

Company Profile

- The Capital Management Corporation (CMC) is an investment boutique managing institutional and high net worth client portfolios.
- Our investment strategies include All-Cap Growth, Alpha, Balanced G&I, Core, Dividend Appreciation, Focus, Growth & Income, SMID, and SRI.
- Bottom-up stock selection process with all-cap growth emphasis.
- Long track record, GIPS® compliant since 1995.
- Investment team includes Timothy C. Call, CFA, MBA, CIO & Mark W. Livesay, CFA.
- Wealth management team includes Bradley D. Shiveley, MBA, Preston S. Smith and Kenneth L. Walker, MBA.
- Assets under management \$509 million.

Investment Process

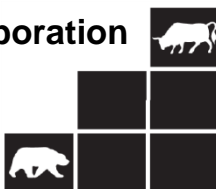
- Investment research starts with a universe of over 3,000 companies run through a proprietary quantitative screening system.
- Primary emphasis is placed on growth of earnings, cash flow and economic margin. Profitability is assessed on excess cash generation per unit of capital base.
- Relative comparison among companies in many industries after adjusting for differing accounting policies, asset life, mix of age, inventory methods and capital structure.
- Emphasis on company business lines, strategy and competitive advantages enabling pricing power and strong profit margins.
- Evaluation of company management including trustworthiness and decision-making track record.
- Apply valuation disciplines as entry price affects investment return.

Portfolio Attributes

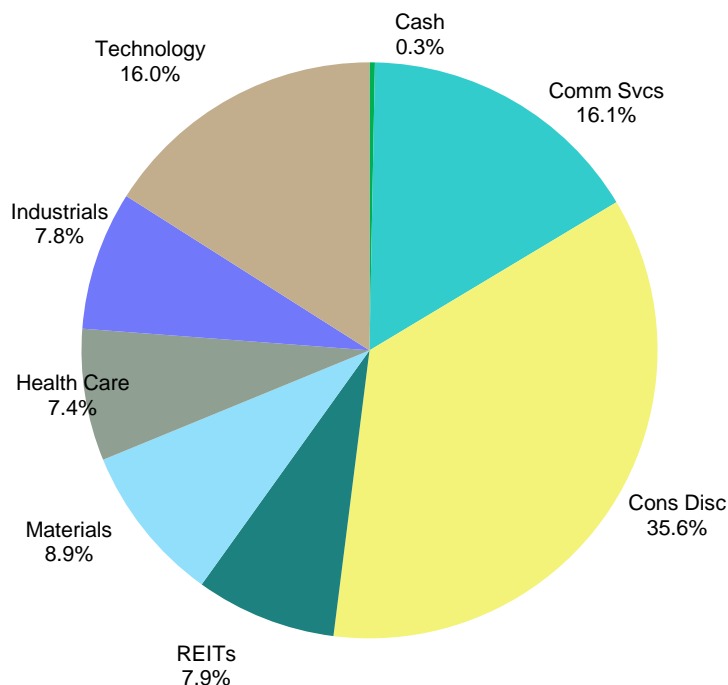
- 12 stocks with growing operating cash flow and free cash flow.
- Strong earnings track record. Expectation of earnings growth greater than the S&P 500.
- Positive earnings revisions and earnings surprises.
- Positive organic revenue growth, pricing power and increasing market share.
- Sustained high cash return on invested capital.
- Many companies have insider buying.
- Potential for price-to-earnings (P/E) multiple expansion.

The Capital Management Corporation

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Sector Diversification



Portfolio Characteristics

Number of Holdings	12
Dividend Yield (%)	2.2
Wtd. Avg. Market Cap (\$ Billions)	162.5
Price/Book	6.7
Price/Cash Flow	10.4
Current P/E	19.7
Forward P/E	17.9
Historical EPS Growth (5 Years)	16.5

Volatility Measurements (3 Years Annualized Gross)

Beta	1.2
Alpha	0.4
Standard Deviation	17.1

Market Capitalization	Large Cap (>\$10B)	Mid Cap (\$2B-\$10B)	Small Cap (<\$2B)
12/31/2019	59%	41%	0%
09/30/2019	73%	27%	0%
06/30/2019	91%	9%	0%
03/31/2019	79%	16%	5%

Style Positives

- Highly concentrated portfolios with a high Alpha can produce above average returns.
- Alpha stocks have provided attractive returns over long investment periods, and can provide higher rates of return than many other styles.
- Alpha portfolios can be compounded at high rates of return.
- Portfolio can benefit from opportunities created by divergence between large, mid and small capitalization stocks.
- Active participation in overall economic growth and trends.
- Strong revenue, earnings and cash flow growth are signs of a healthy company.
- Stocks tend to benefit from increasing earnings and PE multiple expansion, which should lead to rising stock prices and stock splits.

Investment Style

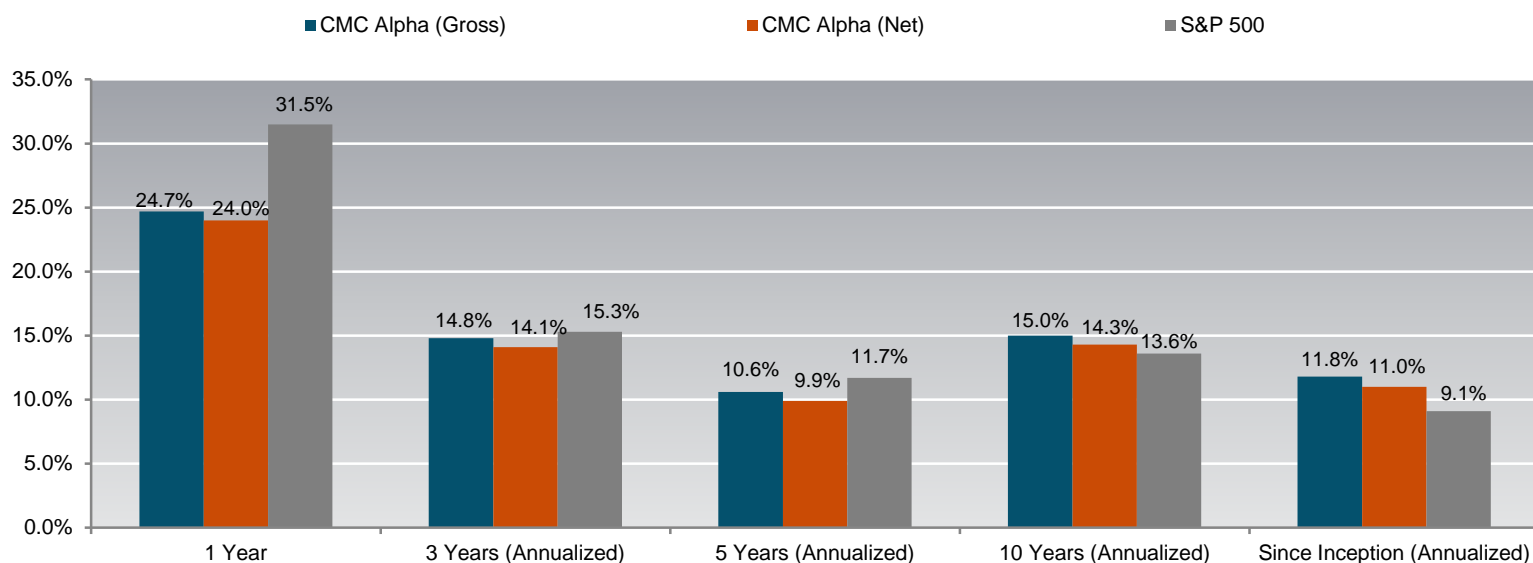
- Invest in stocks of companies with better than average growth prospects, experiencing improving business conditions and expected to maintain their competitive advantages.
- Small, mid, and large capitalization stocks are all considered. Selection is focused on finding the best future performing stocks regardless of market capitalization.
- CMC's Investment Policy Committee meets weekly to review inclusion of stocks on approved holdings list (typically consisting of less than 50 stocks).
- These stocks are ranked quantitatively using cash flow and earnings metrics such as earnings growth, earnings revisions, earnings surprise, economic margin (a cash flow return on investment calculation) and growth of economic margin.
- The goal of the portfolio is to hold the twelve best quantitatively ranked stocks approved for CMC portfolios while limiting turnover to one purchase and one sale per month.

Sell Disciplines

- Regularly sell the lowest ranked holding.
- Overvaluation on CMC's proprietary valuation model.
- Deterioration in fundamentals or loss of confidence in management.

CMC Alpha Performance Returns as of December 31, 2019

Strategy Inception: 12/31/2007



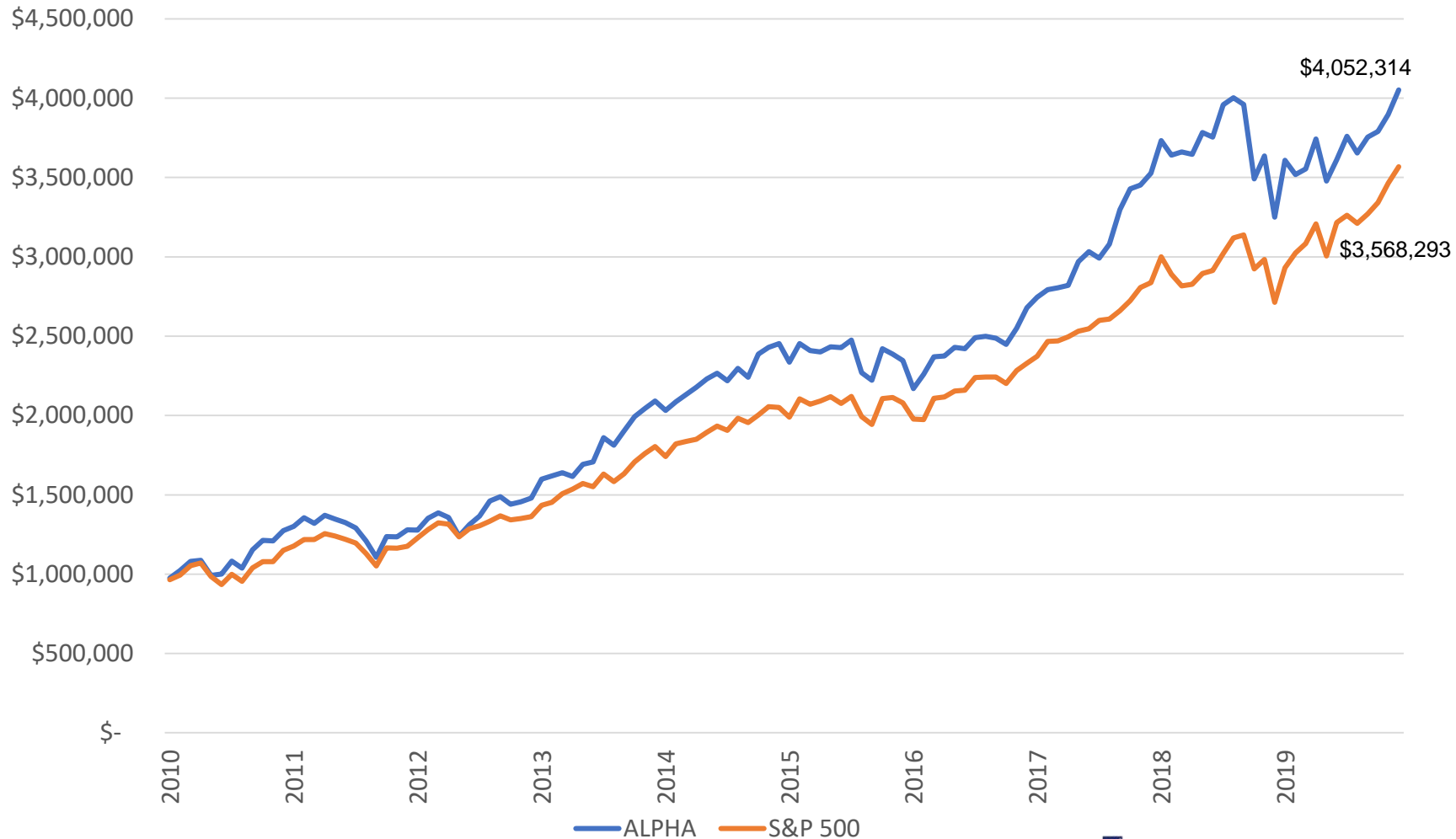
Annual Performance	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
CMC Alpha (Gross)	24.7%	-7.8%	31.6%	14.2%	-4.3%	17.2%	41.4%	15.6%	0.5%	27.4%
CMC Alpha (Net)	24.0%	-8.4%	30.9%	13.3%	-5.0%	16.5%	40.5%	14.8%	-0.2%	26.5%
S&P 500	31.5%	-4.4%	21.8%	12.0%	1.4%	13.7%	32.4%	16.0%	2.1%	15.1%

Disclosures: Composite includes Equity + Cash of non-restrictive discretionary accounts. The portfolio's investment objectives focus on long-term growth provided by the U.S. capital markets through direct investment in those stocks the Advisor deems appropriate for this style of concentrated portfolio. Investments include small, mid, and large-capitalization stocks approved by the Advisor. Portfolio is concentrated in approximately twelve stocks meeting the criteria of this quantitative strategy. Inception date of Alpha Composite is 12/31/2007. The Capital Management Corporation (the FIRM) claims compliance with the Global Investment Performance Standards (GIPS®). The firm has been verified through 12/31/2017. All results are time weighted and returns are in US Dollars. Past performance is not to be construed as a guarantee of future performance. Compliant presentations and/or the firm's list of composite descriptions are available upon request.

ALPHA Composite Returns (Gross)

12/31/2009-12/31/2019

Growth of \$1,000,000



Alpha Composite For the years ended December 31, 2010 through 2019

Year	Performance		S&P 500	3 Year Standard Deviation Composite	3 Year Standard Deviation Index	Number of Accounts	Composite Dispersion	Composite Assets \$MM	Firm Assets \$MM	Non Fee Paying %
	Gross %	Net %								
2019	24.7	24.0	31.5	15.3	11.9	42	0.5	34.5	509	3
2018	(7.8)	(8.4)	(4.4)	14.2	10.8	40	0.9	38.9	433	2
2017	31.6	30.9	21.8	12.3	12.3	41	1.2	39.7	469	3
2016	14.2	13.3	12.0	12.3	13.4	36	0.3	19.8	389	5
2015	(4.3)	(5.0)	1.4	12.8	12.8	≤5	n/m	5.9	344	0
2014	17.2	16.5	13.7	12.2	11.7	≤5	n/m	19.3	418	0
2013	41.4	40.5	32.4	15.5	16.6	≤5	n/m	12.6	386	0
2012	15.6	14.8	16.0	17.4	18.5	≤5	n/m	7.8	275	0
2011	0.5	(0.2)	2.1	18.9	23.2	≤5	n/m	1.9	261	0
2010	27.4	26.5	15.1	n/a	n/a	≤5	n/m	8.4	258	0

Notes:

1. The Capital Management Corporation is an independent investment management SEC registered firm and is not affiliated with any other entity. Policies for valuing portfolios, calculating performance and preparing compliant presentations are available upon request.
2. The Alpha Composite includes fully discretionary equity accounts which invest in a concentrated portfolio of approximately 12 best quantitatively ranked domestic companies. The investment objective is long-term growth. The strategy includes small, mid and large capitalization stocks. The portfolio is generally rebalanced monthly. The minimum account size is \$100,000. Prior to September 2016, the minimum was \$500,000, and prior to January 2016, the minimum was \$1.0 million. For 2009, the minimum was \$200,000.
3. The benchmark is the S & P 500 Index.
4. Valuations are computed and performance is reported in US Dollars.
5. Total gross-of-fee returns are presented before management fees but after all trading expenses. Total net of fee returns are calculated using actual fees. The Capital Management Corporation's current fee schedule is 1.00% on the first million in assets, 0.70% on the next four million, and 0.50% on the excess over five million.
6. The composite was created on January 1, 2008. A complete list of composite descriptions is available upon request.
7. Composite dispersion is measured by the asset-weighted standard deviation of annual gross returns of those portfolios that were in the composite for the full calendar year. Where such portfolios number five or fewer, the standard deviation calculation would not be meaningful and that is indicated (n/m). Three-year standard deviation for both the composite and the benchmark index are shown beginning in 2011 in compliance with GIPS standards.
8. Past performance is not to be construed as a guarantee of future performance.



The Capital Management Corporation claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. The Capital Management Corporation has been independently verified for the periods 1 January 1997 through 31 December 2017. 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 Alpha Composite has been examined for the periods 1 Jan 2008 through 31 Dec 2017. The verification and performance examination reports are available upon request.