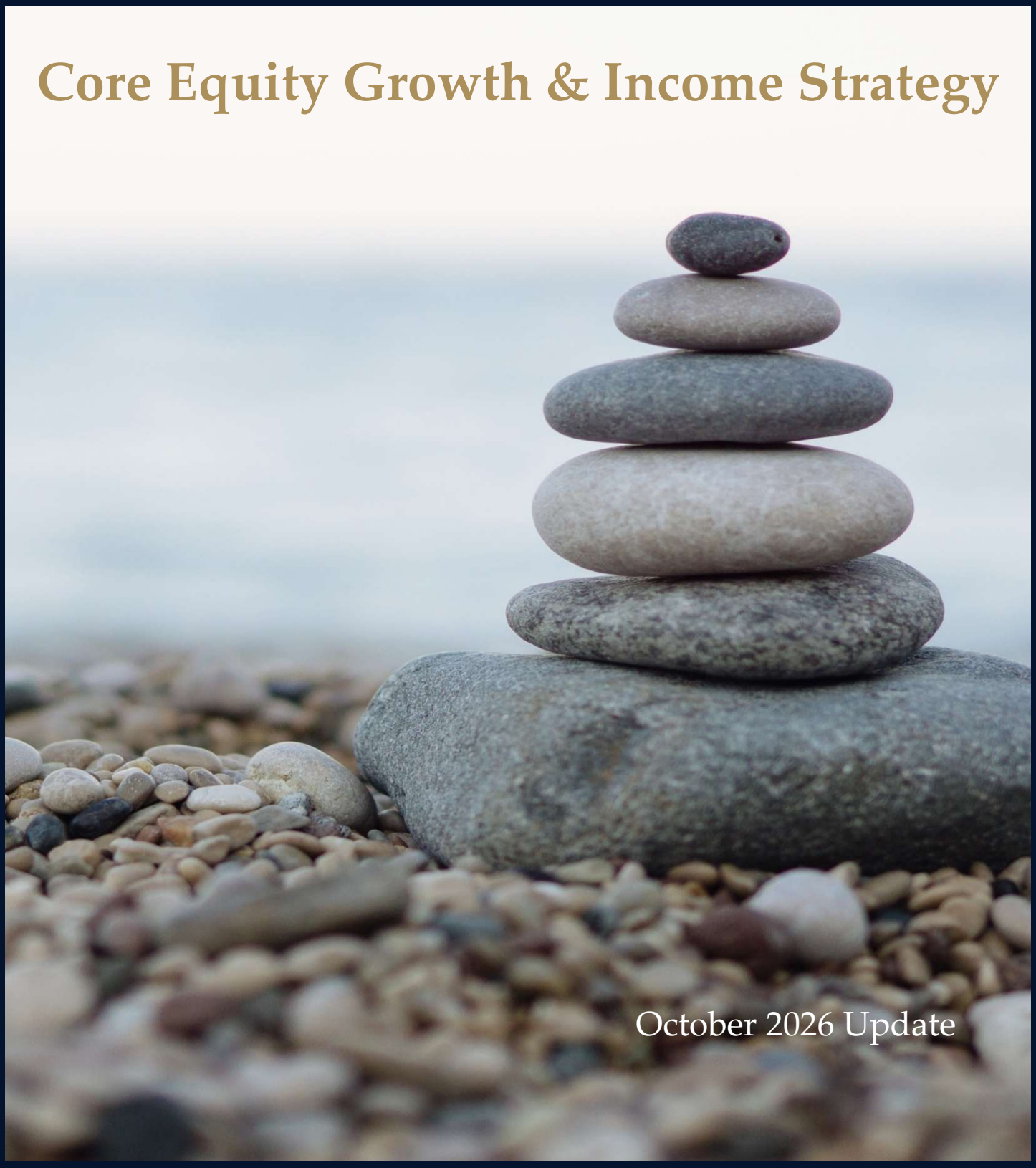
POINT NEMO CAPITAL ®

48°52.6′S · 123°23.6′W · PRIVATE WEALTH MANAGEMENT

Core Equity Growth & Income Strategy



October 2026 Update

CEGIS – Remains Ahead of Benchmark Despite Difficult October

The Core Equity Growth & Income Strategy ("CEGIS") returned -1.3% for October, compared to its Vanguard Total Stock Market ETF ("VTI") benchmark, which returned -0.7%. It was a challenging month for equities, particularly in the technology sector, as investors reduced exposure to some of the market's previous leaders and sought relative safety in more defensive investments. Year-to-date, CEGIS has returned +18.2% and remains well ahead of its benchmark.

CEGIS Historical Performance Net of Fees

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Total
2023						7.5%	9.1%	-2.3%	-3.9%	-3.2%	6.7%	6.2%	20.8%
2024	0.7%	2.1%	5.3%	-4.4%	7.4%	-4.3%	5.3%	-1.4%	3.1%	1.1%	6.0%	-5.0%	16.1%
2025	4.4%	-2.0%	2.3%	-3.0%	6.2%	2.7%	-0.6%	7.5%	5.0%	-2.3%	4.2%	0.9%	27.8%
2026	6.6%	4.8%	-5.1%	6.7%	1.9%	2.7%	1.7%	3.3%	-3.6%	-1.3%			18.2%

October marked the second consecutive monthly decline for CEGIS, following September's -3.6% return. While these results are disappointing, they follow a strong period of performance during which the strategy generated positive returns in seven of the first eight months of the year. Even after the recent pullback, CEGIS remains up +18.1% in 2026, building on its +27.8% return in 2025.

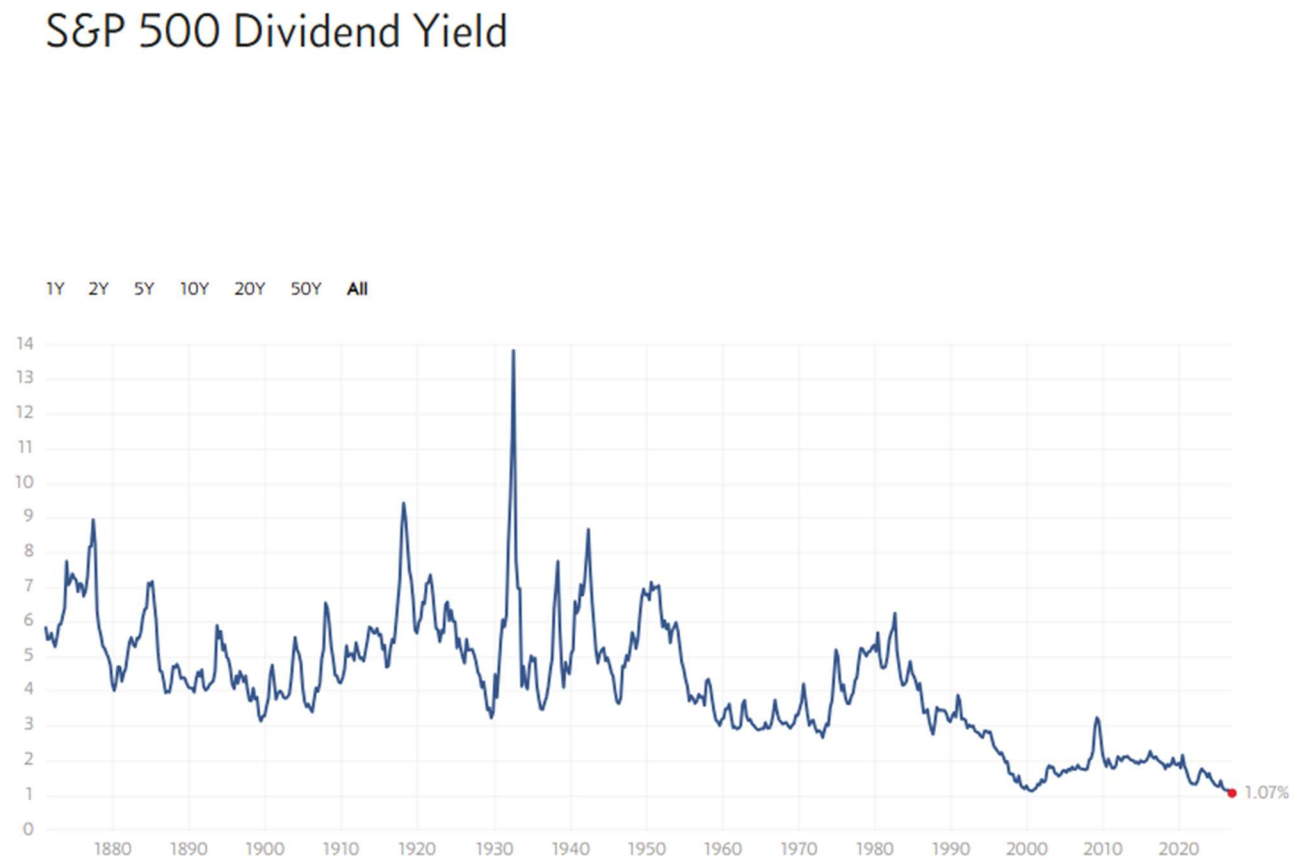
Periods of heightened volatility often expose the difference between short-term market sentiment and the underlying economics of individual businesses. Stock prices can change rapidly as investors respond to shifting expectations, interest rates, and perceived risks. However, the fundamental characteristics that determine the long-term value of a business—its earnings power, financial strength, growth prospects, and valuation—generally evolve more gradually. Our investment process is designed to distinguish between these two forces.

CEGIS does not attempt to predict short-term market movements or reposition the portfolio around the latest economic narrative. Instead, our proprietary ranking algorithm continually evaluates the investment opportunities available to us, seeking businesses whose combination of valuation, earnings growth, financial quality, and income characteristics makes them superior alternatives for capital. When market prices change more quickly than business fundamentals, the relative attractiveness of individual investments can change meaningfully, creating opportunities to improve the portfolio.

This discipline is particularly important when market leadership becomes concentrated in a relatively small number of companies or sectors. We do not believe that an investment becomes more attractive simply because its stock price has risen, nor do we believe a declining stock price necessarily indicates

deteriorating business prospects. Our objective is to own the most compelling businesses at prices that offer attractive prospective returns, regardless of their weighting in a market index.

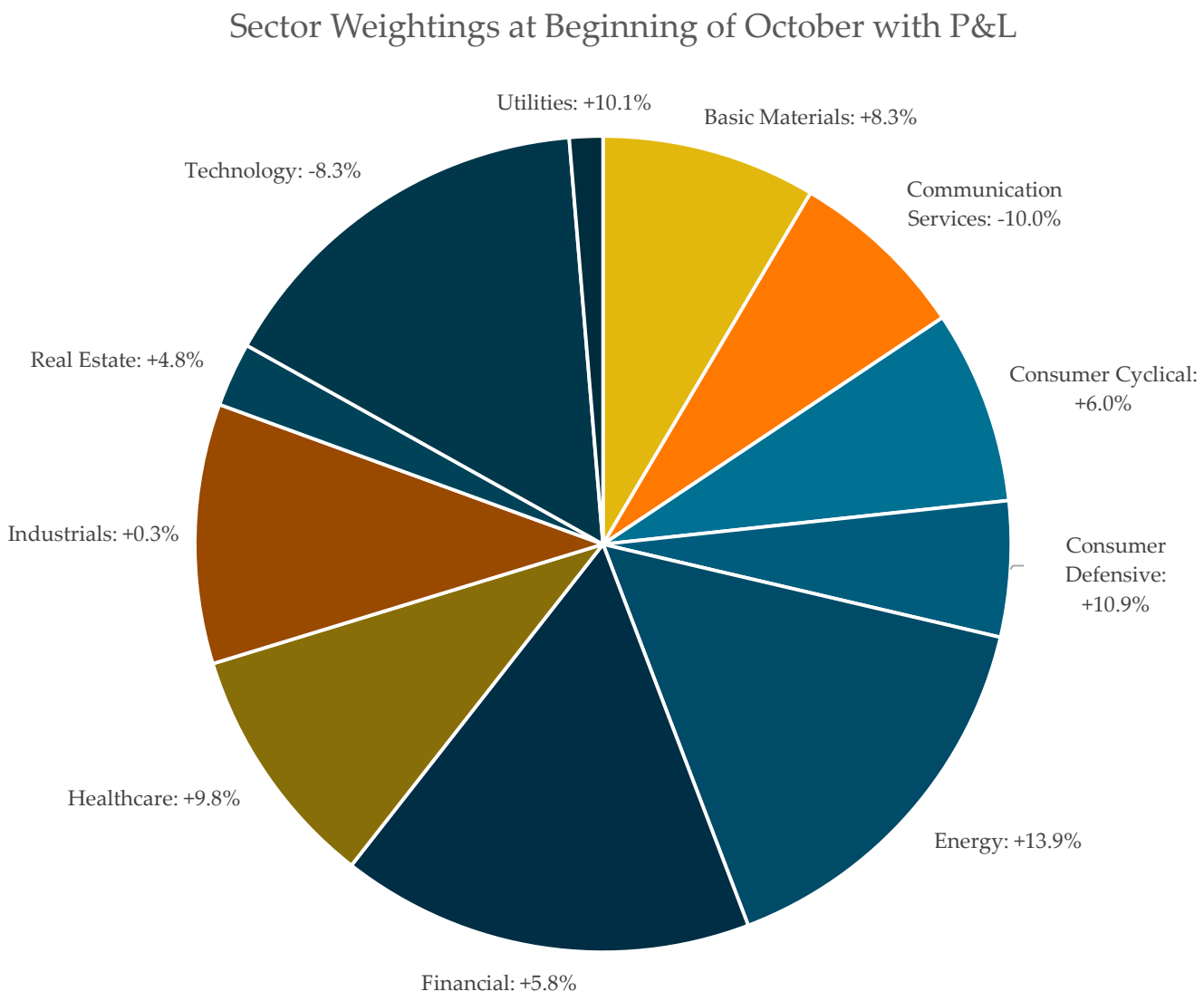
As we approach the final two months of the year, our focus remains unchanged. We will continue evaluating each holding against the alternatives available, reallocating capital when the underlying rankings justify doing so. Short-term volatility is an unavoidable part of equity investing, but we believe a disciplined emphasis on business fundamentals, valuation, and relative opportunity provides the appropriate foundation for compounding capital over time.



The pull back in large cap tech stocks is improving the overall PE ratio of the S&P 500, which we deem healthy. Its dividend, however, remains paltry.

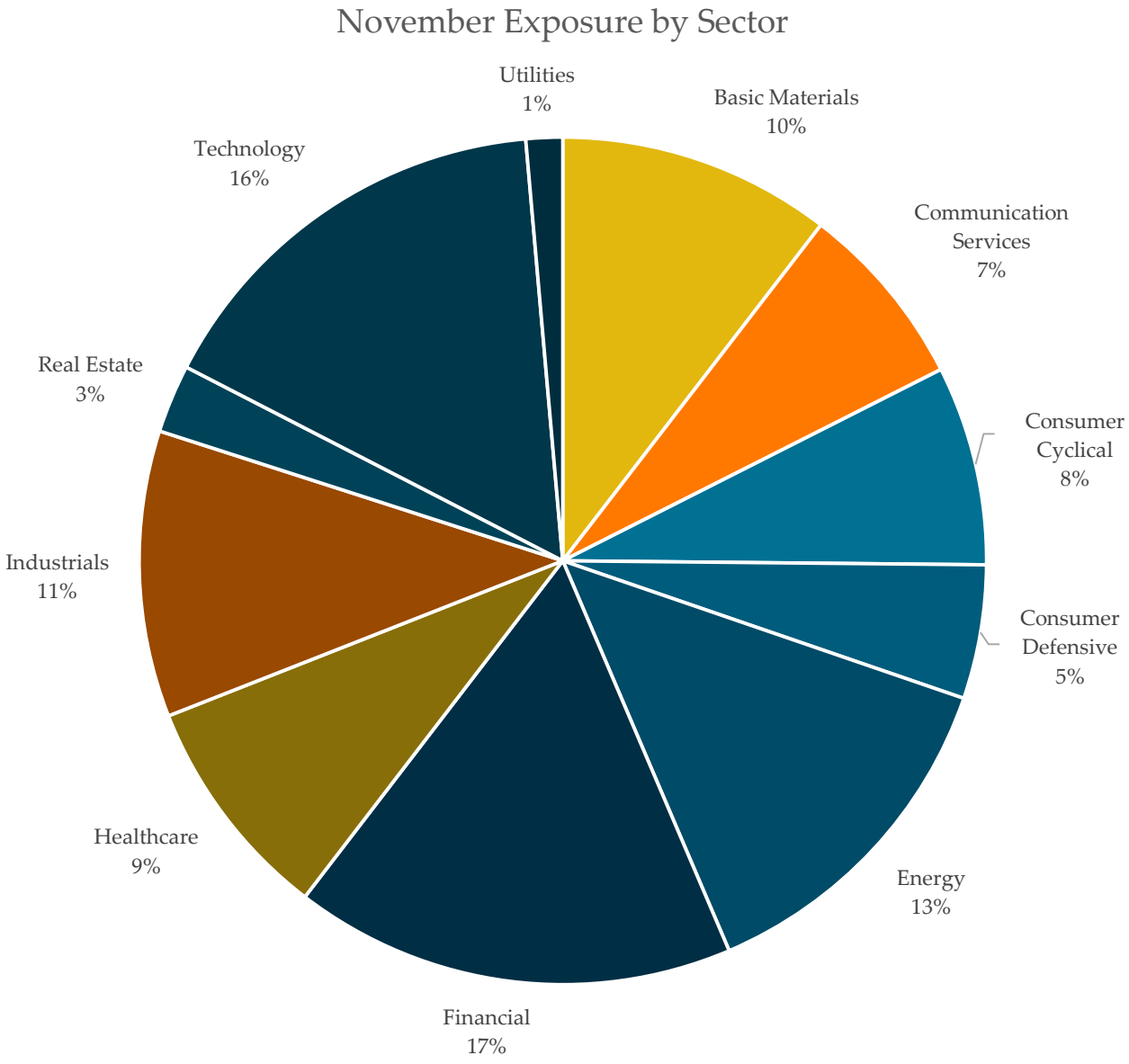
CEGIS October Sector Performance

Below are the passive index sector returns for October as well as the weightings of each sector in CEGIS. Energy, Health Care, and Consumer Defensives led the markets while Technology and Communications lagged.



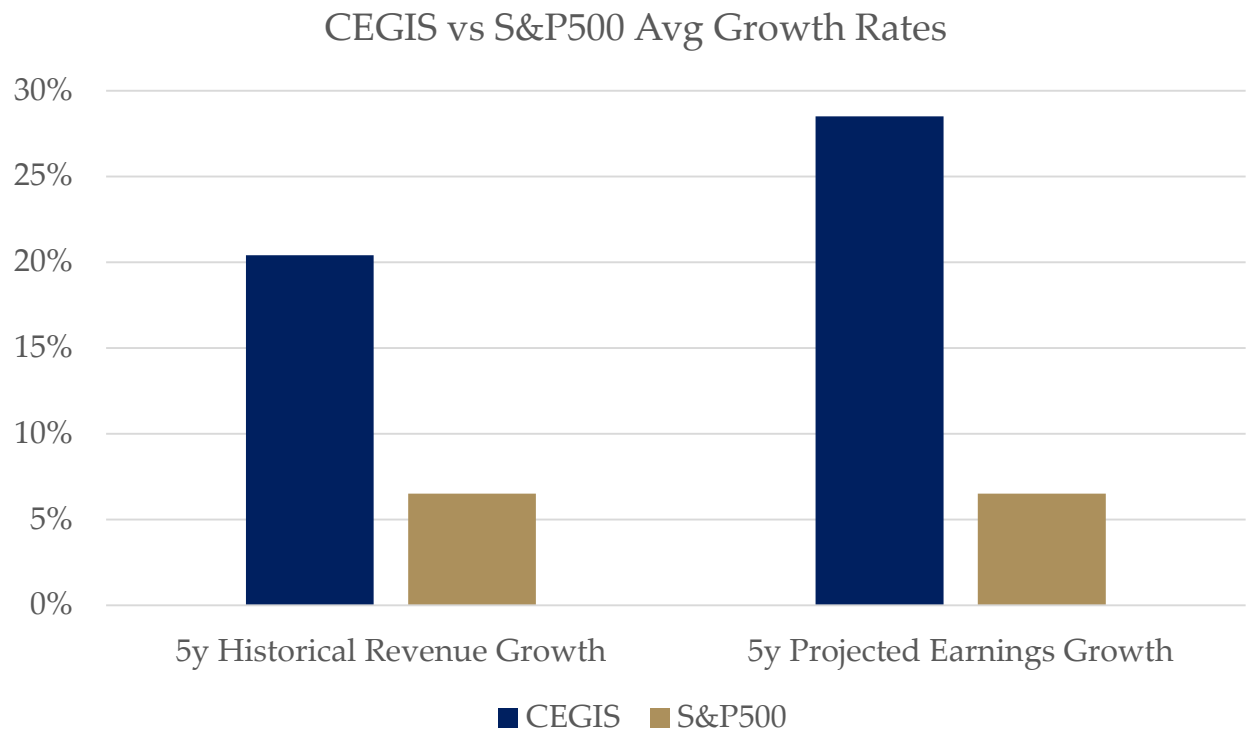
CEGIS November Exposure

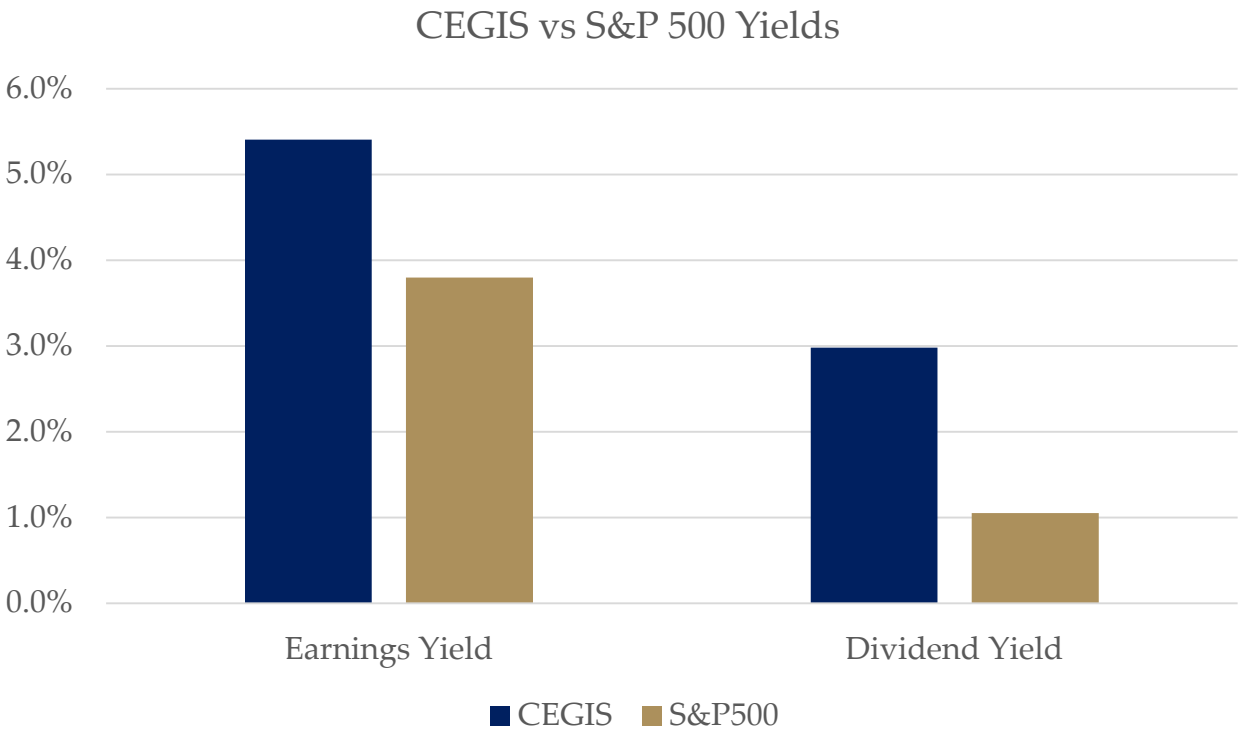
There were no position changes in October. The historical EPS growth of the book is over 25%, and the dividend yield of the portfolio is 3.1%. These are strong metrics.



CEGIS Portfolio Stats as of October

These metrics underscore CEGIS's advantage in combining robust earnings potential with meaningful income generation, positioning it favorably against the broader market.





Managed Account Platform:

Custodian – Charles Schwab
Liquidity – Real-time
Fees – 0.75% per annum
Transparency – Full

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Fees and Expenses

All strategy returns presented are net of investment management fees, transaction costs, commissions, and other applicable account-level expenses. Point Nemo's standard investment management fee is 0.75% annually, generally charged monthly. Individual client returns may differ from composite returns based on applicable fees, account-specific expenses, cash flows, and other circumstances.

Composite Composition

Each composite includes eligible accounts managed with full investment discretion in accordance with the applicable strategy. Accounts are included or excluded based on Point Nemo's established composite construction methodology. Terminated accounts are included through their final eligible measurement period.

Benchmark Comparisons

CEGIS is compared with the Vanguard Total Stock Market ETF (“VTI”). Benchmark returns include reinvested distributions but do not reflect investment management fees. Benchmark holdings, allocations, and risk characteristics may differ materially from those of the strategies.

Investment Risks and Additional Information

Past performance is not indicative of future results. All investments involve risk, including possible loss of principal. There is no guarantee that either strategy will achieve its investment objectives or outperform its benchmark. Individual account performance may differ from composite results. Additional information regarding composite construction, performance calculations, fees, and investment risks is available upon request.