RANSOME VALUE OPPORTUNITY

May 2020

RANSOME ASSET MANAGEMENT

Overview

U.S. equity markets continued their “post COVID” recovery in May. The rebound was supported by the commencement of gradual reopening across the country and many hard hit states, more positive commentary out of health officials, increased hope for a vaccine over the next 12 months, and continued fiscal and monetary policy support. Reversal of COVID-19 induced economic forced stops continued to buoy economic optimism particularly into month end resulting in a rotation from big tech FAANG into economically sensitive sectors which continued a “rise from the dead” from a perception and price perspective. Speculation about the post COVID-19 apocalyptic “new normal” has given way to a realization that we have survived these types of events in the past and we will most assuredly do so in this instance, albeit with reasonable uncertainty regarding the timing and character of normalization.

The speed at which the markets have recovered has commentators and analysts grappling with a wide range of potential outcomes. Ongoing debate and speculation regarding what can be viewed as a disconnect between markets and the economy is a common theme. During the month we shared a simple reminder by Bill Miller of Miller Value Partners; “The economy does not predict the stock market, the stock market predicts the economy.” Nothing particularly profound in the statement but a good reminder and generally useful as a baseline in framing divergent opinions. Extraordinary fiscal and monetary policy measures may have the effect of obscuring the markets predictive power, or, the aforementioned actions may be effective in producing the revival in economic activity the markets seem to expect. Only time will tell.

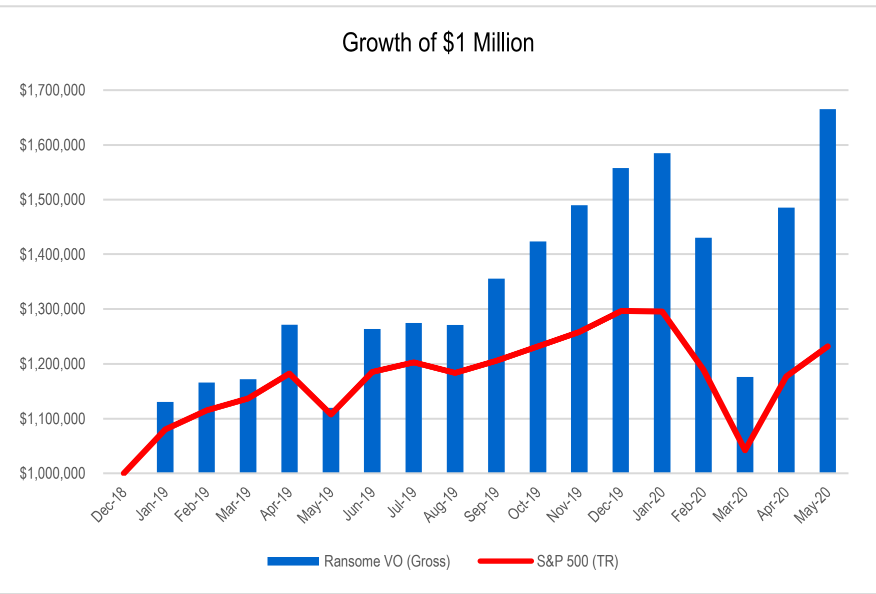
Portfolio Performance and Developments

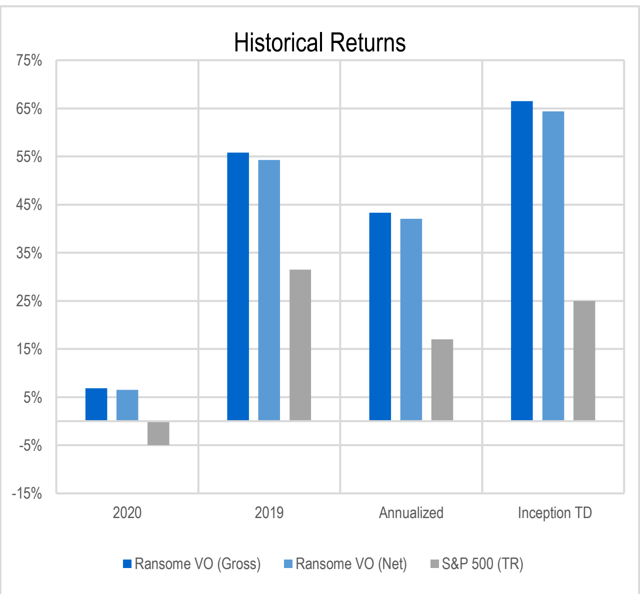
Ransome’s Value Opportunity continued a strong rebound returning 12.10% gross of fees in the month of May outpacing the S&P 500 (TR) which returned 4.67%. Year to date Value Opportunity has returned 6.87% vs the benchmark -4.96%. On an annualized from inception basis Value Opportunity returned 43.32% vs 17.03% for the benchmark.

During the month we added one new position to the portfolio.

Performance Analysis

2020	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2020	Annualized	Incept TD
Ransome (Gross)	1.72%	-9.73%	-17.79%	26.30%	12.10%								6.87%	43.32%	66.51%
Ransome (Net)	1.64%	-9.81%	-17.88%	26.22%	12.02%								6.54%	42.03%	64.39%
S&P 500 (TR)	-0.03%	-8.24%	-12.34%	12.92%	4.67%								-4.96%	17.03%	24.95%
2019	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**2019**		
Ransome (Gross)	13.00%	3.17%	0.48%	8.54%	-11.93%	12.85%	0.84%	-0.24%	6.63%	5.02%	4.65%	4.58%	55.80%		
Ransome (Net)	12.92%	3.09%	0.40%	8.45%	-12.01%	12.76%	0.75%	-0.32%	6.54%	4.94%	4.56%	4.50%	54.30%		
S&P 500 (TR)	8.01%	3.21%	1.94%	4.05%	-6.35%	7.05%	1.44%	-1.58%	1.87%	2.17%	2.17%	3.01%	31.47%		



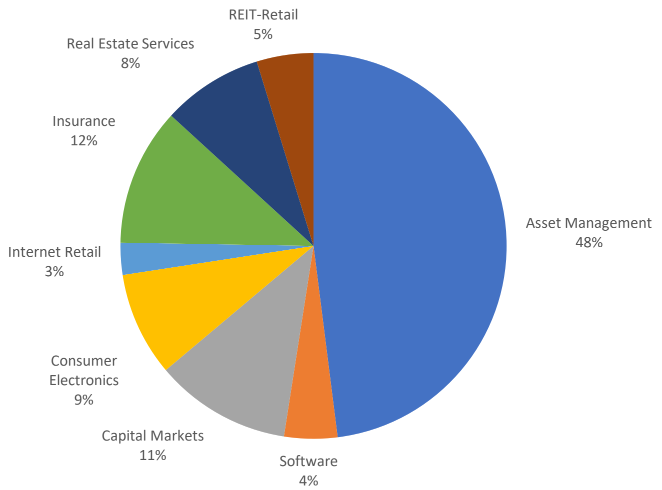


RANSOME ASSET MANAGEMENT

Ransome Asset Management, LLC | © 2020
Ph: 813.444.8742 | Invest@RansomeAssetManagement.com | www.RansomeAssetManagement.com

RANSOME ASSET MANAGEMENT

Positioning



Portfolio Statistics	From Inception
Beta	1.84
Alpha	13.20%
Sharpe	1.36
Active Share	90.30%
Up Mkt Capture	1.43
Down Mkt Capture	0.83
Batting Average vs S&P 500 TR	0.71
Average Monthly Return	3.54%
Information Ratio	0.93
Tracking Error	4.65%

Initiations

Simon Property Group (SPG) – The rise of e-commerce had resulted in multi decade predictions of the “death of retail.” COVID has revived those speculations as shopping destinations face forced closures which has resulted in less well capitalized retailers seeking bankruptcy protection or rent relief/abatement. Consequently, landlords in the retail space, such as Simon, have seen their share prices fall over 80% from peak. We anticipate a transitory NOI decline, downward adjustments to NAV and upward adjustments to NAV discount. However, we do not expect the adjustments in operating performance to justify what is currently reflected in the share price.

Eliminations

No Eliminations

Outlook

Looking forward, we are encouraged but remain cautious, albeit for different reasons. Increased optimism regarding economic reopening, renewed confidence that the “Fed Put” is still alive and well even at the zero bound of policy rates and ongoing fiscal support have resulted in a recovery in markets which has pushed valuations back to levels indicating highly optimistic rebound and reopening expectations, even in light of continued economic and employment stress. The extremely depressed price level of late March was, in our view, a “no brainer” to aggressively add/reposition within the portfolio. However, at current levels and in light of the possibility for COVID second waves, uncertainty regarding vaccine and treatment and the presidential election in November, the risk reward analysis becomes a much more nuanced exercise.

We believe that the quick policy response likely did the trick in restoring stability and the comfort needed to encourage a level of risk taking necessary to produce increased spending and output, in the near term. Additionally low interest rates 1) reduce discount rates resulting in higher valuations, 2) limit investor option driving allocation to equities and providing support to equity prices through the uncertainty, and headline volatility, of what may be a choppy nonlinear recovery.

We continue to have great confidence in our investment process and in the strength and resilience of the companies in our portfolio. However, throughout the balance of the year we intend to look for tactical opportunities to more effectively guard portfolios against potential downside shocks. We reiterate our belief that volatile and uncertain times are particularly well suited to active management in general and our process and approach in particular.

Ransome Asset Management, LLC | © 2020

Ph: 813.444.8742 | Invest@RansomeAssetManagement.com | www.RansomeAssetManagement.com

The information provided above should not be construed as a recommendation to buy, sell or hold any particular security. The data is shown for informational purposes only and is not indicative of future portfolio characteristics or returns. Portfolio holdings may change over time without advance notice. The holdings identified do not represent all the securities purchased or sold in the composite. Holdings are provided for informational purposes only. The information contained herein is made available for educational purposes only and should not be used for any other purpose. The information contained herein does not constitute and should not be construed as an offering of advisory services or to buy, sell or hold any particular security or related financial instrument(s) in any jurisdiction. Certain information contained herein concerning economic trends and performance is based on or derived from information provided by independent third-party sources. Ransome Asset Management, LLC ("Ransome") believes that the sources from which such information has been obtained are reliable; however, it cannot guarantee the accuracy of such information and has not independently verified the accuracy or completeness of such information or the assumptions on which such information is based. This memorandum, including the information contained herein, may not be copied, reproduced, republished, or posted in whole or in part, in any form without the prior written consent of Ransome. Ransome makes no representation, and it should not be assumed, that past investment performance is an indication or guarantee of future results. Moreover, wherever there is the potential for profit there is also the possibility of loss. Stocks have historically been sensitive to economic cycles and investor sentiment that can affect volatility and risk. Returns can fluctuate and investors can lose money.

Value investing is based on the potential for a company's stock price to rise based upon anticipated changes in the market, within the company itself, or both. There is the risk that a company will not achieve its expected results, or that an unexpected change in the market or within the company will occur, which may adversely affect investment results. Other factors relating to a company or to overall market conditions may also contribute to price declines. Stocks have historically been sensitive to economic cycles and investor sentiment that can affect volatility and risk. Returns can fluctuate and investors can lose money. Not every investment opportunity will meet all of the investment criteria mentioned in equal degree. Please consider all risks carefully before investing. Investment in Ransome Value Opportunity strategy is subject to many risks including sudden changes in overall market valuations and market liquidity. Concentrations in a smaller number of securities may involve greater risk and portfolio price volatility than investments in a more diversified strategy. Investing a significant portion of assets in the financial services sector may cause the strategy to be more sensitive to problems affecting financial companies. **Past performance is no guarantee of future results**

Ransome Asset Management, LLC is an independent registered investment advisory firm established in 2019 to manage equity portfolios for and provide advisory services to individual and institutional clients. The Value Opportunity strategy was launched December 31, 2018 with the objective to generate superior risk adjusted excess return versus the S&P 500 Index using concentrated portfolios (typically 10-20 securities) and a value-oriented risk-controlled approach. Composite performance from inception represents a single non fee paying account of the firm Founder managed using the Firms Value Opportunity strategy. Securities are selected using the Firms proprietary methodology which seeks to identify investments management believes to possess superior risk reward characteristics vs the benchmark which contains 500 holdings (The S&P 500 Index is an unmanaged index of 500 selected common stocks, most of which are listed on the New York Stock Exchange. The index is adjusted for dividends, weighted towards stocks with large market capitalizations and represents approximately two-thirds of the total market value of all domestic common stocks. Investments cannot be made directly in an index). Composite returns may have a lower correlation with the benchmark than a more diversified strategy.

Returns are presented gross of management fees and custodial fees but net of all trading expenses and also net assuming an average 1% management fee. Firm management fee maximum is 1.5% and performance fee maximum is 35% of gross excess return for performance fee accounts. For accounts not subject to performance fee the Firm management fee maximum is 2.5%. Investor performance may be higher or lower.Weighted average is a method of calculating an average in which each value is assigned a weight. Active Share is a measure of the percentage of holdings in a portfolio that differ from the benchmark index. Beta is calculated using a daily regression vs the benchmark index. Sharpe and Sortino ratios calculated using daily or monthly returns with the result being annualized.