1 MAIN CAPITAL

January 2019

Dear Partners,

In the fourth quarter, 1 Main Capital Partners, L.P. (the "Fund") returned (19.8)% net of fees and expenses[1], bringing the inception-to-date net return of the partnership to (11.6)%[2]. Over the same period, the S&P 500 (SPX) and Russell 2000 (RTY) Indexes returned (13.5)% and (20.2)%, bringing their February-to-date performance to (9.5)% and (13.6)%, respectively[3].

From an operational standpoint, most of the Fund's investments performed roughly in-line with my expectations during the quarter. However, this mattered very little in the period as market participants took a "sell first and ask questions later" approach when it came to stock prices. This response was prompted by uncertainty related to global monetary policy, trade tensions and general economic conditions. These risks were widely accepted by market participants in prior periods. Unfortunately, as is often the case, the broader market appeared to be comfortable with them, until one day it decided it was not. A downward spiral began as selling led to more selling driven by fear rather than new facts or rational explanation.

As mentioned in past letters, given the Fund's concentrated portfolio and long-term focus, I do not believe that it is a good exercise to compare its results with market indices on a quarterly basis. Over the long run, the prices of our investments will converge with the value created by the underlying businesses. However, the panic experienced during the Q4 market meltdown temporarily increased the cost of equity for almost all companies, impacting some securities more than others, and certainly was the biggest driver of our returns.

I strongly believe that most of the adverse price movements will reverse, and that the embedded upside in our current holdings is extremely attractive, setting us up for a potentially great future. I will go through some of the Fund's top holdings in more detail below.

While I view the Fund's losses as temporary, the missed opportunity to buy into our existing portfolio at lower prices, and thus owning a larger percentage of our underlying investments, is a real cost that I would love to avoid. However, it is practically impossible to accurately predict when the collective market is going to take a risk-off approach. As such, I do not plan on exiting positions during times of unexpected, heightened volatility as long as the expected prospective risk-adjusted returns are sufficient. In fact, during the quarter, I used the periods of significant volatility to add to existing positions that got cheaper, initiate several new positions at what I view to be highly attractive prices and cover some single-name shorts.

It is tough to predict exactly what the next year will bring in terms of market sentiment, but I am extremely excited by the potential future returns that our existing holdings offer.

---

[1] Performance data is presented for the Fund's Class A Interests, and is net of any accrued incentive allocation, management fees and other applicable expenses (as disclosed in the Fund's Confidential Private Offering Memorandum), include the reinvestment of dividends, interest and capital gains, and assume an investment from inception. Returns for month-end and year to date 2018 are estimated, and un-audited. For investor specific returns, please refer to your capital statements. Due to the format of data available for the time periods indicated, net returns are difficult to calculate precisely. Please see the last page for important disclosure information.
[2] 1 Main Capital Partners, L.P. commenced trading in February 2018.
[3] Source: Bloomberg

Fourth Quarter Detractors[4]

The table below highlights the Fund's top detractors for the quarter. In the letter I will touch on a few of the positions below, and as always, I'm happy to discuss specific positions in more detail with anyone.

Top losers	
Tenet Healthcare	-3.5%
RCI Hospitality	-2.6%
Echostar Corp	-2.2%
Ashford Inc	-1.9%
Atento SA	-1.9%

Top 5 Current Positions

As of December 31st, the Fund's top 5 positions were Alphabet Inc (GOOG), Echostar Corp (SATS), RCI Hospitality (RICK), Tenet Healthcare (THC), and XPEL Technologies (DAP/U). Together, the Fund's top 5 positions accounted for ~50% of assets, compared to ~36% of assets at the end of the third quarter. Given the Fund's strategy of having low portfolio turnover, it should not be surprising that 4 of the top 5 holdings have been discussed in previous letters. Feel free reach out to request past letters if you do not have copies.

GOOG's core search business continues to grow at an impressive 20% pace. While we continue to yearn for more meaningful disclosure on the company's other bets, we also continue to see clues that the value hidden beneath the surface is meaningful. Early this year, Verily, a life science bet within GOOG, raised a $1 billion investment round led by a large technology focused private equity firm at an unspecified valuation. In October of 2018, it was rumored that Volkswagen was in talks to acquire a 10% stake in Waymo for $14 billion, implying a valuation of $200 per share. Early last year, GOOG reported that its cloud business was generating $1 billion in quarterly revenue. Assuming continued growth in-line with cloud peers, that would imply the cloud business alone could be worth >$100 per share.

SATS was a significant detractor for the Fund for the full year as well as the fourth quarter for non-fundamental reasons. The company continues to increase utilization of the new satellite it launched in late 2016. For the year ended 2018, it appears as though the company will have grown its subscriber count and EBITDA at double-digit and high-single digit YoY growth rates, respectively. Management continues to pursue M&A and JV opportunities given the company's pristine balance sheet and the need for further industry consolidation. Lastly, the company's pan-European S-band spectrum position and its stake in Dish Mexico continue to increase in value.

Given the company's large cash position, its significant hidden assets and the fact that most people will not cancel their broadband service even in a recession, I believe that the stock presents a tremendous bargain at the current valuation of 4x EBITDA.

This opportunity exists following the stock's nearly 40% decline in 2018. The de-rating was partially driven by the liquidation of two hedge funds that owned a combined 2 million shares at their recent peaks. The

[4] Attribution is presented gross of management fees, expenses, and incentive allocations.

pressure was further exacerbated by what appeared to be significant forced selling from a large mutual fund holder that sold 2/3 of its position in the back-half of 2018 due to performance related redemptions. For context, SATS typically trades 200k shares per day and the mutual fund holder was a price taker for more than 7 million shares over a several month period.

After the most recent leg down, the company stepped in and bought back ~850k shares, showing that they believe the stock is undervalued. Going forward, I believe that the selling pressure will abate, and fundamentals will continue to improve.

RICK was another significant detractor for the Fund for the full year as well as the fourth quarter. The company has continued to report strong sales at its nightclubs, which represent almost 90% of revenue and profits, while reinvesting its significant free cash flow at very attractive returns. In the two most recent quarters ending September and December 2018, RICK reported 5.1% and 4.3% SSS growth, respectively, in the night club segment.

However, the company was late to report its FY 2018 annual results for the second year in a row due to its newly hired auditor taking longer than expected to complete its work. The stock dropped by over 20% in the week following its announcement of a delayed filing in early December. While the company has since filed its annual report, affirmed a strong 2019 outlook, and reported strong Q1'19 sales, the stock has yet to fully recover.

In FY19, RICK is guiding to FCF generation of $26 million, or roughly $2.70 per share. At current levels, the stock is being valued at approximately 8x FCF. In the past, management has said that it would consider buying back shares when they trade at or below 10x FCF. True to its word, the company has recently been executing against this plan. The board, recognizing the attractive opportunity, recently increased the company's repurchase authorization by an additional $10 million. I am confident that management will continue to deploy its FCF in a way that will maximize long-term shareholder value and remain excited about the prospective return offered by the position.

XPEL was down marginally in the fourth quarter. The company reported 64% revenue growth for its third quarter ending September, bringing its YTD growth to 75%. At the same time, margins have continued to inflect upwards with EBITDA almost tripling in the quarter and more than tripling in the YTD period. Importantly, management said on its last earnings call that this topline momentum was continuing well into the fourth quarter and that margins were temporarily depressed by several non-recurring expenses.

In 2019, I expect XPEL to sustain strong topline growth while generating greater than $20 million of EBITDA and close to $0.50 of EPS. If the company comes anywhere close to hitting these numbers, we will be glad to have this stock in our portfolio.

New Positions

Tenet Healthcare (THC), a new top 5 position, was the Fund's largest detractor in the quarter. The company is viewed as a hospital operator but actually owns three high-quality businesses in the healthcare arena: i) hospitals, ii) ambulatory surgery centers (ASCs) and iii) revenue cycle management solutions (RCMS).

Each of these segments represent high-quality businesses with varying growth profiles, capital needs, and potential investor bases, thus deserving of different multiples. Moreover, each segment has enough scale to operate as a stand-alone entity.

Despite a mix that is more attractive than its peers, THC is penalized by the market with a lower-than-peer valuation. From the time the ACA went into effect in 2010 until the end of 2018, the S&P 500 Healthcare Providers and Services Index has more than tripled with a 284% total return. HCA, a public peer, has seen its share price increase ~4.5x since it came public in 2011. Meanwhile, THC is down 32% since the enactment of the ACA and down 41% since HCA's IPO.

The company's path down value destruction began when its former management team levered up in 2013 to buy Vanguard Health Systems, a hospital peer that was half of its size, for $4 billion. Rather than focusing solely on integrating this large acquisition, management continued its shopping spree and levered up even further in 2015 in order to acquire a leading ASC operator, United Surgical Partners International, from a private equity seller for more than $3 billion in a complex transaction that was financed over a multi-year period.

These transformational deals, in addition to consistent tuck-in acquisitions, led to a stretched balance sheet, unfocused management team and lack of cash flow generation for a business that was expected to be a stable, economically insensitive cash producer. Following a sustained period of inadequate results, the CEO was replaced in October of 2017.

Since taking over, Ron Rittenmeyer, the new CEO, has sold off underperforming hospitals and implemented a cost cutting initiative that together have helped the company start to bring its leverage down while improving free cash flow generation.

After many years of burning cash, THC has become a cash generator. I expect the business to continue growing its FCF per share while naturally delevering the balance sheet through both EBITDA growth and debt repayment.

($ in millions)	2012A	2013A	2014A	2015A	2016A	2017A	2018E	2019E
CFO	$ 593	$ 589	$ 687	$ 1,026	$ 558	$ 1,200	$ 1,198	$ 1,275
Capex	(506)	(691)	(933)	(842)	(875)	(707)	(650)	(640)
Distributions to NCI	(15)	(27)	(45)	(110)	(218)	(258)	(290)	(320)
FCF	$ 72	$ (129)	$ (291)	$ 74	$ (535)	$ 235	$ 258	$ 315
$ / share	$ 0.66	$ (1.27)	$ (2.90)	$ 0.75	$ (5.39)	$ 2.34	$ 2.48	$ 3.00
Debt / EBITDA	4.4x	5.7x	6.0x	6.6x	6.7x	6.6x	5.8x	5.5x [5]

As leverage becomes less of a worry, I believe that investors will reward the company with a higher valuation. For reference, HCA and UHS, two large hospital peers with 3.9x and 4.5x debt / EBITDA ratios, trade at 5.5% and 5.0% FCF yields, respectively. If THC were to trade at a 6% FCF yield, the stock would be worth $50 per share, almost 3x current levels.

[5] 2018E assumes midpoint of company guidance, 2019E incorporates 1 Main Capital estimates including expected EBITDA growth of 3-5%.

In addition to the aforementioned hospital pruning, Ron announced in early 2018 that the company was evaluating strategic alternatives for Conifer, its RCMS segment. This segment manages patient scheduling, billing and collections for hospitals across the country. Some market participants estimate that only 30-40% of hospitals in the country currently outsource these services to a third-party vendor despite the fact scaled RCMS vendors can help clients i) increase collections, ii) lower the costs to collect, and iii) provide a sustainable improvement in working capital by reducing collection times.

While I believe that many private equity firms would be interested in this business due to the low capital intensity, predictable revenue model and large yet underpenetrated addressable market, there are two obvious strategic acquirors who already participate in the space and could likely pay a higher price than a PE buyer could – United Healthcare and R1. In fact, the Wall Street Journal reported this past July that UnitedHealth is one of the suitors bidding on the asset.

Recently, Ron has stated publicly that the company is not a forced seller and would only divest Conifer if buyers offered full value. Investors have assumed this commentary implies that the Conifer sale must be falling apart despite the company saying numerous times this is not the case.

More recently, THC has said that in addition to an outright sale, the company is considering other strategic alternatives for Conifer that could include a merger, a tax efficient spin-on or a combination of alternative transactions. While speculative, I believe that THC could be considering a reverse morris trust transaction with either United Healthcare or with R1. The synergies of such a transaction would likely be meaningful and split amongst both parties.

Ron has suggested on calls that 12x EBITDA is the floor valuation that THC would accept for Conifer. Similar assets have sold for higher multiples. Last year, athenahealth, a billings and collections provider for the ambulatory market, agreed to sell itself to two private equity acquirers for 14x EBITDA.

If Conifer were to be sold, I believe it would be well received by the market and would make it easier for investors to value the remaining company on a sum-of-the-parts basis. Here is what that could look like:

($ in millions)	EBITDA - NCI	Multiple	Value	$ / Share	Public comps	Comments
Hospitals	$ 1,375	7.5x	$ 10,313	$ 99	HCA, UHS, LPNT	LPNT sold to Apollo in 2018
USPI	535	15.0x	8,025	77	SCAI, SGRY	SCAI sold to UNH in 2017
Conifer	290	12.0x	3,480	33	ATHN, RCM	ATHN agreed to be sold in 2018
Net debt			(14,000)	(135)		
Total			$ 7,818	$ 75		

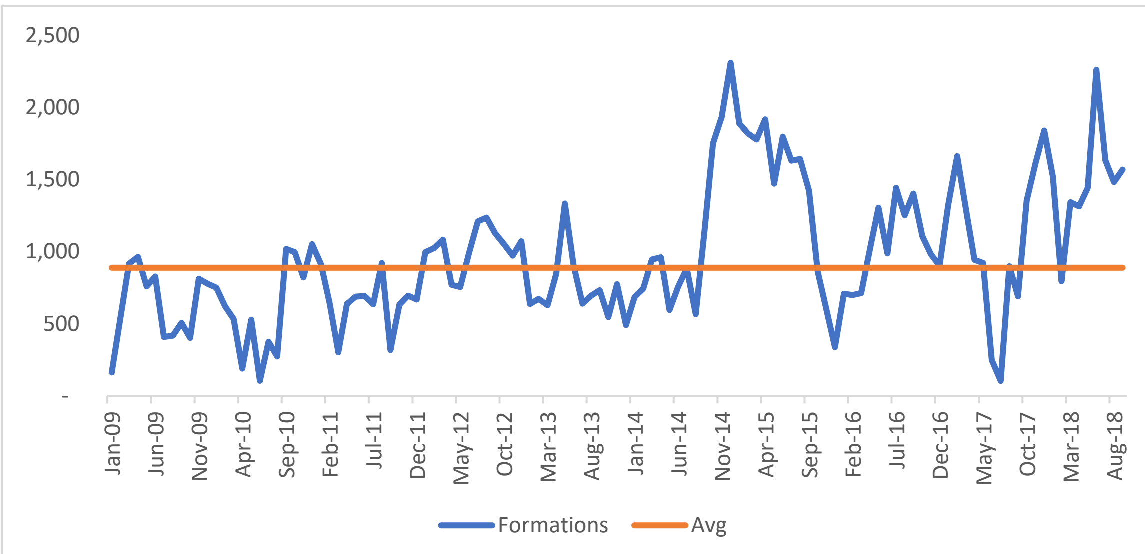
However, even if the Conifer sale falls through, the stock should still compound at attractive rates as it continues to grow its EBITDA, generate cash and pay down debt.

To sum it up, THC owns a collection of economically insensitive growing businesses that together are worth significantly more than the current valuation implies. I believe that a refreshed board and management team are highly incentivized to figure out a way to realize this value. With a bit of time and some good fortune, this investment has the potential to work very well for us over time.

Housing related positions, when viewed together, are also a significant new exposure for the Fund. In total, housing related bets accounted for 11% of assets at quarter end and were a significant detractor during the period. The largest member of this basket is Beacon Roofing Supply (BECN) at 2.5% of assets. Smaller members of the basket include BLDR, BXC, ELLI, GMS, LEN and OC. While each position in this basket was sourced and initiated using the same bottoms-up approach, I plan to limit the total exposure of the collective companies as though they are a single core position given their correlation to each other.

My high-level view on US housing is that the current level of starts is depressed relative to both historical standards as well as what is required to support a normalized, long-term level of new household formation.

1. *Formations have been depressed.* According to the US Census Bureau, there have been approximately 1 million new households formed, on average, since 2009, which is significantly lower than what one would expect based on population growth.



Historically, new household formations have been driven by a growing population, partially offset by a secular decline in headship rates, which measures the number of households for a given population. The secular decline in headship rates has largely been due to the growing percentage of people attending college and waiting longer to get married.

However, the secular decline in headship rates was also exacerbated by the cyclical effects of the 2008 financial crisis, with many young adults choosing to live with their parents or roommates longer as a result of lower starting income levels and greater student debt burdens.

According to a 2016 study published by the Joint Center for Housing Studies (JHCS) of Harvard University, declines in headship rates reduced new household formation by just 54k per year from 1990-2010, but by 200k per year from 2010-2015.[6]

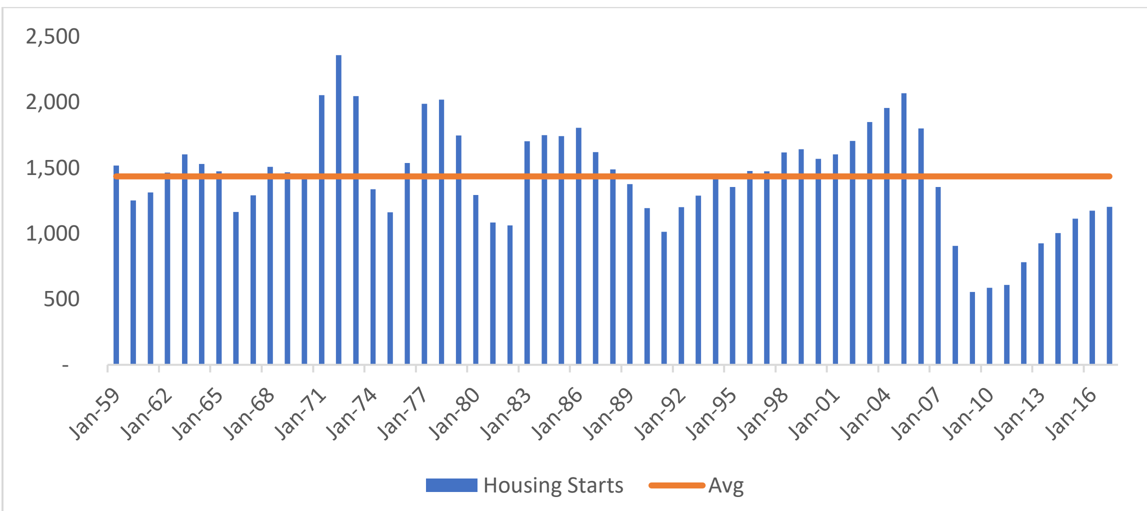
[6] http://www.jchs.harvard.edu/sites/default/files/household_growth_projections2016_jchs.pdf.

This large cyclical decline in headship rates temporarily depressed demand for new housing supply, a trend that should naturally stabilize or even reverse. I believe that the 2018 household formation rate is not a cyclical peak, but a sustainable level of demand boosted by the repayment of formation debt that was accumulated over many years of deferrals.

2. *New housing construction has been further depressed by more than just deferred formations.* With a stable economic backdrop, one would expect that construction of new housing units would typically exceed new household formations. This has historically been the case, with average annual formations of 1.1 million since the mid-1950's, compared to average annual starts of 1.4 million over the same period.

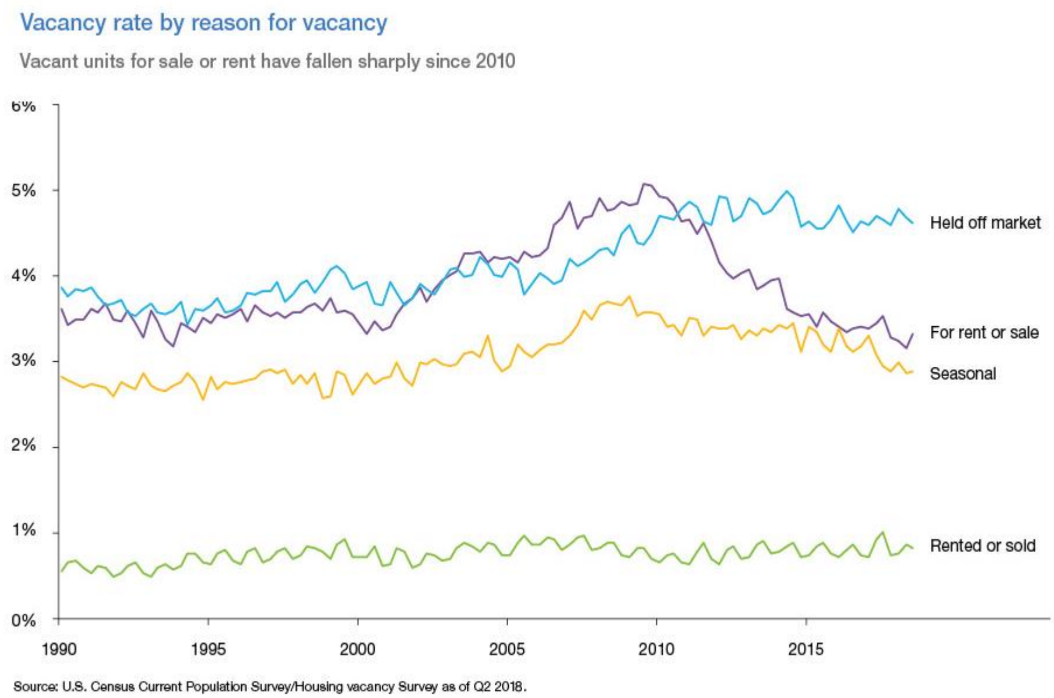
   According to Freddie Mac, ~400k units per year are needed to replace aging units and fill demand for vacation homes[7]. Furthermore, certain parts of the country, like West Virginia, are experiencing negative population growth, leading to increased demand in the places those people are moving to. The same Freddie Mac report estimates that this creates an additional ~100k units of demand annually.

   However, since 2009, housing starts have average just 900k units per year, below the level of normalized demand over that period.



The depressed construction activity has been driven by the market's digestion of excess capacity built up during the housing bubble, which led to elevated vacancy rates. As can be seen in the following chart, the vacancy rates for most units other than those held off market have recently reverted to historical levels.

[7] http://www.freddiemac.com/research/insight/20181205_major_challenge_to_u.s._housing_supply.html.



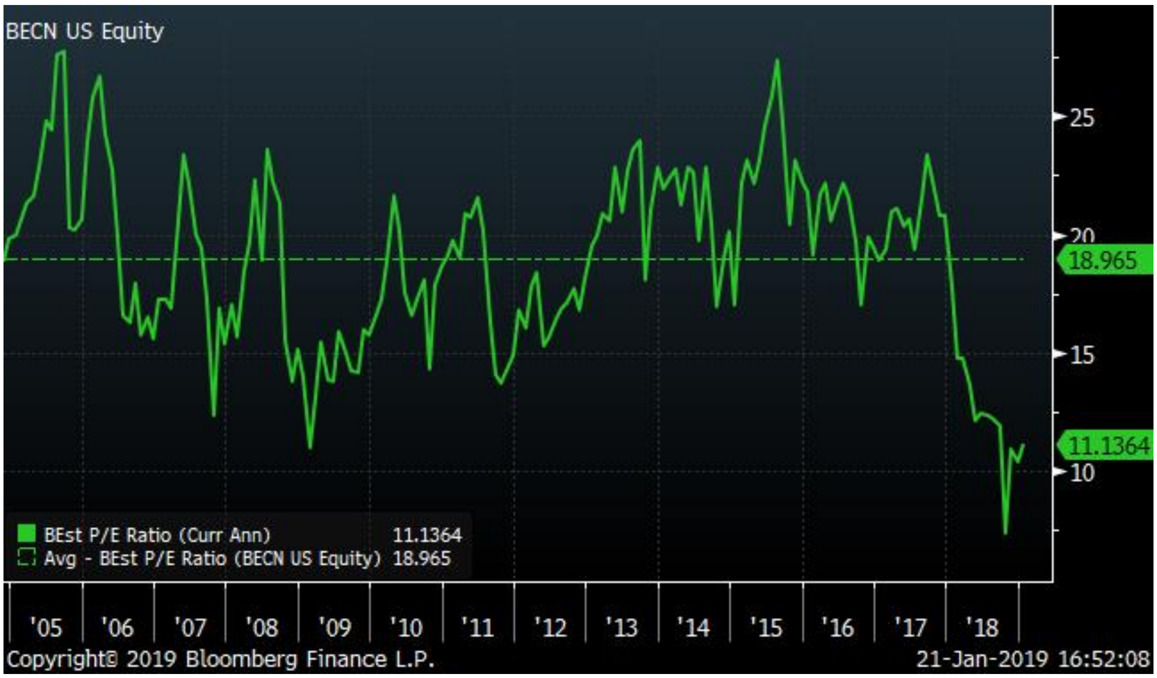
3. *There is reason to be constructive on new unit construction going forward driven by all three key drivers of demand: i) continued population growth, ii) normalization of headship rates and iii) stabilization of vacancy rates.* At the same time, stocks are priced as if housing demand is at peak levels and the sector is about to go through a sustained downturn. Part of the fear regarding housing related names is understandable – the country is at historically low levels of unemployment while the Fed has started on its path of raising interest rates which hurts housing affordability. However, I believe that investors remain overly wary of the housing sector due to the role it played in the 2008 financial crisis. An event of that magnitude is unlikely to repeat itself and has given us the opportunity to buy housing related businesses at levels that should produce fine results if housing activity does slow down and excellent results if it does not.

Beacon Roofing Supply (BECN) represents the largest position in the Fund's housing basket. The company is the largest publicly traded distributor of roofing materials, operating over 500 branches across 50 US states and 6 Canadian provinces.

Roofing product distribution is a good, stable business. 80% of roofing demand is driven by repair and remodel (R&R) projects. This type of business is mostly non-discretionary, as repairing a roof is difficult to defer once it has reached the end of its useful life. The business is local, since the products are heavy and don't travel well over long distances. Scale, branch density, buying power and inventory turnover are critical. The top 3 distributors represent >50% of the market and act rationally. A typical mom & pop distributor operates at 4-5% EBITDA margins compared to BECN's 6-8% margins, leaving little room for them to compete on price while making them attractive and highly accretive acquisition candidates.

Given the company's scale advantages, BECN can profitably open new branch locations at attractive returns while also increasing density and thus its value proposition to its customers. Management plans to open 10-15 greenfield locations annually over the next several years. BECN is also able to use its scale to invest in its technology platform, further differentiating it from its peers. Currently, 93% of homebuilders and 76% of contractors purchase from the company online at least monthly. The ability to open new branches, take local share through technology investments and make accretive acquisitions gives the company a credible path to mid-single digit growth regardless of how the housing cycle plays out.

Given the above characteristics, one would think that BECN should not be lumped together with highly cyclical housing stocks. However, the stock traded down 50% last year and currently sells for ~11x 2019E earnings, a significant discount to the ~19x average PE is has sported since it came public in 2004.



To be fair, BECN did disappoint the market with its results in 2018. In the first half of the year, the company saw margin compression driven by rising raw material prices, which typically requires a few quarters to pass through to customers. However, over the long-term, inflationary environments are much more favorable for distributors than deflationary ones since they help to better leverage fixed costs.

In the second half of the year, the company dealt with weak storm-related demand after abnormally strong hurricane and hail storm seasons in the year before. Over the long-run, storm related demand should normalize.

These dynamics forced the company to lower guidance several quarters in a row, which together with fears of a housing slowdown, caused the stock to sell off significantly. Insiders saw this decline as an opportunity, spending ~$2.5 million buying stock in the open market at prices ranging from $30 to $41. An affiliated private equity firm that has a long history with BECN and helped the company finance its 2017 acquisition of Allied Building Products also spent $12 million buying stock in the open market at $39 per share.

For 2019, I believe that the company i) guided conservatively assuming a below average storm year, ii) should benefit from the full year impact of the price increases it took to offset inflation, and iii) realize an additional $50 million of synergies from the integration its 2017 acquisition of Allied Building Products.

It is my view that a few quarters of stability would go a long way towards helping the company recover some of the multiple it has recently given up. However, even without multiple expansion, I believe that at our entry levels, BECN will generate strong prospective returns for us in the coming years.

Outlook

During the fourth quarter, the stock market experienced a steep decline that can be described as indiscriminate selling driven by fear. In fact, this December marked the worst such month for equity performance in 87 years. While it is tough to know exactly what triggered the panic, one can point to fed tightening, rising interest rates, a slowing global economy, trade tensions, US government shutdown, falling oil prices or any combination of the above. What we do know, is that December of 2018 saw the highest outflow in 20 years for equity funds over a four-week period, more than doubling the levels seen in 2000 and 2008.

In the year 2000, we had a dot.com bubble that had failed to live up to its hype. The S&P 500 was valued at >30x earnings and valuations had to come down when expectations for exponential economic growth failed to materialize.

In 2008, we had a housing bubble that was magnified by an overleveraged consumer and financial sector. Given that household wealth and consumer confidence is closely tied to housing prices, and consumer spending accounts for 70% of US GDP, the deflation of this bubble had a magnified impact on the US economy and thus corporate profits.

Today, valuations aren't stretched like they were in 2000, and there is no obvious excess in the system domestically that would meaningfully jeopardize corporate profits or the banking system like in 2008. In fact, as pointed out in the housing section of this letter, there appears to be reason to believe that this recovery has been more depressed and slower to materialize than would be expected and could, as a result, sustain for longer duration.

While trade tensions and a China slowdown are real concerns, they should be more manageable in the context of domestic corporate earnings than the dot.com bubble or the housing crisis which both directly impacted the US economy and consumer rather than US corporations. The Fund also can and will avoid companies that are negatively impacted by global trade disputes.

Further, while rising interest rates depress consumption and investment, they only rise when the economy is strong, meaning they should be viewed as both bitter and sweet, or neutral.

As I have stated is past letters, it is tough to predict what the market will do tomorrow, but it is possible to look for businesses that have characteristics and valuations that are priced to reward investors who have a bit of patience. With the S&P 500 trading at 15x earnings, and with the current level of volatility and fear impacting asset prices, I have been able to find some high-quality businesses for what appear to be bargain prices that I believe will reward us over time. I look forward to continuing the search for more of these opportunities and am excited to see what the coming months and years bring.

Monthly Performance Summary[8]

2018	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
1 Main Capital Partners - Gross		-0.8%	1.4%	-0.5%	6.7%	0.4%	3.2%	4.8%	-2.9%	-8.0%	-3.0%	-10.8%	-10.4%
1 Main Capital Partners - Net		-0.9%	1.3%	-0.6%	6.3%	0.2%	2.4%	3.7%	-2.4%	-7.0%	-3.2%	-10.9%	-11.6%
S&P 500 index - incl dividends		-3.6%	-2.5%	0.4%	2.4%	0.6%	3.7%	3.3%	0.6%	-6.8%	2.0%	-9.0%	-9.5%
Russell 2000 - incl dividends		-4.2%	1.3%	0.9%	6.1%	0.7%	1.7%	4.3%	-2.4%	-10.9%	1.6%	-11.9%	-13.6%

Thank you for your continued support and confidence. Please reach out with any questions at yaron@1maincapital.com or 305-710-8509.

Sincerely,
Yaron Naymark

[8] Performance Data is presented for the Fund's Class A Interests, and are net of any accrued incentive allocation, management fees and other applicable expenses (as disclosed in the Fund's Confidential Private Offering Memorandum), include the reinvestment of dividends, interest and capital gains, and assume an investment from inception. Returns for month-end and year to date 2018 are estimated, and un-audited. For investor specific returns, please refer to your capital statements. Due to the format of data available for the time periods indicated, net returns are difficult to calculate precisely. Please see the last page for important disclosure information.

IMPORTANT DISCLOSURES

In general. This disclaimer applies to this document and the verbal or written comments of any person presenting it (collectively, the "**Report**"). The information contained in this Report is provided for informational purposes only and does not contain certain material information about 1 Main Capital Partners, L.P. (the "**Fund**"), including important disclosures and risk factors associated with an investment in the Fund, and no representation or warranty is made concerning the completeness or accuracy of this information. To the extent that you rely on the Report in connection with an investment decision, you do so at your own risk. Certain information contained herein was obtained from or provided by third-party sources; although such information is believed to be accurate, it has not been independently verified. The information in the Report is provided to you as of the dates indicated and 1 Main Capital Management, LLC and its affiliates (collectively, the "**Manager**") do not intend to update the information after its distribution, even in the event the information becomes materially inaccurate.

No offer to purchase or sell securities. This Report does not constitute an offer to sell, or the solicitation of an offer to buy, and may not be relied upon in connection with the purchase of any security, including an interest in the Fund or any other fund managed by the Manager. Any such offer would only be made by means of such fund's formal private placement documents, the terms of which shall govern in all respects.

Performance Information. Unless otherwise noted, any performance numbers used in the Report are for the Fund's Class A Interests, and are net of any accrued incentive allocation, management fees and other applicable expenses, include the reinvestment of dividends, interest and capital gains, and assume an investment from inception of such Class. As such, the performance numbers do not reflect the performance of any particular investor's interest and you should not rely on it as a statement of your actual return.

Past performance. In all cases where historical performance is presented, please note that past performance is not a reliable indicator of future results and should not be relied upon as the basis for making an investment decision.

Risk of loss. An investment in the Fund will be highly speculative, and there can be no assurance that the Fund's investment objective will be achieved. Investors must be prepared to bear the risk of a total loss of their invested capital.

Portfolio Guidelines/Construction. Information contained in this Report, especially as it pertains to portfolio characteristics, construction, profiles or investment strategies or objectives, reflects the Manager's current thinking based on normal market conditions, and may be modified in response to the Manager's perception of changing market conditions, opportunities or otherwise, in the Manager's sole discretion, without further notice to you. Any target strategies, objectives or parameters are not projections or predictions and are presented solely for your information. No assurance is given that the Fund will achieve its investment strategies, objectives or parameters.

Index Performance. The index comparisons are provided for informational purposes only. The S&P 500 Total Return Index (SPXT) is a capitalization weighted index that is designed to measure the performance of the broad U.S. economy through changes in the aggregate market value of 500 stocks representing all major industries. There are significant differences between the Fund and the index referenced, including, but not limited to, risk profile, liquidity, volatility and asset composition. The index reflects the reinvestment of dividends and other income, are unmanaged, and do not reflect a deduction for advisory fees. An investor may not invest directly into an index. For the foregoing and other reasons, the performance of the index may not be comparable to the Fund's and should not be relied upon in making an investment decision with respect to the Fund.

No tax, legal, accounting or investment advice. The Report is not intended to provide, and should not be relied upon for, tax, legal, accounting or investment advice.

Logos, trade names, trademarks and copyrights. Certain logos, trade names, trademarks and/or copyrights (collectively, "**Marks**") contained herein are included for identification and informational purposes only. Such Marks may be owned by companies or persons that are not affiliated with the Manager or any the Manager managed fund and no claim is made that any such company or person has sponsored or endorsed the use of such Marks in the Report.

Confidentiality/Distribution of the Report. The information in this Report is confidential. By accepting any portion of the Report, you agree that you will treat the Report confidentially. It is intended only for the use of the person to whom it is given and the Manager expressly prohibits its redistribution without the Manager's prior written consent. The Report is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use is contrary to law, regulation or rule.