



LITTLE  
HOUSE  
CAPITAL

# Core +

September 30, 2024

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# The Little House Difference

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We embrace innovation, challenge conventional wisdom and strive to deliver strong investment results for our clients.



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# FIRM FACTS

## History

- Team history dates back to 2010
- Little House Capital was founded in 2017 to offer proprietary investment strategies and products
- Firm's mission is to deliver industry-leading client experience with technology-focused solutions
- Firm is 100% employee-owned

## Experience

- Senior investment team professionals average over 30 years of industry experience
- Leverage collective expertise in overseeing and managing large mutual funds and asset pools
- Demonstrated security selection and top-down expertise

## Clients

- Foundations and Endowments
- Family Offices
- Pension Plans
- High Net Worth Individuals



# Investment Methodology

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# INVESTMENT PHILOSOPHY

## Our Objectives

Competitive risk-adjusted returns with less downside risk

Diversified exposure to high-quality, well-capitalized companies

Sustainable and improving business fundamentals

## Our Beliefs

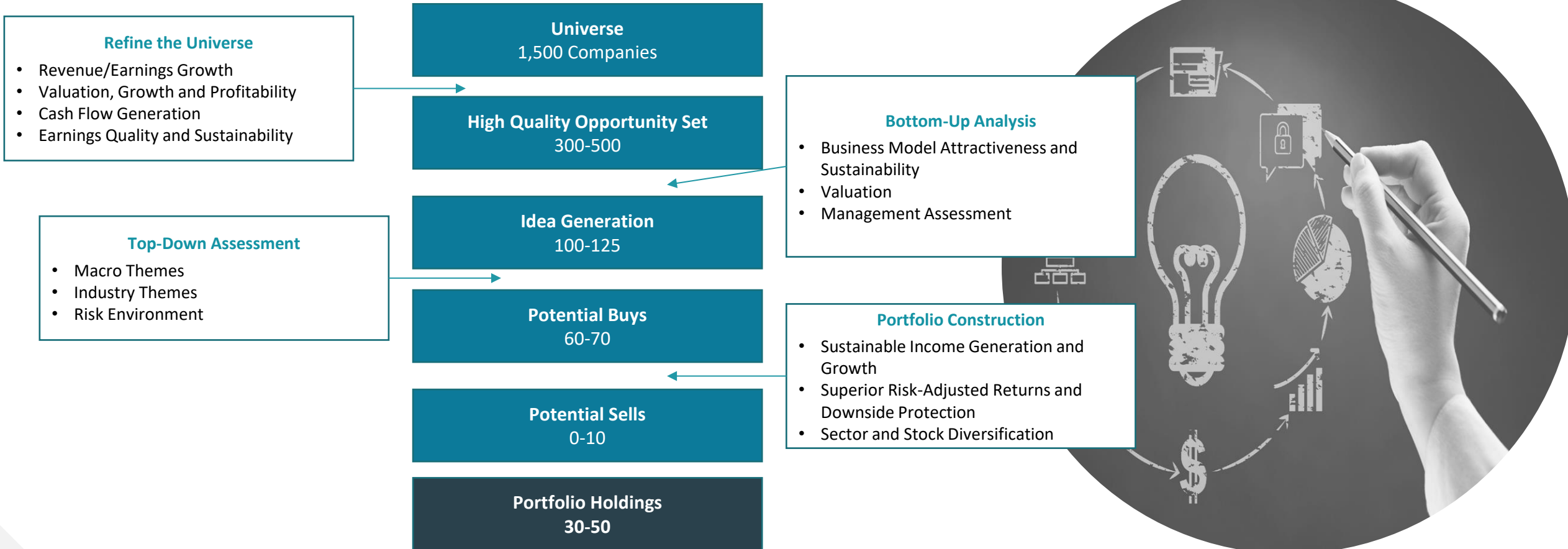
In the short-term, equity prices are heavily influenced by changing investor sentiment

In the long term, equity share prices reflect the value of cash flows and economic profits

Markets evolve and require a nimble, actively managed approach to portfolio construction

Irrational market behavior creates opportunities for disciplined, fundamentally oriented, investors

# INVESTMENT PROCESS: Overview



# INVESTMENT PROCESS: Refine Universe

## Profitability

Improving returns on Capital

## Growth

Revenue growth in expanding markets

## Valuation

Fair-value range

## Earnings Quality

Financials depict economic reality



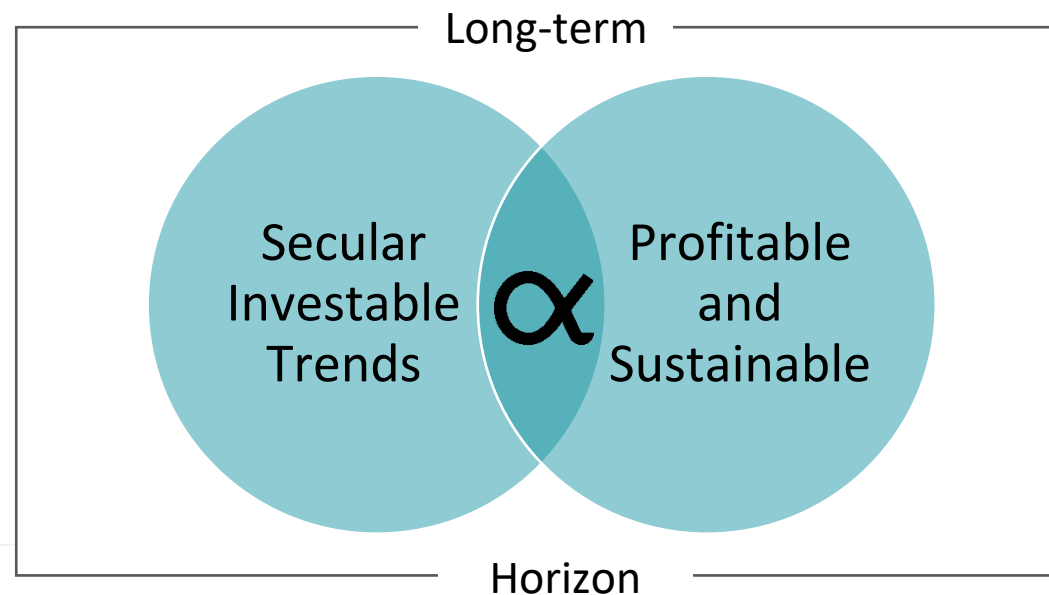
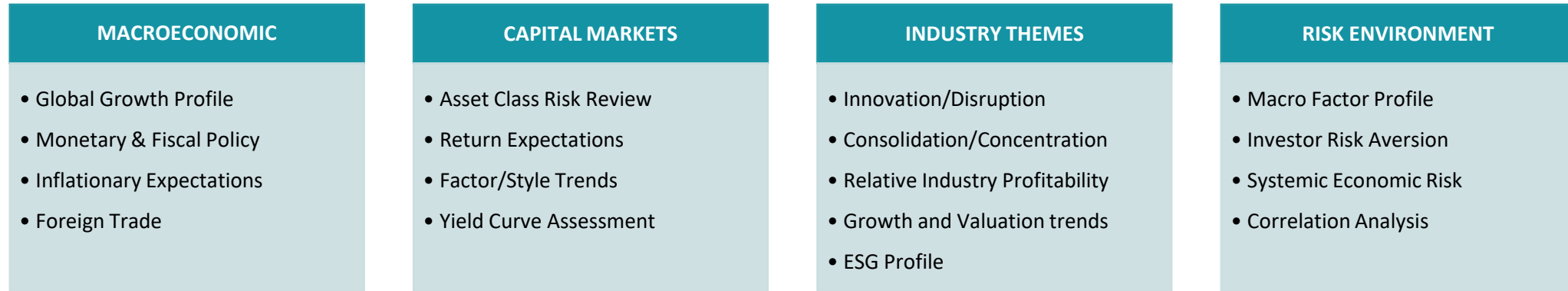
Universe

High-Quality Opportunity Set

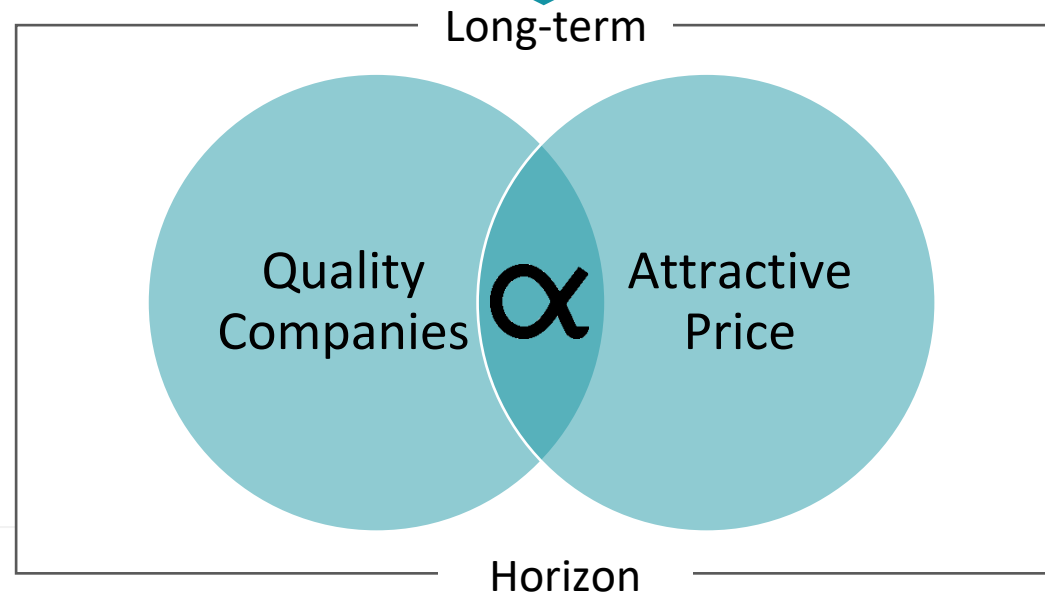




# INVESTMENT PROCESS: Top-Down Assessment



# INVESTMENT PROCESS: Bottom-Up Analysis



# INVESTMENT PROCESS: Portfolio Construction

Buy, Sell, Trim Decisions

Portfolio Holdings



## OBJECTIVES:

### **Improve Risk/Reward Profile**

Calibrate exposure to current outlook

### **Enhance the Quality of Growth**

Sustainable and growing dividend income

### **Maintain Portfolio Diversification**

Broad exposure to sectors & industries

### **Reduce Idiosyncratic Risk**

Understand non-systemic relationships

### **Reduce Downside Risk**

Protect principal



# RISK MANAGEMENT: Controls

## Portfolio Level

Sector exposure constraints relative to the Benchmark

Overall risk profile calibrated to capital market environment

Neutral factor/style risk exposures relative to the Benchmark



## Individual Stock

Transparent business model and trustworthy management

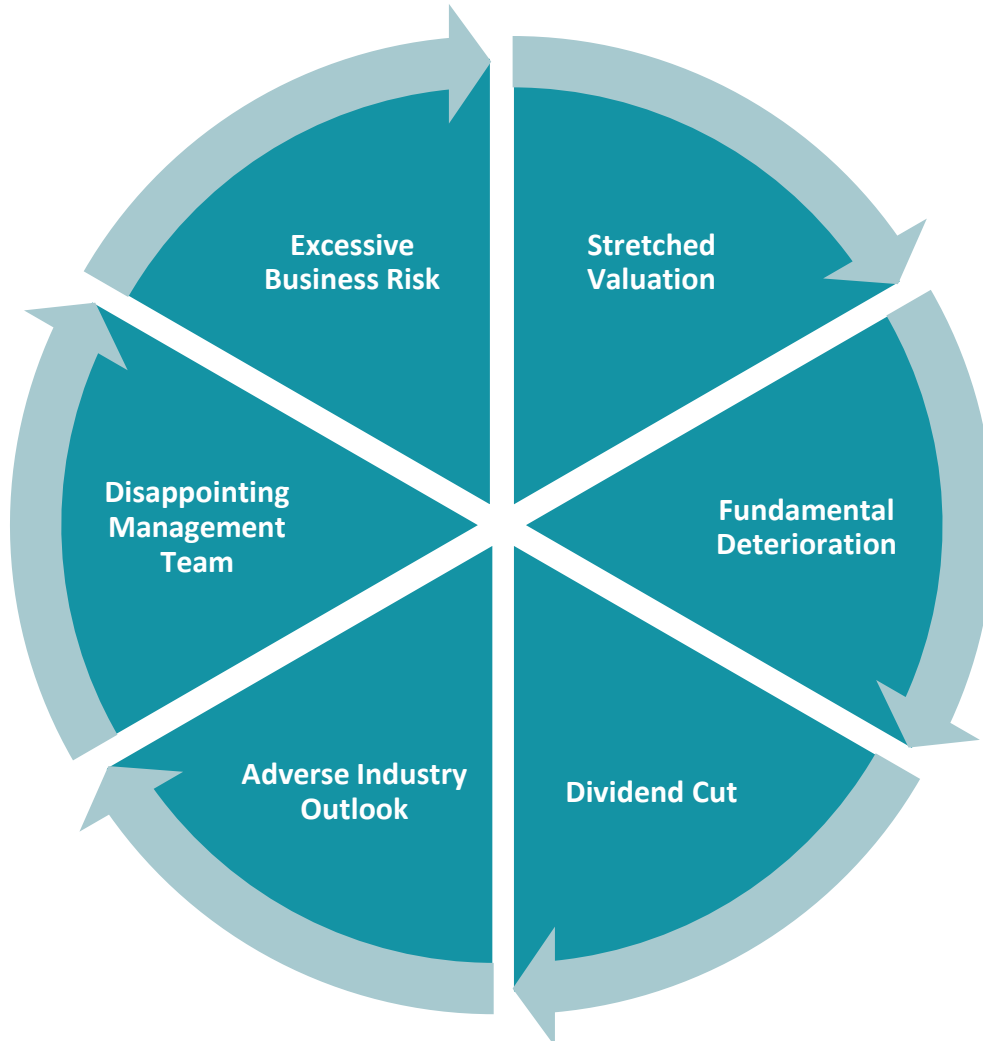
Margin of safety valuation and financial stability

Ability to withstand financial shocks

No accounting "red" flags



# RISK MANAGEMENT: Sell Discipline



## Final Sale Rationale:

- Company cuts the dividend
- Management changes/loss of confidence
- Stock price exceeds intrinsic valuation range
- Rapidly deteriorating company fundamentals
- Spike in company financial-risk profile
- Revenue/Earnings assumptions challenged
- Better opportunities elsewhere

# Portfolio LHC Core+

As of 09.30.2024

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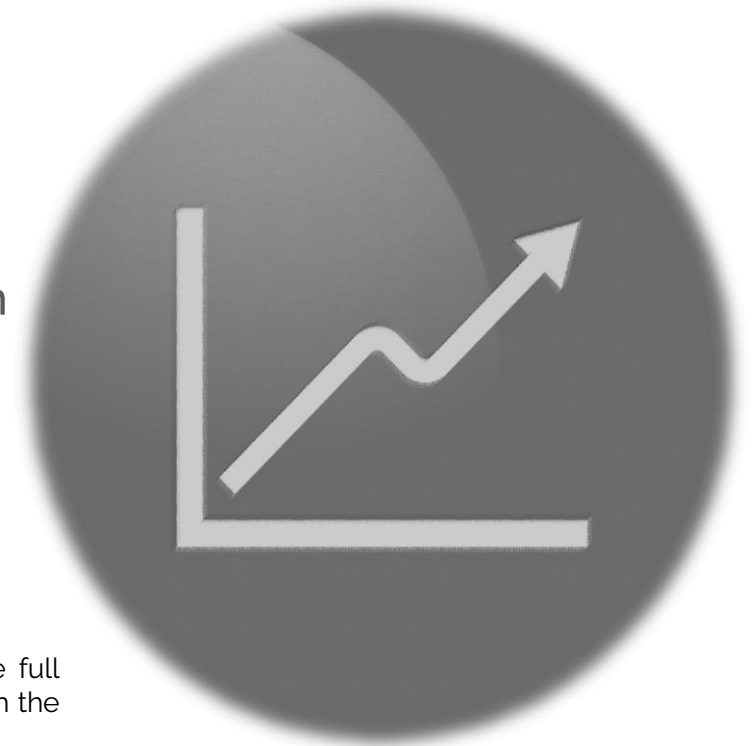
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## LHC Core+

- Strategy run since April 1, 2021
- Team averages over 25 years of industry experience
- Focus on larger capitalization companies with sustainable competitive advantages, improving earnings, and strong free cash flow
- Integrated bottom-up and top-down investment approach
- Benchmarked to the S&P 500

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# LHC Core+

## Objectives

Outperform Benchmark

Less Downside Capture

Long Term Capital  
Appreciation

## Product Specifications

Cash  
(0-5%)

Tracking Error  
(3-6%)

Turnover  
(25-50%)

Number of  
Holdings  
(30-50)

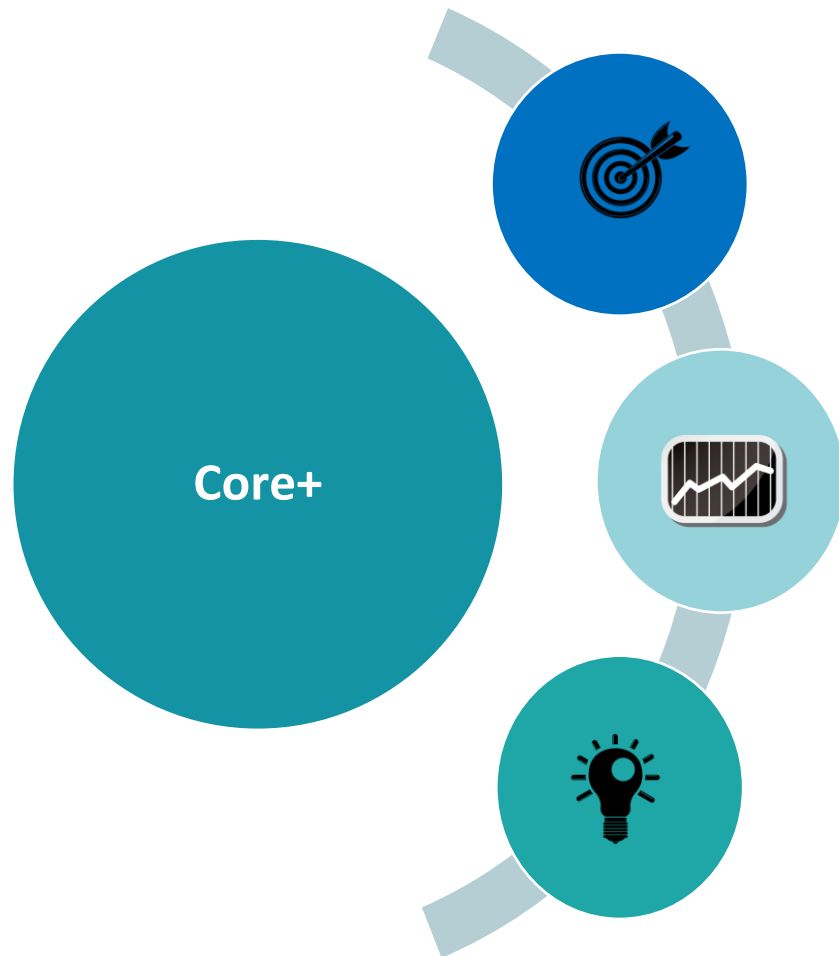
Relative Sector  
Constraints  
(+/- 7%)

Individual Stock  
Weights  
(1 to 6%)

Note: Blended Benchmark 50% S&P 500/50% Russell 1000 Growth



# PORTFOLIO: Structure



## Consistent Growers:

Consistent cash-flow generation with sustainable financials & strong management teams operating in a leadership position (70-80%)

## Misunderstood Achievers:

Underappreciated long-term value enhancing opportunities created by innovation in new technologies and markets (15-20%)

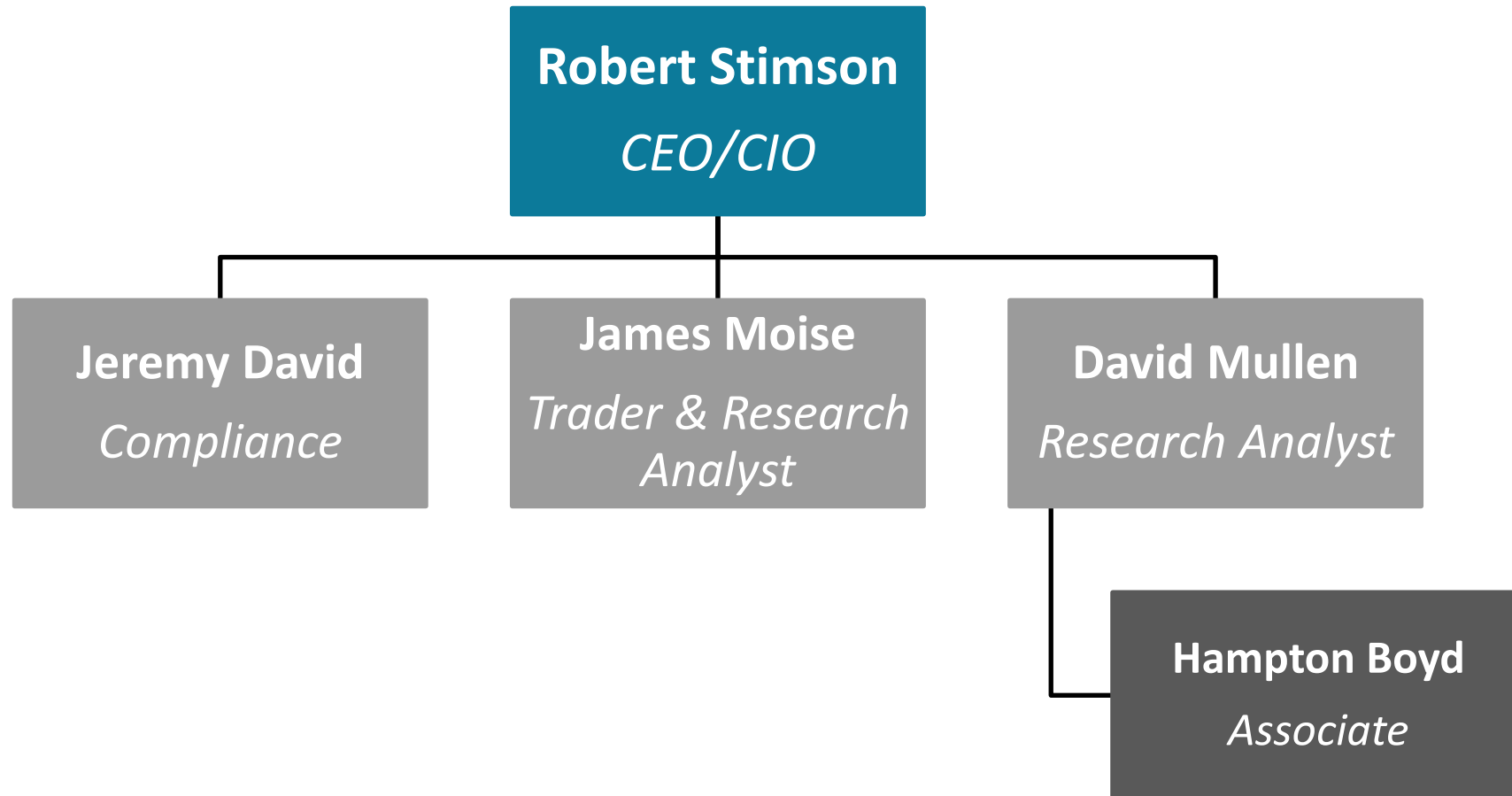
## Unrecognized Value:

The stock price failed to keep up with improving fundamentals such as cash flow generation and return on capital (5-10%)

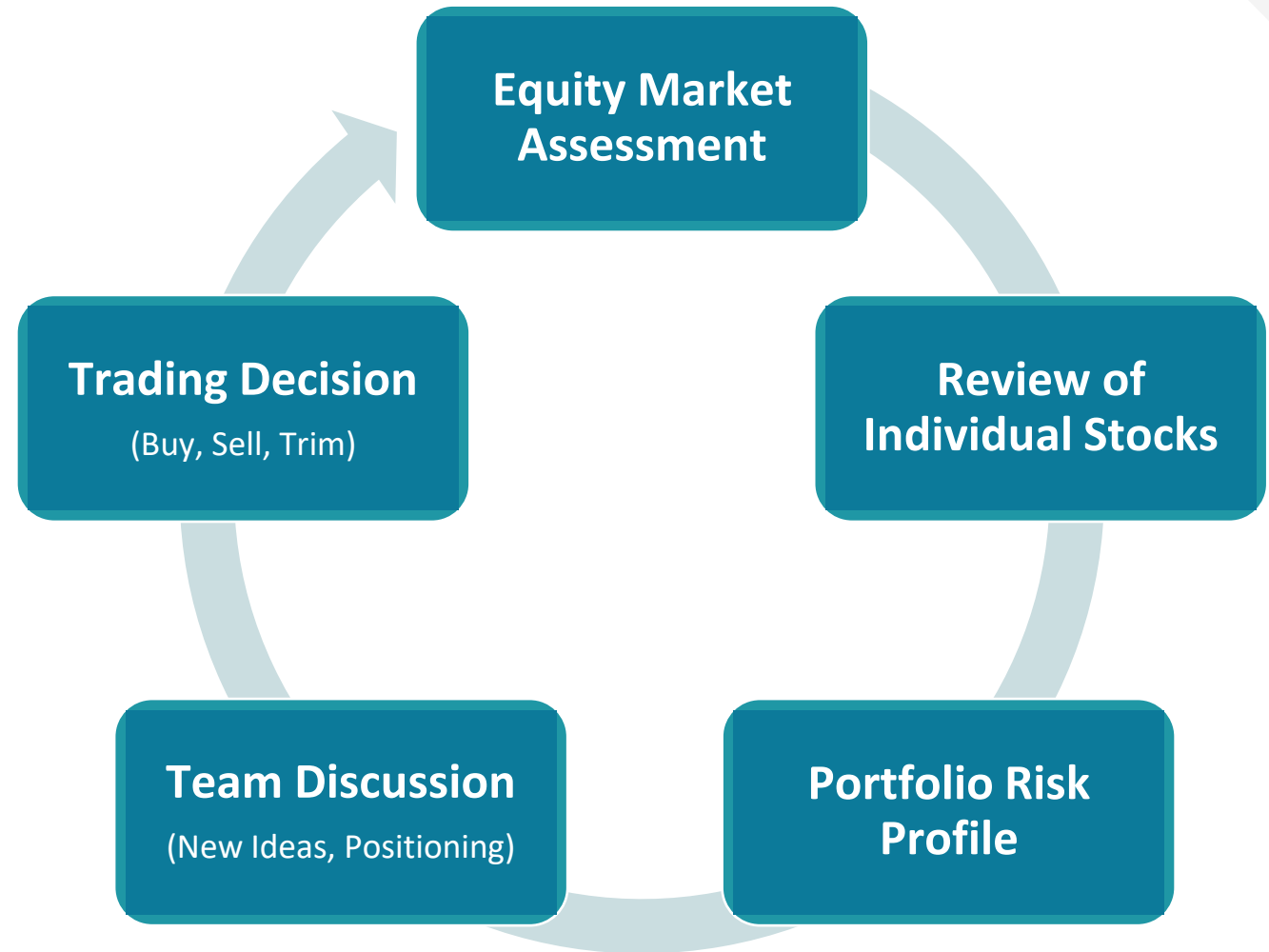
# THE LHC TEAM

<b>Robert C. Stimson, CPA</b>	Lead Portfolio Manager, Chief Investment Officer Boston College, MSF Ithaca College, BA/BS	36 years of industry experience
<b>David K. Mullen</b>	Research Analyst/ Trader University of Massachusetts, BA	4 years of experience
<b>James R. Moise</b>	Research Analyst/ Trader Johnson and Wales University, BA	15 years of industry experience
<b>Hampton W. Boyd</b>	Research Associate Babson College, MSF Stonehill College, BS	2 years of industry experience
<b>Jeremy S. David, ESQ., CFP®</b>	Chief Compliance Officer Suffolk University, JD Franklin and Marshall College, BA	20 years of industry experience

# LHC ORGANIZATIONAL STRUCTURE



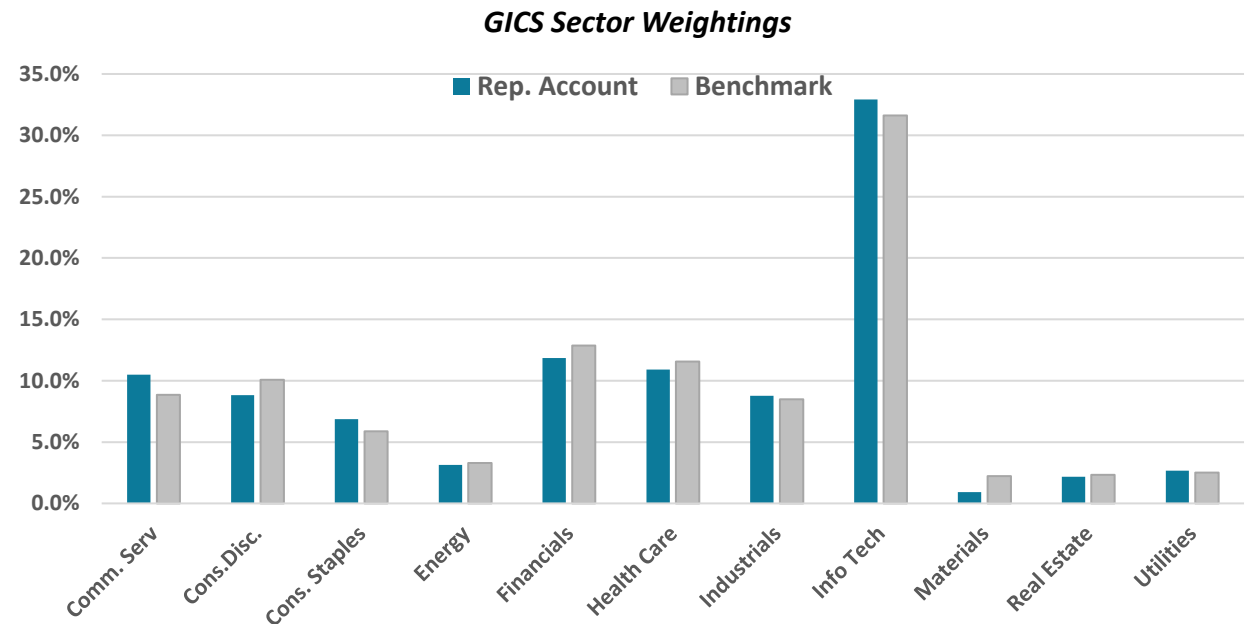
# PORTFOLIO: Ongoing Review Process





# PORTFOLIO: Top Holdings (Representative Account)

Top 10 Holdings	
Apple Inc	7.7%
NVIDIA Corp	7.5%
Microsoft Corp	7.2%
Amazon.com Inc	6.6%
Alphabet Inc	5.5%
Berkshire Hathaway Inc	4.1%
Meta Platforms Inc	3.7%
Walmart Inc	3.5%
UnitedHealth Group Inc	3.4%
Chevron Corp	3.1%
<b>Top 10 % of Total</b>	<b>52.2%</b>



Please refer to disclosures and source information included herein. The information contained above is for illustrative purposes only.

# PORTFOLIO: Key Characteristics (Representative Account)

Characteristics	Representative Core Account	Benchmark
P/E - Forward 12M	27.96x	24.68x
Yield %	1.14	1.31
Return on Equity	55.55	17.82
Avg. Market Cap (\$B)	\$1,268	\$1,019

Metrics	Core+	Benchmark
Beta	0.93	1.00
Standard Dev.	16.62%	17.28%
Tracking Error	3.2%	
Upside Capture	93.5%	100%
Downside Capture	97.0%	100%

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Benchmark of S&P 500

# PERFORMANCE RESULTS

	2021	2022	2023	YTD
<b>Core+ (Gross)</b>	<b>29.2%</b>	<b>-19.7%</b>	<b>24.4%</b>	<b>22.1%</b>
<b>Core+ (Net)</b>	<b>27.9%</b>	<b>-20.5%</b>	<b>23.2%</b>	<b>21.2%</b>
<b>Benchmark</b>	<b>28.7%</b>	<b>-18.1%</b>	<b>26.3%</b>	<b>22.1%</b>

	QTD	YTD	TTM	3 Yr.	Inception
<b>Core+ (Gross)</b>	<b>4.6%</b>	<b>22.1%</b>	<b>34.7%</b>	<b>10.4%</b>	<b>12.5%</b>
<b>Core+ (Net)</b>	<b>4.3%</b>	<b>21.2%</b>	<b>33.3%</b>	<b>9.3%</b>	<b>11.4%</b>
<b>Benchmark</b>	<b>5.9%</b>	<b>22.1%</b>	<b>36.3%</b>	<b>11.9%</b>	<b>12.9%</b>

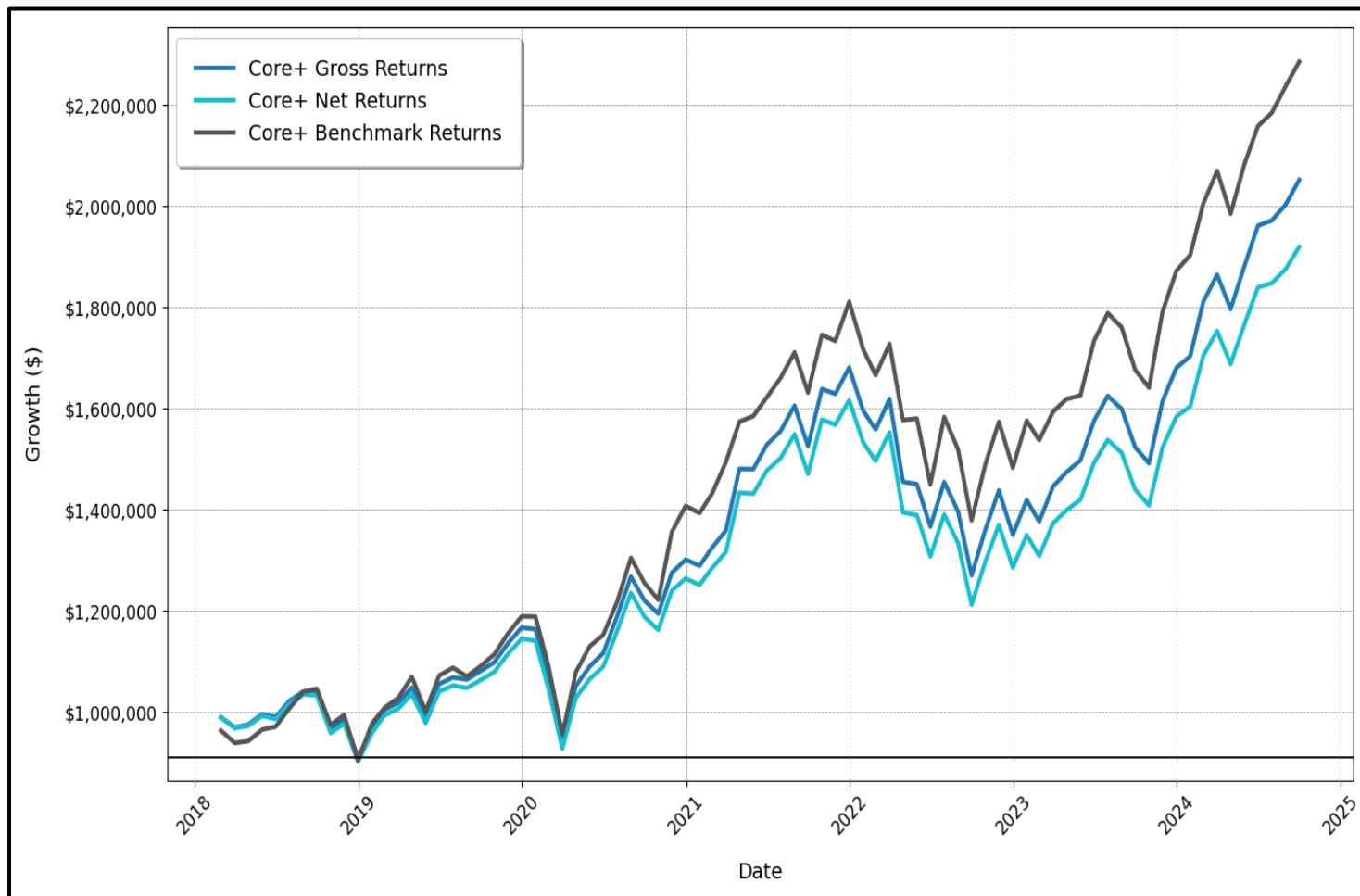
\*Benchmark of S&P 500

\*Since inception performance is calculated for the period beginning April 1, 2021

\*Performance is annualized for periods greater than 1 year

Past performance is not indicative of future results. Returns include the reinvestment of all income. The currency used to express performance is USD. Gross-of-fee returns are reduced by trading costs. Net- of-fee returns are calculated using a model fee of 1%. The model fee was calculated by reducing the gross returns by the highest tier of the current composite fee schedule.

# Growth of a \$1 Million Investment



Past performance is not indicative of future results. Returns include the reinvestment of all income. The currency used to express performance is USD. Gross-of-fee returns are reduced by trading costs. Net- of-fee returns are calculated using a model fee of 1%. The model fee was calculated by reducing the gross returns by the highest tier of the current composite fee schedule.

## WHY LHC Core+?

Experienced Investment Team

Long Term Track Record

Time-Tested Integrated  
Research Approach

Top and Bottom-Up Portfolio  
Construction

Risk Management Focused on  
Principal Protection

Low Turnover

Partner Philosophy with Clients

Competitive Fees

### The LHC Advantage

*Our team leverages many years of experience in investment research, risk management and portfolio trading under a variety of equity market environments*

# GIPS Report

Year End	Total Firm Assets (USD) (Millions)	Composite Assets (USD) (Thousands)	Number of Portfolios	Composite Returns Gross	Composite Returns Net	Benchmark Returns	Composite Dispersion	Composite 3-Yr Std Dev	Benchmark 3-Yr Std Dev
2023	519.86	11,936.84	7	24.45%	23.21%	26.26%	0.58%	N/A <sup>2</sup>	N/A <sup>2</sup>
2022	388.00	7,186.51	8	-19.68%	-20.48%	-18.13%	N/A <sup>1</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>
2021*	324.27	1,067.80	≤5	23.72%	22.79%	21.21%	N/A <sup>1</sup>	N/A <sup>2</sup>	N/A <sup>2</sup>

NA<sup>1</sup> - Composite dispersion is not presented for periods with five or fewer portfolios in the composite for the entire year.

NA<sup>2</sup> - The three-year annualized standard deviation is not presented for periods before 36 consecutive months of data is available.

\* Performance is for a partial period from April 1, 2021 to December 31, 2021.

Period - As of 12/31/2023	Gross Returns	Net Returns	Benchmark Returns
1-Year	24.45%	23.21%	26.26%
Since-Inception	8.03%	6.96%	8.55%

\*Since-inception performance is calculated for the period beginning April 1, 2021.

\*Performance is annualized for periods greater than 1 year.

Little House Capital, LLC ("Little House") is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. The firm's full list of composite descriptions is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. Returns include the reinvestment of all income. The currency used to express performance is USD. Gross-of-fee returns are reduced by trading costs. Net- of-fee returns are calculated using a model fee of 1%. The model fee was calculated by reducing the gross returns by the highest tier of the current composite fee schedule. Composite dispersion is measured by the asset-weighted standard deviation of annual gross returns of those portfolios included in the composite for the full year. The 3-year annualized standard deviation measures the variability of the composite gross returns and benchmark returns over the preceding 36-month period. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The investment management fee schedule for the composite is tiered at: 1.00% on the first \$1,000,000, 0.90% on the next \$1,000,000, 0.80% on the next \$3,000,000, and 0.70% on assets over \$5,000,000.

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In October 2024, it was determined that there was an error with the inception date of the composite. The inception date was updated from January 2018 to March 2021 to reflect the start of a new strategy when a previous portfolio manager left the firm

***Core+ Composite:*** *Seeks to achieve long-term capital appreciation and favorable risk-adjusted returns. The investment portfolio aims to invest in companies with sustainable competitive advantages, durable growth prospects, improving earnings, and strong free cash flow. Key risks include the general risks of common stock, fixed income, and preferred stock investments and specific risks due to the concentration of the portfolio within specific securities and sectors. Additional risks include that security prices may decline, and the strategy may experience loss of principal. The Core+ composite is compared against the S&P 500 Index. The Core+ composite has a minimum of \$25,000. The Core+ composite was created in March 2021 and incepted on March 31, 2021.*

#### **Benchmark:**

**S&P 500 Index** - The S&P 500 Index is a market-capitalization-weighted index of the 500 largest U.S. publicly traded companies.



# Appendix



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**Model Performance:** The model performance shown was created by Little House Capital, LLC (“LHC”) using Bloomberg software to calculate model returns. The model performance shown is not indicative of future performance, which could differ substantially. It does not reflect actual account performance for any specific client or a composite performance for a group of clients. Model results represent hypothetical performance and what an investor’s returns might have been had they been invested in the exact investments using the exact same allocation for the exact same time period for the model portfolio reflected. This does not reflect the impact that material economic and market factors may have had on decision making. The results shown were achieved by means of a mathematical formula.

**Management:** The accounts that comprise the performance of the Little House Capital Core+ equity model are managed in a substantially similar manner are advertised unless the exclusion of any such account would not result in materially higher performance.

**Fees:** Performance is net-of-fees based on a standard fee of 1.00%/yr. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. The applicable fees are described in Part II of the Form ADV. As an example, the effect of investment management fees on the total value of a client’s portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) hypothetical portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years.

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**Index:** Broad Based Third Party; Index returns are unmanaged and do not reflect the deduction of any fees or expenses. Index returns reflect all items of income, gain and loss and the reinvestment of dividends and other income. You cannot invest directly in an Index.

**Illustrative Purposes:** The information contained above is for illustrative purposes only.

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