

# 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.

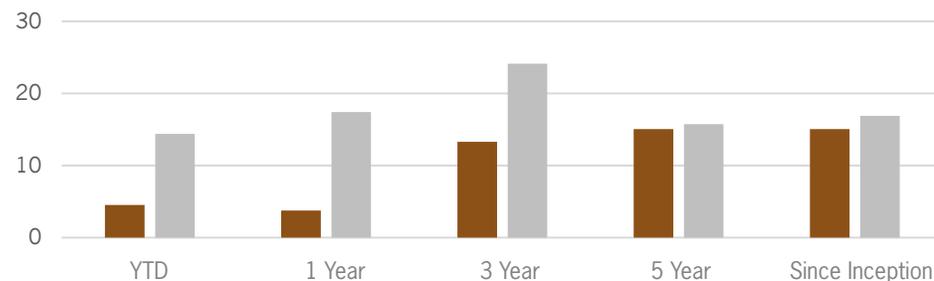
Inception Date  
07.01.20

Benchmark  
Russell 3000 Index

Minimum Investment  
\$2,000,000

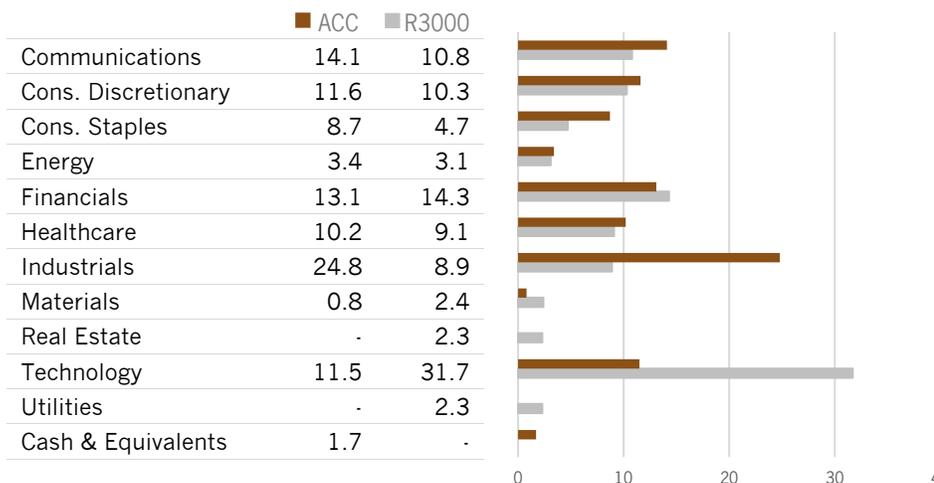
Standard Management Fee  
0.75%

## Period & Annualized Total Returns (%)

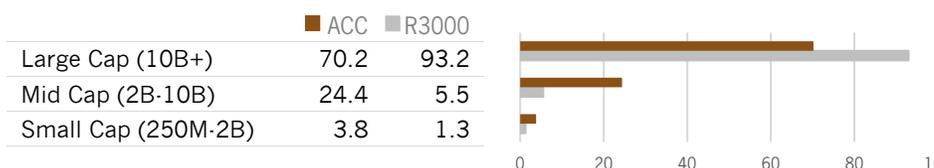


	QTD	1 Year	3 Year	5 Year	Since Inception
Composite Net Return	4.54	3.75	13.29	14.49	15.05
Russell 3000 Index	14.40	17.41	24.12	15.74	16.88

## Sector Exposure (%)



## Market Cap Distribution (%)



## Portfolio Guidelines

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

<sup>1</sup>Typically

<sup>2</sup>At 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	7.4
Alphabet Inc	6.2
Kirby Corp	5.6
Sysco Corp	5.6
CSX Corp	5.0
Hub Group Inc	4.8
Amazon.com Inc	4.7
The Walt Disney Co	4.4
Arch Capital Group Ltd	4.2
Graham Holdings Co	4.0

## Composite Statistics

Total Net Assets (\$, M)	88.4
Turnover (Trailing 12 Months, %)	41.0
Median Market Cap (\$, B)	36.9
Active Share (%)	89.0

## Risk Statistics (Since Inception)

Standard Deviation (%)	16.2
Beta	0.9
Sharpe Ratio	0.8
Upside Capture	84.0
Downside Capture	79.3

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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.

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

**Downside 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.

**Active Share** is a measure of the percentage of stock holdings in a manager's portfolio that differ from the benchmark index.

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## Portfolio Management Team:



**Jason Downey, CFA**  
Lead Portfolio Manager  
23 Years Investment Experience



**Chris Brinich, CFA**  
Portfolio Manager  
8 Years Investment Experience



**Bobby Murphy, CFA, CPA**  
Portfolio Manager  
18 Years Investment Experience

The VELA All Cap Concentrated Composite return was 4.01% net of fees during the quarter, compared to an 8.18% increase in the Russell 3000 Index. Since inception, the composite's annualized return is 15.04% vs. 16.88% for the benchmark. *Detailed performance information can be found in the All Cap Concentrated Composite GIPS Report, table 1.*

**Top Contributors to Return:** During the third quarter, Alphabet Inc. (GOOGL) and Teradyne Inc. (TER) were two of the largest contributors to performance across most portfolios in the composite.

Alphabet Inc. has undergone significant swings in investor sentiment over the past several years, largely spurred by (1) artificial intelligence (“AI”) disruption concerns in its core Search business and (2) antitrust risk. Combined with its relatively large position size in many portfolios, it has consequently earned its spot in our quarterly strategy commentaries as both a top contributor and detractor to performance. Throughout this time, we have remained steady-handed in our approach to estimating GOOGL’s underlying intrinsic value with a long-term framework, which has exhibited significantly less volatility than the stock’s price movement would suggest. This quarter, GOOGL again displayed strength across its core businesses, particularly in its advertising businesses, as it continued to push against the AI disruption narrative within Search. However, the needle mover in the quarter that led to material share price appreciation was related to the remedy ruling on GOOGL’s Search monopoly antitrust case, in which the outcome was much better than feared. The ruling, which does not require GOOGL to divest its Chrome web browser and continues to allow the company to make payments to distribution partners, generally preserves the long-term earnings power of the company’s core Search business. Though we still await a decision on the remedies phase of GOOGL’s ad tech antitrust case, relative to the Search antitrust case, we remain less concerned about the potential long-term

implications from the ad tech case. GOOGL has materially less downside tail risk today because of the removal of the Search antitrust overhang and remains a core holding within the strategy.

Teradyne Inc. primarily operates in the semiconductor capital equipment industry, manufacturing automated test equipment. After a period of greater uncertainty and significant lack of visibility earlier in the year, TER is seeing strength in the AI Compute end market, and there is increasing investor optimism around TER’s potential to realize a material tailwind from Nvidia’s GPU business – an area the company’s primary competitor, Advantest Corp., has historically occupied. In addition to the company’s core semiconductor test business, TER has an established industrial automation robotics business. Amidst the weaker industrial backdrop in recent years, this business has largely underperformed management and investor expectations. Encouragingly, however, this quarter they secured a “Plan of Record” win with a large customer (assumed to be Amazon, related to the company’s new warehouse robot, Vulcan). Once at scale, this business is expected to represent a material piece of TER’s overall robotics business, though specifics remain largely unknown today. The combination of the aforementioned factors led to significant appreciation in TER’s share price in the quarter.

**Top Detractors from Return:** The two largest detractors during the quarter across most portfolios in the composite were Kirby Corporation (KEX) and Fidelity National Information Services, Inc. (FIS).

Kirby Corporation maintains a dominant position in the inland tank barge industry in the United States. Results were strong in the quarter, though management noted softening demand to start the current quarter and indicated that if these trends persist, they will likely be at the lower end of their full-year guidance. The industry’s supply side remains favorable and Kirby is well-

positioned to navigate and take advantage of any near-term demand softness – a key driver of our underlying investment thesis. As is a common theme for many of our strategy holdings, KEX’s strong balance sheet and free cash flow generation provide it with the ability to play offense in periods of share weakness, with management anticipating deploying the majority of its free cash flow toward share repurchases absent material cash outlays for M&A. Kirby remains a high conviction holding.

Fidelity National Information Services, Inc. reported encouraging quarterly results that included the fastest growth for its Banking Solutions business in over three years, offset by slightly more modest results in its Capital Markets business due to softer loan syndication activity with the ongoing macro uncertainty. We were pleased with the overall fundamental results, but the stock price declined on near-term guidance concerns. We are excited to pay a low double-digit multiple of earnings for a business with a strong competitive position, generating mid-single-digit revenue growth with the opportunity to improve margins over the next five years. Despite their undemanding valuations and unchanged long-term prospects, both FIS and KEX are recent examples of the severe share price reactions that have been experienced for companies that display any sort of weakness or investor disappointment in near-term results.

Aligned with our approach to long-term value creation, we continue to operate by the mantra of “it’s a marathon, not a sprint”. While the market remains forward-looking, investors’ acceptable time frame has increasingly compressed over recent years, rewarding companies that can show positive results today, in many cases, without consideration for (1) the price paid and/or (2) the sustainability of results over the long-term. We remain disciplined on both fronts, investing in quality companies with attractive long-term, normalized earnings power – exercising acute consideration to the price paid for this future earnings stream. In some cases, this can mean investing in companies in which near-term results may be constrained due to current end-market dynamics or temporary company-specific factors, but the quality of the underlying business remains fully intact. In conjunction with the balance sheet strength that affords our companies the flexibility to appropriately pace themselves and foster long-term value creation, we believe this approach provides us a good chance of winning the marathon – but potentially not the unsustainable sprint that many investors are competing in today – and 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 10/20/25 and are subject to change. Information presented is for educational purposes only and does not intend to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein.

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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.

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**Free Cash Flow** is generally defined as the periodic cash a company generates from operating activities less the capital expenditures invested to maintain and grow the business. **Intrinsic Value** is a measure of what an asset is worth, arrived at by means of an objective calculation or financial model. Comparing a company’s estimated intrinsic value to current price can give investors an idea of whether the asset is undervalued or overvalued.



**VELA Investment Management, LLC**  
**All Cap Concentrated Composite**  
**July 1, 2020 through September 30, 2025**

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	1.94	80.6	481
2025**	4.54	5.13	14.40	13.73	13.71	42	N/A	88.4	528
1-Year***	3.75	4.53	17.41	-	-	-	-	-	-
3-Year**** - Annualized	13.29	14.13	24.09	13.73	13.71	-	-	-	-
5-Year***** - Annualized	14.49	15.34	15.73	-	-	-	-	-	-
Since Inception - Annualized	15.05	15.91	16.88	-	-	-	-	-	-

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

\*\*Partial period return for the period January 1, 2025 through September 30, 2025, other statistics as of September 30, 2025.

\*\*\*1-year return for the period October 1, 2024 through September 30, 2025.

\*\*\*\*3-year return for the period October 1, 2022 through September 30, 2025.

\*\*\*\*\*5-year return for the period October 1, 2020 through September 30, 2025.

**Disclosures**

**1. Definition of the Firm**

VELA Investment Management, LLC (“VELA” or “Firm”) is an SEC-registered investment advisor that provides investment management services to institutional and individual investors.

**2. 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, 2024.

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, 2024. The verification and performance examination reports are available upon request.

**3. 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.

**4. 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.

**5. 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.

**6. 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%, 1/12<sup>th</sup> 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.

**7. 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.

**8. 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.

**9. 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.

**10. 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.

**11. Trademark**

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