

# Equity Process

# ATALANTA SOSNOFF'S ACTIVE EQUITY STYLE

## *Earnings Acceleration*

*Since earnings drive stock prices over the long term, we focus on companies entering cycles of accelerated earnings growth.*

### *Definition:*

Growth rate of earnings looking forward is higher than looking backwards.

### *Benefits:*

Powerful investment tool.

Compounding effect of rising earnings multiplied by expanding valuation.

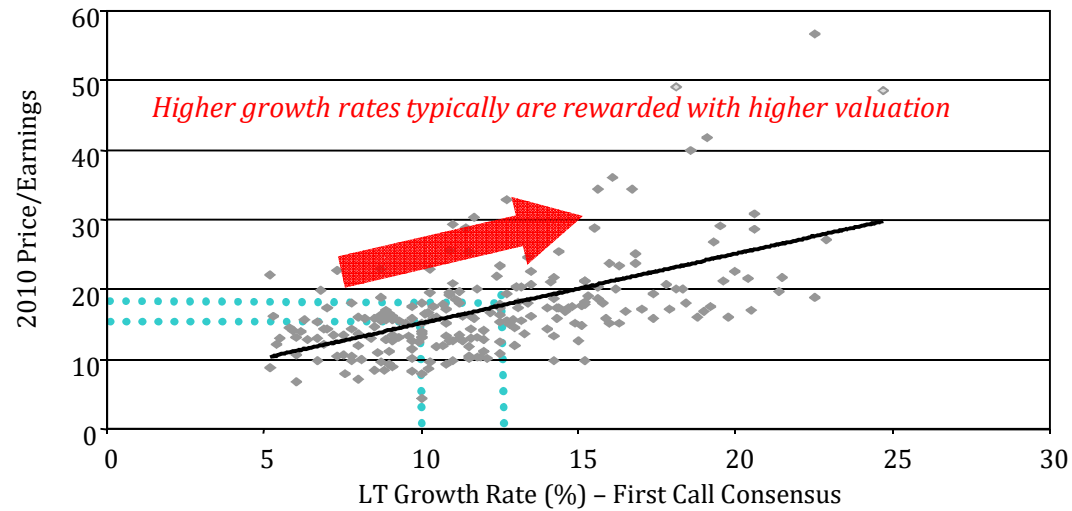
Uncovers: value stocks on the way to growth.

Avoids: faltering growth stocks.

## *Subjected to Valuation Disciplines*

# THE POWER OF EARNINGS ACCELERATION

## P/E TO GROWTH RATE FOR THE S&P 500



Theoretical Example	Purchase	12 Month Forward Constant Growth	12 Month Forward Earnings Acceleration
Growth Rate	10%	10%	13%
P/E Ratio	15x	15x	18x
EPS	\$5.00	\$5.50	\$5.65
<i>Percent Change</i>		<i>+10%</i>	<i>+13%</i>
Price	\$75	\$83	\$102
<i>Percent Change</i>		<i>+10%</i>	<i>+36%</i>

# SOURCES OF EARNINGS ACCELERATION

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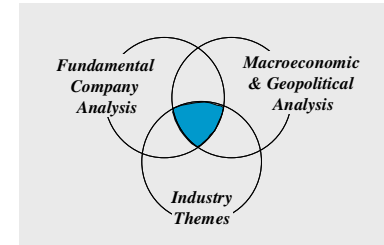
- Innovation
- Supply & Demand Imbalance
- Change in Management
- Macro Factors

# STOCK SELECTION PROCESS

## STEP 1: IDENTIFY CHANGE

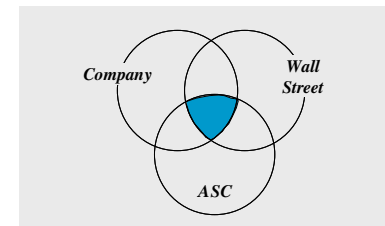
- **Each industry possesses unique variables that are critical to creating earnings acceleration.**
- We look for today's events that can create tomorrow's earnings acceleration.
- Typical catalysts include:
 

New products & innovations	Industry dynamics change
Technological advances	Regulatory changes
Management changes	
- Once a thesis on earnings acceleration is formulated, intensive securities analysis is performed.



## STEP 2: SECURITY ANALYSIS

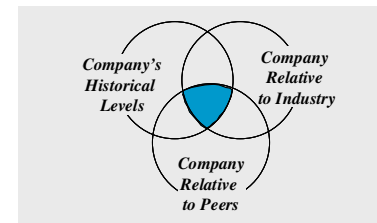
- **Gain independent conviction of our thesis of earnings acceleration.**
- Dialogue with company management, Wall Street analysts, customers, suppliers, etc.
- Develop an earnings model on every company.



## STEP 3: VALUATION

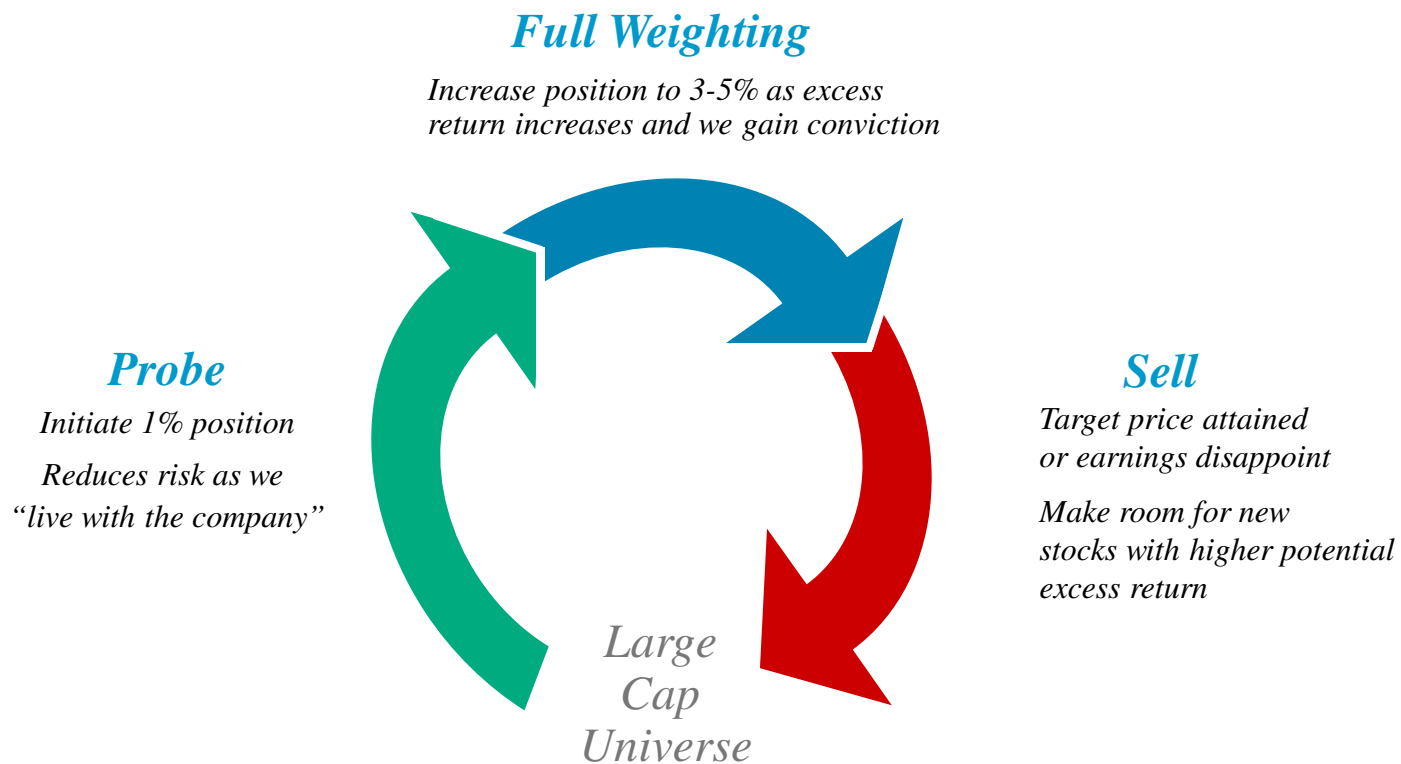
- Compare the stock's current valuation with:
 

- Its historical levels;	- Its peers (e.g., similar companies outside its industry).
- Its industry; and	
- **To ensure that the earnings growth we expect is not already built into the stock's price.**
- Establish target prices for purchases.



# RISK AWARENESS

## *A Disciplined Approach*



# WORKER SENSITIVITY SCORE – ASC CRITERIA

- Americans with disabilities act – fines caused by a firm’s discrimination based on physical or mental disability.
- Benefit plan administrator violation- fines caused by the illegal management of employee benefit funds.
- Employment Discrimination/ Discriminatory practices- fines base upon discriminatory practices in race, religion, gender, national origin, disability, age, sexual orientation or pregnancy.
- Family and medical leave act- fines for violations of failure of employers to provide their employees with job protection and unpaid leave for qualifying medical and family reasons.
- Labor relations violation- fines for violations against the National Labor Relations act of 1935.
- Wage and hour violation- fines paid for violations for employers breaking minimum wage or overtime pay laws established by the Fair Labor Standards Act.
- Workplace Safety or health violation- fines paid for violations concerned with the safety, health, and welfare of people at work.
- Workplace whistleblower retaliation- fines paid for retaliation against an individual making a complaint about job discrimination or assisting in such.

# WORKER SENSITIVITY SCORE – MSCI CRITERIA

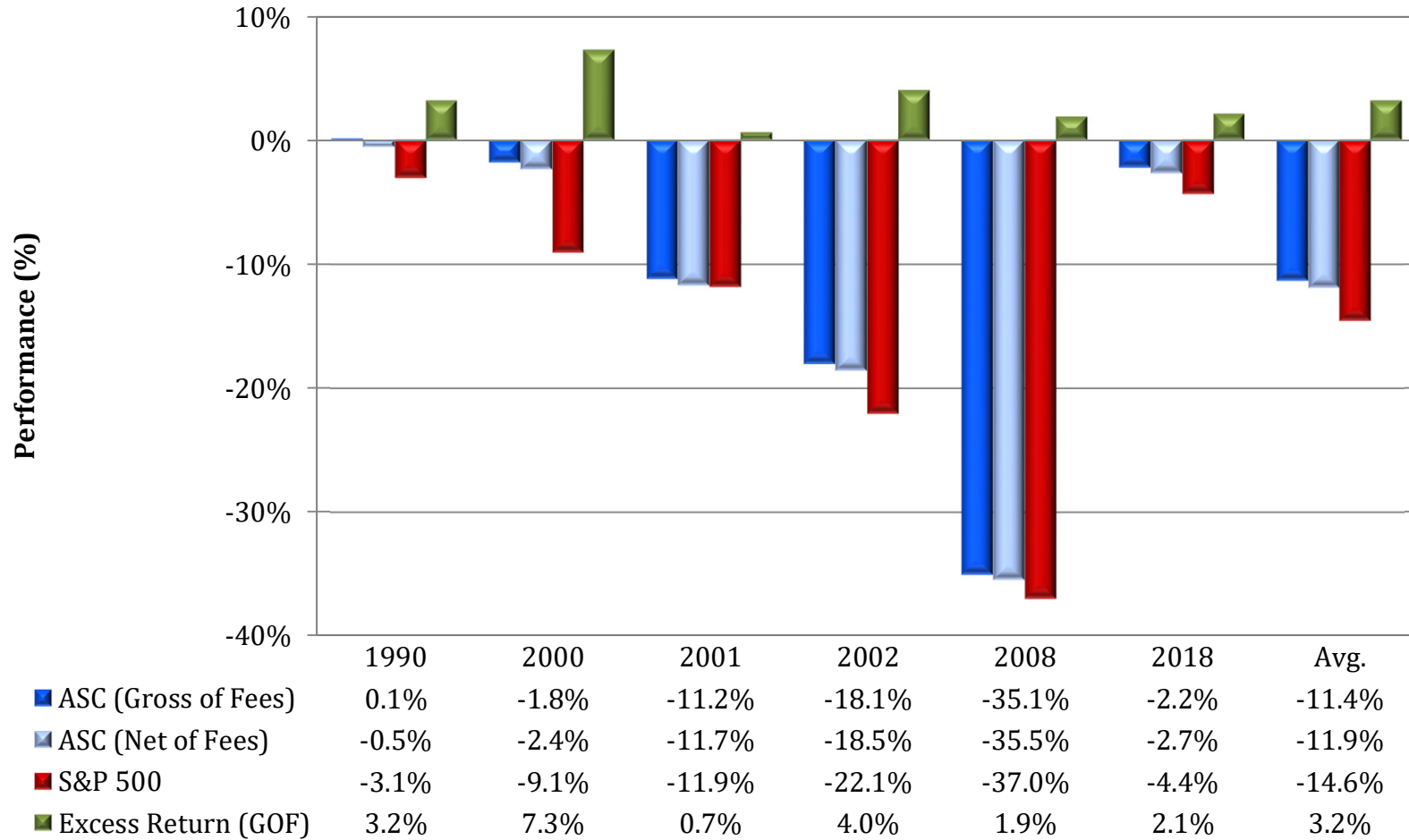
1. Civil Liberties - Entails freedom of expression, free speech, and civil and political liberties.
2. Human Rights Concerns - Entails involvement in human rights-related legal cases, physical abuse, resistance to improved practices, etc.
3. Local Community Impact - Entails controversies related to a firm's interactions with communities in which it does business.
4. Other Human Rights - Entails issues that fall outside of the more targeted indicators listed above.
5. Child Labor - Concerns child labor-related legal cases, widespread or egregious use of child labor, resistance to improved practices, etc.
6. Collective Bargaining & Union - Entails the firm's response to union organizing efforts and its bargaining practices with existing unionized workers.
7. Workforce Diversity and Discrimination - Concerned with a firm's workforce diversity, its involvement in discrimination-related legal cases, widespread or egregious instances of discrimination on the basis of sex, race, or ethnicity, and resistance to improved practices.
8. Employee Health & Safety - Deals with the safety of a firm's employees, a history of involvement in workplace safety-related legal cases, and widespread or egregious fines for unsafe workplace practices.
9. Labor Management Relations - Concerns a firm's labor-management relations, its involvement in employee-related legal cases, widespread or egregious instances of wrongful termination, reductions in benefits, or mistreatment of either employees and contractors.
10. Labor Rights - Measures any performance issues that fall outside of the more targeted indicators listed above.
11. Supply Chain Labor Standards - Entails supply chain-related legal cases, widespread or egregious instances of abuses of supply chain employee labor rights, and supply chain employee safety, etc.



# DOWNSIDE MITIGATION

## Negative Market Years

*Since 1990, there have been six calendar years in which the S&P 500 declined.  
Atalanta has outperformed the S&P 500 each period by an average of 3.2% per annum.*



\* Represents all years the S&P 500 had a negative return from 1990 (inception of composite) through 2019. ASC performance is asset weighted and gross and net of fees. Past performance is no guarantee of future results. To be read in conjunction with the full performance record which is attached.

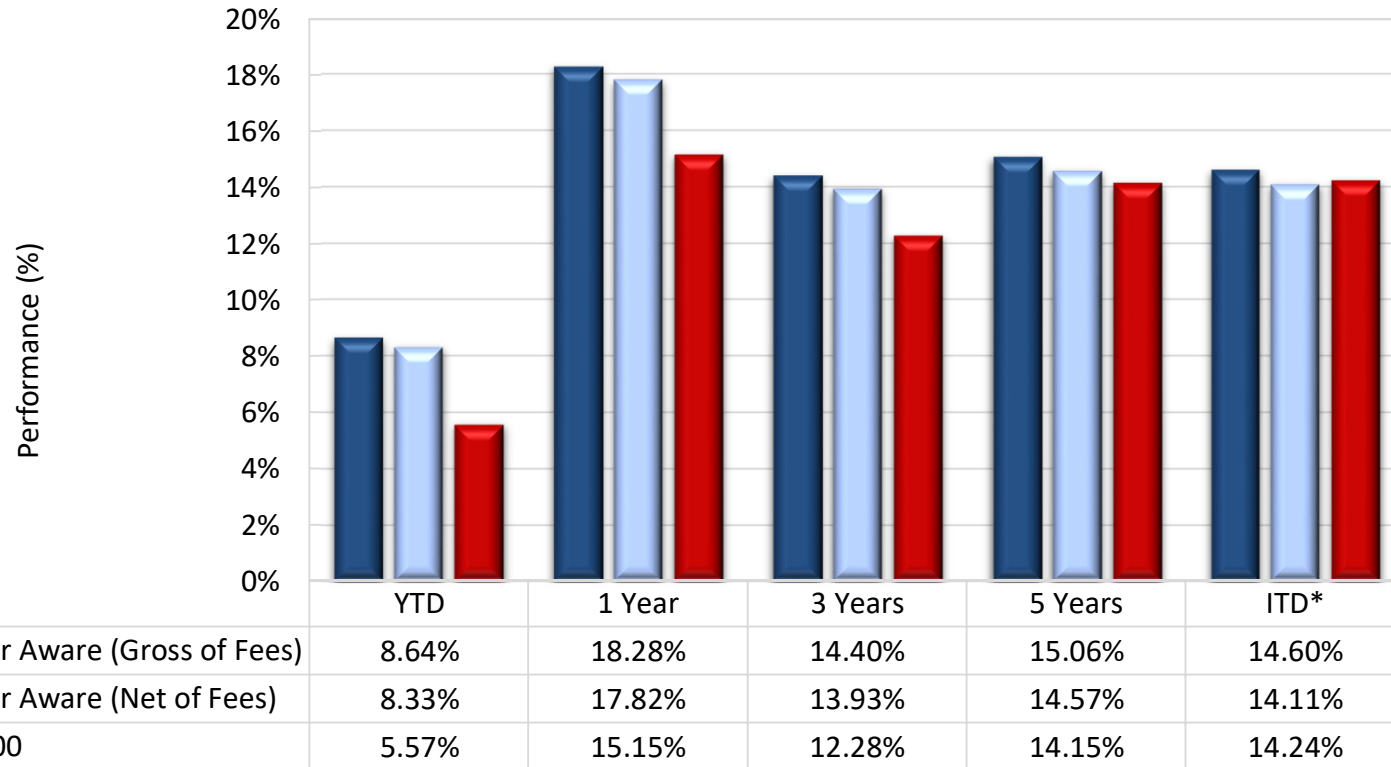
# MARKET ENVIRONMENT – STYLE OPTIMIZATION

OUR CLIENTS HAVE CAPTURED 72% OF THE OPTIMAL RETURN (NET OF FEES) OVER THE LAST 30 ¾ YEARS.

Total Returns	Russell 1000 Growth	Russell 1000 Value	Optimal <sup>1</sup>	S&P 500	ASC Large Cap Equity (Gross of Fees)*	ASC Large Cap Equity (Net of Fees)*
1990	-0.3%	-8.1%	-0.3%	-3.1%	0.1%	-0.5%
1991	41.2%	24.6%	41.2%	30.5%	47.4%	46.6%
1992	5.0%	13.8%	13.8%	7.6%	5.3%	4.7%
1993	2.9%	18.1%	18.1%	10.1%	18.5%	17.9%
1994	2.7%	-2.0%	2.7%	1.3%	-3.0%	-3.5%
1995	37.2%	38.3%	38.3%	37.6%	35.4%	34.7%
1996	23.1%	21.6%	23.1%	23.0%	11.3%	10.6%
1997	30.5%	35.2%	35.2%	33.4%	26.4%	25.7%
1998	38.7%	15.6%	38.7%	28.6%	30.9%	30.3%
1999	33.1%	7.4%	33.1%	21.0%	37.5%	36.8%
2000	-22.4%	7.0%	7.0%	-9.1%	-1.8%	-2.4%
2001	-20.4%	-5.6%	-5.6%	-11.9%	-11.2%	-11.7%
2002	-27.9%	-15.5%	-15.5%	-22.1%	-18.1%	-18.5%
2003	29.8%	30.0%	30.0%	28.7%	25.9%	25.3%
2004	6.3%	16.5%	16.5%	10.9%	9.0%	8.4%
2005	5.3%	7.1%	7.1%	4.9%	19.7%	19.0%
2006	9.1%	22.2%	22.2%	15.8%	14.6%	14.0%
2007	11.8%	-0.2%	11.8%	5.5%	14.7%	14.1%
2008	-38.4%	-36.9%	-36.9%	-37.0%	-35.1%	-35.5%
2009	37.2%	19.7%	37.2%	26.5%	33.0%	32.3%
2010	16.7%	15.5%	16.7%	15.1%	6.9%	6.4%
2011	2.6%	0.4%	2.6%	2.1%	-8.0%	-8.4%
2012	15.2%	17.5%	17.5%	16.0%	16.0%	15.4%
2013	33.5%	32.5%	33.5%	32.4%	35.3%	34.7%
2014	13.1%	13.4%	13.4%	13.7%	8.8%	8.3%
2015	5.7%	-3.8%	5.7%	1.4%	3.1%	2.6%
2016	7.1%	17.3%	17.3%	12.0%	6.7%	6.1%
2017	30.2%	13.7%	30.2%	21.8%	26.2%	25.6%
2018	-1.5%	-8.3%	-1.5%	-4.4%	-2.2%	-2.7%
2019	36.4%	26.5%	36.4%	31.5%	29.2%	28.6%
Year to Date*	24.3%	-11.6%	24.3%	5.6%	8.5%	8.2%
<b>Annualized:</b>	<b>10.5%</b>	<b>9.1%</b>	<b>15.2%</b>	<b>90.0%</b>	<b>11.2%</b>	<b>10.6%</b>

<sup>1</sup> Optimal return is defined as the annual return of the better performing style (Russell 1000 Growth or Russell 1000 Value) for each calendar year  
 \*ASC performance as of September 30, 2020 is gross and net of fees. ASC performance as reflected above is past performance of its Large Cap Equity Composite and is not a guarantee of future results. ASC net performance does not reflect the deduction of investment advisory fees. The reader is referred to the ASC Form ADV Part 2 for a full disclosure of investment advisory fees. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross performance. For example, on an account with a 1% investment advisory fee, if the gross performance is 10%, the compounding effect of the fee will result in a net performance of approximately 8.83%. Performance includes reinvestment of dividends and other earnings. Supplemental Information to the Annual Disclosure Presentation. See Notes to Large Cap Equity Composite Performance.

# WORKER AWARE LARGE CAPITALIZATION EQUITY COMPOSITE SEPTEMBER 30, 2020



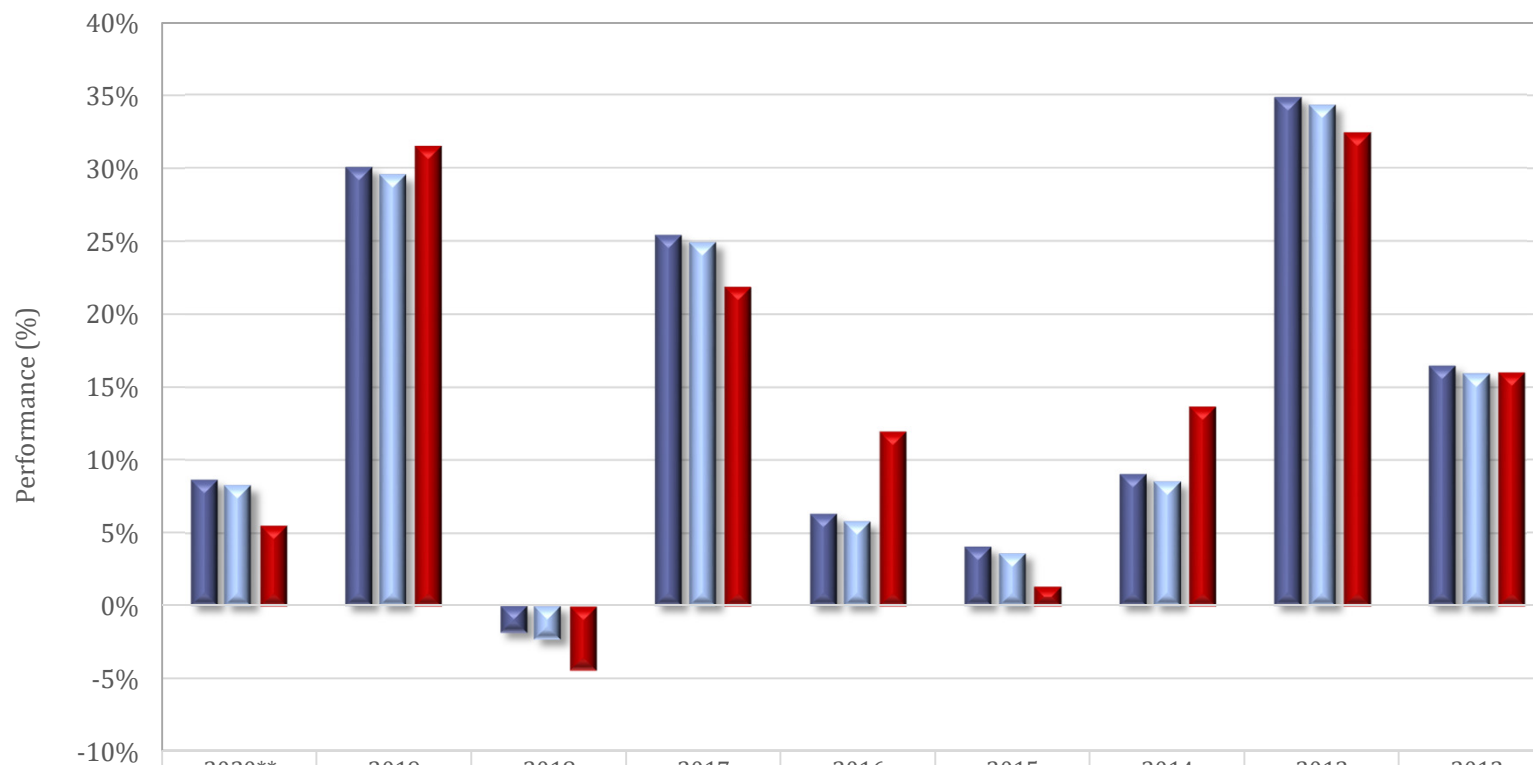
\*Inception Date: January 1, 2012

Worker Aware Large Capitalization Equity Composite performance as of September 30, 2020 is preliminary and unexamined. ASC performance as reflected above is past performance of its Worker Aware Large Capitalization Equity Composite and is not a guarantee of future results. ASC performance is presented gross and net of investment advisory fees. ASC gross performance does not reflect the deduction of investment advisory fees. A client's return will be reduced by the investment advisory fees and other expenses it may incur. The reader is referred to the ASC Form ADV Part 2 for a full disclosure of investment advisory fees. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross performance. For example, on an account with a 1% investment advisory fee, if the gross performance is 10%, the compounding effect of the fee will result in a net performance of approximately 8.83%. Performance includes reinvestment of dividends and other earnings. Supplemental Information to the Annual Disclosure Presentation. See Notes to Worker Aware Large Capitalization Equity Composite Performance.

# ANNUAL PERFORMANCE (GROSS & NET OF FEES)

## WORKER AWARE LARGE CAPITALIZATION EQUITY COMPOSITE

2012 - 2020



	2020**	2019	2018	2017	2016	2015	2014	2013	2012
■ Worker Aware Equity (Gross of Fees)	8.6%	30.1%	-1.9%	25.4%	6.3%	4.1%	9.0%	34.9%	16.4%
■ Worker Aware Equity (Net of Fees)	8.3%	29.6%	-2.3%	24.9%	5.8%	3.6%	8.6%	34.3%	15.9%
■ S&P 500	5.6%	31.5%	-4.4%	21.8%	12.0%	1.4%	13.7%	32.4%	16.0%

\*Inception Date: January 1, 2012

\*\*Worker Aware Large Capitalization Equity Composite performance as of September 30, 2020 is gross and net of fees. ASC performance as reflected above is past performance of its Worker Aware Large Capitalization Equity Composite and is not a guarantee of future results. ASC net performance does reflect the deduction of investment advisory fees. The reader is referred to the ASC Form ADV Part 2 for a full disclosure of investment advisory fees. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross performance. For example, on an account with a 1% investment advisory fee, if the gross performance is 10%, the compounding effect of the fee will result in a net performance of approximately 8.83%. Performance includes reinvestment of dividends and other earnings. Supplemental Information to the Annual Disclosure Presentation. See Notes to Worker Aware Large Capitalization Equity Composite Performance.

# WORKER AWARE LARGE CAPITALIZATION EQUITY COMPOSITE

## Independent Accountant's Report



### Verification Report

Members of the Investment Policy Committee  
Atlanta Sosnoff Capital, LLC

We have verified whether Atlanta Sosnoff Capital, LLC (the "Firm") (1) has complied with all the composite construction requirements of the Global Investment Performance Standards (GIPS®) on a firm-wide basis for the periods from April 1, 2017 through December 31, 2019, and (2) designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2019. The Firm's management is responsible for compliance with the GIPS standards and the design of its policies and procedures. Our responsibility is to express an opinion based on our verification. We conducted this verification in accordance with the required verification procedures of the GIPS standards. We also conducted such other procedures as we considered necessary in the circumstances.

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

- Complied with all the composite construction requirements of the GIPS standards on a firm-wide basis for the periods from April 1, 2017 through December 31, 2019; and
- Designed its policies and procedures to calculate and present performance in compliance with the GIPS standards as of December 31, 2019.

A verification covering the periods from January 1, 1990 through March 31, 2017 was performed by Ashland Partners & Company, LLP, whose report expressed an unqualified opinion thereon. On June 28, 2017, ACA Performance Services, LLC acquired the investment performance services business of Ashland Partners & Company, LLP.

This report does not relate to or provide assurance on any composite compliant presentation of the Firm and does not ensure the accuracy of any specific composite compliant presentation.

*Adviser Compliance Associates, LLC*

Adviser Compliance Associates, LLC  
ACA Performance Services Division  
March 31, 2020

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ACA Performance Services 1370 Broadway, 12<sup>th</sup> Floor New York, NY 10018  
Phone: (212) 951-1030 [www.acacompliancegroup.com/aca-performance-services](http://www.acacompliancegroup.com/aca-performance-services)

# WORKER AWARE LARGE CAPITALIZATION EQUITY COMPOSITE

## Annual Disclosure Presentation

### ATALANTA SOSNOFF CAPITAL, LLC WORKER AWARE LARGE CAP EQUITY COMPOSITE ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm Assets (millions)	Composite Assets		Annual Performance Results				3 Year Annualized Standard Deviation	
		U.S. Dollars (millions)	Number of Accounts	Composite		S&P 500	Composite Dispersion	Composite	S&P 500
				Gross*	Net*				
2019	6,733	632	22	30.07%	29.54%	31.49%	0.2%	12.42%	11.93%
2018	5,654	298	15	(1.85%)	(2.27%)	(4.38%)	0.2%	11.92%	10.80%
2017	5,790	315	17	25.41%	24.88%	21.84%	0.2%	10.88%	9.92%
2016	5,103	316	20	6.31%	5.83%	11.96%	0.2%	11.48%	10.59%
2015	5,297	324	19	4.05%	3.60%	1.38%	0.2%	11.43%	10.47%
2014	5,969	294	17	9.04%	8.56%	13.69%	0.1%	10.30%	8.97%
2013	6,239	291	17	34.87%	34.29%	32.39%	0.3%		
2012	5,507	172	18	16.44%	15.92%	16.00%	0.5%		

\* Gross returns are shown as supplemental information because some portfolios in the composite are stated gross of all fee and transactions costs. Also, some portfolio's net of fee returns are reduced by transactions costs and consultant fees in addition to investment management fees. See notes for more information.

*Worker Aware Large Cap Equity Composite* contains fully discretionary worker aware large cap institutional equity accounts. The strategy has focused on finding companies entering periods of earnings acceleration, where the growth rate looking forward is higher than in the past. This is predominately a fundamental bottom-up approach but takes into consideration macro factors when forming an investment opinion. The strategy will typically hold 40-55 stocks, diversified across 10-15 industries and 7-9 economic sectors. For comparison purposes the composite is measured against the S&P 500 Index. The composite account minimum is \$500 thousand.

Atalanta Sosnoff Capital, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Atalanta Sosnoff Capital, LLC has been independently verified for the periods January 1, 1990 through June 30, 2020. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedure 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. Verification does not provide assurance on the accuracy of any specific performance report.

Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS standards.

Atalanta Sosnoff Capital, LLC is a registered investment adviser and for GIPS purposes includes the assets of Atalanta Sosnoff Management, LLC also a registered investment adviser. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor. On May 28, 2010, Evercore Partners, a leading independent investment banking advisory firm, acquired a 49% interest in Atalanta Sosnoff. The firm maintains a complete list and description of composites, which is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. 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. Net of fee performance is calculated using actual management fees charged to the account. Additionally, the net of fee performance may be further reduced because of the inclusion of bundled fee accounts. The bundled fee includes transaction costs, consulting fees and investment management fees. The percentage of the Worker Aware Large Cap Equity Composite that is made up of bundled fee accounts are as follows: 2019: 6%, 2018: 11%, 2017: 11%, 2016: 9%, 2015: 8%, 2014: 9%, 2013: 18%, 2012: 14%. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the accounts in the composite the entire year. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The management fee schedule is as follows: 1% on first \$20mm, 0.50% on next \$30mm, 0.30% on next \$50mm, 0.25% on next \$100mm, and 0.20% on assets greater than \$200mm. Actual investment advisory fees incurred by client may vary.

The Worker Aware Large Cap Equity Composite was created February 12, 2019. Atalanta Sosnoff Capital, LLC's compliance with the GIPS standards has been verified for the period January 1, 1990 through June 30, 2020 by ACA Compliance Group (formerly Ashland Partners & Company LLP). The Worker Aware Large Cap Equity Composite is not specifically examined.

*The S&P 500 Index* measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX and NASDAQ. The weightings make each company's influence on the Index's performance directly proportional to the company's value. The "500" is one of the most widely used benchmarks of US equity performance. The index does not reflect any initial or on-going expenses, but does reflect reinvestment of dividends and interest.

# PERFORMANCE RECORD AND NOTES

## THE WORKER AWARE LARGE CAPITALIZATION EQUITY COMPOSITE

	Worker Aware Large Capitalization Equity Composite				S&P 500	
	Gross of Fees		Net of Fees		Per Annum	Cumulative
	Per Annum	Cumulative	Per Annum	Cumulative		
Start-1/1/12		100		100		100
2012	16.4%	116	15.9%	116	16.0%	116
2013	34.9%	157	34.3%	156	32.4%	154
2014	9.0%	171	8.6%	169	13.7%	175
2015	4.1%	178	3.6%	175	1.4%	177
2016	6.3%	189	5.8%	185	12.0%	198
2017	25.4%	238	24.9%	231	21.8%	241
2018	-1.9%	233	-2.3%	226	-4.4%	231
2019	30.1%	303	29.5%	293	31.5%	304
Year to Date 9/30/20	8.6%	330	8.3%	317	5.6%	320

Annualized Return	Worker Aware Large Capitalization Equity Composite		S&P 500
	Gross of Fees	Net of Fees	14.2%
	14.6%	14.1%	
8 ¼ Years			

Atalanta Sosnoff Capital, LLC claims compliance with the Global Investment Performance Standards (GIPS®).

- (1) Atalanta Sosnoff Capital, LLC is a registered investment adviser and for GIPS purposes includes the assets of Atalanta Sosnoff Management, LLC also a registered investment adviser. Registration of an Investment Advisor does not imply any level of skill or training. The oral and written communications of an advisor provide you with information about which you determine to hire or retain an advisor. On May 28, 2010, Evercore Partners, a leading independent investment banking advisory firm, acquired a 49% interest in Atalanta Sosnoff. The firm maintains a complete list and description of composites, which is available upon request.
- (2) The U.S. Dollar is the currency used to express performance. Performance figures reflect the performance of a composite of our non-restricted institutional worker aware large capitalization equity accounts, including reinvested dividends, and is presented before (Gross) and after (Net) investment advisory fees are considered. The composite of worker aware large capitalization equity accounts consists of discretionary accounts managed under an equity only mandate. Non-restricted equity accounts consist of client accounts where no significant investment restrictions have been imposed on the management of their assets. As of September 30, 2020, this composite includes 23 portfolios representing \$685 million in assets under management, or 9% of total assets under management.
- (3) For comparison purposes the composite is measured against the S&P 500 Index. The composite includes institutional accounts of \$500,000 or more from their first full month under management, including those accounts no longer with the firm. Data from all accounts has been continuous from their inception to the present or until their last full month prior to termination of the account relationship with the firm.
- (4) No alterations of composites as presented here have occurred due to changes in personnel or other reasons at any time.
- (5) The composite does not include non-manager costs associated with an account, such as custodial or other fees. The composite does reflect all commission costs.
- (6) **RESULTS FOR INDIVIDUAL ACCOUNTS MAY VARY AND PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS.**
- (7) Atalanta Sosnoff Capital, LLC has been verified firm-wide from January 1, 1990 through December 31, 2019 by ACA Compliance Group (formerly Ashland Partners). Their opinion letter is available upon request.
- (8) A complete list of all composites is also available upon request.

The S&P 500 Index measures the performance of large capitalization U.S. stocks. The S&P 500 is a market-value-weighted index of 500 stocks that are traded on the NYSE, AMEX and NASDAQ. The weightings make each company's influence on the Index's performance directly proportional to the company's value. The "500" is one of the most widely used benchmarks of US equity performance. The index does not reflect any initial or on-going expenses, but does reflect reinvestment of dividends and interest.

ASC Worker Aware Large Cap Equity performance as of December 31, 2019 is unexamined. ASC performance as reflected above is past performance of its Worker Aware Large Cap Equity composite and is not a guarantee of future results. ASC performance is presented gross and net of investment advisory fees. ASC gross performance does not reflect the deduction of investment advisory fees. A client's return will be reduced by the investment advisory fees and other expenses it may incur. The reader is referred to the ASC Form ADV Part 2 for a full disclosure of investment advisory fees. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross performance. For example, on an account with a 1% investment advisory fee, if the gross performance is 10%, the compounding effect of the fee will result in a net performance of approximately 8.83%. Performance includes reinvestment of dividends and other earnings. Supplemental Information to the Annual Disclosure Presentation. See Notes to Worker Aware Large Capitalization Equity Composite Performance.