

February 2022 Newsletter

Dear fellow investors, as war breaks out in Europe our thoughts are with those involved and we wish for a swift and peaceful resolution. I want to assure you that, as it relates to our investments, we are in a strong position to weather market volatility. Our companies are producing high amounts of cash flows from operations, have large reserves of cash on hand, and very manageable levels of debt as outlined for each of our investments below. We are in a strong position because we have made investments and not made speculations.

I have not and will not sell a single share.

Nor did I during the outbreak of the Covid pandemic or in many other periods of extreme market volatility. Our companies continue to grow strongly while the market retreats. Their intrinsic value continues to rise while market valuations decline - a situation that will be corrected. We remain, as always, focussed on company fundamentals.

Interest rate increases will have no significant effect

The market has reacted strongly towards high growth companies and what it sees as “tech” companies believing that increases in rates greatly erodes their valuations due to rises in the risk free interest rate as applied to the discount rate in cash flow valuations.

I'd like to call out two important factors here.

Firstly, the market is seeking to discount technology companies it sees as being artificially propped up by years of loose fiscal policy. This refers to unprofitable technology companies overspending on marketing and software development. Our companies are producing strong cash flows now. Their valuations can be calculated on the basis of positive cash flows, strong balance sheets and compelling outlooks and not a speculative assessment of a company that may or may not reach profitability at some point in the future.

Secondly, our companies have little or no debt. Any rise in interest rates as it relates to the cost of borrowing, even substantial rises will have negligible effects on companies in our portfolio. Not only do they have insignificant debt levels, they are funding their growth through internally produced cash flows.

The market has a habit of selling off the entire basket to begin with and then coming back later and buying back into quality opportunities.



Finally, as a general comment around the macro situation and our portfolio, Europe must now seek to secure an independent energy agenda and our investments in Alfen and SolarEdge (European sustainable energy) are well positioned to assist governments to do so. The remainder of our portfolio companies provide critical services and digital services that are considerably resistant to increases in commodity prices and inflation. For example, people must continue to consume products and services and Adyen and dLocal provide critical payments infrastructure for them to do so. People must access essential health services and Doximity provides that access. Employees must have their payroll processed and Paycom enables those payments to be made.

All of our companies except for dLocal have now reported. Each has produced very strong results and we are delighted to share with you those results below in order of portfolio weighting highest to lowest.

For performance of the portfolio please click [here](#).

Company Updates

The Trade Desk

Cash position: \$959 million

Long-term debt: NIL

The Trade Desk is a self-service, cloud-based platform, through which ad buyers can create, manage and optimize more expressive data-driven digital advertising campaigns across ad formats and channels, including display, video, audio, native and social, on a multitude of devices, such as computers, mobile devices and connected TV.

The Trade Desk delivered robust results in Q4 FY21, beating their guidance as well as market expectations. As seen in chart one below, The Trade Desk generated \$1.2 billion in annual revenue in FY21, an increase of 43% year-over-year. Net income for the year was \$138 million, a decrease of 43% YoY. This decrease was primarily driven by an increase in operating expenses, specifically G&A expenses, which included \$158 million in stock-based compensation expense related to a long-term CEO performance award that was accelerated based on stock price achievement and relative benchmark performance thresholds achieved during Q4.

Their balance sheet had \$959 million in cash, cash equivalents and short-term investments at the end of the fourth quarter, an increase of 54% YoY. They have no debt on the balance sheet.

The Trade Desk Revenue and Net Income

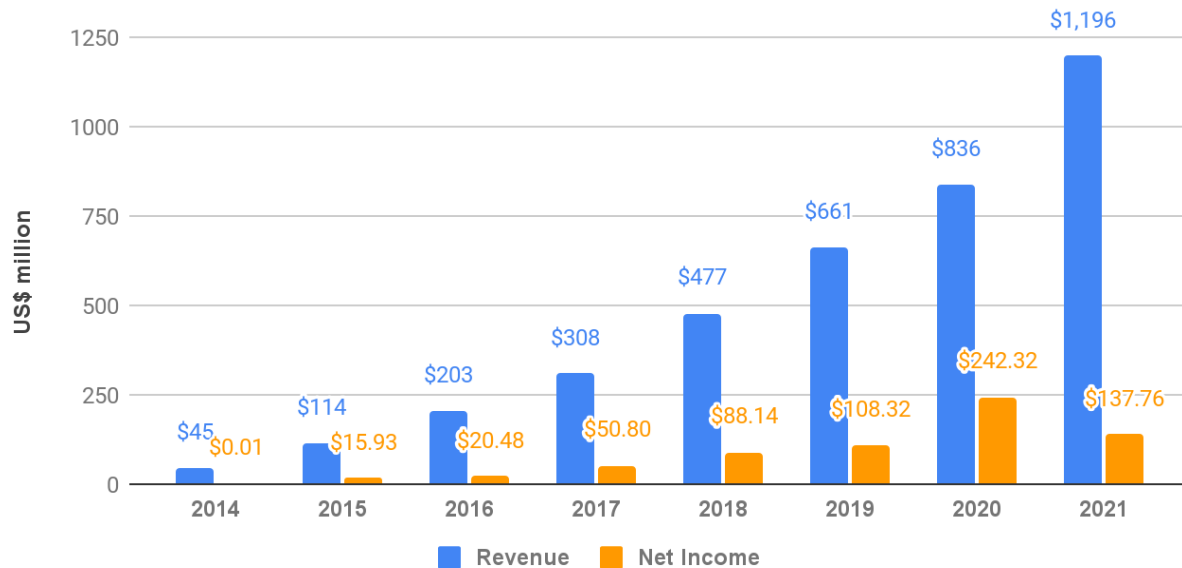


Chart one. The Trade Desk's revenue and net income from 2014 to 2021.¹

In July 2021, the Trade Desk launched their new platform, Solimar, that helps advertisers and agencies embrace completely new ways of thinking about data, measurement, goal setting, and campaign optimization. The majority of ad impressions on the platform are now bought via Solimar. At the current pace, it is expected that the transition from the legacy platform to Solimar will be completed before the fourth quarter of this year. Adoption of the Trade Desk's AI and machine learning product, Koa, is over 90% on Solimar, nearly 50% higher than with the legacy platform.²

In 2021, Connected TV (CTV) was the largest driver of ad spend on the platform. More than 15,000 advertisers spent on CTV, and the number of advertisers that spent more than \$1 million in CTV almost doubled, compared to 2020. As has been the trend in North America and Europe, in Asia, viewers are also rapidly shifting to CTV, or OTT. For example, GYAO!, one of the fastest growing streaming platforms in Japan, recently launched with Trade Desk.³

Unified ID 2.0 is an open-source identity framework that aims to preserve the value of relevant advertising on the open internet without reliance upon third-party cookies. It gives consumers more transparency and control over their data. The framework continued to experience high adoption across the industry. More major publishers around the world are committing to UID2, and more advertisers are transacting on UID2 on Trade Desk's platform. Coco Village, a manufacturer and retailer of high-end children's toys and furniture in the North American market,

¹Data from TTD income statements on Factset

²TTD Q4 FY21 Earnings call

³TTD Q4 FY21 Earnings call



utilized UID 2.0 to model new potential customer groups, drive incremental reach of almost 40%, and achieve a return on ad spend of more than 1,000%. KG Media, Indonesia's biggest media network, is the latest publisher in Asia to announce its support of UID2.⁴

The Trade Desk recently announced another initiative, OpenPath, a product that enables content owners from TV and across the web to plug into TTD directly. OpenPath is a direct pipeline to publisher inventory, for any publisher that chooses to integrate directly with TTD. OpenPath is being launched with some of the largest journalistic publishers in the world, including The Washington Post, Condé Nast, Reuters, The Tribune, and USA Today.⁵

It is expected that many of the same publishers which are signing up for OpenPath will also sign up for UID2. We expect that these two products will both improve the Open Internet, and will help to increase the adoption of the other.

SolarEdge

Cash on hand: \$697.8 million including Marketable securities

Long-term debt: \$621.5 million (Convertible Senior Notes)

SolarEdge designs and sells solar energy systems for use in residential and commercial properties, as well as, non-solar products in North America, Europe and other international markets. The Company's solar energy system products include power optimisers, photovoltaic inverters, a Web portal for module-level monitoring and fault detection, battery back-up and solar based EV chargers. The non-solar segment comprises e-mobility, energy storage and UPS products.

Solaredge announced record quarterly and full-year revenues, a strong demand for their existing products across all segments, especially commercial, and a firm order book. Revenue increased 54.2% Year-on-Year from \$358.1 million to \$552 million and 5% Quarter on Quarter in Q4. Revenue from the solar segment followed a similar trend increasing 5.4% quarter-on-quarter to \$502.7 million and 53.5% year-on-year while revenue from the Non-Solar segment increased 58% YoY and slightly decreased from \$49.5 million to \$49.1 million on a quarter-on-quarter basis (see chart two below).

⁴ TTD Q4 FY21 Earnings call

⁵ TTD Q4 FY21 Earnings call

Solaredge: Revenue by Segments

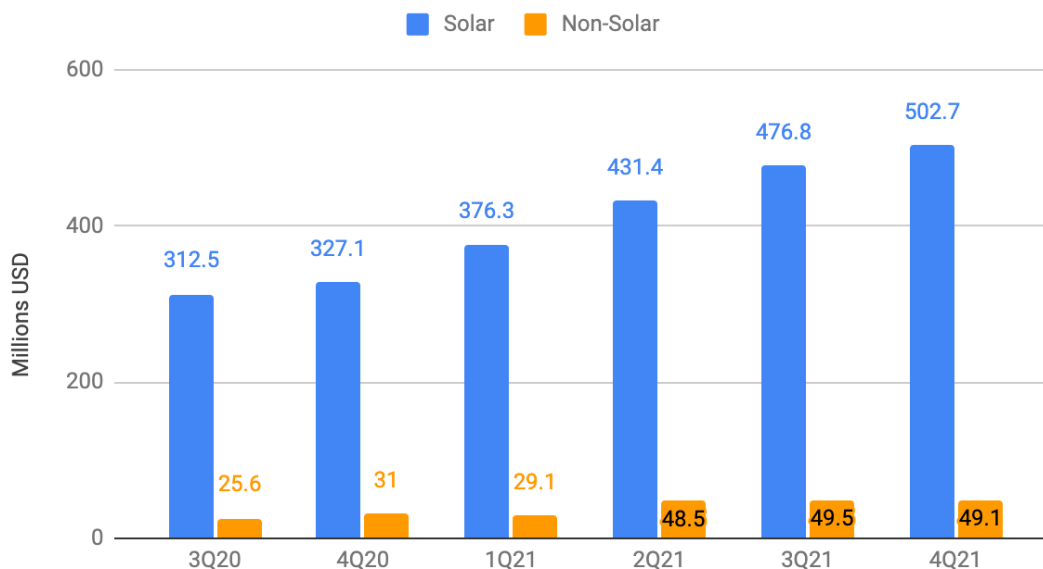


Chart two Solaredge's quarterly revenue by segments from Q3 2020 to Q4 2021

For the full year FY21, the company reported record revenues of \$1.96 billion, up 34.6% from \$1.46 billion in the prior year (see chart three) The company recorded GAAP gross margin of 32.0%, up from 31.6%, GAAP net income of \$169.2 million, up 21% from \$140.3 million, and GAAP net diluted EPS of \$3.06, up from \$2.66 in the prior year.

Solaredge Revenue, Operating Income and Net Income Growth

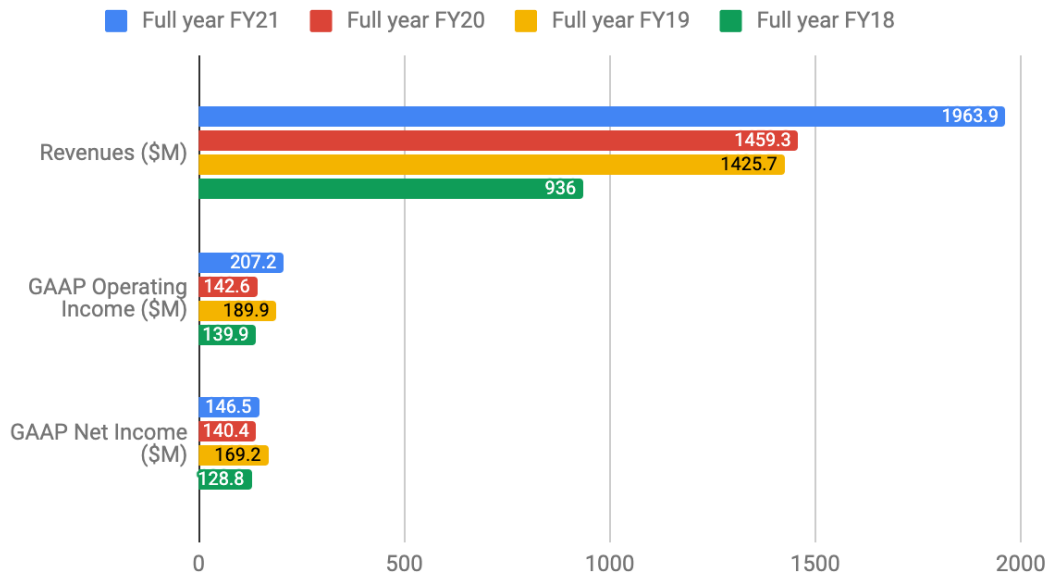


Chart three Solaredge full-year revenue, operating income and net income from FY18 to FY21

Solaredge shipped approximately 5.1 million power optimizers, and approximately 197,300 inverters, an increase of 13% and 5.3% over respective pre-pandemic levels (4QFY19). (see charts four and five below).

SolarEdge Power Optimizers Shipped

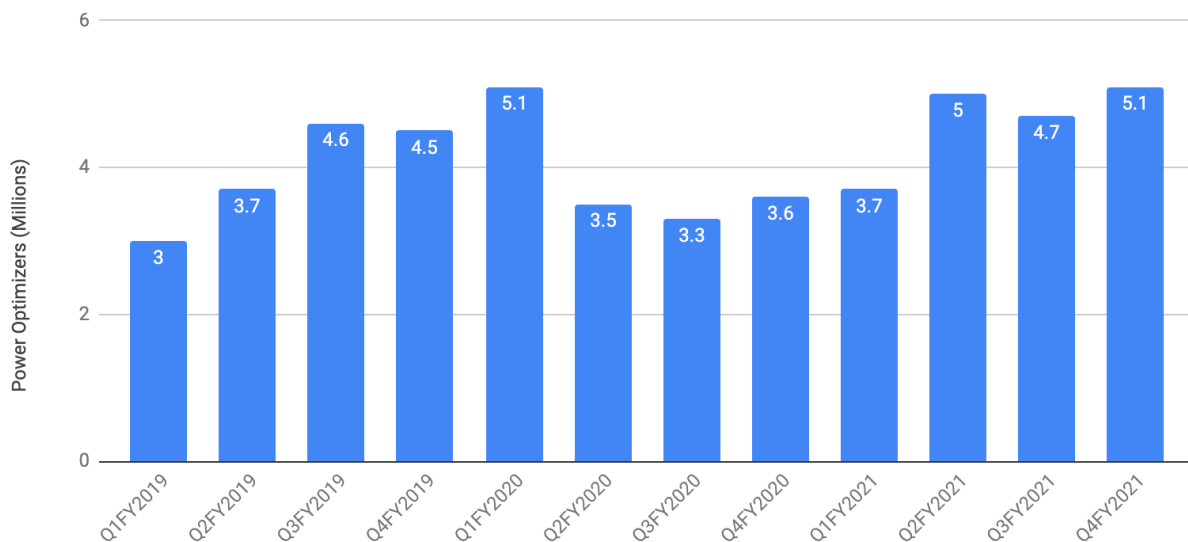


Chart four. Solaredge Power Optimizers shipments from Q1FY10 to Q4FY21.

SolarEdge Inverters Shipped

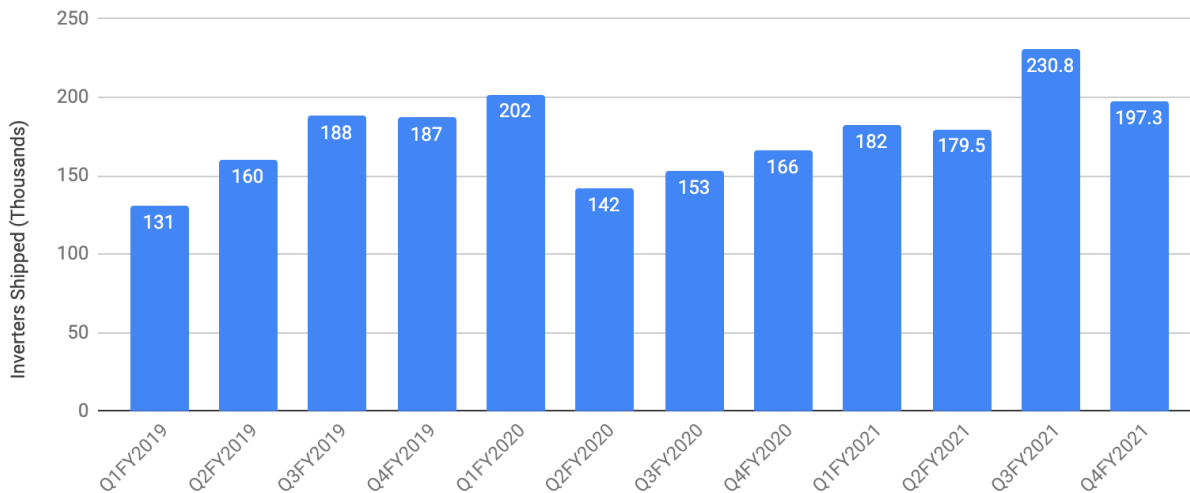


Chart five. Solaredge Inverters shipments from Q1FY10 to Q4FY21.

Battery Roll Out Underway

Solar Edges shipped 42MwH of residential batteries in Q4 vs 70MwH that was planned. Lower shipments are the result of supply chain constraints affecting manufacturing globally. This issue has now been overcome by consolidating suppliers and the company expects to catch up production with 100 - 120 MwH expected to be shipped this quarter.

Production is expected to ramp up to 250MwH in Q3 and Q4 as SolarEdge transitions to producing its own residential batteries from the Sella 2 factory due to begin production in Q2 and ramp up into Q3 and Q4. Internally produced batteries are expected to yield a 25% gross margin. The company will need to maintain its contractual purchase obligations with Samsung and so SolarEdge's supply will be both a mix of internally produced energy cells and Samsung energy cells. Demand is currently well ahead of supply. Should this situation persist, SolarEdge is well positioned in that the Sella 2 factory has been designed in such a way that it can double capacity within several months of expansion construction. Between Sella 2 and Samsung capacity Solaredge suggests it can "relatively easily" supply 500MwH per quarter.

Supply Chain the Biggest Constraint

The biggest issue holding SolarEdge back right now is not demand but supply chain availability with efforts to increase manufacturing capability being constrained by availability of components. This is being resolved through a combination of consolidating suppliers and completion of two new factories in Mexico and Korea. These factories are coming online over

this quarter and next quarter with significant capacity anticipated in the second half of this year and ramping further into 2023.

The company has given revenue guidance of \$615 million to \$645 million for Q1 FY2022. Gross margin on the inverters and optimizers will return to 35% to 37% levels in the second half of FY22 as the increased capacities from the Mexico and Vietnam facilities will do away with the need to have costlier expedited shipments. Shipments from Mexico are particularly relevant for the US market because those will further reduce costs dramatically by eliminating tariffs, and reducing logistics costs. The lower margin commercial, e-mobility and battery segments, however, will continue to impact the overall gross margin of the company while improving the company's top line, and consequently the bottom line.

Adyen

Cash: €4.6 billion

Long-term debt: NIL

Adyen posted strong results for FY21 and indicators of sustainable profitable growth remain intact. Processed volume surpassed the half-a-trillion threshold at €516.0 billion, up 70% year-on-year and Net Revenue crossed €1.0 billion, up 46% year-on-year. Net Income increased 80% to €470 million.

The results were supported by the unrelenting increase in online commerce across the globe, and an increasing need for merchants to implement unified commerce.

Point-of-sale (POS) volumes grew 97% year-on-year in the second half totalling €41.8 billion comprising 14% of processed volumes. POS growth continues to outpace online growth with lockdown dominated 2020 being the lone exception.

For the first time in Adyen's history, the share of net revenue from regions outside Europe, the Middle East and Africa (EMEA) was over 40%. Revenue in North America grew 74% off a broader base. 80% of their growth came from existing merchants and volume churn continued to remain below 1%.

Adyen has also invested in their recruitment infrastructure and in two new tech hubs, one in Chicago and one in Madrid to help ramp up hiring in 2022. This will provide them with increased global coverage and scale as they build out a technical organization that has historically operated out of Amsterdam.

Chart six below captures Adyen's consistent progress over the last four years.

Adyen: Key Metrics

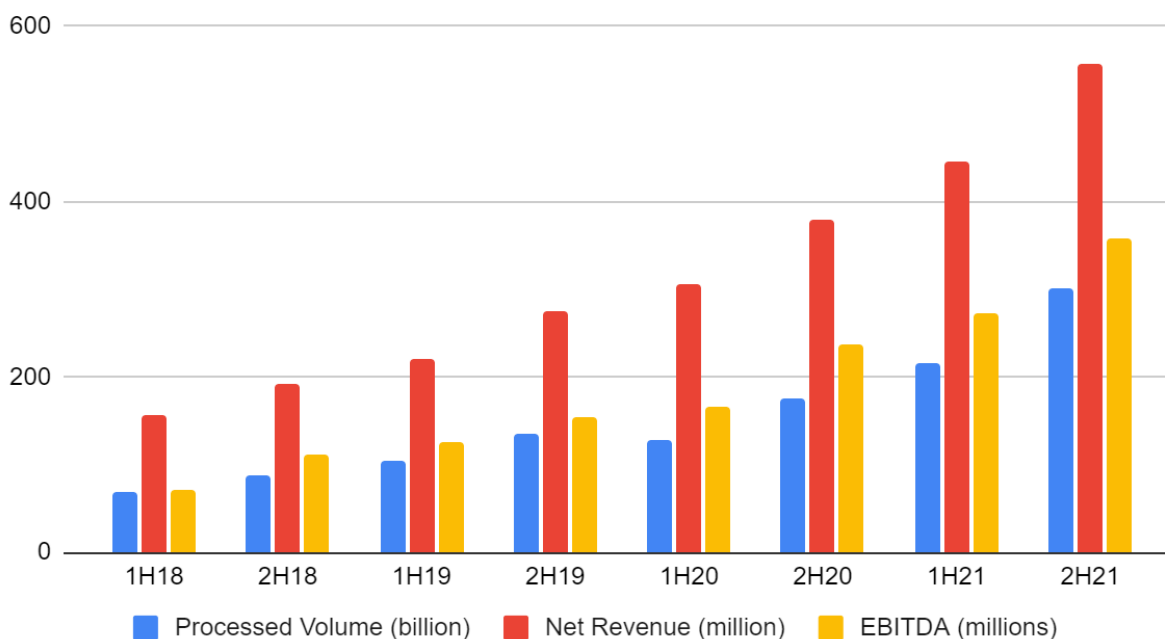


Chart Six. Adyen Key Metrics from 2018 to 2021⁶

Upstart

Cash position: \$987 million

Long-term debt: \$695 million

Upstart has created the industry's most sophisticated automatic lending platform. The result is much higher approval rates with less risk. It's saving people money while making financial institutions more profitable.

In FY21, Upstart's total revenue grew by 264% to \$849 million, as shown in Chart seven below. Loan transaction volumes increased 301% year on year driven by the AI model uncovering more hidden prime borrowers and brings them into the lendable universe. Requests for rate quotes were up 30% quarter over quarter with improvements across every channel. Interestingly there has been a significant increase in organic growth with repeat users coming back to Upstart to find competitive loan products that suit their needs.

⁶ Data from Paycom Annual Reports, earnings calls

Upstart's bank partners originated 1.3 million loans, totaling \$11.8 billion, across their platform in FY21, up 338% from the prior year. Conversion on rate requests was 24% in FY21, up from 15% in FY20.⁷

Upstart Revenue Growth

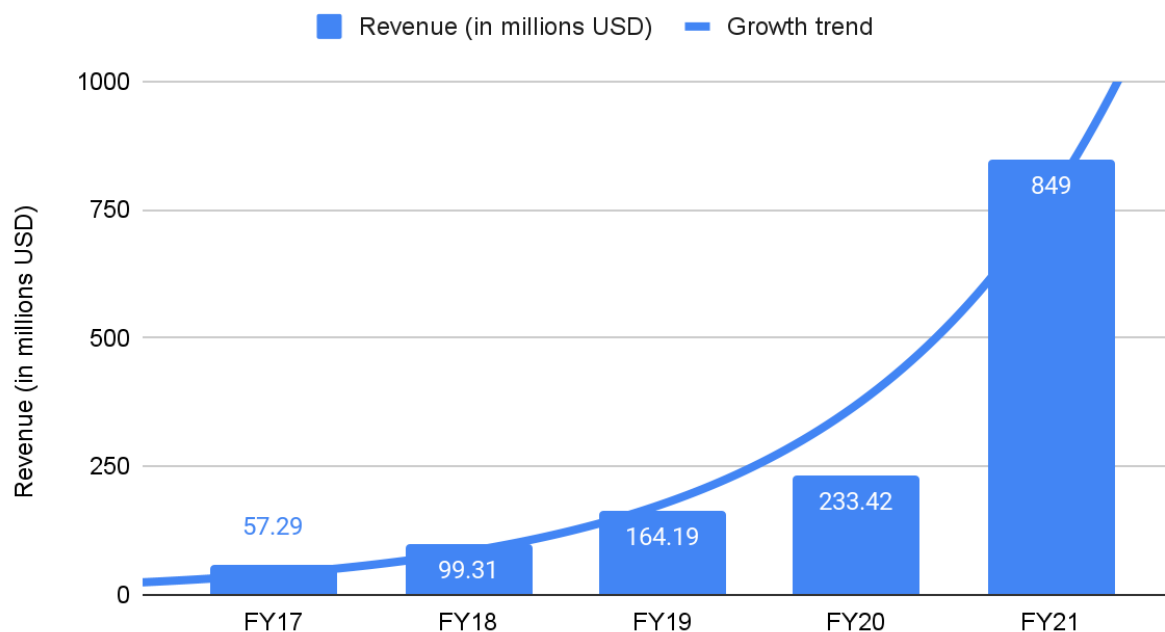


Chart seven. Upstart's revenues from FY17 to FY21.⁸

Operating income increased to \$141 million in FY21 from \$11.8 million in FY20, primarily due to their operating expenses decreasing as a portion of sales (See Chart eight below). This led to net income in FY21 rising to \$135 million from \$6 million.

⁷ Q4 FY21 Earnings call

⁸ Data from Factset

Upstart declining expenses as a portion of revenue

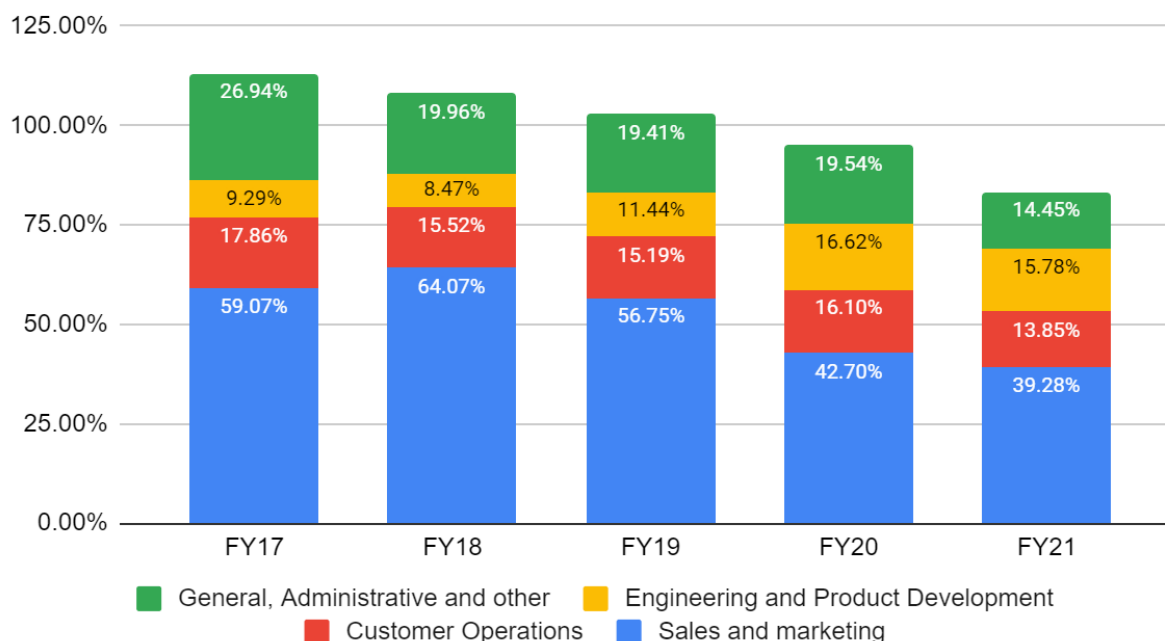


Chart eight. Upstart's operating expenses as a percentage of revenue from FY17 to FY21.⁹

Note: In 2017, total of all expenses was 113.16% of revenue. In 2021, total expenses declined to 83.4% of revenue.

Upstart generated more cash in FY21 than they burned in their entire eight-year-plus tenure as a private company. In the last quarter of FY21, the last essential pieces were put in place to begin scaling auto lending on the Upstart platform. The addressable market for auto loans is approximately 6 times that of personal lending, which is what Upstart has been operating in till now. Their auto refinance funnel performance is now comparable to where their personal loan funnel was in 2019 on a channel adjusted basis. They are expecting \$1.5 billion in auto loan transactions on the Upstart platform in 2022 alone. They also plan to enter the small dollar and small business lending market during 2022 as well as entering the mortgage lending market in 2023.

Upstart has provided FY22 revenue outlook of approx. \$1.4Bn, representing 65% growth YoY. To us this represents a very conservative estimate with significant potential upside stemming from the scale up of their auto loan, business lending and personal loan services over the course of this year.

We expect the company to continue to display both high sales growth and high return on invested capital in the coming years as they penetrate further into the auto lending market and enter into the small dollar, small business as well as mortgage lending market.

⁹ Data from Factset and own calculations based on Upstart Reports

Doximity

Cash on hand: \$765.6 million

Long-term debt: NIL

Doximity is a digital platform that allows medical professionals to communicate and share confidential information with patients and colleagues – all while being HIPAA-compliant, stay up-to-date with the latest medical news and research, earn CME credits and manage their careers. Doximity is free for its members. The company makes revenue by selling marketing solutions to pharmaceutical companies, and hiring and telehealth solutions to health systems.

Doximity delivered \$97.9 million in revenue for Q3 of FY22 (see Chart nine below), an increase of 67% over the same quarter last year and ahead of the midpoint of their own guidance. Gross margin increased to 89%, compared to 87% in Q3 last year. The company reported net income of \$55.6 million, compared with \$17.2 million in the year-ago period. The company says that it now anticipates revenue between \$338.9 million and \$339.9 million for the year, up from its prior guidance of \$326.1 million to \$328.1 million.

The company has acquired Amion. Amion is a leading web and mobile on-call scheduling and messaging application for hospitals and physicians. With Amion, groups build balanced, equitable schedules which they post on Amion.com for staff to view and sync work shifts to personal calendars. Acquisition of Amion is expected to provide better workflow management to Doximity's physician members by integrating scheduling alongside secure messaging and telehealth tools. Additionally, Doximity will gain from Amion's high margin revenue stream, as well as obtaining access to new customers. The deal is slated to close April 1.

Doximity Quarterly Revenue March 2019 to December 2021



Chart nine. Doximity's quarterly revenue from Q1 2019 to Q3 2020¹⁰

One of the primary drivers of growth is ROI-fueled expansion with existing marketing solutions' clients with top five customers growing 90% in Q3 . Furthermore, the company's overall existing customer base continues to lead its growth as the number of customers contributing at least \$100,000 in subscription-based revenue increased to 258 from 172 a year ago. Their net revenue retention rate, which is a trailing 12-month metric, remained high at 171%, though slightly less than the Q2 value (See chart ten).

¹⁰ Data from Doximity income statements on Factset and Q3 FY21 report

Doximity Net Revenue Retention Rate

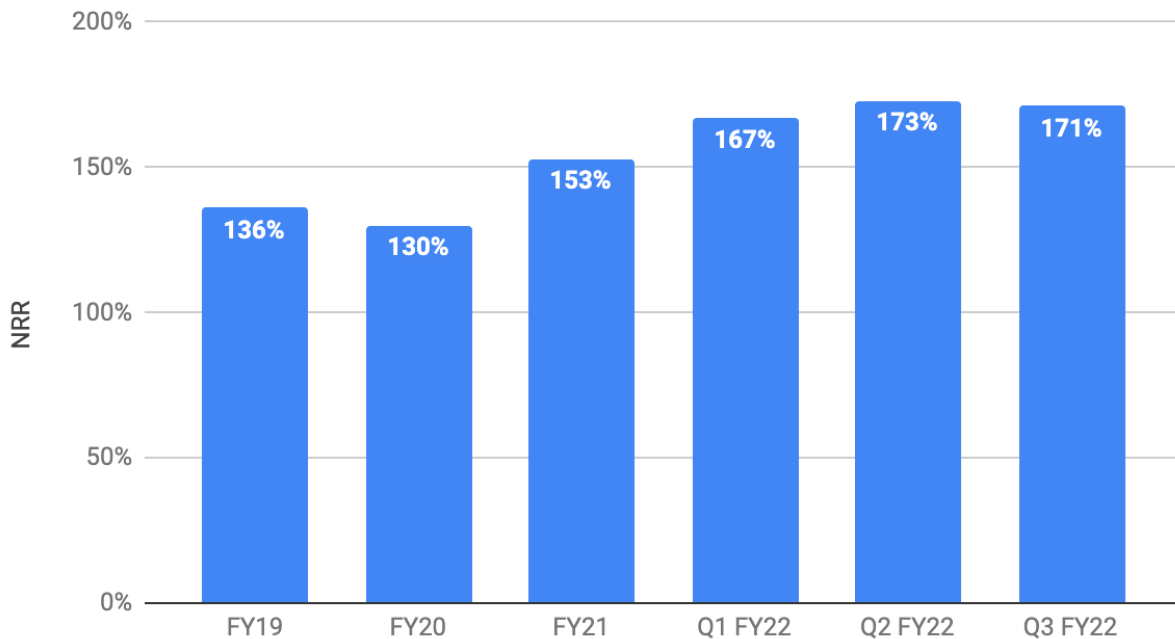


Chart ten. Doximity's last twelve months' net revenue retention rate from from FY19 to Q3 FY22¹¹

In the telehealth segment too, the company continues to show positive developments with 99% of the hospital clients renewing their telehealth agreements and continued growth in the number of physicians using their paid telehealth platform. The acquisition of Amion is expected to further strengthen the company's telehealth offering.

Paycom

Cash position: \$278 million

Long-term debt: \$27.4 million

Paycom offers cloud-based payroll and human capital management (HCM) software solutions delivered as Software-as-a-Service for big and small companies.. They offer functionality and data analytics needed by businesses to manage the complete employment life cycle from recruitment to retirement and make for a seamless user experience. Their services include Payroll, HR Management, Talent Acquisition, Talent Management and Time and Labor Management.

¹¹ Data from Doximity NRR from Prospectus and Quarterly Earnings Calls



Paycom delivered very strong results in 2021, reflecting outstanding execution and robust demand for Paycom's differentiated solution. Their employee usage strategy, where employees are now able to do their own payroll with Beti™, helped deliver record annual revenue retention of 94%. Combining this with their current momentum and the sales and marketing investments they've made, we believe they are set up to deliver strong, high-margin revenue growth for years to come.

Q4 Revenues of \$285.0 million represented a 29.0% increase compared to revenues of \$220.9 million in the same period last year. Out of the total revenue, 98.3% was recurring. Net Income was \$48.7 million, compared to net income of \$24.4 million in the same period last year, an increase of 99.6%.¹²

Total FY21 Revenues of \$1,055.5 million represented a 25.4% increase compared to total revenues of \$841.4 million last year. Out of the total revenue, 98.2% was recurring. Net Income was \$196.0 million, compared to net income of \$143.5 million last year, an increase of 36.6%.¹³

Cash and Cash Equivalents were \$278.0 million as of December 31, 2021, compared to \$151.7 million as of December 31, 2020, an increase of 83.2%. Total Debt was \$29.2 million as of December 31, 2021, compared to \$30.9 million as of December 31, 2020, which is 10.5% of cash on hand and approximately 1% of total assets. Through December 31, 2021, Paycom has repurchased nearly 4.3 million shares since 2016 for a total of nearly \$488 million. They currently have \$266 million remaining in their buyback program.

As a workplace, Paycom earned the Top 20 ranking in Best Places to Work in the US by Top Workplaces, and they were named Top Workplace in Oklahoma for the ninth consecutive year. They were also named the Best Company for Women to work.

Paycom's key performance indicators, as shown in Chart eleven below, represent strong and improving underlying fundamentals.

¹² Data from Paycom Q4 earnings call

¹³ Data from Paycom Q4 earnings call

Paycom: Key Performance Indicators

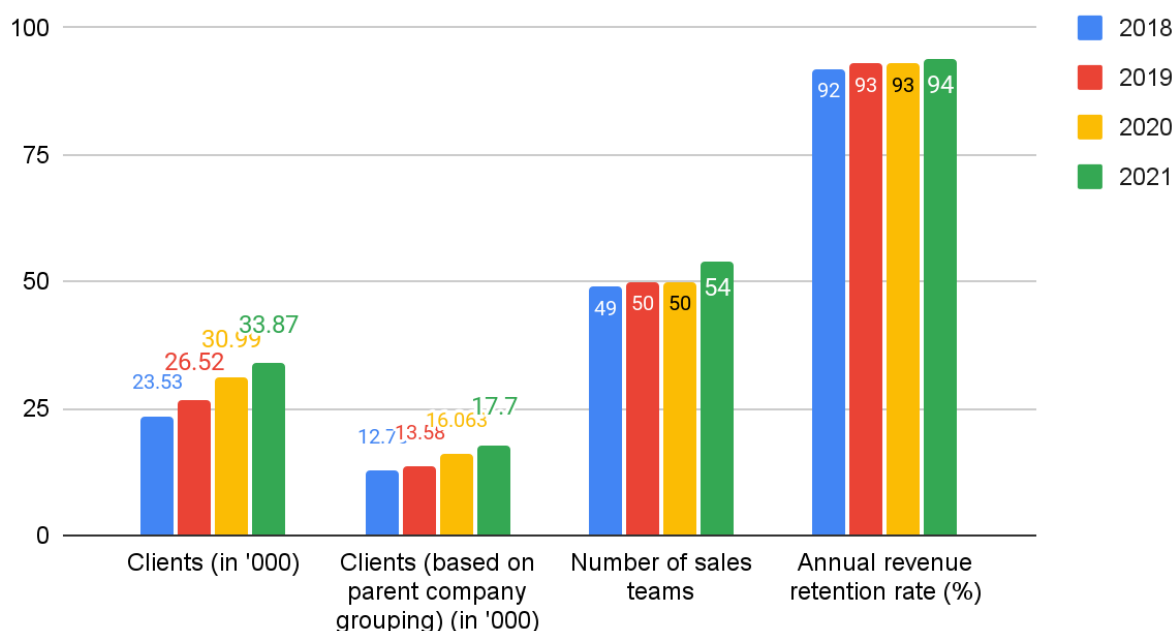


Chart eleven. Paycom KPIs from 2018 to 2021¹⁴

Note: 'Clients' refers to the number of clients with separate taxpayer-identification numbers. 'Clients (based on parent company grouping)' refers to the number of clients after combining client accounts that have the same person(s) as their decision-maker regardless. 'Annual Revenue Retention Rate' refers to the percentage of revenues retained from the existing clients.

The company intends to continue investing in talent, marketing, innovation, customer service and geographic expansion to meet the strong demand they are experiencing. They have provided guidance of approximately 25% YoY growth for FY22 and we expect them to continue growing at similar rates for the foreseeable future.

dLocal

Cash position: \$294 million

Long-term debt: NIL

As mentioned above, dLocal has not yet reported on Q4 results. We expect results to be out on March 14th and will update you on the company's performance next quarter.

¹⁴ Data from - Paycom Annual Reports, earnings calls

Alfen

Cash on hand: €47.3 million

Long-term debt: €4.2 million

Alfen provides high quality and smart end-to-end energy solutions operating at the core of the energy transition. Their business lines span Electric Vehicles (EV) charge points, smart grids, and energy storage with a variety of in-house developed and integrated solutions available to their clients across multiple countries in Europe. The group also offers management and maintenance services for each of its business lines by means of separate contracts.

Alfen delivered strong revenue growth of 32% in FY21 with revenue increasing from €189.0 million to €249.7 million year-over-year. This was largely due to their EV charging business where revenue increased 94% to €103.8 million. Growth in their Smart Grid and Energy Storage business was a modest 8% and 4% respectively with Smart Grid solutions contributing €128.2 million to the top-line and Energy Storage €17.7 million. Alfen's segment-wise revenue can be seen in Chart twelve below.

Sales by Segment

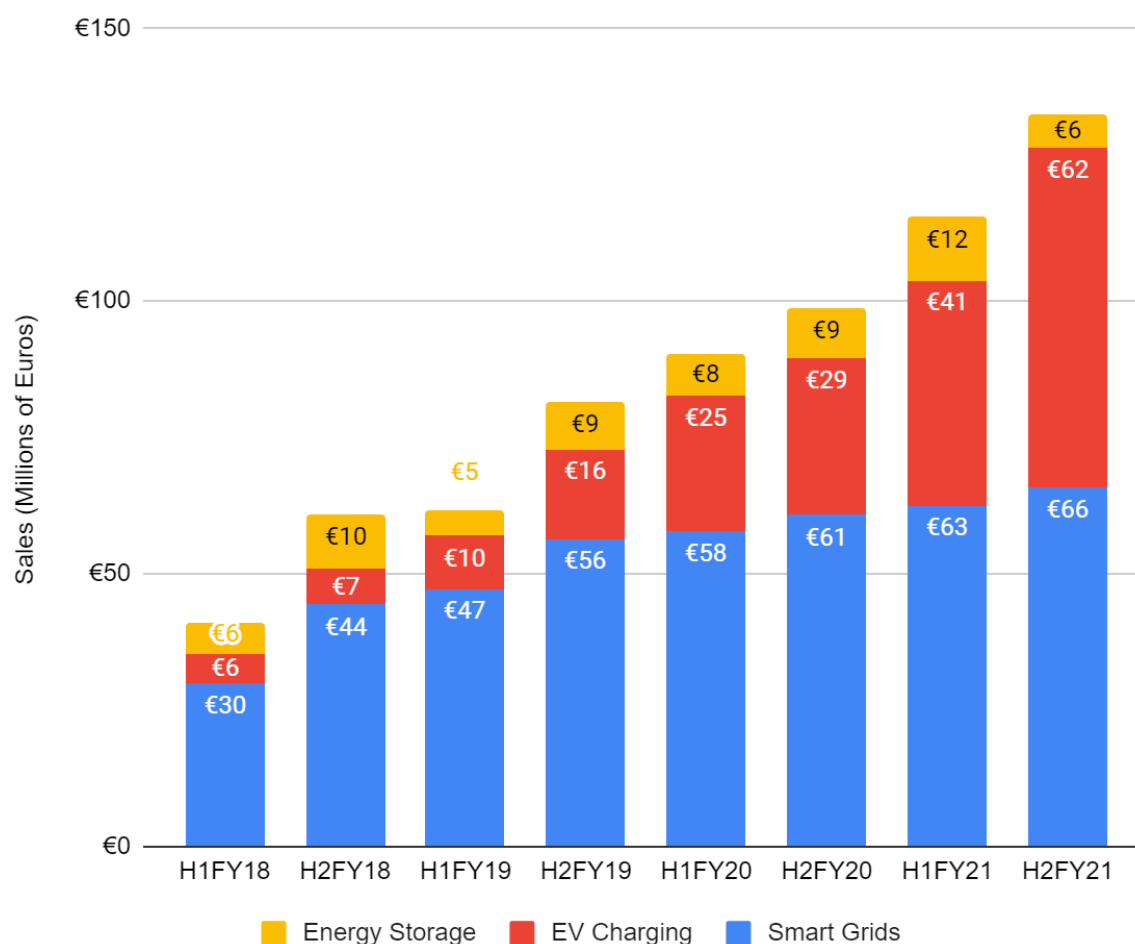


Chart twelve Alfen Sales by Segment.¹⁵

Their Adjusted EBITDA was €36.8 million (14.8% of revenues), a 51% increase compared to €24.4 m (12.9% of revenue) in FY20. These impressive results came against the backdrop of supply chain pressures throughout the world. Alfen anticipates the supply chain pressures to continue well into 2022 and possibly into 2023. They will continue to monitor and manage supply chain pressures closely.

Geographically, Alfen continued to grow internationally (outside of the Netherlands but within Europe) with growth driven by the expansion of its EV charging business. Alfen now has its products installed in approximately 30 European countries.

¹⁵ Data from Alfen's 2021 FY results Presentation.



Alfen continued to innovate in FY21. Innovation highlights include their newly engineered scalable battery energy storage solution developed for utility scale applications. An innovative mobile fast charging solution including a 300 kw fast charger which has been combined with TheBattery Mobile (a sustainable alternative for diesel generators and the solution for limited grid connections).

Paypal

Cash position: \$9.5 billion

Long-term debt: \$8 billion

In FY21 PayPal's revenue rose 18% (17% on FX-neutral basis) to \$25.4 billion. Revenue in the last quarter grew 13% spot and FX-neutral basis. If one were to exclude eBay, their revenue growth was 29% and 22% in FY21 and 4Q21 respectively.

PayPal recorded a 33% increase in Total Payment Volume (TPV) to \$1.25T with \$340 billion TPV from the last quarter alone. Net New active merchant accounts increased 13% year-over-year to \$426 million with 46 million accounts added last year and 10 million in the last quarter, as shown in Chart thirteen below. Transaction revenue grew 12%, driven by Braintree and Venmo. Excluding eBay, transaction revenue growth was more profound at 22%.

In the fourth quarter, their cross-border volumes were disproportionately impacted by supply chain issues while inflationary pressure impacted spending within certain segments of their user base. COVID threats continued to disrupt many a traveler's plans and the elimination of Government stimulus too had its impact on PayPal's revenue. Lastly, e-commerce growth rates during the holiday were lower than industry expectations, adversely impacting PayPal.¹⁶

¹⁶ Source: PayPal Q4 Earnings Call

Total Active Accounts (Million) and Total Payment Volume (\$Billion)

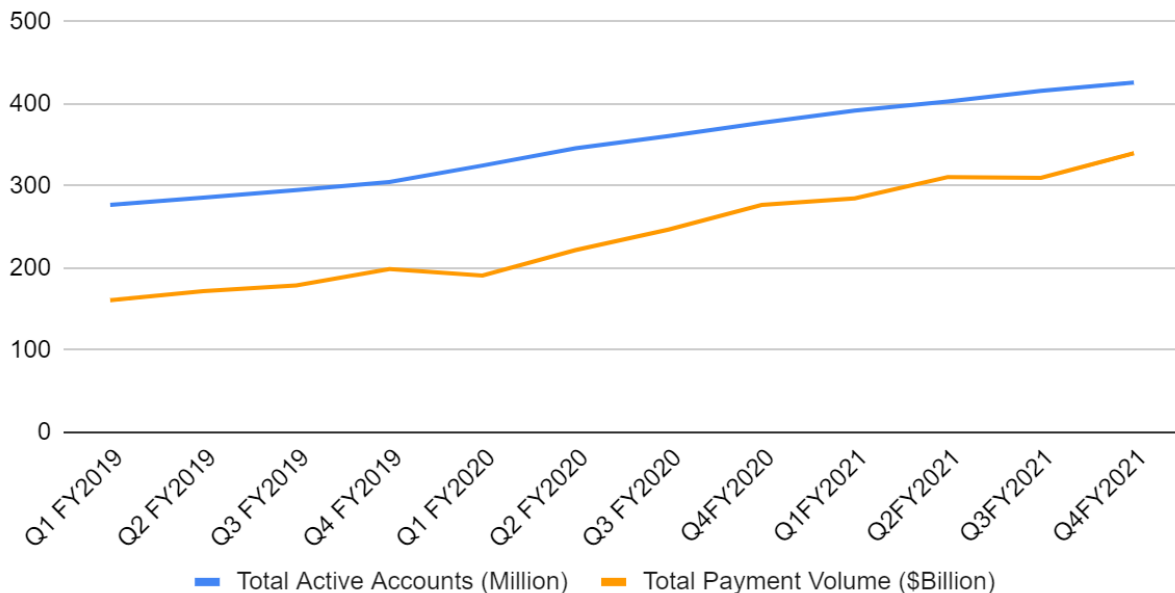


Chart thirteen. PayPal's growth in total payment volume and total active accounts from Q1FY19 to Q4 FY21.¹⁷

As seen in Chart fourteen below, PayPal's reliance on eBay continued to decline with eBay representing less than 3% of their TPV and revenue in the fourth quarter versus 10% of revenue a year ago. The eBay migration to managed payments happened faster than they anticipated reducing their revenue by 700 basis points. With eBay contributing to 9% and 7% of revenue respectively in 1Q21 and 2Q21, we expect revenue growth to be comparatively low in the first two quarters before returning to higher levels. Excluding eBay, their revenue is expected to grow between 19% to 21% in FY22. profitability

¹⁷ Data from Paypal Quarterly Earnings results

PayPal Revenue Trends

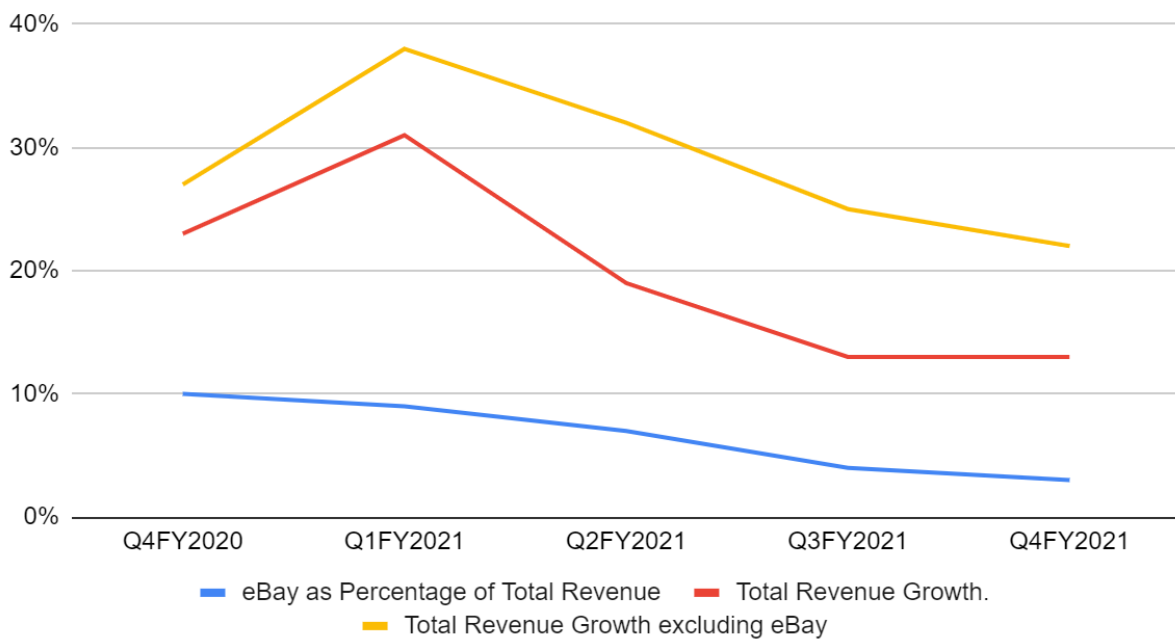


Chart fourteen. PayPal's revenue growth and eBay revenue as a percentage of Total Revenue.¹⁸

PayPal launched a record number of products in 2021. They integrated Honey, a browser extension that automatically finds and applies coupon codes at checkouts, into the new PayPal app to help consumers shop and discover new deals and brands. They expanded their checkout capabilities to let consumers pay with QR codes, Buy Now, Pay Later, cryptocurrencies or required points. They also acquired Happy Returns, a returns solution provider that offers online shoppers access to easier ways to send back unwanted merchandise to retailers, to anchor their post-purchase process and make returns easier and more affordable. They also rolled out their digital wallet globally, Zettle in the U.S. and fully ramped the Venmo credit card.

¹⁸ Data from Paypal Quarterly Earnings results

FCF as % of Revenue and Capex as % of Revenue

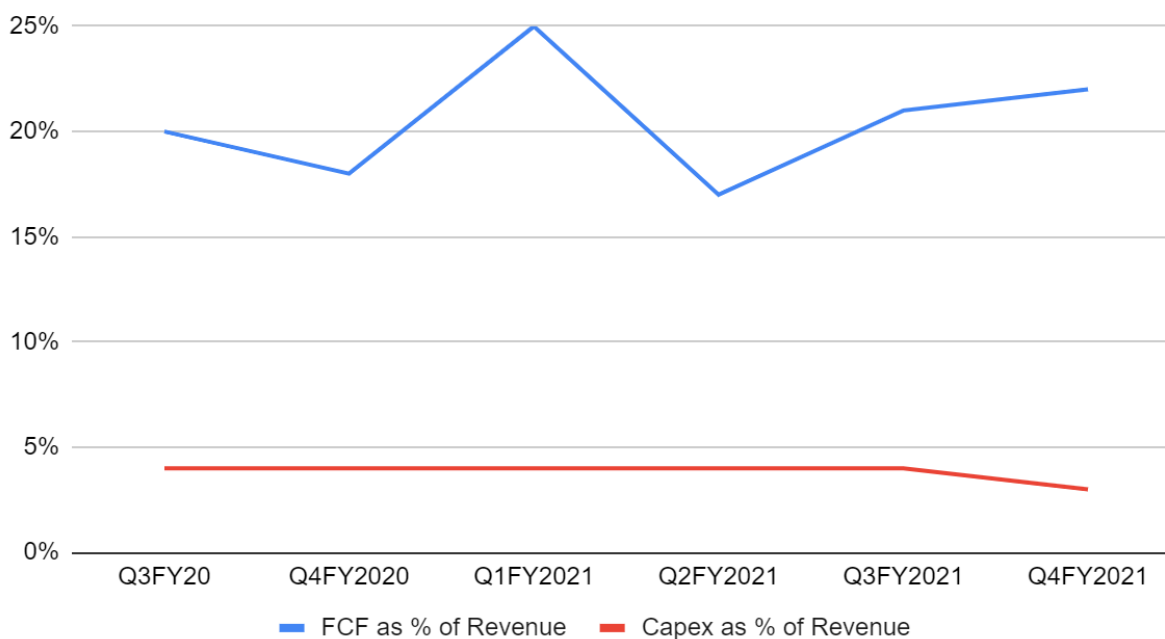


Chart fifteen. PayPal's Free Cash Flow and Capex as a percentage of revenue.¹⁹

Despite the decline in revenue growth rate, PayPal's Free Cash Flow increased 38% to \$1.55 billion in 4Q21 and was 22% of Revenue. Capex in the last quarter of FY21 was 3%, down from 4% in the 5 prior quarters as seen in Chart fifteen above.

We will remain invested in PayPal despite the decline in share prices as it presents strong long-term fundamentals unless a superior opportunity presents.

¹⁹ Data from Factset Cash Flow Statements