



October Update

October was dominated by geopolitical and macro-economic events. ***While many struggled, our superior stock selection, hedges, and cash helped us decline by only -1.6% versus -2.2% for the S&P500 Index. For the year, our Fund is up +20% versus the S&P500 Index that is up +9%.***

Our stock selection continues to be second to none. To date, the outperformance of the MAMAAs (**M**icrosoft, **A**pple, **M**eta, **A**lphabet and **A**mazons) and Berkshire Hathaway has been astounding. ***In fact, without our holdings, the S&P500 Index has returned -10%. Put another way, our holdings have outperformed the rest by +30% YTD.*** In October, all our companies reported their quarterly earnings. Each posted incredible growth in revenues, earnings per share and free cash flow per share. ***We were impressed by their results and believe each remain significantly undervalued and opportune for future gains.***

Our risk management has been exceptional. From the middle of the month until October 26th, Nasdaq fell by nearly 8%. Given the magnitude and speed of the decline, we were fortunate to have hedges in place. As our hedges of choice were QQQ puts (Nasdaq), the value of these puts increased materially. ***We took advantage of this opportunity and cut our hedge position, crystallizing a profit of nearly 1% for the Fund.*** After removing the hedges, we are now 80% long with 20% in cash earning 5%+ and available to deploy.

The trifecta of superior stock selection, profits on our hedges, and 20% of the portfolio in cash, has put us in a terrific position. With rest of the Market coming our way, we are actively searching for new ideas. Based on our analysis, public multiples of most stocks have already adjusted to recessionary levels. In fact, without the MAMAAs, the Market multiple has fallen to a low 14x EPS. ***As such, we believe that any capital deployed today has the potential to double in the next 36 months versus a maximum downside of 15%.*** This 6:1 upside/downside ratio is exceptional and represents odds that we rarely encounter. We remain optimistic on the balance of the year, look forward to next month's communication, and thank you for your continued support.

Sincerely,

Steven Tuchner
Founder and CIO

