

All Cap Concentrated Composite



Objective

The VELA All Cap Concentrated (ACC) Strategy seeks **Long-Term Capital Appreciation** by investing in a concentrated portfolio of stocks from a broad market capitalization spectrum, offering a unique exposure to our highest conviction ideas.

Key Differentiators

Experienced Team.

The decades of quality investment experience our portfolio management team has accumulated lend perspective, prudence, and conviction to investment decisions.

Disciplined Approach.

Our Commitment to a valuation-centric approach, long-term time horizon, and discipline in the prices we pay enhance our ability to buy quality businesses with less investment risk.

Opportunity.

Exposure to our highest conviction ideas while maintaining sufficient diversity to serve as an anchor for domestic equities within client portfolios.

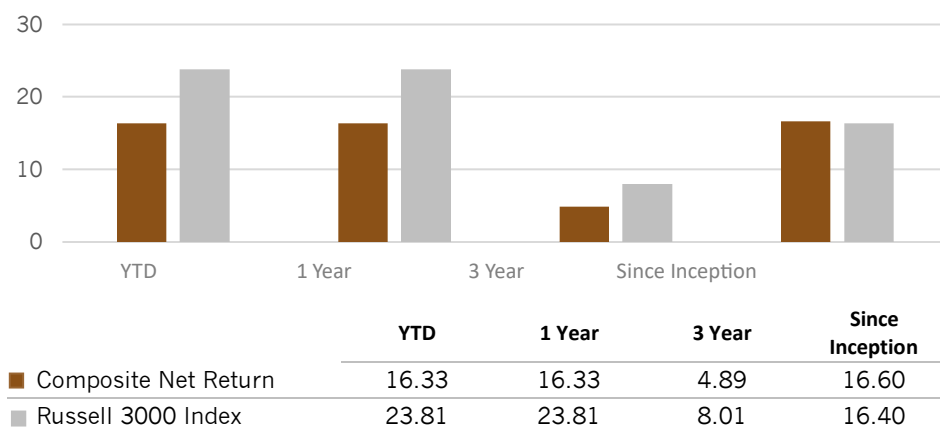
Inception Date
07.01.20

Benchmark
Russell 3000 Index

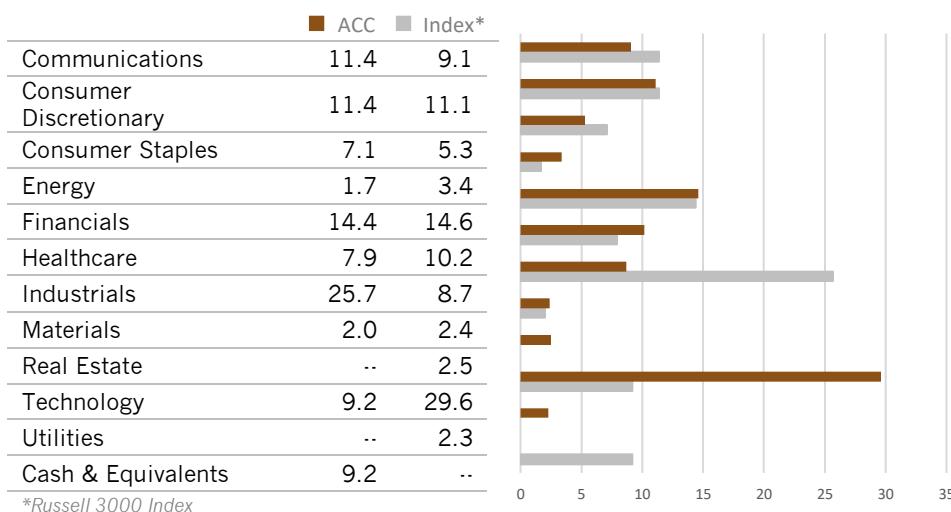
Minimum Investment
\$2,000,000

Standard Management Fee
0.75%

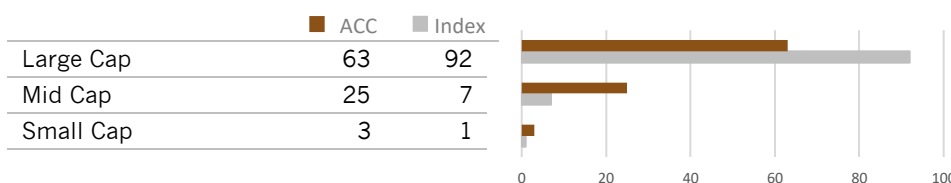
Period & Annualized Total Returns (%)



Sector Exposure (%)



Market Cap Distribution (%)



Portfolio Guidelines

Number of Positions ¹	20-30
Max. Position Size	10%
Top 10 Holdings ¹	>40%
Max. Industry Exposure ²	25%
Max. Sector Exposure ²	35%
Max. Cash Position	20%

¹Typically

²At time of investment initial purchase

Portfolio Management Team



Jason Downey, CFA
Lead Portfolio Manager
23 Years Investment Experience



Bobby Murphy, CFA
Portfolio Manager
18 Years Investment Experience



Chris Brinich, CFA
Portfolio Manager
8 Years Investment Experience

All Cap Concentrated Composite



Top Ten Holdings (%)

Berkshire Hathaway Inc Cl B	8.3
Kirby Corp	7.3
Alphabet Inc	6.2
Hub Group Inc	6.2
Graham Holdings Co	4.2
Arch Capital Group Ltd	4.2
Sysco Corp	3.8
Amazon.com Inc	3.7
Walt Disney Co/The	3.6
Greenbrier Cos Inc/The	2.8

Portfolio Characteristics

Total Net Assets (M)	\$80.6
Number of Holdings	40
Turnover (Trailing 12 Months)	37%
Active Share	87%
Weighted Average Market Cap (M)	\$393.5

Risk Statistics

Standard Deviation (%)	16.9
Beta	0.86
Sharpe Ratio	0.83
Upside Capture	88.7
Downside Capture	75.0

Information contained in this document is not intended to be a forecast of future events, a guarantee of future results, or investment advice. Past Performance is not indicative of future results.

Investors should carefully consider investment objectives, risks, and expenses before investing. Investments in the Composite involve risk, including possible loss of principal. The principal risks of investing include equity, market, management and non-diversification risks. The market value of a security or instrument may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. Due to the active management of the Composite, the Composite could underperform its benchmark index and/or other funds with similar investment objectives and strategies.

Standard Deviation measures the volatility of the Composite's returns. **Beta** measures the Composite's sensitivity to market movements.

Sharpe Ratio uses the Composite's standard deviation and average excess return over the risk-free rate to determine reward per unit of risk.

Up-market Capture is the statistical measure of an investment manager's overall performance in up-markets.

Down-market Capture is a statistical measure of an investment manager's overall performance in down-markets. The ratio is calculated by dividing the manager's returns by the returns of the index during the down-market and multiplying that factor by 100.

Portfolio turnover is the lesser of long purchases plus short sales or long sales plus short covers divided by the average gross value of portfolio securities excluding cash and cash equivalents.

Weighted Average Market Capitalization is a dollar-value measurement of the size of companies in a portfolio or index. In such a weighting scheme, an average figure is derived from the market capitalizations of each company (their market prices multiplied by the number of shares outstanding) multiplied by their weights in the portfolio or index.

Active Share is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index. Active share was calculated using an index ETF.

Table 1. All Cap Concentrated Composite (July 1, 2020 through December 31, 2024)

Year	Composite Net Return TWR (%)	Composite Gross Return TWR (%)	Benchmark Return (%)	3-Year Std Deviation		Number of Portfolios	Internal Dispersion (%)	Composite Assets (\$M)	Firm Assets (\$M)
				Composite Gross (%)	Benchmark (%)				
2020*	30.69	31.16	25.24	N/A	N/A	15	N/A	25.2	130
2021	32.48	33.46	25.66	N/A	N/A	31	1.06	56.7	253
2022	(8.30)	(7.61)	(19.21)	N/A	N/A	44	3.67	79.1	346
2023	8.18	8.99	25.96	17.55	17.46	41	1.91	67.6	394
2024	16.33	17.19	23.81	15.96	17.56	43	1.81	80.6	481
1-Year**	16.33	17.19	23.81	-	-	-	-	-	-
3-Year***_ Annualized	4.89	5.68	8.01	15.96	17.56	-	-	-	-
Since Inception - Annualized	16.60	17.46	16.40	-	-	-	-	-	-

All Cap Concentrated Composite



**Partial period return for the period July 1, 2020 through December 31, 2020.*

***1-year return for the period January 1, 2024 through December 31, 2024.*

****3-year return for the period January 1, 2022 through December 31, 2024.*

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Compliance Statements: VELA claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. VELA has been independently verified for the periods January 27, 2020 (date of Firm’s inception) through December 31, 2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm’s policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The All-Cap Concentrated Composite has had a performance examination for the periods July 1, 2020 (composite’s inception) to December 31, 2023. The verification and performance examination reports are available upon request.

Composite Description: The “All Cap Concentrated Composite” includes all pooled funds and all fee paying and non-fee paying, taxable and tax-

exempt, segregated accounts excluding bundled-fee portfolios, that seek to provide long-term capital appreciation by investing in a concentrated portfolio of 20 to 30 equity investments of companies of any size market capitalization that the portfolio manager(s) believe are undervalued. The

Russell 3000 Index (total return) serves as the composite’s benchmark due to the composite’s broad market capitalization and domestic company focus. Securities in the strategy are identified using a valuation-oriented, fundamental analysis approach. Key material risks include equity market risk, small cap and mid cap company risk, concentration risk, and the general risk that the composite will underperform its benchmark. The composite inception date is July 1, 2020 and the composite creation date is January 8, 2021.

Minimum Asset Level: The portfolio minimum for inclusion in the composite is \$250,000. After a portfolio has entered the composite, it is not removed unless its asset level falls below \$150,000.

Performance Calculation: Returns presented are time-weighted returns (TWR). Valuations are computed and performance is reported in U.S. dollars. The composite results reflect the reinvestment of dividends, capital gains, and other earnings. Composite returns and benchmark returns are presented gross of withholding taxes on dividends, interest income and capital gains.

Fees: Gross returns are presented before management fees and custodial fees (if applicable) and reflect the deduction of actual transaction costs. Net of fees returns are calculated by deducting a management fee of 0.0625%, 1/12th of the firm’s highest stated management fee for segregated accounts of 0.75%, from the monthly gross composite return. This timing methodology differs from the billing/fee policies for the composite’s constituent portfolio(s), additional details are available upon request. The standard management fee schedule for segregated accounts is as follows: 0.75% on all assets, billed quarterly in arrears. Composite and benchmark returns are presented gross of non-reclaimable withholding taxes.

Benchmark: You cannot invest directly in an index. The Russell 3000 Index (total return) is a market-capitalization-weighted equity index maintained by FTSE Russell that tracks the performance of the 3000 largest U.S. traded stocks across all market sectors, inclusive of dividends, capital gains, distributions, and interest.

Availability of Information: A list of the Firm’s composite descriptions and a list of the Firm’s broad distribution pooled funds are available upon request. Policies for valuing investments, calculating performance, and preparing GIPS reports are also available upon request.

Internal Dispersion: Internal dispersion is calculated using the equal-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. For those periods with five or fewer accounts included for the entire year, “N/A” is noted because the dispersion is not considered meaningful.

Ex-Post Standard Deviation: The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period, calculated using monthly gross returns. This measure is not shown for the composite and benchmark when less than 36 months of returns are available.

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The VELA All Cap Concentrated Composite declined 0.8% net of fees during the quarter compared to a 2.6% increase in the Russell 3000 Index. For the full year of 2024, the composite returned 16.3% vs a 23.8% increase in the index. The composite has returned 16.6% since inception compared to 16.4% for the Russell 3000. As we approach the first five-year period we use to evaluate our performance, we are generally pleased with our since inception returns during a period that has been difficult for active managers. *Detailed performance information can be found in the GIPS Report at the end of this document, table 1.*

Top Contributors to Return: Two of the top contributors in most portfolios during the quarter were Greenbrier (GBX) and Amazon (AMZN).

Railcar manufacturer Greenbrier Companies, Inc. reported fiscal Q4 results that highlighted the fundamental improvements achieved over the past two years under CEO Lorie Tekorius. Domestic railcar demand remained at roughly replacement levels as rail freight volumes continued to be relatively muted over two years into a freight recession. Despite a muted demand environment, Greenbrier has been executing on its efficiency and cost initiatives outlined at its investor day close to two years ago. Operating margins almost doubled yr/yr during the quarter and improved three percentage points sequentially. We are very pleased with the fundamental performance of the company, however with stock price appreciation of close to 20% for the quarter and 40% for the year, the discount to our estimate of intrinsic value has

narrowed. As a result, we have been reducing the size of the position across many portfolios.

Amazon reported another strong quarter as revenue increased 11% yr / yr, driven by 19% growth in both AWS and advertising. Revenue growth also accelerated in the core retailing business while company operating margins continue to reinforce our underlying thesis on the company as margins increased three percentage points yr / yr to 11.0%. We continue to see material opportunity for further expansion and remain pleased with Amazon's overall fundamental performance. We continue to see valuation as reasonable for one of the best businesses in the world and the company remains a large weight across many All Cap Concentrated portfolios.

Top Detractors to Return: Two of the bottom contributors were Kirby Corporation (KEX) and Ashland Inc. (ASH).

Tank barge operator Kirby reported another quarter of strong results, however its stock price declined 14% during the quarter. Investors may have been disappointed with Q4 guidance and a slight decline in inland barge utilization into the low 90% range. However, this level of utilization is close to full utilization for the fleet. Importantly, despite strong utilization, the order book for new barges remains minimal and we anticipate another year of flat to declining industry capacity. As a result, we anticipate continued pricing power and margin expansion for the core inland marine segment. Despite poor stock price performance during the quarter, Kirby was one of the

top contributors for the full year. More importantly, the company's fundamentals continue to perform consistent with our long-term thesis. Kirby remains one of the largest positions across All Cap Concentrated portfolios.

Chemical additives and specialty ingredients company Ashland continues to navigate a weak demand environment. The company issued disappointing guidance due to demand headwinds particularly in China and Europe. In response to the weak demand environment, management pulled forward its restructuring plans and these actions will be a headwind to near-term profitability. We have been disappointed with the company's operating results for much of the time we have owned the company. However, much of this is demand driven and out of management's control while we have been pleased with capital allocation decisions, which are in management's control. The stock remains a reasonable discount to our estimate of intrinsic value and we view the company as well positioned to benefit from recent cost-reductions and portfolio rationalization actions once the demand environment improves. The company remains a relatively small weight across many All Cap Concentrated portfolios as we continue to monitor the normalized organic revenue growth opportunities for the company.

We evaluate both our investments and our overall performance over a time frame of rolling periods of five years and longer. This permits us to focus on the long-term prospects of a business and allows us to take advantage of stock price dislocations and volatility without concern for how it will impact short-term performance. We are now approaching the end of the first five-year period since the strategy's inception. This period has been eventful as we have faced pandemic shutdowns and re-openings, supply chain constraints and shortages, wars in Ukraine and conflicts in the Middle East, inflation, a regional bank crisis, and a volatile interest rate environment. While we do not know what additional challenges the next five years will bring, we strive to invest in companies that are resilient and can benefit from adverse environments through advantages such as balance sheet strength, competitive positioning, and opportunistic capital allocation. Currently, we view valuations as stretched for many of the companies that represent large weights in the U.S. indices and who drove a large part of the market return in 2024. Encouragingly, we are finding opportunities down the market cap spectrum as well as within lower growth sectors/industries such as staples and transportation. We continue to believe the combination of the business quality and valuation of companies in the portfolios provides us a good chance to outperform the broader U.S. market over the next five years.

As always, we thank you for your continued support.

Disclosures:

The views expressed are those of VELA Investment Management, LLC as of 02/07/25 and are subject to change. These opinions are not intended to be a forecast of future events, a guarantee of future results, or investment advice. Third-party information in this report has been obtained from sources believed to be accurate; however, VELA makes no guarantee as to the accuracy or completeness of the information.

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(continued on following page)

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