LESA SROUFE&CO INC.
VALUE ADVISORS

October 2, 2024

Third Quarter Update and Outlook

The biggest action in the general markets during the third quarter was the volatility in commodity prices and the fluctuation in U.S. interest rates. Both had the effect of moving stock prices around in a meaningful way. In commodities, precious metals prices continued their climb, led by gold up 14% during the quarter. This was offset by a similar decline in oil prices; the LSC portfolios have significant exposure to equities in both asset classes. Interest rates declined on both the long and short end, but the decline in short term rates was much more significant. The U.S. Federal Reserve cut overnight lending rates by a larger than expected 50 basis points in mid-September, surprising investors as government published unemployment rates remain low, and the U.S. broad stock market indexes had been touching new highs. The Fed's reasoning centered around slowing inflation. U.S.-focused utilities, financial services and real estate stocks especially benefitted in the quarter from the bigger than expected cut. We believe the Fed is concerned about future slowing labor markets and the poor state of industries that carry high debt such as commercial real estate and related lenders of all types. It's also possible that the upcoming U.S. presidential election played some part in the monetary easing.

					Since Inception	
	Quarter	1Yr	3Yr	5Yr	May '04	Nov '05
LSC Opportunistic Value Equity (net of fees)	4.3%	14.3%	7.9%	9.6%	6.4%	N/A
LSC Fully Invested Value Equity (net of fees)	5.7%	18.8%	10.0%	11.4%	N/A	7.9%
Morningstar US Value TR USD	8.9%	27.7%	11.6%	11.1%	8.7%	8.2%
S&P 500 Total Return Index	5.9%	36.4%	11.9%	16.0%	10.5%	10.6%
MSCI ACWI Value Total Return Index	9.6%	27.8%	9.3%	9.8%	7.6%	6.8%

**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 sold Enel Chile, the electric utility serving primarily the city of Santiago Chile. The company's operations suffered from a once in a generation storm in August that will put a damper on future reported earnings and thus dividends for some time, in our opinion. In addition, Enel Chile's past large capital spending program to replace fossil fuel with renewable energy (solar and wind) may be hitting a snag in future rate recovery efforts, as the government of Chile has talked about reducing some renewable energy subsidies going forward. We also sold Diana Shipping, the worldwide bulk grain, iron ore, and coal shipper. Bulk shipping rates have been pressured recently, which will likely result in the future dividend rate declining further from current high levels.

We purchased Alaska Airlines during the quarter, which in recent days completed the acquisition of Hawaiian Airlines. The highly scrutinized acquisition would not have been allowed prior to Covid, in our opinion. However, well regarded Hawaiian Airlines was severely weakened by the shutdown of Hawaiian tourism during Covid and the subsequent Maui fire. We believe the combination airline should result in higher earnings and adds an attractive fleet of widebody Airbus jets to Alaska's mostly Boeing fleet.

We are not as optimistic that inflation has been conquered, as the U.S. Federal Reserve is. A recent rise in labor union strikes for higher wages and the escalation of a wider war in the Middle East, will likely affect overall price inputs, especially in the U.S. The broad market indexes have benefitted from rising earnings, mostly centered on the largest companies in the index. Should that trend rollover, investors may rethink their appetite for investment risk. The LSC Opportunistic portfolio continues to hold significant cash reserves invested at attractive interest rates.

Sincerely,fa

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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). To obtain a compliant presentation 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. 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% - 0.80% annually. The management fee for the composite ranges between 0.45% - 0.80% 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. 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.f