



**INVESTMENT PERFORMANCE (%) as of September 30, 2024**

	Total Return			Annualized Return		
	Qtr	YTD	1 Year	3 Year	5 Year	Inception*
<b>Palm Valley Capital Fund</b>	2.43%	4.32%	8.49%	5.62%	7.84%	7.44%
<b>S&amp;P SmallCap 600 Index</b>	10.13%	9.33%	25.86%	3.99%	10.20%	8.94%
<b>Morningstar Small Cap Index</b>	8.48%	10.49%	26.04%	4.06%	9.81%	8.38%

\*Inception date for the Palm Valley Capital Fund is 4/30/19

Performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the Fund may be higher or lower than the performance quoted. Performance of the Fund current to the most recent month-end can be obtained by calling 904-747-2345.

As of the latest prospectus, the Fund's Investor class gross expense ratio is 1.47% and the net expense ratio is 1.26%. Palm Valley Capital Management has contractually agreed to waive its management fees and reimburse Fund operating expenses through at least April 30, 2025.

**Beggar Thy Enabler**

"The dragons dance, and men are like dust under their feet.  
And all our fine thoughts, all our endeavors are as nothing."  
*House of the Dragon, Season 2*

October 1, 2024

Dear Fellow Shareholders,

Growing up in the '80s, a panhandler's tattered cardboard sign would often read, "Will work for food." The desperation of that plea, when earnest, was compelling. Nowadays, while waiting at an intersection, the appeal you're more likely to see is "Anything helps." This avoids the time-consuming work offered by the original version and increases the odds of receiving money instead of food. On the flipside, as fewer people carry cash, the number of potential passerby contributors is dwindling. It's a shifting calculus for the streets.

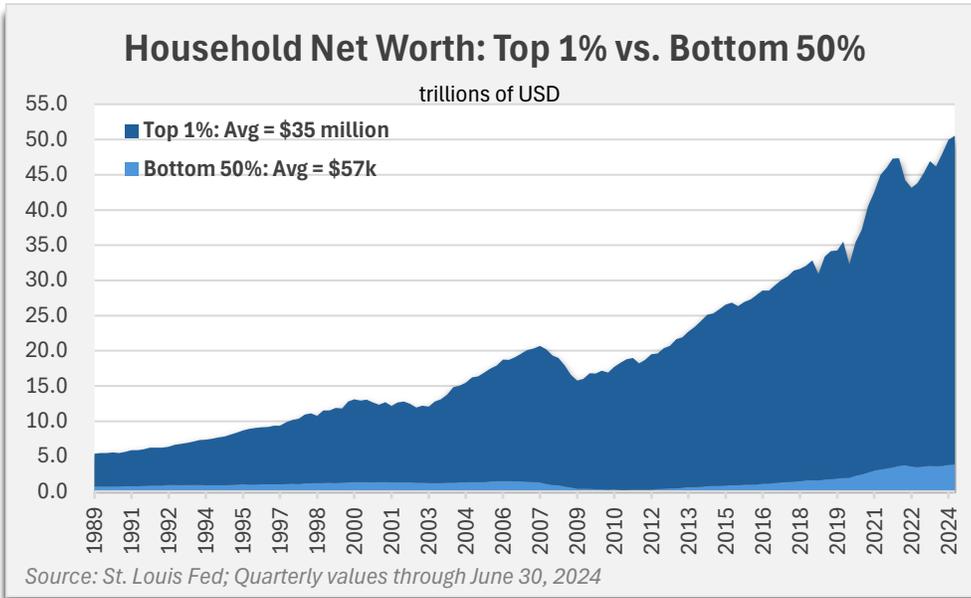
Begging is not just for the truly destitute and small-time swindlers. It is ingrained throughout our economy from head to toe. It even exists nominally as an economic trade strategy predating Adam Smith. Per Wikipedia, "*Beggar-thy-neighbor is an economic policy through which one country attempts to remedy its economic problems by means that tend to worsen the economic problems of other countries.*" The escalating trade war between China and the U.S. is rooted in accusations of these tactics.





There is a domestic analog: *Beggar-thy-neighbor enabler* is an economic policy through which one *country class* attempts to *remedy-satisfy* its economic *problems* *avarice* by means that tend to worsen the economic *problems* of other *countries* *classes*. This is

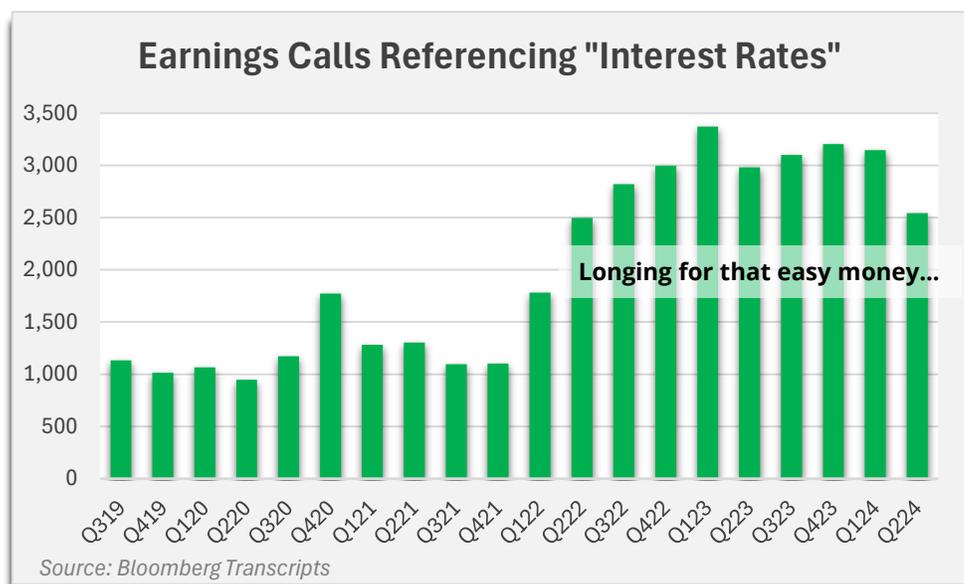
orchestrated by institutions including the Federal Reserve and Congress, who are lobbied incessantly by moneyed interests. Washington proclaims it can create a permanent economic expansion by manipulating interest rates and spending borrowed money, but that plan is not working for everyone. The ruling elite receive the spoils while the working class toils.



In August, billionaire Elon Musk said it was foolish that the U.S. central bank hadn't cut interest rates yet. Wall Street raised the ante in the week before the September Fed meeting, with one bank strategist after another recommending an upsized half-point rate cut. Per a single *Bloomberg* September 13<sup>th</sup> piece: "The case for the Fed cutting more aggressively next week is strong"... "Markets would welcome the move"... "Officials will do the 'right thing' and cut a half-point." Former Fed member Bill Dudley echoed that sentiment, arguing the Fed should "go big now." *The Wall Street Journal's* Greg Ip wrote that it would be riskier for the Fed to only cut by 25 basis points, although he acknowledged if they followed through with his prescribed 50 basis

points "stocks could turn frothy." Sir, the P/E on the S&P 500 was already 24x! In a September 16<sup>th</sup> letter to Chairman Powell, Senators Elizabeth Warren, John Hickenlooper, and Sheldon Whitehouse commanded the Fed to implement an immediate 75 basis points reduction.

**When asset prices are at record highs, what's more shameful than aristocrats pleading for easy money?**

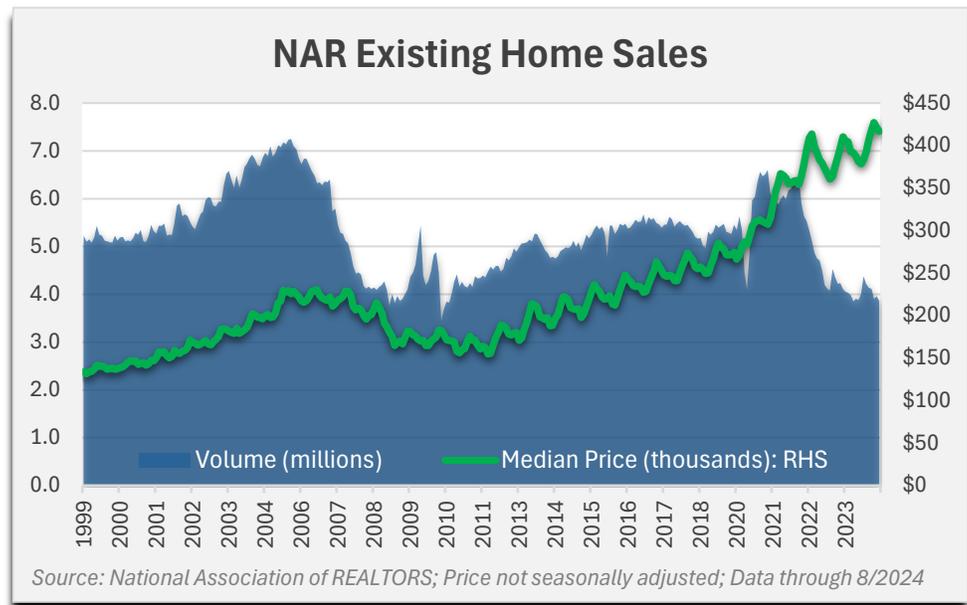




On September 18, 2024, the Federal Reserve lowered short-term interest rates by 50 basis points. Considering the mainstream characterizations of today's U.S. economy, this was remarkable in a historical context. In September 2007 when the Fed slashed rates by 0.5%, they acknowledged that a housing correction was underway, with the subprime contagion spreading. Coinciding with the January 2001 half-point cut when the tech bubble began imploding, the Fed cited eroding consumer and business confidence, falling margins, and an appreciable weakening of retail sales and business spending. In contrast, to kick off the easing cycle in 2024, Chairman Powell asserted that the U.S. economy is strong and near maximum employment. Stocks and home prices are at record highs.

This dovish Fed cut rates under the guise of the greater good, as inflation has receded from the aftermath of the pandemic stimulus. This will supposedly support employment by making viable all those "amazing" projects that just don't work when the cost of capital is a couple percent higher. Lower rates will also facilitate borrowing and purportedly improve housing affordability, since after all, who cares what a house costs if it can be financed at 3% for 30 years? Cross their hearts, the Fed says they do it for the little guy. If there are ancillary benefits from their policies accruing to others who don't need a lifeline, so be it. Don't protest, just invest.

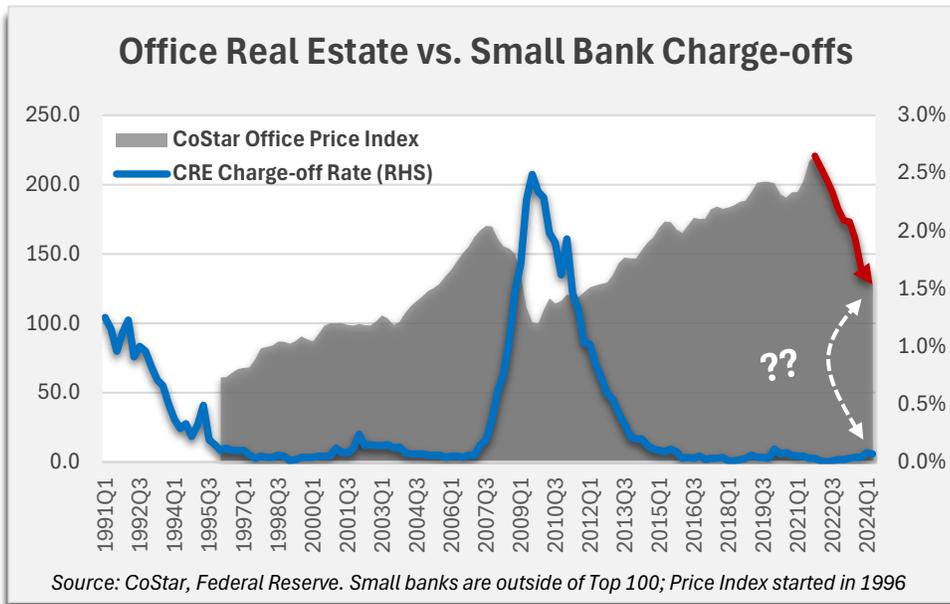
No industries are counting on lower rates more than real estate and banking. Real estate investors might be the most overconfident on the planet, with countless multimillionaires minted over the last four decades of the secular decline in interest rates. President Obama's controversial "You didn't build that" 2012 campaign speech would have been better directed at asset owners than business owners. U.S. housing prices stormed back after the credit crisis to new records, and then the Fed raised rates in 2022. To the surprise of most, home values barely flinched. However, housing activity cratered. The National Association of REALTORS has activated its Quad City DJ's pitch: *Come on, ride the train, and ride it!*



It's no mystery why many have developed an unshakable conviction in residential real estate, given its long-term appreciation. It also has the advantage of being a tangible asset the central bank can't print. Nevertheless, housing affordability is driving a sharp wedge between classes. Furthermore, even ignoring burgeoning mortgage payments, owning a home is increasingly expensive. Rate cuts may only defer a needed correction in prices. During his post-meeting press conference, Chairman Powell said the "real issue" with housing was a lack of supply, "And this not something the Fed can really fix." While time will tell, we're not confident there will be a tranquil outcome for the housing market. The wealth effect that drives consumer spending would disintegrate with any pullback in home prices.



The current backdrop for the commercial real estate market (CRE) is already menacing. In a July 29<sup>th</sup> article about the unfolding CRE downturn, *The Wall Street Journal* wrote, "...many lenders have been reluctant to take over properties in hopes of a recovery and to avoid the expense and losses of foreclosure actions." Survive until '25. Property valuations for the office sector have completely tanked (-40% per CoStar) and multifamily is suffering as well. The FDIC Chairman remarked on September 5<sup>th</sup>, "The industry's noncurrent rate for non-owner occupied CRE loans in the second quarter was at its highest level since third quarter 2013," but this was driven by large lenders. The CRE loan charge off rates registered by small



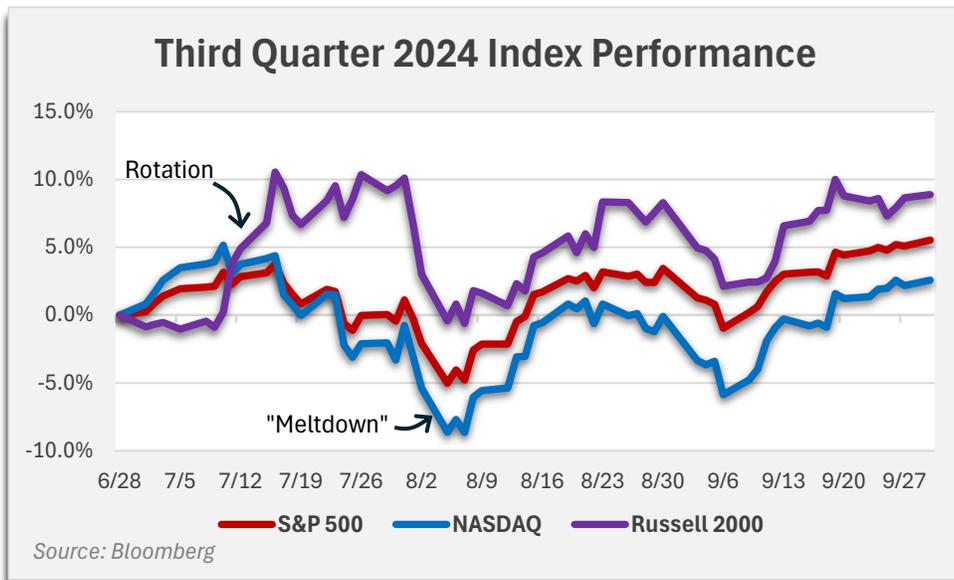
banks cling to the lows. Money center banks are probably being more truthful about balance sheet risk, but their exposure to CRE loans is substantially less as a proportion of their portfolios. **Given that valuations for a sizeable chunk of the CRE market are down significantly, we believe small banks may not be properly recognizing expected loan losses on distressed assets.**

Furniture retailers targeting consumers with weaker credit profiles have been flattened. During the quarter, Conn's/Badcock (a recent merger of weak-quals) and Big Lots declared bankruptcy. Conn's, an 87-year-old retailer offering furnishings and financing, will liquidate after closing its 553 stores. Management cited "drastic shifts in consumer behavior brought on by macro-economic trends, including changes to consumer spend as a result of multiple rounds of government stimulus associated with the COVID-19 pandemic, market-wide interest rate pressures, inflation..." Online merchant Wayfair said the contraction in the home furnishings space is now as severe as the financial crisis. Pressure is also building on middle and higher end home furnishings companies, who believe rate cuts will revive their bottom lines. Haverty's CEO commented this summer, "We certainly are pleased to see the Fed's recent indications or signals that the rates are going to be coming down this year...And so we know it's coming. We just don't know exactly when." La-Z-Boy added, "We are optimistic that expected Fed rate cuts later this calendar year will begin to spur an acceleration in housing turnover and subsequently in furniture demand." There are many more examples of industries begging for lower rates to improve demand. After more than a decade of tailwinds, easy money became part of their business models. Behind closed doors, we imagine no institution has petitioned harder for rate relief than the U.S. Treasury Department.

During the quarter ending September 30, 2024, the Palm Valley Capital Fund Investor class gained 2.43%, while the S&P SmallCap 600 rose 10.13% and the Morningstar Small Cap Total Return Index appreciated 8.48%. The equity positions in the Fund increased 8.32% during the period, which was slightly below our small cap benchmarks. Cash equivalents began and ended the quarter at around 81.5% of Fund assets.



In July, the market experienced an unprecedented rotation into small caps. The apparent catalyst was a July 11<sup>th</sup> core inflation print that was 0.1% below expectations, solidifying investors' confidence in pending rate cuts. The Russell 2000 gained 12% over five days. The 10% relative outperformance over S&P 500

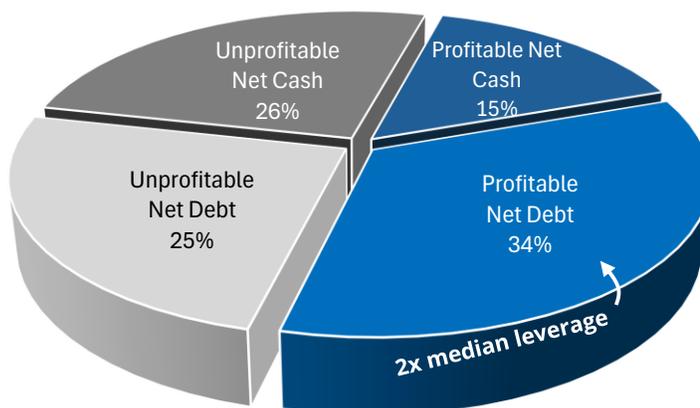


stocks was the largest ever in a span of that length, even exceeding 1987's Black Monday. Inflows into small cap funds reached near-record levels. Two months later, on September 11<sup>th</sup>, core inflation registered 0.1% above expectations. Despite the opposite direction of the surprise, the small cap market still increased 5% over the next five trading days. We guess Newton's Third Law of Motion does not apply.

The supercharged NASDAQ finally took a backseat to the action and fell 13% from early July to early August. On August 5<sup>th</sup>, Japan's Nikkei 225 dropped 12%, which was its steepest one-day decline in 37 years. All major U.S. stock indexes were down more than 3% on that day. The financial media labeled it a market meltdown. The catalysts cited were a weak U.S. July jobs report and an interest rate hike in Japan, which sent the yen surging. Predictably, the Bank of Japan responded by announcing it would not raise rates further while the market was unstable. Seventeen years without a rate hike, and when they nudge them up a skosh, suddenly the world is on fire. The central bank's dovish pledge quickly soothed investors' growing angst.

Small caps, which were already the standout performers in the quarter leading up to the September Fed meeting, further rallied on news of the cuts. Although many investors loudly embrace a connection between lower interest rates disproportionately benefiting small cap fundamentals, there is more to that story. Over 40% of nonfinancial Russell 2000 members have net cash, including a slight majority of unprofitable constituents. They might be crummy, but they aren't lousy because of their balance sheets. The direct impact they experience from changes in interest rates will be limited. Approximately one quarter of small caps are net borrowers that lose money. In other words, they have operating and financial risk, which

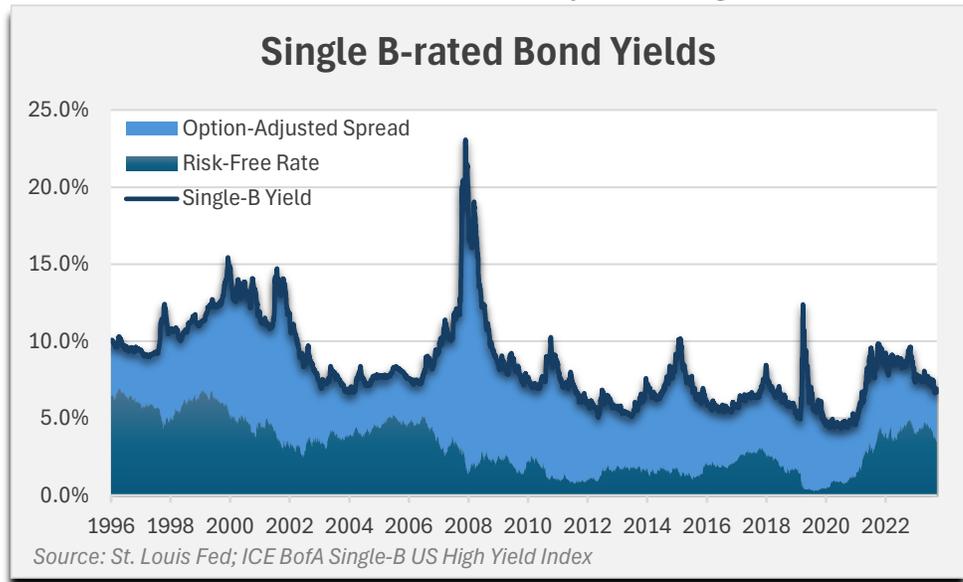
**Russell 2000 Nonfinancials**





is a combination we seek to avoid at Palm Valley. Another third of nonfinancial Russell members make money and have net debt. Median leverage for this group is approximately 2.0x (Net Debt/EBITDA).

While rate cuts will help firms with floating rate debt, many companies have low fixed rate liabilities that have not reset since rates increased. According to Goldman Sachs, fixed rate debt accounts for over 60% of total small cap debt, excluding financial companies. As of the latest quarter, the median interest rate paid on debt by Russell 2000 nonfinancials was 7.0%. The current overall yield for single B-rated borrowers of 6.7% is similar to the average level that prevailed in the decade before the pandemic, and the associated credit spreads have almost never been tighter. Many small cap borrowers never experienced a significant increase in financing charges after short-term rates rose, so the upside from lower rates will be limited for them.



While the stocks of leveraged companies with serious operating and liquidity issues have suffered extensively, it remains to be seen how much anticipated monetary easing will help them. Tupperware Brands had long been on a death march and filed Chapter 11 on the Fed meeting day. Restaurant BurgerFi hit the eject button a week earlier, and it wasn't their interest rate that did them in—the chef-crafted burger chain was serving up \$20 million annual operating losses despite naming their signature menu choice The CEO Burger. **We believe the distinct relationship between interest rates and small cap stocks is driven as much by risk-on perceptions as the reality of operating fundamentals.**

The Fund's top decliners during the third quarter were TrueBlue (ticker: TBI) and Resources Connection (ticker: RGP). Our staffing holdings have suffered as the weak demand for temporary labor is spreading to

Top 10 Holdings (9/30/24)	% Assets
Sprott Physical Silver Trust	2.90%
Amdocs	2.49%
Sprott Physical Gold Trust	1.95%
Lassonde Industries	1.73%
WH Group (ADR)	1.56%
Northwest Natural	1.47%
TrueBlue	1.26%
Carters	1.03%
Avista	1.00%
Resources Connection	0.81%

permanent jobs, further eroding investor sentiment on the industry. Strong payroll numbers reported by the government over the past eighteen months were inflated and have been revised lower. We believe a convergence in demand between temporary and permanent jobs is necessary before the staffing industry can begin to heal. Job openings are now below the pre-pandemic trend and are worse in the private sector, since government job openings have outperformed.

Demand for TrueBlue's short-term, industrial-focused day labor services have declined more than other forms of



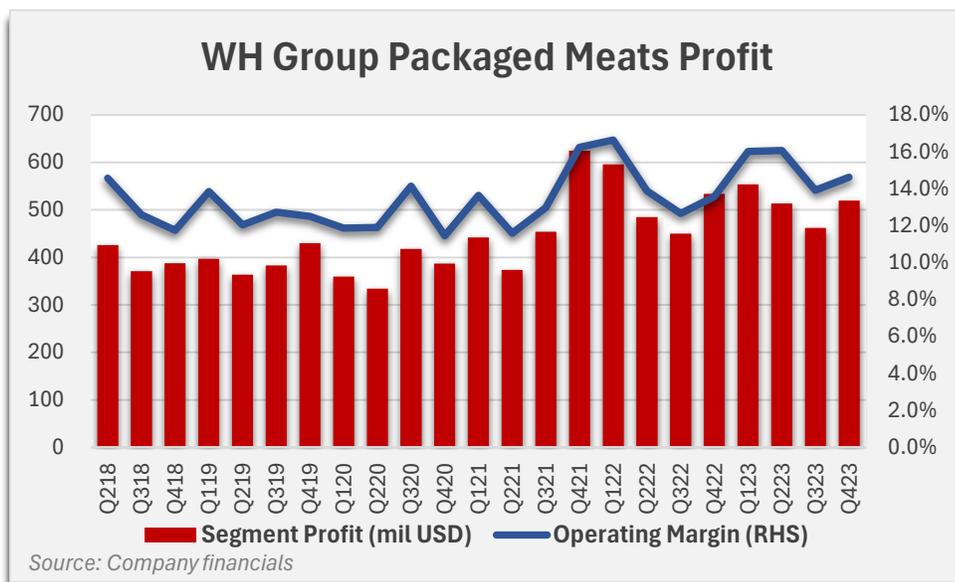
temporary staffing, and second quarter results fell short of guidance. The company has aggressively reduced expenses to limit its operating losses in this challenged environment. The shares are trading below tangible book value and for 3.5x our estimate of normalized operating profit. Resources Connection operates on the other end of the staffing spectrum from TrueBlue, offering consulting and professional staffing services. Current revenues are the lowest in years, which demonstrates the severity of the industry downturn, since bill rates have grown materially over time. On the last earnings call, RGP's CEO said once clients see the first interest rate cut, "It's going to be a firm line in the sand that we're moving in the right direction." Our portfolio holdings aren't immune from the beggar mentality! We expect RGP's earnings to continue sliding in the near-term, but the company has no debt and a significant amount of cash to sustain it until the recovery. RGP's dividend yield exceeds 5%.

The Fund's top three contributors in Q3 were Lassonde Industries (ticker: LAS/A CN), Amdocs (ticker: DOX), and WH Group (ticker: WHGLY). Lassonde appears to have hit its stride after facing a rough patch of cost inflation and manufacturing inefficiencies a couple years ago. The fruit juice and drink manufacturer grew operating profit by more than 30% in the latest period. Management expects major capital investments in their manufacturing infrastructure to further improve performance, particularly in the U.S. market, where margins have lagged Canada. To expand its higher margin Specialty Foods segment, Lassonde recently closed an acquisition of the premium sauce brands *Gia Russia*, *Little Italy in the Bronx*, and *G Hughes*, the leader in sugar free BBQ sauce.



WH Group's shares have shrugged off the sluggishness in the Chinese economy and are responding to a combination of significantly improved U.S. and Mexico Pork segment performance, in addition to the pending IPO of Smithfield. Second quarter operating profit from the company's North American pork

business was \$58 million versus a loss of \$277 million in the prior year quarter, as a result of higher prices and lower feed costs. Operating margins for the firm's core Packaged Meats segment (bacon, sausage, ham) remain excellent and exceed peers like Tyson and Hormel. We believe WH Group's motivation for pursuing a separation of Smithfield is due to increasingly contentious



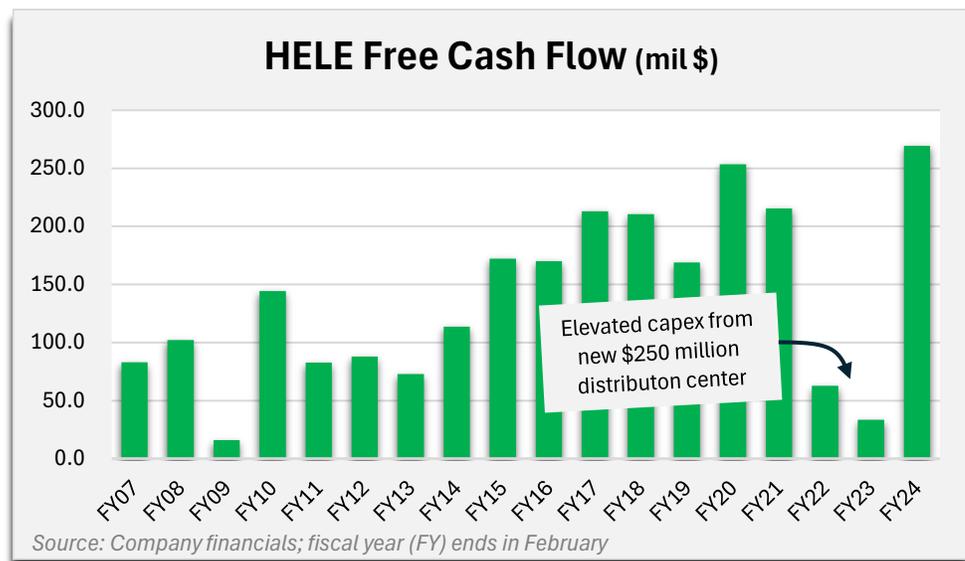


rhetoric covering trade between China and the U.S., as well as a persistent discount of the Hong Kong parent company’s valuation. Smithfield will remain majority-owned by WH Group after the partial spinoff.

Amdocs is one of the Fund’s larger positions. The stock appreciated during the quarter on record revenue and strong margins. The firm continues to facilitate digital and cloud migrations for the world’s leading telecommunications companies. Management has embraced the marketing opportunity from associating its services with AI (artificial intelligence), including tools used to streamline contact center call handling times. Recurring managed services revenue accounts for nearly 60% of the top line and includes agreements with many top providers such as AT&T, Vodafone, TELUS, and Charter. While the sell side sometimes seems to struggle with accepting Amdocs’ mature growth rates, we value the firm’s consistency and strong cash generation.

Helen of Troy (ticker: HELE) was the only new purchase made during Q3. It is a diversified consumer products roll-up. The company’s top brands include OXO, Hydro Flask, Osprey, PUR, Hot Tools, and Dry Bar. Helen also has leading market positions through the licensed brands Braun, Vicks, Honeywell, and Revlon. The company’s operating performance peaked during the pandemic, but sales have contracted in the last two years as consumer demand for Helen’s products has normalized post-stimulus. The firm’s stock is heavily shorted, with short sellers arguing that Helen is an overleveraged and broken roll-up with second tier brands and meager cash flow. We believe this is wrong. Most of the company’s brands command leading shares in their markets.

Helen has a long-term licensing relationship with Procter & Gamble, serving as a steward for several of its brands and benefiting from P&G’s marketing muscle. While Helen is highly acquisitive, its asset-light model provides significant cash generation that has allowed the firm to maintain a reasonable leverage profile, even after major deals. Helen’s products are discretionary, which has pressured recent financial performance. Shares have been massacred since the end of 2021, taking an additional beating after the sour July 2024 earnings release. At the time of our purchase, Helen’s stock traded at a 14% free cash flow yield and for 8x normalized operating profit.



During the quarter, we completely sold three positions: John Wiley & Sons (ticker: WLY), Nathan’s Famous (ticker: NATH), and Equity Commonwealth (ticker: EQC). We had exited most of our position in Wiley, the educational publisher, at the end of the previous quarter. The stock continued to rise beyond our valuation, so we completed our selling in Q3. Nathan’s Famous had been a tiny position in the Fund for the past couple of years. The shares rose shortly after our initial purchase in 2022, and since then the



discount has not been sufficient for us to expand the holding to a more normal exposure. Nathan's has delivered strong profitability driven by its licensing deal with Smithfield. Since it is primarily a royalty business, Nathan's earns ample cash flow, which it recently used to pay off its debt.

We exited our position in Equity Commonwealth, the office REIT once led by Sam Zell. EQC has mostly been a cash pile in recent years, with limited exposure to real estate, as management has been waiting for a compelling transaction to pounce. After several years of searching, management was unable to find commercial real estate that met their investment criteria. As a result, on July 31st, the company agreed to dissolve.

"I'm not leaving...The show goes on.  
This is my home. They're gonna need a %&\$#@! wrecking ball to take me outta here."  
-*The Wolf of Wall Street*, 2013

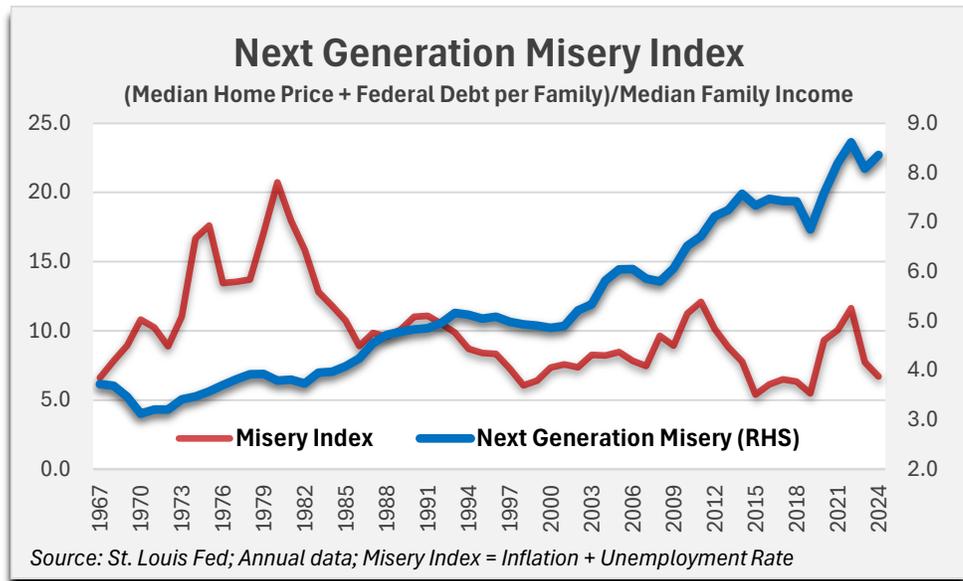


While any prudent investment adviser would normally seek to distance itself from the material featured in *The Wolf of Wall Street*, the boiler room pump-and-dump film, we confess that we can relate to the DiCaprio scene quoted above. Persistence is an undervalued quality among investors, especially when it comes to core investment principles. While we will occasionally change our opinion on holdings, we won't budge from our double-digit required return threshold for new equity ideas, with Treasury bills as our standby. We believe this inflexibility, or discipline, will help protect our investors from permanent capital impairments. However, when asset bubbles are rapidly inflating, our strategy's intransigence can sometimes feel downright miserable.

In the 1970s, economist Arthur Okun created the Misery Index to provide a measure of the economic distress felt by average citizens. The index was computed by combining the unemployment and inflation rates. In essence, it's a scorecard for the Federal Reserve's dual mandate. The Misery Index pushed to the highest level in over a decade in 2022 due to rising inflation, but it has since retreated to a range deemed "acceptable" by Washington's puppeteers of 6 to 7.



Although the original Misery Index contains critical information, we believe focusing exclusively on its two components leads to suboptimal decision-making by our elected and appointed leaders. Isn't there a need for a supplemental misery metric that considers the interests of another key constituency? We propose a Next Generation Misery Index comparing the median



cost of a new home and federal debt burden per family with the median family household income. Unlike the original misery barometer, which bounces up and down, a future-oriented version has mainly trended in one direction, and it's an ominous one. Think of the children.

While we have incredible respect for the work ethic of older generations, the monumental wealth amassed by the Silent Generation, Boomers, and Generation X was partly achieved by borrowing from the future. Easy money facilitated deficit spending and lifted asset prices. This accrues to the benefit of asset holders



and presents a mounting problem to our descendants. Some believe this dilemma will be resolved through inheritances, which is a very lopsided and insufficient remedy given remarkable wealth disparity and declining population growth. Alternatively, the optimists will cite aggregate household wealth relative to aggregate debt and feel a false sense of comfort, since they ignore the unfunded liabilities that the average Joe will rely on to avoid distress in their elderly years, in light of limited savings and spiraling healthcare costs.

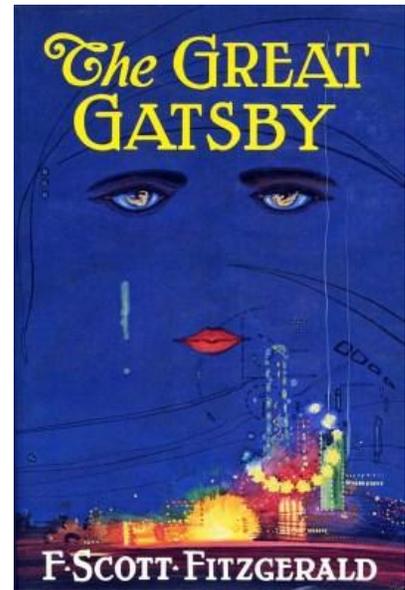
On July 29<sup>th</sup>, *The Wall Street Journal* published an editorial titled "The Case Against Low Interest Rates." The author discussed how 5% risk-free rates rewarded saving and could force governments to reign in fiscal deficits. He listed how artificially low rates distorted the economy and created bad incentives, and how they transferred

wealth from the middle class to the highly affluent. He concluded, "America's central bankers have done enough for the rich. Keeping rates at current reasonable levels will enable the middle class and those with the values of prudence and thrift to thrive." He noted, importantly, that the average American isn't asking for cheap money. More likely, they're begging for relief from their rising cost of living. We're begging for Washington to release its grip on the economy, but there's no chance of that anytime soon.



During 2013, in addition to *The Wolf of Wall Street*, Leonardo DiCaprio also starred in *The Great Gatsby*. Gatsby's extravagant parties described in F. Scott Fitzgerald's Great American Novel from 1924 were the epitome of the Roaring Twenties. Many investors have been calling for an AI-propelled encore of that rowdy era a century later.

An underlying theme of *The Great Gatsby* was its depiction of American class structures. Gatsby's primary motivation for building his fortune was his affection for Daisy Buchanan, a wealthy socialite he met as a young military officer before leaving to fight in World War I. Even after Gatsby acquired extreme wealth, he was viewed as socially inferior by his old money contemporaries, like Tom, the philandering husband of Daisy. When an intoxicated Daisy coincidentally kills Tom's mistress in a hit and run, Tom tells her grieving working class husband that Gatsby was the driver. The mechanic murders the rich bachelor while he is relaxing in the pool at his mansion. *Gatsby's* narrator Nick Carraway (aka "old sport") summarized it famously exactly 100 years ago:



"They were careless people, Tom and Daisy — they smashed up things and creatures and then retreated back into their money or their vast carelessness, or whatever it was that kept them together, and let other people clean up the mess they had made."

A timeless American classic indeed...Thank you for your investment.

Sincerely,  
Jayme Wiggins                      Eric Cinnamond

***Mutual fund investing involves risk. Principal loss is possible. The Palm Valley Capital Fund invests in smaller sized companies, which involve additional risks such as limited liquidity and greater volatility than large capitalization companies. The ability of the Fund to meet its investment objective may be limited to the extent it holds assets in cash (or cash equivalents) or is otherwise uninvested.***

***Before investing in the Palm Valley Capital Fund, you should carefully consider the Fund's investment objectives, risks, charges, and expenses. The Prospectus contains this and other important information and it may be obtained by calling 904-747-2345. Please read the Prospectus carefully before investing. Past performance is no guarantee of future results.***

*Dividends are not guaranteed and a company's future ability to pay dividends may be limited. A company currently paying dividends may cease paying dividends at any time. Fund holdings and sector allocations are subject to change and are not a recommendation to buy or sell any security. Earnings growth for a Fund holding does not guarantee a corresponding increase in the market value of the holding or the Fund.*

*The S&P SmallCap 600 Total Return Index measures the small cap segment of the U.S. equity market. The index is designed to track companies that meet specific inclusion criteria to ensure that they are liquid and financially viable. The Morningstar Small Cap Total Return Index tracks the performance of U.S. small-cap stocks that fall*

between 90th and 97th percentile in market capitalization of the investable universe. ***It is not possible to invest directly in an index.***

The Palm Valley Capital Fund is distributed by Quasar Distributors, LLC. Opinions expressed are those of the author, are subject to change at any time, are not guaranteed and should not be considered investment advice.

Definitions:

*Basis point:* One hundredth of a percentage point (0.01%).

*Black Monday:* The stock market crash occurring on Monday, October 19, 1987.

*Capex:* Capital expenditures, or spending on property, plant & equipment.

*Chapter 11:* Bankruptcy, allowing a debtor to reorganize its finances and continue operating.

*Core inflation:* Measure of inflation excluding food and energy prices.

*CoStar Office Price Index:* The CoStar Commercial Repeat-Sale Index using a repeat-sale regression technique for the office sector.

*CRE charge-off rate:* As referred above, indicates the percentage of commercial real estate loan values written off as uncollectible by small banks (outside of the top 100).

*Credit spread:* A bond's yield minus the yield on risk-free securities of the same duration, reflecting the credit risk of the security.

*Dividend yield:* A stock's dividend divided by its price per share.

*FDIC:* Federal Deposit Insurance Corporation, a federal agency insuring bank deposits.

*Free Cash Flow:* Free Cash Flow equals Cash from Operating Activities minus Capital Expenditures.

*Free Cash Flow Yield:* Equals Free Cash Flow divided by Market Capitalization.

*ICE BofA Single-B US High Yield Index:* An index of below investment grade U.S. bonds with an average credit rating of B.

*NASDAQ:* A market capitalization-weighted index of over 2,500 stocks listed on the Nasdaq exchange.

*Net assets:* A company's total assets minus total liabilities.

*Net Debt/EBITDA:* The Net Debt of a company (Debt – Cash) divided by its trailing twelve-month Earnings Before Interest Taxes Depreciation and Amortization.

*Nikkei 225:* A Japanese stock index consisting of 225 blue chip companies.

*Operating margin:* Earnings before Interest and Taxes (operating profit) divided by Revenue.

*Option-adjusted spread:* The yield spread added to the risk-free yield curve to discount a bond's payments to equal its market price, while accounting for embedded options.

*Price to Earnings (P/E) Ratio:* A stock's price divided by its earnings per share.

*REIT:* Real Estate Investment Trust, a company that owns and manages real estate and pays out most of its income to investors.

*Roll-up:* A strategy of acquiring multiple smaller companies in the same industry and combining them into a larger firm.

*Russell 2000:* An American small-cap stock market index based on the market capitalizations of the bottom 2,000 companies in the Russell 3000 Index.

*S&P 500 ("S&P"):* The Standard & Poor's 500 is an American stock market index based on the market capitalizations of 500 large companies.

*Single B-rated:* A measure of the credit quality of a corporate borrower, in between BB rated and CCC rated.

*Tangible book value:* Shareholders' equity, or total assets excluding goodwill and other intangibles minus total liabilities.