



First Quarter 2025

Performance

For the quarter ended March 31, 2025, our Flagship declined 7.48%, net of fees. The S&P 500 Index lost 4.27%¹. We are not satisfied with this outcome.

Review

Share prices declined in the first quarter largely because much of the “soft data,” as commentators are calling consumer and business surveys, indicated that the U.S. economy is slowing. Concerns about business spending, especially regarding tech stocks such as those in the Magnificent Seven also frayed investors’ nerves. The “hard data,” such as spending, job creation and GDP growth indicate an economy that is still growing at a reasonable pace.

The week after the first quarter ended, our government announced its intent to impose high tariffs on almost all our trading partners. There may be substance and purpose to the new tariff barriers but to most of the world, their roll-out did not show the deft touch of statecraft. Nonetheless, several countries have declared their desire to hammer out bilateral trade agreements with our government. Discussions to renegotiating economic agreements with countries such as the U.K., Vietnam, Japan, the EU are underway and may lead to worthwhile and calming outcomes. In reaction to the tariff announcement, the Chairman of the Federal Reserve Bank stated that tariffs will most likely result in “slower growth and higher inflation.”

One is reminded of the seventeenth-century French playwright who said, “To meet with approval, plans need to have succeeded.” Investors, most foreign governments and the financial press have withheld their approval as last week’s declines in the major indices attest.

Lastly, the holdings in your portfolio continue to have good growth in earnings power. We estimate that for the first quarter of 2025 the Look-through Earnings of your investments grew in aggregate 17%². For the year 2025 we estimate that the Look-through Earnings of the portfolios will grow 21% - very strong growth.

We made no significant changes to the portfolios.

¹ “Flagship” refers to an account that the Firm believes fairly represents the Stewart Asset Management Team’s strategy (“Strategy”), and how it generally implements its investment process under normal market conditions. The return provided is the performance of the Flagship that the Firm believes fairly represents the performance of the Strategy for the first quarter of 2025.

² “Look-Through Earnings” refers to an investment approach where an investor evaluates a company’s long-term earning capacity rather than focusing solely on its current reported financials or short-term fluctuations. This concept often involves assessing the underlying fundamentals and potential of the business, including its ability to generate sustainable cash flow, its competitive position, and its exposure to favorable trends in its end markets.

Emerging Opportunities

Grey clouds darken the future. Investors fear the possibility of a global trade war and the slowdown that would accompany it. Worse yet is a slowdown in which inflation stays the same or even worsens.

The year-to-date decline of the S&P 500 Index, however, has begun to unearth strong investment opportunities in the portfolios. In aggregate the holdings in your portfolios are selling at 11X-12X our estimated earnings for 2030. This valuation is a little more than in March 2020, the Covid-induced stock market low, and within measuring distance of the bear market low in early 2009.

It is possible that a near-term slowdown might hurt the earnings growth of some of the companies in the portfolio; however, in 2020, the year there was a global shutdown and U.S. unemployment increased 15%, more than three-quarters of our holdings had notable earnings gains. During the period 2019 to 2024, the earnings of our holdings grew 16.3% on an annualized basis (more than twice the rate of the typical S&P 500 company) despite the two bear market cracks that occurred during that time. Strongly growing, exceptional companies adjust and course correct. Moreover, many of the shares we own on your behalf were among our holdings in the 2020 Covid collapse and the 2022 downturn.

Conclusions

If we are not already nearing an important bottom for the exceptional, high-quality growth businesses we prefer, we may be getting close. Few of us are prescient enough to pick the end of a market decline but prices are becoming attractive now, and excellent gains from this level are probable over the next few years.

My colleagues and I wish you a prosperous and productive spring.

Very truly yours,

Thomas M. Valenzuela
Chief Investment Officer
Stewart Asset Management

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, 2025, to March 31, 2025.

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 annualized returns for a 10-year period from April 1, 2015 to March 31, 2025, net of fees, and the performance for a 5-year period from April 1, 2020, to March 31, 2025, are 17.59% and 14.03%, respectively, 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.

