

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.

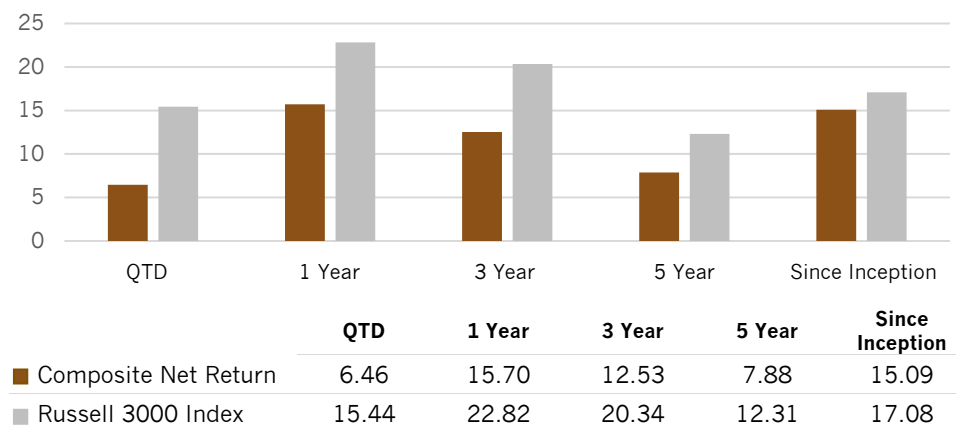
Inception Date
07.01.20

Benchmark
Russell 3000 Index

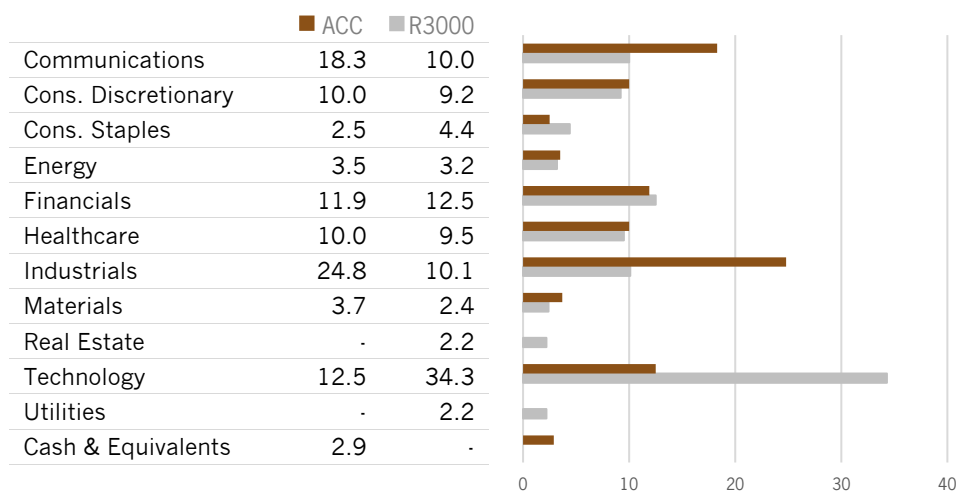
Minimum Investment
\$2,000,000

Standard Management Fee
0.75%

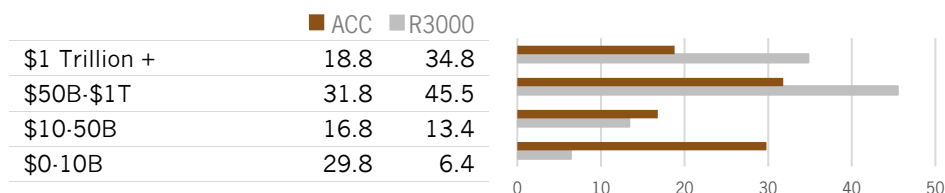
Period & Annualized Total Returns (%)



Sector Exposure (%)



Market Cap Distribution (%)



Portfolio Guidelines

Number of Positions ¹	20-30
Max. Position Size ²	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
24 Years Investment Experience



Bobby Murphy, CFA
Portfolio Manager
19 Years Investment Experience



Chris Brinich, CFA
Portfolio Manager
9 Years Investment Experience

All Cap Concentrated Composite



Top Ten Holdings (%)

Kirby Corp	7.1
Alphabet Inc	7.1
Berkshire Hathaway Inc Cl B	6.8
CSX Corp	5.2
Amazon.com Inc	5.0
Hub Group Inc	4.7
Criteo SA	4.5
Infineon Technologies AG	4.4
Arch Capital Group Ltd	4.0
The Walt Disney Co	4.0

Composite Statistics

Total Net Assets (\$, M)	98.8
Turnover (Trailing 12 Months, %)	44.6
Median Market Cap (\$, B)	32.2
Active Share (%)	87.8

Risk Statistics (Since Inception)

Standard Deviation (%)	15.1
Beta	0.8
Sharpe Ratio	0.8
Upside Capture	84.3
Downside Capture	80.2

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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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VELA Investment Management, LLC
All Cap Concentrated Composite
July 1, 2020 through June 30, 2026

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	Benchmark				
				Gross (%)	(%)				
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	-8.3	-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	9.86	10.69	17.15	11.39	12.37	41	1.26	91	551
2026**	5.88	6.27	10.88	11.93	13.20	45	-	98.8	601
1-Year***	15.70	16.56	22.82	-	-	-	-	-	-
3-Year**** Annualized	12.53	13.37	20.34	11.93	13.20	-	-	-	-
5-Year***** Annualized	7.88	8.68	12.30	-	-	-	-	-	-
Since Inception - Annualized	15.09	15.95	17.08	-	-	-	-	-	-

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

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*** 1-year return for the period July 1, 2025 through June 30, 2026.

**** 3-year return for the period July 1, 2023 through June 30, 2026.

***** 5-year return for the period July 1, 2021 through June 30, 2026.

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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%, 1/12th 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.

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.

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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.

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All Cap Concentrated Composite

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Portfolio Manager

19 Years Investment Experience



Chris Brinich, CFA
Portfolio Manager

9 Years Investment Experience

The VELA All Cap Concentrated Composite increased 6.46% during the quarter compared to a 15.44% increase in our benchmark, the Russell 3000 Index. This brings the composite's return to 7.88% for the trailing five years and 15.09% since inception. The benchmark's return was 12.30% for the trailing five years and 17.08% since inception. Given our long-term investment horizon, we measure ourselves over rolling periods of five years and longer.

We are pleased with the strategy's long-term absolute returns, but we have fallen short of our relative goals. As a reminder, we define risk as the permanent impairment of capital, and risk mitigation is always top of mind as we manage the strategy. Market returns have largely been a straight line up since the inception of the strategy in June of 2020. The one exception to this is during 2022, when the Russell 3000 Index declined 19.21% (comparatively, the All Cap Concentrated composite declined 8.30%). In our view, valuations are becoming stretched in many of the companies currently driving market returns and the All Cap Concentrated strategy is well-positioned to outperform as we exit this period of market euphoria.

We do not own many of the companies currently viewed by the market as near-certain AI winners and this has been the largest explanatory factor of the strategy's recent relative returns. We are certainly not opposed to investing in companies benefiting from the infrastructure buildout. However, we are disciplined in the price we pay for these businesses. We are also mindful of the range of outcomes around the growth rate of the buildout and resulting bottlenecks. It is our view that, in many cases, valuations reflect near-term results and the market is not adequately underwriting the sustainability of current growth rates and/or earnings power.

We do own companies which are seeing accelerating fundamental tailwinds from the buildout. In fact, two of the

largest investments in the strategy have exposure that is underappreciated, in our view. For Worthington Enterprises (WOR), revenue from data centers should be approaching 10% of overall company sales over the next several years based on management estimates. They are well-positioned to benefit from the trend toward liquid cooling. On their most recent quarterly call, management indicated they sold 13 million liquid cooling tanks during their just ended fiscal year. They expect to deliver that many units in the next quarter alone.

Another large investment, Kirby Corporation (KEX), provides behind-the-meter prime power and backup power solutions for datacenters through its Distribution and Services business. While the primary value driver of the business is inland tank barging, growth in the power generation business is a meaningful and growing earnings tailwind. Importantly, for both of these businesses: 1) they are trading at significant discounts to our estimate of intrinsic value and at mid-to-high teens earnings multiples of forward earnings, 2) the material fundamental tailwinds from AI for these businesses are still in front of us and, as a result, are being ignored by the market, and 3) they are well diversified businesses where the AI buildout is a fundamental tailwind, but our long-term earnings power assumptions do not largely rely on continued growth in AI related capex or even a continuation of current levels of spending. This is not to make excuses for falling short of our relative goals. We are disappointed to have lagged the returns generated by the strategy's benchmark over the trailing five-year period.

The other primary driver of near-term relative returns has been the flip side of the AI coin. There are a growing number of companies where there is a fear AI will completely disrupt their business models. In some cases, we share those concerns. However, in our view, the market has been indiscriminate in its punishment of the stock prices of

All Cap Concentrated Composite

companies within this broad category. The collection of companies with these concerns has detracted from recent relative returns but we remain enthusiastic about the fundamental prospects. Jack Henry & Associates (JKHY) provides software to financial institutions. This software is embedded in the core operations of the highly regulated banking system, making it difficult to disintermediate in our view. Further, the company is poised to accelerate market share gains due to the struggles of a large competitor. We took advantage of near-term stock price declines to add an investment in Equifax (EFX), which is well positioned to not only navigate the evolving software environment, but also to benefit from using AI to augment their proprietary data. Finally, subsequent to quarter-end, there were reports ad-tech provider Criteo S.A. (CRO) was approached by Vista Equity Partners and Quinti Capital with a buy-out offer at a price more than 50% above CRO's pre-bid stock price. Criteo has been a detractor to relative returns over the last year and we are encouraged by this recent development and indications that others are starting to recognize the value in this segment of the market.

One exception to our increasing conviction in our software investments is WIX.com Ltd (WIX). The company has been at the heart of the artificial intelligence ("AI") displacement debate due to its core business associated with website design. Shares underperformed during the quarter, resulting from the continued contraction of software valuations as AI fears permeated, in addition to quarterly results in which the company alluded to increased competition in their 'Partners' business, which exacerbated the AI fears. This news came at an inopportune time, particularly as the company had just completed the largest share buyback in the company's history that weakened its previously strong balance sheet position. While we believe WIX will likely continue to be a strong and durable business — in large part due to its sticky existing userbase, functionality that goes well beyond website design and that plays a critical role in its customers' daily business operations, low price point relative to many other software solutions (making it a low priority to replace), and emerging vibe coding business that has grown exponentially — the range of potential outcomes has widened. We exited the position as the broadening range of potential outcomes and a weaker balance sheet no longer justified a concentrated investment.

Outside of the AI debate, we are encouraged by recent strength in the truckload market, where spot pricing has increased close to 50% year/year leading to material increases in contractual rates. This is widening the cost advantage of rail and leading to modal conversion from truck to rail, particularly for routes in the eastern United States. US rail volumes increased mid-single digits during the second quarter with intermodal volumes accelerating to double digit percentage improvement during May and June. The strength in trucking is largely due to a contraction in supply driven by the regulatory environment. This trend should benefit CSX (CSX) and Hub Group (HUBG), where earnings are below normalized levels as we are emerging from a prolonged freight recession post-pandemic. Recent strength in the freight market should accelerate the return to normalized margins and earnings.

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 returns. Since the strategy's inception we have navigated pandemic shutdowns and reopenings, supply chain constraints and shortages, the war in Ukraine, inflation, a rapid rise in interest rates, a regional banking crisis, simultaneous exuberance and fears surrounding the prospects of artificial intelligence technology, tariffs, and now armed conflict in the Middle East increasing energy costs and threatening supply chains in the region and beyond. 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 emerge stronger coming out of adverse environments through advantages such as balance sheet strength, competitive positioning, and opportunistic capital allocation. In the current environment, we continue to find businesses possessing these characteristics trading at attractive discounts to our estimates of intrinsic value. Looking ahead, we believe that the combination of the business quality and attractive valuation of companies in the strategy 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.

All Cap Concentrated Composite

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Securities discussed are not intended to constitute an investment recommendation. Securities were selected to illustrate the strategy's investment approach with respect to the artificial intelligence ("AI") theme, including both companies with potential AI-related tailwinds and companies in the composite whose valuations were impacted by AI-related market fears. A complete list of holdings is available upon request.

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The Russell 3000 Index is an unmanaged market capitalization-weighted index comprised of the 3,000 largest U.S. companies by total market capitalization, representing approximately 97% of the investable U.S. equity market. You cannot invest directly in an index.

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.

CapEx (Capital Expenditure) is money a company spends to acquire, upgrade, or maintain long-term physical assets like buildings, equipment, or technology, representing an investment in future growth rather than daily operations.



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