

July 9, 2025

June 2025 - Investor Update

Dear Friends & Partners,

Our investment returns are summarized in the table below:

Strategy	Month	YTD	12 Months	24 Months	36 Months	Inception
LRT Global Opportunities	-1.30%	+8.12%	+11.35%	+10.99%	+11.55%	+18.61%

Results as of 6/30/2025. Periods longer than one year are annualized. All results are net of all fees and expenses. Past returns are no guarantee of future results. Please see the end of this letter for additional disclosures.

LRT Global Opportunities is a **systematic** long/short strategy that seeks to generate positive returns while **controlling downside risks** and maintaining low net exposure to the equity markets.

During the month of June the LRT Global Opportunities strategy returned -1.30% net of fees. Year-to-date, the strategy has returned +8.12%; slightly ahead of major indices for the year, clearly demonstrating the value of our low-beta, high-alpha strategy. As of July 2nd, our estimated beta is 0.4. See the Appendix for detailed return attribution. In addition to the quantitative portfolio disclosures, starting with this letter we will also begin to provide short qualitative assessments of our top twenty holdings.

Broad market indexes are currently at “max stupid” levels, reflecting a state of euphoria with returns driven by meme stocks and low quality, speculative companies. During such periods of market excess, our strategy typically underperforms indexes. We expect to outperform when markets decline and the bubble in speculative stocks bursts. We continue to rigorously execute our strategy in what has been a very volatile stock market year-to-date.

I take seriously the responsibility and the trust that you have given me as a steward for a part of your savings. As always, if you have any questions, please don’t hesitate to contact me. I appreciate all your ongoing support.



Lukasz Tomicki
Portfolio Manager
LRT Capital

Asbury Automotive Group, Inc. stands as a premier operator and strategic consolidator within the vast U.S. automotive retail landscape. The company manages a geographically diverse and growing portfolio of dealerships, providing a comprehensive suite of offerings that includes new and used vehicles, financing and insurance products, and, most critically, parts and service operations. While the automotive retail sector is often characterized as fragmented and cyclical, Asbury's disciplined operational methodology, clear strategic focus, and shareholder-friendly capital allocation have established it as a category leader with a durable model for long-term, profitable growth.

The fundamental competitive advantage of Asbury is rooted in the resilience of its business model, particularly its high-margin parts and service segment. This division generates a consistent, annuity-like revenue stream that provides significant profit stability throughout economic cycles. As vehicles become increasingly complex and technologically advanced, the specialized expertise and equipment housed within a franchised dealer's service bay become ever more essential, deepening this protective moat against independent competition. This operational backbone is complemented by the company's strategic focus on owning dealerships with desirable import and luxury brands situated in attractive, high-growth metropolitan areas. This brand mix not only ensures access to a strong and resilient customer base but also drives higher-margin service work and greater customer loyalty over the lifetime of the vehicle.

Management has cultivated a well-defined, dual-pronged strategy for growth that demonstrates both discipline and ambition. First, Asbury has proven itself to be a highly effective and shrewd consolidator in an industry with a long runway for consolidation. Its ability to execute large-scale, strategic acquisitions was best demonstrated by the transformational purchase of Larry H. Miller Dealerships, a move that significantly expanded the company's operational footprint and earnings power. This transaction, the second-largest of its kind in the industry's history, underscored management's capability to identify, integrate, and extract value from major acquisitions, fundamentally reshaping the company's scale and competitive posture.

Second, this acquisitive growth is balanced with a deep commitment to organic improvement and digital innovation. The company's proprietary "Clicklane" platform provides a seamless, end-to-end digital retailing tool, fully integrating the online and in-store guest experience. This omnichannel approach is more than a convenience; it is a significant competitive advantage that addresses the evolving preferences of the modern consumer while driving operational efficiencies and enhancing customer loyalty. By creating a frictionless, transparent process, Asbury captures and retains customers more effectively than smaller competitors who lack the scale to invest in such a sophisticated platform.

This synthesis of a robust and stable service business, a proven M&A engine, and a forward-looking digital strategy is underpinned by a disciplined capital allocation framework. Management has consistently demonstrated a commitment to creating shareholder value, opportunistically repurchasing shares and prudently managing its balance sheet to maintain financial flexibility for future growth. Asbury is not merely participating in its industry; it is actively shaping it, creating a platform designed to compound shareholder value for the long term.

Simpson Manufacturing Co., Inc. (SSD)

Simpson Manufacturing Co., Inc. represents a category-defining enterprise and the undisputed leader in the North American market for engineered structural connectors. Through its iconic Simpson Strong-Tie brand, the company provides essential, high-performance products that are critical to the structural integrity and safety of residential and commercial buildings. The company's deep competitive moat, rooted in decades of innovation, exceptional service, and unparalleled brand equity, have solidified its position as a mission-critical partner to the construction industry, making it a truly high-quality, compounding enterprise.



The cornerstone of Simpson's durable competitive advantage is its products being specified directly into building codes. Architects, engineers, and builders do not simply choose Simpson products; they are often required to use them to meet stringent local and national safety standards for seismic activity, high winds, and general structural load. This creates immense switching costs, as deviating from the specified product would require costly and time-consuming engineering re-evaluations. The brand itself has become synonymous with trust and reliability, a reputation earned through a relentless focus on product quality, rigorous testing, and engineering excellence. This trust is a powerful, intangible asset that is nearly impossible for a competitor to replicate.

Furthermore, Simpson has cultivated an unmatched distribution network and service model. Its products are ubiquitously available through a vast network of home centers, lumberyards, and contractor suppliers, ensuring that builders have immediate access to the necessary components. This physical availability is augmented by best-in-class technical support and field service for engineers and contractors, reinforcing its role as an indispensable partner rather than a mere product supplier. This holistic approach—from code specification to engineering support to on-site availability—cements Simpson's dominant market position.

The company's growth is propelled by durable, secular tailwinds. The persistent need for new housing construction and the consistent, non-discretionary nature of the repair and remodel market provide a stable foundation for demand. Moreover, the increasing frequency of extreme weather events and a growing focus on building resiliency are driving stricter building codes, which in turn increases the content and value of Simpson's products per structure. Management has a long and proven track record of operational excellence and disciplined capital allocation. The company consistently generates strong free cash flow, which it prudently reinvests in product innovation and strategically returns to shareholders through consistent dividends and opportunistic share repurchases.

In essence, Simpson Manufacturing is not just a building products company; it is a critical component of the construction safety ecosystem. Its entrenched position in building codes, trusted brand, and comprehensive service model create a formidable competitive fortress. This allows the company to capitalize on the enduring need for safer, more resilient buildings, ensuring a long runway for continued growth and value creation.

StoneX Group Inc. (SNEX)

StoneX Group Inc. operates as a diversified and globally-focused financial services network, providing a critical suite of products that connect clients to the world's markets. The company delivers execution, clearing, payment, and advisory services across a broad range of asset classes, including commodities, foreign exchange, and securities.

While the financial services industry is intensely competitive, StoneX has carved out a formidable position by focusing on underserved client segments and providing high-touch expertise in complex, niche markets. This has established the firm as an indispensable partner for its clients and a durable, compounding enterprise.

StoneX[®]

The company's competitive advantage is built on a foundation of deep institutional knowledge, comprehensive service offerings, and a robust global infrastructure. StoneX acts as a vital intermediary for thousands of commercial, institutional, and retail clients who rely on its platform to manage risk and transact efficiently. In the physical and financial commodity markets, for example, the company provides not just execution but also vital market intelligence and logistical support, a level of service that larger, more transactional-focused institutions often neglect. This high-touch, value-added approach fosters deep, long-standing client relationships characterized by high switching costs.

StoneX's growth strategy is a disciplined combination of organic expansion and strategic acquisitions. The company has a long history of successfully acquiring and integrating businesses that add new capabilities, expand its geographic footprint, and broaden its client base. The transformational acquisition of GAIN Capital, for instance, significantly scaled its retail foreign exchange and CFD business, creating new avenues for growth and cross-selling opportunities across the entire StoneX network. Management has proven adept at identifying complementary businesses and leveraging the firm's existing infrastructure to unlock synergies and enhance profitability.

This acquisitive growth is supported by a strong and consistent focus on organic investment in technology and talent. The firm continuously enhances its proprietary platforms to provide clients with more efficient execution and better access to market data and insights. This commitment to technological leadership, combined with a culture that attracts and retains top talent with specialized market expertise, creates a powerful and self-reinforcing business model. Management's disciplined approach to risk management and capital allocation ensures that growth is pursued prudently, with a clear focus on generating sustainable, long-term shareholder value. In a complex and often opaque financial world, StoneX provides clarity, access, and expertise, making it a critical part of the global financial ecosystem.

Crown Castle International Corp. (CCI)

Crown Castle International Corp. stands as a category-defining enterprise, owning and operating the largest portfolio of shared communications infrastructure in the United States. The company provides the mission-



critical assets—primarily macro cell towers—that form the backbone of the nation's wireless networks. By leasing space on its strategically located infrastructure to the largest wireless carriers under long-term contracts, Crown Castle has established itself as an indispensable partner in the digital economy. This unique position, protected by immense barriers to entry, has allowed the company to build a durable, compounding enterprise that is foundational to modern communication.

The company's formidable competitive advantage is rooted in the irreplaceability of its asset base. Securing suitable locations and navigating the complex, lengthy zoning and permitting processes required for new tower construction creates a significant moat that deters new competition. The location of Crown Castle's towers, concentrated in the top U.S. markets, represents prime real estate for wireless communication, making access to its network essential for carriers seeking to provide reliable coverage. The business model is further fortified by long-term, non-cancellable lease agreements, which typically include contractual rent escalators, providing a highly predictable, recurring, and growing stream of high-margin revenue.

Crown Castle's growth is propelled by powerful and enduring secular tailwinds. The exponential increase in mobile data consumption, driven by video streaming, cloud computing, and the proliferation of connected devices, creates a continuous need for wireless carriers to invest in densifying and enhancing their networks. The nationwide rollout of 5G technology acts as a significant accelerant to this trend, requiring more equipment on existing towers to deliver the promised advancements in speed and capacity.

In a decisive move to enhance shareholder value and sharpen its strategic focus, management is executing on a plan to divest its fiber and small cell businesses. This will transform Crown Castle into the only publicly-traded, pure-play U.S. tower company. This strategic repositioning is a clear example of disciplined capital allocation, simplifying the business model to concentrate on its highest-margin, most defensible assets. The proceeds are expected to be used to strengthen the balance sheet and return capital to shareholders, underscoring a commitment to financial prudence and value creation. By focusing exclusively on its core tower portfolio, Crown Castle is ideally positioned to capitalize on the multi-decade investment cycle in wireless infrastructure, solidifying its role as a critical enabler of the nation's digital future.

Colliers International Group Inc. (CIGI)

Colliers International Group Inc. stands as a premier global leader in commercial real estate services and investment management, distinguished by a unique and deeply ingrained entrepreneurial culture. While many of its competitors operate under a more centralized corporate structure, Colliers has built a durable competitive moat through its decentralized model, which empowers local leaders and fosters a powerful sense of ownership throughout the organization. This approach, combined with a disciplined strategy of growth and significant insider ownership, has established Colliers as a best-in-class compounding enterprise.



The foundation of the company's success is its enterprising culture. Colliers operates as a partnership of professionals, guided by a management team with a substantial equity stake, ensuring a profound alignment of interests with long-term shareholders. This ownership mindset permeates the firm, attracting and retaining top-tier talent that thrives on autonomy and is incentivized to drive profitable growth in their local markets. The company's global brand provides the scale, resources, and reputation necessary to compete for major mandates, while the decentralized structure allows for the agility and customized service of a boutique firm. This "best of both worlds" model is a key differentiator and a formidable competitive advantage.

Colliers' growth strategy is a masterclass in disciplined execution. The company pursues a balanced approach, combining steady organic growth with a programmatic and accretive acquisition strategy. Management has a long and successful history of acquiring well-run, entrepreneurial firms that enhance its service capabilities or expand its geographic reach. These acquisitions are carefully integrated to preserve their unique cultural strengths while leveraging the benefits of the broader Colliers platform.

Crucially, the company is strategically focused on expanding its most durable and highest-margin business lines: Investment Management and Outsourcing & Advisory. These segments generate stable, recurring revenue streams that are less susceptible to the cyclical nature of transactional capital markets business. By deliberately growing these annuity-like revenue sources, management is progressively increasing the quality and predictability of the company's earnings profile. This disciplined capital allocation, which prioritizes long-term stability and profitability over short-term transactional volume, is a hallmark of a truly elite operator. By combining its unique ownership culture with a proven and intelligent growth strategy, Colliers is well-positioned to continue compounding value for many years to come.

Group 1 Automotive, Inc. (GPI)

Group 1 Automotive, Inc. operates as a premier, internationally diversified automotive retailer, with a significant presence in both the United States and the



United Kingdom. The company has distinguished itself through a disciplined growth strategy and a focus on operational excellence, managing a portfolio of dealerships that represent many of the world's leading automotive brands. By adhering to a rigorous framework of strategic acquisitions, prudent capital management, and superior customer service, Group 1 has built a resilient and compounding enterprise in a highly fragmented industry.

The company's competitive strength is derived from several key pillars. First, its international diversification provides a natural hedge against regional economic fluctuations and allows management to deploy capital in the most attractive markets. The U.K. operations, in particular, represent a significant and profitable segment that differentiates Group 1 from its purely domestic peers. Second, the company maintains a strong focus on luxury and import brands, which typically attract a more affluent and resilient customer demographic and generate higher-margin service business. This parts and service segment is the operational cornerstone of the company, providing a stable, high-margin, annuity-like revenue stream that performs well throughout economic cycles and is less susceptible to the cyclicity of new vehicle sales.

Group 1's growth model is defined by a methodical and disciplined approach to consolidation. Management has a long and successful track record of acquiring well-run dealerships and dealership groups at sensible prices, then leveraging the company's scale and operational expertise to enhance their performance and profitability. This strategy is not centered on growth for its own sake, but on the intelligent expansion of the company's footprint in a way that is immediately accretive to shareholder value. This acquisitive growth is complemented by a commitment to enhancing the customer experience through digital innovation. The company's AcceleRide platform provides a comprehensive digital retailing solution, allowing customers to complete the entire vehicle transaction online, a critical capability in the modern retail environment.

This disciplined approach to both external growth and internal improvement is a testament to an experienced management team with a deep understanding of the industry. The company's focus on maintaining a strong balance sheet provides the financial flexibility to act opportunistically on acquisitions while consistently returning capital to shareholders. By combining geographic diversification, a favorable brand mix, a resilient high-margin service business, and a proven consolidation strategy, Group 1 Automotive has built a best-in-class platform poised for continued, durable growth.

Darden Restaurants, Inc. (DRI)

Darden Restaurants, Inc. stands as the preeminent operator in the full-service dining industry, managing a portfolio of some of the most recognizable and successful brands in American casual and fine dining. The company's collection of differentiated restaurant concepts, led by the iconic Olive Garden, has established Darden as a category-defining enterprise. Through a disciplined focus on operational excellence, leveraging immense scale, and a prudent capital allocation strategy, Darden has built a formidable competitive moat and a durable platform for compounding shareholder value.



The cornerstone of Darden's competitive advantage is its unmatched scale. As one of the world's largest full-service restaurant companies, it possesses significant cost advantages across its supply chain, enabling it to procure high-quality ingredients at costs that smaller competitors and independent restaurants cannot match. This scale also provides substantial leverage in marketing, real estate, and technology, allowing for sophisticated data analytics that inform everything from menu optimization to site selection. This data-driven approach results in a superior guest experience and operational efficiencies that consistently drive industry-leading performance. The strength of its individual brands, particularly the cash-flow-generating powerhouse Olive Garden, provides a stable foundation that funds investment across the entire portfolio.

Management's strategy is rooted in a relentless focus on the fundamentals of restaurant operations. The company's "back-to-basics" operating philosophy emphasizes culinary innovation, attentive service, and an inviting atmosphere, ensuring a consistent and high-quality guest experience across its thousands of locations. This operational rigor is complemented by a disciplined approach to growth. Darden prioritizes strengthening its core brands while selectively pursuing strategic, tuck-in acquisitions that add new dimensions to its portfolio, such as the recent addition of the Ruth's Chris Steak House brand. This demonstrates a commitment to expanding its market leadership in a measured and value-enhancing manner.

The company's approach to capital allocation is both prudent and shareholder-friendly. Darden consistently generates strong free cash flow, which management deploys thoughtfully between reinvesting in its existing restaurants to maintain their appeal, funding new unit growth, and returning a significant amount of capital to shareholders through a reliable dividend and opportunistic share repurchases. This balanced strategy ensures the long-term health and competitiveness of its brands while providing direct returns to its owners. By combining a portfolio of iconic brands with significant scale advantages and a disciplined management team, Darden has solidified its position as a best-in-class operator poised for continued, steady growth.

Chemed Corp. (CHE)

Chemed Corp. represents a unique and highly successful holding company, operating two distinct, market-leading businesses in entirely non-correlated sectors: VITAS Healthcare, the nation's largest provider of end-of-life hospice care, and Roto-Rooter, the premier



provider of plumbing and drain cleaning services in North America. This unconventional structure is masterfully managed with a disciplined focus on operational excellence and shareholder-friendly capital allocation, creating a remarkably resilient and durable compounding enterprise.

The cornerstone of the Chemed portfolio is VITAS Healthcare. As a category-defining leader in hospice care, VITAS benefits from one of the most powerful and predictable secular tailwinds: the aging of the U.S. population. The demand for high-quality, compassionate end-of-life care is set for a multi-decade expansion, and VITAS is uniquely positioned to meet this need. Its competitive moat is built on its immense scale, its clinical expertise in managing complex patient needs, and its deep, long-standing relationships with referral sources within the healthcare community. The business operates under the stable and predictable reimbursement framework of the Medicare hospice benefit, which provides excellent revenue visibility.

Complementing this is Roto-Rooter, an iconic brand with unparalleled recognition in its industry. Roto-Rooter operates in the highly fragmented and essential plumbing and drain cleaning market. Its services are non-discretionary and recession-resistant; a clogged drain or a burst pipe requires immediate attention regardless of the broader economic climate. The company's primary competitive advantage is its brand, a powerful intangible asset cultivated over nearly a century of reliable service and effective marketing. This allows it to command premium pricing and generate consistent demand from both residential and commercial customers. This brand strength, combined with a flexible operating model of company-owned branches and independent franchisees, allows for deep market penetration and efficient service delivery.

The genius of the Chemed model lies in its corporate strategy. The parent company acts as an expert capital allocator, allowing the individual business units to focus entirely on their operational execution. The robust and steady cash flows generated by these two best-in-class businesses are then prudently deployed by management. Chemed has a long and consistent history of returning significant capital to shareholders through a growing dividend and opportunistic share repurchases. By combining two market leaders with completely different demand drivers—one driven by demographics, the other by necessity—Chemed has constructed a uniquely durable enterprise built to create shareholder value for the long term.

RLI Corp. (RLI)

RLI Corp. stands as a premier specialty insurance company, a category-defining enterprise that has distinguished itself through a culture of exceptional underwriting discipline. For decades, the company has successfully navigated the complexities of the property and casualty market by adhering to a simple, yet powerful, philosophy: consistently generate an underwriting profit. This unwavering focus, a true rarity in the insurance industry, has allowed RLI to build a formidable competitive moat and a remarkable track record of compounding shareholder value.



The cornerstone of RLI's success is its deep-seated expertise in niche, underserved markets. The company deliberately avoids commoditized insurance lines where competition is based primarily on price. Instead, it seeks out complex and specialized risks where its superior underwriting knowledge allows it to accurately price policies and earn an attractive return. This strategy is executed by a highly experienced and empowered team of underwriters who are incentivized to prioritize profitability over top-line growth. This disciplined approach means RLI is willing to shrink its business in certain areas when pricing becomes inadequate, a testament to its long-term perspective.

This outstanding underwriting culture is reinforced by significant employee ownership, which creates a powerful alignment of interests between the company's employees and its shareholders. When employees think and act like owners, the focus naturally shifts to long-term, sustainable value creation rather than short-term gains. This unique cultural advantage permeates the entire organization and is a key driver of its consistent, best-in-class performance.

Furthermore, RLI's management team has demonstrated an exemplary commitment to prudent and shareholder-friendly capital allocation. The company's consistent underwriting profitability generates significant free cash flow. Management has established an unparalleled legacy of returning this excess capital to its owners, evidenced by a multi-decade history of raising its regular dividend, supplemented by the frequent payment of large special dividends. This demonstrates a clear understanding that the company's capital belongs to its shareholders and should be returned when it cannot be redeployed at highly attractive rates of return. By combining a superior, disciplined underwriting model with a deeply ingrained ownership culture and a shareholder-focused capital allocation strategy, RLI has solidified its position as a truly elite operator in the specialty insurance industry.

Cencora, Inc. (COR)

Cencora, Inc. operates at the very center of the healthcare ecosystem, functioning as a critical and indispensable link in the global



pharmaceutical supply chain. As one of the world's largest drug distribution companies, Cencora provides the essential logistics and services that connect pharmaceutical manufacturers with tens of thousands of healthcare providers, including retail pharmacies, hospitals, and clinics. The company has established a formidable competitive moat through its immense scale, operational efficiency, and deeply integrated client relationships, solidifying its position as a durable enterprise with a long runway for steady, compounding growth.

The core of Cencora's competitive advantage lies in the oligopolistic structure of the pharmaceutical distribution industry. The immense logistical complexity and regulatory requirements of handling and distributing pharmaceuticals create nearly insurmountable barriers to entry. Cencora, along with its two primary competitors, effectively forms a triopoly that manages the vast majority of drug distribution in the United States. This scale provides significant purchasing power and operational leverage, allowing the company to operate on thin margins but generate substantial and highly predictable cash flows. The non-discretionary and essential nature of its business—delivering life-saving medicines—provides a remarkably resilient and recession-proof demand profile.

Cencora has further fortified its market position through strategic partnerships and a focus on higher-growth, higher-margin services. Its long-term strategic relationship with Walgreens Boots Alliance, a global leader in retail pharmacy, provides a stable and significant revenue base. Beyond its core distribution services, Cencora has successfully expanded into the distribution of specialty pharmaceuticals, which are complex, high-cost therapies for chronic and rare diseases. This segment represents one of the fastest-growing areas of healthcare and requires a level of expertise and service that Cencora is uniquely positioned to provide.

Management has demonstrated a consistent commitment to operational excellence and prudent capital allocation. The company continuously invests in its technology and logistics infrastructure to enhance efficiency and provide greater value to its partners. This focus on execution, combined with a shareholder-friendly approach to returning capital through dividends and share repurchases, underscores a disciplined strategy aimed at long-term value creation. By serving a vital role in the healthcare system and operating within a highly defensible market structure, Cencora has built a best-in-class enterprise poised for continued success.

Comcast Corporation (CMCSA)

Comcast Corporation stands as a dominant and diversified media and technology conglomerate, operating two distinct but complementary businesses: a world-class connectivity platform and a premier global content and experiences engine. Through its Xfinity brand, the company is the largest provider of broadband internet in the United States, while its NBCUniversal segment owns a vast portfolio of leading media and entertainment assets. This powerful combination of indispensable connectivity and valuable content has established Comcast as a category-defining enterprise with a durable and resilient business model.



The foundation of Comcast's competitive advantage is its extensive and robust cable network. This last-mile infrastructure, passing millions of homes and businesses, is a formidable asset that is incredibly difficult and capital-intensive to replicate. This network provides the company with a significant and enduring competitive moat in its core broadband business, which serves as the primary growth engine and cash-flow generator for the entire enterprise. The recurring, high-margin revenue from providing essential high-speed internet service provides immense financial stability and funds the company's strategic investments across its other segments.

Complementing its connectivity business is NBCUniversal, a vast portfolio of content and experiences. This includes a collection of broadcast and cable networks, the iconic Universal Pictures film studio, a growing number of world-class theme parks, and the Peacock streaming service. These assets provide significant diversification and own a deep library of valuable intellectual property. The theme parks, in particular, are a unique and high-return business that benefits from strong consumer demand for location-based entertainment. While the traditional media landscape is undergoing a significant transformation, NBCUniversal's ownership of premier live sports rights, news programming, and blockbuster film franchises provides enduring value.

Management has demonstrated a disciplined and strategic approach to navigating the evolving media landscape. The company leverages the strength and cash flow of its connectivity business to prudently invest in its content and experiences portfolio, focusing on areas with the highest potential for long-term growth, such as its theme parks and content production. The company's capital allocation strategy is both consistent and shareholder-friendly, balancing strategic investments with the steadfast return of capital to shareholders through a growing dividend and a substantial share repurchase program. By combining a best-in-class connectivity business with a world-renowned portfolio of media assets, Comcast has built a powerful and resilient enterprise poised for continued success.

Alphabet Inc. (GOOGL)

Alphabet Inc., the parent company of Google, stands as one of the most dominant and category-defining enterprises in the modern era. Its collection of services, including Google Search, YouTube, and Android, are not merely market leaders; they are foundational pillars of the global digital economy, deeply integrated into the daily lives of billions of people. This unparalleled ecosystem has created one of the most formidable and durable competitive moats in business history, positioning the company for continued, long-term growth.

Alphabet

The core of Alphabet's competitive advantage resides in Google Search. The service holds a near-monopolistic share of the global search market, a position fortified by a self-reinforcing network effect. Every search query provides data that refines the company's algorithms, making the product incrementally better and further distancing it from any potential competitor. The immense technological infrastructure and decades of accumulated data required to challenge this dominance create nearly insurmountable barriers to entry. This is complemented by YouTube, the undisputed global leader in online video, which benefits from its own powerful network effects, attracting both content creators and viewers at a scale no other platform can match. The Android operating system, the most popular in the world, further solidifies this ecosystem by ensuring Google's services are the default on the majority of smartphones globally.

The company's business model is centered on leveraging this vast ecosystem to power the most effective digital advertising platform in the world. The deep user insights generated across its properties allow for highly targeted and measurable advertising, providing a return on investment that is difficult for other media to replicate. This has allowed Google to capture a significant share of the secular shift of advertising dollars from traditional to digital channels. Beyond advertising, the company is building another significant pillar of growth with Google Cloud. By leveraging its world-class infrastructure and expertise in data analytics and artificial intelligence, Google is establishing itself as a major competitor in the rapidly expanding cloud computing market.

Alphabet's management structure, which separates the core Google businesses from its portfolio of "Other Bets" like Waymo (autonomous driving), demonstrates a disciplined approach to innovation. This allows the company to invest in potentially transformative, long-term technologies without distracting from the execution of its highly profitable core operations. The company's immense free cash flow generation is managed with a clear focus on shareholder value, evidenced by a consistent and large-scale capital return program through share repurchases. By combining a portfolio of unassailable digital assets with disciplined capital allocation, Alphabet has cemented its position as an essential and compounding enterprise.

Petróleo Brasileiro S.A. - Petrobras (PBR-A)

Petróleo Brasileiro S.A., or Petrobras, stands as one of the largest integrated energy producers in the world, anchored by a world-class portfolio of oil and gas assets. The company's unique position is defined by its control over the vast and highly productive pre-salt reserves located deep offshore Brazil. This geological endowment, combined with decades of accumulated technological expertise, establishes Petrobras as a critical player in the global energy market with a formidable and durable production base.



The core of Petrobras's competitive advantage lies in the sheer scale and low lifting cost of its pre-salt fields. These massive reservoirs contain high-quality light crude oil and are among the most significant petroleum discoveries of the 21st century. The company has developed unparalleled technological capabilities in deepwater exploration and production, allowing it to efficiently extract resources from these challenging environments. This operational expertise, honed over years of pioneering efforts, creates a significant barrier to entry and solidifies its position as the natural operator of these unique assets. The integrated nature of its operations, which includes a substantial refining and logistics network within Brazil, further supports its production activities and provides a degree of stability.

In recent years, the company has undergone a significant strategic transformation, shifting its focus toward maximizing value from its most profitable exploration and production activities. Management has pursued a disciplined strategy of divesting non-core assets, such as onshore fields and certain midstream and downstream assets, to concentrate capital and resources on the development of its high-return pre-salt projects. This sharpened focus has been instrumental in strengthening the company's balance sheet and enhancing its cash flow generation capabilities.

It is essential to recognize that the Brazilian government is the controlling shareholder of Petrobras. This relationship is a fundamental aspect of the company's identity, influencing its strategic direction, governance, and capital allocation policies. While this introduces a layer of complexity not present in its privately-owned peers, the underlying quality of Petrobras's asset base remains undeniable. The company's ability to generate significant value is intrinsically linked to its operational execution in the pre-salt basins, which continues to be the primary driver of its performance. By focusing on its core geological strengths, Petrobras has solidified its position as a globally significant energy producer.

MarketAxess Holdings Inc. (MKTX)

MarketAxess Holdings Inc. stands as the category-defining leader in the electronic trading of fixed-income securities, operating the premier global



platform for corporate bonds. The company has fundamentally transformed a market that was historically opaque and inefficient, bringing transparency, liquidity, and data-driven insights to institutional credit trading. This has established MarketAxess not merely as a service provider, but as a piece of critical market infrastructure with one of the most powerful competitive moats in the financial services industry: the network effect.

The foundation of the company's durable competitive advantage is its vast and self-reinforcing network of participants. MarketAxess connects thousands of institutional investor and broker-dealer firms, creating the single largest pool of all-to-all liquidity for corporate bonds. As more participants join the platform, the available liquidity deepens, which in turn attracts even more participants, creating a virtuous cycle that is nearly impossible for a competitor to replicate. This network effect is further fortified by the company's proprietary technology and vast data assets. Its Open Trading protocol, an innovative all-to-all trading solution, allows market participants to transact directly with one another, dramatically increasing the number of potential counterparties and improving price discovery.

Furthermore, the immense volume of trading data generated on its platform is a uniquely valuable asset. MarketAxess leverages this data to provide its clients with sophisticated analytical tools, such as its Composite+ pricing engine, which has become an industry standard for real-time bond pricing. These data products are deeply integrated into client workflows, creating high switching costs and further entrenching the company's role as an indispensable partner.

The growth runway for MarketAxess is long and supported by a powerful secular shift from manual, voice-based trading to more efficient electronic execution in the fixed-income markets. While significant progress has been made, a substantial portion of the market, particularly for less liquid securities, still trades over the phone, providing a large addressable market for continued electrification. Management has a proven track record of disciplined innovation, consistently expanding the platform's capabilities to include new asset classes, such as municipal bonds and emerging market debt, and expanding its geographic reach. By combining its dominant network with continuous technological innovation and a clear strategy for market expansion, MarketAxess is poised to continue its legacy of compounding value as it modernizes the architecture of the global credit markets.

UnitedHealth Group Incorporated (UNH)

UnitedHealth Group Incorporated stands as the premier, category-defining enterprise in the United States healthcare sector. The company has built an unparalleled competitive moat by uniquely combining a dominant health benefits platform, UnitedHealthcare, with a rapidly



growing and diversified health services business, Optum. This integrated model creates a powerful, self-reinforcing ecosystem that is fundamentally reshaping the delivery and management of healthcare, establishing UnitedHealth as a truly elite and durable compounding enterprise.

The foundation of the company's strength begins with UnitedHealthcare, the nation's largest private health insurer. Its immense scale provides significant and sustainable cost advantages, affording it superior negotiating power with healthcare providers and the ability to spread administrative costs over a massive membership base. This allows the company to offer competitive and attractive benefit plans while generating consistent, predictable cash flows. This benefits business serves as both a stable foundation and a vast data-gathering engine for the entire enterprise.

The true genius of the UnitedHealth model, however, lies in its Optum segment. Optum is a collection of high-growth businesses focused on pharmacy benefit management (Optum Rx), data analytics and technology (Optum Insight), and direct patient care delivery (Optum Health). Optum is not merely an adjunct to the insurance business; it is a synergistic partner that leverages the data from UnitedHealthcare to lower healthcare costs and improve patient outcomes. Optum Health's network of clinics and physician groups allows the company to directly manage patient care, while Optum Insight's technology provides the analytical tools to identify efficiencies and best practices. This virtuous cycle—where data from the insurance side informs care delivery on the services side, which in turn leads to better outcomes and lower costs for the insurance members—is a formidable competitive advantage that is nearly impossible for a pure-play insurer to replicate.

Management has demonstrated a clear and disciplined strategy focused on expanding this integrated model. The company continuously invests in its technological capabilities and strategically acquires assets that enhance the Optum platform, further widening its competitive gap. This growth is supported by a shareholder-friendly capital allocation policy, where the company's substantial free cash flow is consistently returned to shareholders through a growing dividend and significant share repurchase programs. By fundamentally aligning the incentives of a payer and a provider under one roof, UnitedHealth has built a superior and more efficient healthcare system at scale, positioning it for a long runway of continued growth and value creation.

The Toro Company (TTC)

The Toro Company stands as a premier, category-defining enterprise in the design, manufacture, and marketing of solutions for the turf, landscape, and construction markets. Through its portfolio of iconic brands, including Toro, Exmark, and Ditch Witch, the company has cultivated an unparalleled reputation for quality, innovation, and reliability. This has established Toro not merely as a product manufacturer, but as an indispensable partner to its professional and residential customers, creating a durable competitive moat and a long-term compounding enterprise.



**THE TORO
COMPANY**

The foundation of Toro's competitive advantage is its powerful brand equity and its unmatched global distribution network. The Toro brand is synonymous with performance and durability, particularly among high-end professional users such as golf course superintendents, groundskeepers for sports fields, and landscape contractors who rely on the equipment for their livelihoods. This brand loyalty is reinforced by a culture of continuous innovation, which has consistently delivered solutions that enhance productivity and efficiency. This brand strength is amplified by a vast, independent network of dealers and distributors, a critical asset that is nearly impossible to replicate. This network provides not only sales but also expert service, parts, and support, fostering deep, long-standing customer relationships and creating significant switching costs.

Management has executed a disciplined and highly effective growth strategy, balancing organic innovation with strategic, value-enhancing acquisitions. The company has a long history of successfully identifying and integrating businesses that expand its technological capabilities or provide entry into attractive, adjacent markets. The transformational acquisition of The Charles Machine Works, the parent company of Ditch Witch, is a prime example of this strategy. This move significantly expanded Toro's presence in the high-growth underground construction market, capitalizing on secular tailwinds such as the buildout of fiber optic networks and the modernization of aging infrastructure.

This strategic growth is underpinned by a culture of operational excellence and a prudent, shareholder-friendly approach to capital allocation. The company consistently generates strong free cash flow, which management thoughtfully reinvests in research and development to maintain its product leadership. Furthermore, Toro has an exceptional, multi-decade track record of consistently paying and growing its dividend, demonstrating a clear and unwavering commitment to returning capital to its shareholders. By combining its portfolio of trusted brands, its dominant distribution network, and a disciplined management team, The Toro Company has solidified its position as a best-in-class operator poised for continued, durable growth.

Fabrinet (FN)

Fabrinet stands as a premier and highly specialized provider of advanced optical packaging and precision manufacturing services. The company has carved out a unique and defensible niche by focusing exclusively on the most complex and technologically demanding manufacturing challenges for the world's leading original equipment manufacturers (OEMs). This singular focus has established Fabrinet not as a commoditized contract manufacturer, but as a critical, deeply integrated partner in the optical communications, industrial laser, and automotive industries, creating a durable enterprise with a long runway for growth.



The cornerstone of Fabrinet's competitive advantage is its profound and difficult-to-replicate engineering expertise. The company excels in high-mix, low-volume production of sophisticated optical and electro-mechanical components that require extreme precision and pristine manufacturing environments. This is a capability that most OEMs have chosen to outsource due to the immense capital investment and specialized talent required. By becoming the trusted manufacturing arm for its clients, Fabrinet creates exceptionally high switching costs. Its engineers work collaboratively with customers from the initial design and prototyping phases all the way through to volume production, deeply embedding Fabrinet's processes and intellectual property into the final product. This level of integration makes it practically and economically infeasible for a customer to move its business to a less capable competitor.

The company's business model is further fortified by its strategic focus on the optical communications market. Fabrinet is a key enabler of the technologies that power the internet, data centers, and telecommunications networks. It benefits directly from powerful secular tailwinds, including the exponential growth in data traffic, the global buildout of 5G infrastructure, and the immense computational demands of artificial intelligence, all of which require faster and more powerful optical components. While its customer base is concentrated, this is a reflection of the depth and strategic importance of its partnerships with the undisputed leaders in the optical components industry.

Management has demonstrated a long-standing commitment to operational excellence and disciplined growth. The company operates state-of-the-art facilities, primarily in Thailand, which provide a significant cost advantage without compromising on quality or intellectual property protection. This operational discipline consistently generates strong free cash flow, which is managed with a prudent, shareholder-focused approach. By serving as the indispensable manufacturing expert for the most complex optical technologies, Fabrinet has solidified its position as a critical enabler of the digital age and a high-quality compounding enterprise.

Chevron Corporation (CVX)

Chevron Corporation stands as one of the world's premier integrated energy companies, a category-defining enterprise distinguished by its high-quality, long-life asset base and an unwavering commitment to capital discipline. In an industry often characterized by volatility and cyclicalities, Chevron has built a durable competitive moat through superior operational execution, a fortress-like balance sheet, and a clear, consistent strategy focused on delivering shareholder value. This has solidified its position as a best-in-class operator and a truly elite global enterprise.



The cornerstone of Chevron's competitive advantage is its world-class portfolio of low-cost oil and gas assets. The company holds leading positions in some of the most prolific and economically attractive basins globally, including the Permian Basin in the United States, as well as significant international operations such as the Tengiz field in Kazakhstan and the Gorgon LNG project in Australia. These assets are characterized by their vast scale, long production horizons, and low breakeven costs, which allow Chevron to generate substantial free cash flow even in periods of lower commodity prices. The company's integrated model—spanning exploration and production to refining and chemicals—provides operational flexibility and a natural hedge that helps mitigate the impact of commodity price swings.

Management's strategic philosophy is rooted in a deep and abiding commitment to capital discipline. Unlike many peers who have historically chased production growth at any cost, Chevron prioritizes returns on capital above all else. This means methodically investing in only the highest-return projects within its portfolio while resisting the temptation to overspend during cyclical upswings. This disciplined approach extends to its acquisition strategy, where the company has demonstrated a patient and opportunistic methodology, acquiring high-quality assets at sensible prices that enhance its existing portfolio and create long-term value.

This operational and strategic discipline translates directly into a powerful and shareholder-friendly capital allocation framework. Chevron's primary objective is to grow its dividend, a commitment it has honored for decades, making it a benchmark for reliability within its sector. Beyond its secure and growing dividend, the company consistently returns a significant amount of its excess cash flow to shareholders through a large and flexible share repurchase program. By combining a portfolio of world-class assets with a culture of strict capital discipline and a clear focus on shareholder returns, Chevron has built a resilient and compounding enterprise designed to thrive across energy cycles.

ICON Public Limited Company (ICLR)

ICON plc stands as a premier global provider of drug and device development and commercialization services to the pharmaceutical, biotechnology, and medical device industries. As a category-defining Contract Research Organization (CRO), ICON has established itself as an indispensable strategic partner to its clients, navigating the immense complexity of the clinical trial process. The company has built a formidable competitive moat through its global scale, deep therapeutic expertise, and technology-enabled solutions, solidifying its position as a durable, compounding enterprise at the heart of medical innovation.



The core of ICON's competitive advantage lies in its critical role within the drug development ecosystem. The process of bringing a new therapy to market is extraordinarily long, expensive, and fraught with regulatory hurdles. Biopharma companies, from emerging biotechs to the largest global players, increasingly outsource this critical function to trusted partners like ICON to enhance efficiency, access specialized expertise, and improve the probability of success. ICON's immense scale, significantly enhanced by its transformational acquisition of PRA Health Sciences, provides a nearly insurmountable advantage. This scale allows for unparalleled access to patient populations, clinical trial sites, and vast data sets, which are leveraged to design and execute trials more effectively than smaller competitors.

Furthermore, ICON's relationships with its clients are deeply integrated and characterized by exceptionally high switching costs. A clinical trial is a multi-year, mission-critical endeavor. Once a sponsor has engaged ICON, changing providers mid-stream is practically unthinkable due to the risk of data loss, trial delays, and regulatory setbacks. This creates a stable, recurring revenue base as successful partnerships on one drug often lead to engagements on subsequent pipeline assets. The company has further fortified this position by investing heavily in technology and data analytics, offering proprietary platforms that streamline trial management and provide clients with real-time insights, making ICON's services even more embedded in their workflows.

Management has demonstrated a clear and disciplined strategy focused on building the industry's leading end-to-end development solution. The company's growth is propelled by the powerful secular trend of R&D outsourcing, and it has proven to be a shrewd consolidator within the industry. By successfully integrating major acquisitions and continuously investing in its service capabilities—from early-phase trials to post-approval studies—ICON has created a comprehensive offering that can support a drug throughout its entire lifecycle. This strategic vision, combined with a relentless focus on operational execution, has positioned ICON as a critical enabler of modern medicine and a best-in-class leader in the CRO industry.

Northrop Grumman Corporation (NOC)

Northrop Grumman Corporation stands as a premier, category-defining enterprise in the global aerospace and defense industry. The company is a leader in designing, developing, and manufacturing some of the world's most advanced and mission-critical systems, with a strategic focus on the high-priority domains of

space, strategic deterrence, and digital technologies. This has established Northrop Grumman not merely as a contractor, but as an indispensable partner in ensuring the national security of the United States and its allies, creating a durable competitive moat and a platform for long-term, compounding value.



The foundation of the company's competitive advantage is its unparalleled technological leadership in highly specialized and restricted areas. Northrop Grumman is the undisputed leader in stealth technology, a capability best exemplified by its role as the prime contractor for the B-21 Raider, the next-generation strategic bomber. This type of franchise program, which will span decades of production and sustainment, provides exceptional revenue visibility and is protected by nearly insurmountable barriers to entry. These barriers include immense intellectual property, a highly skilled and cleared workforce, and the deep, trusted relationships with the Department of Defense that are forged over decades of flawless execution on classified programs.

The company's strategic portfolio is deliberately aligned with the most enduring and well-funded priorities of the U.S. government. Its Space Systems segment is a critical player in missile defense, satellite development, and space exploration, while its Mission Systems segment is a leader in advanced cyber, electronic warfare, and command and control capabilities. This strategic positioning ensures that the company is a prime beneficiary of long-term defense spending trends, insulating it from the fluctuations of more commoditized defense hardware.

Management has demonstrated a clear commitment to operational excellence and a disciplined, shareholder-focused approach to capital allocation. The long-cycle nature of its programs generates predictable and substantial free cash flow. This capital is thoughtfully deployed, balancing internal investment to maintain its technological edge with the consistent return of capital to shareholders through a growing dividend and significant share repurchase programs. By combining a portfolio of unique, mission-critical assets with deep technological expertise and a disciplined management team, Northrop Grumman has solidified its position as an elite enterprise at the apex of the defense industry.

Attributions and Holdings as of 7/1/2025

LRT Global Opportunities		Return Attribution	
Top Twenty Holdings (%) – As of 7/1/2025		Return Attribution (%) – June 2025	
Asbury Automotive Group, Inc. (ABG)	4.51	Long Equity	2.67
Simpson Manufacturing Co., Inc. (SSD)	4.28	Hedges	-3.11
StoneX Group Inc. (SNEX)	3.94	Unlevered Gross Return	-0.44
Crown Castle International Corp. (CCI)	3.29	Leveraged Gross Return	-1.22
Colliers International Group Inc. (CIGI)	3.26	Net Return	-1.30
Group 1 Automotive Inc. (GPI)	2.95		
Darden Restaurants, Inc. (DRI)	2.80	Beta contribution	1.97
Chemed Corp. (CHE)	2.62	Alpha contribution	-3.27
RLI Corp. (RLI)	2.61	Net Return	-1.30
Cencora, Inc. (COR)	2.32		
Comcast Corporation (CMCSA)	2.17	Top Contributors – June 2025	
Google Inc. (GOOGL)	2.17	Fabrinet (FN)	
Petróleo Brasileiro S.A. - Petrobras (PBR-A)	2.11	StoneX Group Inc. (SNEX)	
MarketAxess Holdings Inc. (MKTX)	2.05	Generac Holdings Inc. (GNRC)	
UnitedHealth Group Incorporated (UNH)	2.04	Colliers International Group Inc. (CIGI)	
Toro Co. (TTC)	2.02	Casey's General Stores, Inc. (CASY)	
Fabrinet (FN)	1.99	Comfort Systems USA Inc. (FIX)	
Chevron Corporation (CVX)	1.94	Asbury Automotive Group, Inc. (ABG)	
ICON Public Limited Company (ICLR)	1.90	ICON Public Limited Company (ICLR)	
Northrop Grumman Corporation (NOC)	1.90		
		Top Detractors – June 2025	
Top Holdings Total (% of total long exposure)	52.87	iShares Russell 2000 (IWM)	
Total Long Holdings	82	iShares Core S&P Small-Cap (IJR)	
		Chemed Corp. (CHE)	
		iShares Core S&P Mid-Cap (IJH)	
Hedges (%) – As of 7/1/2025		SPDR S&P MidCap 400 ETF (MDY)	
SPDR S&P MidCap 400 ETF (MDY)	-9.45	Lululemon Athletica Inc. (LULU)	
iShares Core S&P Mid-Cap (IJH)	-9.47	RLI Corp. (RLI)	
iShares Russell 2000 (IWM)	-27.84	Paycom Software, Inc. (PAYC)	
iShares Core S&P Small-Cap (IJR)	-28.28		
Overall Net Exposure (%)	74.89		
Beta-adjusted Net Exposure (%)	40.85		

Source: Bloomberg.

Numbers may not add up due to rounding. Net returns are net of a hypothetical 1% annual management fee (charged quarterly) and 20% annual performance fee. Individual account results may vary due to the timing of investments and fee structure. Please consult your statements for exact results. Please see the end of this letter for additional disclosures.

Appendix I: Portfolio Construction Software Overview

LRT separates the discretionary and qualitative **process** of selecting the equity holdings from the portfolio construction **process** which is **systematic** and **quantitative**.

Process Example:

Portfolio Optimizer

Enter any stock or ETF ticker symbol (one per line)

Tickers:

Min: Max:

Portfolio hedges:

Investable universe and position limits:

Our quantitative process considers each position's contribution to portfolio volatility, contribution of idiosyncratic vs. systematic risk and portfolio factor (size, value, quality, momentum, vol, etc.) exposures.

The system outputs target portfolio weighs for each position. We trade mechanically to rebalance the portfolio each month to the targeted exposures. This eliminates emotions, human biases, and overconfidence risk. Visit <https://www.lrtcapital.com/risk/> to learn more. Visit: <https://hubs.ly/Q002kfbbK0> to see more examples.

Example system output:

Date	ABG	ALGN	AMT	AMZN	AON	AOS	AVGO	AXON	AZO	AZPN	BA	BAH	BF-B	BKI	BKNG	BLL	BRO	CACC	CCI	CDLX	CDNS	CGNX	CHE	CHTR	CIGI	CMCSA	CME	CNI	COST	COUP	CP	CSGP	CSWI	CSX	DG
2019-1-01	2.51%																																		
2019-2-01	2.84%																																		
2019-3-01	3.23%																																		
2019-4-01	3.11%																																		
2019-5-01	3.2%																																		
2019-6-01	3.39%																																		
2019-7-01	3.99%																																		
2019-8-01	3.98%																																		
2019-9-01	3.55%																																		
2019-10-01	4.31%	0.21%																																	
2019-11-01	3.49%	0.35%																																	
2019-12-01	3.27%	0.61%																																	
2020-1-01	3.42%	0.74%																																	
2020-2-01	3.67%	0.74%																																	
2020-3-01	3.99%	0.89%																																	
2020-4-01	1.28%	0.97%																																	
2020-5-01	2.19%	0.33%																																	
2020-6-01	2.43%	0.27%																																	
2020-7-01	2.07%	0.36%																																	
2020-8-01	2.28%	0.31%																																	
2020-9-01	2.63%																																		
2020-10-01	2.39%																																		
2020-11-01	2.64%	1.67%																																	
2020-12-01	3.58%	1.39%																																	
2021-1-01	3.1%	0.95%																																	
2021-2-01	2.22%	0.94%																																	
2021-3-01	2.77%	0.68%																																	
2021-4-01	7%	0.75%																																	
2021-5-01	71%	0.93%	0.12%																																
2021-6-01	84%	0.92%																																	
2021-7-01	41%	0.73%	0.4%																																
2021-7-14	5.27%	0.72%	0.15%																																

Position weights over time

Rebalancing dates, and current date target allocation (7/14/2021 in this example).

Disclaimer and Contact Information

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