To Our Esteemed Clients,

2019 marks the fourth year that Triple Summit Advisors, LLC has been in operation, and the third full calendar year of results. We take the new year as an opportunity to reflect and share our views in our annual letter to clients. The goal of these annual updates is to tell the story of significant holdings in Triple Summit's actively managed equity strategies and explain why certain investments performed the way they did. In 2019, US markets felt like they could move in just one direction - up - achieving the second best annual performance for the S&P in two decades. (The only year to exceed 2019 over the last two decades was 2013). In 2019, the two of us also both accomplished a goal that we set for ourselves at the founding of Triple Summit Advisors. We completed the required work and examination to achieve the CFP® certification, and we discuss more about what this means below.

CFP® Certification

Prior to founding Triple Summit, our professional experience in finance tended to focus on financial analysis (for example, Wei has been a CFA charterholder for 12 years), and as a result we always knew that we wanted to offer investment management services. However, we recognized the importance of and had a passion for financial planning as well, even if our professional work hadn't previously focused on those services. As a result, we sought out the CFP® certification, which is widely recognized as the standard of excellence for the financial planning profession. Before we could receive the CFP® certification, we had to meet the education, experience, examination, and ethics requirements mandated by CFP Board, the non-profit organization that grants the certification. With the achievement of the CFP® certification and with the continuing education requirements we must meet, we aim to always improve our knowledge of financial planning so that we can better serve you.

But, what use is the CFP® certification if it isn't put to the test? To that end, we invite you to reach out to us any time. As those of you who call or meet with us frequently know, we'll happily talk your ear off about financial planning because we love what we do so much.

Global Compounding Value ("GCV") - Summary

For 2019, the Global Compounding Value ("GCV") strategy had an *unaudited* return of 25.68%, net of fees. Since inception (06/30/16), the GCV strategy has had an *unaudited* return of 65.91%, net of fees. Since inception, the GCV strategy has outperformed the S&P 500 Total Return Index by 0.76%. For the past 12 months, the GCV strategy underperformed the S&P 500 Total Return Index by 5.81%. We note that these returns represent the composite of client accounts invested in this strategy, and that individual client accounts will have differing returns due to a number of factors, including the timing of investment contributions, as well as legacy positions held in certain accounts.

Top 3 Performers (2019 total return in parentheses):

- **LDOS (88.2%), AAPL (88.1%), TIF (62.9%)**

Top 3 Detractors (2019 total return in parentheses):

- **TRIP (-37.2%), CVET (-30.8%), KHC (-7.8%)**

Annual Portfolio Turnover Rate: 66.5%

% of Positions in the Portfolio with a Positive Return in 2019: 75.7%

Cash Drag: -0.9%

You may note that the portfolio turnover rate was higher than last year's and, in general, higher than normal for a portfolio of long-term investments. This is because volatility in certain positions last year presented opportunities for tax-loss harvesting. These sales and eventual repurchases of positions we hold in the strategy show up accordingly in our portfolio turnover statistics. Furthermore, based on our views of the market and where we are in the cycle, we initiated a cash holding of 5% in all GCV portfolios starting in March 2019 and increased it to a 7% position in August 2019.

GCV Performer Spotlight: Tiffany & Co. (TIF)

Tiffany & Co. is a brand name that is known around the world and that is synonymous with fine jewelry and an oft-imitated shade of blue that is easily the most recognizable color in the world of luxury goods. Tiffany will also soon disappear from the public markets and, despite its American heritage, will join a French family of companies. In an ongoing trend of consolidation in the luxury goods industry, Moët Hennessy Louis Vuitton SE (LVMH), the French luxury goods conglomerate, agreed to acquire Tiffany late in 2019 for approximately $16.2 billion, or $135 per share in cash. While the deal hasn't closed yet, it appears on track to close later this year.

This change in Tiffany's corporate status is one of several that the company has undergone in recent decades. In the late 1970s, the company was acquired by Avon. The company was subsequently purchased by private investors in the 1980s before being brought public again. We were originally attracted to Tiffany for the same reason that so many other investors have sought out the company over the years - its iconic brand has allowed the company to remain relevant for almost 200 years while earning strong financial returns in the competitive jewelry industry. The company is very aware of the source of its competitive advantage and has sought above all else to keep its image and its brand pristine. This is a challenge that the company does not always navigate successfully - when Avon owned the company, Tiffany's offerings moved downmarket to poor results. More recently, Tiffany has struggled to attract younger customers. However, we believe the company's current challenges are nothing new - Tiffany must continually keep its brand relevant - and the company's true opportunity lies in expansion in developing markets to bring the brand to increasingly affluent consumers in those markets (for example, Tiffany just opened its first store in India this month). We believe that LVMH saw the same opportunity and growth potential that we did, and decided it needed Tiffany to be the crown jewel in its portfolio of jewelry brands.

For now, after a very satisfactory return of 62.9% in 2019, we bid farewell (or should we say, adieu) to Tiffany, and will be monitoring its performance and the performance of its parent, LVMH, for the opportunity to perhaps once again own some Tiffany blue in the GCV strategy.

GCV Detractor Spotlight: Covetrus (CVET)

We first learned about Covetrus as a result of an investment in the GOED strategy. In this investment, Henry Schein, a worldwide distributor of medical and dental supplies with a market capitalization of $9 billion, spun off its animal health division and merged it with a smaller business called Vets First Choice. The resulting new business, Covetrus, went public in February 2019 through a Reverse Morris Trust transaction. This transaction led to a satisfactory short-term gain in the GOED strategy, and we viewed Covetrus as an attractive long-term addition to the GCV strategy. Sadly, the remainder of 2019 for Covetrus proved us wrong.

As a combination of two separate businesses, Covetrus had a larger, more established legacy business and a smaller, younger business with much higher growth potential. The legacy business that came from Henry Schein is a leading distributor of animal health medical products and equipment to over 100,000 veterinary customers in 25 countries. This business was mature and had a growth profile that was not particularly attractive, but brought the benefit of long-established client relationships that the other business segment within Covetrus could potentially use to grow very quickly. This other business segment, which came from Vets First Choice, offers a white-label online prescription management platform that gives veterinary practices the ability to offer over 20,000 animal health products to their end clients without needing to build their own e-commerce infrastructure. Covetrus then fulfills all orders and ships items directly to the end clients. (Dan has used this service for his dog, Casey, as Casey's veterinarian is enrolled in Covetrus' platform). This platform was billed as the primary growth engine for Covetrus and was the reason why we were initially so excited by the company.

However, as 2019 progressed, Covetrus reported results that were significantly weaker than the company's original guidance. For the second quarter in particular, the company revised earnings guidance down from approximately $250 million to $200 million, sparking a large one-day decline in stock value. These financial results stemmed from multiple sources, including the loss of a large North American customer, difficulties in managing a global supply chain, and ongoing costs from forming and ramping up a new business. Interestingly, the company was successful in signing up thousands of new veterinary practices in 2019 for its prescription management platform, but even this good news was not enough to outweigh investor sentiment towards the company's overall inability to grow revenue in its first year. As a result, with no expectation that the company would be able to achieve its initially expected growth rate, we decided to sell the shares, leading to a loss of 30.8%.

Global Opportunistic & Event-Driven ("GOED") - Summary

For 2019, the Global Opportunistic & Event-Driven ("GOED") strategy had an *unaudited* return of -0.14%, net of fees. Since inception (06/30/16), the GOED strategy has had an *unaudited* return of 2.01%, net of fees. Since inception and for the past 12 months, the GOED strategy has underperformed the S&P 500 Total Return Index by -63.14% and -31.62%, respectively. We note that these returns represent the composite of client accounts invested in this strategy, and that individual client accounts will have differing returns due to a number of factors, including the timing of investment contributions, as well as legacy positions held in certain accounts.

Top 3 Performers (2019 total return in parentheses):

- **TWNKW (112.1%), RVI (43.8%), AABA (20.8%)**

Top 3 Detractors (2019 total return in parentheses):

- **CTRA (-86.2%), CVET (-60.3%), NVLNF (-30.1%)**

Annual Portfolio Turnover Rate: 108.1%

% of the Positions in the Portfolio with a Positive Return in 2019: 43%

It was a very disappointing year for the GOED strategy. The combination of some unforced errors and the broad performance of the equity markets made the relative underperformance of the strategy that much more glaring. Our porfolio's correlation with the broader indexes has always been low due to our focus on special situations, event driven, and illiquid small-cap investments. Over the course of 2019, we also reduced our net long exposure and increased our cash position while searching for better investment opportunities. Simply stated, high correlation (or in more technical terms, high beta) is a boon when the index is roaring, and our maintenance of a more idiosyncratic portfolio became an anchor on our performance.

We made some mistakes this year in GOED, and these mistakes can be broadly categorized into three categories:

1) ***When cyclicals are mingled together with leverage, bad things happen very quickly*** - We have been overly optimistic in our views on companies in cyclical industries with a primary exposure to underlying commodities, such as coal. So when the price of these commodities fall, the translational impact on equity prices is exponential. Furthermore, these losses are severely compounded by the leverage that these companies carried (example: Contura Energy).

2) ***Secularly-challenged industries are cheap for a reason*** - We are actually quite fond of companies that are on the decline in disappearing industries, **as long as the rate of decline is predictable and manageable**. However, sometimes the rate of revenue decline exceeds our estimates, and the cash flow that can be squeezed from these “cigar butts” fall off more quickly than we anticipate (example: Otelco).

3) ***When management’s interests are not aligned with investors’ interests*** - We always try to put a discount on the management and board of a company doing things that are in their best interest and concurrently not in the company’s best interest. However, sometimes, there is almost no discount large enough to compensate you for this risk. As such, Mr. Market has seen fit to remind us of this fact multiple times this past year. Be it a small-time CEO who can not handle the glaring lights of a public company and quits immediately after a bad quarter (example: Covetrus), or a board that is beholden to a large shareholder who is seeking to bail out another failed bet (example: Realm Therapeutics), or a group of officers who want to raid the treasuries of a liquidating company one last time with golden parachutes and obscene severances (example: Novelion Therapeutics).

The portion of our GOED portfolio this year - and last year, quite frankly - that has been the most out-of-sync versus the market is the middle portion of our portfolio. These positions consisted of stocks that finished within 5% of where they started during the beginning of the year. Critically, while the stocks of these businesses went nowhere, that does not mean that the “value” of the businesses went nowhere. If the underlying business of an investment is deteriorating, then we would postulate that our investment thesis is wrong. We’d sell the position, learn from our mistakes, and move on. However, if the underlying business is improving, but the stock does not move in the same direction, then it is difficult for us to pull the “sell” trigger or objectively conclude that we were wrong. For example, consider the following metrics for an asset management business that spent the year as one of our top five investments for GOED:

Date:	12/31/18	12/31/19	*% Inc.*
Financials Date:	11/30/18	11/30/19	*/ (Dec.)*
NAV ($MM):	$2,089	$2,273	*8.8%*
Shares O/S (MM):	97.1	96.2	*-0.9%*
NAV Per Share	$21.51	$23.63	*9.8%*
Stock Price Per Share:	$11.63	$12.23	*5.2%*
MRQ Dividend:	$0.18	$0.19	*2.8%*
Forward Dividend Yield (%)	*6.19%*	*6.05%*	*-0.1%*
Stock Price / NAV	*54.1%*	*51.8%*	*-2.3%*

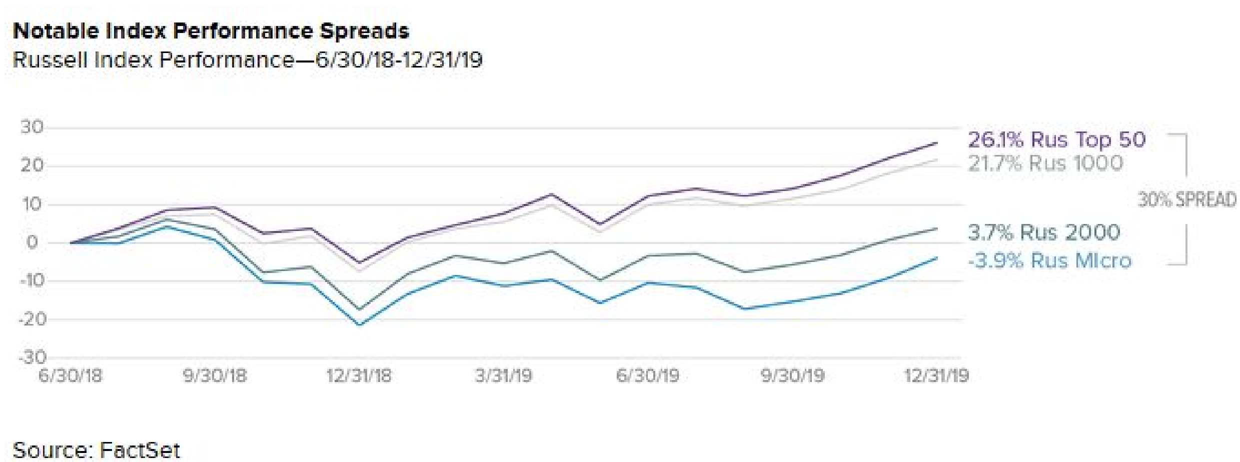
	6M Ending		
Financial Highlights ($MM)	06/30/17	06/30/18	06/30/19
GAAP Net Income	$67.9	$104.3	$145.7
GAAP EPS	$0.79	$1.15	$1.64
Net Assets	$1,981.8	$2,074.9	$2,262.5
Fully Diluted Shares O/S	98.0	95.9	94.5
Fully Diluted NAV Per Share	$20.22	$21.64	$23.94
NAV Return (%)	*2.80%*	6.99%	10.66%
Dividend Per Share	0.3475	0.3575	0.3675

Now, to be fair, this is not the best business in the world. As an asset manager, it is pro-cyclical, and would tend to trade with higher volatility in market downturns. However, the business has been doing very well over the past 10 years. It has steadily reduced its share count (via tender offers) and increased its dividend every single year. Management and employees own about

28% of the company, helping to align their interests with the interests of outside shareholders. Yet, the shares only returned about 5% this year (dividends accounted for another 6% or so), and acted as a drag on our portfolio versus the indices. Of course, this is just one of many examples. In this situation, how should we respond?

In a February 2019 [interview](https://www.youtube.com/watch?v=V8Zuw8Mnc-I)[1] with CNBC, legendary value investor Joel Greenblatt (author of Wei's favorite investing book) said the following (7:29 mark): "*...I actually have taught at Columbia for 23 years and I made a promise to my students on the first day of class. I promise them if they do good valuation work the market will agree with them. I just never tell them when. Could be a couple of weeks, could be two or three years. But that is the secret. To have a steady disciplined process to value companies and to be confident enough to stick with it when it's not working in the short term. The market is very emotional in the short term. We try to ignore the noise.*" So, the simple answer is: patience. But that is easy to say, hard to do, especially in a year of poor relative performance when compared to the broader market.

Our GOED portfolio is largely comprised of businesses that are on the smaller side and off the beaten path. At a time when the market's trading activity is dominated by ETFs and computer-driven trading, much of our portfolio is "invisible" to the ebbs and flows that drive the returns of the indices on any given day, week, month, or year. Thus, the cheap stocks (often with a catalyst, but sometimes without) that we buy can "stay" cheap for an extended period of time despite fundamental improvements in the businesses themselves. In fact, per the recent [analysis](https://www.royceinvest.com/insights/annual-letter)[2] of the stock market by Royce Investment Partners, the return gap between mega-cap stocks and micro-cap stocks (where a lot GOED stocks reside) has been quite extreme:



From a valuation perspective, as of the end of 2019, small caps and microcaps appear to be quite a bit cheaper, with the Russell 2000 trading at 90% of the EV/EBIT valuation of its larger Russell 1000 counterpart:

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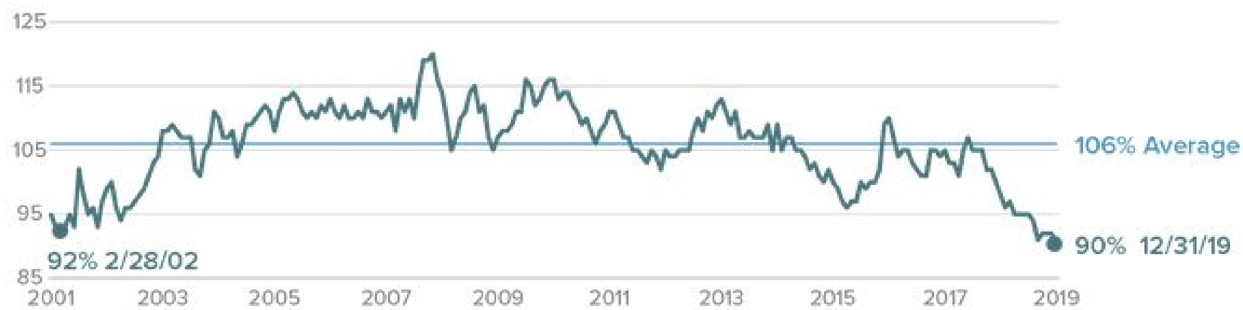
[1] https://www.youtube.com/watch?v=V8Zuw8Mnc-I
[2] https://www.royceinvest.com/insights/annual-letter

Small-Cap's Relative Valuation Is Below Its Long-Term Average
Russell 2000 vs. Russell 1000 Median LTM EV/EBIT[1] (ex. Negative EBIT Companies) from 12/31/01 to 12/31/19



[1] Earnings before interest and taxes.
Source: FactSet

We do not believe this trend to be sustainable, and we think that a reversal is coming where small caps and micro caps will outperform the large caps. When will this happen? We are not 100% sure, but we are patient. Of course, there is a difference between patience that we exhibit as stewards of capital, and the patience that our clients give us as investors in the strategy. Going forward, we will do a better job communicating with our clients in this strategy so that they have a more detailed understanding of what we endeavor to achieve in order to avoid the consequences of a “patience mismatch.” So please, send us your questions, concerns, and complaints. We won’t always be right, but we will always try to improve.

The Road Ahead

In 2019, the yield curve inversion that many market participants expected occurred. As we wrote in our note[3] to clients in August 2019, historically, this has signaled that a recession would begin some time in the following 18 months. We are still in that 18 month time period, and since then, the Federal Reserve has decreased short-term rates to stimulate economic activity. Whether this action by the Fed is enough to ensure the continued growth of the American economy, only time will tell. However, as we write this, short-term rates are once again above rates in the medium term of the yield curve, and longer term yields have also been trending downward. The proximate cause of this appears to be a flight to safety by market participants due to fears of the effect of the COVID-19 coronavirus on the global economy, especially since China is such an essential part of the global supply chain. The total economic effect of interest rates, COVID-19, and other geopolitical factors that affect economic and financial market performance will only become clear in hindsight, but nothing has happened to change our view that an economic slowdown is more likely than not, and thus we have positioned our actively managed investment strategies accordingly.

[3] https://www.triplesummitadvisors.com/yield-curve-inversion/

In 2019, we stumbled in our two actively managed investment strategies relative to the S&P 500. For GCV, some of our security selection choices (notably CVET) and our increased cash position in a high return year led to our underperformance. We know that security selection is an endeavor that is impossible to get completely correct, but we also know that we need to do better in this regard going forward. Our increased cash position will be a drag on returns in years such as last year, but should be beneficial should markets peak and enter any sustained decline caused by an economic slowdown or recession.

As this letter goes to print, we have made the decision to increase our cash position in the GCV strategy to 10%, given the negative effects on global economic activity as a result of COVID-19 and its apparent spread throughout the globe. Markets strongly dislike uncertainty, which is what COVID-19 represents at this time. With the potential for the economic effect of COVID-19 to be much worse than what the media is currently reporting, we are more defensive in our positioning than we would otherwise be. We don't know for sure what the future holds, but given where we believe we are in the cycle, reducing our exposure to the most volatile sectors of the market seems prudent to us at this time.

For GOED, we have reconstituted the portfolio to move away from certain cyclical companies that are cheap but do not have a hard catalyst on the horizon to more situations with a hard catalyst (i.e. tender offers and shareholder activism targets). Short-term underperformance is exceedingly frustrating, but we are running a marathon, not a sprint. We believe our long-term interests are better served by seeking out anomalous, uncorrelated investments as opposed to being a "closet index matcher." We are not just putting out empty words here. As we ourselves are the largest clients of the GOED strategy, we strongly believe action speaks louder than words. Over time, we have the utmost confidence that our uncorrelated investments will work out, and when they do, our performance should meaningfully improve in this marathon as the embedded value within our portfolio is realized.

On a more personal note, the Triple Summit family welcomed its newest member in 2019. Juliet Emi Kanivas was born in October and has been a smiling, happy addition to the Kanivas family. Wei and Elaine are also expecting a new baby girl to join big brother Raymond in March. Throughout all of the life changes and ups and downs of the market, we remain deeply grateful for your continued trust in us. We look forward to staying in touch this year and providing a formal update in our letter next year. If we can ever do anything to be helpful in any way, please do not hesitate to let us know. We look forward to serving as your trusted advisors for many years to come.

Sincerely,
Wei & Dan
February 28, 2020

All Triple Summit Advisors, LLC ("Triple Summit") investment strategies are subject to market risk, including the risk of permanent loss. Triple Summit's equity strategies may experience greater volatility and drawdowns than market indexes. These strategies are not intended to be a complete investment program and are not intended for short-term investment. Before investing, clients should carefully evaluate their financial situation and their ability to tolerate volatility. Triple Summit Advisors, LLC believes the figures, calculations and statistics included in this letter to be correct but provides no warranty against errors in calculation or transcription. Triple Summit Advisors, LLC is a Registered Investment Advisor. Triple Summit is able to manage accounts for clients residing in every U.S. state and in many other nations. This communication does not constitute a recommendation to buy, sell, or hold any investment securities.

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