

# TACTICAL GROWTH SOLUTION UPDATES

August 20, 2024

Thank you for your continued trust and confidence. We would like to inform you that we made some changes to Liberty One's Tactical Growth Solution (TGS) portfolio recently. We sold Starbucks Corp (SBUX) and replaced it with Casey's General Stores (CASY) within the portfolio.

After the +26% price surge in Starbucks' (SBUX) stock last week, we took the opportunity to sell the stock and replace it with a company that we believe will provide the TGS portfolio with more sustainable alpha generation opportunities in the future. Casey's General Stores (CASY) along with its subsidiaries operate convenience stores across the US and is the third largest operator of convenience stores (C-stores) in the country. C-stores have long exhibited recession resistant characteristics in their business model and CASY is no exception. The industry is a large universe and approximately 50% of C-stores are currently owned and operated by small mom-and-pop shops. This provides companies like CASY with ample growth opportunities for further expansion with attractive profitability metrics because of the operational leverage and economies of scale embedded within their size. The industry is also ripe for consolidation with larger C-store chains like CASY holding considerable advantage over smaller mom-and-pop operators, making mergers and acquisitions another avenue for continued growth.

CASY stands out among its larger national C-store chain competitors in that the company primarily focuses on and dominates their suburban and rural markets while owning and controlling their entire fleet of stores. This contrasts with some of their competitors that follow a franchise model. The advantage of the CASY model is the ability to be closer to the customer and adopt/innovate with greater efficiency. It also provides more control over its growth plans, as store additions are directly influenced by the company vs franchisees. Financially, the company has been able to generate robust cash flows, high returns on invested capital, a healthy balance sheet, and strong historical and forward dividend/earnings growth expectations.

In summary, we see the addition of CASY to the Tactical Growth Solution portfolio as an avenue to be invested in a high quality, consistent, and reliable operator in a recession resilient C-store industry that is ripe for consolidation. As a result, it is our expectation that the company will be able to continue to create tremendous value for shareholders over the medium to long term.

If you have any questions, please don't hesitate to reach out to us. Thank you for your continued trust and confidence.

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