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Q1 2021 INVESTOR LETTER

April 28, 2021

Dear Investor,

The fund declined (-4.80%) in the first quarter of 2021. Amidst a turbulent market, the long book held up well roughly flat in the quarter while the short book detracted (-4.20%) and (-3.41%) excluding market hedges.

While a negative return is always disappointing to some degree, negative quarters are inevitable and risk management is what matters during these times, as any good golfer knows. I distinguish between temporary volatility and permanent loss of capital, believing the former is the case in this situation. As I mentioned in the March performance update email, I increased my personal investment as of April 1 (a person's actions are much more informative than his or her words), something I thought noteworthy enough to mention. The fund has also received a fair number of additional investments from existing investors over the last 12 months, which is appreciated. Hopefully that means I must be doing something right.

During the quarter, distress within large funds that invest in similar names as Blue Hawk resulted in erratic trading and volatility in many of the fund's holdings. Various long/short growth funds with similar strategies to Blue Hawk had large losses in Q1 – including 20% declines, 50% declines, and in one case a greater than 100% decline, causing significant degrossing and aggressive forced selling/covering across a number of growth stocks and popular shorts.

While the fund did not come out unscathed, aggressive action taken at the end of last year combined with disciplined risk management and disinterest in employing large amounts of leverage helped the fund manage the volatility that snagged many of our larger peers. The signs of the massive market-wide short squeeze that occurred in Q1 were present in the second half of last year to those who paid careful attention. It led us to greatly reduce our short exposure – our short exposure ranged from 38.7% to 44.9% the middle of last year and moved all the way down to 18.7% to end the year - and mitigate much of the

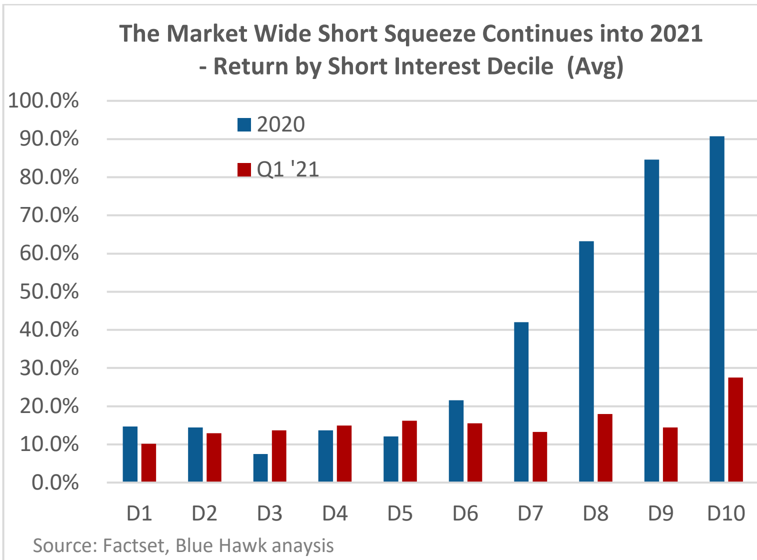
PERFORMANCE - FOUNDERS CLASS	2017	2018	2019	2020	Jan	Feb	Mar	YTD	Since Inception
Blue Hawk Fundamental Growth Fund (net)	22.05%	6.69%	9.23%	12.50%	0.95%	4.80%	(9.61%)	(4.80%)	52.31%
Net Exposure Adjusted Benchmark*	12.60%	(3.23%)	19.10%	11.31%	1.70%	(0.72%)	2.76%	3.75%	49.87%
S&P 500	19.42%	(6.24%)	28.88%	16.26%	2.61%	(1.11%)	4.24%	5.77%	77.46%
HFRI EH: Fundamental Growth Index	18.86%	(9.87%)	13.22%	20.82%	1.97%	3.73%	0.43%	6.23%	56.56%
Fund (net) v Net Exposure Adjusted Benchmark*	15.84%	9.92%	(9.87%)	1.19%	(1.21%)	5.52%	(13.08%)	(8.56%)	2.44%
Fund (net) v S&P 500	9.02%	12.92%	(19.65%)	(3.76%)	(2.12%)	5.91%	(14.56%)	(10.58%)	(25.14%)
Fund (net) v HFRI EH: Fundamental Growth Index	9.58%	16.56%	(3.99%)	(8.32%)	(1.48%)	1.07%	(10.75%)	(11.04%)	(4.25%)

**Net Exposure Adjusted Benchmark is 65% S&P 500 and 35% S&P U.S. Treasury Bill 0-3 Month Index*

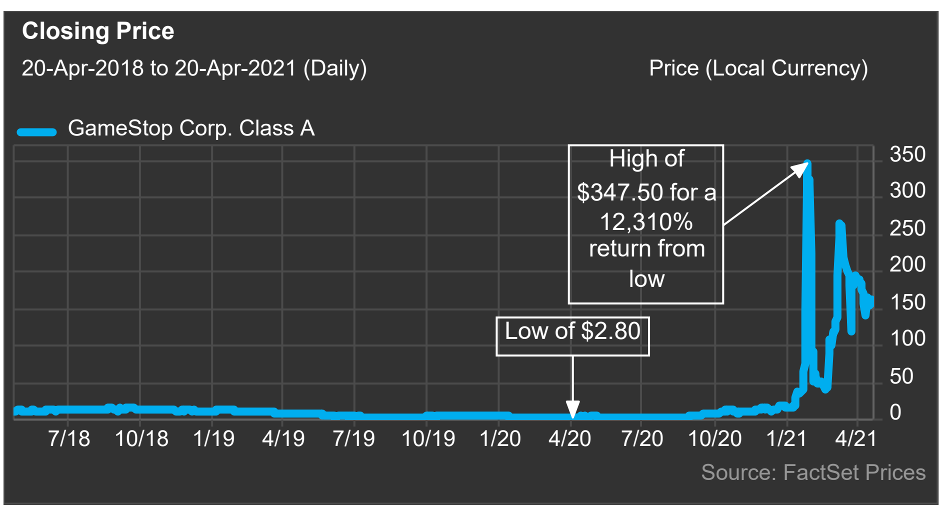
***Fund incepted 1/3/17*

damage. Furthermore, the fund's sound footing meant I could play offense throughout February and March as forced selling and forced covering presented opportunities.

Last year, it became clear to me that the speed with which the Fed reacted to buoy the markets and the amount of liquidity injected into the economy, while the right decision, distorted many investors' view of risk. The result was investors believing that bankruptcy was off the table for many distressed companies that most likely would have been forced to shut down during other crises. ***With bankruptcy off the table, the dash for trash was on and the lowest quality companies, the most challenged, rallied the most.***



These low-quality companies are frequent soil for hedge funds to find short investments – companies with high leverage, declining core businesses, etc., and whose long-term viability have serious questions. A *dash for trash* combined with high short interest (a metric to gauge the popularity of a short trade) created a combustible environment. Retail investors began to join in, and the seeds for the GameStop fiasco was created. Below is a chart of the GameStop vertical price movements.



Last year, we created a spin-off of our short book as a separate strategy for a few select investors – structured similar to a separate account. After the positive vaccine effectiveness trial data were released in November/December, it became clear to me that the risk/reward of shorting in the current environment, the environment I described above, skewed heavily towards risk. Any stock with high short interest became a target for investors, with the goal of creating a short squeeze.

I notified the investors that I was closing the short fund ASAP, and I explained to the flagship fund investors that I was going to significantly reduce the short exposure as well.

Below is Blue Hawk's long and short exposure over the last year. The short exposure peaked at 44.9% in May of last year, and then declined the rest of the year. To end the year, the short exposure declined to 18.7%, the lowest it has been since inception.

Date	Long	Short
4/30/2020	102.0%	34.9%
5/31/2020	106.2%	44.9%
6/30/2020	106.8%	42.4%
7/31/2020	104.4%	38.7%
8/31/2020	109.1%	28.9%
9/30/2020	111.3%	29.0%
10/31/2020	111.3%	30.7%
11/30/2020	114.2%	24.8%
12/31/2020	112.7%	18.7%
1/31/2021	112.0%	20.1%
2/28/2021	118.0%	30.5%
3/31/2021	125.0%	48.5%

Fast forward to today. While the fund did not escape unscathed, these actions saved the fund's investors, including myself, a lot of pain. In addition, the volatility has created opportunities as price has dislocated from value in various pockets of the market. The massive market-wide short squeeze appears to be teetering on its last legs, albeit with temporary aftershocks possible, leaving the lowest quality companies at sky high prices. In addition, the forced selling of longs by distressed funds has created some great opportunities on the long side as well.

I have been very aggressive, while prudent, in reloading our short book and increasing our gross exposure, which I discuss later in a later section.

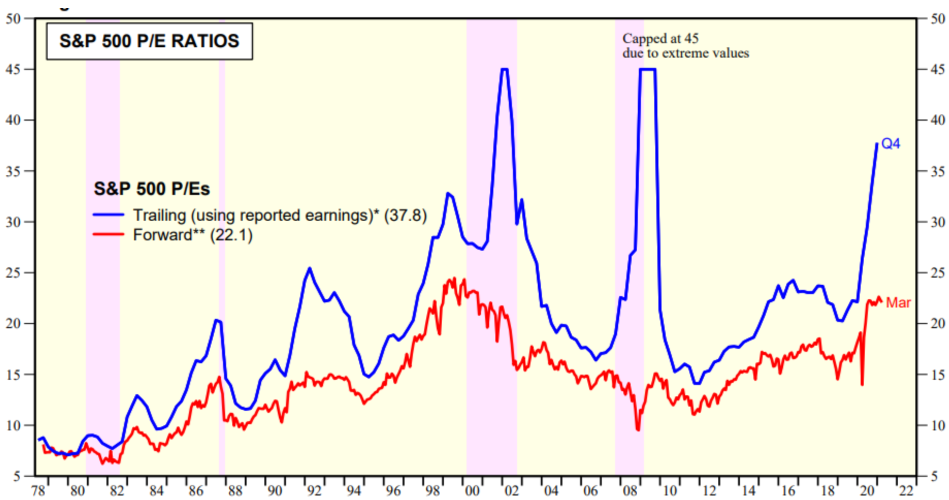
In investing, many variables exist outside the control of an investor that influence the result, so headline returns can prove misleading to the underlying process. The thought is these variables even out over time – the "luck" and "bad luck" counteract over the long-run. For this reason, there are some years where I am disappointed with a seemingly good result.

The opposite is true this past quarter – I believe the headline number is misleading from my seat. While I still made my fair share of mistakes and much of 2021 lays ahead of us, I am pleased with how the fund navigated a very challenging time, one that took a bite out of various well respected long/short funds. And I believe these losses will prove temporary and create opportunities looking forward.

LOOKING AHEAD

Looking ahead, I am optimistic about equities as the world opens back up, with some pockets of froth. Stocks are not inexpensive, but with low ultra-low rates, manageable inflation, and a burgeoning recovery, headline valuation metrics are misleading in my view.

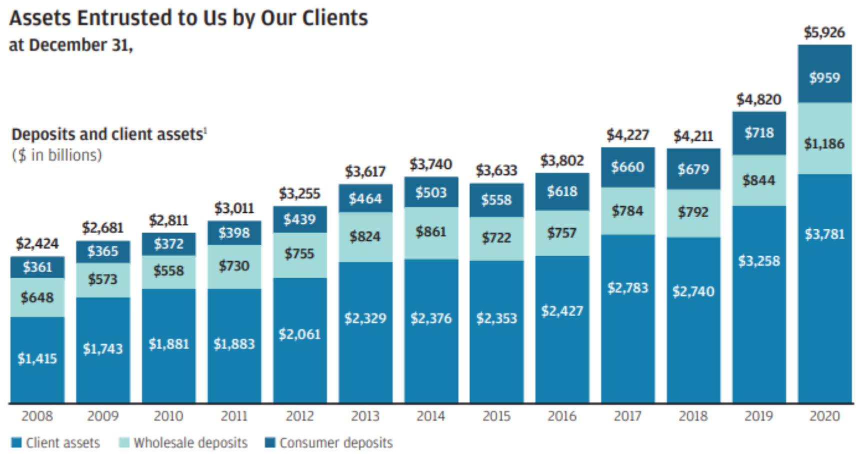
First, at the early stages of economic recovery, stocks typically *appear* expensive on simplified metrics (such as Price to Earnings) as earnings have been *depressed*, such as in 2009. Below is an exhibit of the S&P 500 trailing P/E, highlighting the huge spikes in P/E during recessions.



* Using 4-quarter trailing reported earnings.
** S&P 500 stock price index divided by S&P 500 12-month forward consensus expected operating earnings.
Note: Shaded red areas denote S&P 500 bear market declines of 20% or more. Yellow areas show bull markets.
Source: I/B/E/S data by Refinitiv and Standard & Poor's.

And second, while unemployment is higher than normal, the dearth of travel, commuting, and other typical household discretionary spending in addition to corporate and consumer government stimulus has significantly improved consumer bank account cash levels[1], which could lead to a strong recovery and a new bull market in my view. Below is an exhibit of the cash levels in JPMorgan Chase bank accounts, provided in Jamie Dimon's annual letter.

[1] https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/investor-relations/documents/ceo-letter-to-shareholders-2020.pdf



Source: JPMorgan Chase

Value and recovery trades may play the flavor of the month at the moment, long enough for investors to recall why the companies had been discarded originally. Conversely, as the Fed has begun to shift their tune and *think about think about*[2] adjusting policies – or begin to lessen the level of accommodation is probably more accurate – the air should begin to slowly deflate from the *dash-for-trash* balloon – the GameStops, SPAC, etc., with temporary after-shocks to be expected along the way.

Two factors lead me to this conclusion. First, as mentioned above, an uptick in inflation, although manageable, will force a shift in Fed policy including a shift in the market narrative surrounding tightening/loosening. And second, and probably more significant in my opinion, the world is finally beginning to open back up. Peoples' lives will finally begin to normalize again, albeit slowly most likely.

Why does this matter? Retail investors, whose boredom during the pandemic and stimulus in hand led to increased interest, pouring kerosene on the markets, will again resume their daily lives. This will lead to less retail interest in my humble opinion. In turn, it will lessen the cover that select quant and high frequency funds hide behind to fan the flames of retail trading and attempt to create momentum.

With all that being said, market predictions proving to be accurate is the exception and my views are loosely held and certain to change and evolve.

Quick Note – The goal is not to precisely time investments, in this case the deflation of a frothy pocket of the market. This is a fool's errand. The goal is to profit from overvalued securities, via short sales, and structure the investments in a way as to be able to maintain the position for when the bubble begins to deflate, an event whose occurrence is highly likely but timing unknowable. To say another way, patience and risk management are vital ingredients in successful short selling.

[2] https://www.wsj.com/video/powell-were-not-even-thinking-about-thinking-about-raising-rates/0C020333-947B-411F-912E-6EF76EFE18C0.html

PERFORMANCE DRIVERS

The long book detracted (-0.36%) and the short book detracted (-4.20%). As the early signs of the deflating of the retail bubble started to manifest, around the time of the second and seemingly final stimulus payment announcements, I started increasing our short exposure (late February increasing into March). A bit early, one of the trades moved against us and was the leading detractor in the period. Nobody ever buys at the bottom and sells at the top, myself included. The fund's strict risk management framework and position size limits allows me to maintain confidence and conviction when price moves against us, as long as our thesis holds. My conviction remains strong in the position. When evaluating a performance driver, I ask myself, "is this permanent loss of capital or just a temporary move?" In this case, I believe the latter.

As noted, I increased the short book throughout the month. In addition, as my confidence in the short book increased, I added to some of the compelling opportunities on the long side as volatility presented opportunities. As of month end, the gross exposure sits at 173% and net exposure at 77%. This is on the higher end of our range historically. Avoiding losses in January and the fund's conservative approach means I can play offense when some of our larger peers are forced to play defense and de-gross due to losses.

NOTABLE CHANGES TO THE PORTFOLIO

I added a basket of positions on the short side in the quarter, five stocks whose price has become completely decoupled from reality. Three are Blockbuster type retail businesses with intense secular challenges, cost disadvantages, high debt loads and soaring stock prices. Another is a legacy network security infrastructure provider whose best days are more than a decade in the past. The stock price went vertical during the first GameStop launch, presenting a great opportunity to build a short position. The fifth is an Electric Vehicle SPAC without a viable product, which is believe it or not, possibly even the least of its worries.

On the long side, I increased the position sizes of two tracker positions the fund has held for a bit, to build them into full positions, as well as added a new position the fund has not held prior. The two previously tracker positions are **Chewy** and **Stitch Fix** and the new position is **Fiverr**. In addition, I added to three of our high conviction ideas at the top of the portfolio, Match Group, Floor & Décor, and Square, and made them more significant bets. I exited positions in Microsoft and Netflix as I discussed I would in *last quarter's letter.*

As always, I thank our investors for their continued support. Please feel free to reach out with any questions.

Sincerely,

Jake DuBois, Managing Member

APPENDIX

Top 10 Holdings as of 3/31/21

Symbol	Weight
FND	19.9%
MTCH	19.0%
SQ	16.3%
LYFT	13.6%
PINS	10.8%
ABNB	9.0%
SPLK	8.3%
CHTR	6.3%
PYPL	5.8%
INTU	5.7%

Definitions:

Gross Exposure – the percent of the portfolio in long investments plus the absolute value of the percent of the portfolio in short investments.

Net Exposure – the percent of the portfolio in long investments minus the absolute value of the percent of the portfolio in short investments.

> *For example, a fund with 110% long and 50% short would have 160% gross exposure and 60% net exposure.*

Short Squeeze - a rapid increase in the price of a stock owing primarily to an excess of short selling of a stock rather than underlying fundamentals. A short squeeze occurs when there is a lack of supply and an excess of demand for the stock due to short sellers having to buy stocks to cover their short positions.

Special Purpose Acquisition Company (SPAC) - a company with no commercial operations that is formed strictly to raise capital through an initial public offering (IPO) for the purpose of acquiring an existing company. Also known as "blank check companies," SPACs have been around for decades.[3]

[3] Investopedia

DISCLOSURES

Performance Calculations:

Valuations and returns are stated in US Dollars. The calculation of gross-of-fees returns reflects the aggregate performance of all investors minus trading commissions. The calculation of net-of-fees returns reflects the aggregate performance of all un-affiliated investors. This specific share class is subject to the deduction of a 1% management fee and 15% incentive fee with a high-water mark. Net returns are also net of operating expenses, which includes an administration fee, audit fee, and other miscellaneous operating expenses. We believe this return best reflects the performance a typical investor would have achieved. Please refer to the Private Placement Memorandum for a full list of operating expenses.

Past performance does not guarantee future results. Please see the Private Placement Memorandum for a full list of disclosures.

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