

The Pernas Portfolio

December 2024

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Benchmark: S&P 500 Total Return
Minimum Investment: N/A
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Investment Philosophy

Our research philosophy is firmly rooted in the investment strategy that has been honed throughout our careers. We seek out attractively-priced companies that fall into one of two categories: those with the potential to sustain and expand their future cash flows, and those with cash flows that require improvement but have a clear path to recovery. Our goal is to be the gold standard in high-quality, accessible stock research, backed by the expertise and solid track records of professional investors.

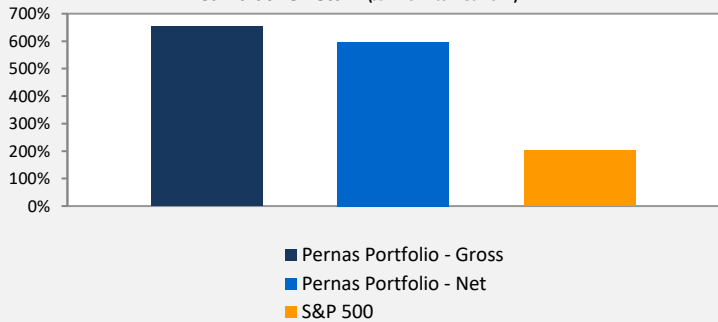
Annualized Returns

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	7 Years	ITD (Jan '17)
Pernas Portfolio - Gross	2.64%	22.70%	45.61%	45.61%	22.67%	39.45%	28.82%	28.73%
Pernas Portfolio - Net	2.55%	22.42%	44.21%	44.21%	21.47%	38.10%	27.57%	27.48%
S&P 500	2.14%	2.41%	25.02%	25.02%	8.94%	14.53%	13.83%	14.80%

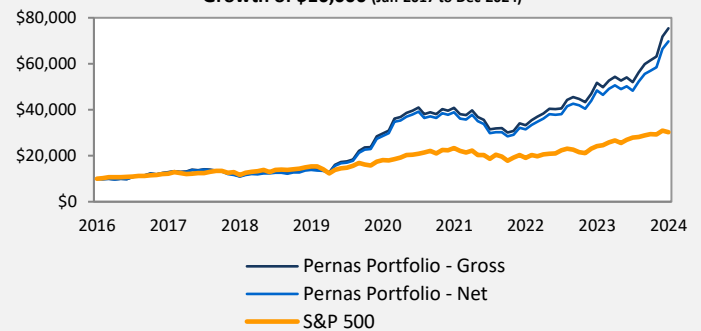
Calendar Year Returns

	2024	2023	2022	2021	2020	2019	2018	2017
Pernas Portfolio - Gross	45.61%	55.42%	-18.43%	37.42%	107.87%	28.79%	-13.31%	28.09%
Pernas Portfolio - Net	44.21%	53.93%	-19.25%	36.09%	105.92%	27.54%	-14.18%	26.84%
S&P 500	25.02%	26.29%	-18.11%	28.71%	18.40%	31.49%	-4.38%	21.83%

Cumulative Return (Jan-2017 to Dec-2024)



Growth of \$10,000 (Jan-2017 to Dec-2024)



Returns

	Total Gross	Total Net	S&P 500 (TR)
Compound ROR	28.73%	27.48%	14.80%
Cumulative Return	654.12%	597.44%	201.77%
Cumulative VAMI	\$75,412	\$69,744	\$30,177
Largest Month Gain	25.70%	25.62%	12.82%
Largest Month Loss	-11.68%	-11.76%	-12.35%
% Positive Months	63.54%	63.54%	70.83%

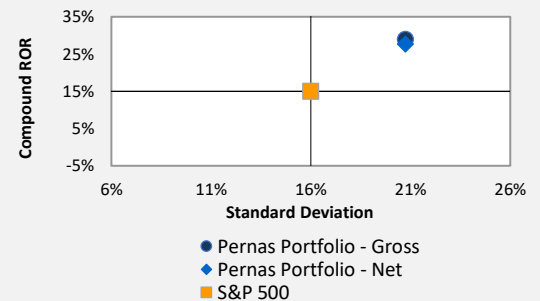
Comparison to Index

	Total Gross	Total Net
Annual Alpha	15.60%	14.47%
Up Capture	107.29%	104.46%
Down Capture	47.36%	49.25%
Beta	0.86	0.86
Correlation	0.66	0.66
R-Squared	0.44	0.44

Risk

	Total Gross	Total Net	S&P 500 (TR)
Standard Deviation	20.87%	20.87%	16.12%
Sharpe (T-Bill)	1.27	1.21	0.78
Sortino Ratio (5%)	2.47	2.31	0.90
Downside Deviation (0%)	8.90%	9.03%	10.18%
Maximum Drawdown	-26.52%	-27.45%	-23.87%
Max Drawdown Length	15	15	9
Months To Recover	10	10	15
Information Ratio	0.88	0.80	---

Risk/Return Scatterplot



Disclaimer: Past Performance is not indicative of future results. This report has been prepared and produced by an independent third-party, Riordan Consulting for informational purposes only. Pernas Research and Riordan Consulting are not affiliated. Please see the attached pages outlining important disclosures and definitions. eVestment is the source for the benchmark and composite statistical data presented on this page. Neither Pernas Research nor its employees provide tax or legal advice. You should consult with your tax and/or legal advisors regarding your personal circumstances.

The Pernas Portfolio

Assets in The Pernas Portfolio are managed by Pernas Research LLC and are not open to outside investment. For practical purposes, gross performance figures are the primary focus; net figures are included to align with industry standards. (A model fee is applied for compliance purposes).

Core and Starter positions follow the investment philosophy we refined over our careers: identifying strong companies becoming even stronger and not-so-strong companies with a clear path to improvement. If our analysis proves correct and the company's future is significantly brighter than the market expects, there will be an opportunity to achieve outsized returns.

Portfolio Structure

The Pernas Portfolio is concentrated, typically holding around 20 positions. The portfolio is divided into four sleeves:

1. Core Positions:

- 10-15 positions
- Weight: 5-15% each
- Holding Period: Greater than a year
- Historically, batting average is close to 70%. These are high-conviction investments based on rigorous research and a thoroughly developed thesis.

2. Starter Positions:

- 2-3 positions
- Weight: 2-3% each
- Holding Period: Less than a year
- Historically, batting average is close to 60%. These positions often serve as initial entries and can graduate to Core Positions as our conviction grows.

3. Speculative Positions:

- 1-4 positions
- Weight: ~1% each
- Holding Period: Less than six months
- Historically, batting average is close to 50% but slugging percentage is high. These positions are highly speculative, with no downside protection, but they offer the potential for outsized returns.

4. Cash Sleeve:

- ~10% of the portfolio
- Maintained as a cushion to capitalize on market volatility and opportunities.

Subscriber Communication

- Position Initiation: After conducting our research and making an investment, we share our report with subscribers. This approach is similar to how hedge fund or mutual fund managers publicly discuss their positions once they have been established.
- Active Updates: We continue to invest in the company until the thesis materializes and the price hits our target, or if the thesis breaks. We send out subscriber updates according to these developments.
- Exit Updates: Upon selling out of a position, subscribers are promptly informed.

All practices are compliant and adhere to industry standards.

INVESTMENT DISCLAIMERS & INVESTMENT RISKS

Past performance is not necessarily indicative of future results. All investments carry significant risk and all investment decisions of an individual remain the specific responsibility of that individual. There is no guarantee that our research, analysis, and forward-looking price targets will result in profits or that they will not result in a full loss or losses. All investors are advised to fully understand all risks associated with any kind of investing they choose to do.