GLOBAL
PLATINUM
SECURITIES™

2020 Annual Report

GLOBAL PLATINUM SECURITIES

"Educating the next generation of investors"

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GPS CREED

We believe that ethics should take absolute precedence
and profit at the price of integrity is no profit at all.

We believe that those who have been blessed with prosperity
should help those in need
and that donating time and knowledge
is more important than simply writing a check.

We believe that learning through experience
is just as important as learning the theory
and that the process of learning
should be interesting and intellectually engaging.

We believe that through friendship
we can learn from each other
and through mentorship
wisdom can be passed down so youth can learn from history.

We believe that people should be active investors
having input in their investments
learning about the companies they invest in
learning about the industries they invest in
purchasing the underlying business rather than the stock.

We believe that by doing what we love
by being well-informed
by being well-educated
by doing due diligence
we can profit.

MISSION STATEMENT & INVESTMENT APPROACH

Mission Statement

Global Platinum Securities will strive to provide a comprehensive investment education to the future generation of passionate and intellectually curious business leaders in an ethical and socially responsible fashion.

Investment Approach

Global Platinum Securities follows a long-term-oriented, value-based investment strategy, seeking to identify securities that trade at a substantial disconnect to their intrinsic value.

Members are divided into six industry sectors based on their interests. They focus on performing fundamental equity research by analyzing the underlying business model and financial strength of global companies.

BOARD OF MANAGERS

Tim Shannon
Founding Partner
Georgetown University

Justin Ang
Alumni Board Member
University of Pennsylvania

Rufino Mendoza
Founding Partner
Georgetown University

Deependra Mookim
Alumni Board Member
New York University

Ken Talanian
Founding Partner
Georgetown University

Sherry Xie
Chief Executive Officer
Harvard University

Lap Him Tong
Alumni Board Member
London School of Economics

James Santoro
President
Massachusetts Institute of Technology

David Escamilla
Alumni Board Member
Harvard University

UPPER MANAGEMENT

Sherry Xie
Chief Executive Officer
Harvard University

James Santoro
President
Massachusetts Institute of Technology

Andrew Pomposelli
Chief Development Officer
Georgetown University

Joshua Solesbury
Chief Strategy Officer
Georgetown University

Bryan Zhou
Director of Special Projects
Georgetown University

Abel Amdetsyon
Portfolio Manager
Georgetown University

Mike Losavio
Portfolio Manager
London School of Economics

Matt Leonard
Vice President of Education
Massachusetts Institute of Technology

William Walsh
Vice President of Education
University of Pennsylvania

Alan Chang
Vice President of Internal Relations
University of Pennsylvania

Shirley Hu
Vice President of Internal Relations
Georgetown University

Anjalie Kini
Vice President of Technology
Massachusetts Institute of Technology

Simon Lam
Vice President of Technology
Harvard University

Mariya Shtiliyanova
Vice President of External Relations
Harvard University

Tricia Kober
Treasurer
Georgetown University

MEMBERSHIP

Georgetown University

Ryan Beaudet '21
Jennifer Lu '21
Andrew Pomposelli '22
Josh Solesbury '22
Bryan Zhou '22
Abel Amdetsyon '22
Tricia Kober '22
Aidan Higgins '23
Shirley Hu '23

Harvard University

Ahan Malhotra '21
Harsha Paladugu '21
Mike Johnson '22
Mariya Shtiliyanova '22
Sherry Xie '22
Simon Lam '23
Jonathan Liu '23
Kylie Simms '23

Massachusetts Institute of Technology

Nyle Sykes '21
Michael Zhao '21
Gio Ahern '22
Christine Sanchez '22
James Santoro '22
Anjalie Kini '23
Matt Leonard '23

London School of Economics

Esther Duffy '21
Max Schachermayer '21
William Tey '21
Mike Losavio '22
Frederico Smith '22
Eric Xu '22

MEMBERSHIP

New York University

Varun Bhardwaj '21
Avni Patel '21
Weiting Hong '22
Jada Yang '22
Vedant Iyer '23
Nikhil Naik '23
Jessica Wu '23

University of Colorado

James Donahue '21
Jenna Snyder '21
Kellen Posacki '22
Atul Raguveer '22
Emma McCartney '23
John Statkevicus '23

University of Dayton

Jack Phelps '21
Gurkamal Pannu '21
Ryan Dermody '22
Jack Ward '22
Leo Britten '23
John Coffey '23
Matt Knight '23
Ryan McKenna '23

University of Pennsylvania

Chris Fletcher '21
James Rao '21
Paulina Ruta '21
Roberto Garcia '22
Christopher Parks '22
Jill Yu '22
Alan Chang '23
Will Walsh '23

Letter from the 2020 CEO

Dear Team,

GPS is built on the foundation of friendship, shared curiosity, and the desire to pay it forward to the next generation of passionate investors. The unprecedented events of the past year tested our values and we proved to be nothing short of resilient in upholding the core values and beliefs of GPS.

As investors, this year has shown us the importance of having conviction in our ideas while maintaining flexibility in times of uncertainty. The impact of a worldwide pandemic was unpredictable and came with a market downturn of over 30% in early March. These events forced us to diligently evaluate the underlying fundamentals of our holdings and the sustainability of their core business models through the pandemic. We also continued to diligently research businesses mispriced due to uncertainty surrounding the pandemic and/or other systemic events and initiated several positions. Most notably, Abel Amdetsyon pitched AudioEye Inc., the winning pitch at our Fall Conference and a portfolio position that has returned 34% since inception. Overall, our investment approach which focuses on finding businesses that possess strong economic moats in structural growth markets allowed us to close the year with a 17.8% return, outperforming the S&P 500 which returned 16.3%.

Besides our investment objectives, at the start of 2020, we outlined three strategic pillars for Upper Management to focus on: (i) improving engagement at the pod, team, and alumni level; (ii) institutionalizing knowledge to preserve momentum across generations; and (iii) increasing our external awareness with the dual mission of recruiting more diverse candidates and creating fruitful relationships with sponsors.

Despite the challenging circumstances, the dedication of GPS leadership was evident in the multitude of successful projects completed throughout the year. Our Director of Special Projects, Andrew Pomposelli, introduced 360° feedback to allow all members to give/receive tangible feedback to/from their peers, allowing us to permeate our team-oriented culture in a primarily virtual setting. Along with LSE member Max Schachermayer, Andrew also took the initiative to re-evaluate our organizational recruiting practices across schools.

This has already translated into tangible improvements with the latest

Letter from the 2020 CEO

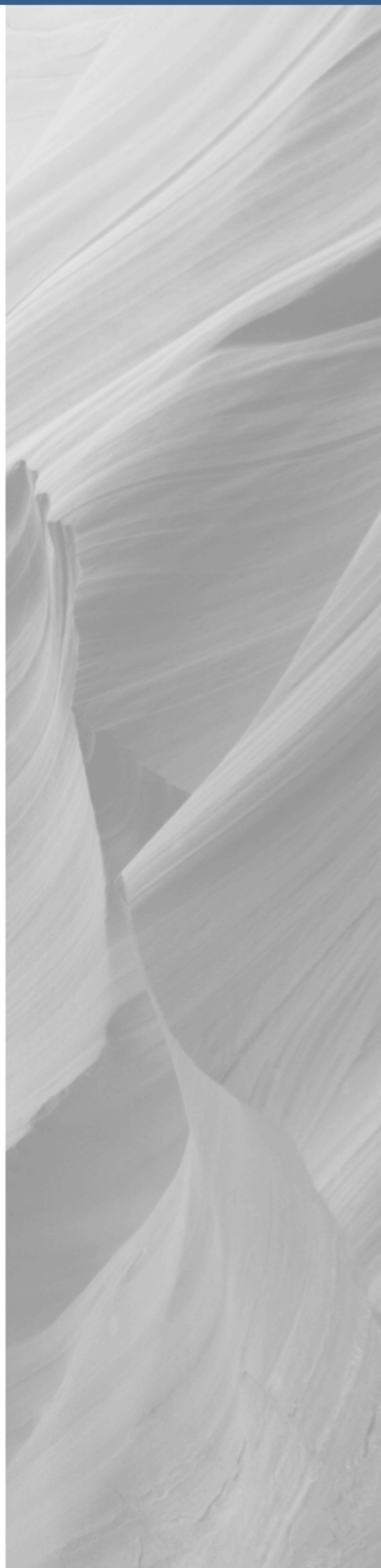
recruiting cycle seeing a roughly 40% increase in total applicants and double the number of female applicants. In addition, our VP of Technology, Sherry Xie, spearheaded the creation of a new member/alumni portal to spur connectivity and engagement throughout GPS. Our VPs of Edu, Mike Johnson and James Santoro, institutionalized our education program through Google Classroom, while Yan Messoussa took on both the role of COO and CFO and worked closely with Portfolio Managers Josh Solesbury and William Tey to better structure portfolio review and coverage of existing positions. Chris Parks, Jada Yang, and Bryan Zhou worked together as VPs of Internal and External Relations to create memorable experiences for analysts, members, and alumni at our virtual summer and fall conferences. These events included a wide array of industry panels featuring GPS alumni as well as engaging speakers such as Scott Kupor (Partner at Andreessen Horowitz), Cedric L. Bobo (Founder of Project Destined), and Tom Szaky (Founder and CEO of Terracycle and Loop). Lastly, we welcomed a new financial sponsor, Sands Capital Management, and expanded our scope of sponsors through a new relationship with Mosaic Research Management.

As our organization grows it is important that we remind ourselves of our duty to 'pay it forward' and continue to be a training ground for young, intellectually curious students to grow into successful, ethical investors. Although we have made tremendous progress in the past year, it has also become apparent that our organization has a responsibility to actively participate in helping to close the wide opportunity gap in the industry. This will take shape in many forms including volunteer work, a continued effort to make our own recruiting wide-reaching and fair, and educating our members on the inequality that exists both in the world and within the finance industry. I am confident that the leadership team we have assembled this year, led by incoming CEO Sherry Xie, is well equipped to face the challenges of 2021 and prepare GPS for success into 2022 and beyond.

It has been a thorough pleasure to serve as your 2020 CEO and I am ecstatic for the day we are all back in NYC together for a long overdue in-person conference.

Best Regards,
Paulina Ruta
2020 CEO

Letter from the 2021 CEO



Dear Team,

Despite challenges presented by the COVID-19 pandemic, 2020 was a productive year for GPS. In many ways, we have always been well-positioned for a virtual world; remote collaboration with members across the U.S. and U.K. is not just a familiar way of working but also a long-held asset of ours. I am proud to note that we achieved 17.8% returns, hosted two successful virtual conferences (Summer 2020, Fall 2020), and welcomed our most diverse analyst class yet.

These achievements reflect the vision and efforts of the outgoing leadership team. We made great strides in a number of key areas, a few of which I would like to highlight. First, we revamped the pitch to investment pipeline by shortening the Devil's Advocate turnaround time and more frequently re-evaluating current holdings. Second, we modernized the Analyst Program with a transition to Google Classroom and the addition of case studies. Third, we introduced analyst-member mentorship pairings and overhauled the mailing list system. These are just a few of many accomplishments of last year's Upper Management that will continue to improve portfolio performance and member experience for years to come. I am extremely grateful for their contributions, and I am fortunate to have numerous members returning for a second term.

Looking ahead, I am excited to lead GPS in the coming year alongside a dedicated and capable Upper Management team. Our focus will be on continuing to make progress on new initiatives while preserving best practices from our sixteen-year history. With the recent analyst class growing our community to over 350 members and alumni, we must take care to maintain the close-knit feel and sense of collective ownership that made GPS an incredible experience for so many alumni. In particular, key initiatives for 2021 include improving institutional memory, increasing member/alumni engagement, and re-emphasizing core values from our mission statement in the context of the world today.

Institutional Memory: As a student-run organization, retaining investing and operational knowledge beyond member graduation is paramount. I look forward to collaborating with the new VPs of Technology in building a sustainable model for archiving materials (e.g. GM pitches, Person-to-

Letter from the 2021 CEO

Person interview transcripts, analyst yearbooks) and collecting resources (e.g. books, primers, Analyst Education Program content). Along with this effort, we hope to have older members create industry primers/research guides following relevant pitches in an effort to preserve and share sector knowledge. We will also encourage and provide opportunities for members to seek feedback from upperclassmen and alumni. Finally, we look forward to a complete rollout of the member/alumni database created last year.

Engagement: Facilitating long-term relationships across geographies and graduating classes remains a top priority. In the absence of in-person conferences, we must be very deliberate in providing opportunities for new analysts to feel the sense of camaraderie and for alumni to reconnect with one another. To this extent, we are making efforts to incorporate social events into virtual conference programming and will be introducing analyst-alumni mentorship pairings in 2021. Post-COVID, we look forward to facilitating city-based meetups for alumni and bringing the community back together with a spectacular Fall Conference. I encourage members and alumni to stay connected to one another in an informal capacity as well; ultimately, we are friends before colleagues.

Increasing engagement also extends to the investing side. GPS's motto is "educating the next generation of investors," and we aim to continue this emphasis on education beyond the Analyst Program. At the individual level, I urge members to actively take advantage of all the resources that GPS has to offer, from exposure to high-quality pitches to the expertise of upperclassmen and alumni. At the organizational level, we will be inviting external speakers and alumni for educational presentations on GM.

Core Values: We will be prioritizing internal and external commitments to social responsibility even as the pandemic has limited opportunities for in-person service events. Internally, we've worked to make the new analyst recruiting process more inclusive with deliberate outreach to diverse organizations on campus and a review of candidate selection criteria. Furthermore, we hope to highlight diverse perspectives and facilitate conversation by incorporating new readings into the Analyst Program. Externally, we hope to increase the frequency and impact of philanthropic engagements, targeting opportunities to

Letter from the 2021 CEO

give back to our communities with both our time and knowledge of investing.

Finally, to our alumni, I would like to thank you for your continued involvement in GPS – it creates a life-changing experience that truly sets us apart from any other undergraduate finance organization. Whether it be attending conferences, participating in Person-to-Person interviews, or simply sharing your experiences during outreach calls, just a few hours of your time can have an immeasurable impact on learning and development for undergraduates. I still remember the feedback I received leading up to and during my Fall Conference pitch, and it has certainly shaped the way I think about investments today. GPS is built around a culture of mentorship, and I encourage upperclassmen and alumni to help younger members just as we have benefited from the guidance of those before us.

GPS is a lifelong experience defined by the incredible engagement and strength of our community. I invite members and alumni to reach out with any suggestions or feedback on how we can continue to add value and give back. GPS has led me to some of my closest friends and mentors, and I look forward to serving this organization to the fullest extent.

Best,
Sherry Xie
2021 CEO

GIVING BACK PROGRAM

Since inception, GPS has held true to the belief that giving back entails engaging with the community around us. Through these activities, the pods have demonstrated GPS's commitment to philanthropy and to giving back to society. Some highlights from each pod's Giving Back activities have been included below.

Harvard University

In 2020, the Harvard Pod volunteered with First Generation Investors (FGI), a nonprofit organization, to teach underserved high school students basic finance and investing principles. During the eight-week program, GPS members taught lessons on asset classes, diversification, and compound interest. In 2021, the Harvard Pod plans to volunteer with Missing Maps to trace satellite imagery to create maps. When vulnerable communities face natural disasters, it is difficult to provide relief when an area has yet to be mapped. The Harvard Pod is excited to contribute to this cause virtually.

Georgetown University

Although the Georgetown Pod was unable to give back as much as usual to the community in 2020 due to the pandemic, we are excited about our upcoming service projects for 2021. So far this year, several pod members have volunteered at a Georgetown-sponsored COVID-19 vaccine clinic. Others in the pod plan to do so as well. We also plan to volunteer at a local 10k or half marathon this upcoming fall, and we are hoping to reach out to organizations in the Georgetown area to provide a financial literacy course.

GIVING BACK PROGRAM

University of Colorado

Each year, the Colorado Pod volunteers at Summit Middle School with the purpose of increasing students' financial literacy and demonstrating how valuable personal investing can be. While our community efforts were put on hold due to the COVID-19 pandemic, the pod plans to continue its outreach at Summit and looks to expand to more in-depth panel discussions at local Boulder high schools.

London School of Economics

This year, the LSE Pod is volunteering with Tower Hamlets Education Business Partnership, a charity focused on tackling inter-generational unemployment and raising social mobility through developing the skills and aspirations of youth. Over Spring break, pod members will be conducting mock interviews with students from state-funded high schools in East London through online mentoring sessions. These sessions provide students with a first look into the interview experience and a platform to seek general university/career-related advice. The Pod is most appreciative of the opportunity to help.

New York University

Due to COVID-19 complications and uncertainties, the NYU pod was unfortunately unable to participate in our annual volunteer work at the Bowery Mission. Amidst social distancing regulations for the upcoming year, we plan on partnering with First Generation Investors, a non-profit organization that teaches high school students in underserved communities the power of investing and brings classroom lessons to life by providing students with real money to invest.

GIVING BACK PROGRAM

University of Pennsylvania

For safety reasons related to the current pandemic, the Penn Pod hasn't been able to volunteer with the Sunday Breakfast Rescue Mission as in previous years. However, we hope that in 2021, we will again be able to help the only provider in Philadelphia offering three meals a day to anyone struggling with homelessness. COVID-19 has been very tough for many people in Philadelphia, and, as a Pod, we have strong conviction that we need to help our community.

Massachusetts Institute of Technology

While the MIT Pod was unable to organize a community service event last year due to the COVID-19 pandemic, we are looking forward to working with MIT's branch of First Generation Investors (FGI) to help underserved high school students learn about personal investing and careers in finance.

University of Dayton

A number of Dayton Pod GPS members participated in Zoom meetings with local high school students in the Dayton area to teach them about finance, as we do most years through the Davis Center organization on campus. Other than that, we plan to find other in-person community service opportunities as a pod once COVID restrictions are loosened.

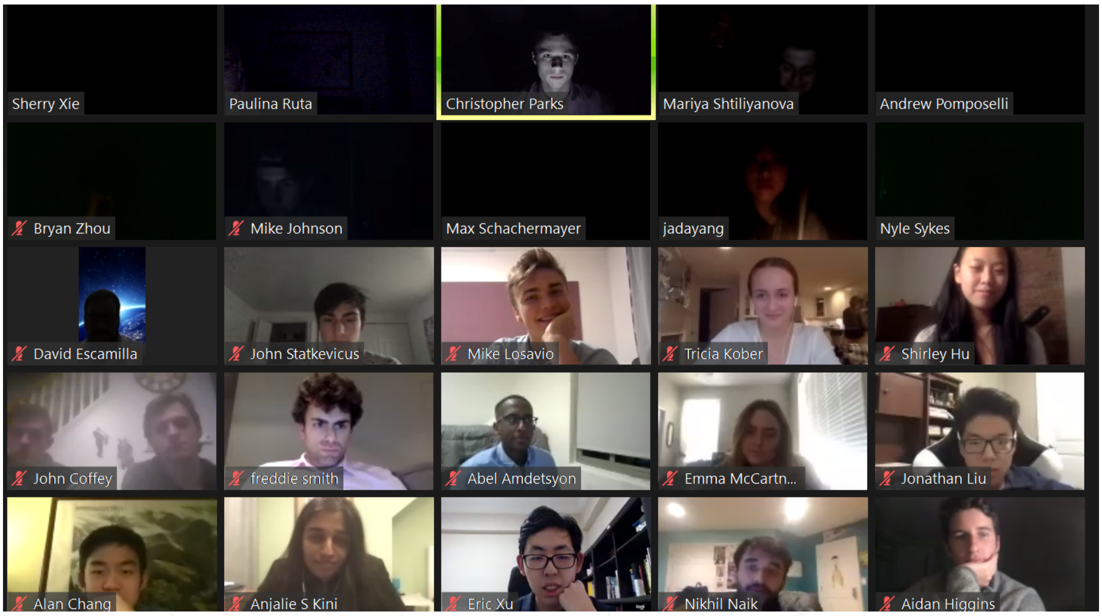
SUMMER CONFERENCE RECAP

Summer Conference is an opportunity for GPS to bring analysts, members, and alumni back together. We kept up the tradition over Zoom in 2020 and were able to bring back even more alumni across several career panels that members found incredibly valuable. We also invited Kaushik Ravi, founder of Elevate Career Network, to speak to members.

A collection of faces from our alumni panels on life after graduation and careers in hedge funds, private equity, and investment banking. GPS is grateful to all the alumni who attended virtually, and we hope to gather again in person as soon as it is safe to do so!

FALL CONFERENCE RECAP

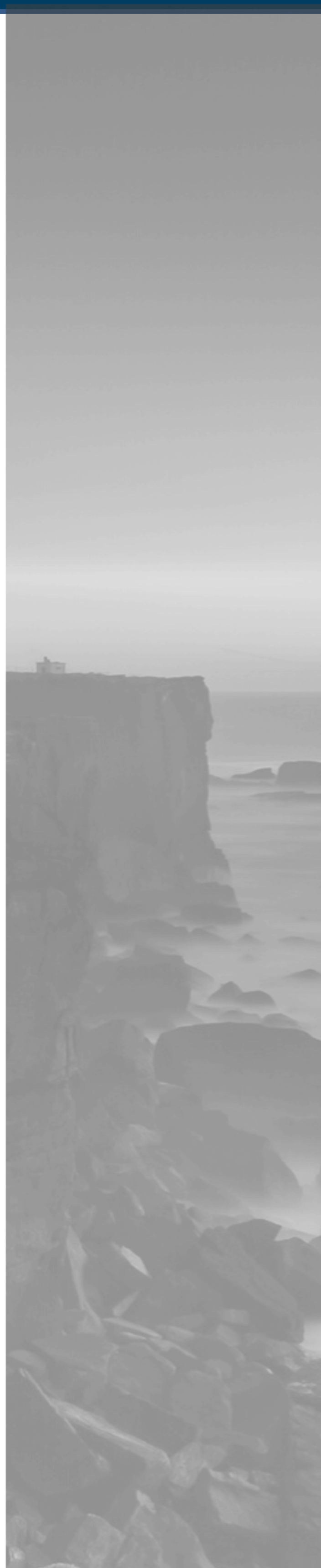
Fall Conference is a unique opportunity for analysts to gain full membership to our organization. In addition to social events, analysts present pitches to alumni and members, and we hear from external speakers. This year, the conference was held over Zoom. Speakers included Cedric Bobo, a principal at the Carlyle Group who launched Project Destined; Tom Szaky, the founder and CEO of Loop and Teracycle; and Scott Kupor, a partner at a16z.



New analyst welcome event

Analyst stock pitch trophy presentation

2020 IN REVIEW & LOOKING FORWARD TO 2021



Dear Team,

There is only one word to describe the markets and society in 2020: *unprecedented.* Unprecedented money printing from the Federal Reserve and levels of fiscal stimulus. Unprecedented domestic political tensions during an election year and social unrest in response to police brutality in American streets. And finally, an unprecedented global pandemic which we are still in the process of combatting despite advancements in technology and healthcare.

2020 was equally an incredible opportunity for learning about markets as young investors who have only seen a bull market. On March 16th, we witnessed a 12% decline in the S&P 500 as markets suddenly realized that COVID-19 was not a China problem, but rather a *global* problem. It had the potential to quickly decimate our hospital systems, tear apart the fabric of our society, and send the economy into a self-induced recession. Seemingly overnight, every earnings projection became worthless in light of an increasingly uncertain future. As students our first instinct was to turn to books for answers. However, there was little to be learnt about an environment like this. The last time a pandemic affected global markets was the Spanish Flu in 1918 when everything from central banks to labour markets was so different that all mental models from that period seemed outdated.

And yet we found one common denominator with 1918 - human behaviour. Instinctively, humans tend to over-react to short term events, however devastating they may be. We were lucky to be well positioned coming into the year with roughly half of our portfolio in cash. This reduced our overall market exposure and allowed us to capitalize on opportunities and double-down on our existing portfolio holdings as they went on sale. As value investors, we viewed the market turmoil in March 2020 as a firesale that was aptly described by Bill Miller as "the buying opportunity of a lifetime." Indeed, the bear market was ultimately short-lived, and major indexes rebounded sharply with the S&P 500 ending the year up 16.3%.

The rebound in financial markets caused a divergence of the stock market from the underlying economy. Specifically, while the unemployment rate and manufacturing indices were in recessionary territory, returns in "stay-at-home" stocks skyrocketed. Technology adoption accelerated as households shifted to online consumption.

2019 IN REVIEW & LOOKING FORWARD TO 2020

Investors in sectors such as ecommerce and telehealth transformed their narrative from Growth-At-a-Reasonable-Price to Growth-At-Any-Price. This went hand-in-hand with widening participation in the market by retail investors, driven by lockdown measures and stimulus checks. While mass media focused their attention on retail speculation, we acknowledge the influence over market valuations broadly, with 38% of US equities being held directly by households. Finally, we cannot omit the boom in blank cheque companies, also known as SPAC's, helping companies with no revenues become public at lofty valuations. All of these trends created an ample opportunity for the discerning investor who takes a bottom-up approach to their security selection. We at GPS pride ourselves on the number of stones we turned over during 2020. Our efforts were rewarded by our concentrated portfolio delivering 17.8% returns and outperforming the S&P 500.

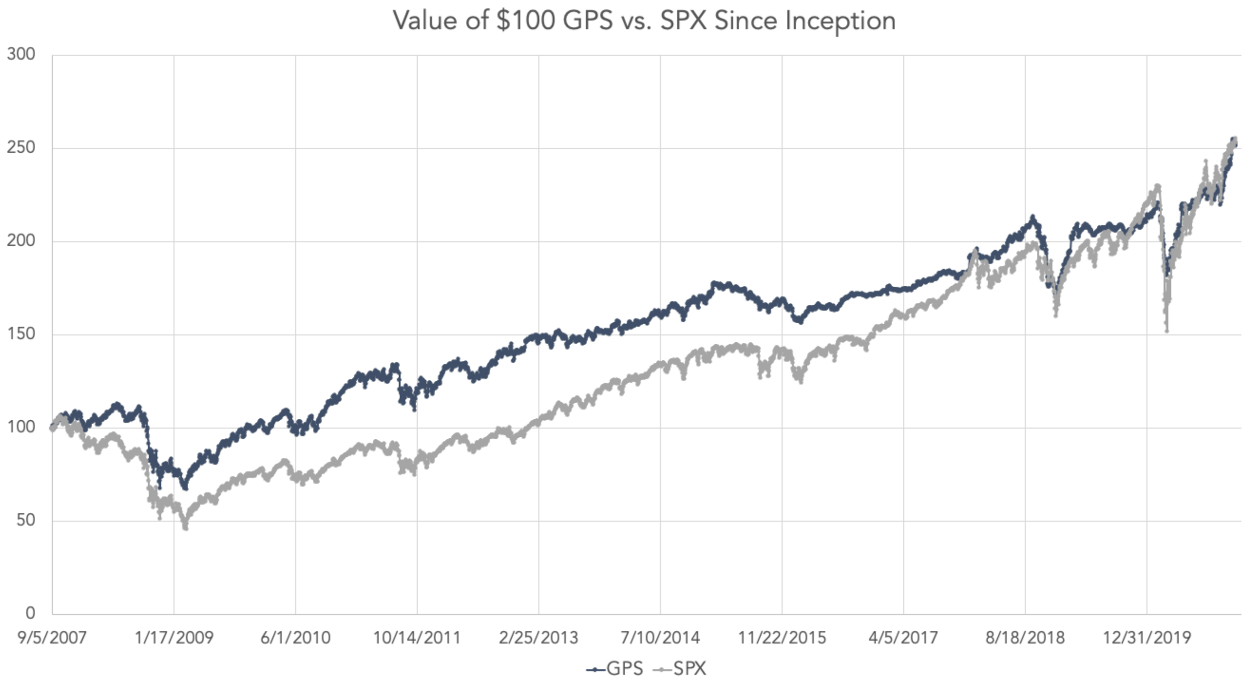
Looking ahead into 2021, we are encouraged by the pace of economic recovery and vaccinations, which at the time of writing had reached 21.7% of the US population. As things return to normal, we expect to see a wider stock market recovery, including banks, energy etc. Nevertheless, during the past year we were reminded that any macro-statistic such as GDP or inflation is simply an amalgamation of individual data points about the individual companies and households throughout the United States. Although a top-down view is worth having, we are not focused on owning the market but rather 7-10 individual securities that are each uniquely affected by their ecosystems. In a market driven by macro-headlines, we will stay true to our investment approach grounded in deep bottoms-up company-specific fundamental research focused on finding and owning undervalued businesses for the long term. Our risk management approach during the most turbulent market in 2020 became simple: know what we own and know why we own it and hope to know our company better than the incremental buyer or seller. This is the only respite a value investor can have during a period of uncertainty and we will continue to adhere to this approach throughout 2021.

Sincerely,
Abel Amdetsyon and Mike Losavio
2021 Portfolio Managers

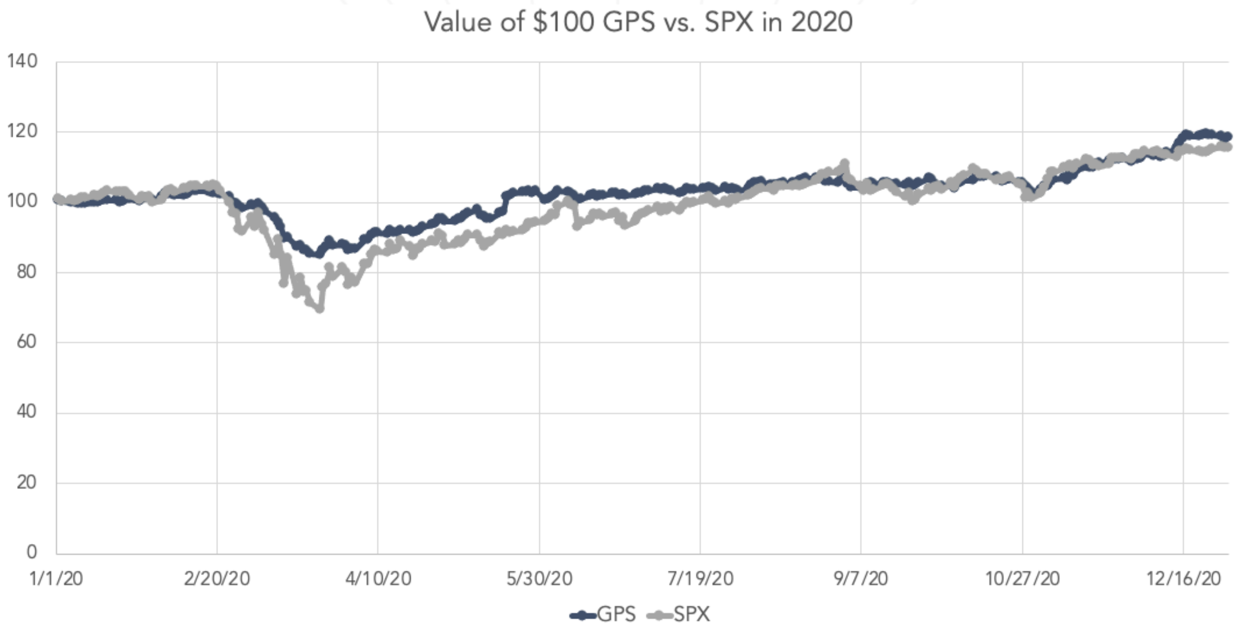
PORTFOLIO PERFORMANCE

Value of $100 GPS vs S&P

Since Inception

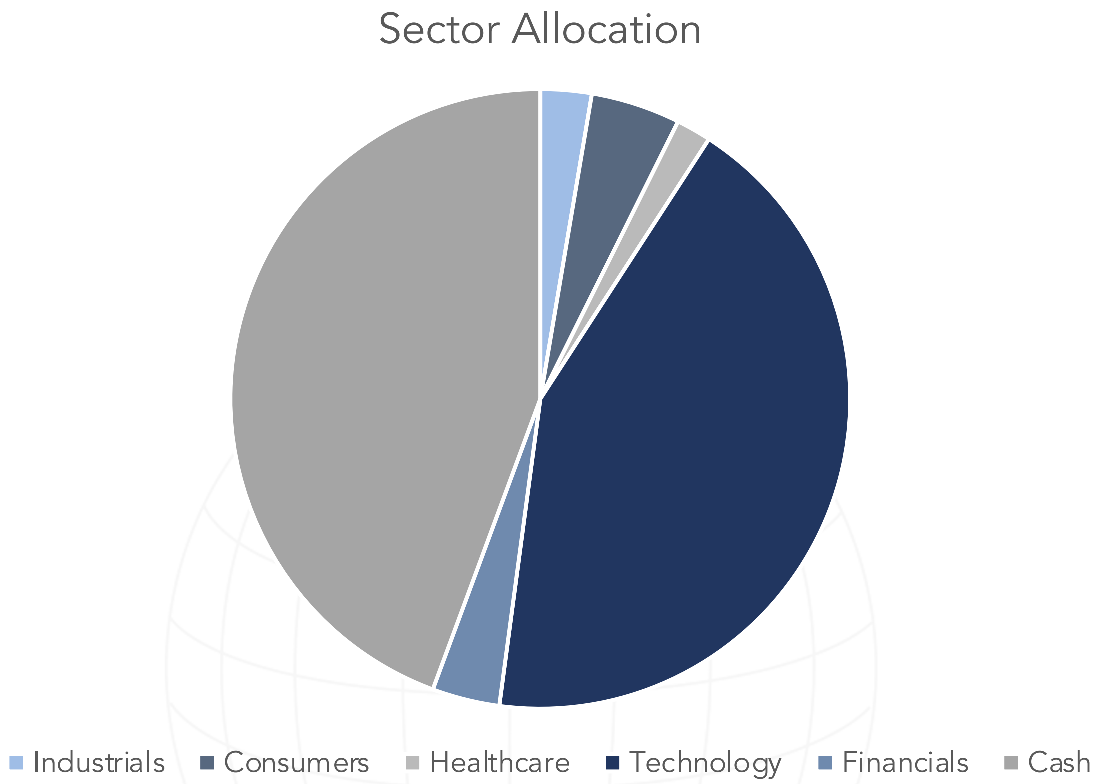


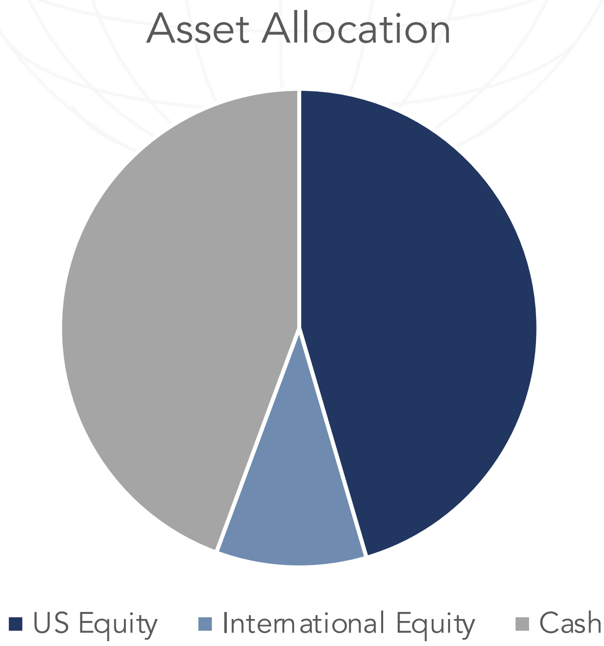
In 2020



2020 PORTFOLIO ALLOCATION

Year End 2020





PORTFOLIO HOLDINGS

eBay

eBay (EBAY) is a global e-commerce business that operates a flagship marketplace business domestically and owns ~44% of Adevinta, a Norwegian firm that owns many online classifieds businesses globally. Their holdings include leboncoin, paycar, OLX, locasun, and other classifieds businesses across the world. eBay's Adventina stake represents ~20% of eBay's enterprise value.

GPS initially invested in eBay because it is a high-margin cash generator with a clear value proposition driven by an under-appreciated core business and rapidly growing secondary segments. Its third-party model and strong network effects secure its position and produce a highly cash-generative core business. Additionally, eBay Classifieds was a high-growth, high-margin business, with monopolistic market positions in 17 countries that at the time of investment was not valued by the market. Its true earnings power was hidden by low monetization, which has continued to increase since.

GPS's original thesis has been mostly realized as eBay has sold off both StubHub and their classifieds business. In 2019, eBay announced that it was in a definitive agreement to sell Stubhub to Viagogo for $4.05B. In 2020, eBay agreed to sell their classifieds business to Adevinta for $9.2B, 2.5B in cash with the remainder in stock. Both of these divestitures occurred after heavy lobbying from activist investors Elliot and Starboard.

A second part of GPS's original eBay's thesis was the ability for eBay to become their own "merchant of record" after an agreement with PayPal expired, capturing more of the value in each transaction. Only ~20% of platform volume currently goes through eBay's managed payments system, with the remaining volume set to transfer by year end. A second embedded margin-boost in eBay is their promoted listings offering; by helping sellers convert more sales, eBay is charging higher ad fees.

While most of GPS's original thesis has been realized, eBay remains an attractive risk-reward opportunity for the portfolio. Dylan Adelman, the member behind the idea, describes eBay as "***kind of just a high-grade corporate bond,***" likely to yield high single-digit returns to shareholders through aggressive share buybacks. We plan to maintain the eBay position as they cannibalize their outstanding share count.

PORTFOLIO HOLDINGS

Gamesys

Gamesys (GYS) is an operator of online gaming websites in the UK and increasingly in Asia under various brands like Jackpotjoy, Virgin, Monopoly, and Vera&John. GPS originally initiated a position because the company was priced as an overly levered gaming rollup despite what we thought was a high-quality underlying business.

Gamesys came into 2020 with concerns over UK online gaming regulations after an inquiry in late 2019 proposed higher taxes on its core business. The company had also yet to show an ability to create real value outside the UK, all whilst appearing over-levered at 3x pro-forma net leverage. We decided to hold through 2020 because we continued to believe the market did not fully appreciate the resilience of the UK business, the path to deleveraging, and the free option on the Asian business.

With this in mind, 2020 was a fantastic year for Gamesys, growing revenues at 40% overall and in the triple digits for its high margin Asian business. Gamesys now trades at ~9.5x earnings with 1.5x net leverage (under 9x P/E and 1 turn of leverage on forward numbers) despite having dominant Asian and UK franchises benefiting from secular growth in online gaming and a much more favourable regulatory outlook with less country-specific risk. As such, given the underlying quality of the business as well as the relative and absolute cheapness, we continue to think the value here is not fully appreciated.

AerCap Holdings

AerCap Holdings (AER) is the market leader in leasing commercial aircraft to airlines across the globe. Its fleet consists of 1,330 owned, managed, or on-order aircraft, spanning from Boeing 737s to Airbus A320neos, with 63% high-demand new tech aircraft and an average age of just 6.4 years. GPS initially invested in AER for three fundamental reasons:

First, its long-term leases, attractive order book, effective hedging techniques, and low historical average credit costs provide long-term revenue and cash flow visibility. AER's fleet has an average lease term of 7.5 years, meaning 7.5 years of expected cash flows alongside a high utilization rate that took a hit during the COVID pandemic but quickly recovered to 97% by the end of the year. AER has historically muted its credit costs, averaging only 1% of lease revenue, and was upgraded by S&P to a BBB credit rating in 2019. Second, AER has considerable scale, providing it with bargaining power against OEMs such as Boeing and Airbus. AER's large order book creates an opportunity to purchase aircraft at a hefty discount to retail price, lowering the cost basis on the asset. AerCap also resells planes at around a 30% premium to book value, a strong and consistent gain when retiring older assets. Third, GPS considers AerCap to be significantly undervalued by the market. The strong resale market, accelerated depreciation method deployed by management, and fleet of in-demand aircraft owned by AER warrants a price exceeding book value. The direct liquidation value of AerCap's assets well exceeds the market's valuation of the company. During the COVID-19 pandemic, AerCap's stock dropped significantly alongside the rest of the market, trading at record low price-to-book ratios. However, we believed that the resale value of planes had not been cut by 60-70% and continued to hold as the stock recovered. Recently, AER has also announced a potential merger with GECAS, GE's aviation and leasing division that is one of AER's largest competitors. This merger announcement has led to strong price appreciation and will create a company that is fundamentally stronger and better positioned than either of its constituents.

We continue to hold, as AerCap still trades below book value and has only better positioned itself better since GPS entered. We continue to look forward to AerCap's long-term prospects, and we hope the market begins to approach its intrinsic value on a P/B basis.

Par Technology

Par Technology (PAR) is a mid-cap American conglomerate that has two main subsidiaries: restaurant management solutions and defense. The defense business focuses on surveillance and intelligence systems built on satellite and telecommunication technology, while the core restaurant business is broken into hardware (point-of-sale terminals) and software (Brink POS). The software component is a SaaS solution that aids enterprises in restaurant management and payment processing. It is a fast growing and sticky business primarily targeting an untapped population of fast casual restaurants and restaurant chains, and in has been resilient during a time when almost 20% of restaurants in the U.S. are permanently closed. The attractive qualities of Brink POS, in addition to a profitable defense business, led GPS to invest at a share price of ~$24.69. In 2020, PAR returned 104%, mainly driven by excellent business execution and a general multiple re-rate of the restaurant POS software industry amid the COVID-19 pandemic.

GPS has been fortunate to participate in a textbook example of a well-executed strategic shift. Since investment inception, customer count and ARR growth have accelerated, and churn has improved, as management prioritized its software strategy and capitalized on the increased digitization of U.S. businesses. PAR's defense arm delivered a solid year of growth and built a significant backlog of orders, leading us to believe that it will become an attractive divestment opportunity in 2021. Finally, management raised capital to finance strategic acquisitions of restaurant software in order to build what it terms "a vertical SaaS company for the hospitality industry".

Moving forward, we expect PAR to continue its shift from an undervalued and misunderstood opportunity to a restaurant software compounder. Specifically, the platform and product are improving at a rapid pace, the vision of an all-encompassing cloud marketplace platform is becoming more visible, and the payments service is gaining traction. CEO Savneet Singh's performance thus far gives us optimism that well-executed strategic acquisitions and the divestment of the defense business will catalyze further price appreciation in 2021.

EZCorp

EZCORP®

EZCorp (EZPW) is the second-largest owner and operator of pawn shops in the U.S. (512 stores) and Latin America (493 stores). Under the pawn lending business model, customers take out non-recourse loans using personal property as collateral (e.g. jewelry, electronics, power tools). Revenue is generated through interest on loans and resale of forfeited collateral.

GPS initiated a position in EZCorp in June of 2020. We liked the complementary nature of its two business segments and viewed it as an attractive counter-cyclical holding for the portfolio going into the pandemic. When disposable income is low, demand for pawn loans (quick access to cash with no credit score required) and second-hand goods increases; EZCorp's revenue and share price reached all-time highs during the last recession. Additionally, we saw promise in the launch of a new POS system and digital app, high growth in Latin America (with integration of new stores improving margins), and opportunities for consolidation in a highly fragmented U.S. market. Finally, as EZCorp divested from its non-pawn consumer lending business, we believed it could close a long-standing discount to its closest peer, FirstCash.

Unfortunately, it quickly became evident that the COVID-19 recession would be unlike anything we'd seen before. Loan demand fell sharply amidst unprecedented levels of government stimulus, eviction moratoriums, and nationwide shutdowns. The Latin America segment was hit particularly hard due to high store closure rates and an influx of remittance payments from the U.S. While the drop in loan demand was initially offset by an increase in merchandise sales due to demand for work-from-home equipment, stores have struggled to replenish inventory and this is no longer the case. However, we are encouraged by a recent recovery in loan volumes and inventory levels; even just a return to pre-COVID levels will lead to substantial share price appreciation. Additionally, 2021 Q1 brought promising cost reductions and operational improvements, including the expiration (without replacement) of 5 seats on the Board of Directors. Ultimately, we will continue to hold this position as we see multiple paths to upside with the discount to FirstCash and NAV providing a margin of safety.

Recro Pharma

Recro Pharma (REPH) is a micro-cap small molecule contract drug manufacturing organization (CDMO). REPH originally had a biotech segment, which drained cash and resources from an otherwise profitable CDMO business. Due to this historical focus on biotech, REPH has 4 primary commercial manufacturing customers that produce generic drugs in the hypertension, ADHD and pain relief treatment areas. After the spinoff, REPH was uniquely positioned to primarily focus on the CDMO business and evolve into a diversified CDMO that trades at a multiple comparable to other pure-play competitors. In 2020, REPH returned -48% mainly driven by customer ordering pattern disruptions from the COVID-19 pandemic, two commercial product losses due to product discontinuation, and the re-entry of a large competitor into the hypertension market.

Since investment inception, REPH has been impacted by a string of one-off events that have negatively affected business performance. The COVID-19 pandemic continues to cause drops in prescription volume, which has negatively impacted royalty-driven revenue. The two commercial product discontinuations caused revenue decreases unrelated to service

PORTFOLIO HOLDINGS

quality. These events were significant headwinds, but REPH has responded by deleveraging the business, expanding the business development team and hiring a new CEO. These actions have precipitated >10 development contracts won in the past 12 months and a recent win for a new commercial tech transfer product for formulation and production of a branded product. Share price has increased ~20% YTD in 2021.

Moving forward, we expect REPH to continue use its strength in complex small molecule manufacturing and development to transform into a fully diversified CDMO. We are optimistic that new CEO David Enloe can accomplish this goal and catalyze a multiple re-rate on par with other pure-play small molecule CDMOs.

AudioEye

audioeye™

AudioEye (AEYE) is a technology company which offers an AI-powered accessibility solutions to make customers' websites accessible to individuals with disabilities.

We were able to purchase AudioEye in 2H2020 at a discounted valuation following a short report that we believed mischaracterized the company, the quality of its technology, and it's competitive positioning. We were able to identify a key debate in the stock: Was AudioEye a low margin compliance consultancy service or a high margin recurring revenue SaaS business on the brink of transformation? We believed the latter and got an attractive entry point. During the two quarters we have owned AudioEye, we have been impressed by the company's ability to rapidly expand gross margins through automation. During this time, we have also seen a flurry of new hires, most notably the former Chief Business Officer of Pinterest and the former Chief Product Officer of Facebook. We viewed these hires as both an indication that the company is positioning itself for an accelerated growth trajectory and an affirmation of the business model by tech industry peers. We continue to own shares in the business as we believe the company becoming cash flow positive in FY2021 will be a meaningful upside catalyst for the share price. Furthermore, we believe there is opportunity for multiple expansion as the market ascribes a multiple in line with other high growth SaaS companies. We are eager to see how the company and the evolving digital accessibility industry continue to develop in 2021.

EXITED POSITIONS

Howdens Joinery

Howdens Joinery (HWDN) is a kitchen supplier in the UK that sells its fitted kitchens through local builders as opposed to the retail channel adopted by most of its competitors. With over 750 depots, they have approximately 30% of the UK market share. GPS entered the position in 2017 on the opportunity to purchase a high-quality company whose multiple had contracted over the last few years due to inflationary pressures and uncertainty caused by Brexit. Howdens provided a superior customer proposition to the tradesmen it serviced, operating a unique decentralised model for depot managers and possessing very attractive unit economics, rolling out depots at an IRR of ~40%.

Towards the end of 2020, Howdens rerated significantly alongside the broader market recovery. The business now trades at approximately 30x LTM earnings and over 20x pre-COVID normalised earnings, with the business expected to return to mid single-digit revenue and earnings growth post COVID. Although we continue to believe that Howdens is a high-quality business with solid return on capital and a differentiated business model, over the course of the last year, the market has started to price in and appreciate the fundamental quality of the business. A core part of our initial thesis was the obfuscation of Howdens's business strength due to near-term economic uncertainty, but with the recent run-up in Howdens's stock price, we think this margin of safety has largely been eroded, with the stock fairly priced. As a result, we sold our position in Howdens for a cumulative return of 59% and will be looking to deploy this capital into higher alpha opportunities.

Tencent

Tencent (TCEHY) is a Chinese tech conglomerate with leading platforms in spaces such as social media, music, payments, and more. Best known for its WeChat platform, Tencent is one of Asia's most dominant businesses and is bolstered by impressive moats. GPS invested in Tencent with the belief that management would begin to monetize several of its platforms and channels, forming new revenue streams that would be defended by sustainable competitive advantages. After a thorough discussion of the Naspers/Tencent situation, we determined that the clearest pathway to value realization was through an investment in Tencent directly.

EXITED POSITIONS

In February of this past year (prior to the COVID-19 crisis), we exited our Tencent position. While business fundamentals were strong, we determined that at that price (one already exceeding our updated target price), the returns we would earn would roughly equal the company's cost of capital. Additionally, with certain hesitations at the time surrounding China's macro risks related to international relations and leverage, exiting the position to deploy capital to other opportunities was the most rational decision to make. Over our ~15 month holding period, our Tencent investment returned 37.89%.

PDL Biopharma

PDL Biopharma (PDLI) is a healthcare company which operates and invests in biotechnology companies, royalties and related debt. It was founded in 1986 to develop and commercialize humanized monoclonal antibodies but has since shifted to a HoldCo structure for two subsidiaries with a variety of debt, royalty and equity investments in healthcare companies. Shareholder confidence in PDL's management team has deteriorated significantly due to the prior management team's missteps, leading to PDL trading at a significant discount to book value with cash-flow generating assets (> 60% discount to conservative BV). After the original presentation but prior to our investment, an activist fund, Engine Capital, initiated a position urging the company to liquidate and wind down operations.

Given our conviction in the underlying book value of the assets and Engine's involvement, we felt comfortable initiating a position in late-December 2019. By May 2020, we realized our catalyst with the company's decision to liquidate. We received a dividend issuance in shares of Evofem (EVFM) related to this liquidation. Therefore, we decided to sell our position in PDLI (and the EVFM dividend) and recognized a gain of ~13% over our holding period (28% IRR).

Keysight Technologies

Keysight Technologies (KEYS) provides electronic design and test solutions for R&D processes in the communications, networking, and electronics industries. Recently, product offerings have shifted to meet upcoming demand in automobile connected devices, general IoT applications, 5G rollout, and wearables. Additionally, a shift to software-oriented vertical integration, currently making up 19% of revenue versus 10% in 2015, has delivered compelling SaaS offerings on top of a market-leading hardware product. Lack of pure play competitors has enabled Keysight to employ a deep, IP-protected moat, with 3,500 patents issued or pending and partnerships with all 25 of the largest technology customers in the space. Our original thesis indicated that research and development spend, especially for tech firms, was expected to accelerate dramatically, contrary to media commentary and analyst sentiment.

At investment inception, similar firms were trading around 16x EV/EBITDA, which implied upside to Keysight's 15x figure despite being an 11% revenue CAGR market leader with growing SaaS offerings. Our discounted cash flow model also indicated 20% upside using the most conservative growth estimates readily available, representing an attractive margin of safety. This led to GPS entering a position at a price of $94.43. Catalysts during the investment period involved an accelerated software rollout and greater media coverage around rampant tech spending R&D spend in the midst of COVID-19, which led to 44.4% absolute price appreciation over the half-year holding period.

With these impressive results, our DCF price target was sufficiently met even after taking into account several potential future growth factors in new horizontal product offerings and tech adoption. Keysight's multiple now sits at a 15% premium to peers, which we believe does not leave a comfortable margin of safety for continuing to hold the stock.

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