

3Q2025 U.S. Equity Fund Investment Commentary

Dear Valued Clients and Partners,

As I write these reflections from my office in Memphis, a gentle autumn light pours across the river, the skyline framed by migrating birds tracing their quiet arcs toward the Gulf. There's something poetic about these seasonal transitions—the rhythm, the patience, the instinctive persistence. It reminds me how deeply investing echoes nature's migrations: rarely linear, always purposeful, sustained not by spurts of energy but by endurance, discipline, and direction. That rhythm—of movement guided by patience—has long shaped how we at SouthernSun approach the stewardship of your capital.

The Rhythm Beneath the Noise

The third quarter of 2025 has been a study in contrasts: optimism and apprehension, buoyancy and restraint, expansion and caution. Economic data have offered moments of reassurance, even as global headlines have reintroduced uncertainty into an already complex environment. Energy markets fluctuated on supply concerns; inflation moderated in some corners but reemerged in others; and political conversations both here and abroad injected their familiar doses of volatility.

Yet, amid all this motion, one truth has remained constant for us: the importance of resisting distraction. Markets, much like the seasons, will always oscillate—each movement meaningful, but none definitive. Our task as investors is to navigate the full cycle with equanimity and conviction, to remain guided not by the latest gust of sentiment but by the long arc of value creation.

When we founded SouthernSun decades ago, we did so with the belief that investing, properly practiced, is less about predicting the next squall than about building a vessel sturdy enough to weather them all. That remains our compass today.

A Season of Divergences

In conversations across our network—company management teams, institutional partners, and fellow investors alike—there's a shared awareness that we are living through a moment of divergence. The economy continues to expand, but the rate and rhythm of that expansion vary widely across industries. Some companies are thriving on renewed demand and operational efficiency; others are contending with higher costs or geopolitical friction that reshapes trade and logistics.

This unevenness is not something to fear—it's something to study. Divergence, properly understood, creates opportunity. When markets move in unison, inefficiency evaporates. When they fracture, it returns, and with it, the chance for active managers to distinguish themselves through discernment.

In many ways, this quarter reminded us that volatility and dispersion are not enemies of long-term investors; they are the very soil in which long-term value takes root.

Our Guiding Philosophy

Throughout SouthernSun's history, our philosophy has rested on four enduring pillars: financial flexibility, management adaptability, niche dominance, and valuation discipline. These are not slogans for us; they are the filters through which every investment must pass.

We seek out companies with balance sheets strong enough to seize opportunity when others retreat, management teams nimble enough to adapt without compromising core values, businesses that lead within focused niches rather than sprawling across overextended empires, and valuations that provide a genuine margin of safety.

This approach requires patience—the kind that outlasts market cycles and resists the constant pull of comparative short-termism. In a world increasingly defined by passive capital flows, instant analytics, and algorithmic feedback loops, the willingness to wait, observe, and act with deliberation is itself a competitive advantage.

The philosopher Albert Einstein once observed that “information is not knowledge.” I often think of that distinction when considering our industry today. The world has never been more awash in information—charts, metrics, models—but true knowledge still comes only from experience, context, and the humility to interpret data through the lens of human judgment. That’s the essence of active management. It is, in the truest sense, the application of wisdom to uncertainty.

The Private–Public Continuum

One of the most interesting developments in recent years has been the shifting balance between private and public markets. Private equity and private credit have expanded dramatically, now commanding a level of global capital once unimaginable. These arenas appeal for many reasons: the long-term horizon, the absence of daily pricing, the flexibility of governance.

And yet, the growing allure of private markets raises essential questions—questions about valuation transparency, liquidity, and accessibility. Private structures often function best for those who can afford to lock up capital for extended periods, but they can also breed a sense of insulation from reality. Prices that are not marked daily may feel stable, but stability and safety are not synonymous.

Public markets, for all their noise and fluctuation, remain the most transparent and inclusive mechanisms ever created for wealth creation. They are the agoras of our modern age—open spaces where value is tested, debated, and verified in real time.

At SouthernSun, we see the relationship between private and public markets not as a rivalry but as a continuum. The same forces that drive success privately—strategic clarity, capital discipline, operational excellence—define success publicly as well. What differs is accountability. Public markets reward those who can combine entrepreneurial resilience with the rigor that comes from scrutiny.

We often seek public companies that behave like private ones: focused, owner-oriented, and disciplined in capital allocation. Such firms tend to thrive across cycles, balancing agility with the benefits of liquidity and transparency.

The Reawakening of Public Offerings

After several subdued years, we have begun to see renewed energy in public listings, particularly outside the technology sphere. It is a welcome development. The return of industrial, manufacturing, and energy infrastructure firms to the initial public offering landscape signals a healthier ecosystem—one in which durable business models are once again stepping into the public domain.

This resurgence matters because it broadens the opportunity set for investors like us who focus on the small and mid-sized segments of the market. When new entrants come to the public stage, they reinvigorate diversity and competition, providing fresh soil for active discovery. But discernment remains key. The public markets can be an unforgiving mirror for companies unprepared for the demands of transparency and quarter-to-quarter accountability.

Our discipline in evaluating new listings has always centered on fundamentals, not fanfare. We look for management’s willingness to think beyond the first year of trading—to imagine what it means to create value over a decade or more. In that sense, we welcome this new cohort of public companies not for their novelty, but for the opportunity they bring to find underappreciated strength early, when patience still carries a premium.

Concentration and the Question of Ownership

While the frontiers of opportunity broaden, the structure of ownership narrows. Today, a small handful of massive asset managers dominate the landscape of public equity ownership. These institutions have become universal shareholders, exerting influence over the majority of large-cap companies.

Such concentration carries implications that extend beyond performance. It shapes corporate governance, competitive dynamics, and even the cultural tone of markets. When ownership becomes too centralized, the diversity of thought that once defined capitalism begins to thin. Passive capital, by its nature, must own everything in proportion, regardless of value or vision. This breeds an unintended uniformity—an investment monoculture.

At SouthernSun, we see this as both a challenge and an opportunity. The challenge lies in the growing detachment between ownership and stewardship. The opportunity lies in differentiation. By remaining active, selective, and engaged, we can allocate capital independently—toward smaller and mid-sized enterprises where concentration is less pronounced and where genuine discovery is still possible.

It is here that active management reclaims its relevance: not as an act of defiance against the index, but as an act of stewardship for the health of the marketplace itself.

Freedom, Openness, and the Nature of Markets

The conversation about ownership inevitably leads to a deeper question about what kind of market we wish to inhabit—one that is open, free, or both.

An open market ensures access: the ability of participants to enter and compete on fair terms. A free market emphasizes minimal interference: the belief that prices and outcomes should be shaped by the voluntary actions of individuals. These two ideals—openness and freedom—are complementary but not identical. A market can be open but constrained, or free but exclusive.

The healthiest markets blend both principles. They protect fairness without suffocating innovation. They encourage risk-taking while maintaining transparency. In this balance lies the dynamism that has long defined the American economic experiment.

As active investors, we thrive in such an environment. We depend on open markets for discovery and on free markets for dynamism. Our role is to ensure that the capital we manage contributes to this equilibrium—to support businesses that innovate responsibly, compete effectively, and create enduring value.

Lessons from History

To understand markets, I often find it useful to look backward. The history of commerce is a story not of linear progress but of reinvention, adaptation, and renewal.

The ancient Greek agora, where traders exchanged goods and philosophers exchanged ideas, represented more than a market—it was a community of exchange and dialogue. Transparency and participation were its defining features, much like our public markets today.

The Romans expanded that model, layering regulation and infrastructure atop trade, illustrating how scale introduces both opportunity and constraint. Centuries later, the Renaissance revived financial ingenuity through the Italian city-states, where banking innovation funded exploration and art alike.

The mercantilist era introduced state-backed trading ventures, precursors to our modern corporations. The Industrial Revolution formalized exchanges, connecting capital to enterprise on an unprecedented scale. Each evolution brought new efficiencies—and new risks of concentration and imbalance.

By the 20th century, regulation emerged as both safeguard and burden, reflecting humanity's perpetual struggle to balance freedom with fairness. And in our own time, the digital revolution has once again transformed access, speed, and scope, while introducing new vulnerabilities in the form of algorithmic herding and cyber risk.

The through-line in this long arc is unmistakable: markets are living systems. They evolve, they overreach, they correct. But through every age, success has belonged to those who combine patience with perspective—to those who adapt their methods without abandoning their principles.

That is the lineage in which we place ourselves as active managers.

Insights from Our Portfolio Conversations

Throughout the past quarter, as we engaged with the management teams of our portfolio companies, several consistent themes emerged—each reinforcing the prudence of our approach.

First, cost discipline remains paramount. In nearly every conversation, executives spoke of vigilance in preserving margins, optimizing operations, and maintaining flexibility in the face of unpredictable input costs. Many highlighted ongoing investment in automation and process efficiency, not as a reactionary measure, but as a structural adaptation to tight labor markets.

Second, while hiring conditions have improved slightly, wage inflation persists in skilled roles. Companies are increasingly focused on retaining talent through culture and career development rather than purely through compensation—a reminder that competitive advantage often lies in human capital as much as in product or process.

Third, capital allocation remains measured. Across sectors, we saw companies pursuing strategic acquisitions, selective buybacks, and thoughtful reinvestment—eschewing grand gestures in favor of disciplined, incremental growth. Visibility into demand remains imperfect, but leadership teams continue to plan for resilience rather than reaction.

Fourth, supply chain normalization continues, though not without pockets of friction. Specialty components and global logistics still present intermittent challenges, yet overall inventory levels are approaching equilibrium. As one management team phrased it, “We’re no longer firefighting, but we’re not yet coasting.”

Finally, the value of recurring revenue streams has become ever more apparent. Businesses with strong aftermarket sales, service contracts, or consumables have demonstrated remarkable steadiness in otherwise choppy conditions. Such predictability, when combined with conservative balance sheets, is precisely the foundation we seek for long-term compounding.

These insights reaffirm the power of fundamentals—the notion that excellence in execution, prudence in capital allocation, and clarity in strategy remain the surest predictors of durability across cycles.

Navigating the Risk Landscape

No discussion of the current environment would be complete without addressing the broader risks we observe. Geopolitical tension remains elevated, with regional conflicts influencing commodity flows and investor sentiment alike. Political uncertainty, particularly in a pre-election year, adds layers of noise to economic interpretation.

Trade frictions continue to ripple through supply chains, creating both obstacles and opportunities. Inflation, though moderated from its peak, still affects key inputs, and interest rates—though trending lower—remain higher than the easy money era many had grown accustomed to. Add to this the latent potential for unexpected shocks—cyber disruptions, natural disasters, regulatory pivots—and it becomes clear that risk, while unavoidable, can be managed through vigilance and balance.

At SouthernSun, our approach to risk is rooted in the belief that it cannot be eliminated, only understood. We favor companies with minimal leverage, aligned management, transparent governance, and enduring competitive moats. We diversify not for the sake of dispersion but for the sake of durability—owning fewer, better businesses rather than many indistinguishable ones.

The same philosophy applies at the portfolio level. Our strategies are constructed to weather environments of ambiguity, not merely to perform in periods of clarity. Over time, this orientation—toward resilience rather than reactivity—has proven its worth across cycles.

The Case for Active Management

All of this leads naturally to the enduring case for active management. In recent years, as passive strategies have grown in prominence, some have questioned whether active investing still adds value. I would argue that it has never been more essential.

Passive funds serve an important function: they democratize access and reduce costs. But they also abdicate judgment.

They allocate not according to conviction or merit, but according to membership. In so doing, they amplify momentum, inflate concentration, and diminish the signal of true discovery.

Active management, when practiced with discipline and humility, restores balance to the system. It engages directly with management, questions assumptions, and allocates capital purposefully rather than automatically. It does not chase every rally or flee every dip; it studies, adapts, and persists.

In times of calm, the difference between the two may seem marginal. In times of disruption, it becomes profound. History bears this out. Every major market transition—from the industrial revolutions to the digital one—has rewarded those who combined analytical rigor with human judgment.

At SouthernSun, we believe active management is not merely a strategy but a philosophy of engagement: a belief that investors have a responsibility to understand what they own, why they own it, and how it serves a greater purpose of growth and stewardship.

Enduring Principles for a Changing World

As I reflect on this past quarter and the world that lies ahead, I find myself returning to first principles: patience, prudence, perspective, and partnership. These are not abstract virtues; they are the coordinates by which we navigate complexity.

Patience allows us to see beyond temporary noise.

Prudence keeps us disciplined amid exuberance.

Perspective reminds us that cycles repeat but values endure.

And partnership—perhaps the most important of all—grounds our work in trust and shared purpose.

Each of you—our clients, partners, and friends—entrusts us not only with capital, but with a portion of your mission, your legacy, your future obligations. Whether you represent a foundation supporting vital causes, an endowment stewarding educational vision, a family seeking to preserve generational wealth, or a pension safeguarding livelihoods, we approach that trust with the deepest respect.

Our role is not simply to manage investments but to align our efforts with your enduring goals. That alignment is what transforms market participation into stewardship.

Closing Reflections

As the year's final quarter unfolds, we do so with cautious optimism and unwavering discipline. The path ahead, like any journey worth taking, will include both smooth stretches and rough terrain. But just as the migratory birds above Memphis follow an ancient rhythm of endurance and return, we too follow the enduring rhythms of disciplined investing—guided by experience, animated by conviction, and sustained by purpose.

Markets will rise and fall, headlines will flare and fade, but value, properly understood and patiently pursued, remains constant. That is the promise of active management and the philosophy at the heart of SouthernSun.

We are grateful for your partnership, your trust, and your time in reading these reflections. As always, we welcome dialogue—whether about your specific portfolio needs, our investment process, or the broader currents shaping markets today.

On behalf of our entire team here at SouthernSun, thank you for allowing us the privilege of stewarding your capital.

Warm Regards,



Phillip Cook
Chief Investment Officer & Managing Partner
SouthernSun Asset Management



Michael Cook
Founder & Chairman
SouthernSun Asset Management

The **SouthernSun U.S. Equity Fund** (Class N) returned 8.11% versus the Russell 2500™, which returned 9.00% and the Russell 2500™ Value, which returned 8.17%, during the third quarter of 2025. Over the trailing-twelve-months, the Fund returned 0.67% versus the Russell 2500™, which returned 10.16% and the Russell 2500™ Value, which returned 9.00% over the same period. Please note that this Fund has multiple share classes.

Modine Manufacturing Company (MOD) was the top contributor in the U.S. Equity Fund during the third quarter. **MOD** is a leading thermal management company and since initiating the position earlier this year, the demand outlook for AI datacenters has increased dramatically, driving increased demand for Modine's cooling equipment. To meet this strong demand, the company will invest \$100 million in the next 12-18 months to increase capacity by roughly 80%. The balance sheet is in good shape with Net Debt/Adj. EBITDA ~1x, and management plans to pause acquisitions for the next few quarters as it integrates three recent acquisitions, explores the sale of its light duty vehicle heat exchanger business, and executes on its data center investments. We remain impressed by CEO Neil Brinker and the strong leadership team he has assembled, and we believe they are well positioned to continue creating meaningful shareholder value.

Brink's Company (BCO) was a top contributor in the U.S. Equity Fund during the third quarter. **BCO**, a leading global provider of cash and valuables management, digital retail solutions (DRS), and ATM managed services (AMS), was a top contributor for the quarter. In the second quarter, the company delivered 16% organic growth in AMS and DRS while continuing to stimulate customer demand for outsourcing with financial institutions and convert whitespace opportunities in retail. These higher-margin, recurring revenue businesses now represent over 25% of total company revenue and are expected to continue delivering double digit organic growth for the foreseeable future. Free cash flow continues to improve with over \$100 million generated in the quarter on EBITDA growth, continued capital efficiency and strong working capital performance. In addition, management has been disciplined and opportunistic with capital deployment – buying back \$130mm in stock year to date with \$85mm of that coming in 2q. We believe the current price affords share owners a nice opportunity to compound double digit returns over our investment time horizon with a strong balance sheet providing a backdrop for cash flow growth and a predictable and effective capital allocation strategy.

Darling Ingredients (DAR) was the top detractor in the U.S. Equity Fund in the third quarter after being a top contributor in the Fund in the second quarter. **DAR** is the largest publicly traded company turning edible by-products and food waste into sustainable products and a leading producer of renewable energy. **DAR** has faced significant headwinds which have affected the share price for the past 2 years. This downturn is, in our opinion, at or near a bottom. We see several fundamental and regulatory changes supporting our view that top line and bottom-line results will inflect higher in 2026. Recent announcements from DC and from the company are supportive of our view. The base Food and Feed businesses are providing significant support for the struggling Fuel business – a natural hedge we have long discussed. In addition, the company's vertically integrated supply chain and low-cost position have proven resilient in the face of such headwinds. We expect results for the remainder of 2025 to be challenged and believe this reality is more than accounted for in today's share price. As the cycle turns, the operational improvements made the past couple of years together with an upgraded asset base will, in our opinion, provide a substantial boost to operating profitability and discretionary cash flow. While frustrated with the recent performance, we do believe some meaningful relief is on the horizon.

Watsco, Inc. (WSO) was a detractor in the U.S. Equity Fund in the third quarter. **WSO** is the largest distributor of air conditioning, heating, and refrigeration products in North America. While second-quarter results held up relatively well with revenue down 4% and operating income up 1%, equipment volumes have been weaker than expected, declining roughly 12% year to date. Management attributes this primarily to lower new construction activity and a consumer shift from replacement to repair, noting that Watsco's market share remains stable. We view these headwinds as temporary and continue to believe WSO's competitive position within the HVAC/R distribution market remains strong. With no debt and \$293 million in cash and short-term investments, the company is well positioned to pursue acquisitions across the highly fragmented \$74 billion North American HVAC/R distribution landscape. We remain confident in Watsco's long runway for both organic and inorganic growth, its owner-oriented culture, and its competitive advantages that increase with scale.

During the third quarter of 2025, we initiated one new position in **Crane NXT (CXT)** in the U.S. Equity Fund.

Crane NXT (CXT). We initiated a new position in Crane NXT (CXT) in the U.S. Equity Fund during the quarter. **CXT** was spun off from Crane Corporation in 2023. We owned the parent company (Crane Corporation) for several years – so, we know the business quite well. This is a nichey business; **CXT** has a strong foundation in security and authentication technologies and automated payment systems.

It now operates through two primary segments: Crane Payment Innovations (CPI) provides a comprehensive suite of payment solutions including cash validation, payment acceptance, vending and kiosk automation, and cash processing systems. This segment serves diverse markets including retail, gaming, transportation, and financial institutions. This segment demonstrates niche dominance in several specialized markets and with more than 350 engineers dedicated to Research and Development, we believe that they can remain a very strong player.

The 2nd segment is Security & Authentication Technologies. They are a global leader in anti-counterfeiting technologies for banknotes, identification documents, and branded goods. Crane's proprietary micro-optic technologies are used by over 50 central banks. Since the spin – they have done 2 strategic acquisitions — including OpSec Security (2024) and De La Rue's Authentication Solutions (2025); together they significantly expand **CXT's** reach into brand protection, credentials, and digital authentication.

The company has more than 200 years of heritage supplying secure currency, Crane Currency is widely trusted by governments and central banks. And, through micro-optics, holography, secure digital solutions, and product traceability, **CXT** now provides end-to-end brand and identity protection, and we believe that their differentiated technology provides the benefit of pricing power and higher margins relative to more commoditized industrial peers.

In our opinion, Crane NXT has consistently posted strong operating margins, and their balance sheet is conservatively levered, even after their most recent acquisitions. The business has a history of generating meaningful cash flows, and we believe that this will continue, providing capacity for both mergers and acquisitions and shareholder returns.

Regarding **CXT's** leadership, we were cautious about them after the spin-off, but we have been monitoring the new team for two years. We have also had multiple interactions with the CEO and CFO over the past year. Management is effectively applying the Crane Business System (CBS) — a proven framework for efficiency, integration, and continuous improvement. Max Mitchell, the well-regarded former Crane CEO, remains on **CXT's** board, adding further oversight.

We believe **CXT** is well positioned in critical, high-margin markets where security, authenticity, and trusted transactions are paramount. Its unique mix of proprietary technologies, strong government and institutional partnerships, recurring revenue base, and disciplined capital deployment makes for a compelling long-term opportunity. We also believe that we were able to initiate the position at an attractive entry point.

Our thesis does not require multiple expansion; we believe that cash generation and execution on growth opportunities alone can deliver strong returns.

FUND PERFORMANCE % ^{1,2} (AS OF 9/30/2025)								
	SINCE INCEPTION ³	10 YEAR	5 YEAR	3 YEAR	1 YEAR	YTD	QTD	MTD
SSEFX (Class N) (%)	8.70	8.68	14.82	13.09	0.67	8.19	8.11	-2.32
SSEIX (Class I) (%)	8.97	8.95	15.11	13.38	0.95	8.35	8.18	-2.25
Russell 2500 (%)	11.04	10.52	12.09	15.65	10.16	9.48	9.00	1.60
Russell 2500 Value (%)	10.22	9.68	14.96	15.39	9.00	9.29	8.17	1.03

SSEFX (Class N) Expense Ratio (Gross/Net): 1.41%/1.34%*

SSEIX (Class I) Expense Ratio (Gross/Net) 1.16%/1.09%*

The performance data shown represents past performance. Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted. The investment return and the principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. For performance information through the most recent month end, please call 901.341.2700 or visit our website at www.southernsunam.com. From time to time the advisor has waived fees or reimbursed expenses, which may have resulted in higher returns.

*Contractual waivers are in effect through January 31, 2026.

¹One-year, three-year, five-year, and ten-year since inception returns are annualized averages and do not mean the manager achieved the stated return in each year. Returns for periods less than one year are not annualized.

²The performance information shown for periods prior to February 16, 2021 is that of the predecessor to the Fund, AMG SouthernSun U.S. Equity Fund, a series of AMG Funds LLC, which was reorganized into the Fund on February 16, 2021, and was managed by AMG Funds LLC and sub-advised by SouthernSun Asset Management, LLC with the same investment objective and substantially similar investment policies as those of the Fund. The performance information shown for periods prior to March 31, 2014 is that of the predecessor to the Fund, SouthernSun U.S. Equity Fund, a series of Northern Lights Fund Trust, which was reorganized into the Fund on March 31, 2014, and was managed by SouthernSun Asset Management, LLC with the same investment objective and substantially similar investment policies as those of the Fund.

TOP 10 HOLDINGS ⁴ (AS OF 9/30/2025)		
	TICKER	% OF ASSETS
The Brink's Co.	BCO	6.50
Broadridge Financial Solutions, Inc.	BR	6.36
APi Group	APG	5.92
US Physical Therapy Inc	USPH	5.49
Modine Manufacturing Co	MOD	5.23
Valmont Industries Inc	VMI	5.13
Louisiana-Pacific Corp	LPX	4.89
Darling Ingredients Inc.	DAR	4.76
Boot Barn Holdings Inc	BOOT	4.70
Generac Holdings Inc	GNRC	4.69
Total		53.64

³Since the inception of the Fund's share classes on April 10, 2012.

⁴The Holdings identified above do not represent all of the securities purchased, sold or recommended for advisory clients. Holdings are subject to change and should not be construed as investment advice.

The SouthernSun funds are distributed by SEI Investments Distribution Co. (SIDCO). The Funds are managed by SouthernSun Asset Management, LLC. SIDCO is not affiliated with SouthernSun Asset Management, LLC or any of its affiliates. SIDCO is a member of FINRA/SIPC.

Important Information:

Before investing in any SouthernSun funds, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. The Prospectus and Summary Prospectus contain this and other important information, which is available at www.southernsunam.com/investment-products/. Please read the Prospectus and Summary Prospectus carefully before investing.

The views expressed represent the opinions of SouthernSun Asset Management, LLC, and are not intended as a forecast or guarantee of future results, and are subject to change without notice.

Source: SouthernSun Asset Management, Advent Portfolio Exchange, Morningstar.

Statements received directly from the account custodian should be regarded as the official record for a client's account. This information is being furnished to you for informational purposes only and should not be solely relied upon when making an investment decision. All information has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

Small- and Mid-Capitalization Companies Risk — The small- and mid-capitalization companies in which the Fund may invest may be more vulnerable to adverse business or economic events than larger, more established companies. In particular, investments in these small- and mid-sized companies may pose additional risks, including liquidity risk, because these companies tend to have limited product lines, markets and financial resources, and may depend upon a relatively small management group. Therefore, small- and mid-cap stocks may be more volatile than those of larger companies. These securities may be traded over-the-counter or listed on an exchange.

Non-Diversified Fund Risk— The Fund is classified as “non-diversified,” which means it may invest a larger percentage of its assets in a smaller number of issuers than a diversified fund. To the extent that the Fund invests its assets in a smaller number of issuers, the Fund will be more susceptible to negative events affecting those issuers than a diversified fund.

Definitions:

The **Russell 2500 Index** measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as “smid” cap. The Russell 2500 Index is a subset of the Russell 3000 Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. The **Russell 2500 Value Index** measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology. Frank Russell Company (“FRC”) is the source and owner of the Russell Index Information contained or reflected in this material and all trademarks and copyrights related thereto. The Russell Index Information may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. For more information on either index, please consult Frank Russell Company.

Cash on cash returns: Annual pre-tax cash flow divided by total cash invested. **Basis points (bps):** a term used in finance to refer to changes in values. One basis point equals 0.01%. **EBITDA:** earnings before interest, taxes, depreciation and amortization. **Net Debt/EBITDA:** this is calculated by taking the Net Debt (total debt – cash & equivalents) divided by the EBITDA. **Net Debt/Adj. EBITDA:** calculated by taking the Net Debt (total debt – cash & equivalents) divided by adjusted EBITDA. **EV/EBITDA:** This is calculated by taking the enterprise value divided by the EBITDA. **Cash flows:** a measure of the amount of cash generated by a company's normal business operations. **Free Cash Flow (FCF):** this is calculated by taking the operating cash flows minus capital expenditures. **Earnings Yield:** This is calculated by taking the inverse of the market value (price*common shares outstanding) divided by net income before unusual expense. **Gross margin:** measures a company's gross profit compared to its revenues as a percentage. **Return on invested capital (ROIC)** is the rate of return earned by a company from reinvesting the funds contributed by its capital providers.

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