

April 5, 2022

First Quarter Update and Outlook

Inflationary beneficiaries performed best in the first quarter of 2022, led by commodities of all kinds including energy, agriculture and industrial metals. Many foreign country currencies whose economies are backed by the export of commodities also soared. At the same time, U.S. Treasury bonds experienced their worst rout in decades, with short-term rising yields especially dramatic. Inflation has exploded. The effects of past easy monetary policy, supply chain bottlenecks, scarcity of resources, government mandates, low unemployment rates and world politics, to name a few have been inflation's main drivers, in our opinion. The U.S. Federal Reserve Board's recent tough talk on inflation will probably be followed through this time with interest rate increases and balance sheet reductions of government owned bonds. Nevertheless, real interest yields remain deeply negative. We believe some elevated prices are structural, especially in commodities and wages, and will remain that way.

	1Q22	1 Yr	3 Yr*	5 Yr*	Since Inception*	
					11/30/05	5/31/04
LSC Opportunistic Value Equity Strategy	10.9%	21.6%	12.3%	7.7%	N/A	6.7%
LSC Fully Invested Value Equity Strategy	13.1%	27.0%	13.6%	9.1%	8.3%	N/A
Morningstar US Value TR Index	2.4%	12.8%	12.2%	10.0%	8.0%	8.6%
Standard & Poor's 500 TR Index	-4.6%	15.7%	18.9%	16.0%	10.4%	10.3%
MSCI World ex USA Value TR Index	-0.8%	9.2%	9.8%	8.2%	6.5%	7.4%

*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 first quarter, we purchased Columbia Bank, a regional bank based in Tacoma, WA that will soon become a superregional bank upon its merger with Oregon-based Umpqua Bank. The combined company is considered a strong yet conservative lender, focusing on the Pacific Northwest and broader U.S. west coast. We believe earnings will benefit from merger related synergies and higher interest rates. The stock yields 3.8% on its current dividend rate.

We also added to our positions in Daktronics and Tutor Perini. We regard both stocks as undervalued and out of favor with investors. The sharp rebound in Daktronics' orders for electronic signs and scoreboards has been offset by supply shortages for component parts. We believe eventually the bottlenecks will be worked out and Daktronics earnings will rebound as well. Tutor Perini is a U.S. focused major projects construction company. There are several largescale infrastructure projects coming to bid in the U.S. after a multiyear drought. We believe Tutor Perini will secure some of these of these projects, which will add to earnings.

We sold a portion of our holdings in Alcoa, the worldwide aluminum producer. The stock's meteoric rise over the past year warranted a downward reweighting in the portfolios. We also sold our small position in Oceanpal Inc., which was a stock distribution from our larger holding, Diana Shipping.

The LSC portfolios continue to have a bent towards inflation beneficiaries, and we do believe inflation will remain stubbornly high for some time. Nevertheless, we sense that investors are already looking past the fallout

from the Ukraine invasion, rising tensions with China, and rising debt worldwide concurrent with rising interest rates. Many are expecting a continuation of the extraordinarily accommodative stock market environment of the past. We disagree. Thus, our Opportunistic strategy continues to hold significant cash reserves which we can deploy when investors start to realize that excess stock valuations aren't warranted in this new era.

Sincerely,



Lesla A. Sroufe, CFA

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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.

Lesla Sroufe & Company claims compliance with the Global Investment Performance Standards (GIPS). To obtain a compliant presentation as well as a list of composite descriptions, please email: info@sroufecocom.

Definition of Firm: Lesla 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. A list of composite descriptions is available upon request.

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. A list of composite descriptions is available upon request.

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: Net-of-fees performance returns are calculated by deducting the actual management fee which ranges between 0.4% - 1.0% annually. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Valuations are computed and performance reported in U.S. dollars.