LESA SROUFE&CO INC.
VALUE ADVISORS

July 6, 2026

Second Quarter Update and Outlook

	Quarter	YTD	1Yr	3Yr	5Yr	10Yr	Since Inception May '04	Since Inception Nov '05
LSC Opportunistic Value Equity (net of fees)	-4.3%	7.0%	37.9%	21.5%	13.9%	10.0%	8.0%	N/A
LSC Fully Invested Value Equity (net of fees)	-6.3%	7.8%	48.2%	27.3%	17.5%	12.5%	N/A	10.1%
Morningstar US Value TR USD	5.5%	8.7%	20.5%	16.0%	11.3%	11.3%	9.1%	8.7%
S&P 500 Total Return Index	15.2%	10.2%	22.3%	20.6%	13.4%	15.5%	11.1%	11.2%
MSCI ACWI Value	10.8%	12.2%	23.8%	18.3%	11.1%	10.9%	8.3%	7.6%

**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.

The second quarter of 2026 was a mirror image of the first quarter, in many respects. Oil experienced a roundtrip after peaking in early April; the price action was breathtaking as WTI (West Texas Intermediate) started the year below $60 a barrel, peaking in early April at over $110 a barrel and ended the second quarter below $70. The trend was similar for many other commodities including precious and industrial metals and agriculture related company stocks. In contrast, tech and other growth stocks declined in the first quarter, followed by a sharp bounce in many but not all growth sectors. Technology companies that supply the hardware for artificial intelligence (AI) exploded higher in price, while their tech related customers that are spending huge amounts on AI infrastructure remained under pressure. The second quarter marked a dramatic leadership rotation in past perceived growth sectors, with the traditional large-cap “Magnificent Seven” stocks reporting mixed stock performance.

The current record valuation in the S&P 500 has resulted in a corporate rush of equity sales, after years of drought. Corporate bond issuance in 2026 is also on pace to set a record, led by technology companies that are aggressively borrowing to fund data center construction and other AI infrastructure. This trend is a complete departure from the past, whereas large cap tech was known for its strong cash flow, stock buybacks, and low-level debt. It is interesting to note that as tech companies have become the biggest issuers of stock and debt, many commodity-related companies have become cash cows, as their overall earnings have risen on higher prices in recent years.

The strong US dollar and investor belief that the US Federal Reserve will soon raise short term interest rates weighed on precious metals in the second quarter. The prospect of an end to the Iran war weighed on energy stocks. We think expectations may change in coming months as hiring trends and the personal savings rate have turned down and inflationary pressure from recent higher oil prices is already dissipating. Past Middle East crises have often preceded recessions. If history holds true, the Fed will be hard pressed to raise rates. U.S. efforts to rebuild its industrial base and rely less on adversarial trade partners bode well for commodity and industrial-related industries, in our opinion.

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During the quarter we added Mobileye to the LSC portfolios. Mobileye, based in Israel, builds computer vision and AI-powered systems for the automotive industry. Their technology provides features including: lane guidance, adaptive cruise control, automatic emergency braking, and traffic sign recognition. Mobileye also offers autonomous driving technology for robotaxis and delivery fleets. The company is partially owned by Intel. We also added to our positions in Fluor and San Juan Basin Royalty Trust. We believe the demand for broad-based infrastructure is on the upswing, and Fluor's worldwide specialty is in the construction of electric power and energy infrastructure. San Juan Basin Royalty Trust's depressed price reflects cheap U.S. natural gas prices that warrant no royalty payments to SJT shareholders. We expect natural gas prices to rise over time, as demand for natural gas-fired electric plants and LNG exports continues to rise.

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.