

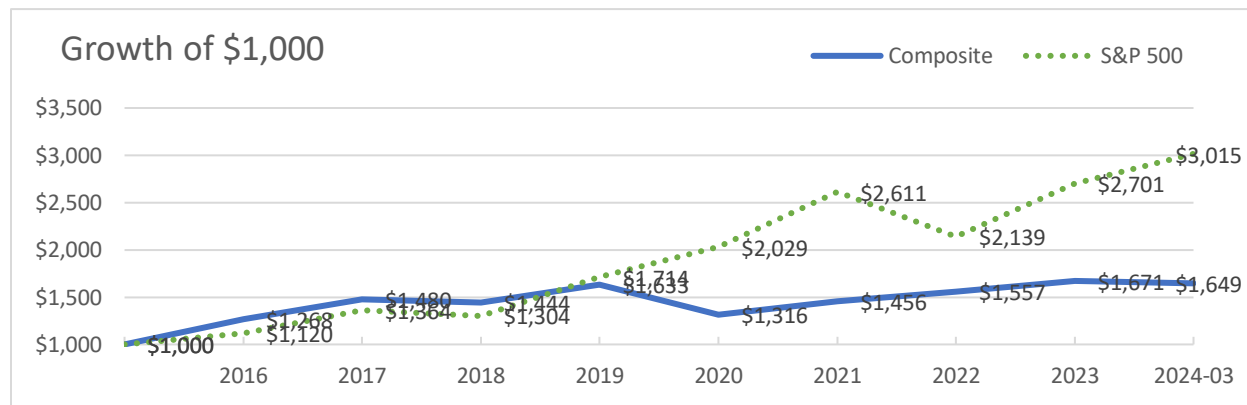
Spring Ocean Capital Newsletter 2024 Q1

Portfolio Performance

Our portfolio performance was:

	S&P 500 Total Return	Spring Ocean Composite ¹
2016	12.0%	26.8%
2017	21.8%	16.7%
2018	-4.4%	-2.4%
2019	31.5%	13.1%
2020	18.4%	-19.4%
2021	28.7%	10.6%
2022	-18.1%	7.0%
2023	26.3%	7.3%
2024 Q1	11.6%	-1.4%

Assuming \$1,000 was invested at the beginning of 2016, the cumulative performance would be:

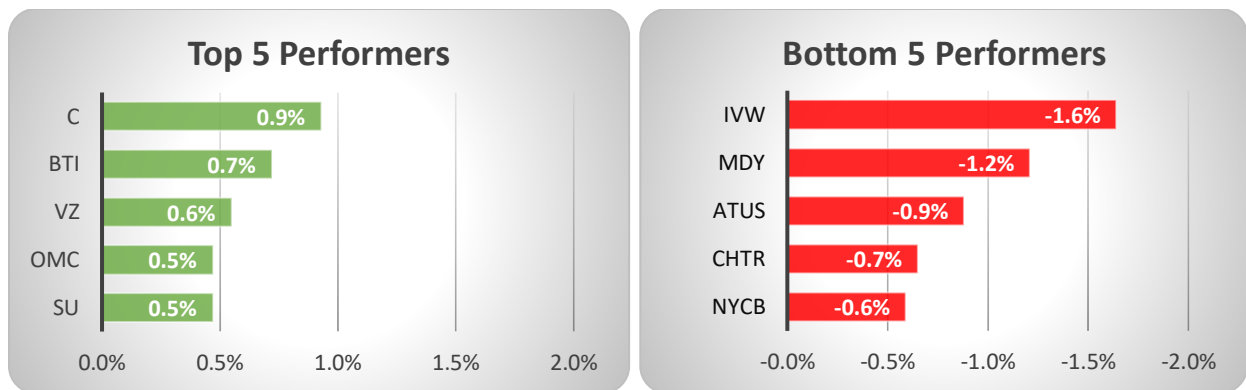


The S&P 500 total return index was up 11.6% in the first quarter, while our portfolio decreased by 1.4% during the same period.

The stock market continued its strong advance, rising by another 11.6% in the first quarter. Our performance for this quarter lagged behind the market. This was mostly due to the tech sector's advance, from which we have no exposure due to their high valuations, resulting in about a 4% under-performance. Additionally, our hedging positions contributed to a 3% under-performance. The remaining under-performance was attributed to our other stock selections.

Below are our top and bottom five performers for the quarter. The top 5 performers generated a total profit of 3.1%, while the bottom 5 had a total loss of -5.0%.

¹ We used the Interactive Broker's portfolio analytic data output. It included all actively managed accounts after all expenses and fees but excluded passive managed accounts. For detailed monthly return data, please see the other report (IB portfolio monthly PnL report). Performance data were not audited. Individual account performance may vary.



The top 5 performers are:

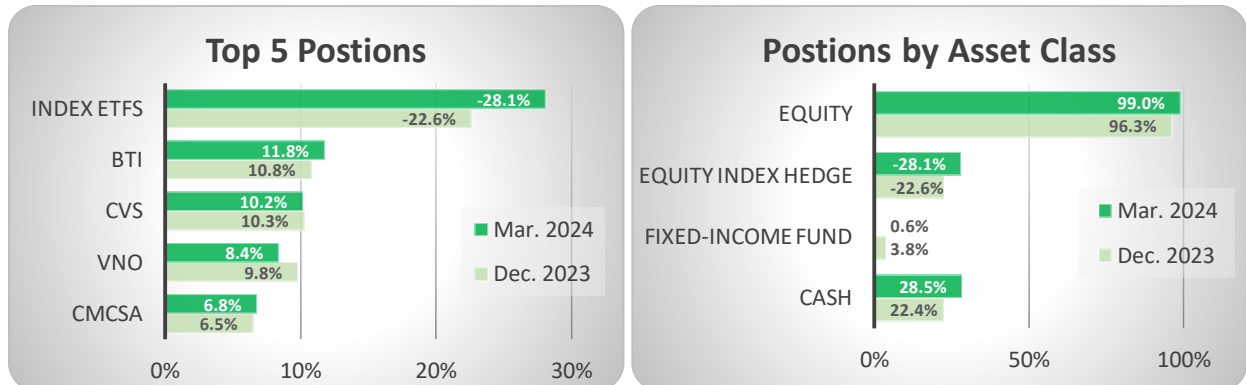
1. Citi Group (**C**) is one of the largest banking groups in the U.S. We have this position for a couple years. The bank is not highly leveraged, and the market price is about 40% below its tangible book value. The stock rebound in the first quarter alone with the general financial sector.
2. British American Tobacco (**BTI**) owns brands like Dunhill, Kent, and Camel. We acquired more shares this quarter when the price dropped. It is now one of our largest positions. We like its stable earnings and dividends, which are particularly valuable in the current uncertain environment.
3. Verizon (**VZ**) is the largest wireless carrier in U.S. The price was depressed last year, we bought some positions and price has appreciate in the first quarter.
4. Omnicom Group (**OMC**) is a major advertising agency. We re-established some position after selling many shares in the first half last year when price were high. The stock performed well this quarter.
5. Suncor energy (**SU**) is a major integrated energy company in Canada. Major assets include Oil Sands and the downstream refining business. It is very profitable and the energy sector is also doing well.

Our bottom 5 performers are as follows:

1. The IShares S&P 500 Growth ETF (**IVW**) is a short position. The growth index increased in the first quarter, resulting in a loss for us.
2. The S&P Midcap 400 ETF (**MDY**) is a short position. The mid-cap index increased, leading to a loss for our positions.
3. Altice USA (**ATUS**) is the fourth-largest cable TV and internet operator in the U.S. With a substantial debt load on its balance sheet, the rapid interest rate hikes in 2023 made it challenging to service and renew its debt, putting the stock under stress. Our loss continued into the first quarter.
4. Charter Communications (**CHTR**) is the second largest cable operator in the U.S. The recent challenges in the cable industry have impacted its performance negatively.
5. New York Community bank (**NYCB**) is a short-term play for us. We bought the stock too early and suffered some loss as a result.

Major positions

Our top 5 positions and asset classes at the end of Q1 2024 were as follows:



BTI: British American Tobacco; CVS: CVS Health; VNO: Vornado REITs; CMCSA: Comcast Corp;

We made some adjustments to our positions, increasing our holdings in BTI and taking some profit on VNO. The increase in the index ETF positions was due to price and cash movement. In terms of asset classes, we raised our equity position by 2.7%, reduced our fixed-income fund by 3.2%, and increased the hedging position by approximately 5.5%.

In summary, our performance in Q1 2024 fell behind the general market. Market conditions continues to be influenced by a tight monetary policy, and the inverted yield curve persists. The inverted yield curve, where short-term yields surpass long-term yields, typically serves a robust leading indicator of a recession, albeit sometimes with long (1-2 years) lead time. We will continue to closely monitor both the market and the fundamentals of our portfolio companies.

Hua Wei, Ph.D., CFA on May. 17, 2024 in Orange, Ohio

Portfolio Manager, Founder,
Spring Ocean Capital LLC

<http://www.SpringOceanCapital.com>

Legal Information and Disclosures

This newsletter expresses the views of the author as of the date indicated and such views are subject to change without notice. Spring Ocean Capital has no obligation to update the information contained herein. Further, Spring Ocean Capital makes no representation, and it should not be assumed, that past investment performance is an indication of future results. All performance is computed on a before-tax time weighted return (TWR) basis and is net of all paid management fees and brokerage costs. Performance figures are unaudited and generated using our custodian's reporting functionality. Performance of individual accounts may vary depending on the timing of their investment, the effects of additions/withdrawals from their account. This newsletter is being made available for information purposes only and should not be used for any other purpose. The information provided should not be considered as investment advice or a recommendation to purchase or sell any security. While the information presented herein is believed to be reliable, no representations or warranty is made concerning the accuracy of any data presented.