

Qualivian Investment Partners Q1 2025 Investment Letter

June 2025



“In up markets everyone tries to become long-term investors. In down markets everyone turns into macro strategists, geopolitical experts, and market timers.”

– Ian Cassel

Overview

Qualivian Investment Partners is an **investment partnership focused on long-only public equities**. We own a concentrated portfolio of 15–25 understandable companies with **wide moats**, long **reinvestment runways**, and **outstanding capital allocation**. Since we expect them to **compound capital at a mid-teens rate**, we hold them for an extended period. **We are seeking investors who are aligned with our long-term investment time horizon**. We **do not short securities**. We **do not use leverage**. We **do not use derivatives**. We are **not macro investors**. We believe that only a relatively small number of exceptional companies are worth investing in over the long term.

Our Formula

Long-Term Orientation + Long-Term Investors + Focused Portfolio + Quality Compounders = Maximizing Chance for Outperformance

Our investors should understand how we invest so they make the right decision. We encourage investors who agree with our long-term horizon and philosophy to contact Aamer Khan (aamer.khan@qualivian.com) at 617-970-9583 or Cyril Malak (cyril.malak@qualivian.com) at 917-742-2039.

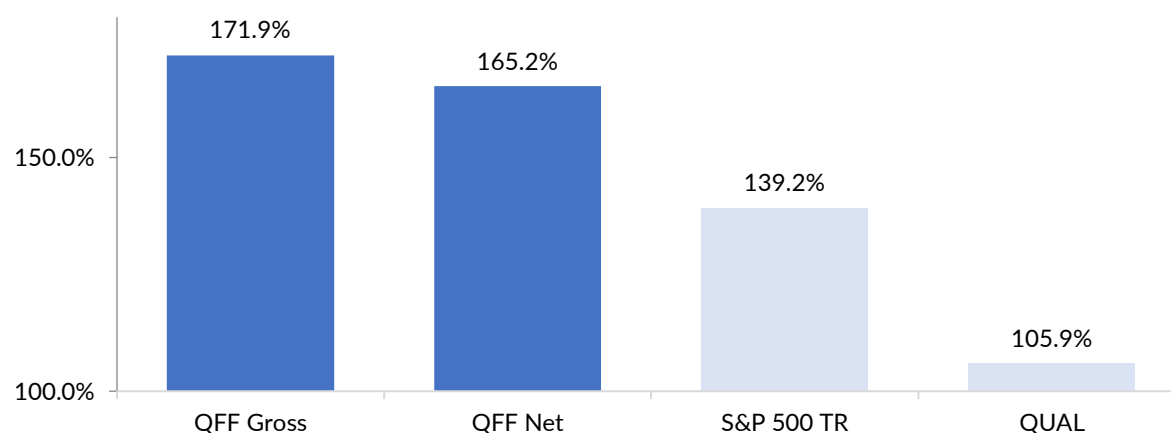
Investment Criteria

As a reminder, we use the following criteria to select businesses we own:

- Have a durable and understandable competitive advantage.
- Operate in an industry with a stable structure and rational players.
- Often sell essential products with pricing power and have a high level of recurring revenue.
- Have high and sustainable returns on invested capital often combined with high margins and low capital intensity.
- Possess investment opportunities to reinvest capital at high returns.
- Have high free cash flow generation and low levels of debt.
- Have management that has a history of value-creating capital allocation.

QFF Performance Since Inception¹ Through Mar. 31, 2025

Qualivian Focus Fund (QFF) SMA ITD Performance



SMA Performance

Since inception through March 31, 2025, we have **outperformed the iShares MSCI USA Quality Factor ETF (QUAL) by 66.0% and 59.4% on a gross and net basis. Similarly, we have outperformed the S&P 500 by 32.7% and 26.1% on a gross and net basis.**

Furthermore, in 2024, we outperformed QUAL by 6.0% and 5.6% on a gross and net basis. Similarly, we outperformed the S&P 500 by 2.0% and 1.6% on a gross and net basis.

Finally, in Q1 2025, we outperformed QUAL by 5.3% and 5.2% on a gross and net basis, and we outperformed the S&P 500 by 5.2% and 5.1% on a gross and net basis.

Portfolio Highlights

Portfolio Changes in Q1 2025

We sold out of United Rentals (URI) because we saw more upside in some of our current holdings. We originally bought URI because it was the market share leader in the equipment rental sector, with attractive margins in an increasingly attractive industry. It had high returns on capital and could make economically accretive acquisitions for the foreseeable future. The equipment rental industry had substantial growth potential resulting from the greater attractiveness of renting versus buying and a step up in demand from heightened non-residential infrastructure spending driven by the Infrastructure Bill, Inflation Reduction Act, and CHIPS and Science Act all announced during the Biden Administration, as well as announced investments in LNG and EV battery projects in the private sector. However, we now view some of these spending bills as being at risk under the Trump Administration. Furthermore, given the industry's cyclical nature and the heightened risks of a US recession from the Trump Administration's tariff policies, we felt that other stocks were more favorably positioned.

We also sold out of Murphy USA (MUSA). MUSA is a leading retailer of gasoline and convenience store merchandise with 1,700 locations across 27 states. We purchased it due its

¹ Qualivian Focus Fund inception date is December 14, 2017.

clear niche (low-cost gasoline and convenience products), its rewards program that encouraged customer retention, its relationship with Walmart, its high returns on capital, and solid free cash generation which it used to buy back over 55% of its outstanding shares over the last ten years. However, its earnings and revenue growth did not meet our expectations.

We used the proceeds to add to our current positions in Arthur J. Gallagher (AJG), Brown and Brown (BRO), Copart (CPRT), Alphabet (GOOGL), and Watsco (WSO).

AJG and BRO are P&C insurance brokers that serve small and medium-sized businesses. They are one of the larger brokers serving this customer segment. Many smaller brokers cannot afford the technology investment required (primarily in customer relationship management and risk management/pricing software areas) and do not have the product breadth to be competitive. They are losing share to AJG and BRO and many are being consolidated by these firms on an economically accretive basis. Both firms are led by members of the founding family. We see both firms as secular quality compounders for the foreseeable future.

Watsco (WSO) is the largest HVAC² distributor and continues to get larger via a superior technology stack and accretive consolidation. They are founder-led and laser-focused on long-term value creation. They are fond of reminding investors that “We focus on the next quarter century, not the next quarter.”

Copart, Inc. (CPRT) provides online auctions and vehicle remarketing services. It offers vehicle sellers, mostly comprised of P&C insurance companies, a full range of services to process and sell vehicles primarily over the internet through proprietary online auction technology. The online auctions sector is a two-player oligopoly in which CPRT is the larger and better managed player. The sector is characterized by steady and predictable growth and would be very hard to disrupt by an outside player.

Alphabet (GOOGL) declined in the quarter due to (1) uncertainty regarding the returns on the large amount of capital expenditure being spent on generative AI investments and whether they will yield proper returns and (2) whether competing generative AI chatbots (Chat GPT, Perplexity, others) will take share away from GOOGL’s core search business.

GOOGL has been under a lot of pressure in recent months to prove it can be a winner in the AI search race. The company responded by introducing AI Overviews (AI-generated answers to search queries that appear at the top of the page). Reception to the AI Overviews has been encouraging, with consumers searching more frequently and clicking through at higher rates. GOOGL has also introduced ads on AI Overviews which are monetizing at similar rates as regular search ads.

In May, the company announced that it is integrating AI into its search engine through AI Mode. Users can make more complicated requests in a conversational chatbot interface, performing multi-step tasks like finding tickets or making reservations.

GOOGL’s other businesses: YouTube is the number one streaming platform by watch time (as per Nielsen). Its Cloud segment grew 31% in 2024. It would have grown faster if it were not for capacity constraints. Its profit margins are up from break-even in 2023 to 17.5% currently and on the way to the 30% profit margins its peers have.

GOOGL’s valuation is discounted (3.5% FCF yield, 17.5 NTM P/E vs. the S&P’s 21.4X NTM earnings) for a consensus EPS growth rate of 12% over the next few years. Furthermore, viewed

² HVAC = Heating, ventilation and air conditioning.

from the perspective of the sum of its parts, we believe there is significant value in its non-search businesses (Cloud, YouTube, Waymo, Other bets x-Waymo).

As GOOGL executes and develops its AI potential, its share price should increase going forward.

Top and Bottom Contributors for Q1 2025

Q1 2025 saw a mini spike in market volatility sparked by an announcement by DeepSeek, a relatively new Chinese technology start-up, that it had developed a Generative AI (“Gen AI”) Large Language Model (LLM) at a fraction of the cost spent by the large US Gen AI players to develop their models. The VIX rose to 29.5 on March 10, a steady rise from the mid-teens earlier in the quarter.

The market started questioning the many tens of billions of dollars already spent by the hyperscalers on their Generative AI investments. Responding to the scale of spending and the questions regarding the returns on capital from that spending, the markets punished all companies across the GenAI value chain from semiconductors to data center infrastructure players to hyperscalers. Not surprisingly, this caused a 13.7% peak-to-trough decline in the tech-heavy Nasdaq in the quarter, and a more pronounced 16.7% decline for the Magnificent 7 stocks.^{3,4}

The market was also concerned by the potential stagflationary pressures from the impending Trump tariff policy (which was officially announced on April 2, 2025, as “Liberation Day”), resulting in a 14.6% sell-off in the S&P Consumer Discretionary sector in Q1.

As a result, the markets rotated out of Consumer Discretionary, Technology, and Communication Services sectors into more defensive sectors such as Healthcare, Consumer Staples, Utilities, and REITs, as well as parts of the Financial sector.

In part as a result of this sector rotation, our **top 3 contributors** in the quarter were O’Reilly Automotive (ORLY), Berkshire Hathaway (BRK.B), and Arthur J. Gallagher (AJG).

ORLY is the second-largest automotive parts retailer. 80%–85% of its revenues are in non-discretionary automotive parts (products required for maintenance and/or repair of cars) and as such is viewed as somewhat of a defensive play, especially given the aging car fleet in the United States. Furthermore, ORLY had fared well during the COVID-driven supply chain shortages in 2021 and 2022, proving that it could pass along any inflation in the goods that it sourced on to the end consumer. The market rewarded ORLY for its defensiveness.

AJG and BRK.B benefited from their exposure to P&C insurance in Q1 2025. P&C stocks outperformed in the quarter due to their defensive nature. AJG is the leading P&C insurance brokerage in the middle market, and BRK.B has substantial exposure to P&C insurance.

Our **bottom 3 contributors** in the quarter were Alphabet, Amazon, and Microsoft, due to the rotation away from hyperscalers due to the DeepSeek announcement. Alphabet and Amazon recovered some of their losses in Q1 following their Q1 earnings reports in late April, while Microsoft recovered all its losses and has gone on to new highs since its Q1 earnings report.

³ Peak-to-trough decline in Q1 represented the period from Feb. 19, 2025 through Mar. 31, 2025. However, at the time of writing this letter, the Nasdaq and the Magnificent 7 stocks had full peak-to-trough declines of 22% and 27% for the period from Feb. 19, 2025 through Apr. 8, 2025.

⁴ Magnificent 7 stocks are comprised of Alphabet (GOOGL), Amazon (AMZN), Apple (AAPL), Meta Platforms (META), Microsoft (MSFT), Nvidia (NVDA), and Tesla (TSLA).

All three companies expressed their confidence in the opportunities before them from their investments in generative AI. Most said customer demand strained their capacity to meet their Cloud and Gen AI services (LLM hosting, training, and inferencing services).

We are closely monitoring these three hyperscalers to see whether the capital spending and resulting returns produce the desired value.

Short-Term Investing and Long-Term Returns

Investors often make investment decisions based on short-term news flow. This is a mistake. We present data demonstrating that a long-term investment horizon is best.

If the news leads to market volatility, investors will reduce their overall equity allocation, and rotate into more “defensive” sectors, fearing that the market may sell off more. Conversely, if the market hits a new high, they may reduce their equity allocation, waiting for a market dip.

This behavior is quite common and is a function of active investors experiencing both “fear” and “greed” together with social herding instincts.

Does this investment reaction work?

We look at the data in three different cases.

1. The first looks at investment returns after CNBC has “Markets in Turmoil” specials.
2. The second looks at investment returns after the VIX index goes above 50.
3. The third looks at investment returns after the S&P 500 hits a new high.

Case 1: This is the age of CNBC and Bloomberg. What if you invested in the S&P 500 every time CNBC reported that the stock market was in turmoil over the period 2010 to 2022?

A study by Charlie Bilello, Chief Market Strategist at Creative Planning, analyzed data from Jan. 1, 2010, through May 5, 2022. It cataloged every time CNBC had a “Markets in Turmoil” special program and what the 1-year forward and total returns were for an investor in the S&P 500.

S&P 500 Forward Total Returns following CNBC "Markets in Turmoil" Specials											
Markets in Turmoil	S&P 500 Close	1-Year Forward Return	Total Returns Since	Markets in Turmoil	S&P 500 Close	1-Year Forward Return	Total Returns Since	Markets in Turmoil	S&P 500 Close	1-Year Forward Return	Total Returns Since
5/6/2010	1,128	21%	367%	3/4/2020	3,130	25%	37%	4/21/2020	2,737	54%	56%
5/7/2010	1,111	24%	374%	3/5/2020	3,024	29%	42%	4/22/2020	2,799	52%	53%
5/9/2010	1,111	24%	374%	3/6/2020	2,972	33%	44%	4/23/2020	2,798	52%	53%
6/4/2010	1,065	23%	393%	3/8/2020	2,972	33%	44%	4/24/2020	2,837	50%	51%
8/4/2011	1,200	19%	328%	3/9/2020	2,747	44%	56%	4/27/2020	2,878	48%	49%
8/7/2011	1,199	19%	328%	3/10/2020	2,882	39%	49%	4/28/2020	2,863	50%	49%
8/8/2011	1,119	28%	359%	3/11/2020	2,741	46%	56%	4/29/2020	2,940	45%	45%
8/9/2011	1,173	22%	338%	3/12/2020	2,481	63%	73%	4/30/2020	2,912	46%	47%
8/10/2011	1,121	28%	358%	3/13/2020	2,711	49%	58%	5/1/2020	2,831	50%	51%
8/11/2011	1,173	22%	338%	3/15/2020	2,711	49%	58%	5/4/2020	2,843	49%	50%
Average 1-Year Total Return 40%											
% Positive 1-Year Returns 100%											

During that period, CNBC aired 105 “Markets in Turmoil” programs. The table above shows a sampling of the data (please refer to Appendix 2 for all the observations).

Result: Your average return after 1 year would be 40% and you would have positive 1 year returns 100% of the time. It turns out that the CNBC “Markets in Turmoil” program has been

a “perfect contrarian” indicator, confirming for us the importance of having an appropriate longer-term investment horizon.

Case 2: The VIX index for the S&P 500 is an indicator of fear in the market. A VIX level of 50 is a very high level and indicates that many investors are fearful and are likely to get defensive.

How would your prospective returns have differed if you:

- invested in the S&P 500 when the VIX closed above 50?
- invested in the S&P 500 when the VIX closed below 50?

In another study by Charlie Bilello published on April 8, 2025, spanning the period from Jan. 1, 1990 through April 8, 2025, he looked at the S&P 500’s 1-, 2-, 3-, 4-, and 5-year forward returns every time the VIX closed above 50 and compared it to the average return for the S&P 500 for the same time periods (when the VIX was below 50).

	Forward S&P 500 Returns				
	1-Year	2-Year	3-Year	4-Year	5-Year
Average (\$VIX Above 50)	35%	53%	55%	88%	129%
Average (\$VIX Below 50)	12%	25%	39%	56%	74%
Differential	23%	28%	16%	32%	55%

Result: The summary table above illustrates that the forward returns for investing in the S&P 500 when the VIX was over 50 versus under 50 were higher in every time period. Please refer to Appendix 3 for the detailed table with 75 observations.

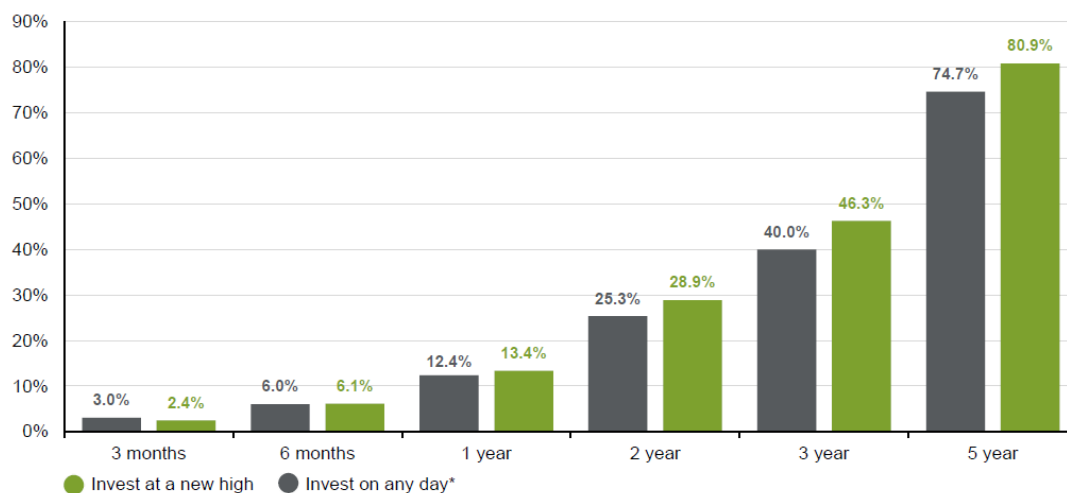
More specifically, the differential was 23% over 1 year, 15% over 3 years, and 55% over 5 years! Selling when fear was at a maximum was a mistake.

Case 3: Suppose the S&P 500 hit an all-time high and you felt that you should wait for a better entry point during the year. How would you have done?

J.P. Morgan Asset Management asked this question in a 2024 analysis. They compared forward returns from:

- investing on days when the S&P 500 hit a new high during the time period from Jan. 1, 1988 through Dec. 31, 2024 versus
- investing on any day of the same time period.

Average Cumulative S&P 500 Total Returns ⁵ Jan. 1, 1988–Dec. 31, 2024



Result: The average performance going forward from investing on the day when the S&P 500 hit a new high was better than the average performance going forward from the average forward returns on any day of the same time period.

Conclusion from all three cases: Investing based on short-term news and data does not work.

It is time in the market, not timing the market!

This may be a reason why many active funds underperform, because they overreact to market news and volatility.

We now discuss a Quality Compounder that we added to our portfolio in 2025.

AutoZone (AZO)

The Elevator Pitch

AZO is an oligopolist in a simple and understandable industry with high barriers to entry. It has a predictable high free cash flow-generative business. It has forecastable long-term growth. It has rational competition. It has pricing power. It has a consistent operating history of double-digit EPS growth. It has high returns on capital. It has a management team that is honest and focused on maximizing shareholder value. It has a reasonable valuation.

Description

AZO is a leading retailer of aftermarket automotive parts in the USA. It has 6,400 stores serving the Do-It-Yourself (DIY) and Commercial/Do-It-For-Me (DIFM) segments. It also has 900 stores outside the USA.

⁵ Source: FactSet, J.P. Morgan Asset Management. **"Invest on any day" represents average of forward returns for the entire time period whereas "Invest at a new high" represents average of rolling forward returns calculated from each new S&P 500 high for the subsequent 3-months, 6-months, 1-year, 2-year and 3-year intervals, with data starting 1/1/1988 through 12/31/2024. Data reflect most recently available as of 12/31/24.

Investment Thesis

- Simple and understandable business with predictable demand:
 - 298.7 million vehicles in the US increasing 1%–2% per year.
 - Older cars need more parts. The average vehicle age has increased from 11.4 years in 2014 to 12.8 years in 2025. We see it continually increasing due to improving quality of cars, as well as the potential impact of rising rates and tariffs which will make buying a new car more costly:
 - It costs \$2,000 annually to maintain a car with 50,000 miles on average and rises to \$4,000 per year for a car with 100,000 miles driven.
 - Although Electric Vehicles (EV), which need fewer parts, are a factor in reducing demand, their impact is much less over the next five years.
 - Only 3% of the total vehicle fleet in the US are EVs. This is projected to increase to 11% by 2030.
 - However, since AZO's sweet spot is cars older than 7 years (which need more parts), the proportion of EV vehicles 7+ years old will be much less than 11% by 2030.
- Long Runway for Growth via the following opportunities:
 - Increase in DIY market share: AZO has consistently grown market share over the last ten years in the DIY market at the expense of the smaller Mom & Pop auto parts retailers but still only has mid-teens market share. We see this trend continuing.
 - Increase in Commercial (DIFM) market share: AZO has grown its commercial business at a CAGR of 13% over the last 15 years but still has only a 5% market share. This is an area of continued focus for AZO as the DIFM segment continues to outgrow the DIY segment.
 - Opening New US-based Stores: AZO is targeting 500 new stores annually by 2028. This is more than double the 213 new stores opened in 2024.⁶
 - Increase in International Stores: AutoZone plans to open more than 200 international stores annually by 2028, more than double the 81 new stores opened in 2024. AutoZone's international stores have demonstrated strong performance, with double-digit same-store sales growth in prior quarters. International is only 13% of total revenue.
- Cost Advantage resulting from being the largest USA auto parts firm:
 - AZO's scale in auto parts retailing allows it to extract greater discounts and more favorable payment terms from parts suppliers than smaller players, giving AZO a cost and cash flow advantage over smaller players. This advantage will only increase as AZO increases market share.
 - Given its negotiating leverage with the fragmented supplier base, AZO is able to operate its business with negative working capital resulting in positive cash flow:
 - AZO instituted a vendor financing program 20 years ago where AZO pays its suppliers on very delayed terms but guarantees those payments.

⁶ AZO has historically grown its store count at a cadence of 200–250/stores per year in the US.

- AZO in effect maintains lower capital levels deployed, as working capital is a source and not a use of cash.
- Better customer service and speed of delivery:
 - Efficient supply chain and distribution leads to wider selection, greater availability of parts, and speed of delivery to customers. This is especially important for commercial customers who need to finish car repairs quickly.
 - AutoZone differentiates itself through its knowledgeable and trained staff who assist customers with diagnosing problems, selecting parts, and even provide free services like battery testing and installation, or loaning out specialized tools to customers so that they can complete a parts installation at home.
- Superior capital allocation amplifying AZO's compounding engine:
 - AZO has been able to compound topline growth at 6.9% annually over the past 10 years via:
 - Same-store-growth of 3–4% driven by growth of total automobiles (1%–2%), miles driven growth (~1%), and pricing (~1%–2%) on average.
 - New store growth has historically contributed another 2–3% to topline growth.
 - Management has been able to deliver approximately 9.5% compound annual growth in net income by leveraging its 7% topline growth on the SG&A line.
 - However, given that management have almost exclusively used their FCF (that is, after funding all their internal growth expansion plans in stores, hubs/megahubs, and DCs) to repurchase their shares, they have been able to deliver 17% compound growth on the EPS line over that same time as the company shrunk its share count by 47%.

Valuation

- AZO is currently trading at 22.6X NTM P/E and 1.07X NTM relative P/E to the market, somewhat richer to its historical ranges in absolute and relative terms to the market. We believe the company's sustainable growth supports its slight premium to the market's multiple.
- Its FCF yield (3.6% on FY2025 estimates) plus our 3-year forecast FCF growth (10–15%) suggest an expected total annualized return of 13.6% to 18.6% per year over the next three years.

Ending Thoughts

We look forward to sharing our thoughts on our investment approach and to keeping you abreast of our performance and changes to the portfolio. If you would like additional information about Qualivian, please refer to Appendix 4 for links to prior Investor Letters, our investor presentation, and an interview that Aamer did with Insider Monkey. In the meantime, if you have any questions, please feel free to reach out to us at the links below.

With best wishes,

Aamer Khan

Co-founder

aamer.khan@qualivian.com

617-970-9583 (cell)

www.qualivian.com**Cyril Malak**

Co-founder

cyril.malak@qualivian.com

917-742-2039 (cell)

www.qualivian.com

Appendix 1: Quarterly Performance Tables

Performance for Qualivian Focus Fund with SMA Terms

	A	B	C	D	Difference with QUAL		Difference with S&P 500 Index	
	QFF Gross Returns ⁽¹⁾	QFF Net Returns ⁽²⁾	QUAL ⁽³⁾	S&P 500 TR Index ⁽⁴⁾	A-C Gross	B-C Net	A-D Gross	B-D Net
Dec. 2017 ⁽⁵⁾	-2.8%	-2.8%	-0.1%	0.5%	-2.7%	-2.7%	-3.3%	-3.3%
Q1 2018	5.6%	5.5%	-0.2%	-0.8%	5.8%	5.7%	6.3%	6.2%
Q2 2018	4.4%	4.3%	0.9%	3.4%	3.5%	3.4%	0.9%	0.8%
Q3 2018	5.8%	5.7%	8.3%	7.7%	-2.5%	-2.6%	-2.0%	-2.0%
Q4 2018	-14.5%	-14.6%	-15.1%	-13.5%	0.5%	0.5%	-1.0%	-1.1%
2018	-0.4%	-0.7%	-7.4%	-4.4%	7.0%	6.7%	4.0%	3.7%
Q1 2019	17.8%	17.7%	15.4%	13.6%	2.5%	2.4%	4.2%	4.1%
Q2 2019	5.5%	5.4%	3.3%	4.3%	2.2%	2.1%	1.2%	1.1%
Q3 2019	2.5%	2.4%	1.0%	1.7%	1.5%	1.4%	0.8%	0.7%
Q4 2019	10.6%	10.6%	9.3%	9.1%	1.3%	1.2%	1.6%	1.5%
2019	40.9%	40.4%	31.6%	31.5%	9.3%	8.9%	9.4%	9.0%
Q1 2020	-14.7%	-14.7%	-19.8%	-19.6%	5.1%	5.0%	4.9%	4.9%
Q2 2020	30.3%	30.2%	18.4%	20.5%	12.0%	11.9%	9.8%	9.7%
Q3 2020	9.4%	9.3%	8.2%	8.9%	1.2%	1.1%	0.5%	0.4%
Q4 2020	7.7%	7.6%	12.0%	12.1%	-4.3%	-4.4%	-4.4%	-4.5%
2020	31.0%	30.6%	15.1%	18.4%	16.0%	15.5%	12.6%	12.2%
Q1 2021	2.6%	2.5%	4.8%	6.2%	-2.2%	-2.3%	-3.6%	-3.7%
Q2 2021	12.6%	12.5%	9.1%	8.5%	3.5%	3.4%	4.1%	4.0%
Q3 2021	-1.1%	-1.2%	-0.9%	0.6%	-0.3%	-0.3%	-1.7%	-1.8%
Q4 2021	4.5%	4.5%	10.5%	11.0%	-6.0%	-6.0%	-6.5%	-6.6%
2021	19.4%	19.0%	25.3%	28.7%	-5.8%	-6.2%	-9.3%	-9.7%
Q1 2022	-10.8%	-10.9%	-7.5%	-4.6%	-3.3%	-3.4%	-6.2%	-6.3%
Q2 2022	-17.5%	-17.6%	-17.0%	-16.1%	-0.5%	-0.6%	-1.4%	-1.5%
Q3 2022	-4.7%	-4.8%	-7.0%	-4.9%	2.3%	2.2%	0.2%	0.1%
Q4 2022	6.5%	6.4%	9.6%	7.6%	-3.1%	-3.2%	-1.1%	-1.1%
2022	-25.4%	-25.6%	-21.7%	-18.1%	-3.7%	-3.9%	-7.3%	-7.5%
Q1 2023	8.6%	8.5%	8.9%	7.5%	-0.3%	-0.4%	1.1%	1.0%
Q2 2023	12.0%	11.9%	8.7%	8.7%	3.3%	3.2%	3.3%	3.2%
Q3 2023	-1.5%	-1.6%	-2.3%	-3.3%	0.8%	0.7%	1.8%	1.7%
Q4 2023	10.8%	10.8%	11.6%	11.7%	-0.8%	-0.9%	-0.8%	-0.9%
2023	32.7%	32.3%	29.1%	26.3%	3.6%	3.2%	6.5%	6.0%
Q1 2024	12.6%	12.5%	11.7%	10.6%	0.9%	0.8%	2.0%	1.9%
Q2 2024	2.6%	2.5%	3.9%	4.3%	-1.3%	-1.4%	-1.6%	-1.7%
Q3 2024	6.3%	6.2%	5.0%	5.9%	1.3%	1.2%	0.5%	0.4%
Q4 2024	3.4%	3.3%	-0.7%	2.4%	4.0%	4.0%	1.0%	0.9%
2024	27.0%	26.6%	21.0%	25.0%	6.0%	5.6%	2.0%	1.6%
Q1 2025	1.3%	1.2%	-4.0%	-3.9%	5.3%	5.2%	5.2%	5.1%
TTD ⁽⁶⁾	171.9%	165.2%	105.9%	139.2%	66.0%	59.4%	32.7%	26.1%

⁽¹⁾ Gross returns for SMA product exclude fund management expenses capped at 50bps annually for our commingled vehicle, Qualivian Focus Fund. These expenses typically include fund administration, audit, and similar expenses are not incurred in an SMA product.

⁽²⁾ Represents gross performance less a flat annual management fee of 35bps.

⁽³⁾ QUAL is the iShares MSCI USA Quality ETF.

⁽⁴⁾ S&P 500 Total Return Index which includes reinvested dividends.

⁽⁵⁾ Dec. 2017 period represents Dec. 14 (fund launch) through Dec. 31, 2017.

⁽⁶⁾ TTD = Inception-to-date and represents the time period from Dec. 14, 2017 through Mar. 31, 2025.

In January of 2024, we introduced a Separately Managed Account (SMA) product that replicates our core pooled vehicle product (Qualivian Focus Fund – QFF) for interested investors. The key difference is that the SMA product will not incur the typical fund management expenses, such as fund administration, tax filing and audit fees, which we cap at 50 bps in QFF. Furthermore, the SMA product will incur a lower management fee of 35 bps annually, as compared to the tiered management fee in QFF (75 bps for the first \$20 million, 65 bps for the next \$20 million, and 50 bps for anything above).

Appendix 2: S&P 500 Forward Returns following CNBC “Markets in Turmoil” Specials

S&P 500 Forward Total Returns following CNBC "Markets in Turmoil" Specials											
Markets in Turmoil	S&P 500 Close	1-Year Forward Return	Total Returns Since	Markets in Turmoil	S&P 500 Close	1-Year Forward Return	Total Returns Since	Markets in Turmoil	S&P 500 Close	1-Year Forward Return	Total Returns Since
5/6/2010	1,128	21%	367%	3/4/2020	3,130	25%	37%	4/21/2020	2,737	54%	56%
5/7/2010	1,111	24%	374%	3/5/2020	3,024	29%	42%	4/22/2020	2,799	52%	53%
5/9/2010	1,111	24%	374%	3/6/2020	2,972	33%	44%	4/23/2020	2,798	52%	53%
6/4/2010	1,065	23%	393%	3/8/2020	2,972	33%	44%	4/24/2020	2,837	50%	51%
8/4/2011	1,200	19%	328%	3/9/2020	2,747	44%	56%	4/27/2020	2,878	48%	49%
8/7/2011	1,199	19%	328%	3/10/2020	2,882	39%	49%	4/28/2020	2,863	50%	49%
8/8/2011	1,119	28%	359%	3/11/2020	2,741	46%	56%	4/29/2020	2,940	45%	45%
8/9/2011	1,173	22%	338%	3/12/2020	2,481	63%	73%	4/30/2020	2,912	46%	47%
8/10/2011	1,121	28%	358%	3/13/2020	2,711	49%	58%	5/1/2020	2,831	50%	51%
8/11/2011	1,173	22%	338%	3/15/2020	2,711	49%	58%	5/4/2020	2,843	49%	50%
8/12/2011	1,179	22%	335%	3/16/2020	2,386	69%	80%	5/5/2020	2,868	49%	49%
8/14/2011	1,179	22%	335%	3/17/2020	2,529	58%	69%	5/6/2020	2,848	51%	50%
8/18/2011	1,141	27%	350%	3/18/2020	2,398	66%	79%	5/7/2020	2,881	48%	48%
9/22/2011	1,130	32%	353%	3/19/2020	2,409	66%	78%	5/8/2020	2,930	44%	46%
6/3/2012	1,278	30%	294%	3/20/2020	2,305	73%	86%	5/11/2020	2,930	41%	46%
8/23/2015	1,971	13%	139%	3/23/2020	2,237	77%	91%	5/12/2020	2,870	46%	49%
8/24/2015	1,893	18%	149%	3/24/2020	2,447	63%	75%	5/13/2020	2,820	50%	52%
8/25/2015	1,868	19%	152%	3/25/2020	2,476	63%	73%	5/14/2020	2,853	48%	50%
8/26/2015	1,941	14%	142%	3/26/2020	2,630	54%	63%	5/15/2020	2,864	47%	49%
9/1/2015	1,914	16%	146%	3/27/2020	2,541	58%	69%	5/18/2020	2,954	42%	45%
1/18/2016	1,880	24%	148%	3/30/2020	2,627	54%	63%	5/19/2020	2,923	45%	46%
2/5/2018	2,649	4%	69%	3/31/2020	2,585	58%	66%	5/20/2020	2,972	42%	44%
2/8/2018	2,581	9%	73%	4/1/2020	2,471	68%	73%	5/21/2020	2,949	45%	45%
10/11/2018	2,728	11%	62%	4/2/2020	2,527	64%	69%	5/22/2020	2,955	44%	44%
10/24/2018	2,656	16%	66%	4/3/2020	2,489	67%	72%	5/25/2020	2,955	44%	44%
12/27/2018	2,489	32%	76%	4/6/2020	2,664	56%	61%	5/26/2020	2,992	43%	43%
8/5/2019	2,845	16%	53%	4/7/2020	2,659	58%	61%	5/27/2020	3,036	41%	41%
8/14/2019	2,841	21%	53%	4/8/2020	2,750	53%	56%	5/28/2020	3,030	41%	41%
2/24/2020	3,226	24%	33%	4/9/2020	2,790	51%	53%	5/29/2020	3,044	40%	40%
2/25/2020	3,128	25%	37%	4/10/2020	2,790	51%	53%	6/1/2020	3,056	40%	40%
2/26/2020	3,116	25%	38%	4/13/2020	2,762	52%	55%	6/2/2020	3,081	38%	38%
2/27/2020	2,979	33%	44%	4/14/2020	2,846	49%	50%	6/3/2020	3,123	38%	37%
2/28/2020	2,954	33%	45%	4/15/2020	2,783	53%	54%	6/4/2020	3,112	38%	37%
3/1/2020	2,954	33%	45%	4/16/2020	2,800	51%	53%	5/5/2022	4,147	?	?
3/2/2020	3,090	26%	39%	4/17/2020	2,875	46%	49%				
3/3/2020	3,003	28%	43%	4/20/2020	2,823	50%	52%				

Average 1-Year Total Return 40%

% Positive 1-Year Returns 100%

Appendix 3: S&P 500 Forward Returns When VIX Is Above 50

Volatility Index (\$VIX) - Historical Closes Above 50 (1/1/1990-4/8/2025)															
Highest VIX Closes			Forward S&P 500 Returns					Highest VIX Closes			Forward S&P 500 Returns				
Rank	Date	VIX	1-Year	2-Year	3-Year	4-Year	5-Year	Rank	Date	VIX	1-Year	2-Year	3-Year	4-Year	5-Year
1	3/16/2020	82.69	69%	84%	74%	130%	157%	39	11/10/2008	59.98	22%	39%	43%	64%	115%
2	11/20/2008	80.86	49%	67%	69%	105%	168%	40	12/5/2008	59.93	29%	46%	53%	77%	130%
3	10/27/2008	80.06	29%	46%	56%	82%	133%	41	10/31/2008	59.89	11%	29%	34%	60%	104%
4	10/24/2008	79.13	25%	42%	50%	76%	125%	42	11/13/2008	59.83	23%	38%	47%	62%	120%
5	3/18/2020	76.45	66%	90%	73%	132%	160%	43	12/9/2008	58.91	26%	45%	48%	75%	124%
6	3/17/2020	75.91	60%	78%	63%	118%	142%	44	12/8/2008	58.49	23%	41%	48%	70%	121%
7	3/12/2020	75.47	62%	75%	66%	121%	145%	45	3/13/2020	57.83	49%	59%	51%	101%	126%
8	11/19/2008	74.26	39%	56%	61%	88%	149%	46	10/8/2008	57.53	11%	24%	25%	62%	92%
9	11/21/2008	72.67	42%	54%	59%	92%	152%	47	3/30/2020	57.08	53%	82%	62%	111%	122%
10	3/19/2020	72.00	65%	91%	74%	132%	159%	48	4/1/2020	57.06	66%	89%	75%	122%	121%
11	10/17/2008	70.33	20%	30%	39%	70%	107%	49	12/15/2008	56.76	31%	49%	49%	80%	129%
12	10/29/2008	69.96	18%	33%	48%	66%	111%	50	1/20/2009	56.65	45%	66%	74%	102%	155%
13	10/10/2008	69.95	23%	36%	42%	74%	113%	51	11/7/2008	56.10	20%	36%	46%	62%	113%
14	10/22/2008	69.65	25%	38%	48%	75%	118%	52	12/11/2008	55.78	30%	49%	51%	77%	127%
15	10/15/2008	69.25	24%	36%	44%	73%	113%	53	12/10/2008	55.73	26%	44%	49%	74%	120%
16	11/17/2008	69.15	34%	45%	55%	78%	135%	54	11/28/2008	55.28	25%	38%	42%	73%	124%
17	12/1/2008	68.51	39%	55%	63%	89%	146%	55	10/14/2008	55.13	12%	23%	29%	57%	93%
18	10/23/2008	67.80	22%	37%	48%	70%	117%	56	10/13/2008	54.99	10%	23%	29%	56%	89%
19	11/18/2008	67.64	33%	46%	51%	77%	132%	57	11/26/2008	54.92	16%	40%	43%	74%	127%
20	10/16/2008	67.61	18%	31%	36%	68%	106%	58	11/5/2008	54.56	15%	35%	41%	60%	105%
21	10/28/2008	66.96	14%	32%	46%	64%	110%	59	3/9/2020	54.46	44%	57%	50%	99%	117%
22	11/12/2008	66.46	31%	47%	58%	74%	135%	60	12/12/2008	54.28	30%	48%	49%	76%	127%
23	11/14/2008	66.31	30%	41%	54%	70%	129%	61	3/11/2020	53.90	46%	60%	48%	101%	124%
24	3/20/2020	66.04	74%	100%	79%	142%	168%	62	10/7/2008	53.68	9%	22%	25%	60%	86%
25	3/27/2020	65.54	59%	86%	66%	120%	141%	63	11/3/2008	53.68	11%	30%	37%	60%	104%
26	11/24/2008	64.70	33%	47%	46%	79%	136%	64	3/31/2020	53.54	56%	84%	67%	115%	112%
27	3/25/2020	63.95	61%	88%	69%	126%	145%	65	10/21/2008	53.11	16%	29%	36%	64%	104%
28	10/9/2008	63.92	21%	34%	40%	73%	109%	66	10/20/2008	52.97	14%	25%	31%	62%	99%
29	11/6/2008	63.68	21%	42%	49%	66%	119%	67	3/2/2009	52.65	63%	94%	108%	137%	198%
30	12/4/2008	63.64	34%	51%	59%	83%	138%	68	2/23/2009	52.62	51%	85%	95%	118%	176%
31	12/2/2008	62.98	34%	51%	57%	81%	136%	69	12/16/2008	52.37	25%	42%	42%	73%	121%
32	10/30/2008	62.90	11%	30%	40%	64%	106%	70	4/8/2025	52.33	?	?	?	?	?
33	3/24/2020	61.67	62%	88%	70%	127%	146%	71	10/6/2008	52.05	2%	15%	16%	51%	75%
34	3/23/2020	61.59	78%	108%	85%	149%	175%	72	1/15/2009	51.00	38%	60%	64%	92%	143%
35	11/11/2008	61.44	25%	41%	47%	67%	121%	73	3/3/2009	50.93	64%	96%	110%	141%	200%
36	3/26/2020	61.00	54%	78%	58%	113%	131%	74	4/2/2020	50.91	64%	86%	70%	120%	113%
37	11/25/2008	60.90	33%	45%	44%	80%	135%	75	3/5/2009	50.17	71%	102%	113%	147%	206%
38	12/3/2008	60.72	30%	47%	53%	77%	129%								
Average (\$VIX Above 50)			35%	53%	55%	88%	129%								
Average (\$VIX Below 50)			12%	25%	39%	56%	74%								
Differential			23%	28%	16%	32%	55%								

Appendix 4: Links to Additional Information

Investor Presentation	QIP Focus Fund Final December 2024 – SMA
Insider Monkey Interview	https://www.insidermonkey.com/blog/exclusive-interview-with-aamer-khan-of-qualivian-investment-partners-886994/
Last 4 Investor Letters	QIP Q4 2024 Final.PDF QIP Q3 2024 Final.PDF QIP Q2 2024 Final.PDF QIP Q1 2024 Final.PDF

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