



# SOPHIS INVESTMENTS LLC

July 2026

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# Overview

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- Independent SEC-registered Investment Adviser serving both Individual and Institutional clients.
- Investment in businesses that compound shareholder capital at above-average rates of return.
- Objective, unbiased advice along with personalized service.
- Fundamental process timeless across market cycles.
- Leading proprietary research and investment capabilities.
- Institutional Idea research and activist co-investment offerings.
- Scalable, transparent and tax-efficient investment strategy.
- Aligned client base.
- Profit-based fee option.

# Mission Statement

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**We empower clients to pursue their goals with the confidence afforded only by prudent, rational and timeless investment management.**

# Core Values

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**Integrity**

**Prudence**

**Accountability**

**Care**

**Honesty**

**Professionalism**

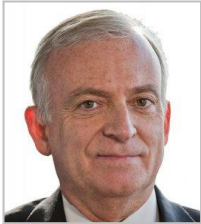
**Loyalty**

**Competency**

**Confidentiality**

- We pledge each of our Core Values to each of our clients.
- We are dedicated to, and driven by, our Core Values.
- We are in the business of building long-term trust-based relationships.
- We are a fiduciary that places the best interests of our clients before all others.
- We deeply value effective communication and are committed to excellence.
- We are responsive, dependable and accessible to our clients.
- We are dedicated to achieving superior long-term investment outcomes, rather than simply gathering assets.

# Management



**Edward I. O'Brien, Chairman.** Ed serves as Chairman and has over 37 years financial industry experience in a variety of management roles. He began his career at Prudential Bache Securities, becoming SVP and Director of Government Agency underwriting & trading. Thereafter, he joined Keefe, Bruyette and Woods as EVP & member of the firm's Management Committee. After KBW, Ed joined Guggenheim Securities as Managing Director. Ed is involved in a variety of charitable and philanthropic endeavors.



**Tassos D. Recachinas, CFA. President & Chief Investment Officer.** Tassos founded Sophis Investments in 2008 after serving as an Investment Analyst at Pirate Capital LLC, an activist and event-driven hedge fund sponsor. He began his career at Raymond James & Associates as an Equity Research Associate, and served on the Board of Directors of The Allied Defense Group, Inc. He earned a B.S. *summa cum laude*, Mechanical Engineering, Aerospace concentration, from The George Washington University, and member of the Honors Program. He spent one year at The University of Oxford, Pembroke College, and is a CFA® charterholder.



**Vijay S. Malik, Principal.** Vijay is a Principal of Sophis Since October 2014. He previously served as General Manager of Everest Group LLC, a family office firm in Omaha, NE. He began his career as an associate and assistant to the COO of World Trade Center owner Silverstein Properties, after which he joined Holliday Fenoglio Fowler LP as an Analyst followed by Tishman Speyer Properties as Associate. He earned an undergraduate degree from Brown University. He spent one year at The University of Oxford, Pembroke College, and earned a law degree from Creighton University.



**George V. Merrill, JD, MBA. Managing Director & Senior Portfolio Manager.** George has over 40 years portfolio management experience, including at Northern Trust Corporation, VP, Senior Portfolio Manager & member of the Stock Selection Committee; The Bank of New York Mellon, VP, Senior Portfolio Manager & member of the Personal Asset Management Equity Investment Committee; and most recently M&R Capital Management, Inc., SVP & Senior Portfolio Manager. Mr. Merrill earned an undergraduate degree magna cum laude from Harvard College, a JD from Harvard University Law School, and an MBA from Columbia University.

# Investment Services

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- We primarily manage discretionary portfolios. We also build tailored portfolios based on client needs.
- Portfolios range from highly concentrated to diversified, specified in an account's Investment Policy Statement. Our portfolios typically consist of 10 to 30 stocks.
- Our primary investment strategy is to use proprietary research to identify common stocks issued by attractive businesses, run by rational and talented managers, and whose stocks are selling at a reasonable price.
- We seek to invest in businesses that generate significant cash flows run by capable management teams able to reinvest that cash at high rates of return. We focus on how management allocates cash between dividends, share repurchases, debt paydowns, internal capital projects and acquisitions.
- We focus on understanding the companies in which we invest and generally will have no opinion on the valuation or near-term direction of the overall market. We have no control over and do not try to predict the day-to-day fluctuations of the stock and bond markets.
- Our clients are long-term investors. We do not know how a stock will perform in the next month or year, but do have an opinion as to what each business we invest in will be worth in five years.

# Investment Philosophy

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- We strongly believe that owning great businesses is the best place to protect and grow your purchasing power and protect against inflation over time, while incurring a manageable amount of risk.
- Identifying a significant difference between the market price of a share of stock and the intrinsic value of the underlying business represented by that share of stock is what defines an investment opportunity. We define intrinsic value of a business as the discounted value of the cash that can be taken out of the business during its remaining life.
- The prices at which businesses can be purchased and sold in the stock market can vary significantly over short periods of time. Importantly, often these price movements are not reflective of the underlying company's performance or future business prospects.
- Over an extended period of time, the market performance of a share of stock is likely to follow the business performance of the underlying company. Accordingly, we seek to purchase fractional ownership interests in businesses in the form of common stocks for less than their intrinsic value under a return hurdle.
- We are generally not interested in short-term corporate results except to the extent we believe such results have a bearing on our long-term expectations for the growth and profitability of a business.
- We embrace volatility as opportunity. Volatility is not risk. Risk is the probability of permanent capital loss, not the degree by which a security's price fluctuates. Volatility is the friend of the buyer of long-term values.

# Advisor-Client Alignment

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*Advisor-Client Alignment is a Source of Competitive Advantage*

ADVISOR-CLIENT ALIGNMENT =

**Time Horizon, Patience, Trust in Process**

= SUPERIOR OUTCOMES

- Our aligned client base with a long-term time horizon represents an important competitive advantage.
- Big market selloffs have historically been the best opportunities to add to stocks. We set appropriate expectations with our clients such that periods of heightened volatility are opportunities to invest excess cash, not to panic-sell stocks.
- We seek to continue to strengthen this understanding and edge when adding new clients. Understanding the long-term pathway up front helps stay the course through inevitable yet temporary turbulence.
- Client adherence to core investment tenets in times of duress is key to success, which we enable by constructing durable portfolios of compelling businesses that we believe can, collectively, withstand virtually any unforeseen crisis.

# Investing Expectations

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- I. **Volatility is to be assumed, expected, and accepted as inherent to equity investing.**
  - The market cannot be timed. Values meeting underwriting standards should be purchased when available.
  - Securities rise and fall near-term, often unpredictably and materially for reasons unrelated to or detached from their underlying business performance or outlook.
  
- II. **Successful investing requires taking a long-term time horizon (3-5+ years).**
  - A long timeframe solves for volatility and allows investors to see it through market pullbacks.
  - Over time, the price of a stock reflects its underlying business performance.
  
- III. **Investments should be concentrated in *durable businesses*, run by *talented management teams*, purchased at a *significant margin of safety*.**
  - A collection of such business interests provides a fortress for any storm.
  - *Know what you own. Think like an owner.*

**We conduct the research to identify exceptional businesses and establish conviction to invest across the market cycle.**

# Proprietary Research

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- We attempt to understand the long-run dynamics of specific companies by performing extensive research to review candidates for investment.
- Research involves studying publicly available information, including but not limited to, corporate reports, press releases, financial statements, documents filed with the SEC or other regulatory entities, audio or transcripts of conference calls, presentations, newspaper, magazine, and internet articles, court filings, and a variety of other sources.
- We may also meet with management to attempt to better understand the long-term strengths and weaknesses of the industry or the conditions under which a company operates.
- Our research process emphasizes understanding a business' durability, sustainability and competitive advantages and positioning; returns on capital, growth prospects; management quality; and capital allocation, among other areas, to derive a present and future intrinsic value estimate of the business.
- We actively monitor central bank and market-related developments, along with pertinent economic data, in addition to company and industry news.

# Moat, Management, Margin of Safety

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Our underwriting process for each portfolio investment is centered around understanding a business' *Moat, Management and Margin of Safety.*

## MOAT

Competitive advantages of a business and their durability; strategic positioning.

### **Manifested as High Returns on Capital & Sustainable Economic Value Add**

*Barriers to Entry - Low CAPEX - High Cash Conversion - High FCF - Pricing Power - Easy to Understand and Run - Simple & Predictable - Internal Reinvestment Opportunities - Few Competitors - Low Cost Producer*

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## MANAGEMENT

Operational talent, capital allocation skill, and honesty of the officers and directors.

### **Exceptional Operators Exceptional Capital Allocators**

*Shareholder Friendly - Rational Capital Allocation Process  
Repurchases vs. Reinvestment vs. Dividends vs. M&A vs. Debt  
Fiduciary to Shareholders*

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## MARGIN OF SAFETY

Shares available for purchase at a price materially below intrinsic value.

### **Demonstrably Undervalued vs. Intrinsic Value**

*Adherence to Absolute IRR Threshold  
Invest When Prices Far Below Intrinsic Value, Sell When Far Above  
Historical Multiples; DCF Analysis; Comparables; Precedent Transactions*

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# Position Sizing

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**We believe that the decision on the size of a position within a portfolio is as important as the decision to commit capital to the position.**

- We believe in sufficient, but not excessive, concentration.
- The Investment Policy Statement of each client specifies the number of holdings and/or maximum amount of a portfolio's assets that can be invested in a single security (at cost, at the time an investment is made).
- Position sizing is typically "conviction-weighted," whereby the portfolio manager will determine the position size of the individual security, subject to a cap, based on the risk/return associated with the investment.
- We construct both concentrated and diversified portfolios by individually selecting and investing in suitable holdings that meet a portfolio's target return threshold and risk parameters.

# Risk Management

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## Our investment philosophy emphasizes, first and foremost, the preservation of capital.

- Investment in opportunities that meet our investment requirements, holding cash when we cannot.
- Investing with a margin of safety, exercising patience, discipline and conviction in order to purchase great businesses at reasonable prices.
- Investment in businesses with predictable earnings power and durable competitive advantages.
- A prudent mix of “growth” and “value,” as growth is a fundamental determinant and input to all value.
- Investment in generally undervalued securities, along with special situation and event-driven investment opportunities, or securities whose financial results depend more on corporate action rather than supply and demand factors, and accordingly, whose prices are typically less volatile than the broad market.
- Aligned client base with long-term time horizon. Volatility is not risk but the friend of the buyer of values.

# Absolute Return Orientation

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- Our objective is to generate superior, long-term absolute returns.
- We are generally interested in returns as they relate to the achievement of a client's investment goals, rather than how they compare with the way the overall market or other investors are faring.
- We seek to achieve long-term annual returns that are the greater of 12% (above the long-term average), or at least 750 basis points over the rate an investor could achieve through investment in the 10-Year U.S. Treasury Bond<sup>1</sup>. This annual return target provides for satisfactory minimum absolute returns in varying interest rate environments.
- The U.S. stock market, as measured by the Standard & Poor's 500 Index, returned 10.8% and 7.3% annually for the 50 and 20 years ending in 2020, while the 10-year U.S. Treasury Bond returned 6.5% and 4.1% over these periods, respectively<sup>2</sup>.

1. 4.57% at January 2, 2025

2. For the periods ended December 31, 2020.

# Illustrative Portfolio Parameters

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Portfolios are generally constructed within the following framework:

- Long-only, primarily U.S. listed equities
- No sector or market cap restrictions
- Number of investments typically specified in investment policy (*e.g.* 8-12, 15, 30, 50+)
- Max position size typically specified as a % of the portfolio, at cost (*e.g.* 5%, 12%, 15%)
- Above average, long-term absolute return target
- No leverage, No shorting, No options
- Hedging: holding cash as necessary

# Terms

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- Base Fees:** *Typically, a percentage of assets under management or performance-based fee. Determined based on client needs.*
- Term:** We strongly discourage prospective clients from investing capital in the stock market that cannot be committed for at least three years and ideally five years.
- Transparency:** Real-time online account access.
- Custodians:** Charles Schwab & Co., Inc.  
Pershing | BNY Mellon  
Interactive Brokers

# Contact Information

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