

MCINTYRE PARTNERSHIPS

May 11, 2026

Dear Partners,

McIntyre Partnerships Returns⁽¹⁾

	QTD	YTD	1-YEAR	3-YEAR	5-YEAR	SINCE INCEPTION
GROSS OF FEES	-19.5%	-19.5%	3.8%	-1.0%	12.2%	13.6%
NET OF FEES	-19.8%	-19.8%	3.1%	-2.7%	8.6%	9.9%
RUSSELL 2000 VALUE	5.0%	5.0%	28.1%	13.8%	5.8%	7.0%
RUSSELL 2000 INDEX	0.9%	0.9%	25.7%	13.1%	5.2%	8.4%

Performance and Positioning Review – Q1 2026

Through Q1 2026, McIntyre Partnerships' results were approximately -19% gross and -20% net. This compares to our benchmark, the Russell 2000 Value, which increased 5%. The fund's trailing five-year returns are ~12% gross and ~9% net per annum, which compares to our benchmark's return of ~6% per annum. Since inception, the fund has returned ~14% gross and ~10% net per annum, compared to our benchmark's return of ~7% per annum. Our investment in QDEL is a significantly concentrated position, which makes market comparisons less useful at present.

In the winners column, CC, ICLR, and SEG contributed 100-500bps. In the losers column, FTRE, SHC, SWIM, and STHO lost 100-500bps, and QDEL lost over 500bps.

To state the obvious, the Q1 result was not a bright spot for the fund. The primary driver of our decline was a sharp pullback in the shares of life science tools and medical device stocks, to which the fund has significant exposure, and stock-specific issues at QDEL, a life science tools company, which I had previously referred to as Stock A. QDEL is now the fund's largest position, and we have accumulated a full position.

To cut to the chase, I believe QDEL's current price is a once-in-five-to-ten-year opportunity. For the third time in ten years, I have decided to size a position at more than 20% of the fund's capital, though we have purchased put options which limit our total loss to under 20%. Our two previous significantly concentrated investments, CC in 2019 and GTX in 2021, also involved large drawdowns at initiation. They are also our two largest outright winners and drove a 120% gross return from 2020 to 2022, while our benchmark increased only 14%.

I do not make this decision lightly, and I lay out my thinking below. If I am correct, I believe we have the rare opportunity for substantially outsized gains with no realistic risk of permanent capital loss. While I am highly confident in my analysis, if I am wrong, our investment will result in a large yet survivable loss. This is precisely the type of opportunity I look for, and I am focused and clear-minded as to the potential risks.

While our current drawdown is uncomfortable, as an investor, I believe one must occasionally make decisions that may look stupid in the near term to position the fund to generate substantial returns in the long run. I do not consider the current price of QDEL rational and have no particular view on where it will trade in the near term. I care only about the business's results and the accuracy of my estimates. These will drive our investment's success or failure, not the near-term price action, which I have no way of predicting.

Beyond QDEL, the fund had mixed results. To the upside, CC experienced a significant rally, largely attributable to excitement around its cooling products being used in data centers. SEG rallied modestly as its deal to sell 250 Water Street closed, which, along with the decision to close the Tin Building, has substantially reduced cash burn, restructured the balance sheet, and put SEG on a strong footing for success. We also had a successful trade in ICLR around its accounting restatement. While I like ICLR's business and think its shares are attractively priced, I did not want to increase our exposure to healthcare, which accounts for over 50% of the fund's capital, so I exited the position after it partially rallied back. On the losing side, SHC and FTRE fell alongside other medical device and life science tool companies. SWIM retrenched with other housing-related equities as the Iran war caused oil prices to surge, which dims the outlook for further rate cuts. Finally, STHO fell modestly during the quarter for no particular reason. STHO is the second largest position in the fund. They recently received full repayment from a seller-financed JV and are now in a net cash position. STHO has now repurchased ~10% of the shares outstanding over the last 12 months, and I anticipate capital returns will accelerate now that the JV has been exited.

Portfolio Review – Exposures and Concentration

At month-end, our exposures are 123% long, 27% short, and 97% net. Adjusted for our options hedges, the portfolio is approximately 92% net long. Our five largest positions are QDEL, STHO, SHC, SWIM, and MDRX, and account for roughly 92% of assets.

Portfolio Review – New Positions

QuidelOrtho Corporation (QDEL)

Life Science and Diagnostic Tools Sector

Before I dive into QDEL, I want to briefly highlight the overall move in life science and diagnostics tools YTD:

	Q1 End	Jan Peak	Jan peak vs. 3/31/2026
ABT	-19%	2%	-21%
AVTR	-32%	12%	-39%
BRKR	-23%	15%	-33%
DHR	-15%	6%	-20%
ILMN	-6%	17%	-20%
MTD	-9%	7%	-15%
SRT3	-15%	7%	-21%
TMO	-14%	10%	-22%
WAT	-21%	6%	-25%
QGEN	-13%	23%	-29%
RVTY	-8%	22%	-25%
BIM FP	-17%	5%	-21%
<i>-- Average</i>	<i>-16%</i>	<i>11%</i>	<i>-24%</i>
QDEL	-40%	24%	-52%

The life science tools space has broadly declined amid fears that AI models will dramatically change how drugs are developed. I think we are a ways away from anyone being injected with a drug made entirely from asking ChatGPT with no further testing, and QDEL specifically has almost nothing to do with drug development, but when blue chip stocks in your sector like ABT, TMO, and DHR are all down 15-20%, it's hard to fight that trend.

My point here is not to pontificate and make a sector bet, so much as to point out that neither the January rally in QDEL nor the significant decline since then is happening in a vacuum. I do not think AI will fundamentally replace anything in QDEL's model any time soon. If the comp group begins to recover, as the stocks are beginning to in May, I think it is a favorable backdrop for our investment.

Thesis

QDEL is a healthcare diagnostics tools company focused on routine blood testing, primarily at hospitals and central labs, and point-of-care (POC) respiratory testing. Its business is a razor/razor blade model, where machines are sold or leased up front for minimal cost (i.e., "the razor"), and then customers commit to purchase consumables at high gross margins (the "razor blades"). ~95% of sales are consumables. In the labs and immunohematology businesses, which account for over 75% of sales, customers sign 5-7-year contracts, and the company boasts a >95% contract renewal rate. Given the highly recurring and non-cyclical nature of their businesses, diagnostics companies typically have >25% EBITDA margins, though specific issues have held QDEL at ~22-24% recently.

The basic pitch is that QDEL is a growing, stable business where one large issue, the end of the COVID pandemic, has collided with a series of smaller, largely one-time problems to create a significant mispricing. To put the opportunity in perspective, I think QDEL can earn ~\$4 in 2028 FCF/sh. with 2-3x net leverage. Comparable companies such as Siemens Healthineers, ABT, Roche, and DHR all trade >20x P/E. QDEL is presently trading \$11. We can debate multiples, but QDEL shares represent significant value if the business can return to steady growth. A 20x multiple would yield \$80.

The significant mispricing can be explained by the old expression, “where there’s smoke, there’s fire.” With a lot of things going wrong all at once, it is natural for investors to question whether something very large might be going wrong. I am sympathetic to this sentiment and understand why many investors have put QDEL in the “do not touch” box. However, the issues are primarily impacting QDEL’s respiratory and China divisions, which combined were ~25% of 2025 sales. While the issues in these two areas are significant, the other “core” ~75% of the company is humming along quite nicely, growing ~6% in 2025. I believe these “core” businesses should earn 2027 revenues of \$2.2B and support a 25% or better EBITDA margin, yielding ~\$550MM in 2027 EBITDA and ~\$250MM in fully taxed unlevered FCF (ulFCF). While the company has a substantial debt load of \$2.5B with ~\$170-\$200MM in interest, on only the healthy businesses, I believe we are paying ~6x EV/EBITDA and ~13x EV/ulFCF, a substantial discount to similar growth-rate life sciences and diagnostics companies that trade at >10x and >20x, respectively. Further, while troubled, the respiratory and China businesses are worth “something.” Even an overly conservative 1x EV/Sales multiple would yield ~\$730MM, or the company’s entire current market cap. However, rather than something that ends up sold in a fire sale, I believe management has a strong plan to turn around respiratory sales, and the headwinds in China are manageable.

Regarding the downside, the company is levered ~4.1x at present, which I consider high but manageable given the highly recurring model. QDEL recently refinanced its debt, with no maturities before 2030. QDEL generated ~\$600MM in 2025 EBITDA and expects ~\$615-\$630MM in 2026, versus \$170-\$200MM in interest and \$130-\$150MM in capex, with maintenance capex closer to \$100MM. Its Term Loan B currently trades at par. While levered, I believe QDEL has ample capacity to cover its interest costs and is proactively pivoting its respiratory business for future success.

Further, beneath the surface, I believe QDEL has several strategic levers it can pull. First, QDEL has a captive leasing business that is currently a significant drag on FCF, which could be unwound to boost near-term cash flow. In 2025, QDEL leased ~\$170MM of instruments to customers. If, instead, these instruments were sold to customers at a 35% gross margin and a third party provided the financing, it would result in a ~\$250MM swing in pre-tax cash flows. While we understand management’s argument that the captive leasing business is an important sales tool, QDEL retains the option to pursue third-party financing, and the \$250MM potential swing in cash flows provides a substantial buffer versus their \$170-\$200MM in interest costs. Second, the company could also be split up or divisions sold to pay down debt, which provides a considerable margin of safety that is not visible at first glance. For instance, its immunohematology business was [rumored](#) to be for sale in 2023, with an estimated price of \$1.5-\$2.0B. Since 2023, the segment has grown by ~10%, and its growth rate has accelerated. Assuming a 25% standalone EBITDA margin and a 12x multiple, in line with similar transactions, yields ~\$1.7B. Finally, the company has ~\$1B of leased equipment held on its balance sheet. Given that QDEL’s customers are a diversified group of hospitals, labs, and doctors’ offices, I believe this collateral is ideal for an asset-backed loan. Combined, I believe QDEL has adequate capability to meet its obligations, and the company retains substantial flexibility to address maturities.

The Five Big Issues

I believe there are five distinct issues impacting QDEL that investors must understand to invest in the company: the decline in COVID testing since 2023, the company’s ERP implementation failure, flu seasonality, the Chinese government’s reimbursement rates, and the earnings drag from the launch of QDEL’s next-generation respiratory product. Five scary-sounding, bad things are a lot to handle, but I believe each is understandable and manageable if one does the work. This complexity is precisely the

source of the opportunity, and I believe resolving these issues over the next two years will drive a significant reweighting of QDEL shares.

I dig deeper in the following sections, but as an initial sniff test, I want to point out how unrelated these five issues are. Does anyone really think that doctor visits in the USA for flu, which fell approximately 30% in Q1, are related to Chinese reimbursement rates for cholesterol and HIV testing? Similarly, does the cost to decommission a plant have anything to do with invoice timing following an ERP implementation? I would argue not.

I compare this to a coin-flipping contest where tails has come up five times in a row. The odds of that occurring are about 3%. It's rare, but it inevitably happens sometimes. If, after five consecutive tails flips, an odds maker prices the odds of heads at 10:1, and lets you flip as much as you want, you should take that bet. That's exactly how I believe QDEL is priced now.

COVID Sales Decline and Restructuring

COVID vs. Non-COVID																			
	2020	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025	
Total revenue	\$3,428	\$3,733	\$4,051	\$846	\$665	\$744	\$743	\$2,998	\$711	\$637	\$727	\$708	\$2,783	\$693	\$614	\$700	\$723	\$2,730	
Donor screening	166	166	166	32	36	35	33	136	33	34	28	20	116	13	13	15	12	53	
COVID revenue	965	1,335	1,449	216	56	82	55	409	50	19	72	44	185	23	9	27	20	80	
Base Business	2,296	2,232	2,436	598	573	627	655	2,452	628	584	627	644	2,482	657	592	658	691	2,598	
--Base Biz y/y		-2.8%	9.1%	-2.4%	2.6%	9.7%	-5.5%	0.7%	5.0%	1.8%	0.0%	-1.6%	1.2%	4.6%	1.4%	5.0%	7.3%	4.7%	
Note: Timing of a \$19MM Labs payment in 2023 and FX moves make it seem a bit choppy																			
Labs	1,154	1,350	1,291	371	361	341	352	1,425	357	354	356	360	1,427	373	370	374	389	1,506	
Immunohematology (IH)						129	132	512	127	127	132	137	523	129	132	142	141	544	
--Labs y/y		17.0%	-4.4%	15.4%	12.9%	2.0%	11.8%	10.4%	-3.7%	-2.0%	4.2%	2.2%	0.1%	4.5%	4.4%	5.0%	8.2%	5.5%	
--IH y/y											2.4%	3.3%	2.0%	1.2%	4.3%	7.6%	3.1%	4.1%	

The largest driver of QDEL's volatility in the last five years is the substantial growth and subsequent collapse of QDEL's COVID testing business. QDEL was the first company to enter the market with a rapid antigen COVID test in 2020. As a result, QDEL sales went from \$534MM in 2019 to ~\$1.7B in 2020 and 2021, with EBITDA increasing from ~\$158MM to ~\$1B in 2020 and 2021, respectively. QDEL used the profits from the COVID windfall, along with its shares, which increased 5x in price, to purchase OrthoClinical in 2022, which now makes up QDEL's Labs and Immunohematology segments and drives ~75% of the company's sales. However, since 2022, QDEL's COVID sales have collapsed, falling ~95% in three years. Further, due to the sales decline, QDEL has incurred significant restructuring charges as it closes capacity it built to serve the COVID end market, which has weighed on FCF. Combined with the exit of the donor screening business, QDEL's sales and profits have looked erratic, volatile, and in decline for three years. However, beneath the surface, QDEL's non-COVID and DS businesses have been consistently growing.

As a thought experiment, if I told you in 2019 that, in the next two years, our profits and share price would surge ~5x, and we would get to use our cash generated and the inflated share price to purchase a stable business that was 3-4x larger than we were in 2019, I think everyone would jump for joy. If I further caveated my prediction and said that we would then see the business return to normal over the next three years, but we would lose ~10% of the money we made at the peak to close the plants we built, I think almost everyone would still be excited. However, three years of decline and cash restructuring charges are an eternity in the public markets, and QDEL's shares have lagged as a result.

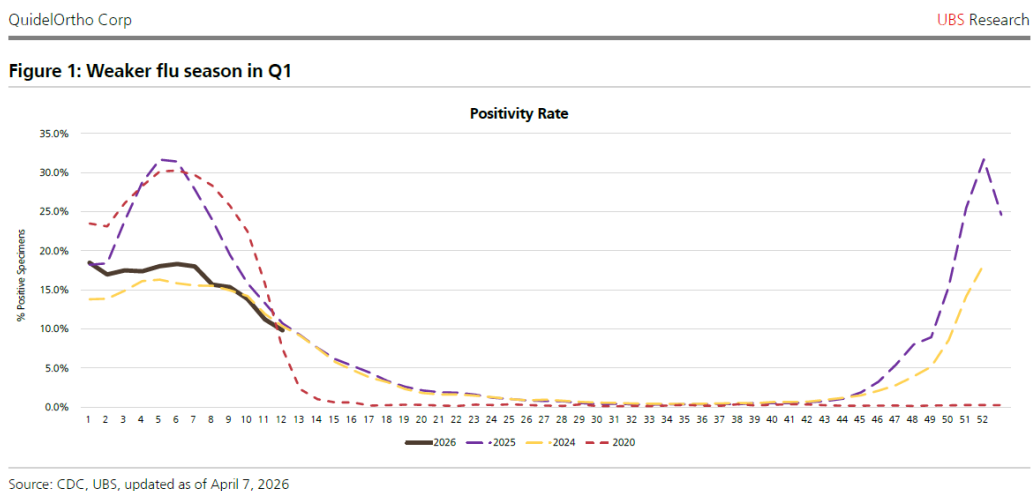
While QDEL has subsequently run into three distinct, smaller issues since Q3 2025 that have further dropped its share price, the core of my thesis is that the decline in COVID profits represents the overwhelming majority of the problems since 2022, when QDEL shares traded over \$100, and the core businesses have been executing well in the background. As COVID sales are no longer material, QDEL can return to growth, and shares represent substantial value.

ERP Implementation

Since fall 2025, QDEL has faced three distinct issues impacting its stock price, the first of which is ERP implementation issues in Q3. After the merger with Ortho, QDEL significantly increased the complexity of its operations, as legacy QDEL primarily targeted POC settings via distributors, while legacy Ortho targeted hospitals and central labs via a direct sales force. The company operates in over 100 countries globally. The decision was made to centralize operations and implement a new ERP system. ERP implementations are notoriously complicated; Gartner estimates that almost 75% of them come in above cost and behind schedule. QDEL’s ERP implementation began following the 2022 merger, with most of the heavy lifting in 2024 and H1 2025, and incurred ~\$100MM in cash costs that weighed on FCF.

Despite the company’s best efforts, after the system went live, QDEL initially had difficulty collecting its accounts receivable. A/R increased substantially from \$295MM and \$282MM and in Q3 and Q4 2024 to \$387MM and \$417MM in Q3 and Q4 2025. This resulted in QDEL missing its 2025 FCF guidance, with adjusted FCF at ~17% of EBITDA, below its 25% target. However, excluding the A/R miss, QDEL would have exceeded its FCF targets. In a vacuum, I do not think many investors would be particularly concerned with invoice timing from hospitals, but given the sentiment in QDEL’s shares, the miss only added fuel to the narrative that “something” is wrong at QDEL. Further, in Q1, QDEL successfully recovered roughly half of the increase in A/R, and I expect them to fully recover A/R within the next year. While I understand the narrative around QDEL’s cash generation, I consider the A/R miss explainable and in the rear view.

Flu Season



The second non-COVID issue affecting QDEL was a substantial miss in Q1 2026 flu revenues. Prior to its success with COVID, QDEL’s largest business was the Sofia platform, a widely distributed POC tool

primarily used to test for flu A and B. As I am sure no one will be shocked to read, the flu is highly seasonal and difficult to predict. Following a strong flu season (bad for humanity but good for flu testing volumes), the 2025/2026 flu season again looked strong, and QDEL reported flu revenues up 6% in Q4 2025. However, the flu season unexpectedly fell sharply in Q1, with doctor visits for flu symptoms down ~30% y/y, which drove a ~46% decline in QDEL's Q1 flu revenues. I attribute the miss relative to doctor visits largely to channel fill issues and a slight share loss, which I address in the LEX section below.

Again, like the A/R miss, I want to emphasize that I think the large flu miss is attributable to the flu's inherent volatility and is one-time in nature. Historically, a weak flu season is typically followed by a strong one. Further, just like the A/R miss, I think most investors understand this and would be inclined to give QDEL a pass, were it not for the narrative and repeated misses relative to prior expectations. It is these stacked one-time issues that have caused the dislocation. I expect that as these aberrations reverse and return to normal, QDEL's shares can increase.

China Reimbursement Policy

The final of QDEL's three one-time issues is the Chinese government's change in reimbursement rates for its product. While the policy is not yet finalized, it is already affecting QDEL's China revenues, which fell by ~15% in Q1 as distributors pulled back in anticipation of the proposed pricing change. Of the three issues, I consider the China news a real negative, and while I was aware it could occur, it slightly lowers my upside compared to when we began purchasing shares in the fall. It is important to note that changes in Chinese reimbursement policies have been hitting most players in the diagnostic space, with DHR, Roche, ABT, etc., all experiencing issues. I also argue that it is largely outside of management's control, though their execution of cost-outs following the decline is key.

The change in China's policy is also the most difficult issue to model, as we still do not know how, when, or what the exact policy will be. However, given the repeated problems in China, I think substantially reducing my estimates for China is logical, and I completely exclude the China segment from my ~\$550MM in core 2027 EBITDA projection. In 2025, the China segment had \$334MM in sales and \$141MM in EBITDA, though QDEL runs a large ~\$600MM corporate segment that likely includes \$30-\$50MM in costs largely attributable to the China business. Management has said the rule change should impact roughly half the business, with a 30-40% haircut possible. For conservatism, I model it as a \$70MM EBITDA hit, with the impact felt almost entirely in the next 18 months. While material, I model QDEL's core EBITDA at \$550MM in 2027 before any contribution from China or respiratory sales, thus I consider the China issues manageable, albeit disappointing.

LEX Launch and 2026 Earnings Drag

Finally, one of the most underestimated parts of the story is the launch of LEX for two reasons: the opportunity is substantial, but it is currently a ~\$50MM drag on profits as the product does not launch in earnest until 2027. LEX is a next-generation POC tool for molecular diagnostics testing, initially targeted at COVID and flu A/B. As mentioned earlier, I believe QDEL's flu business is modestly losing share, and at least part of that loss is to rival molecular diagnostics competitors, such as Abbott's ID NOW and DHR's GeneXpert. For example, QDEL estimates that 90% of its Sofia customers are currently also using molecular diagnostic tools. To put LEX's tool in perspective, it provides a positive result in under six minutes and a negative result in under ten, compared with 15 to 30 minutes for older molecular tools. While real-world accuracy and speed can differ from what's advertised, I believe LEX has a strong chance of turning QDEL's respiratory business back into a growth engine. QDEL sizes the molecular respiratory

market at ~\$3B, and even 5% market share would be a significant boost to its \$400MM in 2025 respiratory sales.

Further, I believe the market is underestimating the cash-flow drag from the launch of LEX. While management has not provided much detail, they previously estimated the canceled Savanna platform as a ~\$50MM drag on margins, or 200bp, with half reallocated to LEX, and likely more in 2026 given its expected ramp into 2027. This results in QDEL's expected margin ramp from 22% last year to >25% in H2 2027 appearing steeper than it really is. I believe QDEL is already operating at close to a 25% margin, excluding the LEX launch. As LEX rolls out in H2 2026, it will come with high incremental margins, and I believe QDEL will meet its 2027 margin targets.

Significant Concentration Philosophy

Finally, I would like to remind investors of our concentrated position philosophy. When the partnership made our first significantly concentrated investment in 2019, I wrote a list of criteria that I believe any concentrated position must meet. These are our guardrails for taking on such a significant investment. I want to remind partners of these guardrails and briefly explain why I believe QDEL meets them.

For a significantly concentrated investment, I am looking for:

- **Deep Moat/Predictable Cash Flows** – While the phrase “deep moat” is often thrown around, what I mean by a “deep moat” is a business with strong competitive positioning that makes long-term cash flow predictable. I want investments where I am highly confident that it would be difficult for my long-term estimates to be significantly incorrect. The vast majority of businesses do not meet this criterion, or at least I do not believe I am capable of analyzing them with such certainty. Single product medtech/pharma, growth investments without near-term cash flows, swing commodity producers, etc. come to mind.
 - **QDEL Explanation:** ~75% of sales are its core lab testing and immunoematology practices, which are razor/razorblade models with high switching costs, 5–7-year contract terms, 95% of revenues from recurring consumables, and a >95% customer renewal rate. QDEL is also presently gaining market share.
- **Sufficient Liquidity in Any Environment** – Lots of things can go wrong in the world, from macro crises to plant fires to poor business decisions, which can cause a world of trouble for a business that needs to access the financial markets. I am only willing to invest substantial capital in businesses where liquidity is a non-issue.
 - **QDEL Explanation:** While ~4x levered, the company renegotiated its term loan in the fall, the debt is not due until 2030, they are in compliance with all covenants, and QDEL retains substantial levers, such as selling a division or exiting its capital-intensive leasing business, which could be used to reduce debt
- **Clear Differentiated View (For Liquid Securities)** – In a liquid security, there are likely to be a few issues which the market perceives as large risks. I must have a strong view on these and must be convinced that the outcome of these issues is knowable and substantially different than the market expects. This would not necessarily apply to highly illiquid securities, where lack of investor knowledge sometimes explains the opportunity.
 - **QDEL Explanation:** I believe the market is incorrectly viewing QDEL as highly unpredictable due to the five concurrent issues, rather than a highly predictable franchise providing routine medical diagnostics at hospitals and labs

- **Reasonable Growth (Or Very Slow Decline)** – When buying a deeply discounted security (i.e. under 5x run-rate owners’ earnings), we do not need rapid growth. However, we are very cautious regarding businesses in secular decline and would avoid them in most cases.
 - **QDEL Explanation:** *Excluding respiratory sales, QDEL has consistently grown revenues at a mid-single digit rate for the last five years*
- **Substantial Upside** – I am only interested in significant concentration where we stand to make a great deal of money, or a modest amount of money very quickly. Something like a greater than 50% IRR sounds right.
 - **QDEL Explanation:** *I believe QDEL is worth at least 15x my 2028 estimate of \$4, or \$60 per share. Assuming a 2.5 year holding period yields a 97% IRR.*
- **Reasonable Timeframe to Work** – As always, timing is an educated guess, and I will frequently be wrong. However, I want our big bets to have a reasonable timeframe – think a few quarters, not a few years.
 - **QDEL Explanation:** *I believe QDEL stock can substantially reweight this year as it generates positive FCF in H2 2026 and China finalizes rule-making*
- **Catalysts** – Related to timeframe, I should have reasonable near- and medium-term catalysts for our investment.
 - **QDEL Explanation:** *I believe our largest catalysts over the next 12 months are China finalizing reimbursement rates, positive FCF in H2 2026 and FY2027, and a relief rally in life science tools as AI fears prove unfounded*
- **Technical or Panic Selling** – This is admittedly an arbitrary concept, but ideally, I would like to be buying from technical or panicked sellers who are price indifferent.
 - **QDEL Explanation:** *Following the Q1 2026 pre-announcement, QDEL fell >30% in a day, and approximately 40% of shares outstanding changed hands in the following week*
- **No Real Potential for Permanent Capital Loss** – This is by far the single most important criterion. My analysis should include not just general risks, like macro, but also tail risks. However, I must be focused on *plausible* tail risks. For instance, a plant fire is a plausible tail risk; three simultaneous plant fires at three separate plants on three different continents is not. This will always be a subjective judgment, but I must be convinced it is true.
 - **QDEL Explanation:** *Ultimately, this is a judgment call. The company provides mission-critical lab equipment to hospitals under long contracts and is presently growing MSD, excluding respiratory. The Ortho division has been acquired at 11x and 14x EBITDA previously, yet shares imply a sub-5x valuation. The mixture of predictability, significant cash generation when properly analyzed, and debt flexibility gives me confidence that our odds of permanent capital loss are effectively zero. Further, we are hedged to limit losses even if this scenario plays out.*

As always, please feel free to contact me with any questions.

Sincerely,

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(1) The returns presented on page 1 from January through August 2017 represent the performance results of a personal proprietary trading account managed by the Founder with a strategy similar to the strategy of the Fund. This information is presented for illustrative purposes only, the above results do not reflect the actual results of the Fund or the composition of its portfolio. From September 2017 onwards, returns are from the Fund. All net returns are calculated using a 1.5% management fee, 20% incentive fee, and 5% hard hurdle. Performance of individual investors may vary based upon differing management fee and incentive fee arrangements, and the timing of contributions and withdrawals. Performance numbers and other portfolio data were prepared by McIntyre Capital GP, LLC, the general partner of the Fund (the “**General Partner**”), and have not been compiled, reviewed, or audited by an independent accountant. Returns are subject to future adjustment and revision. The information provided is historical and is not a guide to future performance. This document cannot and does not guarantee or predict a similar outcome with respect to any future investment.

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