

SKBA CAPITAL MANAGEMENT, LLC

PEOPLE

PROCESS

PERSPECTIVE

VALUE OPPORTUNITY

INTRODUCTION

SKBA Capital Management, LLC is an independent employee owned investment advisory firm founded in 1989. We specialize in managing equity, fixed income, and balanced portfolios for institutions and private clients. The cornerstone of our success lies in the consistency of our people, process and perspective. Our firm brings together an experienced group of investment professionals committed to a proven value-based investment approach pioneered by our founding principals. Our investment disciplines have been built and refined by integrating the best practices of fundamental stock selection, sector allocation, and our economic views. For over 25 years our disciplined, time-tested and value-based approach has focused on preserving and growing our client's assets.

OUR PHILOSOPHY

- Challenge conventional thinking to discover real value.
- Develop unique perspectives by looking beyond reported earnings.
- Purchase inexpensive stocks to increase upside potential and decrease downside risk.
- In the long run, we believe undervalued securities will outperform the market.

RESEARCH

SKBA employs a team approach to investing. Our research effort is centralized to ensure that investment ideas translate to each investment discipline.



DISCOVERING VALUE

SKBA brings the investor a strategic array of value-based investment solutions backed by perspective, process, and performance. Our objective is to outperform our benchmarks, while maintaining appropriate risk exposure.

Value *Opportunity*, a value-oriented investment strategy, seeks to achieve long-term capital appreciation, by investing in undervalued equity securities. The strategy uses a company's relative market capitalization to revenues, ("RMCR") to ascertain a historical framework for investment. The research process attempts to discover stock prices lower than companies' terminal net worth. Focusing on growing cash flows and sustainable business models, are crucial in the construction of the portfolio.

COMPOSITE TOTAL RETURNS (%)

As of 9/30/2018

	3Q 2018	YTD	One Year	Three Years	Five Years	Seven Years	Ten Years
Gross of Fees	5.6	4.7	14.2	13.5	9.1	13.1	8.8
Net of Fees	5.4	4.1	13.3	12.5	8.4	12.4	8.3
Morningstar LV	6.9	4.1	10.9	15.0	11.1	14.1	9.1
S&P 500 Value	5.9	3.5	10.1	14.1	10.9	15.1	9.6

Performance for periods greater than one year is annualized and include the reinvestment of dividends and income. Past performance is not indicative of future results. Please refer to the Annual Disclosure Presentation for additional details on the Value Opportunity composite.

APPROACH

We begin with a universe of equity securities traded on a major US Exchange with a market capitalization generally greater than \$2 billion. Our initial valuation framework evaluates the Relative Market Capitalization to Revenues ("RMCR") of each company in relation to the S&P 500 and to that company's history. Companies that pass the RMCR valuation framework provide us with a diverse group of investment ideas, from which to begin our research process.

We then determine a company's earnings power – its long-term ability to generate profit for reinvestment or distribution to shareholders. Our research process determines if an investment offers sufficient return potential. We focus on factors such as balance sheet and income statement improvement, competitive position, industry prospects, and management's alignment with shareholders' interests.

SELL DISCIPLINE

We will sell a security when:

- Stock reaches valuation extreme
- We expect long-term deterioration of fundamentals
- We identify more compelling investment ideas
- Company exhibits a lack of shareholder orientation
- The stock weighting exceeds 5% of portfolio

PORTFOLIO CONSTRUCTION

Our objective is to construct a portfolio of 40-60 stocks diversified by sector to control risk. Our bottom up approach to stock selection highlights industries and sectors with the most attractive values. Sector weights are reviewed when they reach the greater of 15% of the portfolio or two times the Morningstar US Large Cap Value Index.

VALUE OPPORTUNITY

DISCLOSURE

- SKBA Capital Management, LLC ("SKBA") claims compliance with the Global Investment Performance Standards (GIPS®).
- SKBA, an investment advisory firm registered with the Securities & Exchange Commission, was founded in 1989 as an independent investment advisory firm. In 1999, SKBA became an affiliate of Convergent Capital Management, LLC, which is known today as CCM Holdings III, LLC. Effective May 2011 SKBA employee shareholders bought back a majority controlling share of the business from CCM Holdings, a subsidiary of Royal Bank of Canada ("RBC"), with CCM Holdings maintaining a minority stake.
- SKBA manages a variety of equity, fixed-income and balanced assets for U.S. institutional and high net worth clients. Firm assets under management are defined as all actual, institutional and private client, accounts managed by SKBA.
- This composite contains all fee-paying and non-fee paying equity-only institutional and tax-exempt discretionary accounts that employ SKBA's Value Opportunity strategy. Value Opportunity is a large-capitalization value-oriented investment philosophy that seeks to achieve long-term capital appreciation by investing in undervalued equity securities as identified by the firm's Relative Market Cap to Revenues (RMCR) valuation discipline. A stock selected for purchase usually has a low RMCR compared to its history, an opportunity to improve returns on capital, and/or a larger sum of value in its businesses than the current stock price. At the time of purchase, the common or preferred stocks typically consist of securities with market capitalizations generally greater than \$2 billion. Although cash reserves may vary from time to time, normal cash reserves are expected to be frictional.
- The U.S. Dollar is the currency used to express performance.
- Attached is a full disclosure presentation which complies with the requirement of the GIPS® standards.



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EQUITY CHARACTERISTICS * As of 9/30/18

VO = SKBA Value Opportunity / MLV = Morningstar US Large Value / SP500V = S&P 500 Value

Equity Characteristics	VO	MLV	SPV
# of holdings	41	75	384
P/E (trailing 12 months)	17.5 x	15.6 x	16.5 x
P/B	2.0 x	2.1 x	2.2 x
Dividend Yield (%)	1.9	2.8	2.5
Median Market Cap. (\$B)	40.8	48.7	20.4
Beta (10 yr vs MLV)	1.03	1.00	
Active Share (%)	79.6		
Turnover (% , trailing 12 months)	11.7		

P/E (Price to Earnings Ratio): A valuation ratio of a company's current share price compared to its per-share earnings.

P/B (Price to Book Ratio): A valuation ratio of a company's current share price compared to its book value.

Active Share: How different the portfolio is relative to the Morningstar US Large Cap Value benchmark.

Turnover: How much the portfolio moves, annualized changes in portfolio weights. | Source: SKBA's portfolio accounting system

Beta: A measure of systematic risk of a stock relative to a benchmark.

*Characteristic data is calculated from Factset and aggregate prices ratios are calculated using weighted harmonic averages.

The Characteristics, 10 Largest Holdings, and Sector Diversification are included as supplemental information to the Value Opportunity (VO) composite and complements a full disclosure presentation as provided on page three. The Annual Disclosure Presentation also includes important disclosures related to the returns portrayed above.

GROWTH OF A \$10,000 INVESTMENT (\$)^^^



^^Past performance is not indicative of future results. Returns are cumulative and include the reinvestment of dividends and income. Please refer to the Annual Disclosure Presentation for additional details on the Value Opportunity composite. The Value Opportunity strategy has an inception date of 7/1996. The start date of 7/1997 has been used due to the fact that it is the inception date of the Morningstar US Large Value Index.

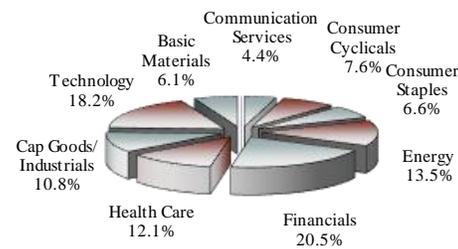
10 LARGEST HOLDINGS *

As of 9/30/18

Bank of America Corp	5.4%
Royal Philips NV Sponsored ADR	4.2%
Mosaic Company	3.7%
Devon Energy Corporation	3.6%
ConocoPhillips	3.5%
International Business Machines Corp.	3.4%
Discovery, Inc. Class C	3.4%
Cisco Systems, Inc.	3.3%
Intel Corporation	3.2%
Corning Inc	3.2%
TOTAL	36.9%

SECTOR DIVERSIFICATION *

As of 9/30/18



*Reader should not assume that investments in the securities identified were or will be profitable. The securities identified and described do not represent all the securities purchased, sold or recommended for the client accounts.

* Percent of total equity holdings. Due to rounding, figures shown may or may not sum exactly to 100%.

SKBA CAPITAL MANAGEMENT, LLC
VALUE OPPORTUNITY COMPOSITE
ANNUAL DISCLOSURE PRESENTATION

Year End	Total Firm	Composite Assets		Annual Performance Results						3-Yr Standard Deviation		
	Assets (millions)	USD (millions)	Number of Accounts	Composite Gross	Composite Net	Morningstar Large Cap Value	S&P 500 Value	Composite Dispersion	Percentage Carve-Out	Composite	Morningstar Large Cap Value	S&P 500 Value
2017	854	0.7	Five or fewer	16.5%	15.6%	15.1%	15.4%	N.A.	-	11.1%	10.1%	10.3%
2016	949	0.6	Five or fewer	16.5%	15.4%	18.9%	17.4%	N.A.	-	11.6%	10.3%	10.7%
2015	1,093	0.3	Five or fewer	(6.6%)	(7.0%)	(1.4%)	(3.1%)	N.A.	-	11.2%	10.4%	10.6%
2014	1,413	19	Five or fewer	6.0%	5.7%	9.2%	12.3%	N.A.	-	10.0%	9.0%	9.5%
2013	958	18	Five or fewer	32.9%	32.5%	28.9%	32.0%	N.A.	-	13.2%	12.2%	13.0%
2012	765	33	Five or fewer	14.7%	14.3%	12.9%	17.7%	N.A.	-	15.7%	14.7%	15.8%
2011	546	40	Five or fewer	(4.4%)	(4.7%)	2.2%	-0.5%	N.A.	-	18.9%	19.0%	21.1%
2010	645	55	Five or fewer	16.3%	15.9%	14.7%	15.1%	N.A.	-			
2009	546	52	Five or fewer	30.1%	29.7%	11.4%	21.2%	N.A.	-			
2008	395	33	7	(35.5%)	(35.7%)	(36.1%)	(39.2%)	1.4%	3.3%			

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

***Value Opportunity Composite** contains all fee-paying equity-only institutional or tax-exempt discretionary accounts that employ SKBA's Value Opportunity strategy. Value Opportunity is a large-capitalization value-oriented investment philosophy that seeks to achieve long-term capital appreciation by investing in undervalued equity securities as identified by the firm's Relative Market Cap to Revenues (RMCR) valuation discipline. The benchmarks used for comparison purposes were retroactively changed on October 1, 2017. The primary benchmark for comparison was changed from the Russell 1000 Value Index to the Morningstar Large Cap Value Index. The benchmark for general market comparison purposes was changed from the S&P 500 Index to the S&P 500 Value Index. These changes were made to better align the benchmark characteristics with those of the composite. Index Data Source: Morningstar. The composite includes institutional or tax-exempt accounts with a minimum market value of \$200,000. Prior to July 1, 2013 the minimum size for inclusion was \$500,000. Prior to January 1, 2004, the minimum size for inclusion was \$100,000. The Value Opportunity Composite was created July 1, 1996.*

SKBA Capital Management, LLC ("SKBA") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. SKBA has been independently verified for the periods January 1, 1996 through June 30, 2018.

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. The Value Opportunity composite has been examined for the periods July 1, 1996 through June 30, 2018. The verification and performance examination reports are available upon request.

SKBA, an investment advisory firm registered with the Securities & Exchange Commission, was founded in 1989 as an independent investment advisory firm. In 1999, SKBA became an affiliate of Convergent Capital Management LLC ("CCM"). In 2003 CCM was acquired by City National Corporation ("CNC"). Effective May 2011 SKBA employee shareholders bought back a majority controlling share of the business from CCM, with CCM Holdings III, LLC maintaining a minority stake. In November 2015, CNC was merged into RBC USA Holdco Corporation, which is a wholly-owned subsidiary of Royal Bank of Canada. SKBA operates independently from CCM Holdings III, LLC, RBC USA Holdco Corporation and Royal Bank of Canada. SKBA manages a variety of equity, fixed-income & balanced assets for U.S. institutional and high net worth clients. Firm assets under management are defined as all institutional & private client accounts managed by SKBA. A complete list of composite descriptions is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Since September 1, 2013 one non-fee-paying account was included in the composite, which represented less than 2% of composite assets. Non-fee-paying accounts were included in the composite prior to January 1, 2004, and those portfolios made up less than 1% of the composite. Composite performance is presented net of foreign withholding taxes. Capital gains, dividends and interest received on ADRs may be subject to withholding tax imposed by the country of origin and such taxes may not be recoverable. Past performance is not indicative of future results.

Effective January 1, 2010, a significant cash flow (SCF) is defined as any inflow or outflow occurring during the calendar month which is equal to or greater than 35% of an account's beginning month value.

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 was calculated using actual management fees for fee-paying accounts. Net performance for non-fee-paying accounts was calculated by applying a 1.00% annual fee. The annual composite dispersion 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.

Standard Fee Schedule: For accounts up to \$25 million: 1.00% on the first \$2 million, 0.85% on the next \$3 million, 0.50% on the next \$20 million. For accounts over \$25 million: 0.50% on the first \$25 million, 0.35% on the next \$25 million, 0.30% on the next \$25 million, and 0.25% on the next \$25 million. For accounts over \$100 million: 0.33% on the first \$100 million, 0.25% on the next \$50 million, 0.20% on the next \$100 million, and 0.15% on the next \$100 million. Actual investment advisory fees incurred by clients may vary.

Beginning July 1, 2006 and ending December 31, 2008, carve-outs were included in this composite. Starting on January 1, 2010, 100% of cash reserves are managed with the equity segment of the account. Under the prior method, cash reserve returns were allocated to equity returns relative to (in proportion to) the size of the equity weight within the total weight of stocks and bonds.