

# Convergence Unbiased Equity



March 2024

## Simply a better way to capture the market's potential

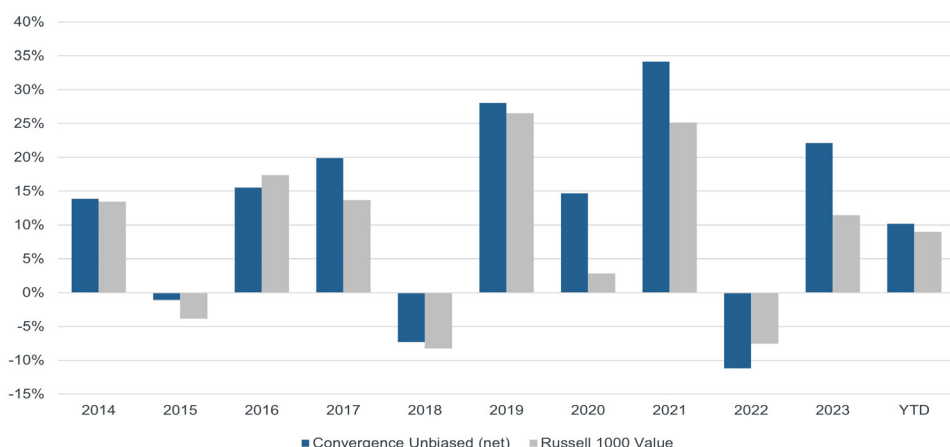
The Convergence Unbiased Equity strategy uses a combined weighting of gross earnings, gross cash flow and gross sales to weight the U.S. stock universe. This methodology provides investors with a portfolio that is weighted towards tangible fundamentals as opposed to a simple cap weighting schema. Academic research and empirical analysis have shown that weighting stocks on fundamentals, as opposed to capitalization, may provide meaningful alpha over the course of the market cycle.

### About Convergence

Convergence Investment Partners is an active equity manager dedicated to managing U.S. equity strategies. Our team's experience spans decades of investing based on fundamental stock picking combined with advanced technology. This has allowed us to develop systematic stock selection strategies that we believe helps garner powerful results. Our firm's name, Convergence, communicates our philosophy of a fundamental stock picking process that incorporates the intersection of sound investment theory executed in a disciplined environment utilizing advanced technology.

### Calendar Year Performance (net of fees)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	YTD 2024
Convergence Unbiased Equity	13.84%	-1.09%	15.54%	19.87%	-7.30%	28.06%	14.71%	34.15%	-11.19%	22.12%	10.15%
Russell 1000 Value	13.45%	-3.83%	17.34%	13.66%	-8.27%	26.54%	2.80%	25.16%	-7.54%	11.46%	8.99%



Inception date 3/1/2006

### Ten Largest Holdings (percent)

Amazon Com Inc	2.83
Alphabet Inc Cl A	2.48
Alphabet Inc Cl C	2.48
Apple Inc	2.42
Microsoft Corp	2.32
Wal Mart Stores Inc	2.04
J P Morgan Chase & Co	1.79
Meta Platforms Inc	1.71
Exxon Mobil Corp	1.51
Unitedhealth Group Inc	1.20

### Investment Characteristics

Characteristic	Convergence Unbiased	R1000 Value	Russell 1000
Price/Earnings Ratio	19.30	22.40	28.40
Price to Book	2.59	2.43	4.31
Realized Beta*	0.99	0.94	1.00
Return on Assets	8.1%	5.7%	10.1%
EPS Growth*	12.8%	9.1%	14.1%
Capitalization (m)	\$381,589	\$145,406	\$690,555
Number of Holdings	450	846	1005

\*5 year trailing. Earnings Growth is not a measure of future performance.

### Annualized Performance Summary

(net of fees) through 03/31/2024

	1 Year	5 Years	10 Years
Unbiased Equity Strategy (Net)	29.17%	16.15%	12.83%
Russell 1000 Value	20.27%	10.31%	9.01%

### What is an Unbiased Portfolio?

An Unbiased portfolio is constructed with the intention of eliminating the impacts of irrational market participants. We believe weighting constituents by fundamental statistics, as opposed to price influence metrics (i.e. market capitalization) minimizes exposure to "bubbles." In the Convergence Unbiased Equity strategy, overvalued stocks, that are pushed up in price by irrational exuberance, are weighted differently within the portfolio; their weights remain as determined by the companies' underlying fundamentals.

### Portfolio Statistics (03/31/2024)

Sector Weight %	Convergence Unbiased	R1000 Value	Russell 1000
Comm Services	11.57	4.60	8.67
Consumer Disc	11.60	5.01	10.43
Consumer Staples	8.34	7.68	5.70
Energy	8.11	8.06	3.92
Financials	18.63	22.64	13.78
Health Care	13.61	14.29	12.30
Industrials	8.35	14.28	9.67
Information Tech	13.56	9.40	28.26
Materials	3.42	4.78	2.56
Real Estate	1.50	4.60	2.55
Utilities	1.30	4.67	2.15
Total	100.00	100.00	100.00

Strategy holdings and sector allocations are as of 03/31/2024, are subject to change and should not be considered a recommendation to buy or sell any security.

Past performance is not indicative of future results.

Appendix

Convergence Unbiased Equity Composite (as of 12/31/2023)

	Composite Returns		Benchmark Returns		Composite Dispersion (Full Period)	Number of Separate Accounts (End of Period)	Total Composite Assets (End of Period)	Total Firm Assets (End of Period)	3 Year Annualized Standard Deviation		
	Gross of Fees	Net of Fees	Russell 1000	Russell 1000 Value					Composite	Russell 1000	Russell 1000 Value
2006 (3/1/2006 - 12/31/2006)	12.19%	12.08%	12.06%		N/A*	1	\$3,302,126	\$39,742,010	N/A	N/A	N/A
2007	2.22%	2.04%	5.77%	-0.17%	0.07	11	\$43,286,927	\$106,671,978	N/A	N/A	N/A
2008	-38.98%	-39.12%	-37.60%	-36.85%	0.35	8	\$21,354,300	\$71,507,256	N/A	N/A	N/A
2009	32.56%	32.26%	28.43%	19.69%	0.24	5	\$26,762,426	\$66,537,478	22.18	20.33	21.40
2010	18.04%	17.85%	16.10%	15.51%	0.00	3	\$23,061,364	\$93,181,292	24.64	22.60	23.51
2011	-2.60%	-2.66%	1.50%	0.39%	0.11	3	\$22,894,343	\$154,362,324	21.31	19.22	20.98
2012	20.17%	20.09%	16.42%	17.51%	0.17	3	\$26,404,011	\$217,790,421	17.01	15.62	15.73
2013	36.80%	36.73%	33.11%	32.53%	0.21	4	\$32,551,135	\$492,677,907	13.80	12.43	12.88
2014	13.86%	13.84%	13.24%	13.45%	0.06	4	\$32,960,286	\$553,692,556	10.01	9.25	9.33
2015	-0.88%	-1.09%	0.92%	-3.83%	0.08	4	\$32,235,938	\$444,781,578	11.04	10.63	10.83
2016	15.80%	15.54%	12.05%	17.34%	0.28	4	\$29,368,744	\$398,488,819	11.30	10.84	10.93
2017	20.14%	19.87%	21.69%	13.66%	0.28	4	\$25,690,583	\$409,273,927	10.75	10.11	10.34
2018	-7.08%	-7.30%	-4.78%	-8.27%	0.28	4	\$23,063,903	\$390,434,667	11.86	11.11	10.98
2019	28.35%	28.06%	31.43%	26.54%	0.33	4	\$29,690,470	\$343,819,819	12.90	12.22	12.02
2020	14.98%	14.71%	20.96%	2.80%	0.13	4	\$34,067,034	\$223,805,605	20.58	19.37	19.90
2021	34.44%	34.15%	26.45%	25.16%	0.28	5	\$40,437,291	\$219,550,002	19.40	17.96	19.33
2022	-11.00%	-11.19%	-19.13%	-7.54%	0.07	4	\$29,744,006	\$190,730,732	22.12	21.63	21.55
2023	22.38%	22.12%	26.53%	11.46%	0.81	4	\$32,803,508	\$215,517,580	17.20	17.67	16.74

\*N/A is shown because there were five or fewer portfolios in the composite for the full year.

Disclosures

Best performance is not indicative of future results.

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Convergence Investment Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Convergence Investment Partners has been independently verified for the periods 1/1/2011 to 06/30/2023. The verification report(s) is/are available upon request. 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.

Verification does not provide assurance on the accuracy of any specific performance report. The firm maintains a complete list and description of composites, which is available upon request. Results are based on discretionary separate accounts under management, including those accounts no longer with the firm. The results portrayed relate only to the adviser's clients invested in the portfolio that meet the criteria for inclusion in composite performance. The U.S. Dollar is the currency used to express performance returns and assets. Performance results are presented both net and gross of management fees and include the reinvestment of income. From the inception of each composite until 01/01/11, Time Weighted Return was compounded on a monthly basis. Beginning 01/01/11 through present, Time Weighted Return was compounded on a daily 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.

Definition of the Firm

The firm is defined as Convergence Investment Partners, LLC ("Convergence Investment Partners"), a majority-owned subsidiary of Nile Capital Group, LLC effective October 1, 2018. Convergence Investment Partners was founded in November, 2004. From December 2008 to September 2018, Convergence Investment Partners was a majority-owned subsidiary of Montage Investments, LLC. Convergence Investment Partners (CIP) is an investment adviser registered with the Securities and Exchange Commission. Registration of an investment adviser does not imply any specific level of skill or knowledge. Convergence Investment Partners is an active equity manager dedicated to managing U.S. equity strategies. Convergence uses its proprietary process to select and rank investments, construct portfolios, and help manage risk in each of its products. Convergence strategies are based on corporate fundamentals supported by compelling empirical research applied within each industry group. The name, Convergence, communicates the firm's philosophy of a fundamental stock picking process that incorporates the intersection of sound investment theory executed in a disciplined environment utilizing advanced technology. The total firm assets will be defined as all discretionary and non-discretionary assets under management within Convergence Investment Partners. This includes primary investment management accounts and sub-advisory investment management accounts, as well as both fee-paying and non-fee paying assets.

The Convergence Unbiased Equity Composite

The Convergence Unbiased Equity Strategy uses a combined weighting of Gross Earnings, Gross Cash Flow, and Gross Sales to weight the U.S. stock universe seeking to improve returns with comparable risks. The inception and creation date of the composite is March 1, 2006. The Composite was previously called Unbiased Index until May 1, 2020. The portfolio returns have been compared to the Russell 1000® Index and the Russell 1000® Value Index as benchmarks. The Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000® Value Index measures the

performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values. Individuals cannot invest directly in any index and index returns do not reflect fees and expenses. Comparison of the Composite to these benchmarks is for illustrative purposes only and the volatility of the benchmarks may be materially different from the volatility of the Composite due to varying degrees of diversification and / or other factors.

Since Inception, Convergence Investment Partners has adopted the following "Significant Cash Flow Policy" for the composite: If a single or cumulative cash flow(s) are equal or greater than 20 percent of the total account value on the day the cash flow(s) is initiated, the account will be removed from the composite and added back to the composite on the first day of the month following the date that the account is fully invested (defined as being within the model portfolios cash target).

The three year annualized standard deviation is calculated using 36 monthly gross of fee returns to end of period for the Unbiased Equity Strategy. The three year standard deviation is not available prior to 2009.

Fees and Related

The full fee schedule for all Convergence Investment Partners products is available upon request. It should be noted that the collection of fees produces a compounding effect on the total rate of return net of management fees. Convergence Investment Partners Unbiased Equity Strategy charges 0.40% annually, and is assessed 0.033% on a monthly basis. Convergence Investment Partners reserves the right to modify fee structures on an account by account basis at its discretion.

Gross of fee performance returns are presented before management fees but after all trading expenses. No other fees or expenses are deducted for gross of fee performance. Net of fee performance returns are presented after actual standard management fees and all trading expenses. No other fees are deducted aside from trading and management fees for the calculation of net of fee performance. Valuations are net of all applicable withholding taxes. Securities are valued in accordance with GIPS® Valuation Hierarchy Principles. More information regarding standard investment management fees is available upon request.

Additional Notes and Disclosures

The use of derivatives may be employed for purposes of currency hedging and/or to equitize the cash position of the portfolios. Derivatives have not been used to date, and it is expected that any future use would be on a limited basis. Policies for valuing investments, calculating performance, and preparing GIPS composite Reports are available upon request. Dispersion is calculated using gross-of-fee returns with an equal-weighted standard deviation methodology for those accounts in the composite for the full calculation period.

The minimum account size for composite inclusion is \$200,000.

Current performance may be lower or higher than return data quoted herein. The money management firm can be contacted directly at 561-494-8001 or visit [www.investcip.com](http://www.investcip.com).