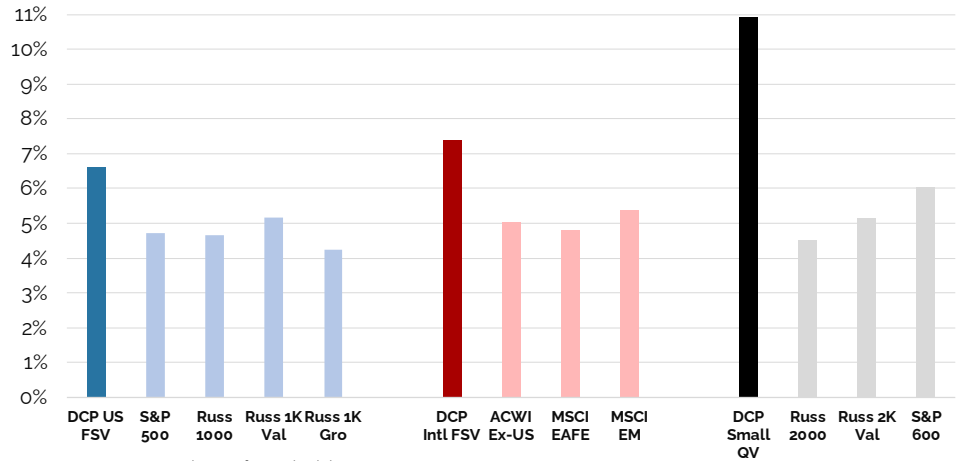


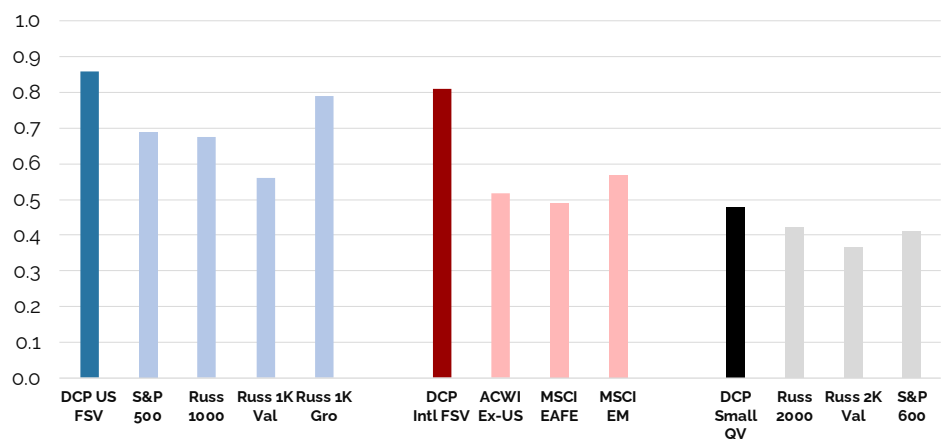
Positioning: **Figure 7** shows the current valuations for Distillate’s U.S. and International Fundamental Stability and Value (FSV) strategies and its U.S. Small Quality and Value strategy versus various benchmarks. **Figure 8** compares the same Distillate strategies and corresponding benchmarks on our cash flow stability scores, and **Figure 9** examines the degree of financial leverage across the same strategies and benchmarks.

Figure 7: Next 12-Month Free Cash Flow to Enterprise Value



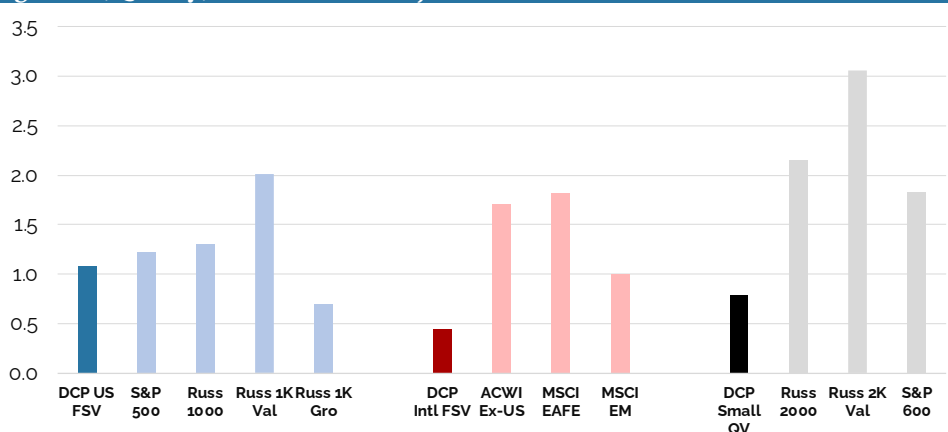
Source: FactSet. See end-notes for methodology. As of 7/15/2022

Figure 8 (Quality): Distillate’s Cash Flow Stability Score



Source: FactSet. See end-notes for methodology. As of 7/15/2022

Figure 9 (Quality): Net Debt to Adjusted EBITDA



Source: FactSet. See end-notes for methodology. As of 7/15/2022

Performance

U.S. Fundamental Stability & Value (U.S. FSV)

Distillate’s U.S. FSV strategy declined 15.80% in the first half of 2022 compared to a decline of 19.96% for the S&P 500 benchmark, despite a 1.5% performance headwind from being underweight the energy and utilities sectors where cash flow instability and leverage tend to limit our holdings domestically. Relatively little of the overall performance differential resulted from sector selection, with the vast majority due to stock selection. Among owned stocks, AbbVie and McKesson were the largest contributors to relative performance, generating 55 and 40 basis points of alpha. Unowned names, Amazon, Nvidia, and Tesla, which we deemed expensive, contributed a combined 150 basis points in relative performance given their steep declines, while unowned Exxon, Chevron, and Eli Lilly subtracted around 40, 25, and 20 basis points of relative performance.

International Fundamental Stability & Value (Intl. FSV)

Distillate’s International FSV performed roughly in line with its benchmark in the first half of 2022. As was the case last year, strong performance of financial stocks, and bank stocks in particular, remained a headwind and detracted around 1.3% in relative performance. High leverage, low stability, and lacking free cash flows limit our ownership in financials in our International FSV strategy and can cause somewhat greater swings in relative performance as a consequence. Despite potentially more volatile relative short-term performance, we believe this will help reduce risk and strengthen long-term compounded returns. Outside of the drag from financials, sector and region weights did not have outsized impacts on relative performance. This is consistent with the goal of letting individual stock selection determine weights and drive performance. As a reminder, region weights are limited to 150% of the benchmark weight to avoid any outsized risk to a particular region. Among holdings, Tourmaline Oil, China Tower, and Nippon Telephone and Telegraph were the strongest contributors to relative returns at 60, 50, and 45 basis points each and Samsung Electronics was the largest detractor at 50 basis points.

U.S. Small Quality & Value (U.S. SQV)

Better relative performance for Distillate’s U.S. SQV strategy continued into 2022 with performance of -17.22% exceeding that of the Russell 2000 ETF at -23.48% and the Russell 2000 Value ETF’s first half return of -17.43%. The strategy’s cumulative annualized performance is now 8.21% and 6.74% ahead of the same benchmarks since inception in 2019. Top contributors in 2022 ytd include Helmerich & Payne, Warrior Met Coal, and Patterson-UTI Energy, with each contributing around 60 basis points to relative performance against the Russell 2000 ETF benchmark. The largest detractors from relative performance were Kohl’s, Rent-A-Center, and Loyalty Ventures, which each subtracted around 25 basis points of relative performance.

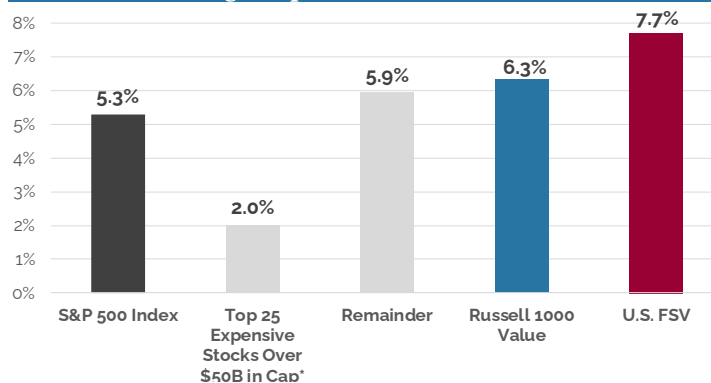
Portfolio Changes & Valuation

U.S. Fundamental Stability & Value (U.S. FSV)

As highlighted in Figure 1, despite the performance differential versus the S&P 500, the relative valuation of the U.S. FSV strategy remains very attractive, near an all-time peak free cash flow yield spread over the benchmark. After rebalancing, the free cash flow to market cap yield on next-twelve-estimates for the U.S. FSV strategy is 7.7%, versus a comparable 5.3% for the S&P 500, and the free cash flow to enterprise value yield is 6.6% vs. 4.7%.¹ Even after the sharp sell-off in some stocks we had considered egregiously valued, there remains a wide divergence in valuations across the market. This has allowed us a substantial opportunity evident in **Figure 11** which contrasts the free cash to market cap yield of Distillate’s U.S. FSV strategy with that of the S&P 500. The figure shows that there remains a large (albeit smaller than before) downward pull of the most expensive 25 stocks with market values over \$50 billion, which collectively have a free cash yield of just 2.0%. If those stocks are removed from the index, the free cash flow yield on the remainder rises to 5.9%, providing a reasonable starting point from which to select attractive stocks and achieve our free cash flow yield of 7.7%.

Distillate’s U.S. FSV strategy is avoiding several large richly valued stocks that are driving the overall S&P 500 free cash flow yield lower.

Figure 11: Free Cash to Mkt Cap Yield for the S&P 500, 25 Large Expensive Stocks, & U.S. FSV



Source: FactSet, 7/15/2022
Stocks without estimates are excluded and the index re-weighted

In addition to the valuation advantage to the market, Distillate’s U.S. FSV strategy also enjoys significantly more stable long-term fundamentals, as evidenced by the higher fundamental stability score in **Table 1** on the following page. Also shown in **Table 1**, the FSV strategy has a lower level of indebtedness than the market (it should be noted that this metric excludes a number of financials where forward estimates for EBITDA are not available and so likely flatters the benchmark figures). As stated earlier, these attributes stand to show their importance if economic conditions deteriorate, as many are predicting.

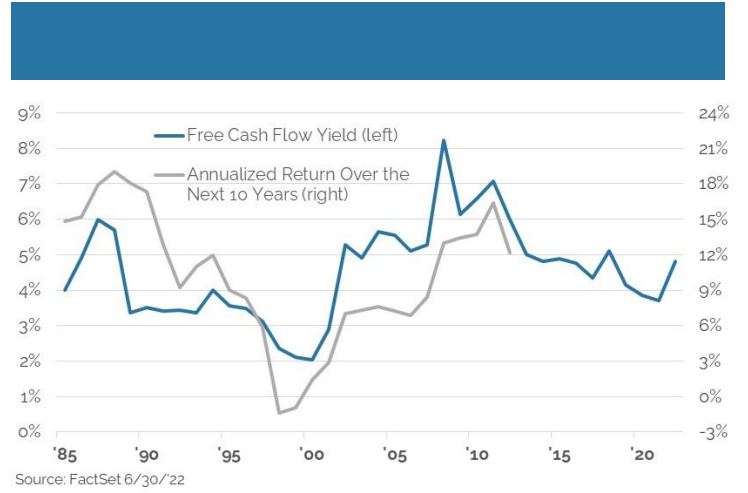


Table 1

Equity & Bond Values & Inflation

in a Capital Light World

Value Investing

Distillate Capital Partners LLC (“Distillate”), is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The firm’s list of composite descriptions is available upon request.

Distillate claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Distillate has been independently verified for the periods June 1, 2017 through November 30, 2018. The verification report is available upon request. 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. Verification does not ensure the accuracy of any specific composite presentation.

To receive a GIPS compliance presentation and/or our firm’s list of composite descriptions please email your request to info@distillatecapital.com.

The U.S. Dollar is the currency used to express performance. Returns are presented net of management fees and include the reinvestment of all income. For non-fee-paying accounts, net of fee performance was calculated using a model management fee of 0.39%, which is the highest investment management fee that may be charged for this composite. For accounts calculated with a per share, net-of fee NAV, gross performance was calculated by adding back the unitary fee associated with that fund. Policies for valuing portfolios, calculating performance, and preparing compliant presentations are available upon request.

The investment management fee schedule for the composite is 0.39%; however, actual investment advisory fees incurred by clients may vary.

The U.S. Fundamental Stability & Value composite seeks to distill a starting universe of large cap U.S. equities into only the stocks where quality and value overlap using Distillate’s proprietary definitions. Its goal is to achieve superior compounded long-term returns by limiting downside in periods of market stress, while still providing strong performance in up markets. This composite was created in May 2017.

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Free Cash Flow refers to a company’s operating cash flow, less its capital expenditures.

Enterprise Value refers to a company’s market capitalization plus its net debt balance.

Free Cash Flow to Enterprise Value Yield refers to a company’s or group of companies’ free cash flow divided by the company’s (or companies’) Enterprise Value, with a higher resulting ratio indicating a more attractive valuation. This metric is a valuation measure and not a form of investor yield.

Normalized Free Cash Yield (or Distilled Cash Yield) refers to the firm’s proprietary valuation measure that looks at estimated, adjusted free cash flow relative to a company’s adjusted enterprise value. References to historical stocks that ranked well using this methodology refer only to these stocks’ historical valuation and not their inclusion in any actual or hypothetical strategies/accounts managed by Distillate Capital Partners LLC. This metric is a valuation measure and not a form of investor yield.

Long-term Fundamental Stability is Distillate Capital’s proprietary measure of through-cycle cash flow stability with a higher value indicating greater stability.

Methodology note for Figure 1 & 7: free cash flow (FCF) figures reflect consensus estimates of next-twelve-months (NTM) FCF in comparison to enterprise value (EV) for the relevant portfolio/strategy or benchmark. Stocks without data are excluded and portfolios are reweighted accordingly. Stocks with FCF/EV values of greater than 50% or less than -20% have been eliminated to avoid distorting overall averages. Data as of 7/15/22. **For Figure 17:** trailing twelve month free cash flows are used and stocks with free cash yields over 50% or below -20% are eliminated and stocks without data are excluded and the index is reweighted accordingly. All data is as of 7/15/2022.

The S&P 500 Index is an index of roughly the largest 500 U.S. listed stocks maintained by Standard & Poor’s. The **iShares Russell 1000 Value ETF** is an investable benchmark used as a proxy for its underlying index, the Russell 1000 Value Index, an index of U.S. listed stocks that possess attractive valuation as measured FTSE Russell. The **iShares MSCI ACWI Ex-US ETF** is an investable benchmark used as a proxy for its underlying index, the MSCI ACWI ex USA Index, an index managed by MSCI representing large and mid cap stocks outside of the U.S. The **iShares Russell 2000 ETF** and **iShares Russell 2000 Value ETF** are investable benchmarks used as a proxies for the underlying indexes of the Russell 2000 Index (an index of U.S. listed small cap stocks) and the Russell 2000 Value Index (an index of U.S. listed small cap stocks that possess attractive valuation as measured FTSE Russell).

Indices are not available for direct investment. Investment in a security or strategy designed to replicate the performance of an index will incur expenses, such as management fees and transaction costs, which would reduce returns.

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