The Pernas Portfolio

March 2025	**Inception Date January 2017**
Pernas Research	Benchmark: S&P 500 Total Return
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Investment Philosophy

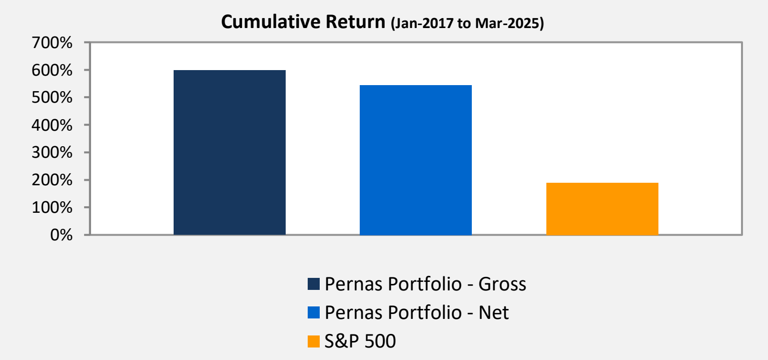
Our research philosophy is firmly rooted in the investment strategy that has been honed throughout our careers. We seek out attractively-priced companies that fall into one of two categories: those with the potential to sustain and expand their future cash flows, and those with cash flows that require 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.

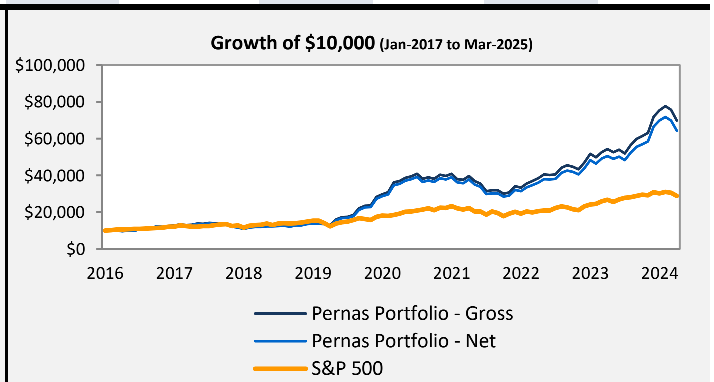
Annualized Returns

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	7 Years	ITD (Jan '17)
Pernas Portfolio - Gross	-7.72%	-7.45%	-7.45%	28.47%	20.65%	40.41%	26.96%	26.55%
Pernas Portfolio - Net	-7.80%	-7.69%	-7.69%	27.22%	19.47%	39.05%	25.73%	25.32%
S&P 500	*-5.63%*	*-4.27%*	*-4.27%*	*8.25%*	*9.06%*	*18.59%*	*13.25%*	*13.72%*

Calendar Year Returns

	2025 - YTD	2024	2023	2022	2021	2020	2019	2018	2017
Pernas Portfolio - Gross	-7.45%	45.61%	55.42%	-18.43%	37.42%	107.87%	28.79%	-13.31%	28.09%
Pernas Portfolio - Net	-7.69%	44.21%	53.93%	-19.25%	36.09%	105.92%	27.54%	-14.18%	26.84%
S&P 500	*-4.27%*	*25.02%*	*26.29%*	*-18.11%*	*28.71%*	*18.40%*	*31.49%*	*-4.38%*	*21.83%*





Returns

	Total Gross	Total Net	S&P 500 (TR)
Compound ROR	26.55%	25.32%	13.72%
Cumulative Return	597.90%	543.79%	188.88%
Cumulative VAMI	$69,790	$64,379	$28,888
Largest Month Gain	25.70%	25.62%	12.82%
Largest Month Loss	-11.68%	-11.76%	-12.35%
% Positive Months	62.63%	62.63%	69.70%

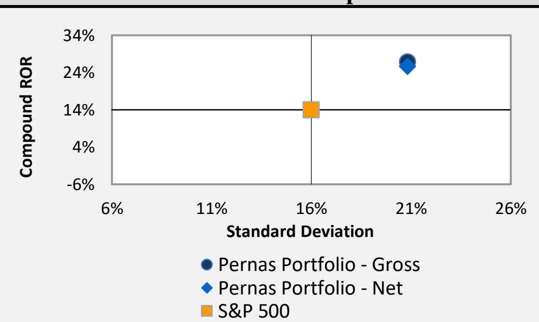
Comparison to Index

	Total Gross	Total Net
Annual Alpha	14.32%	13.20%
Up Capture	107.30%	104.46%
Down Capture	53.07%	54.93%
Beta	0.87	0.87
Correlation	0.67	0.67
R-Squared	0.45	0.45

Risk

	Total Gross	Total Net	S&P 500 (TR)
Standard Deviation	20.91%	20.91%	16.09%
Sharpe (T-Bill)	1.16	1.10	0.71
Sortino Ratio (5%)	2.17	2.02	0.80
Downside Deviation (0%)	9.21%	9.35%	10.23%
Maximum Drawdown	-26.52%	-27.45%	-23.87%
Max Drawdown Length	15	15	9
Months To Recover	10	10	15
Information Ratio	0.82	0.74	---

Risk/Return Scatterplot



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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 in the portfolio follow our "Motor" Investing philosophy, focusing on identifying mispriced companies with strengthening motors—those poised for value-creating growth based on a forward-looking understanding of their business dynamics. Read more about this philosophy here.

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: 6 months to several years
    - Historically, batting average is close to 70%. These are high-conviction investments based on rigorous research and a well-formulated thesis.
2. **Starter Positions**:
    - 2-3 positions
    - Weight: 2-3% each
    - Holding Period: Typically a year or less
    - Historically, batting average is close to 60%. These positions often serve as initial entries and may graduate to Core Positions as conviction increases.
3. **Speculative Positions**:
    - 1-4 positions
    - Weight: ~1% each
    - Holding Period: 6 months or less
    - These positions offer favorable risk-reward profiles based on specific opportunities.
    - Batting average is close to 50% but slugging percentage is high. These positions are highly speculative often with no downside protection but offer outsized return potential.
4. **Cash Sleeve**:
    - ~10% of the portfolio
    - Maintained as a cushion to capitalize on market volatility and opportunities.

Investment Process

- Thesis Development: Before initiating a position, we outline a detailed investment thesis.
- Subscriber Communication: After investing, we share our rationale with subscribers, similar to how hedge fund or mutual fund managers discuss their positions publicly.
- Active Management: We continue to invest in the company until the thesis materializes and the price hits our target, or if the thesis breaks and we decide to sell.
- Exit Updates: Upon selling, subscribers are promptly informed.

All practices are compliant and adhere to industry standards.