

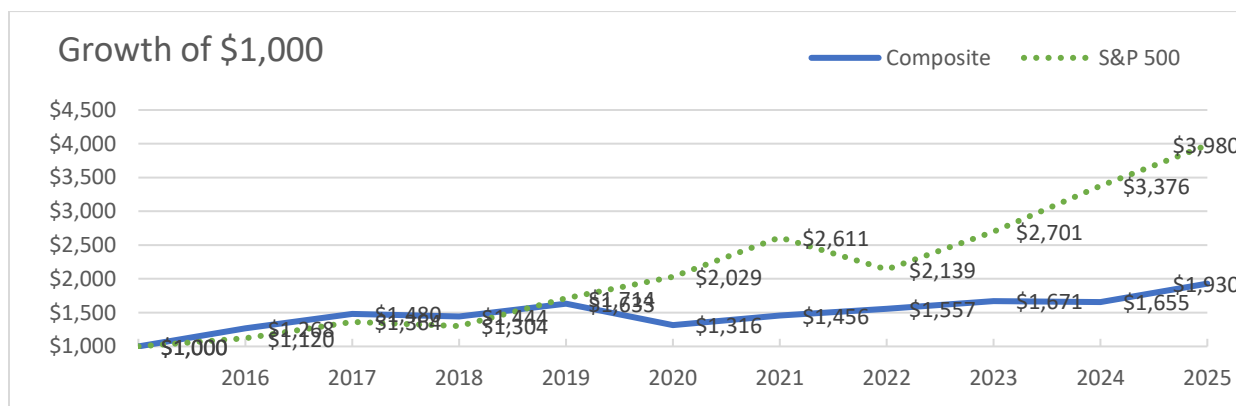
Spring Ocean Capital Newsletter 2025 Q4

Portfolio Performance

Our portfolio performance was as follows:

	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	25.0%	-1.0%
2025 Q1	-4.3%	12.1%
2025 Q2	10.9%	3.3%
2025 Q3	8.1%	1.4%
2025 Q4	2.7%	-0.7%
2025 Q1-Q4	17.9%	16.6%

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



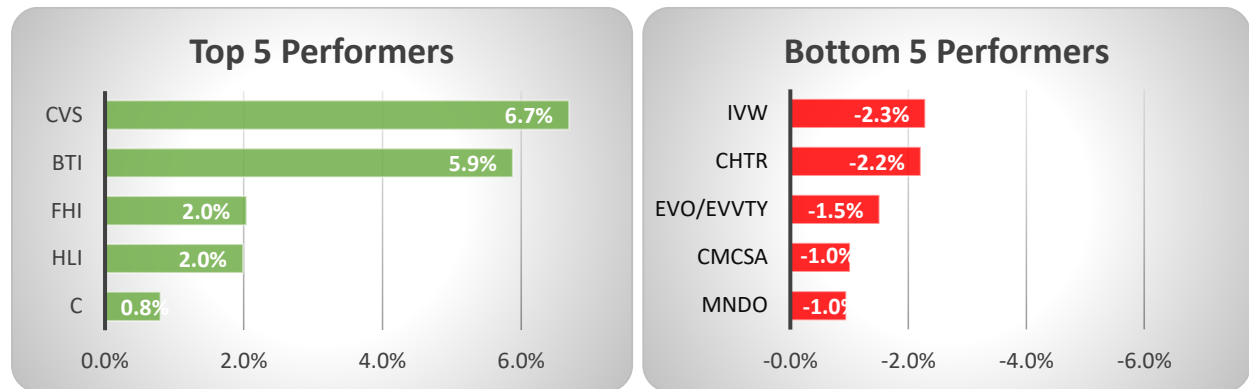
The S&P 500 Total Return index rose 2.7% in the fourth quarter, while our portfolio declined 0.7% over the same period. For the full year 2025, the S&P 500 Total Return index gained 17.9%, while our portfolio gained 16.6%.

Renewed investor enthusiasm for growth-oriented stocks – particularly in the technology and communication sectors – continued to push the broader market higher.

¹ 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.

In contrast, value-oriented sectors, such as financials, energy, and healthcare, posted more modest gains. As a value-focused portfolio, our performance lagged the broader index during this growth-driven rally. Nevertheless, for the full year our portfolio nearly matched the index return.

Below are our top and bottom five performers for the year. The top five performers generated a total profit of 17.4%, while the bottom five resulted in a total loss of 8%.



The top 5 performers are:

1. **CVS Health (CVS)** is one of the largest pharmacy services and health insurance companies in the U.S. After rebounding in Q1 from a difficult 2024, the company continued to stabilize as management reaffirmed guidance and implemented initiatives to improve operational efficiency. While uncertainties remain in the healthcare services segment, we believe the valuation is compelling, and the stock is positioned for continued recovery.
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. In a year dominated by growth stock outperformance, BTI's resilience reaffirmed the defensive quality of our value-oriented holdings.
3. **Federated Hermes Inc. (FHI)** is an asset management company with a strong focus on fixed-income investing. Its revenue is closely linked to overall market performance and assets under management. The stock benefited from improving market conditions and steady inflows into income-oriented products.
4. **Helia Group (HLI)**, previously known as Genworth Mortgage Insurance, is an Australian mortgage insurance company. The company's fundamentals remain solid, supported by strong underwriting standards and a stable Australian housing market. Its attractive dividend yield continues to contribute meaningfully to total return.
5. **Citigroup (C)**: We closed out this position shortly after Q2, and the profit was mainly from the first half of 2025.

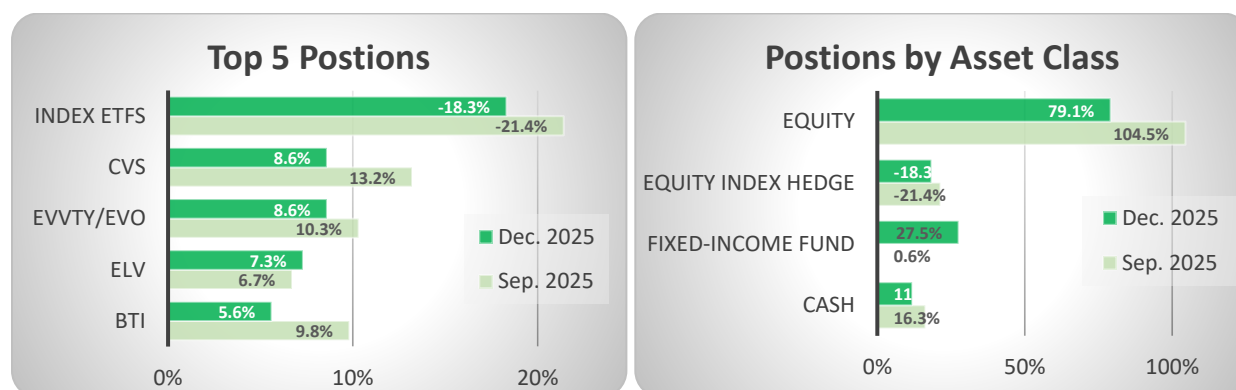
Bottom 5 performers are:

1. The **iShares S&P 500 Growth ETF (IVW)** is a short position. After a profitable first quarter, the position posted a year-to-date loss of 2.3% by the end of 2025. The sharp rebound in mega-cap technology stocks was the primary driver. We continue to view this position as a partial hedge against valuation risk in overheated segments of the market.
2. **Charter Communications (CHTR)**: After modest gains in the first half of the year, the cable sector came under pressure as subscriber erosion continued at a gradual pace. The company also faces competitive headwinds from fiber and fixed-wireless providers. We believe many of these risks are already reflected in the valuation, and we continue to hold the stock based on long-term cash flow generation potential.

3. **EVO/EVVTY (Evolution AB)** provides online casino system to gaming operators. We initiated this position in the second half of 2024. The company had about 20% growth in the last couple years, but growth stalled in 2025. Hence the lower stock price in 2025.
4. **Comcast (CMCSA)** is one of the largest cable and media companies. It owns the Comcast cable network, NBCUniversal media, studios and theme parks, as well as the Sky network in Europe. The cable and media segments remain under pressure due to ongoing cord-cutting and competition from fixed wireless internet and fiber-to-the-home operators.
5. **MIND CTI Ltd (MNDO)** is a small telecom software provider based in Israel. It remains a long-term holding in our portfolio. Investor sentiment has weakened due to declining revenue, but we continue to hold the position given its low valuation, strong balance sheet, and niche market presence.

Major positions

Our top 5 positions and asset classes at the end of Q4 2025 were as follows:



CVS: CVS Health; EVVTY/EVO: Evolution AB; ELV: Elevance Health. Inc; BTI: British American Tobacco;

In Q4, most of the position changes were due to one account moving to passive management. But for continuity purposes, we still count this account as part of total managed accounts for this year. From an asset-allocation perspective, we decreased our equity exposure by 25%. Most of the money is moved to fixed-income fund, which increased the weight by about 27%.

While we underperformed the index this quarter and the current market environment continues to reward growth-oriented stocks, we believe our portfolio remains well-positioned for long-term capital preservation and attractive risk-adjusted returns. The fundamentals of our core holdings remain solid, and we continue to prioritize disciplined valuation, cash-flow strength, and downside protection in an increasingly volatile macroeconomic environment.

Hua Wei, Ph.D., CFA on Feb. 18, 2026 in Orange, Ohio

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