2nd quarter performance of their publicly traded subsidiaries where they own shares and operate the companies in the infrastructure and renewable energy businesses which saw double digit growth. It's also illustrated by their private funds which make money from management fees as well as incentive fees if certain performance hurdles are met. Their unrealized incentive fees held up much better than less durable competitors given the more conservative nature of their targeted investments with strong growth of 7% versus last quarter. In this environment their funds are in demand and there is an enormous amount of infrastructure and renewable energy capital required for necessary projects.

They have excellent long-term track records in their private funds and powerful tailwinds in these asset classes to grow both their fund business and publicly traded operating companies. For example, enormous capital is needed for energy transition and to replace aging infrastructure around the world while governments are too leveraged to provide the funds. There is a need to rewire Europe's energy system and the amount of infrastructure capital required as companies onshore their supply chains is very extensive. This is evidenced by Brookfield's recent $30 billion deal with Intel to fund the construction of a chip plant in the U.S. There is also a trend for the endowments, pension funds, and other institutional clients to consolidate their allocations to alternative assets with the larger managers like Brookfield that offer multiple products.

Their momentum is seen in accelerated fund raising as they raised $41bb for their private funds this past quarter. That brought funds under management to $392bb. Ample liquidity in the form of $77 billion in undrawn commitments puts them in a strong position in declining markets. This includes $36 billion of commitments not yet earning fees, which would increase distributable earnings by approximately 5% once invested.

As mentioned earlier, the fund business also earns income through incentive fees on some of their funds if certain returns are met. This represents about 10% of distributable earnings and, importantly, once the $77 billion in undrawn commitments are invested that would significantly increase their managed assets eligible to earn incentive fees from $118bb to $176bb.

Their partially owned publicly traded companies are also well positioned. They have $34 billion in cash and short-term investments against the roughly $360bb in assets they manage. Again, these durable assets led to significant increases in Brookfield's (the parent company) share of funds from operations from these companies (despite the environment) of 20% at the publicly traded infrastructure subsidiary, including 10% organic growth and the acquisition of a Canadian pipeline, and 10% organic growth at the renewable energy subsidiary.

One example of the liquidity in their publicly traded subsidiaries is Brookfield Reinsurance where they closed on a $40bb insurance company acquisition last month. They expect to grow this company considerably given their investing expertise which they feel gives them advantages in terms of earning a better spread over the fixed annuities issued by traditional insurance companies, particularly with rates rising. Brookfield Reinsurance had $26bb of their $40bb in assets in cash and short-term investments as of June 30th which will not only increase insurance operating earnings as it's invested at higher rates but grow their fund business since much of it will be invested by their private funds.

Their distributable earnings were $3.03 per share for the last 12 months, down from last year due to a large gain on an asset sale in 2021 but up 19% organically. At a current stock price of $40.40 per share, this equates to 13.5x earnings for a company we think is well positioned to grow earnings significantly faster than the market due to the appeal of their durable inflation protected assets and the very large need for capital in their investing and operating specialties.

Enterprise Product Partners provides essential mid-stream services, transporting, processing, storing and exporting U.S. oil, natural gas, and natural gas liquids which is benefiting from the U.S. being the most reliable supplier of these important products. They are one of the largest mid-stream operators with a system of assets that would be essentially impossible to duplicate. U.S. resources are the only short-cycle resources left in the world which are a vital necessity for world markets given the disruptions caused by Russia's invasion of Ukraine. They have industry leading positions in the Permian Basin and the Haynesville which are driving U.S. production, particularly the Permian.

Distributable cash flow per share grew 30% in the second quarter to $0.90 largely due to an acquisition, but also because elevated commodity prices resulted in higher gas processing margins and octane enhancement margins. Approximately 85% of their business is fee based and supported by long-term contracts to effectively reserve space on their infrastructure. Important also, volumes increased for most of their business segments in the 2nd quarter. Distributable cash flow was $1.75, up 17% for the first six months. In our opinion, they are headed for $3.50+ of distributable cash flow this year and recently raised the dividend to $1.90. This represents a well-protected dividend yield of over 8% and a free cash flow yield of over 15% on their current stock price, which we think is compelling regardless of the interest rate environment given the quality of their system.

Future cash flow will be aided by over $5bb in projects under construction or soon to be started which are backed by long term fee-based contracts. A modest volume increase for their existing assets would also add to growth particularly since their costs including debt are largely fixed. At BBB+ and 7x interest coverage, they have one of the strongest balance sheets in the industry even after a recent acquisition. After paying dividends and funding growth projects with no debt they have $2-3bb per year leftover to potentially buy back stock, plus they could borrow another $5bb and still be comfortable with their balance sheet. With a current market value of approximately $50 billion, those funds would allow them to buy back as much as 15-20% of their shares in the next two years. Such a move would take our distributable cash flow per share estimate to $4.50. We don't expect them to borrow money to buy back stock, but we point out their underutilized balance sheet is a valuable resource to keep building value which most competitors don't have.

Besides the current dislocations in Europe, we believe Russia's production of oil and gas will decline drastically, particularly as they lose access to Western technology, much like it did in Venezuela and Iran. This would aid U.S. producers that use Enterprise's systems. For example, Exxon is no longer operating the Sakhalin 1 Field in Russia, a complicated field which produced approximately 225,000 barrels per day last year, and production has been halted according to the World News Monitor.

Current dislocations of natural gas in Europe are also aiding Enterprise. The scarcity and cost of natural gas has caused European oil refiners to burn the liquified petroleum gas (LPG) they produce as a by-product in refining to substitute for natural gas. That has caused U.S. exports of LPG, where Enterprise is the largest exporter, to increase to roughly 980,000 metric tons per month in June and July of this year versus roughly 570,000 tons of monthly production in June and July of last year. The U.S. also has 5.7 billion cubic feet per day of Liquified Natural Gas (LNG) facilities coming online in the U.S. gulf by 2025. This will almost entirely be supplied by gas from the Permian and Haynesville Basins where Enterprise has industry leading positions. Current natural gas production in these two basins is about 36bbcf/d combined.

Ardagh Metal Packaging is the 2nd largest aluminum can manufacturer in Europe and the 3rd largest in the U.S. The top three companies (Ball Corp, Crown Packaging, and Ardagh) are now over 80% of industry capacity and of growing importance to their customer partners since 83% of new beverage products this year were introduced in cans. Cans are easier to transport and store. Sustainability—as aluminum is infinitely recyclable and therefore has a lower energy footprint than glass or plastic—and new product innovation are increasing demand for cans which are the low-cost option for beverage makers. The ability to infinitely recycle aluminum has pushed the recycled content in cans to 73% versus 23% for glass bottles and 3% for plastic.

Their top ten customers represent 58% of revenue and include AB InBev, Coca Cola, Diageo, Pepsi, Heineken, Monster Beverage, and National Beverage Company. Differentiated packaging requires higher level design capacity, manufacturing know how, and quality control than standard products. This and their broad and flexible manufacturing footprint have led to industry consolidation and collaborating with customers through 2- to 7-year contracts. A high percentage of contracts include cost pass-throughs for most variable cost components. These long-term contracts represent 80% of revenue with the remaining business resetting annually.

The increasing demand for aluminum cans has led to a $1.8bb expansion program for Ardagh to build new capacity from 2022-2025 for their existing customer base, which are backed up by long-term contracts. This will take their annual capacity from 39bb to 60bb cans. The capacity expansions were originally expected to double 2021 EBITDA (earnings before interest, taxes, depreciation, and amortization) of $668 mm and produce free cash flow of about $800mm by 2024, or approximately $1.30 per share, if they continue to buy back stock through their current share buyback authorizations. That growth expectation should be pushed back a year since they have delayed some new plants due to a soft economy, but we expect them to eventually come online. Versus a current stock price of $5, anything close to the free cash flow potential after their expansion program represents an extremely undervalued stock in our view given the demand for cans and the quality of their customer base.

The U.S. contracts have immediate cost pass-throughs which led to a 36% increase in their third quarter operating profits due to volume growth and higher margins on the growing mix of specialty cans. The picture is much cloudier in Europe, which represents about 40% of their business, where the extreme energy cost increases plus a weaker currency led to lower profits despite volume increases. Many of these energy cost increases in Europe are recaptured through cost pass-throughs in their contracts but delayed by six to twelve months. The contracts are generally weaker in Europe, but Ardagh feels they can renegotiate better terms on those contracts. The current weaker economy is offset somewhat by the fact that cans pick up share if people spend less time in bars or restaurants.

Summary

To summarize, the portfolios now yield 4% in dividends which we feel are more than adequately covered. In our view, valuations are considerably below where they should be given our view of the company's long -term prospects and, while some are stronger than others, the companies in the portfolio have durable, growing businesses and a significant amount of excess funds at their disposal.

As always, we appreciate your business and would be more than happy to answer any questions. Once again, distributions above 6% of account values from the beginning of the year make it difficult to be fully invested in equities due to the potential untimeliness of forced sales.

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.

South Atlantic Capital Management Group, Inc.
Verification and Core Equity Composite Performance Examination Report

December 31, 2021

Verification and Performance Examination Report

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

We have verified whether South Atlantic Capital Management Group, Inc. (the "Firm") has, for the periods from October 1, 2016 through December 31, 2021, 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. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. We have also examined the Firm's Core Equity Composite for the periods from October 1, 2016 through December 31, 2021.

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 accompanying 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 October 1, 2016 through December 31, 2021, 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.

A verification covering the periods from January 1, 1992 through September 30, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

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 October 1, 2016 through December 31, 2021 in compliance with the GIPS standards; and

- Prepared and presented the accompanying Core Equity Composite's GIPS composite report for the periods from October 1, 2016 through December 31, 2021 in compliance with the GIPS standards.

A performance examination of the Firm's Core Equity Composite covering the periods from January 1, 1992 through September 30, 2016 was performed by another verification firm, whose report expressed an unqualified opinion thereon.

This report does not relate to or provide assurance on any specific performance report of the Firm other than the Firm's accompanying 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.

ACA Group

ACA Group, Performance Services Division

May 4, 2022

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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
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 and by ACA Performance Services for the periods September 30,

2016 to December 31, 2021. 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, 2021. 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.