Q2 2023 Investor Letter | *August 3, 2023*

Dear Investor,

For the three months ended June 30, 2023, Bonsai Partners Fund, LP, appreciated 3.3% net of fees and expenses. The S&P 500 Total Return Index appreciated 10.2% during this period.

Bonsai Partners Historical Returns Summary

	YTD 2023	2022	2021	2020	2019	2018	Since Inception	Annualized *Since Inception*
Bonsai Gross Return	11.7%	-26.5%	-13.9%	277.9%	60.3%	-17.6%	252.9%	31.5%
Bonsai Net Return	11.2%	-27.3%	-14.8%	247.9%	56.1%	-17.7%	207.7%	27.6%
S&P 500 Return	16.9%	-18.1%	28.7%	18.4%	31.5%	-8.6%	75.2%	13.0%

Performance data shown represents past performance. Past performance is not indicative of future results. The period October 22, 2018, to April 30, 2021, presents time-weighted returns of a representative Bonsai Partners, LLC ("Bonsai") managed account with the same strategy and risk profile as Bonsai Partners Fund, LP, (the "Fund") which launched on May 1, 2021. Results from May 1, 2021, reflect the time-weighted returns of Class A shares of the Fund.

Gross returns from October 2018 to April 2021 include transaction and commission fees. Gross returns from May 2021 to the present include transaction and commission fees and fund operating expenses, such as administrative and audit fees but do not include management or performance fees. Net returns reflect the gross returns (as described) reduced by a 1.0% management fee and a 10.0% performance fee above a 6.0% cumulative compounding hurdle.

All performance figures are calculated internally by Bonsai Partners and are therefore estimated, unaudited, and subject to adjustment. The investment return and principal value of an investment with the Fund will fluctuate so that an investment, when redeemed, may be worth more or less than its original cost. Actual performance for a particular investor may be lower or higher than quoted performance due to different fee structures, share classes, beginning periods, capital additions or withdrawals, or individual compliance related mandates. Please refer to important additional disclosures at the end of this letter.

Quarterly Update

The second quarter was relatively quiet for us. We continued to execute our strategy of evaluating new opportunities, increasing our understanding of existing positions, and engineering the operation to endure over the long term.

Identifying new investments proved challenging during the quarter as valuations rose, especially in the United States. Surprisingly, the "equity risk premium" for the S&P 500 recently approached historic lows. Said differently, investors in this index have never been offered less incremental return for the added risk of owning stocks instead of "risk-free" U.S. government bonds. This dynamic persisted despite an uncertain economic environment.

Fortunately, we operate with a flexible investment mandate which insulates us from operating conditions we don't like. We can go where the opportunities are and not be trapped by circumstances outside our control. Our flexibility remains a core strength.

In this regard, Europe unexpectedly became a fertile hunting ground for us over the past twelve months. In July, we began purchasing another European investment for the Fund, making it the third European investment out of our last four new ideas. We are currently building this new position and will provide additional details in our third quarter letter.

Concluding Thoughts

As always, thank you for your partnership.

Before we close, I wanted to share two administrative items with you.

First, as you've probably already seen, we recently amended the Fund's offering documents to reflect a change in our regulatory status from a California Registered Investment Advisor to an Exempt Reporting Advisor with the Securities and Exchange Commission (SEC).

This change reflects our decision last year to close our remaining managed accounts and focus on investing through the Fund. We will register again with the SEC once we reach the required asset-level thresholds.

Please note that while our registration status has changed, our commitment to and level of investment in our compliance functions have only increased. **The Fund's amended documents are available within the South Watch investor portal.**

Second, we recently changed our outsourced CFO service provider. As you may remember, Ken Poudrier of Pillar Fund Services (PFS) joined us around a year ago to help build our CFO capabilities. While Ken did a great job over the past year, he decided to accept a full-time position elsewhere and close down PFS. Ken will be missed, and I thank him for his hard work.

Fortunately, Ken provided ample notice of his intent to shut down PFS, and this gave me time to identify and transition to a new service provider: The Alpha Cooperative (TAC). The Alpha Cooperative took over CFO duties from PFS on July 1, and the transition has been going smoothly. I chose TAC due to our pre-existing relationship on the compliance side, and so far, I've been impressed by their quality of work and can-do attitude. I'm excited to expand our working relationship.

Please don't hesitate to contact me with questions or comments.

Fondly,

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Disclaimer:

Bonsai Partners, LLC ("Bonsai") is the investment manager of Bonsai Partners Fund, LP (the "Fund").

This letter has been updated from its original version. Disclaimers were revised to reflect current standards and clarifications for the intended audience. Certain visual elements, formatting and brand identifiers have been refreshed to align with our current branding. These changes do not alter the core message of the original letter.

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The S&P 500 Total Return index is a basket of 500 large U.S. stocks, weighted by market capitalization, and is the most widely followed index representing the U.S. stock market. The S&P Total Return Index includes the reinvestment of dividends. Benchmarks and financial indices are shown for illustrative purposes only. They provide general market data that serves as a point of reference to compare the performance of other securities that make up a particular market. Such benchmarks and indices are not actively managed and do not reflect the expenses associated with managing an actual portfolio, the cost of investing in the instruments that comprise it, or other fees. No representation is made that any benchmark or index is an appropriate measure for comparison.

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Past results are not necessarily indicative of future results and no representation is made that results similar to those discussed can be achieved. Investments in funds and accounts managed by Bonsai may lose value. Investment results will fluctuate. Certain market and economic events having a positive impact on performance may not repeat themselves. An investment in the Fund involves a high degree of risk and the portfolio is under the sole trading authority of Bonsai. An investor should not make an investment unless it is prepared to lose all or a substantial portion of its investment. The fees and expenses charged in connection with this investment may be higher than the fees and expenses of other investment alternatives and may offset profits. There is no guarantee that the investment objective will be achieved.

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Portfolios managed by Andrew Rosenblum and Bonsai Partners, LLC (including Bonsai Partners Fund, LP) may have a beneficial interest in any or all of the securities mentioned in this letter. Bonsai may change its position regarding any or all of the securities mentioned in this letter. Bonsai may buy, sell or otherwise change the form of its investments in any or all of the securities mentioned in this letter for any reason and disclaims any duty to provide any updates or changes to the information presented herein, including, without limitation, any changes to portfolio composition.

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