



**GCI INVESTORS**

**GCI SELECT EQUITY**

**June 2022**



## | Firm Overview

GCI was founded on the principle that investing in high-quality companies at attractive prices is the most consistent strategy to achieve long-run risk-adjusted performance.

- ▶ SEC Registered
- ▶ Independent
- ▶ Established 1996
- ▶ Minority and employee owned
- ▶ Headquartered in Houston, Texas
- ▶ c\$109.71m AUM

## | GCI Select Equity: Strategy Overview

- ▶ Active: benchmark agnostic
- ▶ Concentrated: 20-30 positions
- ▶ US Equity/Long only
- ▶ Low turnover, long term focus
- ▶ All cap
- ▶ Fundamentals focused
- ▶ Experienced management team
- ▶ Disciplined and repeatable investment process
- ▶ Inception 01/02/17
- ▶ Available via SMA & Investment platforms

# Our Approach: Genuine Investing

Genuine Investors focus on businesses, not stocks



## Business Value



## Stock Price

Business value is derived from the cash flows that can be produced for the owners in the future.

Those prospects change little quarter to quarter.

Stock prices are derived by business value *AND* many other immaterial factors which are both short term and unpredictable.

E.g. news, sentiment, emotions, flows, value of other stocks/ assets, accounting rules

Business value = Business value

Stock price = Business value *AND* Many other variables

What does this mean in practical terms?

- Think like a business owner: focus on the underlying economics of the business.
- Take a long- term view: remain fully invested. If you can't time the market, the best place to have capital is in great businesses.
- Run a concentrated portfolio: why dilute great ideas with average ones?
- Use the market- don't rely on it. The market provides opportunities, but not reliable information about business value.



# | How We Source Ideas

We aim to invest in companies with long runways to compound cash earnings. Our companies generally fall into two broad areas:

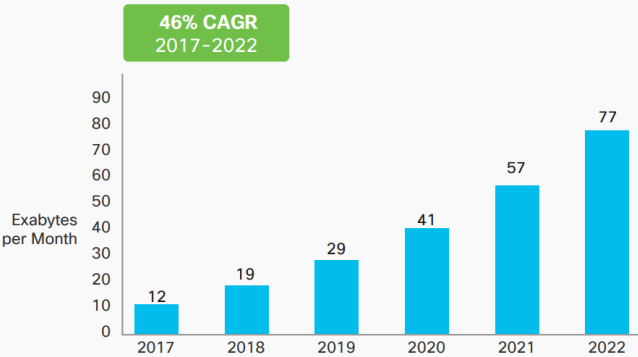
- 1. **Inexorable trends:** something that is highly un- disruptable
- 2. **Unique business models:** that consistently repel competition

## Inexorable Trend Example: Cell Towers

### Stage 1: Identify an Inexorable Trend- Global Mobile Data Consumption

We cannot construct a scenario where we as a society do not continue to increase mobile data consumption, based on a number of trends:

Smartphone penetration, network improvements, video consumption, internet of things, connected vehicles, etc.



Source: Cisco VNI Mobile, 2019

### Stage 2: Analyze the value chain- who's going to benefit most

Inexorable trends create opportunity in many areas- it is important to select the most attractive areas of any value chain. In this example, towers are a clear bottle neck- we do not have enough either here in the USA or globally, and they are very hard to build (zoning restrictions).

Handset manufacturers	Component manufacturers	Telcos/ Carriers	Cell Towers
<ul style="list-style-type: none"><li>• Competitive, typically low margin</li><li>• Poor history (think Nokia, Blackberry)</li></ul>	<ul style="list-style-type: none"><li>• Competitive</li><li>• Many companies- hard to determine a winner</li></ul>	<ul style="list-style-type: none"><li>• Very heavily regulated- no control over, or visibility of returns</li><li>• Low returns</li></ul>	<ul style="list-style-type: none"><li>• Incredible long term contracts</li><li>• Significant barriers to entry</li><li>• Clear industry bottleneck</li></ul>

### Stage 3: Choose the best company, in the best space

This high- level thinking enables us to narrow our universe to those companies that are positioned with the highest likelihood of benefiting from this long- term trend. Based on this narrowed universe, we begin our RIVR process.



# | The Genuine Investment Process:

We need to answer two questions :

1. Is this a high-quality business?
2. Is the stock trading at an attractive price relative to business value?

## 1. Is this a high-quality business?

This is a very difficult question to answer- it requires a very deep understanding of a company, their product and their industry.

A truly high-quality business doesn't just have good historic returns, it must have an identifiable moat or competitive advantage – something structural that prevents competition from eroding profits and returns over time, and it needs to be well managed.

**No amount of historical data can determine the quality of a business, or the future defensibility of a moat.** That can only be understood through qualitative analysis. Reported numbers only get you so far- they will never tell the whole story.

To really understand a business requires huge amounts of qualitative research: culture, management, company, industry, employees, competitive advantage, regulation, etc.

# | Company Example



- Waste is a truly excellent industry, with extremely resilient revenue. Even during the COVID- induced economy shutdown, GFL's organic revenue only fell 8% yoy.
- GFL is led by a highly skilled (and correctly incentivized) management team with a long track record of successful execution and integration. Patrick Dovigi is founder, CEO and largest shareholder.
- Focused on local market dynamics; smaller, tier 2 cities.
- Long runway for growth- operating in a highly fragmented industry.
- They grow both organically, but predominantly through acquisition- rolling up and integrating small independent players.
- Moats- GFL benefits from switching costs of customers, economies of scale as they integrate more independents to their network and regulatory barriers surrounding waste disposal..

# | The Genuine Investment Process:

## 2. Is the stock trading at an attractive price relative to business value?

It is only once we have a very deep understanding of a business that we can even begin to appropriately value it. And even then, we remain aware that valuation is not a precise science.

Given our deep knowledge of companies, we are able to forecast future earnings much further than others- often 10 years+. This is where the vast majority of company value lies. Using a DCF (as a business owner would) we can then determine the intrinsic business value.

All of our valuation work is carried out independently of the market. Relative valuations, or metrics/ ratios/ multiples based on misleading reported numbers are of little use in Genuine Investment.

Once we have estimated the business value, we compare that to the stock price. This approach allows us to calculate an IRR for every position- something incredibly useful when it comes to portfolio management.

# | Company Example



GFL has a reasonably simple economic model:

- + low to mid single digit organic growth,
- + plus continued acquisitions,
- + plus margin expansion from integrations, and cheaper financing
- = Mid to high double digit earnings growth for the next 5-10 years.

GFL is small (\$12bn market cap) and has only recently listed so is not well followed by Wall Street. As a result, GFL trades at a significant valuation discount to its peers despite its faster growth.

Based on our estimate of underlying real intrinsic value of the business (above \$55), this position should provide us with an IRR of 12%+ with low terminal value risk.

## | Portfolio Construction

- ▶ **Unrestricted: Index/ Style/ Sector/ Size Agnostic**

The portfolio is a concentration of best opportunities we can find, without any arbitrary constraints or restrictions. There are no requirements to have exposure to any industry, sector, company or size. Just because something is in an index doesn't mean we need to own it.

Fundamentally, there are many industries that simply do not provide an attractive environment for Genuine Investors, for example:

**BANKS:** if you're a bank CEO, you don't have control of your own capital- all your decisions must go through a regulator (CCAR). Do we really want to invest alongside a management team that can't even control their own capital?

**ENERGY:** we have no ability to forecast commodity prices. If we can't forecast the biggest driver of earnings, then we should place our capital somewhere we can have higher confidence.

**PHARMA:** if returns are largely driven by FDA approval of new drugs, then we'd need to be able to forecast which drugs will/ won't be approved. We have no ability to do this, and therefore have no business allocating capital to these sort of companies.

- ▶ **Position sizes: typically 2%-8%**

Based on conviction and driven by our estimate of the implied Internal Rate of Return (IRR).

- ▶ **Holding period**

Typically multi- year.

- ▶ **Turnover**

We consider turnover in terms of turnover of ideas and expect to add between 1-5 new ideas per year.



### The Fallacy of Diversification:

Is it safer to own hundreds of companies that you know nothing about, or a small number that you know in great detail?



## | Risk Management

Most risk controls focus on *volatility*, but this is misguided. Volatility is a measure of short- term price fluctuations, not investment risk. Volatility is backward looking, assumes a normal distribution, and guides investors to the wrong decisions at the worst times- as stocks are deemed riskier *after* they've fallen in price. Genuine Investors aren't concerned with short term share price volatility- because it doesn't represent risk, it represents opportunity.

The real risk investors face is permanent loss of capital- which is inherently tied to the company's **earnings**- that is what drives long term share prices and that is where real risk lies. And the only way to understand the risks to earnings is to understand the business itself.

That is the only reliable methodology to assess the risk in a position, and it has the benefit of also providing the conviction necessary to add to positions when all around may be panic selling.

In short- the best way to control risk is to *know what you own*.

## | Sell Discipline- why exit a position?

### 1. Something has changed

Perhaps our original thesis has either played out or been altered by events/ news flow or has proved to be incorrect, or perhaps there have been fundamental shifts in the industry or at the company itself.

### 2. Valuation

If a stock is trading significantly above intrinsic business value, or at a level where our IRR is not attractive, we will deploy that capital elsewhere.

### 3. Portfolio considerations

We pay little attention to sector allocations, as these are arbitrarily created- but we are conscious not to have too much capital exposed to similar industry drivers, themes or individual areas.

### 4. Competition for capital

The best reason to sell a stock- simply because we can achieve better IRRs elsewhere. We concentrate capital in the best ideas we can find.

# GCI Select Equity

## Key Differentiators



### Genuine Investment

We invest differently- focusing on businesses not stocks. Our process is disciplined, repeatable, and built to evaluate businesses as long-term owners would.



### Value & Growth Mix

We invest in both 'value' and 'growth' stocks- instead focusing on the long-term, future free cash flows of the companies we invest in. For us, each investment we make is analyzed simply as a business.



### Benchmark agnostic

We focus on finding great companies at attractive prices. It doesn't matter to us if a stock is arbitrarily included an index. In reality, many sectors are simply fundamentally unattractive for investing.



### Concentrated Portfolio

We actively manage a concentrated portfolio of 20 to 30 positions, enabling us to sufficiently diversify single stock risk, while remaining capital focused on the most attractive investment opportunities.



### All- Cap Universe

We invest in companies of all sizes, including mega-caps that satisfy our criteria for high quality businesses trading at attractive prices relative to their real intrinsic value.

# Morningstar Rating

Recognizing the outstanding risk- adjusted performance that we have achieved over the years, Morningstar awarded a five- star rating to our strategy.

Morningstar rating		★★★★
Morningstar ID	F000014BMH	
Name	GCI Select Equity	
Data as of	03/31/2022	
Return YTD Percentile Rank	Top 100%	
Return YTD Quartile Rank	Top 4	
Absolute Rank YTD	660	
Return YTD Category Size	665	
Return 1 Year Percentile Rank	Top 91%	
Return 1 Year Quartile Rank	Top 4th	
Absolute Rank 1 Year	590	
Return 1 Year Category Size	652	
Return 3 Year Percentile Rank	Top 12%	
Return 3 Year Quartile Rank	Top 1st	
Absolute Rank 3 Year	69	
Return 3 Year Category Size	604	





# | Strategy Performance

Calendar Year Returns % (Gross)					
	2021	2020	2019	2018	2017
GCI Select Equity	28.60	26.05	37.00	-4.47	20.65
S&P 500 TR	28.71	18.40	31.49	-4.38	21.83
+/-	-0.11	7.65	5.51	-0.09	-1.18
Trailing Annualized Returns % as of 06/30/2022 (Gross)					
	YTD	3 YR	5YR	Since Inception (01/01/2017)	
GCI Select Equity	-25.97	9.86	11.36	12.34	
S&P 500 TR	-19.96	10.60	13.31	12.05	
+/-	-6.01	-0.74	0.05	0.29	

MORNINGSTAR RATING™ <small>(as of 03/31/22) © 2021 Morningstar</small>				
	Return Percentile Rank	Return Quartile Rank	Overall Rating	Funds in Category
YTD	Top 100 %	4th	★★★★	665
1 year	Top 91%	4th	★★★★	652
3 year	Top 12%	1st	★★★★	604

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate. Current performance of the portfolio may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling (713) 401-9048. Performance data does not reflect the management fee. If it had, returns would be reduced. Globescan Capital Inc claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards.

© 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

© 2021 Morningstar. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. GCI Select Equity was rated against the following numbers of Large Blend funds over the following time periods: 570 in category during prior 3-year period funds in the last three years. Past performance is no guarantee of future results.

# | Portfolio Characteristics

## TOP 10 HOLDINGS

(06/30/2022)

GFL Environmental Inc	6.58%
Microsoft Corp.	6.07%
United Parcel Service Inc. Class B	5.40%
Amazon.com Inc.	5.36%
First American Financial Corp	5.35%
Air Products and Chemicals Inc	5.20%
CarMax Inc.	4.81%
Mastercard Inc. Class A	4.80%
Crown Castle International Corp	4.73%
Booking Holdings Inc.	4.69%

## PORTFOLIO CHARACTERISTICS

(06/30/2022)

Number of Holdings	22
Total Net Assets	\$34.25M
Total Firm Assets	\$109.71M
EV/EBITDA (ex fincls/reits)	13.4x
P/E FY1 (ex fincls/reits)	22.4x
EPS Growth (ex fincls/reits)	14.5%
ROIC (ex fincls/reits)	16.0%
Standard Deviation (3-year)	20.5%
% of assets in top 5 holdings	30.9%
% of assets in top 10 holdings	56.7%
Dividend Yield	0.80%

## MORNINGSTAR PERFORMANCE MPT

as of 3/31/22 © 2021 Morningstar

Return 3 yr	20.22
Standard Deviation 3 yr	19.28
Alpha 3 yr	0.53
Upside Capture 3yr	106.04
Downside Capture 3 yr	113.73
Sharpe Ratio 3 yr	1.02

## | GFL Environmental (GFL)



### Investment Thesis

GFL operates as the fourth largest public player in the waste management industry, though it remains small at just \$11bn, having only come to market in 2020. The waste industry is characterized by high barriers to entry (land use regulations on landfills as well as scale economics on route density), stable non-cyclical demand, and exceptional pricing power that has historically exceeded inflation. The resiliency of this industry is incredible—even in the recent COVID induced global lockdown overall volumes barely dropped.

Patrick Dovigi (CEO) started GFL in Canada back in 2007 when he was just 27 years old, growing the business from nothing to \$5B+ in revenue over the subsequent 14 years. This was accomplished through an aggressive M&A strategy in the private markets where Patrick took the stable economics of the Canadian waste market (disposal neutral, heavy mix on collection, recurring revenue) and leveraged it up 7x by acquiring small independent players. Having now progressed into the US, the runway to continue executing on this strategy is significant. At age 42, Patrick retains a lot of skin in the game as the largest shareholder and is heavily incentivized to continue growing the business efficiently and prudently.

GFL is a high growth play in a typically sleepy and unexciting industry. It remains small and relatively unfollowed by Wall Street. And that combined with uncertainty and pessimism (or perhaps confusion) about their recent IPO during the depths of the COVID crisis, the shares were available to us at a significant discount to intrinsic value.

## | American Tower (AMT)



### Investment Thesis

American Tower is a wonderful example of a company that lies squarely in the middle of a huge, multi-decade trend. This trend is the exponential growth of mobile data consumption driven by increasing smartphone penetration, faster available mobile internet speeds, a huge growth in content (particularly video such as Netflix, Disney+, etc) being consumed on mobile devices, as well as huge growth in the number of internet-enabled devices.

American Tower is one of the largest owners of cell towers in the US. These are incredibly valuable assets, as they are arguably the bottleneck when it comes to us all needing more and more mobile data. It is very hard to build any new towers as zoning is so difficult to achieve, so the ones that exist are increasingly valuable assets. American Tower owns the tower and rents space to telco companies to fix their equipment on – a very efficient business model. These towers typically have 10-20-year inflation-linked contracts. The cash flow predictability is exceptional and American Tower is taking this business and reinvesting it in exactly the same business model, but it more nascent and faster-growing markets like Brazil and India, providing tremendous growth runway.

This is the sort of trend that is very unlikely to be disrupted- no political party, individual company or country is likely to disrupt the huge growth in mobile data consumption. Valuation permitting, we could conceivably own American Tower for decades to come.

# | Microsoft (MSFT)



## Investment Thesis

Microsoft is probably best known for its Windows operating system – the dominant computing platform back when everyone still used desktop computers. Windows is a small portion of Microsoft's business today, massively overshadowed by their Cloud (Azure) and Productivity Software suite of services (Office).

In the cloud, Azure is well-positioned to gain share in a fast-growing, massive market opportunity where they are a more natural partner for enterprise customers compared to the current market leader, Amazon's AWS. In productivity, Office remains one of the best businesses of all time on a stand-alone basis and looks even better when we realize Microsoft can leverage their massive installed base as a touchpoint for an Azure move.

Putting everything together, and we are looking at a \$1T mission-critical company that is growing faster than many smaller companies and doing so with tremendous operating leverage. While Microsoft may look expensive relative to its past, their market opportunity and growth rates far outpace historical comps and the company should be able to deliver at least mid-to-high teens EPS growth going forward with upside from deploying its \$137B cash balance.

# | Charles Schwab (SCHW) *charles* SCHWAB



## Investment Thesis

We were fortunate to start a position in Charles Schwab during 2020 right before a significant rally in its share price. (Bear in mind any very short-term moves are more luck than judgement.) We have long respected the Charles Schwab business fundamentally, particularly the focus on treating their customers so well that it hurts their short-term financials but creates enormous long-term value.

Consider that late last year Charles Schwab made the decision to completely end the business that birthed them, by taking trading commissions to zero. This was not a move from a position of weakness due to price competition, but from a position of strength due to their ability to share their scale economics with customers. They had gradually built the business around them such that they were able to remove commissions without a significant impact to their bottom line (the same could not be said of competitors such as TD Ameritrade). Indeed, such was the impact on the share price of TD Ameritrade that Charles Schwab stepped in to buy them and have set themselves up with the potential for many years of positive returns as they gradually integrate the TD business into their own.

The overall approach of Schwab is similar to the Costco model – a retailer that doesn't make any money retailing; instead passing their scale economics on to the customer in exchange for profitable membership fees. Charles Schwab is an online brokerage that doesn't make any money from trading, instead passing their scale economics on to the customer in exchange for profitable net interest spreads on the customers cash balances.

In 2020, Charles Schwab stock sold off to near historic low valuations (unjustly) giving us the opportunity to finally purchase this great business. The value proposition to us was even greater given that Charles Schwab had also just completed the very accretive acquisitions of TD Ameritrade and the USAA asset management arm, providing us with a huge margin of safety on our purchase price.

## | UPS (UPS)



### Investment Thesis

The market is overstating the competitive risks UPS faces. In order to understand why we believe that to be the case, one must look 'under the hood' of the main players in this market- UPS, FedEx and now recently- Amazon.

Both FedEx and Amazon have grown their delivery businesses very quickly, but they crucially have done so using a fundamentally different business model to UPS. UPS is a fully integrated model- they own everything: ground, air, express, trucks, planes, etc. Both FedEx and Amazon are franchised- they have agreements with franchisees, and as such are restricted in how they can optimize their own routes and services. UPS have total freedom to optimize and structure their operations in whatever way is most efficient- that translates into a structural advantage that cannot be replicated. UPS has consistently earned returns on capital above 20%, FedEx cannot even reach 10%.

Amazon's 'threat' to UPS is also greatly over- stated, not only based on the efficiency issue above, but also on the basis that Amazon is going to find it very hard to deliver for any retailers other than itself, given for most retailers Amazon is their biggest competitor.

Add the recent surge in ecommerce, and we can now also add significant pricing power to the UPS earnings growth story.

For UPS, we have a stock trading at significantly beneath its real intrinsic business value. Plus a substantial long- term growth runway (ecommerce, etc.), significant efficiency gains in the next five years from continued investment and continued huge cash generation.

## | First American Financial (FAF)



### Investment Thesis

First American Financial Corporation (FAF) is one of the two dominant players (along with Fidelity National Financial) in the title insurance industry. They are the sort of very profitable, dependable, defensible company, providing a keystone service, which tends to be overlooked by many investors.

Under American law, the title of a house is not recorded in a centralized government database. Instead, title records are held in a wide variety of local databases, often consisting of unstandardized records with things like property boundary lines found in hand-drawn maps. The complexity of this data, as well as the need to forge relationships with key market participants (real estate agents, bankers, lawyers, etc.) has led to the consolidation of the industry into a small group of large players, with very little price competition.

Only about 4% of FAF's premiums go to paying out claims (and these are usually fraud related). 85% or so of the premium (less over time with efficiency gains) goes toward operating expenses. For comparison, a normal property and casualty insurance company has an 80% loss ratio and 20% expense ratio. As such, we believe the market is mischaracterizing FAF's economics when they lump them in together with other insurers.

We believe that FAF's stock price was punished unfairly in 2020 considering the underlying strength of their end markets. Going forward, what we get here is a very well defended business with strong underlying returns, with room for significant upside.

# |The GCI Team



## **Guy Davis, CFA**

### **Portfolio Manager and Managing Director**

Guy Davis is a proven mutual fund manager with over a decade of experience managing assets for financial institutions. In London, he was portfolio manager for a \$2bn institutional global equity mutual fund and a \$1.5bn multi-asset charity endowment fund. Guy was voted 'Asset Management Top 40 under 40' in 2015 and was finalist for 'Equity Income Fund Manager of the year 2017'. He is a CFA Charterholder, has completed a Masters in Wealth Management and received his BS from the University of Bath (First class with Honors).



## **Neil Sadhukhan**

### **President**

Neil has 15 years of hedge fund management experience and has also served as special advisor to both Corporate Management Teams and Portfolio Managers. He was a Managing Director at the Meritage Group and Managing Partner at Lotus Group prior to joining GCI. He received his BS from Stanford University.



## **David Shahrestani, CFA**

### **Senior Equity Analyst**

David focuses on fundamental deep dive equity research for GCI and also writes extensively on investing, the markets. He is a CFA Charterholder and received his B.A. in Economics from California State University - Long Beach.



## **Pas Sadhukhan, PhD**

### **Founder**

Pas holds 11 patents and has over 30 years of investment management experience. He founded GCI in 1996.



# | Disclosures

## Registered Investment Advisor

Globescan Capital Inc. ("Globescan") d/b/a "GCI Investors" is an investment adviser registered with the SEC and our fees and services are more particularly described in Form ADV Part 2B. Registration with the SEC or other securities regulators does not imply a certain level of skill or training.

## General Disclosure

This presentation is limited to the dissemination of general information regarding Globescan's investment advisory services. Accordingly, the information in this presentation should not be construed, in any manner whatsoever, as a substitute for personalized individual advice from Globescan. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein. Any client examples were hypothetical and used to demonstrate a concept.

Past performance is not indicative of future performance. Therefore, no current or prospective client should assume that future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended by Globescan), or product referenced directly or indirectly in this presentation, will be profitable. Different types of investments involve varying degrees of risk, & there can be no assurance that any specific investment or investment strategy will be suitable for a client's or prospective client's investment portfolio.

For GIPS compliance purposes, Globescan has been defined to include its investment management activities as well as those of its subsidiary, Bastion Asset Management. A complete list of composite descriptions is available upon request. Globescan claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this performance in compliance with the GIPS standards.

S&P 500 TR Benchmark is a market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance. Returns assume reinvestment of dividends. Past performance is no guarantee of future results.

Portfolio holdings and sector allocations are subject to change and should not be considered a recommendation to buy or sell any security.

© 2021 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

© 2021 Morningstar. The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods. GCI Select Equity was rated against the following numbers of Large Blend funds over the following time periods: 570 in category during prior 3-year period funds in the last three years. Past performance is no guarantee of future results.