LESA
SROUFE&CO INC.
VALUE ADVISORS

October 3, 2025

Third Quarter Update and Outlook

Recent economic statistics and the stock market performance tell two different stories, which is often the case. In recent months, U.S. employment data has been revised sharply lower. The U.S budget deficit and outstanding government debt have continued to rise to unfathomable levels and consumer spending, an important driver of the U.S. economy, has been mixed. Investors in a broad array of asset classes have enjoyed a virtuous circle of positive returns even five years after the golden four-decade era of declining interest rates ended. We are into a new cycle of mostly rising rates, with very little apparent fallout in investment returns. We believe that era is changing. Returns in illiquid assets such as private equity, real estate, and high-yield credit are slowing and even turning negative. Precious metals, a mostly dormant asset class until recently, have exploded over the past year, even while prices for most of their commodity counterparts have languished.

							Since Inception	
	Quarter	**YTD**	**1Yr**	**3Yr**	**5Yr**	**10Yr**	**May '04**	**Nov '05**
LSC Opportunistic Value Equity (net of fees)	14.5%	35.0%	28.2%	18.9%	17.0%	9.3%	7.3%	N/A
LSC Fully Invested Value Equity (net of fees)	18.9%	47.3%	37.2%	24.2%	21.4%	12.0%	N/A	9.2%
Morningstar US Value TR USD	6.4%	12.6%	10.1%	18.0%	15.7%	11.4%	8.8%	8.3%
S&P 500 Total Return Index	8.1%	14.8%	17.6%	24.9%	16.5%	15.3%	10.9%	11.0%
MSCI ACWI Value	6.3%	18.4%	13.0%	19.4%	14.3%	9.9%	7.8%	7.1%

**Performance periods greater than 1 year are annualized.*
Reported LSC Strategy returns are net of annual management fees. Index returns do not include an imputed management fee. Client account performance will differ due to timing, price and/or investment objective considerations. LSC Strategy and benchmark returns include dividends and/or interest.

During the quarter we made three major changes in our portfolios. We reduced our position in AngloGold Ashanti, the international gold producer based in South Africa. Its significant price appreciation over the past year resulted in the stock becoming an outsized position relative to other holdings.

We added Total Energies, the French-based oil and gas giant to the portfolios. The energy sector, specifically the oil producers are one of the few industry sectors that remains out of favor with most investors. Oil is trading at about half of its recent peak price level reached three years ago at the start of the Ukraine war. Since then, the workaround in transportation bottlenecks (China is now Russia’s biggest oil customer), higher production from major producers including OPEC and lower demand by some oil consuming countries have all changed the dynamics of oil pricing. The low valuations of the multinational oil companies fairly reflect these moves, in our opinion. We regard Total Energies as inexpensive and underpriced if oil sector dynamics change, which could happen for several reasons, including a pickup in the world’s industrial economies or a rise in geopolitical tensions, which could affect the world supply of oil.

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We sold our position in Intel at quarter-end. Intel's doubling in price since April reflects an expected upturn in business that will come along with the recent large investments in Intel made by several entities, including the U.S. government. We are encouraged by support for Intel's future business plan and believe the stock's current price fairly reflects a more optimistic outlook for the company.

The U.S. Federal Reserve Board cut interest rates in September and will likely cut again before year end. Though, this cut did not have the effect of lowering long-term interest rates, as many expected. We believe other forces are at play including the high and rising U.S. government budget deficit and the need to refinance the growing pile of U.S. debt. In the meantime, U.S. stock market valuations, as measured by the Standard & Poor's 500 Index, are at record levels by most metrics. The U.S. government budget impasse has done nothing to curb investor enthusiasm, it appears. Regarding our investments, we have always asked: what could happen that investors are not expecting? Plenty, as it turns out, including a financial, fiscal or geopolitical crisis that changes the outlook of currently complacent investors.

Sincerely,

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The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Upon request, LSC will furnish a list of all recommendations made since inception, this list shall include the name of each security, date and nature of each such recommendation, market price at the time of each recommendation, price at which the recommendation was made and price it was to be acted upon, and market price of each security as of the most recent practicable date.

Lesa Sroufe & Company claims compliance with the Global Investment Performance Standards (GIPS). 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. To obtain a GIPS Report as well as a list of composite descriptions, please email: info@sroufeco.com.

Definition of Firm: Lesa Sroufe & Company (LSC) is an SEC registered, Seattle, Washington based firm. LSC is a women-owned investment management company that specializes in the selection and management of securities that are deemed to be undervalued. The firm's investment philosophy is top-down, value-oriented and often contrarian. LSC seeks securities that are deemed out-of-favor with mainstream investors and are priced under their potential fair value. LSC manages money for institutions and private clients.

Composite Definitions:
Opportunistic Value Equity Composite: The Opportunistic Value Equity Composite includes taxable and nontaxable, discretionary, fee-paying portfolios with a Value Equity strategy that may include U.S. companies, ADRs, and ETFs. Additionally, the strategy utilizes an opportunistic and dynamic cash allocation that ranges from 0% to 50% depending on perceived values within the equity universe. Portfolios with a minimum asset level of US $50,000 are included in the composite. This composite was created in November 2013. Each account within the Opportunistic Value Equity Composite is individually managed and as such allows for Client-Imposed mandates and restrictions. All returns presented are time-weighted, and include the reinvestment of dividends, interest, capital gains, and other earnings.

Fully-Invested Value Equity Composite: The Fully-Invested Value Equity Composite includes taxable and nontaxable, discretionary, fee paying portfolios with a Value Equity strategy that may include U.S. companies, ADRs and ETFs. Additionally, the strategy focuses on maintaining an equity weighting of greater than 90% (the strategy does not include cash). Portfolios with a minimum asset level of US $50,000 are included in the composite. This composite was created in November 2013. Each account within the Fully-Invested Value Equity Composite is individually managed and as such allows for Client-Imposed mandates and restrictions. All returns presented are time-weighted, and include the reinvestment of dividends, interest, capital gains, and other earnings.

Benchmarks: The primary benchmark is the Morningstar US Value TR Index, an unmanaged index that tracks the performance of those Morningstar US Value companies with lower price-to-book ratios and lower forecasted growth values. The secondary benchmark is the S&P 500 Total Return Index, an unmanaged broad-based measure of market performance. The benchmarks provided are for comparative purposes only to represent the investment environment during the time periods shown. The composite differs from the index content and asset allocation of the Morningstar US Value TR Index, an unmanaged index and the S&P 500 Index, also an unmanaged index.

Fees: As of January 2022, net-of-fees returns are calculated using the actual gross returns less 0.80% annual management fee applied on a monthly basis, though fee discounts are available depending on the account size. The management fee for the composite ranges between 0.45% - 0.80% annually.