

## Notes to Investment Results for Periods Ending December 31, 2022

### 1. Annual Rates of Return (Dollars in Millions)

The following table presents the annual returns for the SMA Large Cap Equity Composite (the Composite), as well as certain information with regard to the size of the Composite, its size relative to the assets under management by Fayez Sarofim & Co. (the Company) and a measure of dispersion. The information presented below is calculated in and expressed in United States dollars.

Year Ended	Time-Weighted Rate of Return (Pure Gross) (1)	Time-Weighted Rate of Return (Net of Fee) (2)	# Of Portfolios	Total Composite Assets	Total Firm Assets	% Of Total Managed Assets	% Of Managed Equity Assets (1)	Dispersion of Returns	3 Year Standard Deviation of Returns	Standard & Poor's 500 Return	3 Year Standard Deviation of the Benchmark
2022	(16.0%)	(18.5%)	780	\$418	\$21,463	2%	2%	0.1	20.7	(18.1%)	20.9
2021	28.4%	24.7%	962	\$683	\$26,154	3%	3%	0.2	16.7	28.7%	17.2
2020	24.1%	20.5%	970	\$581	\$20,997	3%	3%	0.1	17.4	18.4%	18.5
2019	35.1%	31.2%	1,005	\$513	\$18,371	3%	3%	0.6	11.3	31.5%	11.9
2018	(5.8%)	(8.6%)	884	\$331	\$14,985	2%	2%	0.4	9.7	(4.4%)	10.8
2017	26.0%	22.4%	1,192	\$530	\$19,021	3%	3%	0.4	9.4	21.8%	9.9
2016	7.8%	4.7%	1,357	\$480	\$17,882	3%	3%	0.4	10.5	12.0%	10.6
2015	(2.2%)	(5.1%)	2,641	\$892	\$18,931	5%	5%	0.5	10.8	1.4%	10.5
2014	8.8%	5.6%	3,300	\$1,253	\$25,393	5%	5%	0.1	9.7	13.7%	9.0
2013	22.0%	18.5%	4,091	\$1,532	\$24,847	6%	6%	1.2	11.2	32.3%	11.9
2012	11.1%	7.9%	3,992	\$1,368	\$23,352	6%	6%	1.1	14.0	15.9%	15.1

(1) Information presented is supplemental information to the GIPS Report. Pure gross-of-fees returns do not reflect the deduction of transaction costs.

(2) The time weighted rate of return of the Composite has been reduced by 3.0%, the publicized industry standard maximum wrap fee. Actual fees charged may be lower.

(3) N/M - Information is not statistically meaningful for periods under 1 year.

(4) Returns include the reinvestment of all income.

## Notes to Investment Results for Periods Ending December 31, 2022

### 2. Basis of Presentation

The accompanying Investment Results chart sets forth certain net rates of return for the SMA Large Cap Equity Composite of the Company. The composite creation date, as defined for the Composite, is January 1, 2005. The Composite inception date for the composite is January 1, 2000.

Fayez Sarofim & Co. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Fayez Sarofim & Co. has been independently verified for the periods from January 1, 1993 through December 31, 2022. 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. The SMA Large Cap Equity Composite has had a performance examination for the periods from January 1, 2005 through December 31, 2022. The verification and performance examination reports are available upon request. Gross returns were used to calculate all risk measures presented in this GIPS® Composite Report.

Accounts in the Composite are invested using a top-down/bottom-up process that focuses on identifying high quality companies displaying some or all of the following characteristics: industry dominance, global prominence, management expertise, financial strength, and stable, predictable earnings and dividend growth. This strategy is rooted in the firm's belief that over the long run, stock price appreciation is driven by underlying earnings growth.

The Standard and Poor's 500 Index (the Index) is presented as a benchmark for the returns of the Composite. The Index is used for comparative purposes only, and generally reflects the risk or investment style of the investments included in the reported Composite. The investment portfolios managed by the Company and included in the Composite are structured differently than the Index. The Index is published by Standard & Poor's, a division of S&P Global, Inc. The Index is a free-float capitalization-weighted index published since 1957 of the prices of 500 large-cap common stocks actively traded in the United States. The stocks included in the Index are those of large publicly held companies that trade on either of the two largest American stock exchanges: the New York Stock Exchange and the NASDAQ. Benchmark returns are not covered by the report of independent verifiers.

The Company is not aware of any differences in exchange rates or valuation sources used among the portfolios within the Composite, and between the Composite and the Index.

Past performance may not be an indication of future results.

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## Notes to Investment Results for Periods Ending December 31, 2022

### 3. Company and Composite

The Company is an independent, registered investment adviser that is wholly owned by The Sarofim Group, Inc., a private company. The Company provides investment management services to institutions, high net worth individuals, mutual funds and SMA platforms sponsored by unaffiliated third parties.

The Company has three wholly owned subsidiaries that are also registered with the United States Securities and Exchange Commission as follows: Sarofim Trust Co., a manager of separate accounts and trustee and investment adviser to various trusts, Sarofim International Management Company, a manager to several offshore corporations based, for the most part, on continental Europe, and Sarofim Realty Advisors Co., a manager of institutional real estate portfolios. Each of the four registered investment advisers is defined separately due to the different markets served by the firms.

Portfolios included in the Composite from January 1, 2003 through December 31, 2022 are discretionary, fee-paying, portfolios. The Company reviews all managed portfolios for proper inclusion in the Composite and excludes those where the client prohibits implementation of the Company's investment strategy on the basis that the portfolio is not fully discretionary. The Composite is composed of portfolios that are managed on a basis wherein all, or substantially all, of the securities in the portfolios are equity securities. Equity securities managed by the Company for client portfolios are large capitalization multinational marketable securities traded on national exchanges, including NASDAQ.

A list of composite description, a list of broad distribution pooled funds and performance results are available upon request. Additionally, policies for valuing investments, calculating performance, and preparing GIPS® Reports are available upon request.

### 4. Investment Return Calculation

Prior to April 1, 2018, for each portfolio within the Composite for the investment periods presented, the monthly total returns for the time period were calculated in accordance with the modified Dietz method derived by taking the change in the value of the portfolio, including realized and unrealized appreciation/depreciation and income, as a percent of the beginning monthly market value of the portfolio adjusted for the weighted net value of all contributions and withdrawals (the cash flows). Monthly composite returns, which include returns on cash and short-term investments, were computed as the sum of each portfolio's monthly return within the Composite weighted by their respective beginning market values. Annual Composite returns were derived by geometrically linking monthly Composite returns. Portfolios included in the Composites are valued on the last business day of each month included in the respective reporting period.

Effective April 1, 2018, the Company transitioned the portfolios to a new portfolio accounting system. For each portfolio transferred, the portfolio total return is calculated by taking the change in the value of the portfolio, including realized and unrealized appreciation/depreciation and accrued income on a daily basis. The daily returns are linked to create a monthly return. Monthly returns are geometrically linked to create quarterly and annual returns. Returns include the reinvestment of all income.

## **Notes to Investment Results for Periods Ending December 31, 2022**

Portfolios that experience a significant cash flow, which is defined as a cash flow that is 30% or greater than the value of the portfolio, may impair the Company's ability to implement its strategy, and are removed from the Composite for the period the portfolio is impaired. Prior to October 2014, a significant cash flow was defined as a cash flow that was 50% or greater than the value of the portfolio. The dispersion of the returns within the Composite uses the asset weighted method for its calculation.

The percentage of Composite assets represented by portfolios with separately managed account (or wrap) fees is 100% for all periods presented.

### **5. Investment in Securities**

Investments in securities held in the portfolios included in the Composite that are traded on a national securities exchange are valued at the last sale price reported or, if there has been no sale that day, at the last known bid price. Securities traded on the over-the-counter market and quoted by the National Association of Securities Dealers Automated Quotation Service (NASDAQ) are valued at the last bid price quoted by NASDAQ. Securities traded on the over-the-counter market not quoted on NASDAQ are valued at the last known bid price. Non-U.S. based securities are valued based upon the last sale price reported on the exchange's composite tape using the home exchange of the security (and converted to U.S. dollars using the current currency exchange rate) or, if there has been no sale that day, at the last known bid price. Investment transactions are recorded on a trade date basis. Dividend income is accrued on the ex-dividend date. The valuation hierarchy utilized by the Company does not materially differ from the recommended hierarchy included in the GIPS.

### **6. Management Fees**

The net returns presented are annual rates of return adjusted for wrap program fees. Wrap program fees may include investment management, custodial, brokerage and other fees paid to the program sponsor. The wrap program fee used to calculate the net-of-fee returns is the publicized industry standard maximum wrap fee, 3.0%. Actual fees may differ and may be lower. The portion of this fee received by Faye Sarofim & Co. for investment management services is 0.2175% per annum.