Patient Capital Management

4Q 2025

Samantha McLemore, CFA
Portfolio Manager

Opportunity Trust

The More Things Change, The More They Stay the Same

Feedback is a gift. Giving advice isn't easy. Neither is self-improvement. I try to incorporate feedback from anyone I trust. Unfortunately, I've fallen short on some of Bill Miller's sage wisdom: short letters. This time, I'm committed!

It should be easier than usual because our investment views haven't changed. We believe we're in the later stages of a secular bull market that began in March 2009. The latest stage has historically brought some of the strongest returns. Longer term prospects may be more muted.

The S&P 500 delivered a handsome 17.9% return in 2025, following two 25% or more years in 2023 and 2024. The Patient Opportunity Trust performed strongly, up 27.7%, 985 basis points ahead of the benchmark. It's our second best 3-year performance on record, compounding at 31.21% vs. S&P 500's 23.01%. The Fund ranked in the top 1% based on total returns among 411 and 383 in the Morningstar Mid-Cap Value category over the 1 and 3 year periods, respectively.

It was a tough year for active management overall, with 73% of equity mutual funds trailing their benchmarks, the fourth most since 2007.[1] I attribute our success to a combination of skill and luck – usually the case in investing. I have deep conviction in our exemplary investment process, with a focus on investments whose prices do not reflect underlying fundamental intrinsic values. This approach has withstood the test of time starting over four decades ago by Bill Miller and continuously refined since then.

Three years ago, markets discounted a recession. Pessimism proliferated. Wall Street strategists even predicted a down market in 2023. Juicy bargains were everywhere. We salivated over the sizeable disconnects between fundamental business values and market prices. Low expectations create great starting points.

Economic growth continued and inflation normalized. The economy remains solid, despite some labor market softening. The Fed appears poised to continue cutting rates. Five-year inflation breakevens ended 2025 (2.2%) near its annual low. Fiscal stimulus will pick up in 2026 as the One Big Beautiful Bill kicks in.

Corporate earnings' growth has been much stronger than expected, up 9.6% in 2024 and 11.8% in 2025. In the first three quarters of last year, earnings' growth surpassed consensus expectations by an average of 6 percentage points. Tech (+25%) and Communications Services (+19%) drove most of the growth, with healthcare and financials also up double-digits.

No wonder markets have been so strong. Consensus calls for growth to accelerate to 13.6% in 2026, a tougher bogey to beat. If corporations do that well, markets should be strong.

Expectations have followed prices higher. Market strategists now expect double-digit returns in 2026, as they did in 2025. The Citigroup Fear-Greed Index registers greed, like the start of last year. Valuations, with the S&P 500 at 22x 2026 earnings, are at the high end of their historical range. Even Barron's Roundtable turned bullish on US equities for the first time in years.

1 Bloomberg

Higher expectations create risk. According to Birinyi, after three consecutive up years, the odds of the S&P 500 rising for a fourth year are worse than a coin-toss, at 42%. Much worse than the 70% base rate for all years. The up years, however, had significant gains, with an average return of +11%. (see chart in Appendix)

We see the late 90's as the most comparable period given the technological revolution (AI now, the Internet then). The fourth consecutive up year of that period, 1998, accompanied a 26.7% market advance. The forward five-year returns, however, were negative, but only slightly so (despite an ending point near the bottom of the bear market). The ten-year returns? Just shy of 6% per year.

The range of future outcomes is, as always, wide. Negative 5-year equity returns are unusual, and typically only occur during significant bear markets. This is not our base case.

Elevated valuations imply lower future returns. Their explanatory power grows with time, from 4% correlation over a 1-year horizon, to 26% over 5-years, and 75% over 10-years. When valuations cause market problems, though, value managers have historically benefited.

Much depends on corporate earnings growth. In our analysis, if it continues to be double digits, with valuations rising back to historical peaks, we believe markets will continue delivering above average double-digit returns.

At stable multiples, if earnings grow at the rate we saw in the late 90's, 9.1%, the market would return 8.9%. If earnings growth is closer to the long-term average of 6.6%, stable multiples would imply a market return closer to 6.4%. Interestingly, T. Rowe Price's bottoms-up market IRR (internal rate of return) forecast model yields an estimated 6.8% 5-year forward return.

AI and technology will be integral to what happens. Nvidia (NVDA $183.14) represents 20% of the index's estimated 2026 growth, while over 40% depends on Nvidia plus Microsoft (MSFT $459.38), Broadcom (AVGO $339.89), Apple (AAPL $259.96), Meta ($615.52), Amazon (AMZN $236.65) and Micron (MU $333.35). So far, technology prospects remain strong, while skepticism prevails. Let's hope AI bubble mania continues.

The truth is no one knows what the future has in store. Bold claims typically yield false predictions. As William Butler Yeats said, "The best lack all conviction, while the worst are full of passionate intensity."

We account for the full range of future possibilities when constructing portfolios. We aim for solid odds of outperforming in the worst case, and the best – a tall task! There are two sources of risk and return: earnings/cash flow (fundamentals) and valuations (expectations). When both are depressed, playing aggressive offense makes sense.

As values normalize, you're paid less to take risk. As such, we've pared back exposures. We've monetized volatility by paring back names closer to intrinsic value and adding to those with better risk reward. Our cyclicals weight continues to decline, along with our leverage. We built a significant stake in healthcare, which reached 50-year relative valuation lows during the year. With less economic earnings sensitivity and low valuations, healthcare should increase the portfolio's resilience.

Our primary work consists of doing the bottom-up analysis of companies' prospects, comparing those to market prices, and positioning the portfolio for strong returns. Being contrarian and long term, the opposite of how most behave, helps our opportunity set.

We are still finding bargains, but nowhere near what existed a few years ago. We internally calculate fund upside of 62% still attractive, though it's declined over the past few years. We believe the portfolio can potentially compound in the low double-digit rates, which should nicely outperform the market.

We believe Amazon should have a great year, after underperforming in 2025. QXO (QXO $25.52) seems set for another deal soon, which will accelerate its progress in constructing a $50B building products company. Citigroup's (C $112.41) turnaround continues with additional upside. UnitedHealthcare's (UNH $334.96) improvements should escalate this year. Royalty Pharma (RPRX $40.21) and Norwegian Cruise Lines (NCLH $23.09) remain favorites. We've also added to Coinbase (COIN $255.86) and Crocs (CROX $83.54), which we think are particularly attractive in here. Our top ten names represent about half the portfolio, while the top twenty are around 80%.

We concentrate the portfolio in our highest conviction names. Given high uncertainty about the future, we like a longer tail of diversified exposures which can potentially help the portfolio do well in a variety of scenarios.

There are many other attractive names in the portfolio, but I can't address them all. What I can say is we are obsessively focused on ensuring the portfolio is well positioned for all environments.

I've included some supporting tables and charts in the appendix. Thanks for your continued support and please reach out if we can help.

Samantha McLemore, CFA
January 17, 2026

Patient Capital Management

CONTACT

Advisor Services

443.652.4225 | info@patientcm.com

patientcapitalmanagement.com/opportunity-trust

PATIENT CAPITAL MANAGEMENT

Patient Capital Management LLC is an SEC registered investment advisor founded in 2020 by Samantha McLemore, majority owner and Chief Investment Officer. Formerly operating with Miller Value Partners, Patient Capital acquired the Opportunity Equity business in May 2023 in a transaction completing Bill Miller's succession plan. As of 12/31/25, Patient Capital operates independently managing $2.5B in assets featuring opportunistic, long-term, value-oriented equity strategies. The Firm is supported by a team of 10 professionals. Bill Miller remains a minority owner and adviser.

APPENDIX

Evolution of Key Performance Indicators

	2024	2025	2026
S&P 500 Performance	25.0%	17.9%	?
S&P Earnings Growth*	9.6%	11.8%	13.6%
Starting Valuations	19.3x	21.7x	22.1x
YoY Growth		*12.4%*	*1.8%*
Wall St Strategists Market Prediction	flat	10.4%	11.6%
Starting Sentiment:			
Citigroup Panic-Greed Index	Neutral	Greed	Greed
Barron's Roundtable	Bearish	Bearish	Bullish
ETF Fund Flows	Record	Record	N/A

*Estimates at 12/31 of the year used to derive growth and 2026 estimates PCM internal calculations

S&P 500 Returns & Earnings Growth

	2025 Return	2025 Est. Earnings Growth	2026 Est. Earnings Growth
Communications Services	33.6%	18.9%	9.2%
Tech	24.0%	24.8%	27.7%
Industrials	19.3%	8.9%	14.1%
Utilities	16.0%	8.2%	11.0%
Financials	15.0%	13.0%	7.3%
Healthcare	14.6%	12.5%	6.8%
Materials	10.5%	1.7%	19.1%
Energy	8.7%	-11.2%	5.5%
Consumer Discretionary	6.0%	4.5%	10.6%
Consumer Staples	3.9%	-1.0%	5.7%
Real Estate	3.2%	0.6%	6.0%
S&P 500	17.9%	11.8%	13.6%
Revisions		*0.0%*	

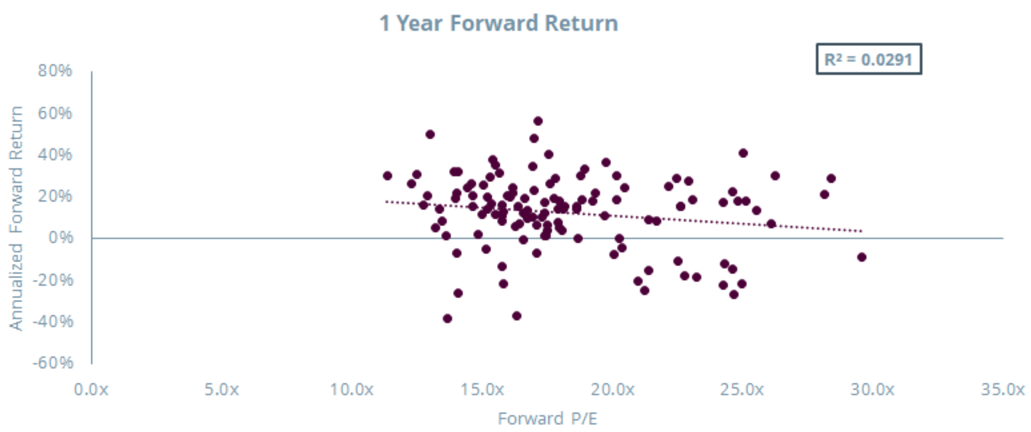
Source: PCM internal calculations

APPENDIX (CONTINUED)

	S&P 500 Streaks				
	Year 1	Year 2	Year 3	Cumulative Return	Year 4
2023	2023	2024	2025		2026
% Change	24.23%	23.31%	16.47%	78.46%	
2019	2019	2020	2021		2022
	28.87%	16.25%	26.89%	90.13%	-19.44%
2012	2012	2013	2014		2015
	13.40%	29.60%	11.39%	63.72%	-0.73%
2003	2003	2004	2005		2006
	26.38%	8.99%	3.00%	41.88%	13.62%
1995	1995	1996	1997		1998
	34.11%	20.26%	31.01%	111.30%	26.67%
1991	1991	1992	1993		1994
	26.31%	4.46%	7.06%	41.25%	-1.54%
1982	1982	1983	1984		1985
	14.76%	17.27%	1.40%	36.47%	26.33%
1978	1978	1979	1980		1981
	1.06%	12.31%	25.77%	42.76%	-9.73%
1970	1970	1971	1972		1973
	0.10%	10.79%	15.63%	28.23%	-17.37%
1963	1963	1964	1965		1966
	18.89%	12.97%	9.06%	46.48%	-13.09%
1954	1954	1955	1956		1957
	45.02%	26.40%	2.62%	88.11%	-14.31%
1949	1949	1950	1951		1952
	10.46%	21.68%	16.35%	56.38%	11.78%
1942	1942	1943	1944		1945
	12.43%	19.45%	13.80%	52.82%	30.72%
				Average	2.74%
				Probability Year 4 Up	42%

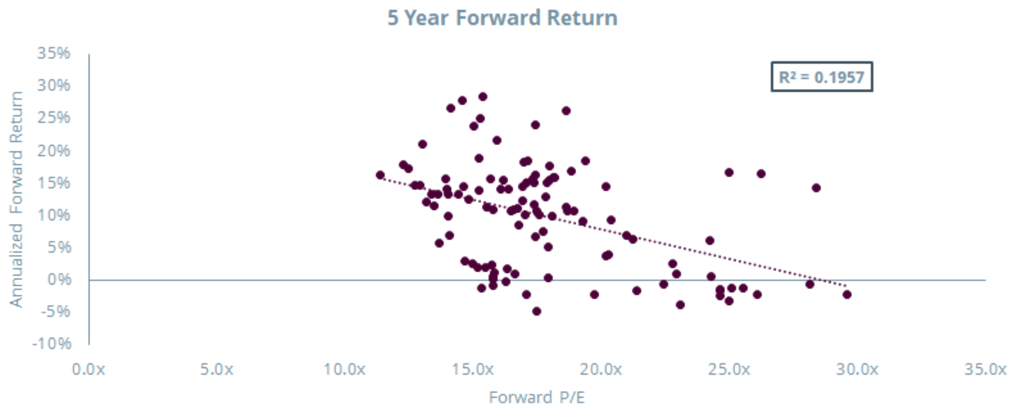
Source: Birinyi Associates: Used with Permission

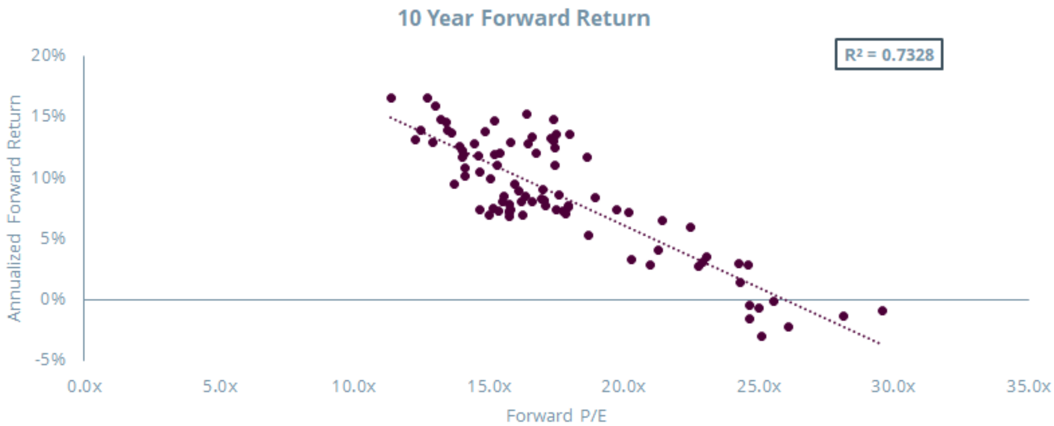
P/E Ratios Correlations with Market Returns Over 1, 5 and 10 Years:



Patient Capital Management

APPENDIX (CONTINUED)





Source: PCM internal calculations, Bloomberg. Returns are 12-month, 60-month, and 120-month annualized total returns, measured quarterly, beginning 12/31/1993. R-squared represents the percent of variation in total return that can be explained by forward P/E ratios. The forward P/E ratio is the most recent S&P 500 Index price divided by consensus analyst estimates for earnings in the next twelve months. As of December 31, 2025.

Shifting Portfolio Exposures Over Time

Opportunity	2025	2024	2023
Mag 7	22.0%	20.9%	14.9%
SPX weight	34.7%	33.5%	28.0%
U/W	-12.7%	-12.6%	-13.1%
Cyclical Value	42.8%	48.4%	62.5%
Energy	7.9%	12.2%	9.8%
Healthcare	27.0%	14.8%	7.7%
China	1.5%	2.9%	2.5%
Bitcoin (COIN + FBTC)**	4.2%	3.5%	2.3%
Leverage	-7.9%	-8.2%	-12.9%

Source: PCM internal calculations

**Reflect indirect exposure to Bitcoin based on PCM internal calculations. Except as to the investment in Cryptocurrency ETPs, the Fund will not invest (i) directly in Bitcoin, Ether or any other type of cryptocurrency or (ii) indirectly through any cryptocurrency derivative instrument (e.g., Bitcoin futures). The Fund does not track the price movements of any cryptocurrency and the Fund will not invest in initial coin offerings (ICOs).

Click here for Patient Opportunity Trust standardized performance.

Securities Prices referenced are as of 1/14/2026

Before investing, carefully consider a Fund's investment objectives, risks, charges and expenses. You can find this and other information in each prospectus, or summary prospectus if available, which is available at patientcapitalmanagement.com/opportunity-trust. Please read it carefully.

Morningstar Percentile Rankings represent a fund's total return percentile rank relative to its Morningstar category. The highest percentile rank is 1 and the lowest is 100. It is based on Morningstar total return, which includes both income and capital gains or losses and is not adjusted for sales charges or redemption fees. Morningstar ranked LMNOX in the top 1%, 93% and 11% out of 411, 365, and 297 Mid-Cap Value funds for the one-, five- and ten-year periods ending 12/31/25, respectively. The Fund offers other share classes which may have lower rankings due to higher fees and expenses. ©2026 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

Click here for the Fund's holdings as of 12/31/25. Fund holdings are subject to change at any time and should not be considered a recommendation to buy or sell any security.

The **Citibank Fear and Greed Index** refers to a market sentiment indicator developed by Citigroup that gauges the overall mood of investors, specifically whether they are driven by fear or greed. The **S&P 500 Index (SPX)** is a market capitalization-weighted index of 500 widely held common stocks. Investors cannot invest directly in an index and unmanaged index returns do not reflect any fees, expenses or sales charges. **Earnings per share (EPS)** is the portion of a company's profit allocated to each outstanding share of common stock and serves as an indicator of a company's profitability. **Price to earnings** is the market price per share divided by earnings per share. **Free cash flow (FCF)** is operating cash flow minus capital expenditures divided by the number of shares outstanding. **Basis point (bps)** is one hundredth of one percent. **Earnings growth** is the percentage increase in a company's profit (net income or earnings per share) over a specific period. **Correlation** is a measure of how two asset prices or variables move in relation to each other. **Barron's Roundtable Sentiment** refers to the panelists discussion of market sentiment at the beginning of each calendar year.

Earnings growth is not a measure of future performance.

Mutual fund investing involves risk and principal loss is possible. Equity securities are subject to price fluctuation and possible loss of principal. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. Real estate investment trusts (REITs) are closely linked to the performance of the real estate markets. REITs are subject to illiquidity, credit and interest rate risks, and risks associated with small and mid-cap investments. The Fund may focus its investments in certain regions or industries, increasing its vulnerability to market volatility. International investments are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. Derivatives, such as options and futures, can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. The manager's investment style may become out of favor and/or the manager's selection process may prove incorrect, which may have a negative impact on the Fund's performance. Short selling is a speculative strategy. Unlike the possible loss on a security that is purchased, there is no limit on the amount of loss on an appreciating security that is sold short.

Bitcoin and other cryptocurrencies are a relatively new asset class and are subject to unique and substantial risks.

The views expressed in this commentary reflect those of Patient Capital Management portfolio managers and analysts as of the date of the commentary. Any views are subject to change at any time based on market or other conditions, and Patient Capital Management disclaims any responsibility to update such views. These views are not intended to be a forecast of future events, a guarantee of future results or investment advice. Because investment decisions are based on numerous factors, these views may not be relied upon as an indication of trading intent on behalf of any portfolio. Any data cited herein is from sources believed to be reliable but is not guaranteed as to accuracy or completeness.

The information presented should not be considered a recommendation to purchase or sell any security and should not be relied upon as investment advice. It should not be assumed that any purchase or sale decisions will be profitable or will equal the performance of any security mentioned. References to specific securities are for illustrative purposes only. Portfolio composition is shown as of a point in time and is subject to change without notice.

Any third party links, trademarks, service markets, logos and trade names included in the report are property of their respective owners. The inclusion of third party link is provided for reference and does not imply endorsement or, association with the site or party by us.

The Patient Opportunity Trust is distributed by Quasar Distributors, LLC.