Fayez Sarofim & Co
Large Cap Equity

Product Type: Separate Account Manager
Geography Focus: Domestic
Type of Portfolio: Equity
Avg. Capitalization: Large Cap
Management Style: Blend

Headquarters: Houston, TX
Year Founded: 1958
Total AUM: $22,458 million
Inception of Style: 2000
Assets in Style: $16,376 million

Total Staff: 90
Investment Professionals: 20
Avg. Years with Firm: 20
Avg. Years Industry Experience: 25

Ownership: 100% Employee Owned
Research Method: Bottom Up Analysis
Investment Emphasis: Growth at a Reasonable Price

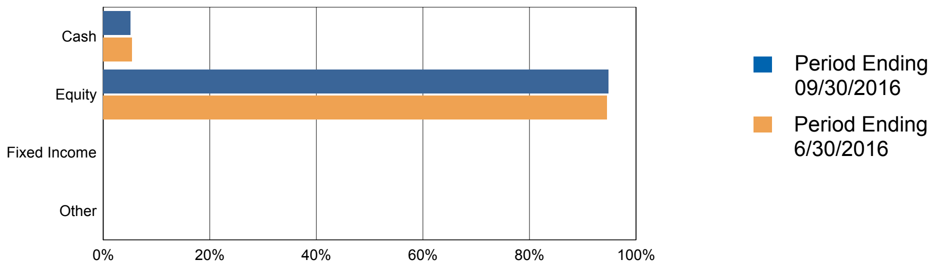
Investment Philosophy

Fayez Sarofim believes that long-term stock price appreciation is based on long-term earnings growth. Sustainable earnings growth is predicated on dominance in an attractive industry. The firm feels that dominant businesses usually reside in large companies and can produce superior earnings growth and market leadership over long periods of time. The large cap core strategy maintains components of both top-down and bottom-up analyses. Broadly, the firm begins by conducting top-down analysis on formulating a long-term global economic forecast, followed by sector and industry analyses. Finally, analysts focus on specific names and present to the Investment Committee, which serves as the foundation for investment decisions. The committee members review analysts' investment recommendations for potential inclusion in the portfolio. Fayez Sarofim & Co. prefers high quality companies with stable, high returns on invested capital. High gross profit margins and the proven ability to increase those margins are essential components to stock selection. Companies of interest should also be able to sustain dividend increases. Management has tended to focus on mega-cap stocks. The portfolio typically holds around 50 names and average annual turnover is relatively low.

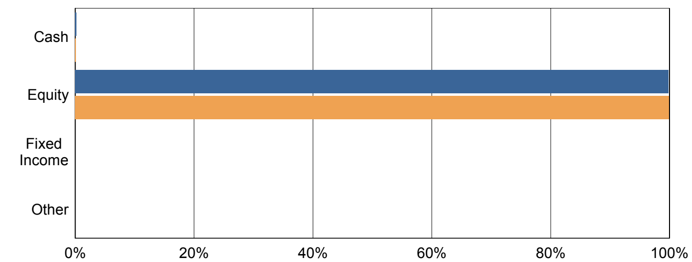
Portfolio Manager Profile

This portfolio is managed by Fayez Sarofim, Charles Sheedy, W. Gentry Lee, and Catherine Crain. Mr. Sarofim is chairman and co-CIO, and obtained a BS from the University of California. He began his career in 1951, and acquired his MBA from Harvard. Mr. Sheedy is a senior vice president, and began his career in 1971. He obtained his BA in english from Notre Dame, his MBA from Harvard, and has earned the CFA designation. Mr. Lee is CEO and co-CIO, and began his career in 1994. He obtained his BA in economics from Vanderbilt, MBA from Harvard, and has earned the CFA designation. Ms. Crain is a vice president, and joined the firm in 1993. She earned her MBA from the University of Texas, and has earned the CFA designation.

Manager's Portfolio Allocation



Benchmark's[1] Portfolio Allocation



[1]Benchmark: S&P 500 TR.

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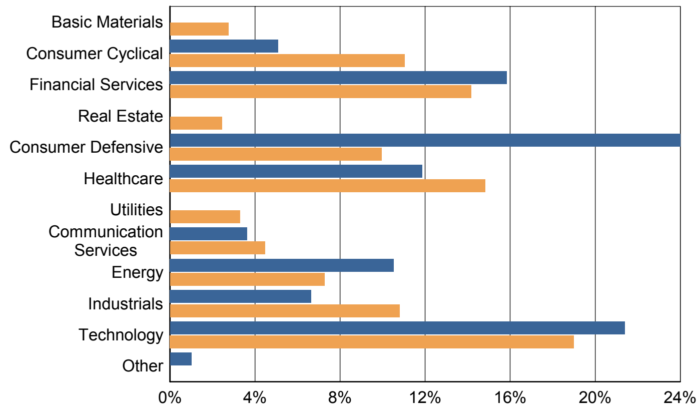
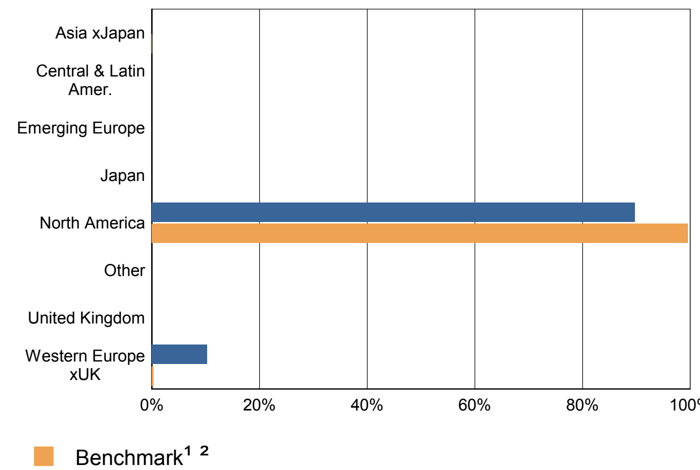
Portfolio Characteristics (09/30/2016)	Manager	Benchmark[1 2]
Avg. Annual Turnover:	8.16%	4.00%
Portfolio Yield:	2.44%	2.11%
Max. Cash Holding:	10.00%	100.00%
Current # of Holdings:	53	508
Median Market Cap:	$88,557 M	$78,121 M
Avg. Price/Earnings Ratio:	21.7	19.6
Avg. Price/Book Ratio:	3.6	2.8
% in US Market:	84%	99%
% in Emerging Markets:	0%	0%

Equity Sector Allocation (09/30/2016)

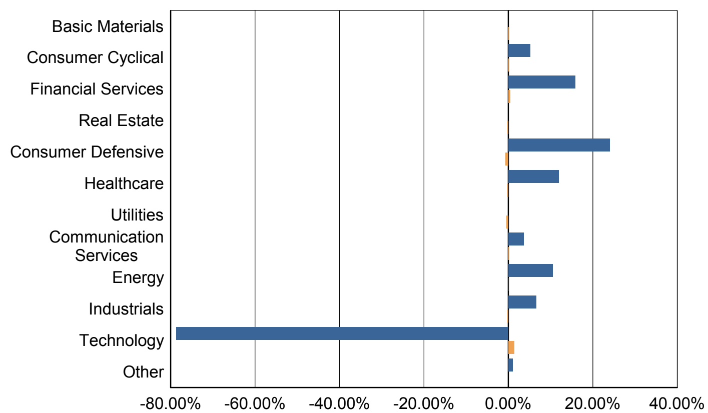


Regional Exposure Allocation (09/30/2016)

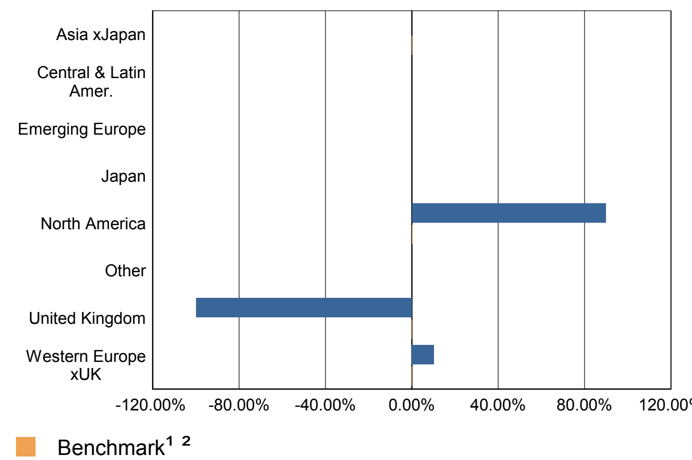


Top Ten Holdings (09/30/2016)	% of Portfolio
Philip Morris International	5.32%
Apple Inc	4.54%
Facebook, Inc.	3.92%
Exxon Mobil Corp	3.77%
Coca-Cola Co	3.35%
Google Inc-Cl A	3.11%
Microsoft Corp	3.07%
Altria Group Inc	2.83%
Nestle SA -Spons ADR	2.66%
Chubb Corp	2.61%
	35.18%

Equity Sector Allocation Change (09/30/2016 vs. 06/30/2016)



Regional Exposure Change (09/30/2016 vs. 06/30/2016)



[1]Benchmark: S&P 500 TR
[2]ETF proxy utilized for comparative data.

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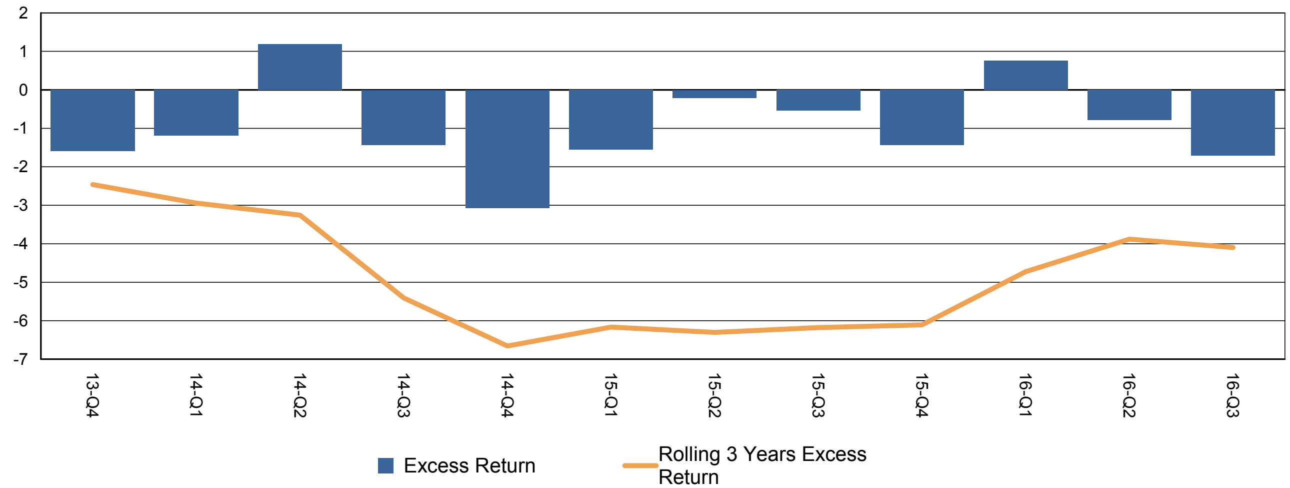
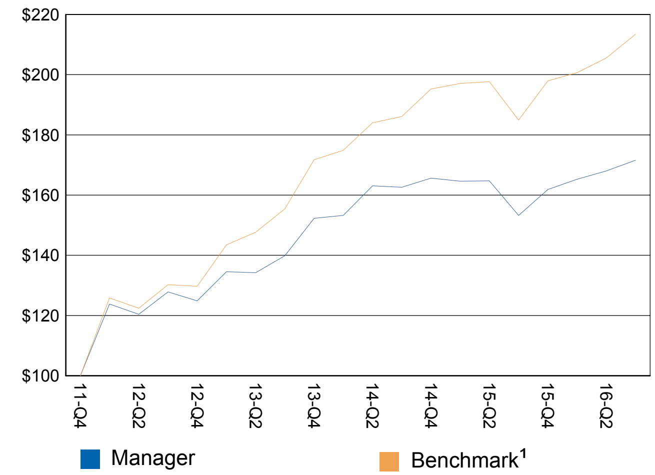
	Current Year Quarterly Returns				Calendar Returns					Trailing Returns (09/30/2016)				
	Quarter 1	Quarter 2	Quarter 3	Quarter 4	2016	2015	2014	2013	2012	1 Year	3 Year	5 Year	7 Year	10 Year
Manager	2.11%	1.67%	2.14%	N/A	N/A	-2.29%	8.74%	21.95%	11.05%	11.97%	7.06%	11.40%	10.80%	6.23%
Benchmark[1]	1.35%	2.46%	3.85%	N/A	N/A	1.38%	13.69%	32.40%	16.05%	15.43%	11.16%	16.38%	13.17%	7.24%

Rolling 3 Year Annualized Excess Return vs. Benchmark[1]



Growth of $100 (Up to 20 Quarters)



[1]Benchmark: S&P 500 TR

Disclosure

The investment descriptions and other information contained in this manager profile are based on data received from that manager and other sources as of the date indicated at the bottom of this report. The information is believed to be accurate, but has not been independently verified. All performance results are shown gross of fees and do not reflect the deduction of investment advisory fees and any other expenses incurred in the management of the investment advisory account. Your actual performance will vary and may be affected by the timing of delivery of investment recommendations from the Alpha Provider to the time of implementation by your client service agent. Trades placed by your designated adviser may be more or less favorable than the prices obtained by the Alpha Provider for their client accounts. The delayed release of investment recommendations may, in certain instances, reduce or eliminate the informations usefulness. Investment advisory fees are described in Part II of Form ADV or other similar document provided by your designated adviser. Actual performance results will be reduced by fees including, but not limited to, investment management fees and other costs, such as custodial, reporting, and evaluation services (Portfolio Fees). The net compounded impact of the deduction of such fees over time will be affected by the amount of the fees, the time period, and investment performance. For example, an account with a 1% annualized investment management fee, deducted quarterly, with 5 year annualized performance of 10% before fees, will have a net annualized performance of 8.93%. Compounding will similarly affect the account's performance on a cumulative basis. Specific calculations of net of fees performance for a given fee structure and gross of fees performance can be provided upon request. This is not a sales solicitation, but rather a research profile on a specific investment manager. Please contact your designated adviser to determine its registration requirements in your state. Your designated adviser and not the manager described herein will act as adviser and fiduciary to and on behalf of your account. Your designated adviser provides individualized investment advice and portfolio management services.

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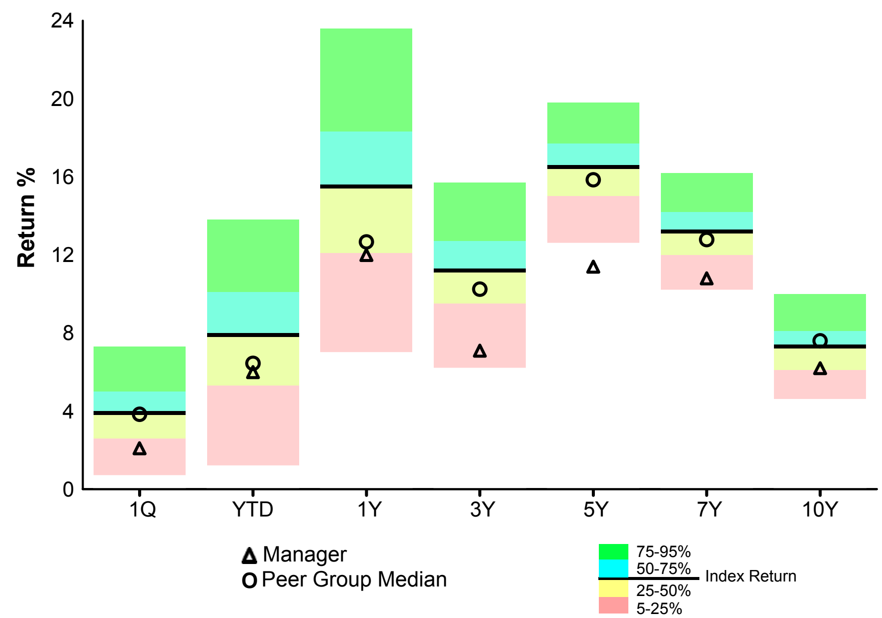
	Risk Analysis (12 Quarters)		Risk Analysis (20 Quarters)	
	Manager	Benchmark[1]	Manager	Benchmark[1]
Reward Measures				
Annualized Return	7.06%	11.16%	11.40%	16.38%
Excess Return	-4.10%	N/A	-4.97%	N/A
Risk Adjusted Alpha	-3.09%	0.00%	-3.68%	0.00%
Risk Measures				
Standard Deviation	8.05%	8.31%	9.63%	9.83%
Beta	0.93	1.00	0.95	1.00
Tracking Error	2.21%	0.00%	2.45%	0.00%
Risk vs. Reward				
Sharpe Ratio	0.86	1.33	1.17	1.66
Treynor Ratio	7.47	11.05	11.94	16.28
Information Ratio	-1.75	0.00	-1.85	0.00
Experience Measures				
Upside Capture	70.74%	100.00%	75.69%	100.00%
Downside Capture	107.50%	100.00%	123.89%	100.00%
Best Quarter	8.92%	10.51%	12.46%	12.59%
Worst Quarter	-6.98%	-6.44%	-6.98%	-6.44%
# Negative Quarters	3	1	6	3
R-Squared	0.92	1.00	0.93	1.00

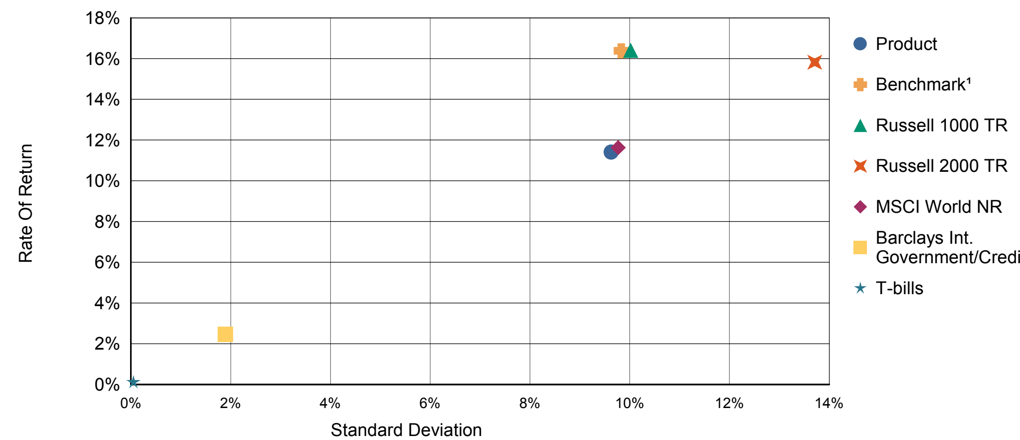
Data as of 09/30/2016.

Popular Index Portfolio Opportunity Distributions

S&P 500 PODs for Periods ending 09/16 (Source: PPCA, Inc.)



Risk / Return (20 Quarters) (09/30/2016)



[1]Benchmark: S&P 500 TR

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Research Status
Status Date: 11/28/2011
Current Status: Approved

Client Service
Research Analyst: John Parsons
Phone Number: 888-526-6300

Important Notes

Your designated adviser will act as adviser to and on behalf of your account. The manager described herein and the other service providers involved with the program do not act as adviser or fiduciary to and on behalf of your account. The managers and other service providers involved with the program do not provide individualized discretionary advice. Your designated adviser provides individualized investment advice and portfolio manager services using non-discretionary investment recommendations (model portfolio) furnished by the manager to your designated adviser. The performance information shown for the manager is for a composite of accounts managed on a discretionary basis by the manager. Your designated adviser's model composition requirements and implementation practices may result in program accounts having different holdings and investment performance than manager's discretionary client accounts. Administrative and/or technological requirements of your designated adviser, and/or other factors, such as varying trade rotation practices of managers, affect the timing of delivery of such non-discretionary investment recommendations and may delay the review and implementation thereof by your designated adviser with respect to your account. Such delay may adversely impact the management of your account and the performance of your account relative to the manager's discretionary client account and other accounts managed using manager's non-discretionary investment recommendations. Prices obtained for trades that are placed by your designated adviser may be more or less favorable than the prices obtained by the manager for its client accounts. Additionally, the delayed release and implementation of investment recommendations may, in certain circumstances, reduce or eliminate the information's usefulness. Please also note, FDx Advisors, Inc. serves as a research provider. Accordingly, FDx does not have any initial or ongoing responsibility to determine whether this manager, or any other investment, is suitable for your portfolio. The suitability determination remains the obligation of your designated adviser.

Comments

<u>Glossary - Risk Characteristics Key Terms</u>

Portfolio statistical measurements designed to analyze a manager's success in delivering performance relative to the risk the manager takes in trying to obtain better returns. The following statistical tools are derived from Modern Portfolio Theory (MPT).

Alpha - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta. It is a measure of the historical movement of a portfolio's performance not explained by movements of the market, or a portfolio's non-systematic risk. A positive alpha indicates the portfolio has performed better than it's beta would predict. A negative alpha indicates a portfolio has underperformed, given the expectations established by the fund's beta. Alpha may be useful in analyzing a manager's specific contribution or value added to a portfolio's performance.
Beta - A measure of the sensitivity of a portfolio to movements in the market. It is a measure of a portfolio's non-diversifiable or systematic risk. The beta of a benchmark is 1. Portfolios are thought of as more risky than the market if their Beta is larger than 1 or less risky if their beta is smaller than 1. Beta is a statistical estimate of the average change in rate of return corresponding to a 1% change in the market.
Consistency - The percentage of quarters (or months) that a portfolio achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value-added a manager has contributed to the portfolio's performance.
Capital Market Line - A line used to illustrate the relationship between risk and return of investments. The slope of the line indicates the market's risk premium. It is a useful tool in determining whether an investment offers a reasonable return for its level of risk. A plot above the line would indicate an above market expected return for the risk.
Downside Capture Ratio - A measure of a portfolio's performance during a benchmark's period of negative performance. A lower downside capture ratio is desired when comparing multiple managers, as it indicates that the manager lost less than the market, when the market was down. This measure illustrates how a manager protected the portfolio during a market decline. A down market is one in which the market's quarterly return is less than zero. A negative downside capture ratio indicates that a manager's returns rose while the market declined. For example, if the market fell 10% while the manager's returns rose 4%, the downside capture ratio would be -40%.
Downside Risk - A similar measure to standard deviation, but focuses only the negative movements of the return series. Calculated by taking the standard deviation of the negative quarterly (or monthly) set of returns. The higher the downside risk, the riskier the portfolio.
Information Ratio - A similar measure to Sharpe Ratio, but focuses on the relative rate of return per one relative unit of risk (where Sharpe Ratio focuses on the absolute). Measured by dividing the excess rate of return with the tracking error. The higher the information ratio, the more value-added a manager has contributed to the portfolio's performance.
Index - Investors cannot invest directly in indexes. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.

Manager - Manager refers to the Fund Manager or Third Party Manager listed at the top of the profile/tear sheet.
Popular Index Portfolio Opportunity Distributions (PIPODs or PODs) - Scientifically-designed peer groups that comprise all of the portfolios that could have been held by an investment manager adhering to a specified mandate, such as the S&P 500. For instance, if a manager holds 50 stocks in their portfolio and manages to the S&P 500, the POD will illustrate the range of returns for 10,000 randomly created 50-stock portfolios using only stocks in the S&P 500. Thus, the manager is compared against the range of possibilities given his approach and benchmark. This offers an advantage over traditional peer groups because it corrects for survivorship, classification, and composition issues. It also determines statistical significance. For more information go to www.ppca-inc.com.
R-squared - The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. The higher the R-Squared, the closer the correlation of the portfolio's performance pattern to that of the appropriate benchmark.
Sharpe Ratio - A risk-adjusted measure calculated using standard deviation and excess return (portfolio return minus the T-Bill return) to determine reward per unit of risk. The higher the ratio, the better the portfolio's historical risk-adjusted performance.
Rate of Return - The gain or loss generated from an investment over a specified period of time. Rate of return is also referred to as total return and it includes the change in the value of a security plus all Interest, Dividends and capital gains distributions generated by holding that security.
Sortino Ratio - A risk-adjusted measure calculated using downside risk and excess return (portfolio return minus the T-Bill return or other minimal accepted return) to determine reward per downside unit of risk. The higher the Sortino Ratio, the better the portfolio's historical risk-adjusted performance. This measure is closely related to the Sharpe Ratio.
Standard Deviation - A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period. Approximately 68% of the time, returns of a portfolio are expected to differ from its mean return by no more than plus or minus the standard deviation figure.
Tracking Error - A measure of the standard deviation of a portfolio's performance relative to the performance of an appropriate market benchmark.
Treynor Ratio - Similar to Sharpe Ratio, but focuses on Beta rather than overall risk (standard deviation).
Upside Capture Ratio - A measure of a portfolio's performance during a benchmark's period of positive performance. A higher upside capture ratio is desired when comparing multiple managers. This measure illustrates how a manager capitalized on a rising market. An up market is one in which the market's quarterly return is greater than or equal to zero. A negative upside capture ratio indicates that a manager's return fell while the market rose. For example, if the market gained 10% while a manager's returns fell 4%, the upside capture ratio would be -40%.