ACR All Cap Partners

Earning Our Keep

Year End 2025 Shareholder Letter

February 2026

190 Carondelet Plaza | Suite 1300 | Saint Louis, MO 63105
314.932.7600 | 877.849.7733
www.acr-invest.com

Dear Fellow Shareholders,

I am decidedly late in penning my inaugural letter for the All Cap Partners ("ACAP") strategy[1]. This letter will discuss three items:

> 1.) A background on the start of my career and how I approach investing;
>
> 2.) ACAP's structure and objectives; and
>
> 3.) ACAP's performance since inception, how it is positioned today, and how the ACR team and I intend to generate strong relative and satisfactory absolute returns from here.

Before diving into these three items, however, I wish to convey my gratitude to ACR and its founder Nick Tompras, who has been a mentor and colleague of mine for 16 years. I appreciate his trust in allowing me to incubate All Cap Partners via the use of his own capital as well as the trust of those select clients who made an allocation to the strategy prior to a more fully developed track record was established. Nick is unrivaled in his ability to maintain calm in all market environments and for his focus on the long term (think decades). Over time I've worked to incorporate these attributes into my own investment style and trust that it will benefit the returns of ACAP for years – well – decades to come.

> ***"...we seek to have our capital partnered with those who either have a substantial ownership stake in an investee company or a substantial tenure that provides us with confidence our capital is being deployed by individuals who should generally be economically aligned with us."***

[1] ACAP partners launched April 1, 2018

Portfolio Manager Background

I started my career in August of 2007 on the Financials team at San Diego, California based Brandes Investment Partners, a global value-focused investment management firm. Brandes had approximately $20 billion of its clients' $125 billion of capital invested in global financial banks and insurance companies when I joined. The Financials team was small, with six research analysts and four "research associates," as I was termed, on the team.

I believe the 24 months I spent in this role gave me one of the best perches of perhaps any twenty-three-year-old to observe and assess the Global Financial Crisis ("GFC"). Brandes was large enough that virtually every major financial services firm on the globe came through our offices for an in-person meeting throughout the crisis. Fortunately, the culture of the firm was relatively flat, and analysts were fine with (or at least tolerated) associates interjecting with questions for management teams. Meetings with prospective investee companies were in such abundance that I routinely had to limit myself to one meeting a day (mind you, rejecting the opportunity to meet with CEOs of companies with thousands or tens of thousands of employees) so I could prepare to meet another business the next day. Non-disclosure agreements, going "over the wall,"[2] and pitch books were, in my memory, near weekly occurrences as major firms like Citigroup, Washington Mutual, Countrywide, and National City looked to recapitalize. I was able to see in advance the colossal wall of debt defaults coming well before it was reported in the popular press. My experience gave me the opportunity to generate my own theory for how the world of finance had been turned so upside down – and how it had then turned the world upside down.

Though I was new to financials in a professional sense, I had grown up with my father working at a mid-sized regional bank. He specialized in loan workouts in the mid-to-late 1980's and then in asset-based lending ("ABL") in the 1990's and thereafter. In ABL, a bank will lend against various types of collateral, traditionally accounts receivable and inventory. One might lend or "advance" 80% against receivables and 50% against inventory. Loan agreements will have substantial detail about the types of receivables (none older than 60 days) and value of inventory (lower of cost or market and less than 180 days old) that were available for a client to borrow against. In ABL, there are defaults wherein you work with borrowers to get them through their situation, often allowing an over-advance until business gets better. Too, there are times where you must liquidate the receivables and inventory of a hardworking entrepreneur who failed despite no fault of their own. Then there are other times where you must use the state and federal judicial and law enforcement apparatus to enforce your rights to replevin or otherwise control assets against unscrupulous actors. Margins are generally tight in ABL. A bank may have a cost of funds of 2% and a cost of employees of 1-1.5%, while lending at 5-5.5%, leaving a narrow margin to absorb losses and still generate profits.

[2] A colloquial term for legally receiving inside information and foreiting your right to trade in the open market for a period of time

Over the years, at night or on weekends, on errands or on road trips, I overheard one-half of conversations with credit analysts, lawyers, and borrowers about how my father and his team would position themselves to protect the bank and help the borrower. At times, my dad's closest associates were auctioneers – I learned that everything from raw steel to Nintendo games can and do get liquidated. In my shotgun seat to all those conversations and liquidations, I learned some foundational concepts about investing. An investor should always have a healthy dose of skepticism about a business' prospects and the honesty and forthcomingness of management. Further, to manage downside, it's crucial to maintain conservative marks for what things are worth if you have to dispose of them.

I also learned that in business, as in all other parts of life, things just happen: equipment breaks, "sure thing" customer orders don't come through, your 70% customer Walmart demands a major price reduction, key employees die, a customer's controller defrauds the customer and by extension the bank, and on and on. Thus, by the time I was in college, I was aware that risk exists and that one needs to be ever cognizant of it.

My working theory of the financial crisis is that the 1990's and early 2000's were so strong from an economic perspective that credit analysis and respect for risk were nearly nonexistent by the mid-to-late 2000's. In meeting after meeting that I attended, the CEOs and Presidents of financial institutions were effectively relationship bankers who had brought large loans to a bank or set up large mortgage origination operations and advanced up the ranks as these units generated large profits year after year in a period without recession. The lack of a substantial recession meant that anyone with a concern for risk or "credit" was generally left behind and out of the executive suite. I will never forget sitting in a a meeting in the Spring of 2008 with the CEO of a bank that had $20 billion in home equity loans (and an incremental $95 billion of other loans to boot) and $7 billion of equity capital and asking him what the credit scores were for his average home equity borrower. His response was to say "I don't know" and then kick it over to his investor relations representative. Notably, these home equity loans were almost universally underwritten at 80-100% loan-to-values; thus, if home prices dropped marginally (and they were already dropping) and borrowers lost their willingness or ability to pay, the bank was almost assuredly on the hook for a 100% loss given default.

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Another remarkable experience came in early January 2009. An analyst and I took a meeting with David Drumm, the CEO of Anglo Irish Bank, the third largest bank in Ireland at the time. I remember definitively our analyst asking probing questions of Drumm, with Drumm being adamant that Anglo Irish was solvent and would survive the financial crisis. On Monday of the following week, Anglo was nationalized. I recall the analyst and I discussing in disbelief (we didn't hold a position in the bank) that Drumm was in San Diego speaking to us while his firm was on the verge of being nationalized in Ireland.

Yet another memorable experience early in the GFC was listening live to an earnings call with Al Lord, then CEO of Sallie Mae, providing an update on truly terrible performance at the company. Promptly after there being no incremental questions on the call, Lord said on a live microphone, "There's no questions, let's get the [expletive] out of here!" and then hung up. The stock was down prior to this comment but dropped another 20% as investors realized how disrespected their capital was.

Each situation above was, to varying degrees, emblematic of the finance executives I met during this period. They had never had to worry about losses and success had come so easily that they did not respect shareholder capital and were not prepared for the GFC.

Conversely, the three "winners" of the GFC in the United States– Wells Fargo, PNC and J.P. Morgan – were universally steeped in credit culture. Wells Fargo's CEO John Stumpf and its Chairman Richard Kovacivech had held senior roles at Norwest (which eventually acquired Wells Fargo) in the 1980's. Norwest, which was based in Minneapolis, was beset with inherited problems from a weak farm economy, ill-advised foreign loans, and an interest rate mismatch in its mortgage book. Stumpf and Kovacevich were part of the team that worked through these issues. They never forgot risk and generally sailed through the GFC.

Jim Rohr, CEO of PNC during the GFC, had joined a Pittsburgh-based predecessor to PNC in 1972 and worked there during the mid-1980's steel collapse in Pittsburgh which saw unemployment near 20%. The hard knocks of this period were never forgotten at PNC. They were well positioned in the GFC and eventually took over National City, briefly becoming the 5th largest bank in the United States.

Finally, Jamie Dimon started his career at American Express under Sandy Weill. The pair left to turn around a struggling consumer finance company called "Commercial Credit," which was eventually used to roll up numerous entities that became Citigroup. The through line of these three "winners" was that they had experienced adversity and had credit cultures at the top when the GFC hit.

I believe an investor is heavily influenced by the market environment surrounding their first job out of school. Starting my career in a financial crisis and having a baseline understanding of risk prior to starting my career definitively shaped how I approach investing. Ben Graham and Warren Buffett's adages that the two rules of investing are to first not lose money and, second, not to forget the first rule, have always appealed to me. Risk, to me, comes from overpaying for assets, not from missing out on a potential gain. If one stays focused, we can be sure there are plenty of "shots" that one will have to get wealthy without worrying about how others are generating their wealth.

Since the GFC, being concerned about "risk" and downside concerns have once again become trite amongst investors.

One illustration of this over the past several years is how in-fashion total addressable market ("TAM") investing has been. In the case of retail or restaurants, one can look at the unit economics of one or ten stores of a concept, drag right out to the hundreds or thousands of units a particular concept could conceivably have, and place sky high valuations on a company. In a good economic environment and with the right concept this can work. However, there are risks that often aren't properly modeled or that can't be modeled. What happens when store saturation comes in and disrupts the economics of prior units? What about competition as someone copycats a business' concept? Frequently poorly modeled is that management teams of TAM stories look to scale rapidly and typically do so with substantial debt. When the economy turns or the concept takes a leg down, watch out. Another example of TAM investing has been in technology, where blue sky estimates of terminal market share and market size have been used to justify lofty valuations of unprofitable or marginally profitable businesses. While some of these will of course win their markets and generate real cash flow, all of them cannot.

Too, groups of students and recent alums from Ivy league schools that I have had the opportunity to sit with in recent periods have mentioned the wonders of crypto assets: buy in the morning, sell in the afternoon, and you make 5%.

Further, private markets are no panacea either. In 2025, I was witness to a transaction where a nationally recognized private equity firm that had an executive resign paid out this executive's equity at a price equal to the price it paid for the business twelve months earlier. This despite the fact that the business had been purchased at a mid-teens multiple of EBITDA, was levered at five times debt to EBITDA, and EBITDA had declined by over 30% since the close of the acquisition. One should be wary of the incentives that PE firms have to keep marks on private assets stable, and those who must rely on the asset values behind their private assets should look closely at the assumptions being made.

Each of the three situations above indicate to me that risk isn't being respected at present. For ACAP, our goal is to "pick our spots" in a tough environment for investing in risk assets. More specifically, we intend to focus on preservation so that we can generate substantial return in the volatility that is almost certain to come from the folly of not respecting risk. There will be opportunities to buy TAM companies at multiples that assume no growth, opportunities to buy once loved and highly valued assets inexpensively, and opportunities to take advantage of dislocations that will come as speculative crypto and PE valuations come down. It is near certainty that some investors will have substantial liquidity mismatches when some of these events take place and we are prepared to step in as these situations develop.

"Risk, to me, comes from overpaying for assets, not from missing out on a potential gain. If one stays focused, we can be sure there are plenty of "shots" that one will have to get wealthy without worrying about how others are generating their wealth."

As of 12/31/25	S&P 500	ACR All Cap Partners
Adjusted Price/Earnings (P/E) ratio comparison (ACR normalized P/E v S&P 500 cyclically adjusted P/E)	46.6x	15.0x
Price/Value (Current share price divided by ACR's estimate of intrinsic value)	$3.28 3.3X	$0.90 0.90X
Equity	100%	84%
Cash Equivalents	0%	16%
Positions	503	21
2025 Results	17.88%	25.12% (net)
Expected 10-Year Rate of Return	--	10%-11%
AUM in Strategy	--	$136 million
Max Exposure to Non-North American Companies	--	0%
Strategy Inception Date	--	April 1, 2018

Please see the Appendix (pg. 14) for relevant defintions and additional detail.

All Cap Partners Structure and Objectives

The All Cap Partners Strategy targets 15-25 holdings (and may run slightly above or below this figure depending on the opportunity set), and 30-40% of its exposure will generally be in its top 5 positions. The strategy only invests in companies that are headquartered or domiciled in the United States or Canada.

Approximately $135 million was invested in the strategy at year end, and we would anticipate closing the strategy at $2-$3 billion in assets under management. This relatively small capacity is intended to allow the strategy to truly go anywhere and fully invest in small cap or less liquid situations as the market environment dictates.

Finally, though it is not a requirement, we seek to have our capital partnered with those who either have a substantial ownership stake in an investee company or a substantial tenure that provides us with confidence our capital is being deployed by individuals who should generally be economically aligned with us.

> **The All Cap Partners strategy has three objectives:**
>
> **1.) Preserve capital**
>
> **2.) Generate absolute returns above its investee companies' cost of capital and;**
>
> **3.) Outperform broad market indices (S&P 500 or Russell 3000) over the long term**

Our first objective is a reiteration of the Ben Graham and Warren Buffett adage from the opening section: the first rule of investing is to not lose money and the second is to not forget the first rule. To be clear, preservation of capital does not involve avoiding market volatility. Our focus on preservation of capital involves investing in businesses whose balance sheets are strong enough to prevent our position from being diluted or otherwise disadvantaged. Too, we focus on investing in businesses where we can generate a thorough understanding of the quality, likelihood, and durability of cash flows generated. If we cannot, we will not invest.

" ...we focus on investing in businesses where we can generate a thorough understanding of the quality, likelihood, and durability of cash flows generated. If we cannot, we will not invest."

Our second objective is to generate returns above our investee companies' cost of capital. Different cash flow streams have different risk profiles, with primary factors being safety (influenced by the strength of the company's balance sheet), persistence, and growth. For example, a bubble gum company can be discounted at a relatively lower rate than a gravel pit because one knows that the former is a predictable cash flow generator while the other is dependent on the economic cycle. One must also assess each product's positioning and growth potential within its market to arrive at an estimate of value. In general, we seek to discount the cash flows to equity of our investee companies at an 8-12% rate depending on their risk profile. We then look to buy those discounted cash flows at a 20% discount or better. Over time, we believe this approach will generate substantial returns for our fellow ACAP shareholders. In periods where we cannot find enough qualifying ideas that sufficiently diversify our portfolio, we will hold cash.

Our third objective is to outperform broad market indices over the long term. By their nature, we believe that the first two objectives will lead to success on the third over the long-term. We will caution investors, however, to recognize that ours is a concentrated strategy and that there will be bouts of substantial under and outperformance relative to the benchmark. In general, we would advise clients of the following: In a broadly undervalued market, ACAP is likely to be fully invested, and we will draw down with the market. During these periods we would seek to outperform on the upside. In fairly valued markets, we would expect to be fully invested and see the idiosyncratic nature of our portfolio drive its returns. In fully valued markets that are appreciating rapidly, cash is likely to build and we will generally lag the market with an emphasis on capital preservation. Recent periods have been irregular in that the market has been broadly expensive while also providing a substantial number of idiosyncratic situations that have allowed us to keep up with the market.

Performance Since Inception and Current Positioning

Returns at 12/31/2025	Gross of Fees Return	Net of 1% Fee Return	Net of 3% Fee Return	S&P 500 Total Return^	S&P 500 Value TR
1 Year	26.3%	25.1%	22.7%	17.9%	13.2%
3 Year*	28.0%	26.8%	24.3%	23.0%	15.8%
5 Year*	17.9%	16.8%	14.5%	14.4%	13.0%
Since Inception*	14.9%	13.7%	11.5%	14.9%	11.5%

Inception Date is April 1, 2018
*Annualized
^Benchmark

Returns in ACAP have been strong for the past one, three, and five years, as we have found idiosyncratic opportunities in financial services and technology hardware companies that have generally driven good returns. Too, coming out of COVID, there were opportunities in housing-related companies when the market panicked about future consumption levels and drove share prices to undervalued levels.

This has been a tough environment for investors to keep up with the indices as returns over the past five years have been highly concentrated. Indeed, returns from the top 10 contributors in the S&P 500 have represented nearly 56% of that index's returns in the period [3]. We feel fortunate to have been "earning our keep" during this period by generating returns that are generally diversified from the AI themes that have driven the S&P 500's returns. We take no view as to

[3] ACR Estimates

whether there is an AI bubble or not, but we simply know that we cannot create a high probability statement around the terminal economics of many of today's fastest growing companies and thus have stayed out of the way. However, past history suggests that the valuations of many of these companies will "roll-over" in time and that we will be glad that we did not participate.

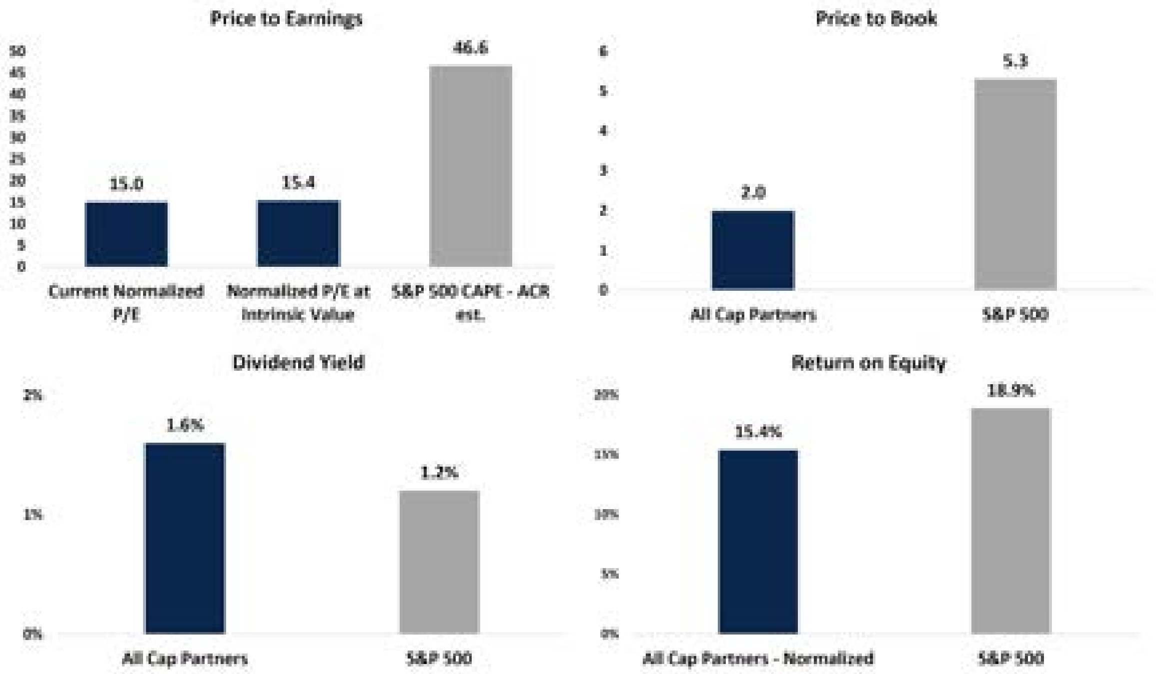
ACAP's returns since inception are modestly weaker than those of the past five years. This is attributable to our "Value Bent" and a nearly 25% weighted average cash balance since inception. Value has underperformed growth substantially since ACAP's inception, and we believe that ACAP should perform better in an environment where there is a convergence between the returns in the value and growth factors. Too, save for a short period during the COVID downturn, markets have generally been highly priced since inception of the strategy and thus it has been difficult to create a 100% invested portfolio that is fully diversified. We look forward to more volatility in the future to drive the opportunity for a more fully invested portfolio.

At 12/31/2025, the ACAP strategy was approximately 84% invested with 16% cash. As shown below, for the invested portion of client portfolios, we believe we are paying much lower prices relative to normalized earnings compared to the S&P 500[4], paying a lower multiple of book capital, are receiving dividends back greater than the market, and (using normalized ROE as a rough proxy) investing in companies that should generate acceptable returns similar to the typical S&P 500 company.

> *" ...we take no view as to whether there is an AI bubble or not, but we simply know that we cannot create a high probability statement around the terminal economics of many of today's fastest growing companies and thus have stayed out of the way. However, past history suggests that the valuations of many of these companies will "roll-over" in time and that we will be glad that we did not participate."*

[4] ACR Normalizes S&P 500 using a least squares trend line using S&P 500 data dating back to 1926. This methodology effectively smooths out periods of corporate over and under earning.

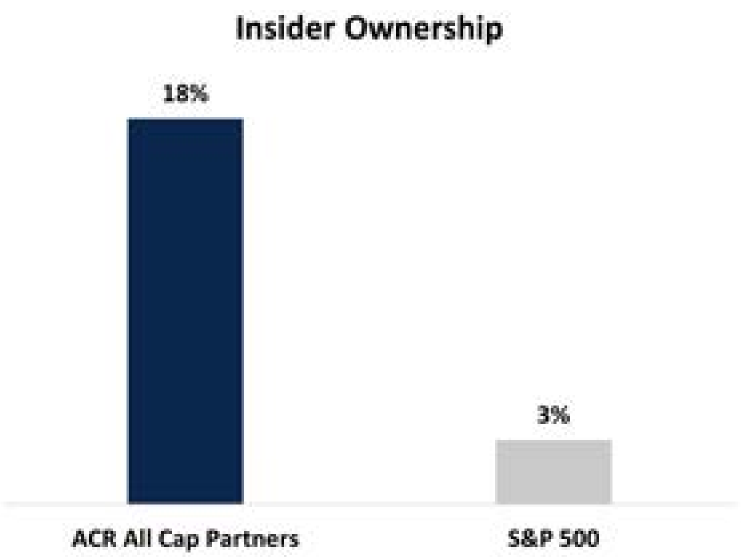
Portfolio characteristcs vs. S&P 500: Cheaper, Higher Yield, Similar ROE
(as of 12/31/25)



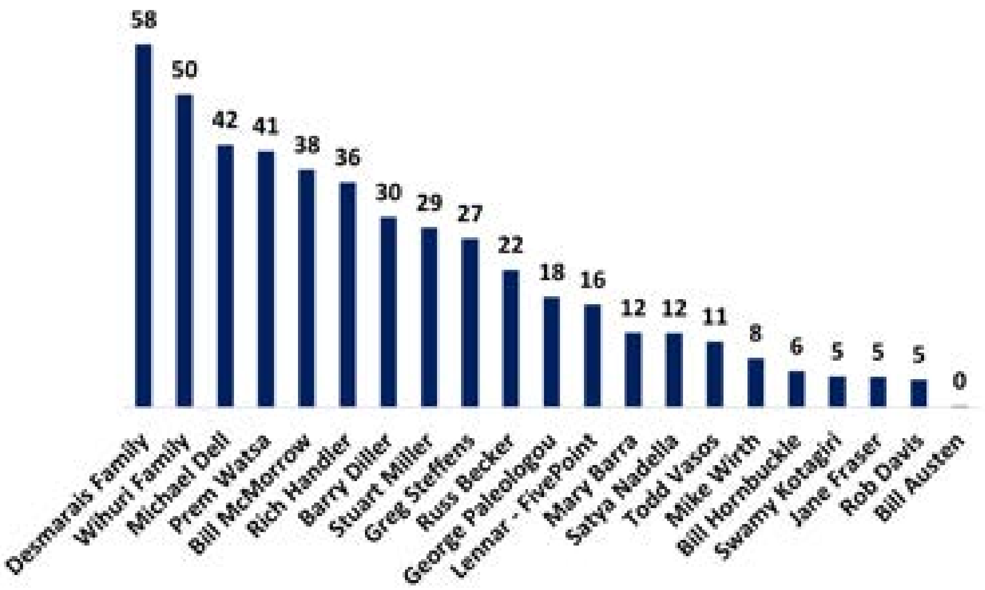
Our holdings also have a substantial bent toward strong management partners, with a weighted average insider ownership of 18% and management tenure of 26 years.

High Insider Ownership

The weighted average insider ownership (including named executive officers, directors, and strategic owners such as a founding family) in the ACR All Cap Partners portfolio is 18%. This same measure of insider ownership for the S&P 500 is just 3%.



Years of Leadership



Conclusion

Finally, I want to close by noting that this is an exceptionally exciting time for my analyst, Drew Imhoff, and me as ACR begins marketing ACAP more formally. Drew has worked closely with me for the past eight years, and as I mentioned at the top of this letter, I've worked with Nick Tompras for the past 16 years. Drew and I have a strong partnership in running ACAP, and we believe deeply in the firm's strategy and objectives. We are very much looking forward to the opportunity to drive substantial value for our investors in the ACAP strategy.

Thank you for your trust.

Warm Regards,

Tim Piechowski, CFA®
Co-Chief Investment Officer
February 6, 2026

All Cap Partners Investment Team

Tim Piechowski, CFA®
Co-Chief Investment Officer / Portfolio Manager

Tim is Co-Chief Investment Officer and lead portfolio manager of the firm's Opportunity and Equity Partners strategies, as well as a co-portfolio manager of the Equity Quality Return (EQR) strategy. His responsibilities include investment team and committee leadership as well as investment idea generation, selection, monitoring and risk management for the firm's investment strategies. Prior to joining ACR Alpine Capital Research, Tim was a member of the Financials sector team at San Diego, California-based Brandes Investment Partners. During his tenure at Brandes, he focused on analyzing banks, thrifts, insurers and holding companies on a global basis. Tim holds a JD from Saint Louis University School of Law and earned a BSBA with concentrations in Finance and Accounting from the McDonough School of Business at Georgetown University. While at Georgetown, he held internships with Credit Suisse, Allied Irish Banks, and the Griswold Company, a direct access broker on the floor of the New York Stock Exchange. Tim is a member of the Missouri Bar and has earned the Chartered Financial Analyst® (CFA®) designation.

Drew Imoff, CFA®
Senior Investment Analyst

Drew is a Senior Investment Analyst working with the firm's Equity Quality Return strategy and the ACR Opportunity Fund. His responsibilities include supporting Portfolio Managers in the analysis, selection, and monitoring of investment securities across the firm's strategies. Prior to joining ACR Alpine Capital Research, Drew worked as a valuation analyst at Duff & Phelps, a global valuation firm, in their Chicago office. Drew earned a Bachelor of Science in Business Administration from the University of Dayton and has attained the Chartered Financial Analyst® (CFA®) designation.

Important Disclosures

ACR Alpine Capital Research LLC is an SEC-registered investment adviser. For more information, please refer to Form ADV on file with the SEC at www.adviserinfo.sec.gov. Registration with the SEC does not imply any particular level of skill or training. Unless otherwise noted, all statistics highlighted in this research note are sourced from ACR's analysis.

It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the examples discussed. You should consider any strategy's investment objectives, risks, charges, and expenses carefully before you invest. This information should not be used as a general guide to investing or as a source of any specific investment recommendations and makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives. This is not an offer to sell or a solicitation to invest.

This information is intended solely to report on investment strategies implemented by Alpine Capital Research ("ACR"). Opinions and estimates offered constitute our judgment as of the date set forth above and are subject to change without notice, as are statements of financial market trends, which are based on current market conditions. There are risks associated with purchasing and selling securities and options thereon, including the risk that you could lose money. All material presented is compiled from sources believed to be reliable, but no guarantee is given as to its accuracy.

The investment outlook represents ACR's views on the economic factors that may affect the global capital markets. There can be no guarantee that these factors will necessarily occur as ACR anticipates, nor that if they do, they will lead to positive performance returns. There can be no assurance that any objective will be achieved.

The ACR All Cap Partners (fka Equity Partners) Total Accounts Composite is comprised of all separate accounts and wrap accounts managed according to the firm's All Cap Partners investment policy. ACR All Cap Partners is a high-conviction, absolute return-oriented fundamental value equity strategy, with a broad mandate to seek investment opportunities across the capitalization spectrum, and the ability to hold cash reserves. All Cap Partners invests only in publicly traded securities offering daily liquidity focusing on the securities of companies headquartered or domiciled in the United States or Canada. Key risks include the general risks of common stock and specific risks due to the concentration of the portfolio within specific securities and sectors. The composite is compared against the S&P 500 Total Return (TR) Index. The minimum account size for this composite is $100,000. From January 2024 to December 2025, the composite was known as ACR Equity Partners – Total Accounts Composite. Prior to January 2024, the composite was known as Domestic Quality Return. On June 2024, the composite name was changed from ACR Equity Partners to ACR Equity Partners – Total Accounts Composite. The ACR All Cap Partners – Total Accounts Composite was created in March 2018 and incepted on March 31, 2018.

The S&P 500 TR Index is a broad-based stock index that includes dividend reinvestment and has been presented as an indication of domestic stock market performance. It is unmanaged and cannot be purchased by investors. See the All Cap Partners full composite presentation at https://acr-invest.com/wp-content/uploads/2025/04/EP-TA-GIPS-Report-through-12.31.2024-Updated-4.21.2025.pdf

The S&P 500 Value Index measures value stocks using three factors: the ratios of book value, earnings, and sales to price. S&P Style Indices divide the complete market capitalization of each parent index into growth and value segments. Constituents are drawn from the S&P 500®.

Appendix

Performance Return Notes

Gross and Net returns; total return performance includes unrealized gains, realized gains, dividends, interest, and the reinvestment of all income. Net returns are All Cap Partners Total Accounts composite gross returns reduced by 1.0% and 3.0%. The All Cap Partners Composite consists of a highly concentrated, actively managed, strategy unconstrained by market cap limitations or segmentation of the securities of companies headquartered or domiciled in the United States and Canada. A compliant presentation and/or the list of all composites maintained by the firm is/are available upon request by emailing the following: info@acr-invest.com.

Portfolio characteristics are based on the equity holdings of the strategy only and are subject to change. Price/earnings is based on normalized earnings, which is a cyclically adjusted, or smoothed out, figure of earnings. Normalized earnings per share for the S&P 500 is based on the historical inflation-adjusted least-squares trend line of As Reported Earnings from 1926-Present. Normalized earnings for the All Cap Partners portfolio are based on portfolio manager estimates of the sustainable cash earning power of the individual companies in the portfolio.

Forecasted Returns

ACR provides return estimates for our strategies based on the standard discounted cash flow asset valuation formula which equates investment value, cash flow, and return. The overall process occurs in four general steps: (i) establish the return desired for the risk of the investment (the "required return"), (ii) estimate future investment cash flows, (iii) plug these figures into the discounted cash flow formula to solve for value, and (iv) purchase at a price which is less than value (a "price/value" of less than 1.00). If estimates of future investment cash flows are correct, the investor's return will be equal to the required return plus the price/value ratio rising to 1.00. ACR's return estimates assume the price/value ratios rises to 1.00 over ten years. For example, a stock investment with a 10% required return, a calculated value based on its cash flows of $20 per share, and a purchase price of $16 per share, would sell at a price/value of 0.80 ($16/$20 = 0.80). ACR's return estimated would be 12.5%, comprised of the 10% required return and a 25% return over ten years as the price/value of 0.80 rises 0.20 to 1.00 (0.20/0.80 = 25%). Return estimates will prove accurate compared with actual returns over ten years only if future investment cash flows estimates are correct. Past estimates of cash flows which proved correct do not guarantee that future cash flow estimates will be correct.

*Specific formulas and calculations are as follows. All Cap Partners estimated total return is our annualized estimated return using All Cap Partners strategy position weights at the beginning of the 10-year period based on ACR's fundamental value and return estimates for each portfolio holding not including cash. The individual holding 10-year estimated return formula: (1+Required Return) * (Value/Price)^(1/10)-1. A ten-year horizon was chosen to encompass a full market cycle. Selecting a different period would significantly alter the forecasted return. The "Required Return" is the return ACR estimates is fair for the risk taken in each All Cap Partners holding. ACR portfolio managers assess risk based on multiple business and financial factors and assign a specific rate which in their judgement is commensurate with security risk. The "Value/Price" captures ACR's estimate of undervaluation. Fundamental value is based on multiple business and financial factors and represents the portfolio manager's subjective estimate of company value.*

Our estimated and actual return presentations include various charts and statements relating to ACR's underwriting process and forecasting of returns in order to illustrate how ACR's process seeks to achieve the objective of obtaining satisfactory absolute returns. Estimated returns do not represent actual trading and only include the equity portion (excluding cash returns) of the All Cap Partners strategy. The All Cap Partners composite during the 10-year forecast period includes purchase, sale, and flow activity whereas the estimated return is based solely on All Cap Partners strategy weights at the beginning of the forecast period which are not updated for portfolio activity after the initial estimate.

Estimated (or forecasted returns) have inherent limitations as they are hypothetical. Hypothetical results have inherent limitations because they do not reflect actual trading, are captured at a moment in time, and do not represent actual performance. The estimated returns shown do not reflect the performance of actual client accounts.