RANSOME OPPORTUNIUTY EQUITY

June 30, 2020

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Dear Ransome Opportunity Equity Investor: Performance

In a surprising second quarter, marked by a S&P 500 Index quarterly return in the top five of those recorded since 1950, Ransome Opportunity Equity ("Opportunity Equity" or "ROE") delivered strong returns, advancing 50.85% (Gross of Fees), outperforming the S&P 500 Index, which climbed 20.54%. Year-to-date, ROE is up 18.13%, significantly ahead of the index, which declined 3.08%.

As of this writing (July 16), while no guarantee of the future, ROE has continued to perform well and is up 23.37% year-to-date.

Performance Analysis

(%) for periods ending 6/30/2020

	Ransome Opportunity Equity (Gross)	Ransome Opportunity Equity (Net)	S&P 500 Total Return Index[2]	Ransome Opportunity Equity Active Return
Q2	56.50	56.16	20.54	35.96
Q1	-24.31	-24.72	-19.59	-4.72
YTD	18.13	17.80	-3.08	21.21
One Year	45.64	44.23	7.50	38.14
Inception[1] (12/31/18)	50.18	48.94	17.54	32.64
Cumulative	84.05	81.77	27.43	56.62

Review and Outlook

Opportunity Equity had a robust second quarter. Aggressive policy action by the Federal Reserve alleviated acute disfunction in the financial system ensuring normal functioning of markets. Low borrowing costs, with policy rates at the zero bound, incentivized risk taking by investors and business. Swift and unprecedented monetary and fiscal policy action served to cushion the short-term financial impact of the forced economic stops perpetuated by COVID-19. Investors and consumers appear to have accepted that government and central bank action will serve to create a bridge between the "stop" and a more normalized economic environment. In short, the "Fed Put" appears to be alive and well, for now.

As a result, markets seem to be content to look past COVID and accept that this shock is atypical to that of a normal recession. Investors focused on reopening efforts and incrementally positive economic momentum coming off the bottom in late March. Optimism for a vaccine, declining cases (for a time), lower fatality rates and a realization that certain activities are possible, either remotely, or by using PPE and distancing protocols has helped participants look through the fog to a more normalized future.

1 Annualized

2 The indexes are unmanaged. The index performance is not strategy performance; one cannot invest directly into an index. S&P 500 Index measures the performance of the broad segment of the U.S. equity universe comprised of 500 widely held large cap U.S. companies. The index and strategy are with dividends, which positively impact the performance results

The strong recovery in markets, however, carries more risk as a result of unanticipated negative outcomes, such as; increasing case counts, delays in a vaccine and treatment protocols, less robust/insufficient subsequent phase(s) of monetary and fiscal policy support, disappointing improvement in economic indicators relative to expectations and the outcome of the 2020 election. While it is natural to want to have all questions about the future answered with absolute certainty, delivery of positive excess returns is not predicated on us possessing such foreknowledge. We continue to focus on research, analysis and valuation to identify investments in companies which possess exceptionally attractive risk-reward opportunities and whose quality, opportunity and strength are undervalued in the market relative to our assessment at inception. We seek margin of safety at purchase with an expectation of outsized appreciation potential over time. Holdings are concentrated in our best ideas, limiting constraint, to differentiate vs the benchmark while seeking exceptional risk adjusted excess returns. Opportunity Equity's performance is due to our consistent application of this approach.

Notwithstanding the markets strong performance, throughout the quarter, many participants had/have been trying to make sense of a move of this magnitude in light of the deteriorating economic and employment numbers, and ongoing uncertainty about many aspects of the response and recovery. A few possible alternative hypotheses had been posited; 1) we are at the beginning of a prolonged recession. The rally is a bear market retracement which will give way to a retest or undercut of the March 23 low 2) this crisis is exogenous and not caused by the typical financial excesses typically characteristic of financial system catalyzed contractions. The market sees/expects a strong economic recovery and improved employment and is content to look through to that future 3) Federal Reserve liquidity and assurances of virtually unconditional support to restore full employment and economic growth are doing what they have done since the financial crisis, provide support for financial asset values and pushing prices higher, at times in opposition to immediate fundamental support 4) The Fed is overstepping its bounds by intervening in financial markets to such a degree as to undermine price discovery and artificially prolonging the existence of companies that would be insolvent but for the artificial support 5) some combination of the above.

A portfolio manager I follow recently wrote a note discussing Occam's Razor the thesis of which prompted me to consider the question of predictive capacity. Occams Razer is known as the law of economy or law of parsimony. It is an abductive heuristic principle stated by philosopher and theologian William of Ockham as *pluralitas non est ponenda sine necessitate*, "plurality should not be posited without necessity." The principle gives precedence to simplicity: of two competing theories, the simpler explanation is to be preferred. The principle may also be expressed as "entities are not to be multiplied beyond necessity." Applying this law to the questions above we ask ourselves; "does the economy predict the stock market or does the stock market predict the economy?" The simplest and most likely explanation is that the market is attempting to predict the economy.

The simple is often at the mercy of the complex, particularly from market pundits, who favor an infinite chain of ad hoc hypothesis to inspire continued patronage. While such an approach may add value for a media or subscription service, it often does not provide the same value in pursuit of exceptional investment performance. In our March memo *Some Things Never Change* our thesis was that behavioral factors would lead to a more robust recovery than was expected at that time. The prevalence of low risk-free rates has required investors to become relatively more accepting of equity and alternative issue economic sensitivity/earnings volatility. The same low risk-free rates are a component of rates used to discount cash flows. Given that discount rates and valuations are negatively related lower discount rates result in higher valuations.

While we can not blindly rely on the persistence of such support we can reasonably rely on human history, and by extension, market history which favors preparation, pragmatism, and strategic opportunism. Our focus is on maintaining the proper physical and analytical positioning to do just that. Having said this, I am concerned with the level of speculation in the market as evidenced by new account openings, sensationalized day traders and the somewhat excessive price returns achieved by numerous unprofitable companies. While not dispositive, these are items to monitor moving forward.

Top Contributors to Performance Quarter Ending 6/30/2020

	Contribution %
Apollo Global Management, Inc.	9.97
Ameriprise, Inc	8.46
Apple, Inc.	6.19

Apollo Global Management, Inc. is a leading alternative asset manager providing service to endowment and sovereign wealth funds, as well as other institutional and individual investors. The company manages $316 billion in client assets across fixed income, private equity, real estate, hedge funds. Its Athene insurance subsidiary provides the firm with a significant and growing pool of permanent capital augmenting a recurring fee income stream which has grown at a CAGR of 21% over the last 10 years. Assets under management have increased 5x (a CAGR of 18%) since its IPO in 2011.

We expect that this growth will continue as a low intertest rate environment pushes institutions and endowments to seek alternatives to supplement declining returns in traditional asset classes.

Ameriprise, Inc. provides various financial products and services to individual and institutional clients in the United States and internationally. It operates through five segments: Advice & Wealth Management, Asset Management, Annuities, Protection, and Corporate & Other. The company provides asset management/advisement to nearly $1 Trillion in client assets, nearly, has nearly tripled its EPS since 2012 (16% CAGR) and maintains ROE in the high 30's. Increasing Advice and Wealth Management contribution coupled with leading positions in Asset Management and Insurance will enable the company to continue capture a disproportionate share of the $40 trillion in household wealth which is growing the mid single digits annually. Ameriprise trades at 8x expected 2021 EPS, roughly half its EPS growth rate.

Apple, Inc. designs, manufactures, and markets smartphones, personal computers, tablets, wearables, and accessories worldwide. It also sells various related services. With a sticky installed base, increased monetization of service offerings and the impending 5G upgrade cycle, Apple is positioned to benefit from its powerful ecosystem and brand loyalty as remote work, augmented service offerings and a consumer desire for technological integration into everyday life drives technology spending.

Top Detractors from Performance Quarter Ending 6/30/2020

None

Portfolio Structure and Investment Strategy

Opportunity Equity invests in businesses across the capitalization spectrum whose equity is valued below our assessment of intrinsic value. We favor businesses with exceptional management, strong competitive advantage, have a business model with strong recurring revenues from a growing market and are positioned to benefit from or capitalize on secular trends. Portfolios are concentrated in a small number of holdings (typically less than 20) and limit non equity securities (typically equity derivatives) to 20% of assets.

At the end of the quarter the largest market cap holding was $1.58 trillion and the smallest $9.25 billion. The median and weighted market caps were $38.2 and $296.67 billion respectively. Portfolios held 11 positions and the top 10 positions accounted for 93.92% of total investments. No non equity positions we held at quarter end. We believe our holdings offer significant appreciation potential, although we cannot guarantee that will be the case.

Square Inc. (software/payments) was added to the portfolio in late March. Square together with its subsidiaries, provides payment and point-of-sale solutions managed payments, instant transfer, Square Card, Square Capital, and payroll. Additionally, it provides Cash App, which enables to send, spend, and store money.

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The company has recently augmented its Cash App capability to include self-directed investment, equity slices (which allow individuals to purchase fractional shares) and digital currency. The company stands to benefit from increased e commerce, a desire for online and virtual receipts and payments, and consumer demand for a more streamlined deposit/lending process. Businesses and consumers will continue to gravitate to simple and unified solutions, and we believe Square is well situated to capture a disproportionate share of net migration. Square returned over 100% for the quarter and over 200% from its addition in March. Other technology names also performed well including **Apple** (technology hardware/consumer electronics) which represented our largest holding at quarter end, and **Amazon** (internet retail), which was our smallest holding.

During the quarter we trimmed some of our Asset Management names which we had aggressively added to around the March lows, including; **Ameriprise**, **Blackstone**, and **Apollo**.

Portfolio Industry Relative Performance

	Industry Return[1]	Holdings Average[2]	Relative
Software	36.07	100.34	64.27
Consumer Electronics	20.57	43.46	22.89
Real Estate Investment Trusts	10.65	31.75	21.11
Real Estate Services	8.67	19.92	11.25
Asset Management	21.43	31.07	9.62
Capital Markets	21.45	8.91	-12.54
Internet Retail	40.91	41.50	0.59

1 Based on S&P 500 industry composite 3/31/2020 through 6/30/2020

2 Unweighted average of portfolio holding returns in the referenced industry

Portfolio Additions

Simon Property Group Inc. (REIT Retail) – 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. While we do expect distress and declining occupancy rates, "A" locations operated by exceptional seasoned managers, such as Simon, will adjust, reposition, and recover as economic activity returns in a more normalized environment. 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 was reflected in the share price at our time of purchase.

Portfolio Holdings 6/30/2020

	% Net Assets
Apple	13.38
Brookfield Asset Management Inc.	12.07
Ameriprise, Inc.	11.01
Blackstone Group, Inc.	10.39
Apollo Global Management, Inc.	10.07
Raymond James Financial, Inc.	8.84
Blackrock, Inc.	7.98
Square, Inc.	7.70
CBRE Group, Inc.	7.46
Simon Property Group, Inc	5.02
Total	93.92

To conclude, we believe in the power of our approach and of the companies in the portfolio. Our focus each day is to identify opportunities which will add value and reduce risk. The application of our strategy has achieved positive excess returns from inception and at the midpoint of the current year. It is our commitment to steward your capital well and validate your trust by delivering exceptional performance for you, our investors.

Best regards,

Dawson A. Ransome, CFA
Portfolio Manager

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.

Equity 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 Opportunity Equity 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 Opportunity Equity 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 Opportunity Equity 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. **Sharpe Ratio**: is a risk-adjusted performance statistic that measures reward per unit of risk as measured by standard deviation. The higher the Sharpe ratio, the better a fund's risk adjusted performance**.** Sharpe ratios calculated using daily or monthly returns with the result being annualized. **Sortino Ratio**: is a modification of the Sharpe ratio that penalizes only those returns falling below a user-specified target or required rate of return, while the Sharpe ratio penalizes both upside and downside volatility equally. The higher the Sortino ratio, the better a fund's risk adjusted performance. **Treynor Ratio**: is a modification of the Sharpe ratio measures reward per unit of risk as measured by beta.. The higher the Treynor ratio, the better a fund's risk adjusted performance. **Alpha**: measures the difference between a fund's actual returns and its expected performance, given its level of risk as measured by beta. **Beta**: measures a fund's sensitivity to market movements. The beta of the market is 1.00 by definition. Beta is calculated using a regression vs the benchmark index. **R-Squared**: measures how closely a fund's performance correlates to the performance of the benchmark index, and thus is a measurement of what portion of its performance can be explained by the performance of the index. Values for R-Squared range from 0 to 100, where 0 indicates no correlation and 100 indicates perfect correlation. **Tracking Error**: measures how closely a fund's return follows the benchmark index returns. It is calculated as the annual- ized standard deviation of the difference between the fund and the index returns. **Information Ratio**: measures the excess return of a fund divided by the amount of risk the fund takes relative to the benchmark index. The higher the information ratio, the higher the excess return expected of the fund, given the amount of risk involved. **Upside Capture**: explains how well a fund performs in time periods where the benchmark's returns are greater than zero. **Downside Capture**: explains how well a fund performs in time periods where the benchmark's returns are less than zero. **Active Share**: a term used to describe the share of a portfolio's holdings that differ from that portfolio's benchmark index. It is calculated by comparing the weight of each holding in the Fund to that holding's weight in the benchmark. Positions with either a positive or negative weighting versus the benchmark have Active Share. An Active Share of 100% implies zero overlap with the benchmark. Active Share was introduced in 2006 in a study by Yale academics, M. Cremers and A. Petajisto, as a measure of active portfolio management.