



Second Quarter 2024

Performance

For the quarter ended June 28, 2024, our Stewart Flagship portfolio advanced 7.90%, net of fees. The S&P 500 Index, our benchmark, appreciated 4.28%. For the first half of the year our Flagship gained 25.86% and the S&P 500 Index went up 15.29%

Review

Earlier this year we wrote about Nvidia and its superb share price and earnings performance. In the second quarter the company's shares also advanced but it is interesting to point out that your portfolios have several holdings which have appreciated by more than 25% in the year-to-date period. Although investors' gaze is centered on technology, two of the rapid gainers are retailers, Costco and Domino's Pizza; another is Intuitive Surgical, a leading medical technology company. The two others are Amazon and Alphabet.

We purchased a new holding, Enphase Energy, Inc. The company is a global leader in energy technology. Its main products are solar micro-inverters which turn the energy from a solar panel into a usable AC electrical current. Its other products are batteries for EV charging and home use. Its micro inverters are a superior technology to competing ones and the company's products are gaining share in both the U.S. and Europe, its two largest markets.

Enphase should continue to grow quickly as electric cars penetrate the auto market. Increased electrical power usage by data centers will also put strains on our aging energy grid. For the first time in many decades, energy consumption per capita is increasing. As utility rates continue to race ahead of inflation, we believe households will look to solar to satisfy their energy needs and save money over the long term.

We are also pleased to report that the Look-through Earnings in your portfolios continue to grow. For the full year, we are forecasting that earnings power behind the portfolios will expand by about 15%. More importantly, the earnings of the largest holdings cited above should do even better.

Prospects

Over the next half-decade we expect the growth in earnings power of the portfolios to be about 17%. We estimate that the earnings of the S&P 500 Index will grow 8%-9% for the next five years, which is a little higher than that Index's historical growth rate.

If our earnings forecasts are correct, our Flagship portfolio sells at a price-earnings ratio of a bit under 15X projected earnings five years from now. This valuation is a discount to the S&P 500's long-term valuation of 17X earnings. Your portfolio holds shares in many exceptional businesses that we believe should trade at a very significant premium to the S&P 500's long-term valuation.

Aside from the growth in earnings power, interest rates are the other determinant of your portfolio's value; and interest rates in large part are the creature of inflation. We are entering a more conventional interest rate environment with the ten-year U.S. Treasury Note yield a bit above 4% and inflation is around 3%. Again, if our forecast of the portfolios' earnings power is correct, then the share price advance of your holdings should notably exceed that of stocks and bonds over the next several years.

Right now, wars in important regions in the world, the Federal Reserve Bank and the U.S. elections are waxing large in investors' minds today. The human costs of the wars are deeply regrettable but neither war will likely lead to global military conflict.

As for the Federal Reserve, it has received ample tongue-lashings for its slow response to inflation. Fed board members are understandably cautious now but continue to signal their willingness to lower rates as and when inflation glides lower. Recently wage and job growth have moderated, and high mortgage rates have begun to trample the housing market. Lower rates may soon appear.

As for this year's election, in the late 1960s through early-1980s the political conflict, the economic ennui and the ceaseless confrontations with the Soviet Union were more unsettling. National politics were tumultuous and Presidential elections drew blood.

Concerning our current two presidential candidates, as a practical matter it is fair to say that neither a career politician nor a brash real estate developer is likely to be a fiscal skinflint. Moreover, most members of the Fed Reserve board and the leaders of both parties seem highly sensitive to the social costs of recession, so even a mild economic slump may be met with vigorous responses.

We believe that the formidable earnings growth in the businesses you own will fuel stronger gains over the next five years. We remain encouraged.

We hope that all of you who read this letter enjoy the remainder of your summer.

Regards,

Stewart Asset Management,
a team at Ingalls & Snyder, LLC

Performance Disclosures

The returns for the fourth quarter of 2025 is the performance of an account ("Flagship Portfolio") that the Firm believes fairly represents the performance of the Stewart Asset Management Team's ("SAM") strategy ("Strategy"). The "net" returns presented are after the deduction of management fees as well as other expenses, including costs associated with brokerage. The year to date return stated for 2025 is based on performance of the Flagship Portfolio starting from January 1, 2024, to June 30, 2024.

SAM is a team at Ingalls & Snyder, LLC ("INGS"), an investment advisor registered with the Securities & Exchange Commission and a FINRA member broker dealer. SAM is not affiliated with W.P. Stewart & Co. ("WPS"). More information including the firm's Form ADV Brochure and Form CRS can be found at <https://www.ingalls.net/important-information>.

The information presented herein is for educational purposes only and is not intended to make an offer or

solicitation for the sale of 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 advisor and/or tax professional before implementing any strategy discussed herein. Net performance from 1/1/2019 onwards reflects a 1% annual client management fee. All performance numbers for SAM prior to 1/1/2019 are shown net of its 0.80% annual client management fee and transaction costs associated with the Flagship portfolio.

The performance numbers reflect the transactions for certain Flagship accounts of SAM, representative client accounts from which other clients' accounts of SAM are modeled. The results for periods from inception of the SAM strategy until 12/31/2022 are the actual results for SAM's initial Flagship account, and results for periods since 1/1/2023 are the actual results for SAM's second Flagship account. Results presented during the periods shown were only adjusted for fees, and there were no other material additions or withdrawals from the Flagship accounts during the periods they were used for performance measurement. There are two Flagship accounts because the original Flagship account took on a margin loan during 2023, which no longer made its unadjusted performance results comparable to other client accounts thereafter. The stocks in the second Flagship account have been managed in a substantially identical manner to those in the original Flagship account during all relevant periods.

The comparison to the S&P is to provide a comparable large capitalization index to the SAM flagship accounts which are invested mainly in large capitalization equities. The SAM Flagship accounts are concentrated U.S. equity portfolios with less positions than the S&P 500 index. Performance charts in and of themselves cannot be the sole determinant in making an investment decision. Due to the timing of clients' investments in the SAM strategy, which is patterned after the model, clients' returns may be more or less than the actual performance of the flagship accounts. The performance of the Flagship accounts do not reflect actual client performance as fees and transactions costs may be higher. Past performance is not indicative of future performance.

The performance for a 5-year period from July 1, 2019, to June 30, 2024, is 17.26%, net of fees. Annualized returns provided herein are based on performance of the Flagship Portfolio as described above.

Performance returns reflect the average annual rates of return. Performance from January 1, 2019, to March 14, 2024, reflects SAM's investment performance as a team at Stewart Asset Management, LLC, which was a period prior to SAM's move to and continued management of the Strategy at Ingalls & Snyder, LLC ("Ingalls"). Generally, the Strategy maintains an allocation ranging from 1% to 4% in cash.

Flagship Portfolio represents how SAM generally implements its investment process under normal market conditions. Past performance is not an indication of future results. The performance of each client's managed account may differ due to specific investment guidelines, restrictions and time period which the account has been open and under the management of SAM. Accordingly, individual results will vary.

Additional Disclosures

This Strategy are subject to market risk, which is the possibility that the market values of securities owned in an account will decline. Accordingly, you can lose money investing in this Strategy. Please be aware that this Strategy may be subject to certain additional risks. In general, equity securities' values also fluctuate in response to activities specific to a company. Investments in foreign markets entail special risks such as currency, political, economic, and market risks. American Depositary Receipts (ADRs) represent an ownership interest in securities of foreign companies and involve many of the same risks as those associated with direct investment in foreign securities, including currency, political, economic and market risks. The Strategy may, from time to time, invest in stocks of small- and medium-capitalization companies which entail special risks, such as limited product lines, markets and financial resources, and greater

market volatility than securities of larger, more established companies.

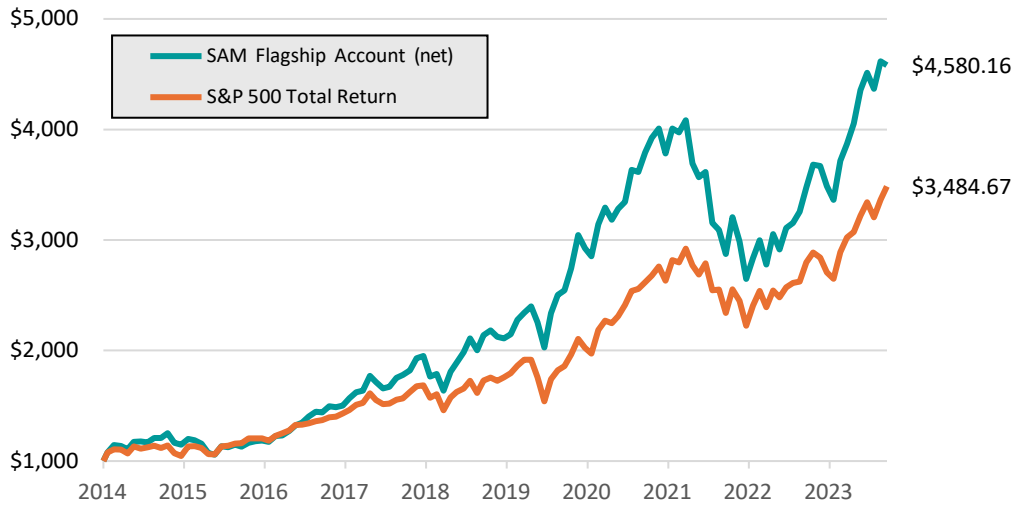
The Flagship Portfolio has employed the investment strategy in a similar manner to that employed in the SAM's separately managed accounts ("SMAs"). However, portfolio management decisions made for the Flagship Portfolio may differ. The holdings and portfolio activity in the Flagship Portfolio may not be representative of some SMAs managed under this Strategy due to differing investment guidelines, client restrictions, and the time period the account was opened and managed by SAM.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market. Please consider the investment objectives, risks and fees of the Strategy carefully before investing.



Value of \$1000 Invested at Inception

We invest in a concentrated portfolio of well-run industry leaders with a proven track record of strong long-term earnings growth



*Inception: 10/2014

Portfolio Performance

(as of 6/28/2024)

