



Vulcan Letters and Commentary

Term	Vulcan Definition
Competitive Advantage/Position Moat or Economic Moat	A company's ability to maintain competitive advantages over its competitors in order to protect its long-term profits and market share from competing firms.
Discount	The difference between Vulcan's estimated intrinsic value and the market price of a company.
Fair Value/ Intrinsic Value/ Value/ Intrinsic Worth	Vulcan's estimate of the price a willing buyer would pay and a willing seller would accept, assuming neither was compelled to enter into a transaction.
Firm Assets	Vulcan's fully discretionary assets under management.
Free Cash Flow	The amount of cash that a company has left over after a company has paid all of its expenses, including investments.
Free Cash Flow Yield (FCF Yield)	A company's free cash flow divided by its market price.
High Quality Business	A company that meets Vulcan's standards for investment.
Investment Team	Vulcan's Investment Team includes members from both its Research and Trading Teams.
Investment Time Horizon	Investment holding period considered by Vulcan when evaluating a potential investment.
Macro Factors	The general economic and business environment.
Margin of Safety	A favorable difference between the price of a company's shares and Vulcan's estimated fair value of those shares. A quantitative Margin of Safety is measured by discount (defined above). Qualitative Margin of Safety is measured by our assessment of the quality of a business.
MVP List	A proprietary list of list of qualifying businesses that Vulcan believes have identifiable, sustainable competitive advantages and the ability to consistently produce free cash flow through Vulcan's five-year investment lens. This list includes Vulcan portfolio companies in addition to others but is not representative of any existing Vulcan client accounts, composites, or funds.
Name Turnover	The number of companies bought plus the number of companies sold divided by 2 and then divided by the average number of companies in the portfolio during the relevant time period.
Portfolio Improvement	Overall improvement of the quality of the businesses in the applicable portfolio.
Position Size	A security's weight in the applicable portfolio or composite.
Price to Value Ratio	A calculation that compares the price of a company's stock to



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	our appraisal of the company's intrinsic value.
Risk Reduction/ Risk Management	Reducing the portfolio's price to value ratio by either buying (or adding to existing positions) high quality companies which are trading well below fair value as estimated by Vulcan or selling positions which are trading at or near their fair values.
Stable Value Companies	Companies with intrinsic values that Vulcan believes will remain stable over its investment horizon of five years.
Total Addressable Market (TAM)	Also referred to as total available market, is the opportunity that would be available to a product or service if 100% market share was achieved.
Value Growth	The sum of the growth in a company's profitability and its free cash flow yield.



Portfolio Performance and Holdings Characteristics and Statistics

Term	Vulcan Definition
Active Share	A measure of the percentage of stock holdings in a portfolio that differ from the benchmark index.
Alpha	A measure of the difference between a composite/fund's actual returns and its expected performance, given its level of risk as measured by beta.
Average Weight – Contribution to Return	The average position weight used in Vulcan's contribution to return analysis is the average position weight used in Vulcan's contribution to return analysis is the average daily weight of the position relative to all securities held in the portfolio over the specified time period.
Beta	A measure of the volatility of a security or a portfolio in comparison to the market as a whole.
Contribution to Return	Return contribution analysis is used to compare the weighted returns of separate investments within a portfolio/composite, thus allowing the impact of those separate investments to be compared. The contribution to portfolio return of individual securities is presented on a gross basis and should be considered in conjunction with the net performance results of the applicable account or composite for the same time period.
Downside Capture Ratio	Measures whether a given portfolio has outperformed—lost less than—a broad market benchmark during periods of market weakness, and if so, by how much.
Foreign Company	A company whose primary listing exchange is outside of the United States.
Geographic Allocation	Geographic allocation statistics are calculated based on a company's country of primary listing and exclude cash positions.
GICS® Sectors and Industries	The Global Industry Classification Standard is an industry taxonomy developed in 1999 by MSCI and Standard & Poor's for use by the global financial community. The GICS structure consists of 11 sectors, 24 industry groups, 69 industries and 158 sub-industries into which S&P has categorized all major public companies. GICS is used as a basis for S&P and MSCI financial market indexes in which each company is assigned to a sub-industry, and to an industry, industry group, and sector, by its principal business activity.
Holdings/Positions	Number of portfolio companies (excludes cash positions).



Inception Date	The initial date of the relevant composite or account's performance track record.
Name Turnover	The number of companies bought plus the number of companies sold divided by 2 and then divided by the average number of companies in the portfolio
Names Added	Positions in companies that were initiated during the relevant period.
Names Exited	Positions in companies that were exited during the relevant period.
Primary Benchmark	Benchmark that Vulcan considers the primary benchmark for performance comparison for the relevant composite its underlying accounts.
Return Attribution – Sector	Return attribution is a set of techniques used to identify the sources of the positive or negative excess return of a portfolio against its benchmark in order to understand the consequences of active investment decisions. Such attribution analysis can be based on a portfolio's sector allocation relative to its benchmark. Vulcan bases its sector return attribution analysis on GICS defined sectors.
R-squared	A measure of the correlation of the portfolio's returns to the benchmark returns.
Sharpe Ratio	A measure that is used to determine reward per unit of risk.
Standard Deviation	A measure of the amount of variation or dispersion of a set of values.
Total Return – Individual Security	The performance of the security from the price at initial purchase date to the price at final sale date. Actual returns for a portfolio/composite's holdings of those securities may differ from total return as the funds rebalance or changed weights in the individual securities.
Turnover	How frequently assets within a portfolio are bought and sold.
Upside Capture Ratio	A calculation that measures whether a given portfolio has outperformed—gained more than—a broad market benchmark during periods of market strength, and if so, by how much.
Vulcan Sectors and Industries	Vulcan defined sectors and industries are largely based on the Industry Classification Benchmark (ICB), although Vulcan may customize a classification at its discretion. ICB is an industry classification taxonomy launched by Dow Jones and FTSE in 2005 and now used by FTSE International and STOXX. It is used to segregate markets into sectors within the macroeconomy. The ICB uses a system of 11 industries, partitioned into 20 supersectors,



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	<p>which are further divided into 45 sectors, which then contain 173 subsectors. The ICB is used globally (though not universally) to divide the market into increasingly specific categories, allowing investors to compare industry trends between well-defined subsectors.</p>
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Portfolio Company Characteristics

Term	Vulcan Definition
Average Market Cap	The average of the companies' market caps included in the portfolio.
Dividend Yield	How much a company pays out in dividends each year relative to its share price.
Free Cash Flow Yield (FCF Yield)	A security's free cash flow divided by its market price.
Market Capitalization (Market Cap)	The total equity market value of a company, it is equal to shares outstanding times the stock price.
Median Market Cap	The mid-point of the companies' market caps included in the portfolio .
Price to Book Ratio (P/B)	A calculation that compares a company's stock price to the company's book value.
Price to Earnings Ratio (P/E)	A calculation that compares the company's stock price to the company's earnings per share.
Price to Free Cash Flow (P/FCF)	A calculation that compares the company's stock price to the company's free cash flow.
Price to Sales Ratio (P/S)	A calculation that compares a company's current stock price to its revenue per share.
Region of Domicile: Factset	Region of domicile is defined as the region in which a company conducts the majority of its business operations.
Return on Equity (ROE)	A calculation that measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested.
Revenue by Geography: Factset	Factset categorizes by mapping companies' revenues to a normalized geographic taxonomy and then applies a proprietary algorithm to estimate % revenue exposure to countries and regions that are not explicitly disclosed.