GOUDY PARK
CAPITAL

1 North Franklin, Suite 350
Chicago, Illinois 60606
Phone: 312-932-8187
jamie@goudyparkcapital.com

	CY2021 Return
Goudy Park Capital	6.08%
Russell 2000 Growth	2.83%
MSCI World Small Cap	16.18%

Dear Limited Partners,

Goudy Park Capital finished 2021 up 6.08% net compared to our closest benchmark, the Russell 2000 Growth Index, which finished the year up 2.83%. The fund has generated a 38.11% Net CAGR and 402.44% cumulative return over the last 5 years. By comparison the Russell 2000 Growth Index has generated a 14.53% CAGR and a 97.07% cumulative return and the MSCI World Small Cap has generated a 12.18% CAGR and a 82.70% cumulative return. After a strong first 10 months of the year, we gave back gains in the fourth quarter. What made 2021 challenging was the sharp rise in inflation, the continued unpredictability and spikes in Covid-19, and the abrupt shift in fiscal policy by the Federal Reserve in the 4th Quarter. When 2021 began, the interest rate on the 10-year Treasury was still less than 1 percent and when President Biden signed off on an additional $1.9 trillion of government stimulus in March to provide further financial support as a result of the pandemic (government aid at that point totaled $5 trillion in the aggregate), it ignited a surge in growth stocks. Our portfolio was well positioned for this move as we were overweight technology and growth. We benefitted as we saw our portfolio end Q1, up approximately 30%.

However, as the year went by, Internet stocks and other businesses that had benefitted from Covid started to underperform as the market started to anticipate the physical economy re-opening. This hurt our performance as Temple & Webster is an Internet retailer and has been the largest position in our fund for most of the last 3 years. We have made approximately 12x return on Temple and Webster as of 12/31/21 since we bought it in 2019 and the stock was up over 120% in 2020. We continue to believe the company has a long runway for growth and the ability to show increased operating leverage overtime as the dominant online furniture retailer and home goods retailer in Australia. Today, Australia's online penetration remains under 10% compared to approximately 25% in the U.S and U.K. Therefore, we are not inclined to sell our position although we have trimmed the position back by approximately 20%. However, this decision to hold Temple & Webster through a period of underperformance and challenging comparable quarters did negatively impact our performance in

2021. Nonetheless, our goal is not to maximize short term gains, but instead to maximize long term returns and sometimes this means underperforming in the short term.

As we entered the fall, inflation went from being transitory to persistent, rising rapidly and the Fed shifted its policy stance aggressively to raise rates sooner. In addition, supply chain issues worsened and created some challenges for a couple of our companies, which missed revenue projections because they didn't receive enough inventory in time. As a result, growth stocks were punished significantly, and our portfolio was still too overweight growth and we absorbed more of the compression in multiples than we would have liked.

Finally, we had two unusual incidents occur with two of our largest holdings that also cost us performance in December. Myomo, a manufacturer of robotic medical devices, announced in December that its largest payor suddenly stopped paying for Myomo's product after the company shipped devices to the payor's clients. This payor represented 25% of the company's business and when the news was made public, the stock dropped 30%. It turns out the payor had a computer database issue. The error has since been resolved and the stock has since recovered half of its stock price loss, but it negatively impacted our December and Q4 performance. Additionally, it was announced our Thinksmart PLC holding was being acquired by Block Inc. in an all stock deal and these stocks corrected 30% in the fourth quarter, which also negatively impacted our performance.

Despite having given up 10.8% of gains in the fourth quarter, the good news is that we booked tax losses at the end of the year that reduced our capital gains. Nonetheless, capital gains will be higher than normal this year, given that we have exited stocks that drove some outstanding performance the last couple of years. Now that these gains are off our books, we anticipate minimal capital gains in 2022. Furthermore, we repositioned the portfolio coming out of 2021 to be much more value oriented, durable and recurring in nature with a strong cash position (to deploy opportunistically) and an opportunistic short book of 10%-20% that has generated positive returns in December and January. In addition, our cash position now stands at approximately 18%. As a result, through the end of January, our fund is down 8.9%, versus the Russell Growth Index down 17.83%, the Nasdaq 100 down 14.22% and the S&P 500 down 9.28%.

Throughout much of 2019, 2020 and most of 2021, the fund was heavily overweight technology and growth. This was the ideal positioning to maximize returns in a very low interest rate, heavy stimulus, covid-19 environment. Now, that the environment has shifted, rates will be increasing (the yield on the 10-year Treasury has increased 100% in a 12-month period) and inflation remains well above accepted levels. Durable, defensive companies that are asset light, have pricing power, ideally generate cash flow and don't need to raise capital, will outperform. High growth companies generated extraordinary returns the last couple of years as there was essentially no cost to borrow money. We will still continue to seek out growth stocks, but as rates rise, the valuations of these companies will become very different as future growth will now become more heavily discounted. In our mind, the melt up was so severe that many growth companies with no profits still need to correct substantially before they are worth buying today. That said, we are confident that we have navigated through a challenging last couple of months and have assessed the current environment correctly to set the portfolio up in a way for us to benefit.

As we begin 2022, we have made some changes to the composition of our Top 10 holdings. In a continued effort to have our portfolio better match the current environment, we sold out entirely of our

GreenBox Pos, CM.com, PureCycle and Aspira Women's Health positions and have reduced our positions in Temple & Webster, ThinkSmart PLC, IMAC Holdings and Halozyme. We have added to our core positions in Vitec and NZM on weakness recently and we also have been adding to our positions in P10 Holdings and Konatel. In addition, we have been adding new positions including: Power REIT, Reservoir Media, Verra Mobility, Valvoline and Primerica.

As mentioned above, we have been increasing the size of our short portfolio and it now is roughly 14% of the fund. The focus of our short portfolio is on overvalued, non-recurring revenue, cash burning companies that will likely need to raise additional capital in this environment. These include biotech drug discovery companies, early-stage public technology companies, and other cash burning medical technology companies.

The key theme we are focused on in this high inflation, rising interest rate environment is investing in undervalued asset light, durable, cash flowing companies with recurring revenue and pricing power that don't require capital and have the ability to buy back stock. Within this construct, investment themes that we currently find attractive include: alternative asset fund managers, infrastructure, real estate, recovery of the travel sector and music royalty catalogs and software. What many of these themes have in common is that they perform better than most in an inflationary environment.

Power REIT is a $230m market cap specialized real estate investment fund focused primarily on Controlled Environment Agriculture greenhouse properties for food and medical cannabis cultivation, while also making select investments in solar and railroad properties. The majority of their portfolio is comprised of long-term triple net lease contracts, providing added stability to future cash flows. The company's portfolio includes:

- 170 acres of land with approximately 1.1 million sf of greenhouse/processing space for cannabis cultivation (in place and under construction)
- 600 acres of land leased to over 107 Megawatts of utility-scale solar farms
- 112 miles of railroad located in the Marcellus Shale territory (PA, WV, and OH)

Insiders own over 20% of the company and the company is on a run rate of approximately $4 a share in funds from operations ("FFO") that we believe can reach $8 a share in the next couple of years as they continue to add highly accretive acquisitions to their portfolio and see existing properties expand. The company trades at 16x its core FFO multiple versus its peer group at over 30-37x. If we use a conservative 20x FFO multiple, that would value the company at $160 within the next 24 months versus $70 today.

P10 Holdings is a $1.5B market cap private markets solution provider with significant insider ownership that offers manager access across private equity, venture capital, private credit and impact investing to its institutional client base. The company has 45% EBITDA margins with negative working capital and no capital requirements. The business provides steady recurring management and advisory fees over long-term fund agreements that allow for price escalators. P10 should also see continued growth as they increase assets under management and acquire new funds that they can offer into their institutional client base. According to Preqin (alternative assets database), global assets under management in alternatives are projected to grow by **62%** from 2020-2025.

According to Preqin, all alternative asset classes will see significant growth in global AUM. Here's how the projections break down from 2020 to 2025:

	2020	2021P	2022P	2023P	2024P	2025P
Private equity	4.4T	$5.1T	$5.9T	$6.8T	$7.9T	$9.1T
Private debt	$848B	$945B	$1.1T	$1.2T	$1.3T	$1.5T
Hedge funds	$3.6T	$3.7T	$3.8T	$4.0T	$4.1T	$4.3T
Real estate	$1.0T	$1.1T	$1.1T	$1.2T	$1.2T	$1.2T
Infrastructure	$639B	$668B	$697B	$729B	$761B	$795B
Natural resources	$211B	$222B	$233B	$245B	$258B	$271B
Total	$10.7T	$11.7T	$12.9T	$14.1T	$15.5T	$17.2T

Private equity will grow the fastest and will also see the highest growth in dollar terms. In fact, its proportion of alternative assets' AUM is expected to rise from 41% in 2020 to 53% in 2025. Preqin predicts that this will be due to both strong performance and asset flows, with 79% of surveyed investors, planning to increase their allocation to private equity.

P10 Holdings is valued at 13x our 2023 earnings estimate, while its peers, Hamilton Lane, StepStone and Blue Owl trade at 27x-40x earnings. P10 is also growing earnings at 55% this year, which is considerably faster than its peers. We believe that as P10 gains scale and awareness, and as liquidity in its stock improves further, that its multiple will expand. Using a conservative 20x earnings multiple for the company in 2023 would generate a 55% return for the stock.

Verra Mobility is another position we have been building with which we have familiarity, having owned the stock previously. Verra Mobility (VRRM) is a $2.3B market cap provider of software and hardware solutions. The company's commercial services business segment primarily provides tolling and violation management solutions for rental car and commercial fleet companies. Without Verra Mobility's solutions, rental car companies would be responsible for the tolls or violations incurred by their rented-out vehicles. Matching the drivers to their vehicles after receiving the bill, and then either transferring the liability to the driver or billing the drivers is a headache for rental car companies, taking time and creating additional costs. The company provides the software and hardware in rental cars allowing drivers to pass through tolls, processing electronically and automatically. VRRM uses this technology to match driver and vehicle, paying the fees on the rental car companies' behalf and then collecting the payments from the drivers. Their ability to provide coverage on 95% of toll roads in the United States due to their agreements with tolling authorities across the country ensures that they remain the best partner for key customers such as Enterprise Holdings, Hertz and Avis.

In 2020 and the first nine months of 2021, the reduction in travel due to the coronavirus pandemic decreased the usage of rental cars, negatively impacting Verra Mobility's commercial business. Travel is now resuming, and as people become more accustomed to living in a pandemic, rental car usage will increase as will the tolls incurred by said cars, driving double digit growth in the VRRM's commercial services revenue with a 65% EBITDA margin.

The company also has a government solutions business segment, providing speeding cameras to schools, buses, and red-lights. If someone is caught speeding in a school zone or past a school bus, VRRM is paid to capture the event on video and send it to the enforcement agency. With contracts in over 160 school jurisdictions and 17 states + DC, the company is one of the leaders in the speeding enforcement space. The NYC Department of Transportation is one example of a large customer. As Verra Mobility installs more cameras and more people commute to work, revenues in the government solutions segment will grow.

Verra Mobility also acquired T2 Systems in late 2021, which provides parking and curbside management solutions for universities and municipalities. Verra Mobility generates revenue on a royalty or revenue share basis with almost no cost of goods sold. As a result, Verra Mobility has 45%-50% EBITDA margins and as revenues increase the flow through margins become even higher. The company's business suffered during the height of the pandemic as schools closed and airline travel fell significantly. Now that the pandemic is improving, Verra Mobility has much easier comparable quarters this year and as the business recovers in 2022, revenues could grow year over year by nearly 25% with 45%+ EBITDA margins. The stock currently trades at 10x EBITDA versus its historic multiple of 14-15x with an accelerating growth rate that is above historical levels. As the growth in travel and commuting picks up, we expect the market to revalue the stock closer to its historic multiple, which could lead to a 50% return in the stock over the next 12 months.

Konatel is a $56m market cap telecommunications provider. The CEO, Sean McEwen owns a material amount of shares and is very sensitive to dilution, managing expenses and being thoughtful as it relates to driving shareholder value. The company operates through two segments, Hosted Services and Mobile Services. The company operates as a licensed Internet telephone service provider and global cloud communications service provider using its own as a service cloud platform. Its services include voice termination/origination, API services, messaging, cellular, IoT mobile data solutions, SD-WAN, private LTE, and a range of hosted services through its cloud platform. The company is also involved in the wireless Lifeline resale activities to provide government subsidized cellular services to low-income families in California, Georgia, Kentucky, Maryland, Nevada, Oklahoma, South Carolina, Vermont, and Wisconsin. Konatel is growing revenue and EBITDA north of 40% and is cash flow positive. The company should generate $7-$9m of EBITDA this year and $13-$20m in 2023 as its new cloud product initiatives and Lifeline business continue to ramp. In addition, there is the opportunity for additional accretive acquisitions. Using a conservative 10x EBITDA multiple would generate over a 70% return in the stock from today's prices over the next 12 months and 150%-200% over 24 months. The company is not listed on the Nasdaq yet and does not have research coverage. We anticipate both catalysts occurring this year, which would drive greater awareness and a higher multiple for the shares.

As we look across our portfolio, we believe we own high-quality, undervalued companies that are positioned to perform well in the current environment. This is due to their attractive valuations, the

recurring essential nature of their products, pricing power and their ability to use their cash flow to make accretive acquisitions, buy back stock and pay dividends.

	E2N.MU	GLXZ	HALO	INST	KAR	KIRK	KTEL	MYO	NZM.AX	P10	PRI	PW	SNEX	TCX	TPW.AX	VIT-B.ST	VRRM	VVV	WINA
Revenue Growth Rate	40%	30%	26%	15%	10%	2%	45%	55%	5%	25%	10%	90%	10%	10%	40%	18%	24%	20%	5%
Sales Valuation Multiple	2.5x	3.5x	9.9x	6.2x	0.8x	0.4x	2.7x	2.5x	0.6x	8x	2x	12x	0.7x	3x	2.1x	8.2x	3.5x	1.7x	10x
EBITDA Valuation Multiple	11.4x	12.5x	14.3x	19.5x	12.4x	3x	5.6x	N/A	2.9x	15x	10x	15x FFO	7x	20.5x	49x	21x	10.2x	11.9x	14x
Subscription business or long-term contracts with recurring revenue		●	●	●	●		●		●	●	●	●	●	●		●	●	●	
EBITDA or FCF positive	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●
Management with significant ownership stake	●	●					●			●		●	●	●	●				●
Company buying back stock			●			●			●		●		●	●				●	●
Dominant market share	●		●	●	●		●	●	●			●			●	●	●	●	
Durable operating business			●	●			●		●	●	●	●	●	●		●	●	●	●
Long runway for growth		●	●	●	●		●	●		●		●	●	●	●	●		●	
Business trading at or near trough multiple			●	●	●	●	●	●	●		●		●						●

Earnings growth should prove to be very robust in 2022 and given that the yield on the 10 year is only 1.75% and well below historical levels, we remain optimistic that 2022 can be a good year for undervalued stocks, especially if inflation moderates later this year. In addition, this is the first time since the fall of 2020 where there are good opportunities to make money shorting stocks. Given how we are positioned with our portfolio today, we should benefit as capital moves into higher quality, undervalued stocks and we should also continue to make money on our short portfolio, if the market correction continues. We also have cash to deploy if the market declines further. In the meantime, we will continue to defend our capital, while we continue to meet with management teams, doctors, salespeople and, store managers, in person and over Zoom calls, searching for the next multiyear compounder for our portfolio.

Thank you again for your continued support and I hope 2022 will prove to be a healthy and prosperous year for everyone. Please feel free to reach out to Brian, Ebin or me with questions at any time.

Regards,

Jamie

James W Dolan Jr

Appendix

	2017	2018	2019	2020	2021
GPC (Net Returns)	**33.84%**	**-14.75%**	**64.11%**	**152.96%**	**6.08%**
GPC (Gross Returns)	37.50%	-13.44%	66.49%	188.45%	9.10%
Benchmarks					
Russell 2000 Growth	22.17%	-9.31%	28.48%	34.63%	2.83%
MSCI World Index Small Cap	23.15%	-13.50%	26.75%	16.47%	16.18%
S&P 500	21.82%	-4.39%	31.48%	18.40%	28.71%

	CAGR	Cumulative 5-year Returns
GPC (Net Returns)	**38.11%**	**402.46%**
GPC (Gross Returns)	44.21%	523.60%
Benchmarks		
Russell 2000 Growth	14.53%	97.07%
MSCI World Index Small Cap	12.81%	82.70%
S&P 500	18.47%	133.36%