

First Quarter 2022 Commentary

Continued Outperformance

NAV increase, net	Inception	Annualized	PF 2019	2020	2021	1Q2022
WBCP	97.75%	24.44%	17.60%	19.05%	37.16%	2.98%
S&P 400	47.17%	11.79%	9.11%	13.66%	24.76%	-4.88%
S&P 500	61.52%	15.38%	11.10%	18.40%	28.71%	-4.60%

Inception of White Brook Capital Partners was August 16, 2019

Performance figures are provided by the administrator. Prior years are audited. 2022 is unaudited

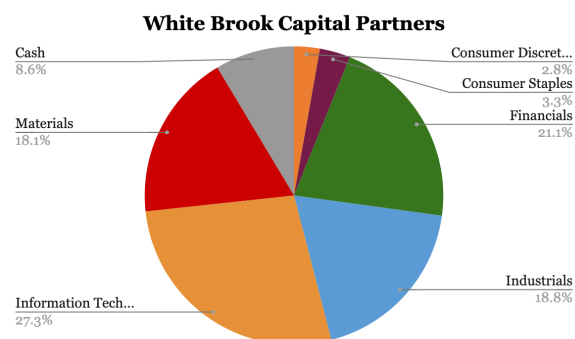
Performance is net of all realized and accrued fees

Performance Review

At quarter end, the Fund was 91.41% invested across 10 positions. For the quarter, the Fund's NAV increased by 2.98%, net of all realized and accrued fees vs the S&P 400 MidCap Index down 4.88% and the S&P 500 Index down 4.60%. This performance was the result of stock specific selection, and positions us well to take advantage of further opportunities this year.

For the quarter, on a sector basis, the portfolio's top contributors were investments in materials while the top detractors were investments in financial services.

The portfolio continues to be diversified across industries.



Market Review

The macroeconomic climate is particularly unsettled. With the benchmark 10 year US Treasury finally yielding approximately 2.7%, the 10 year is likely within 20% (and perhaps much less) of its long-run level. The speed of the transition to 2.7%, has created opportunities for investment in stocks where prices more than incorporate the math of higher rates and the potential curtailment of demand. White Brook's view is that while some projects may be

curtailed due to additional cost from the more expensive debt, a 3% 10 year yield is within the range of a well functioning and growing economy and has always been our long run assumption.

More troubling is high but uneven inflation. The information on supply chain constraint based inflation is now far less certain. While large parts of China's cross border traffic sits in ports due to their zero covid policy, potentially increasing shortage based inflation, many US warehouses are full and truck based freight transportation costs are plummeting. At the same time, natural gas prices continue to increase dramatically driven by Russian supply exiting the market. Energy is the lifeblood of an economy, as long as energy is more expensive, higher than desired overall inflation should be expected. As always, given the conflicting winds, rather than express a clear view about these in aggregate, White Brook has positioned the portfolio to benefit from individual manifested effects.

Recent Exits

During the quarter, White Brook Capital Partners exited the recently entered position in KAR Auction Services, Inc (KAR). During the quarter, the Company sold its US physical wholesale auto auction business to Carvana creating an attractive exit opportunity. Previously KAR had enviable market share of the physical auction market and was quickly growing its online auction business where it was the second largest player in a fragmented market. Their advantage online is uncommanding in my view and they needed their dominant physical presence to create differentiation and grow awareness and use of the online business. I was pleased with the stock price presented after the news of the physical auction's sale and simultaneously less certain about the standalone online offering's competitive dynamism and ability to execute. The price offered for our shares represented a very good return on our investment, even more so given the short time the capital was invested, and we exited.

During the quarter, White Brook exited Qurate Retail, Inc (QRTEA). Our position in Qurate had been previously reduced during the fourth quarter to offset taxable gains. When the company preannounced a negative quarter during the first quarter, we sold the remaining position. While I stand behind the thesis and believe the company is committing more intensely to the strategy outlined, the company is undergoing execution difficulties at an inopportune time. We lost money on the investment and have since redeployed the capital to better opportunities.

During the quarter, White Brook exited Mohawk Industries, Inc (MHK). Mohawk is a founder-run leading flooring supplier, globally. I sold our position as tensions between Russia and Ukraine were beginning to build. The Company has a small factory in Russia, and I concluded that even if commercial and residential flooring needs were to grow in the region, transportation of those goods across eastern Europe would, at best, be more costly. At the time, I expected a level of harassment and additional cost at the border, but was hyper aware of what followed when other autocrats in recent history built troops on their neighbors' borders. The worst case ended up coming true, but White Brook Capital was out of the investment weeks before - able to trade a cheap, global, construction supplier with an overly conservative balance sheet for another that was also cheap, but levered to the US housing market instead, and was using their balance sheet to increase each share of stock's per share earnings in front of anticipated growth. In making the transition, given the ability to better understand the US construction and renovation market vs the global flooring market, the position's size was also increased. Mohawk ultimately represented a positive but unspectacular IRR given the length of time the investment was held.

During the quarter, White Brook exited IAC/InteractiveCorp (IAC) on socially responsible investing grounds. White Brook invested in the Company several years ago and benefitted as the company spun to investors, Match Group, Inc (MTCH) and Vimeo, Inc (VMEO) - stakes which were quickly disposed of. However, in the depths of the pandemic, IAC also invested in MGM Resorts. It was a relatively small investment for the company, and to my understanding at the time represented an opportunistic investment by an opportunistic value investment firm. White Brook noted the transgression of principles, put the company on its "Watch List", but given the relatively small amount of the value that it represented to IAC as a whole, continued to own the stock. If the MGM holding was relatively transitory and the position relatively small, in my view, like the alcohol content of a freshly juiced orange, it did not taint the whole. The Company's hiring of the former CFO of the NFL during the first quarter this year, however, was an unmistakable sign that gambling would be a bigger part of their future, and an order to sell was initiated, but due to the price action that day not executed. When they increased their stake in MGM later in the quarter, I accepted the market price at the moment and the order was immediately executed. IAC was a very successful investment for the Fund.

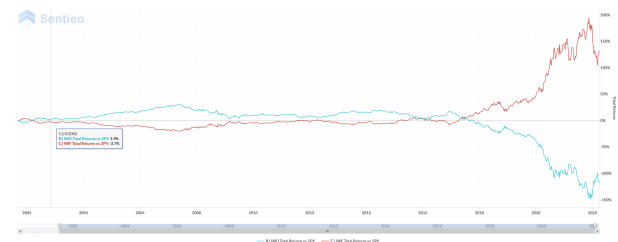
MidCap Opportunity

As an update to a longstanding and self-serving thesis that midcap stocks have underperformed and are set to outperform - the opportunity in middle capitalization stocks

continues to be significant and I continue to be a proponent of increasing exposure. As you can see in the first graph, midcaps have dramatically underperformed large caps since 2016. Recent improvements in the relative performance of midcaps may be a harbinger of more. The increase in interest rates and lessening of support for the economy, most taken advantage of by large cap stocks may also be a harbinger of things to come. The extent of this outperformance/underperformance is unusual.



The second graph plots the performance of so-called “value” and “growth” factors vs the S&P 500. It illustrates the outperformance of growth over value since 2017 and the extremity of its current outperformance defying the long term correlation. In the first quarter of 2022, there was significant reversion, a benefit to our portfolio.



White Brook Capital Partners has been able to outperform the S&P 500 despite being composed predominantly of mid-cap value stocks in years previous and continues to outperform. I continue to believe that midcap stocks present a compelling opportunity, especially relative to large cap stocks, and that exposure to the asset class provides an enduring tailwind for the Fund as it reverses.

Housekeeping

With the increase of the markets over the past 2 years, the S&P Midcap 400 Index’s smallest company now has a market cap of approximately \$1.5 billion and the largest company now has a market cap of approximately \$17 billion. At quarter end, 17% of White Brook Capital Partners’ portfolio is invested in companies smaller than \$1.5 billion. Moving forward the minimum market capitalization for new investment will be \$1.5 billion, not the previous \$750 million, with violation in only exceptional cases.

Finally, White Brook is looking to bring on a business development partner late this year or early next. This person will get to tell me where to go, whom to talk to, and advise on how the Firm needs to spend its money – in many ways he or she will be my boss. If you know someone

who might be a good fit, please let me know. My wife and I dated for 5 years before we married, I'd like this partnership to be equally well considered, if on a much shorter timeline.

As always, feel free to reach out to discuss this letter or any of your investments at White Brook Capital. I thank you for your support and will strive to continue to earn your trust. If you know others who might be a fit for White Brook Capital's strategy, please let me know.

Sincerely,



Basil F. Alsikafi
Portfolio Manager
White Brook Capital, LLC

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