

Dear Investor,

In this letter we will review our performance in the first half of 2024 including our biggest impact performers as well as our investment focus for the remainder of the year.

Rod Capital June 2024 YTD Results

In the first half of 2024, Rod Capital was up 5.98%. The S&P 500 was up 15.30% while the Russell 2000 was up 1.71%.

Our top performers in the first half of 2024 included Endeavor Group (EDR), which contributed 7.20%. Our long in Amkor (AMKR) and short in Nio Inc (NIO) contributed 1.46% and 1.24% respectively.

Our worst performer was our hedged short position in Microstrategy Inc. (MSTR) which contributed -11.29%. Magnachip Inc. (MX) also weighed on results -3.32%.

Q1 Review and Announcement

There are some value investors out there who are saying that today's markets are 'broken'. Commentators criticize them for using this as an excuse for their poor performance. Don't blame yourself – blame the market!

Well, I find myself doing the same thing. I had hoped that higher interest rates would slowly correct some market inefficiencies. However, the problems persist and as patient as I am, I know that most investors are less patient.

The overall problem – as I see it – is that active managers, who can help alleviate the issue of a market overrun by passive investments and gamblers, are being driven out of business. I've come to realize this could have a lot to do with the fact that the traditional fee structure of a 2% management fee and a 20% performance fee forces the investor to demand immediate and consistent results from active managers.

So, I've decided to no longer be part of the problem of active managers that sell unrealistic expectations and go bust after a dry spell. Rod Capital Management is thus permanently lowering our fees to a 1% management fee and 10% performance fee. If we get much bigger I will lower our management fees further.

2024 Investment Focus

Today's market is an extreme mix of excess and value opportunity.

On top of the excess are insane situations like Trump Media's stock (DJT) where traders are valuing a nearly worthless social media platform in the billions of dollars. And then there is the crypto fantasy stock Microstrategy (MSTR) that we unfortunately got involved in, trading in the top 20 most traded stocks by value, with billions of phantom dollar value added to their net asset value with no reasonable basis.

Then there are the many value stocks that are left for dead, waiting for a catalyst or event. Our position in Magnachip (MX), for example, is now trading at a price well below its cash, inventories, and properties. We are able to buy shares at a liquidation value in a potential growth business. Sphere (SPHR) trades at a third of what their property is worth – as if it was a massive investment failure – as if it was not advertised as a phenomenon to the world. And so on. Meanwhile, there seems to be an endless supply of cash allocated to the largest technology companies trading at very high historical valuations.

As professionals are run out of business, our ability to survive and be patient in an inefficient market can be rewarded in the long run. I am fully invested in our fund. By permanently reducing our fees as much as we can, my interests are more aligned than ever with our investors.

Please let us know if you have any questions. We hope you and your families are well.

Best Regards,
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The 2016-present Fund results are compared to the performance of the S&P 500 Total Return Index (the "SPX") and Russell 2000 Index (the "RTY") and others for informational purposes only. The Fund's investment program does not mirror those indexes and the volatility of the Fund's investment program may be materially different from them. The securities included in those indexes are not necessarily included in the Fund's investment program and criteria for inclusion in those indexes are different than those for investment by the Fund.

This material contains certain forward-looking statements and projections regarding the future performance and asset allocation of the Fund. These projections are included for illustrative purposes only, are inherently speculative as they relate to future events, and may not be realized as described. These forward-looking statements will not be updated in future.

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