OPTIMIST FUND

Q4 2023 Quarterly Letter

January 17, 2024

OPTIMIST FUND

To the unitholders of Optimist Fund,

At Optimist we invest in underappreciated market leaders, run by exceptional people that have significant growth opportunities.

We run a concentrated portfolio of 15-25 stocks and have a 5-year investment time horizon.

We believe we're in the early innings of a multi-year recovery in small-mid cap growth companies.

Today, we own 16 companies that we believe have the potential to appreciate 5x+ over the next 5 years.

The investment opportunity remains attractive.

% Returns	Optimist Fund*	Benchmark**
2022***	-51.4%	-17.5%
Q1	25.5%	11.9%
Q2	24.8%	8.1%
Q3	2.5%	-5.2%
Q4	**14.0%**	**13.8%**
2023	**82.9%**	**30.4%**

The Year in Review

In late 2022/early 2023 there was significant pessimism about many of the growth-oriented companies we owned. In fact, it felt like almost daily there was a new media article about why one of our investments was either severely challenged or destined to fail. As frustrating as it was at the time, we continued to buy more shares in our most discounted holdings.

Now a year later, the doomsday scenarios many wrote about have thus far been proven false. The vast majority of the companies we've invested in have navigated the macroeconomic uncertainty well and are positioned to emerge stronger than they were a few years ago.

On March 1, 2027, when we achieve Optimist Fund's 5-year track record, I have the utmost confidence we will look back at the drawdown experienced in 2022 as a key moment where we made contrarian investments that hurt us short term but that accrued significant benefit to unitholders on a 5-year basis.

Now shifting to what drove our 2023 performance, below I've outlined the largest contributors and detractors.

Top 5 Contributors	Contribution	2023 TSR	Top 5 Detractors	Contribution	2023 TSR
Carvana	28.8%	1017%	HelloFresh	-3.2%	-26%
Uber	12.2%	149%	Peloton	-1.1%	-23%
Wayfair	8.2%	88%	Just Eat Takeaway	-0.8%	NM
Doordash	7.1%	103%	Revolve	-0.7%	-26%
ACV Auctions	5.0%	85%	Phreesia	-0.1%	NM
Top 5 Contributor Total	**61.3%**		**Top 5 Detractor Total**	**-6.0%**	

Source: Optimist Fund Attribution Report, Eikon price data
TSR = total shareholder return NM = not meaningful

Top 5 Contributors

1. **Carvana:** 2023 was a year where Carvana improved the economics of their business significantly. We believe 2024 will be the year they return to significant revenue and profit growth. In fact, according to alternative data sources Carvana has already returned to retail unit growth in December for the first time in over a year. Carvana remains the largest position in Optimist Fund.
2. **Uber:** Uber continued its trajectory of revenue growth and margin improvement in 2023, echoing its success from 2022. The market is starting to appreciate Uber's increasing free cash flow generation which drove strong share price performance in 2023. Uber remains a top 5 position in the fund.
3. **Wayfair:** After returning to revenue growth and generating positive free cash flow, we are increasingly confident in our 5-year Wayfair investment thesis. Despite the impressive results in 2023, we see 2024 and 2025 as stronger years as they begin to benefit from an improving market for home goods. Wayfair remains a top 5 holding.

4. **DoorDash:** Exceeding market expectations, DoorDash continued to grow rapidly and expand margins. We believe DoorDash is just beginning its growth journey and has the potential to become a multi-hundred-billion-dollar company. Doordash is a top 5 holding.
5. **ACV Auctions:** In a challenging wholesale automotive market, ACV Auctions is gaining market share and improving profitability. The recovery in the wholesale automotive market is progressing, albeit slightly slower than expected. ACV remains a top 10 holding.

Our top 5 contributors generated 74% of Optimist Fund's annual return.

Top 5 Detractors

1. **HelloFresh:** The year was on track until a late 2023 downgrade in the Q4 outlook, caused by reduced U.S. meal kit demand and operational challenges. The revised Q4 growth rate expectation fell from low double digits to mid-single digits. Despite this, we don't see it as a structural issue and have increased our investment, believing in HelloFresh's industry leadership and cash flow generation.

2. **Peloton:** 2023 was better for Peloton than 2022, but still below expectations, with legacy legal issues impacting their performance. Positive developments include a return to quarterly adjusted free cash flow, reaching positive adjusted EBITDA, and relaunching their Tread+ treadmill in 2024.

   Though another challenging year for Peloton, their high subscription revenue and industry leadership persist, and they expect to return to revenue growth and positive free cash flow in early 2024. However, if revenue doesn't grow in the next six months, we will look to exit the position.

3. **Just Eat Takeaway:** Just Eat Takeaway is the largest food delivery company in Europe. During the year we decided to sell our investment, redirecting capital towards DoorDash, which has demonstrated superior execution.

4. **Revolve:** As a leading premium apparel online retailer, Revolve faced a challenging year due to a weaker consumer market, impacting both revenue and profits. We view this downturn as temporary and are increasing our investment, anticipating a market recovery that will enable Revolve to resume its typical revenue growth and profitability.

5. **Phreesia:** This healthcare software company was one of our smaller investments. We chose to divest and allocate more resources to our top five holdings.

Aggregate Portfolio Composition

Here are the top 10 holdings in our fund, comprising approximately 80% of the portfolio as of December 31st, 2023.

Carvana	ACV Auctions
Wayfair	Colliers
Uber	HelloFresh
DoorDash	Fiverr
Smartsheet	Monday.com

Q4 Portfolio Changes

There were no material changes to the portfolio in Q4.

Every quarterly letter we highlight a holding we haven't previously discussed in the fund. This quarter that holding is Revolve.

An Opportunistic Time for a Proven Online Retailer

Revolve, a premium online retailer catering to women aged 18 to 40, has consistently achieved impressive growth, increasing its revenue by approximately 20% annually over the past two decades. This growth has been coupled with robust profits and a high return on capital. Currently, Revolve boasts nearly $1 billion in sales, yet holds less than 5% market share, a stark contrast to traditional retail giants like Nordstrom and Macy's, which report sales in the tens of billions.

Over the past ten years, there has been a notable shift in consumer spending from traditional brick-and-mortar stores to modern e-commerce platforms, with Revolve emerging as a key player. This trend is expected to persist over the next decade, positioning Revolve well to expand its customer base and increase its share of customer spending. This trajectory bodes well for shareholders.

The company was established in the early 2000s by two co-founders who currently retain a 45% ownership stake and share the CEO title. They recognize significant potential for enhancing shareholder value in the future, acknowledging that this requires adaptability. Their approach to running the business is akin to surfing, adapting to the varying conditions of the market. In periods where growth is not feasible, they strategically reduce investment. Conversely, when the opportunity arises, they aggressively pursue expansion.

In 2023, the apparel industry faced challenging conditions, leading to a downturn in the company's revenue and a substantial decrease in profits. This necessitated a reduction in inventory. Concurrently, the company's stock performance was lackluster, prompting a strategic buyback initiative to repurchase shares at what we consider an advantageous price.

We believe that we are approaching the lowest point in terms of growth and profit figures. Looking ahead to the next 12-18 months, we anticipate an acceleration in financial performance back to their long-term growth rate of 20% and EBITDA (earnings before interest, taxes, depreciation, and amortization) margins to track back towards the low double-digits. In 5 years, we believe earnings per share can grow to $5 and the stock should conservatively trade at 20x earnings. Put together, that is a $100 5-year target price which is ~7x Revolve’s current share price. In light of this expectation, we have been acquiring additional shares.

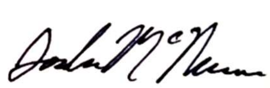
Closing Remarks

We continue to be excited about the future and expect 2024 to be another good year.

If you have any questions or would like to discuss any specific holdings in our fund, please don't hesitate to reach out. We value your feedback and always make time for our investors. Thank you once again for your trust and support.

Speak soon,

Jordan McNamee



Founder & Chief Investment Officer

*Rates of return are for Class E lead series net of all fees and expenses for Optimist Fund to illustrate the historical performance of our investment strategy.

**The Benchmark has a 50% weighting in the MSCI World Growth Index and a 50% weighting in the Russell Midcap Growth Index. The Benchmark is provided for information only and comparisons to benchmarks and indexes have limitations. Investing in global equities is the primary strategy for Optimist Fund but Optimist Fund does not invest in all or necessarily any of the securities that compose the Benchmark or the market indexes. Reference to the Benchmark and the market indexes does not imply that Optimist Fund will achieve similar returns.

***Fund start date was March 1, 2022.