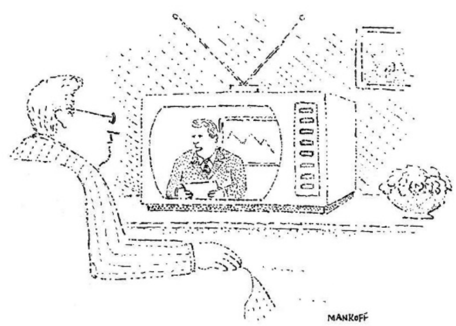
CORNERSTONE
INVESTMENT PARTNERS, LLC

Twenty years ago, the #1 song on the Billboard charts was *Fallin'* by Alicia Keys. The first verse of *Fallin'*, which was Keys' first single and still the defining record of her long career, is "I keep on fallin' / In and out of love / With you."

Today that could refer to the tug of war between Growth and Value stocks. Value stocks started the year strong in response to the vaccine rollout and economic re-opening. In the middle of the year, the Delta variant increased fear of the virus' resurgence, which helped produce a return of Growth stock leadership. More recently, as cases peaked, those fears receded, the Federal Reserve's comments on tapering and inflation led interest rates to start to rise, and markets began to rotate towards Value again. In some ways, this reminds us of the old *New Yorker* cartoon that any economic change seems to have an equal (and sometimes opposite) reaction in the market.

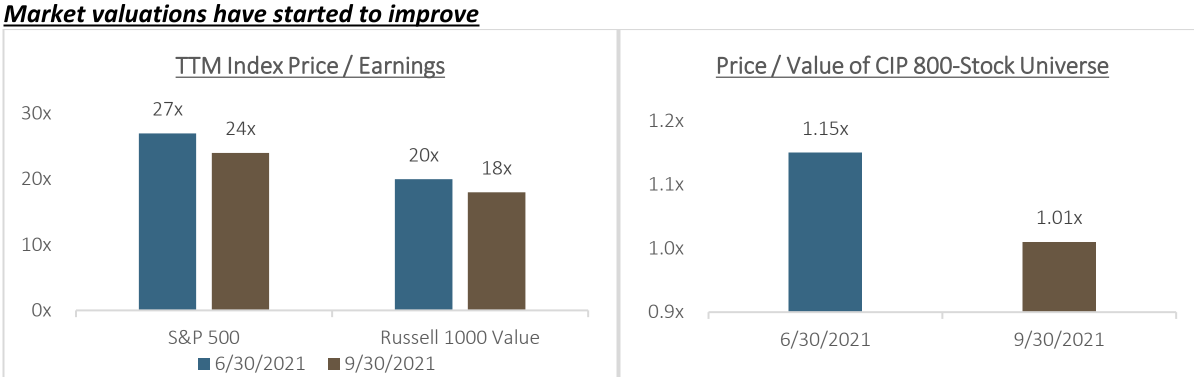


"On Wall Street today, news of lower interest rates sent the stock market up, but then the expectation that these rates would be inflationary sent the market down, until the realization that lower rates might stimulate the sluggish economy pushed the market up, before it ultimately went down on fears that an overheated economy would lead to a reimposition of higher interest rates."

Source: New Yorker Magazine

We think recent market sentiment shifting to value-oriented stocks, like the companies we have in our portfolios, represents increased confidence in the information we already knew, as the broader story in the economy has not changed. As we wrote last quarter, US companies have recovered quickly, and households are on a solid economic foundation. While there are escalating costs from labor and material shortages, and supply chain issues remain a focus, demand has made up for it, companies have often been able to respond, and earnings have grown faster than market prices. Over the last quarter, the trailing multiple of the S&P 500 and Russell 1000 Value has declined from 27x to 24x and 20x to 18x, respectively, and the Fair Value Model's valuation of our investible universe has improved by 13 percentage points.

Market valuations have started to improve



While broader market valuations have improved from earlier this year, there will be those companies for which price moves faster than value does. We will not compromise our longstanding valuation discipline, even in the face of often great stories and compelling business models, and believe that active management will distinguish itself. We believe valuation wins out in the end, and our strategies are designed to invest in attractively-valued businesses with strongly embedded characteristics.

Twenty years ago was also the launch of Cornerstone's Concentrated 30 strategy. The C30 was our first proprietary strategy for clients and remains our firm's flagship. While it remains just too young to order a drink, that milestone is incredibly meaningful, as it is a sign of the trust that you, our clients, have in us, and the outcome of the disciplined daily process we implement on your behalf.

We thought a few other numbers about the portfolio would be interesting as well:

667% returned. The institutional composite of Concentrated 30 portfolios has returned 667% on a gross total return basis over the last 20 years. That is well above the 515% return of the S&P 500 and 394% of the Russell 1000 Value indices over the same time period. We may not outperform each quarter or year, and let us be clear, we don't expect to, but we are proud that our people, philosophy, and process have combined to deliver significant outperformance for clients over the long run. The strategy returned 608% net of fees over the same time period.

In just the last decade, we have conducted over 2,500 daily meetings with our investment team. We meet every day to discuss our large cap portfolios. Extrapolating this over the 20 year history of the portfolio, our team has met nearly twice that many times. This process of constant discussion, debate, and refinement allows us both to implement a consistent and disciplined approach and respond to different market environments.

~185 companies owned. This number likely higher than you might think, reflecting how we continually seek to identify the most attractive securities in our investible universe, and will adjust the portfolio's positions to reflect that. This number is potentially lower than you might think, because we are longer-term oriented and hold most stocks for years, not months. Since our philosophy is that stock prices are more volatile than underlying fundamentals, and the types of companies we look for have firmly embedded characteristics, we have owned more than a few companies multiple times over the years as the opportunity has presented itself.

30 companies held. The Concentrated 30 portfolio owns 30 stocks. This dynamic tension between the stocks we want to buy and the stocks we want to sell is core to the disciplined approach we take in all of our portfolios. This number also indicates the consistency in our process and strategy over the last 20 years.
There have been some ups and downs for our strategy, but we have learned from them and believe it makes us better investors over time. While we are proud of what we have accomplished over the last 20 years, we are even more excited about what we can achieve over the next 20.

Thank you again for your support.

Sincerely,

The Cornerstone Investment Team

Past performance is not indicative of future results. As with all investments, the possibility for profit is accompanied by the risk of loss. Returns are presented gross and net of fees.