

Ballast Philosophy

Ballast Asset Management employs a fundamental, bottom-up process focused on uncovering value in small and mid-cap equities. We view intrinsic value from a cash flow perspective rather than based on asset value, and our initial analysis focuses on quantifying potential downside risk. The investment process focuses on mispriced risk and seeks to identify opportunities where the market has undeservedly low expectations regarding a company's future prospects. We believe that our fundamental analysis leads us to companies with healthy operations, solid balance sheets, and strong free cash flow. We aim to position our clients' capital to benefit from an asymmetric reward to risk ratio, such that the return potential is 3x greater than the risk of a permanent loss of capital.

Performance

		Yearly Returns								Annualized Returns*		
		2017	2018	2019	2020	2021	2022	2023	2024 YTD	3 Yrs	5 Yrs	Inception
Ballast Portfolio ¹	Gross	13.5%	-2.2%	16.1%	12.5%	41.8%	-13.3%	18.6%	-2.2%	1.8%	10.6%	11.4%
	Net	12.4%	-3.2%	15.0%	11.4%	40.4%	-14.2%	17.4%	-2.7%	0.7%	9.5%	10.3%
Russell 2000 Value ²		7.8%	-12.8%	22.4%	4.6%	28.2%	-14.5%	14.6%	-0.9%	-0.6%	7.0%	8.4%
Alpha		4.6%	9.6%	-7.4%	6.8%	12.2%	0.3%	2.8%	-1.8%	1.3%	2.5%	1.9%

*Annualized 3-Year, 5-Year and (since Inception performance start date 10/01/15) returns reported through 6/30/24

Investment Process

Step 1:

Quantify the Downside

The first step in our process makes the case for why we shouldn't invest. If we cannot quantify the downside, we don't invest.

Step 2:

Forecast Upside Potential

We rely on our own fundamental research to develop an investment thesis. We seek upside optionality resulting from restructuring, new products or margin improvement.

Step 3:

Assess Reward-to-Risk Ratio

We attempt to tilt the magnitude of outcomes in our clients' favor. We seek a ratio of 3:1 between our upside target and downside target.

Carefully-designed culture promotes our process. Successful chemistry between team members is critical to maintaining our daily focus on generating superior risk-adjusted returns. We hire talented analysts who challenge us to refine each investment thesis. We believe varied perspectives ultimately improve decision making. Our process encourages questions and original thought and develops the individual's skill set and career objectives.

About Ballast Asset Management

Ragen Stienke, our founder, started Ballast Asset Management in August of 2015 after previously serving as the Senior Portfolio Manager for Westwood Management's SMidCap Equity strategy since 2004. Jay Singhania, a Partner at the firm, served as co-PM with Ragen at Westwood, and Tom Fogarty (also a Partner at the firm) worked with Ragen at UBS prior to his move to Westwood. Each member of the investment team has over 25 years of investment experience. Ballast is registered independently with the SEC as an investment advisor.

- The Ballast strategy ranked in the 7th and 11th percentile for the 5-years and 7-years, respectively for the year ended 2022 against its peer group according to eVestment Alliance.*
- The Information Ratio and Sharpe Ratio ranked 13th and 11th percentile, respectively for the *year ended 2022.

* Ratings referenced herein were tabulated by eVestment Alliance as of 12/31/2022 and cover the five-year and seven-year time periods prior to end of 2022. Ballast provided no compensation in connection with any third-party rating referenced.

Fee Terms

Balances \$1,000,000 <> \$5,000,000	1.00%
Balances >\$5,000,000	0.85%

Portfolio Characteristics³

	Ballast	Russell 2000 Value Index
Number of Holdings	51	1,437
Wtd Avg Mkt Cap (\$B)	3.1	1.4
Median Mkt Cap (\$B)	2.4	0.8
Largest Mkt Cap (\$B)	19.4	8.2
Beta [†]	0.85	0.84
Std Deviation	22.5%	24.7%
Sharpe Ratio	0.27	0.13
Tracking Error ^{††}	7.0%	
Information Ratio ^{††}	0.51	

Returns

Return on Assets	8.4%	0.4%
Return on Equity	19.2%	1.6%
Return on Inv. Cap.	16.1%	0.9%

Growth

Sales Growth (TTM)	1.8%	-0.4%
--------------------	------	-------

Financial Leverage

Net Debt / EBITDA	0.8	4.9
Total Debt / Equity	1.3	1.1

Valuation

Dividend Yield	2.3%	2.4%
Free Cash Flow / EV	7.2%	2.6%
Price / Book	3.6	1.3
Price / Cash Flow	11.2	8.4
Price / Earnings (NTM)	14.3	21.0
EV / EBITDA (NTM)	6.2	10.3

³ Portfolio and Index Characteristics as of June 30, 2024

[†] 5 Years vs. S&P 500

^{††} Annualized 5-Year Basis vs. Russell 2000 Value

Ten Largest Holdings*

Company	% of Total
Natural Resource Partners LP	4.9%
Federal Agric Mtg-C	4.1%
Climb Global Solutions	3.5%
Solaris Oil In-A	3.3%
Cavco Industries	3.3%
Phinia Inc	3.1%
AZZ Inc	3.0%
Consol Energy Inc	3.0%
Capital Bancorp	2.7%
Bel Fuse Inc-B	2.6%

* As of June 30, 2024. Excluding 0.4% Cash. Holdings are subject to change and do not constitute a recommendation or solicitation to buy or sell a particular security.



Performance of Ballast SMidCap Strategy (net of fees and expenses)

	2015*	2016	2017	2018	2019	2020	2021	2022	2023
Ballast¹	0.7%	22.5%	12.4%	-3.2%	15.0%	11.4%	40.4%	-14.2%	17.4%
Russell 2000 Value Index²	2.9%	31.7%	7.8%	-12.8%	22.4%	4.6%	28.2%	-14.5%	14.6%
Alpha	-2.2%	-9.2%	4.6%	9.6%	-7.4%	6.8%	12.2%	0.3%	2.8%

*Ballast Performance from 10/1/2015 through 12/31/2015

Important Disclosures

1. Account returns are presented both gross and net of management fees. All account returns are net of transaction costs and gross of non-reclaimable withholding taxes, if any, and reflect the reinvestment of dividends and other earnings. Monthly composite returns are calculated by weighting each account's monthly return by its relative beginning market value. All returns are expressed in U.S. dollars. **Past performance does not guarantee future results.**

The gross performance results presented do not reflect the deduction of investment advisory fees. Actual returns will be reduced by such advisory fees and other expenses as described in the individual contract and, where applicable, Form ADV Part 2A.

Net performance results do not reflect the deduction of investment advisory fees actually charged to the accounts in the composite but do reflect the deduction of a model investment advisory fee of 1.00%, which is the maximum advisory fee rate in effect for the respective time period. Actual advisory fees may vary among clients invested in the strategy. Returns for each client will be reduced by such fees and expense as described in the individual contract and, where applicable, in Form ADV Part 2A.

Ballast Asset Management, LP claims compliance with the Global Investment Performance Standards (GIPS®) and has been independently verified for the period October 1, 2015 through December 31, 2020. Verification assesses whether (1) the firm has complied with all of the composite construction requirements of the GIPS Standards on a firm-wide basis and (2) the firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS Standards. The verification report is available upon request. Verification does not ensure the accuracy of any specific composite presentation. A list of composite descriptions is available upon request.

2. The Russell 2000 Value Index measures the performance of the smallcap value segment of the U.S. equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years).
3. Portfolio Characteristics are based upon market value of positions as a percentage of account equity as of the date indicated. Market Capitalization of holdings and Russell sector information are obtained from Bloomberg. All portfolio statistics are weighted based on position sizes. For certain cash flow and enterprise value metrics, positions in the Financial sector are excluded as they are not as relevant to such holdings. Portfolio P/E ratio is weighted based on position sizes and uses forward P/E as reported on Bloomberg for each position.