

October 5, 2026

Third Quarter Update and Outlook

	Quarter	YTD	1Yr	3Yr	5Yr	10Yr	Since Inception	
							May '04	Nov '05
LSC Opportunistic Value Equity (net of fees)	1.5%	8.7%	22.3%	21.5%	14.5%	9.8%	7.9%	N/A
LSC Fully Invested Value Equity (net of fees)	1.9%	9.9%	27.0%	27.4%	18.3%	12.2%	N/A	10.0%
Morningstar US Value TR USD	2.0%	11.0%	15.6%	17.5%	12.1%	11.1%	9.1%	8.7%
S&P 500 Total Return Index	2.3%	12.7%	15.7%	22.9%	13.8%	15.3%	11.1%	11.2%
MSCI ACWI Value	3.8%	14.1%	18.4%	19.6%	11.8%	10.5%	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 rise in U.S. long-term interest rates was the biggest theme of the financial markets during the third quarter ended September 30th. By quarter end, the 30-year U.S. Treasury bond yield rose to 5.64%, its highest level in 24 years. The U.S. is not alone, several major economies' long-term interest rates also rose to multi-decade levels, including the U.K., France, as well as Japan. What these countries have in common with the U.S. are high levels of government debt outstanding relative to the size of their economies; ongoing budget deficit spending, and rising interest payments on debt that needs to be refinanced. In the case of the U.S., the Treasury is now competing for funding against an explosion in corporate bond issuances, primarily focused on the buildout of data centers and artificial intelligence (AI) infrastructure. That and a spike in diesel and gasoline prices during the quarter were factors in the rise in yields, in our opinion. Holders of long-dated U.S. bond portfolios have suffered net losses during the quarter, and year to date.

During the third quarter, the advance/decline ratio of the broad stock market averages was the narrowest in almost a century, with fewer advancing companies masking weakness in the overall stock market. The LSC positive returns were mostly driven by an overweight in the energy sector and precious metals rather than the mega-cap tech stocks that heavily influenced the broader market averages. Our poorest portfolio performers mirrored the general markets: interest rate and fuel sensitive sectors including the utilities, manufacturing and transportation sectors.

We added Olin Corporation to the LSC portfolios. Olin is a U.S.-based manufacturer and distributor of chemical products and epoxy resins. Olin owns Winchester Ammunition, whose largest customer is the U.S. government. Weak demand in the housing and automotive sectors have crushed its major chlor alkali, vinyls, and epoxy markets. In addition, like many other manufacturing industries currently, global supply chain issues and elevated raw materials costs have squeezed Olin's profit margins. The stock's current low valuation reflects these near-term problems, in our opinion. Olin is in the process of merging with Huntsman Corp., which will result in lower production costs and an expanded portfolio of higher margined specialty chemical products. The combination of an eventual upturn in global chemical demand and a

more competitive cost structure would likely sharply improve Olin's business prospects and depressed share price.

We also sold half of our holdings in Grupo Cibest and Tutor Perini Corp. Both stocks have largely fulfilled our price objectives. Grupo Cibest, the parent company of Bancolombia, and the leading bank in Colombia, is benefitting from much improved profits as its net interest margins have widened and its digital platforms have experienced strong loan growth along with an upturn in the Colombian economy. The recently elected pro-business government should support further growth in the region. We purchased Tutor Perini when the U.S. construction industry was severely suffering from a lack of new projects, partly due to covid related bidding delays. Since then, spending for new and replacement infrastructure projects has sharply rebounded. Tutor Perini's successful bidding on a wide variety of projects including airport and transit systems and tunnel modernization projects has propelled its backlog to all-time highs.

Sincerely,



Lesla A. Sroufe, CFA

ls@sroufecocom

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). 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@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. 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.