

OUR INVESTMENT PHILOSOPHY

At Marathon Capital Management, we believe in a disciplined, research-driven, and patient approach to investing, designed to create long-term value while managing risk. Our philosophy is rooted in fundamental analysis, valuation discipline, and a commitment to aligning investments with our clients' financial goals.

We focus on high-quality businesses that exhibit strong financial fundamentals, experienced leadership, and sustainable competitive advantages. Our investment process prioritizes capital preservation, risk-adjusted returns, and tax efficiency, ensuring that every decision is made with a long-term perspective.

CORE INVESTMENT PRINCIPLES

01 FUNDAMENTAL RESEARCH & VALUATION DISCIPLINE

We seek companies with:

- **Proven business models** that generate consistent revenue and cash flow.
- **Attractive valuations**, meaning we avoid speculative investments and focus on stocks trading below their intrinsic value.
- **Durable competitive advantages**, such as strong brand recognition, economies of scale, or technological leadership.
- **Catalysts for future growth**, including market expansion, operational improvements, or new product innovation.

By adhering to a value-conscious, growth-oriented approach, we aim to capture upside potential while limiting downside risk.

02 MANAGEMENT ALIGNMENT & INDUSTRY LEADERSHIP

- We prefer companies where **leadership has skin in the game**, ensuring that executives and board members are financially invested in the company's long-term success.
- We are attracted to management teams demonstrating sound **capital allocation skills**, reinvesting in growth while maintaining financial discipline.
- We focus on businesses with **expanding revenue opportunities**, either through market share growth, innovation, or strategic acquisitions.

Companies that continuously reinvest in their competitive edge tend to generate the strongest returns over time.

03 STRONG FINANCIAL FUNDAMENTALS

We prioritize investments in companies with:

- **Healthy balance sheets**, ensuring the ability to weather economic downturns.
- **High and improving profit margins**, demonstrating pricing power and operational efficiency.
- **Attractive returns** on equity (ROE) and return on invested capital (ROIC), signaling efficient use of capital.

We avoid businesses with unsustainable debt loads, deteriorating margins, or highly cyclical revenue streams that could be vulnerable in economic downturns.

04 RISK MANAGEMENT & PORTFOLIO CONSTRUCTION

- We construct diversified yet concentrated portfolios, typically holding 20-35 positions to ensure both high conviction and risk mitigation.

- Risk is managed through position sizing, sector diversification, and valuation-based entry points.
- Our buy and sell discipline is based on valuation targets, fundamental deterioration, or better investment opportunities.
- We monitor macroeconomic conditions, interest rates, and industry trends to assess overall market risks and positioning.

We aim to protect capital during downturns while still participating in long-term market growth.

EQUITY & FIXED INCOME STRATEGY

Equities

We seek to own companies with strong growth potential but only when valuations provide a reasonable margin of safety. Our preferred investments include:

- **All-cap growth opportunities**, ensuring exposure to large, mid, and small-cap companies.
- **Dividend growth stocks**, which provide income and downside protection.
- **Select concentrated growth positions**, in which we take higher conviction bets on companies with outsized growth opportunities.

We focus on businesses that can compound capital over a multi-year horizon, rather than chasing short-term momentum trades.

Fixed Income - Capital Preservation & Income Generation

For fixed income investors, we design portfolios that:

- **Prioritize capital preservation** with investment-grade bonds.
- **Seek reliable income streams** through corporate and municipal bonds.
- **Avoid high-risk debt**, such as junk bonds, that could lead to excessive volatility.

Our fixed income strategy complements our equity approach, ensuring investors have a well-balanced portfolio aligned with their objectives.

COMMITMENT TO CLIENTS

At Marathon Capital Management, we recognize that every investor has unique financial goals. Our investment philosophy is structured to:

- Balance risk and return by focusing on long-term value creation.
- Manage market volatility through disciplined asset allocation.
- Optimize tax efficiency to enhance after-tax returns.
- Maintain transparency and communication so our clients understand how their money is being managed.

We believe that patience, discipline, and research lead to successful long-term investment outcomes. Our mission is to help our clients build wealth while preserving capital, no matter the market environment.

At Marathon Capital Management, we invest with confidence, discipline, and a focus on delivering results over the long term.