

An aerial, black and white photograph of a city skyline. The most prominent feature is a tall, ornate skyscraper with a pointed top and a clock face, likely the Chrysler Building. Other buildings of varying heights and styles surround it. In the foreground, there is a large, dark, leafy area, possibly a park or a large tree. The sky is overcast with some clouds.

MADIRON CAPITAL

Investor Presentation

July 2019

Disciplined-growth | Value-driven
Equity fund

A Message from the Manager

Dear Reader,

This investment practice adheres to the principles of logic, thrift, and minimal frills. The art of stock investing requires patience, discipline, and continuous examination. Through our journey, we intend to provide superior returns on invested capital by staying true to this discourse.

Our view on risk is not defined by stock price volatility but more importantly, a company's underlying value, financial well-being, and business fundamentals.

Our belief is that outsized investment gains will be obtained utilizing concentrated positions combined with long holding periods. Great opportunities do not come often. When they do materialize, we intend to put a substantial amount of our resources behind them.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'Ted Rasa Jr.', with a long horizontal flourish extending to the right.

Ted Rasa Jr.
Founder & Portfolio Manager

INVESTMENT PERFORMANCE (GROSS-OF-ADVISOR FEES)

Time Period		Madiron Capital	S&P 500 ¹ Total Return	Madiron Cash Exposure	Performance Differential
2013	Q1	n/a	n/a	n/a	n/a
	Q2	-0.76%	2.90%	32%	-3.66%
	Q3	9.83%	5.20%	29%	4.63%
	Q4	9.30%	10.50%	23%	-1.20%
2014	Q1	2.23%	1.80%	29%	0.43%
	Q2	8.82%	5.20%	18%	3.62%
	Q3	-3.58%	1.10%	17%	-4.68%
	Q4	2.57%	4.90%	28%	-2.33%
2015	Q1	8.41%	0.95%	30%	7.46%
	Q2	-2.85%	0.28%	33%	-3.13%
	Q3	-14.67%	-6.44%	14%	-8.23%
	Q4	2.52%	7.04%	6%	-4.52%
2016	Q1	7.08%	1.35%	3%	5.73%
	Q2	0.14%	2.46%	23%	-2.32%
	Q3	10.91%	3.85%	28%	7.06%
	Q4	4.96%	3.82%	19%	1.14%
2017	Q1	8.97%	6.07%	13%	2.90%
	Q2	1.39%	3.09%	13%	-1.70%
	Q3	1.14%	4.48%	28%	-3.34%
	Q4	6.72%	6.64%	20%	0.08%
2018	Q1	-2.56%	-0.76%	35%	-1.80%
	Q2	13.00%	3.43%	32%	9.57%
	Q3	10.39%	7.71%	27%	2.68%
	Q4	-17.27%	-13.52%	39%	-3.75%
2019	Q1	6.32%	13.20%	41%	-6.88%
	Q2	0.96%	4.30%	20%	-3.34%
Total Return		74.0%	79.6%	Avg. 24%	-5.57%

¹ **S&P 500:** The SPDR® S&P 500® SPY ETF Trust seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index. SPY cumulative performance of quarterly SPY TR results provided by Morningstar.

Disclaimer

The risk of loss in equity investments can be substantial. You should, therefore, carefully consider whether such investing is suitable to you in light of your financial condition. As with all investment strategies, past performance is not necessarily

EQUITY PORTFOLIO INFO:

	Madiron Capital	S&P 500
Fund Inception:	April 1, 2013	n/a
Annualized Return:	9.3%	9.8%
3yr Annualized Return:	13.2%	12.5%
Holdings:	10 - 15	500
Dividend Yield:	2.7%	1.9%
Average Cash Exposure:	24%	< 1%
Mkt Cap:	\$12.3 bil	\$21.6 bil
Average Cash Exposure:	24%	< 1%
Strategy:	Concentrated	
Focus:	USA	

ACCOUNT INFO:

Liquidity:	Daily
Minimum Investment:	\$50,000
Lockup Period:	None
Advisor Fee:	1.00%
Brokerage Fees:	< 0.25%
CRD #:	174254
Custodian/ Broker Dealer:	Interactive Brokers LLC
Account Reporting:	Daily
Advisor Reporting:	Quarterly

INVESTMENT PROGRAM DESCRIPTION

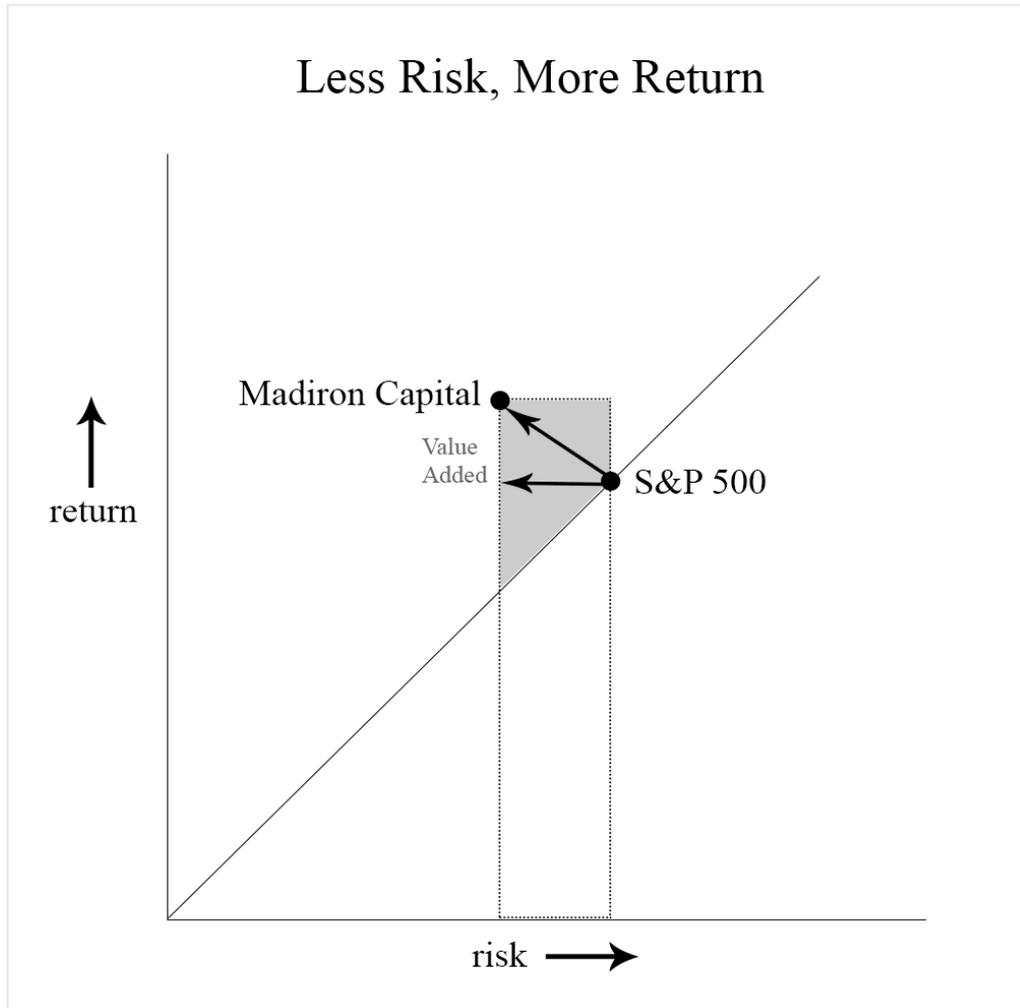
Our investment practice is predicated on the preservation of capital and minimizing the risk of losses while investing in businesses. We seek to invest in companies whose returns, in the long-term, will exceed the general markets. We view successful investing as a marathon, and it requires a long-term view.

Our investment strategy is a living document indoctrinated by the principles of value investing and behavioral economics. We believe the market can inefficiently price businesses in the short term which provides opportunities for investments. We utilize our time to discover price inefficiencies and estimate the intrinsic value of the targeted business.

We employ multiple methods to estimate intrinsic value and will cross-examine methods to build a sound investment thesis. Proprietary methods of valuation include private market value, reconstruction value, earnings power value, and identifying hidden yet strategic assets not recognized on a company's balance sheet. We utilize growth forecasting holistically from an industry and macro-economic standpoint.

The fund utilizes a broad investment mandate and will invest across various cap sizes, industries, and stages in business lifecycles.

THE PATH TO SUPERIOR ACTIVE MANAGEMENT



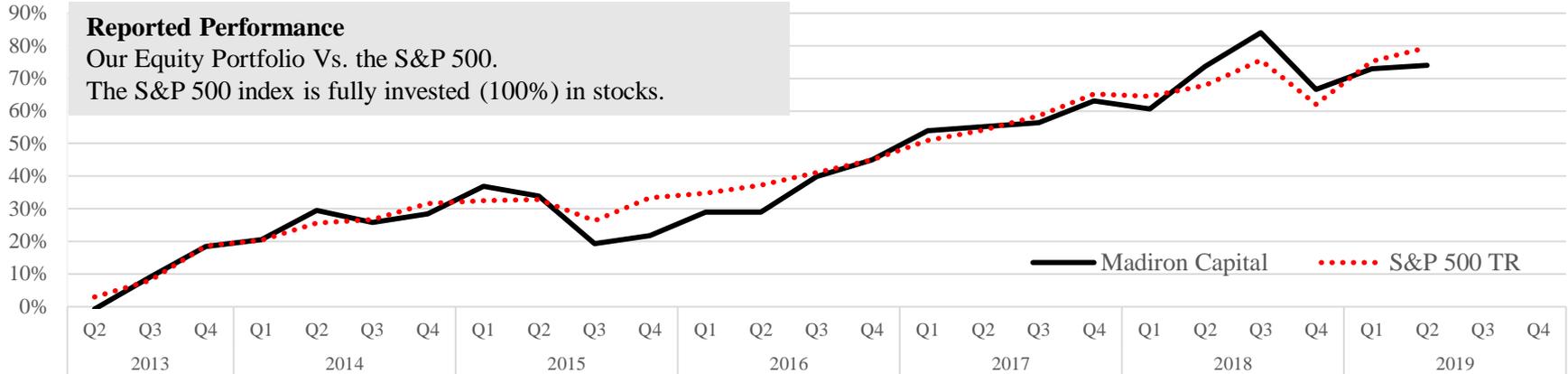
Construction of the Active Portfolio

Our performance will rarely mimic our benchmark and the general stock market. At times, the fund's short-term performance can be more volatile than the general markets.

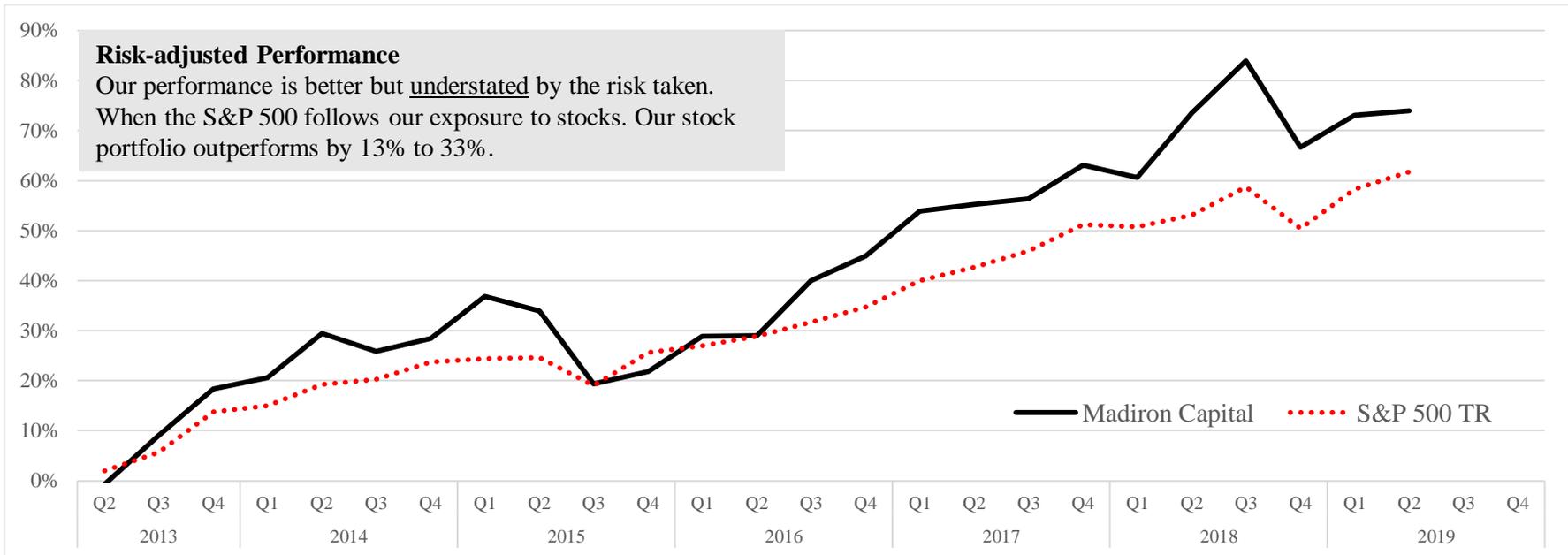
- The portfolio is concentrated in 10-15 positions. Performance is accentuated by price movements of our largest holdings.
- We typically invest in businesses that are out-of-favor, misunderstood, and/or suffering from short-term challenges.
- The portfolio tends to underperform when we are building positions in new ideas. When these ideas mature, we tend to outperform major indexes.
- We have found some of our best investments when the market's pessimism was unbridled and extreme. This behavior provides opportunity for the patient investor.
- We are prepared to take short-term pain for superior long-term results.

PERFORMANCE OF ACTIVE MANAGEMENT

Reported Performance
 Our Equity Portfolio Vs. the S&P 500.
 The S&P 500 index is fully invested (100%) in stocks.



Risk-adjusted Performance
 Our performance is better but understated by the risk taken.
 When the S&P 500 follows our exposure to stocks. Our stock portfolio outperforms by 13% to 33%.



INVESTMENT PHILOSOPHY

“Value investing is more than an investment strategy, it’s a fundamental way of thinking about finance.”
– Professor at Columbia Business School

PILLARS TO OUR PHILOSOPHY

Think Like Owners

We examine a stock as if we were going to own this company in its entirety and wouldn’t be able to sell it for a very long time.

This form of thinking promotes healthy investments from a business perspective rather than trading pieces of paper.

Invest with Discipline

Disciplined investing requires a strong stomach and the patience to allow opportunities to present themselves.

It is imperative to have the temperament to ignore the manic market, which oscillates between fear and greed. Our long-term focus allows us to capitalize on short-term capitulations of the market.

Dedication to Process

Madiron is dedicated to its investment ‘knitting’. Valuing companies systematically provides the basis for unbiased assessments.

Countless hours of research is conducted in order to have a deep understanding of the investments we underwrite for the portfolio.

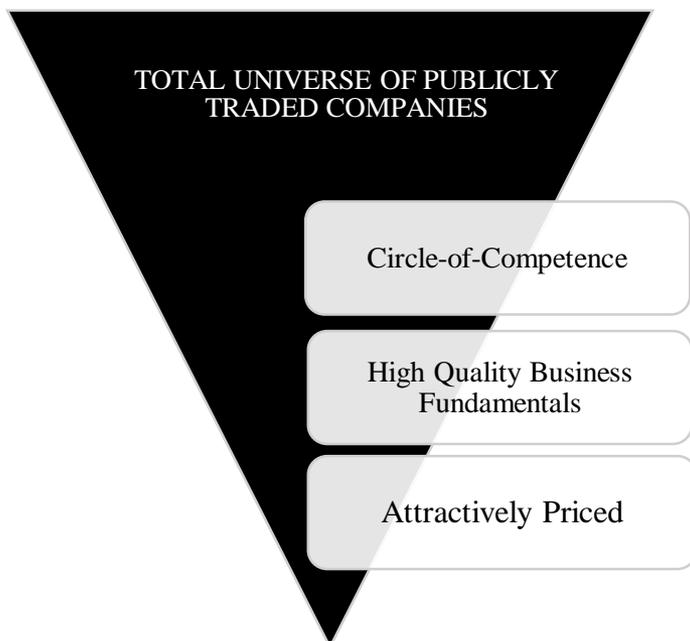
Margin-of-Safety

This pillar acts more as the foundation of our investment philosophy. It is the single most-important element of our investment strategy.

We seek to correctly determine the intrinsic value of a business. Sometimes we are wrong, therefore, a margin-of-safety will help limit our downside when the thesis does not materialize.

INVESTMENT APPROACH & ANALYSIS TECHNIQUES

We employ a systematic, bottom-up, valuation approach based on our proprietary analytical framework that identifies companies that appear undervalued or overvalued on an absolute basis.



COMPANY SPECIFIC FINANCIAL ANALYSIS

- Researching and analyzing each company in our coverage universe according to a methodology that emphasizes fundamentals such as recurring earnings, cash flows, capital efficiency, capital structure, and valuation
- Updating the analysis for earning releases, annual (Form 10-K) and quarterly (Form 10-Q) reports and other corporate filings
- Recording analysis in a centralized database that enables us to compare and synthesize business data
- Technical Analysis

COMPETITIVE ADVANTAGES

- Rivalry
- Supplier Power
- Barriers to Entry
- Buyer Power
- Threat of Substitutes
- Economies of Scale
- Customer Captivity

GLOBAL MACROECONOMIC ANALYSIS

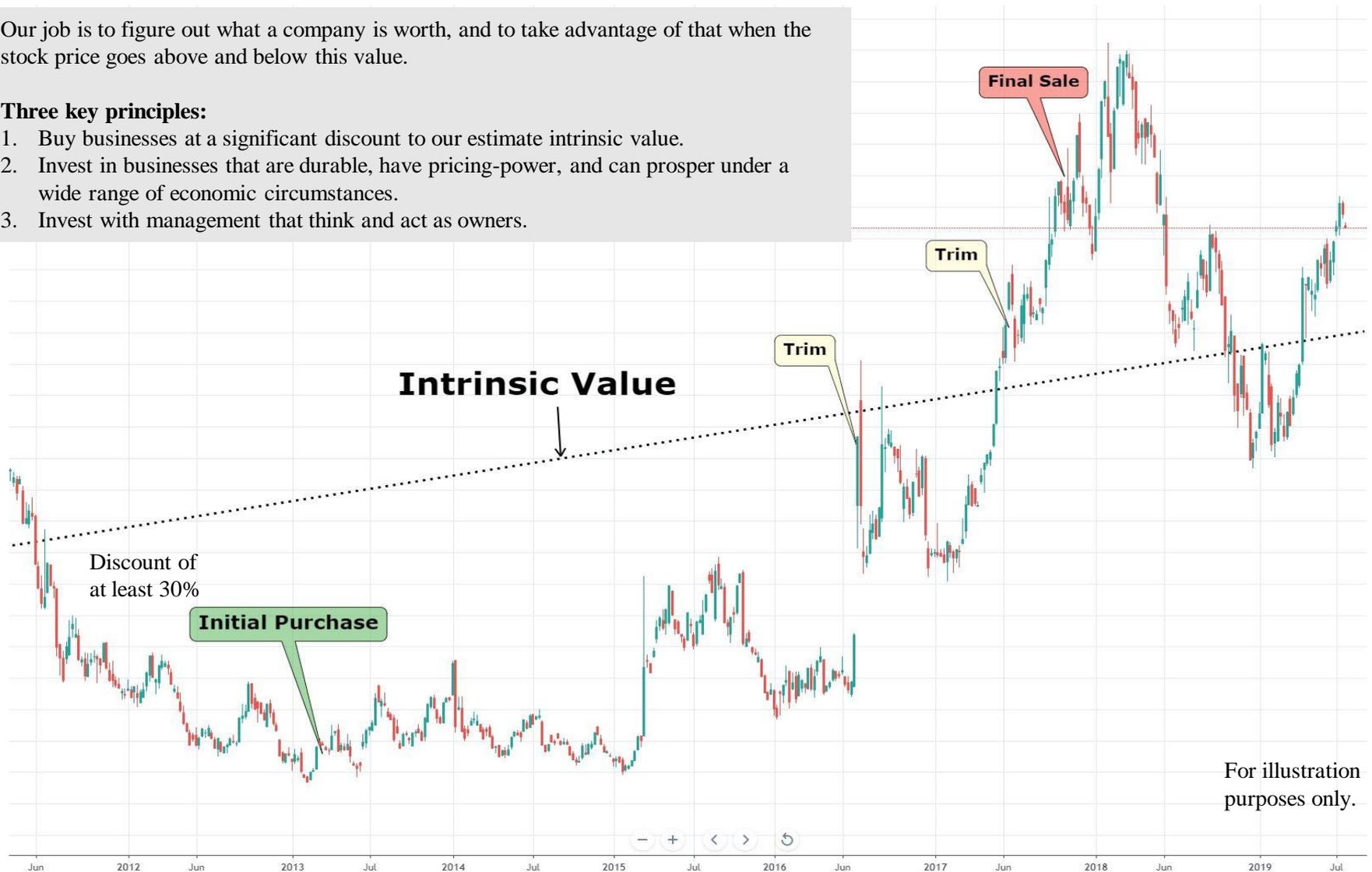
- Industrial and Demographic trends
- Monetary Policy
- Pricing Anomalies
- GDP, Trade Policy, Legal Climate
- Interest Rates and Interest Rate Differentials

We may utilize any or all of the above investment analysis disciplines and characteristics when vetting potential opportunities.

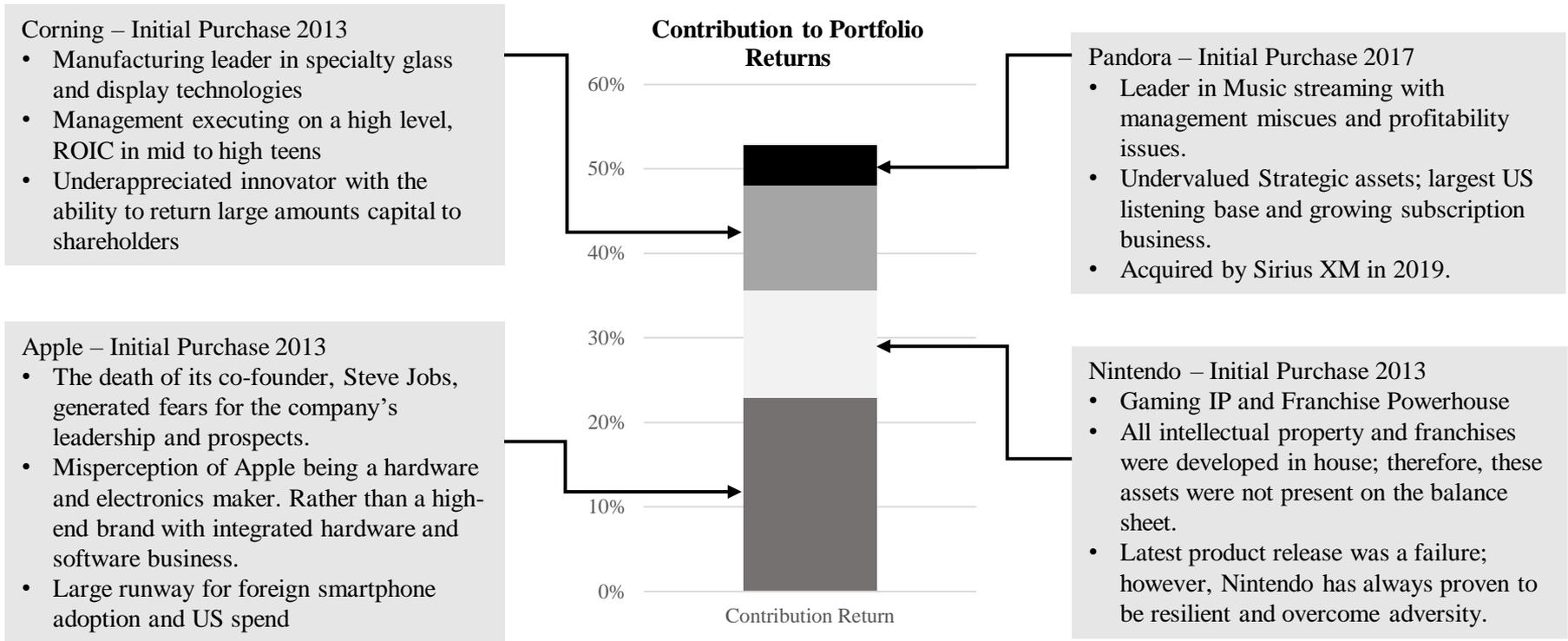
Our job is to figure out what a company is worth, and to take advantage of that when the stock price goes above and below this value.

Three key principles:

1. Buy businesses at a significant discount to our estimate intrinsic value.
2. Invest in businesses that are durable, have pricing-power, and can prosper under a wide range of economic circumstances.
3. Invest with management that think and act as owners.



Process in action and the results.
 At the end of the day, our performance will define our success. If the process is correct, it will materialize in robust long-term performance.



About the Manager

For prospective clients interested in credentials. This manager did not go to a top-tier university or receive an MBA from a prestigious school. This manager's work career did not start in finance at a *Goldman Sachs-like* firm or hedge fund. If you need those boxes checked, you can close this presentation now. For the minority truly seeking superior money management, thank you for your interest.

Since there is nothing more personal than entrusting your money with someone else, this bio will not be a distilled version of me. One's real life events and challenges provide greater depth of a person.

My name is Ted Rasa Jr., I keep the Jr. out of respect for my late father, Ted Rasa Sr. My story really starts there. My father was 17-year-old immigrant to this country with a suitcase. Ted Sr. had the American dream in his veins and got his first job as a box boy at a knitting factory in Brooklyn. He spent countless hours off-the-clock to learn the mechanics of these machines. Fourteen years later, Ted Sr. owned a successful multi-million dollar knitting mill.

Like most manufacturing in the USA, my father's business was struggling at the turn of the century. The year I graduated college; my father was offered a joint venture to relocate his factory to Central America. Despite his intention to keep me out of the knitting business, I joined him down in Central America. Within 6-months of our relocation, my father was diagnosed with terminal brain cancer, and passed away soon after. I was left in charge of my father's legacy at the age of twenty-three.

I earned my 'MBA' the old fashion way. I ran my father's factory for eight years in the trenches and learned a lot about business. In year six, the great recession hit and we probably should have closed the doors around then. However, I wanted the company to go on as a monument to my father. We sold the factory in 2011 and it was the hardest decision of my life. The thing is, I know my father never wanted me stay there. He wanted me to work hard, save my money, come back to America, and make things happen. Which I did.

In 2011, my wife, Jennifer, and I founded a beauty services business in NYC. For many years now, the business has been the top facial spa in NYC, and we are planning future growth initiatives. In 2013, I followed my passion for business analysis and investing by opening Madiron Capital. During this time, Jennifer and I also became proud parents of two beautiful children, Jack and Riley.

My pledge to you is to always be honest, work in your best interests and with the highest integrity. As steward of your capital, I will invest with prudence and diligence.

EDUCATION

Hofstra University, BBA
Major: BCIS Minor: Finance

ACCREDITATIONS

Series 65 Licensed
CFA Level II Candidate

RISK MANAGEMENT

Risk	Description	Steps to address*
<u>Capacity constraints</u>	➤ Performance may degrade as strategies or assets hit capacity limits	✓ Limit size of AUM to under ~\$500 million
<u>Strategy degradation</u>	➤ Strategies can degrade over time as markets evolve and ideas become known.	✓ Monitor strategy for signs of decay
<u>Systematic risk</u>	➤ Consists of the day-to-day fluctuations in a stock's price. Also referred to as volatility and 'undiversifiable risk'.	✓ Our long-term view ignores systematic risk because we consider near-term stock and bond prices to be random
<u>Unsystematic risk</u>	➤ Is the type of uncertainty that comes with the company or industry you invest in. Also known as business risk and 'diversifiable risk'	<ul style="list-style-type: none"> ✓ Diversify the portfolio between 15-50 holdings ✓ Maintain ability to recover from any individual catastrophic events
<u>Natural & manmade disasters</u>	➤ Investment & trading continuity in the face of potential disasters	✓ Test and maintain investment continuity and disaster recovery plans
<u>Key man risk</u>	➤ Investment management is heavily reliant on single person or a few key individuals, often the founders	✓ Develop key man policy to sustain continuity of investments and service clients

SERVICE PROVIDERS & FIRM INFORMATION

Presentation & Reporting

Liquidity:	Daily
Minimum Investment:	\$50,000
Lockup Period:	None
Advisor Fee:	1.00%
Brokerage Fees:	< 0.25%
RIA CRD # :	174254
Custodian/Broker-Dealer:	Interactive Brokers LLC
Account Reporting:	Daily
Advisor Reporting:	Quarterly

GIPS Compliant Presentation & Reporting documentation available upon request.