

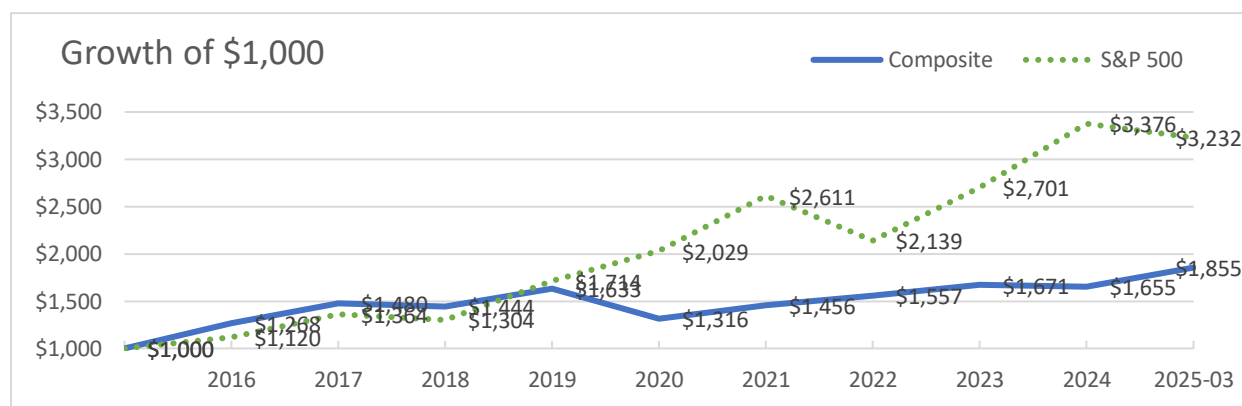
# Spring Ocean Capital Newsletter 2025 Q1

## Portfolio Performance

Our portfolio performance was as follows:

	S&P 500 Total Return	Spring Ocean Composite <sup>1</sup>
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	25.0%	-1.0%
2025 Q1	-4.3%	12.1%

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

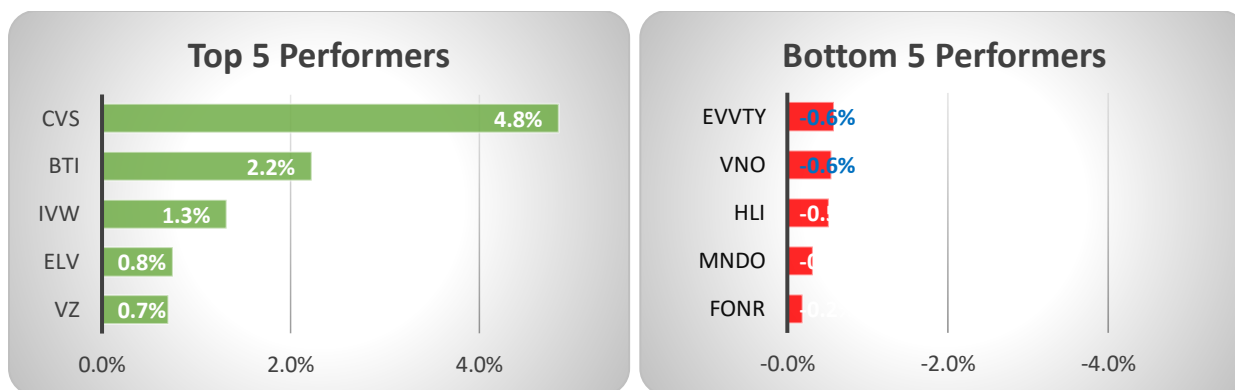


The S&P 500 Total Return index decreased by 4.3% in the first quarter, while our portfolio increased by 12.1% during the same period.

The market reversed the trend seen in Q4 2024, when growth-oriented indices outperformed value stocks. In Q1 2025, growth stocks declined sharply, while value stocks remained stable. As a value-focused portfolio, we outperformed the general market by a wide margin.

Below are our top and bottom five performers for the quarter. The top five performers generated a total profit of 9.8%, while the bottom five resulted in a total loss of 2.2%.

<sup>1</sup> We used the Interactive Brokers' 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 P&L report). Performance data are not audited. Individual account performance may vary.



The top 5 performers are:

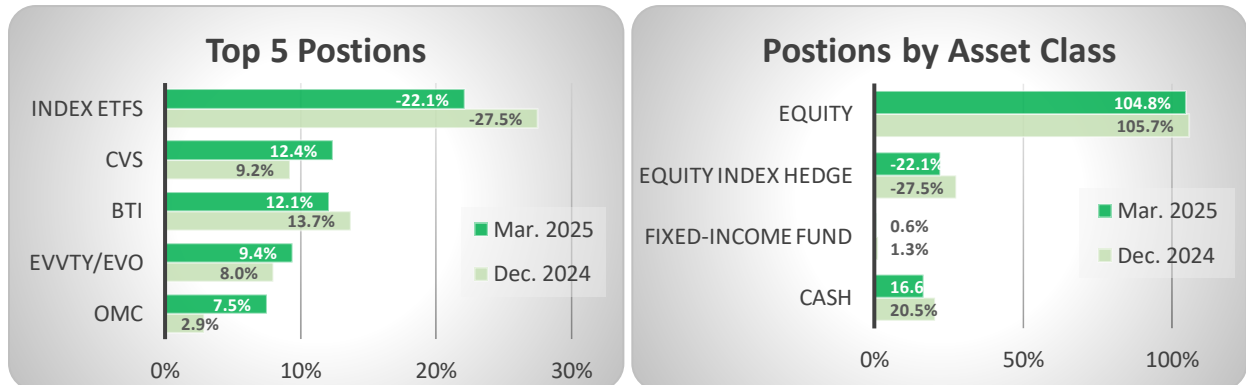
1. CVS Health (**CVS**) is one of the largest pharmacy service and health insurance companies in the U.S. It was our top loss in 2024 and we discussed the problems and we believed these problems should be temporary. In the first quarter, we saw a reverse of previous year's results.
2. British American Tobacco (**BTI**): BTI owns globally recognized brands such as Dunhill, Kent, and Camel. It has become one of our largest positions due to its stable earnings and reliable dividends, which are particularly valuable in the current uncertain economic environment. It continued the strong performance from last year.
3. The iShares S&P 500 Growth ETF (**IVW**) is a short position. The growth index decreased in the first quarter, resulting in a gain for us.
4. Elevance Health Inc (**ELV**) is another health insurance company. We build some positions in Q4 of last year. The health insurance sector outperformed in Q1 this year, and we made a profit here.
5. Verizon (**VZ**) is the largest wireless carrier in US. In Q1, the market shifted from growth stocks to value stocks, and this general trend helped its performance.

Bottom 5 performers are:

1. Evolution AB. (**EVVTY**) provides online casino system to gaming operators. We initiated this position in the second half of 2024. Evolution is growing at nearly 20% annually but is valued at a modest 12x P/E ratio, making it a rare find in today's market. The small loss is most likely due to overall market movement.
2. Vornado Realty Trust (**VNO**) is a Real Estate Investment Trust (REIT) that owns premier office and retail assets in the New York City market. We have a good return of this stock in 2024 and price rose substantially. We take the opportunity to reduce some positions last year. This year, the price has pulled back from its high.
3. Helia Group (HLI), previously known as Genworth Mortgage Insurance, is an Australian mortgage insurance company. We have held this stock since 2018. The stock offers a high dividend. The loss in Q1 is most likely due to market movement.
4. MIND CTI Ltd (MNDO) is a small telecom software provider based in Israel. It is one of our long term positions (since 2016). It offers a dividend of around 10% per year. The loss here was probably due to reduced guidance for the year.
5. Fonar Corp. (FONR) is a small medical equipment company specializing in upright MRI scanner research and MRI medical office management. Their medical office management business generates steady income. However, their 2024 Q4 result was weaker than expected, and the price is down.

## Major positions

Our top 5 positions and asset classes at the end of Q1 2025 were as follows:



CVS: CVS Health; BTI: British American Tobacco; EVVTY/EVO: Evolution AB; OMC: Omnicom Group

In Q1, we increased positions in CVS, EVVTY and OMC, while slightly trimmed our holdings in BTI and our short position in index ETFs. Regarding asset allocation, we slightly decreased our equity position by 0.9%. Additionally, our hedging position decreased by 4.6% mostly due to price movements.

In summary, our first quarter performance was strong. The market reversed the trend seen in Q4 2024 and favored value-style stocks this quarter. Our significant allocation to value-oriented stocks, along with the hedge position against the general market, contributed positively to our performance during that period.

Hua Wei, Ph.D., CFA on May. 20, 2025 in Orange, Ohio

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