To Our Esteemed Clients,

2021 marks the sixth year that Triple Summit Advisors, LLC has been in operation, and the fifth 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.

For many of us, 2021 was the year that life started to resume something resembling a normal rhythm, with travel, a return to the office, and gatherings all enabled by the wide availability of vaccines. For others – and we count ourselves among this group – 2021 was an extension of 2020, with vaccines decreasing the threat of COVID tremendously, but with mobility limited and caution still our watchword when it came to social interactions, especially when the youngest among us were still ineligible for vaccination. For the markets, though, it was a year of almost uninterrupted growth, as a combination of a strong economic recovery and supply constraints led to asset, wage, and price level growth (i.e., inflation). And while not all sectors of the market benefited – notably, many of the highest flying stocks of 2020 crashed back down to earth in 2021 – the last year saw the third highest market return in the last two decades.

Investing a Lump Sum – Immediately or Over Time?

A common question we have received from both clients and prospective clients over the years is, would it be better to invest a lump sum immediately or over time? There is an answer to this question that is likely academically correct, and then there is an answer that is correct for us as human beings. The answer that is likely academically correct is to invest the lump sum immediately. Ben Carlson, a fantastic writer and investor, demonstrates this in his article. As Carlson states, it's likely correct to invest a lump sum immediately because markets tend to go up three out of every four years. We've added the caveat "likely" throughout this section because as with all inferences in investing based on historical data, the future may not look like the past, and past performance does not guarantee future performance. Still, this is the data we have, and this is a satisfying answer when you consider the logic behind the American economy, asset valuations, and indeed capitalism itself.

As with many things in life, the academically correct answer to a question can still leave something wanting. Many of us will say that our most important financial goal is maximizing net worth. However, we've found this ideal to almost never be true in practice. As those who have studied economics know well, humans are not relentless profit maximizing machines. We have feelings, we act irrationally at times, and our goals often change. Accordingly, whenever anyone poses the question under discussion, we provide both the academic answer and the answer that we think is much more applicable to us as people: invest in the manner that will give you the highest chance of sticking to your plan. From the beginning, we've emphasized the importance of having a financial plan and sticking to it. Sure, you can alter the plan with intentionality and as your life circumstances change, but it is almost always a mistake to change

your plan under the duress of market volatility. For some, it will make sense to invest a lump sum immediately, and for others, it will make sense to do so by dollar cost averaging over time. As long as your choice lets you emotionally stick to the plan that you intentionally built, that is the correct way to invest a lump sum.

Global Compounding Value ("GCV") - Summary

For 2021, the Global Compounding Value ("GCV") strategy had an *unaudited* return of 25.25%, net of fees. Since inception (06/30/16), the GCV strategy has had a cumulative *unaudited* return of 144.37%, net of fees. Since inception, the GCV strategy has underperformed the S&P 500 Total Return Index by -7.30%. For the past 12 months, the GCV strategy underperformed the S&P 500 Total Return Index by -3.46%. 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 (2021 total return in parentheses):

- **HOME (139.3%), GOOG (66.7%), ACN (60.4%)**

Top 3 Detractors (2021 total return in parentheses):

- **LDOS (-14.2%), DIS (-13.9%), MTCH (-11.9%)**

Annual Portfolio Turnover Rate: 27%

% of Positions in the Portfolio with a Positive Return in 2021: 75%

You may note that the portfolio turnover rate, while lower than last year's, is still quite high and higher than normal for a portfolio of long-term investments. This is because corporate actions in certain positions during the first half of 2021 led to opportunities for rebalancing and the purchase of certain companies at very attractive valuations. These transactions show up accordingly in our portfolio turnover statistics.

GCV Performer Spotlight: Accenture plc (ACN)

Originally the consulting arm of the accounting firm Arthur Andersen, Accenture has grown to be one of the premier professional services firms in the world. Accenture provides strategy consulting, the design and implementation of IT services, and various levels of operational services to its clients, up to and including the full outsourcing of entire functions and departments. Accenture benefits from two core factors that contribute greatly to its success: (1) Accenture is at the forefront of providing digital and technology solutions to clients that continually need these services in order to compete, and (2) its clients find Accenture's services to be more cost-effective than building these capabilities in-house. As a result, Accenture has developed a business model that can be viewed as a royalty on the ongoing digital

transformation of the largest companies around the world, a trend that only shows signs of accelerating. Indeed, Accenture has such a strong market position and provides such essential business services that it serves over 75% of the Fortune Global 500 and has had a relationship with 98 of its top 100 clients for over a decade.

Accenture delivered record business performance last year and shows no signs of slowing. In its most recent quarter, the company added over 50,000 employees to a workforce that now numbers almost 700,000 people. The company returned almost $6 billion to shareholders in the form of dividends and share repurchases during FY21. This strategy of capital returns along with the inherently low capital intensity of a professional services business helps to explain why the stock has been such a consistent performer. Currently, the stock trades at the higher end of its valuation range, but as long as the business continues to fire on all cylinders, we are likely to be happy holders of the company for years to come.

GCV Detractor Spotlight: Match Group, Inc. (MTCH)

Match Group has a portfolio of online dating businesses that collectively serve over 16 million paying users in over 40 languages throughout the world. Among its most recognizable brands are Tinder, which is the world's most downloaded dating app, and Match, the site that pioneered online dating over two decades ago. Indeed, Match Group's brands are so ubiquitous that the company estimates that for the US, 60% of all relationships that began on a dating app or site started on a Match Group property. Match Group earns revenue of over $3 billion, growing 25% in FY21, and is projected to increase its top line by 15-20% in FY22. Over the long run, management is targeting mid-to-high teens revenue growth annually.

Given the increasing migration of previously offline activities such as dating to online – a trend that the pandemic has only accelerated – Match Group is operating with a tailwind in terms of industry and social trends. In 2020, companies that allowed users and customers to do traditionally in-person activities from home – companies such as Peloton, Docusign, and Zillow – were large winners in the market, with Match Group among them experiencing an 85% gain. However, we saw a reversal of this trend in 2021 as market participants recognized that the nature of the pandemic would shift with the advent of vaccines and that a return to a greater level of in-person activities was inevitable. The stock market darlings of 2020 often became the stock market duds of 2021, and Match Group's performance in 2021 reflects this trend. For any company we own for the long run – especially those companies in the tech sector, which has long been volatile and prone to overcorrections in share price in both directions – we pay attention to underlying fundamentals and use price as an opportunity to let us buy or sell at attractive levels. Match Group's valuation likely got ahead of itself due to market trends in 2020, and we view 2021 as a necessary correction to that overvaluation. However, because we view Match Group as a fundamentally strong company that will continue to benefit from long term trends, we hope to be investors in the company for many years to come, regardless of near-term fluctuations.

Global Opportunistic & Event-Driven (“GOED”) - Summary

For 2021, the Global Opportunistic & Event-Driven (“GOED”) strategy had an *unaudited* return of 29.73%, net of fees. Since inception (06/30/16), the GOED strategy has had an *unaudited* return of 64.25%, net of fees. Since inception, the GOED strategy has underperformed the S&P 500 Total Return Index by -87.42%; but over the last 24 months, the GOED strategy has outperformed the Index by 8.27%. 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 sizing limitations, the timing of investment contributions, and legacy positions held in certain accounts.

Top 3 Performers (2021 total return in parentheses):

- **SBSAA (126.9%), NVLNF (107.5%), HDG.NA (98.6%)**

Top 3 Detractors (2021 total return in parentheses):

- **BMY RT (-100.0%), ESGC (-67.4%), FAR.AX (-49.6%)**

Annual Portfolio Turnover Rate: 185.0%

% of the Positions in the Portfolio with a Positive Return in 2021: 59%

GOED Performer Spotlight: Hunter Douglas (HDG.NA)

Hunter Douglas is the #1 worldwide operator in window blinds/drapes/sashes. It is run by the Sonnenberg family, and it has been in operation for more than 100 years. The Sonnenberg family owns 84% of the common equity and all of the preferred equity. In December 2020, the Sonnenberg family announced the intent to launch an all-cash tender offer to take the company private at EUR 64 per share, and the offer was officially launched on April 6th, 2021. If the total amount of shares owned by the Sonnenberg family were to exceed 90% after the offer, then they would have sufficient cause to launch a squeeze-out of the remaining public shareholders. At the EUR 64 price and based on the financials available at the time, HDG would have been taken out at ~5.5x LTM EBITDA and ~10.5x LTM FCF. These valuation multiples were significantly lower than its most relevant publicly known comparables, as well as historical transaction multiples. Minority shareholders in the name (see example here) launched an activist campaign against the offer and gave a clear indication to the company that most would not be accepting the offer. Upon seeing this resistance from minority shareholders, the Sonnenberg family raised its offer price to EUR 82 per share, but this was still deemed to be wildly inadequate by minority shareholders.

At the end of the tender offer process, only a little more than 1.3 million shares participated (see here and here), and the Sonnenberg family decided not to pursue squeeze-out proceedings. In the intervening months, Hunter Douglas posted blockbuster results (see here and here), and in hindsight it was clear that the Sonnenberg family tried to tactically take the company private "on the cheap." After all, the founder of the company is 87, and for estate planning purposes, it is easier to be creative with the valuation of a private company than that of a public one. Realizing that future tender offers of the same sort would probably be equally ineffective, the Sonnenberg family decided to take the opposite approach and tried to extract as much value as possible for the company instead. This process resulted in 3G Capital announcing the intention to acquire a controlling interest in Hunter Douglas for EUR 175 per share on December 30th, 2021, representing a 73% premium to Hunter Douglas' closing price on that date. Triple Summit initiated a full position in Hunter Douglas in May 2021, and sold its position in early January 2022 at a moderate discount to the takeout price of EUR 175, almost doubling our investment.

GOED Detractor Spotlight: Eros STX Global (ESGC)

Eros STX Global is a restructured global streaming business with an independent movie studio. It was formed as a result of a stock merger between Eros International and STX Entertainment in July 2020. The premise was ambitious: combining a Bollywood studio and streaming service with an independent Hollywood studio with cross-border synergies that could make the combined company a force to be reckoned with in international streaming and movie production. As long as the existing bank facilities were refinanced (the catalyst), the company would then have sufficient runway to execute on its merger integration and the market could learn to better appreciate its asset value and optionality.

However, despite the assurances provided by management during market update calls, the company did not find any success in refinancing its debt facilities. Furthermore, a press release in August 2021 indicated that "substantially all of the intangible assets and goodwill…are likely to be impaired and that one or more material weaknesses in internal controls over financial reporting are likely to be reported." This release, coupled with delays in the filing of audited financials, caused the stock to crash in a precipitous manner. Ultimately, the company decided to unwind its merger and entered an agreement to sell STX Entertainment for $173 million in cash in order to repay the debt. To add further insult to injury, the company implemented a 25-for-1 reverse stock split in late January 2022 in order to remain compliant with NYSE stock listing requirements. Triple Summit initiated a small position in Eros STX Global in March 2021, and sold its position for a loss in August 2021.

The Road Ahead

Coming off of two blockbuster years (2020 and 2021) for the broader stock market – returns of 18.4% and 28.7% for the S&P 500 are far above average – it is not a surprise to us that the market has experienced a decline thus far in 2022. The observation on the market attributed to

the financier J.P. Morgan is apt - “it will fluctuate.” We believe it was equally likely that this year could have started as a continuation of the almost uninterrupted bull run that we’ve had since March 2020, and we also believe that the market could quickly and unexpectedly reverse course at any time and march upwards this year. With the markets, we don’t know what the near term will bring, and we never will.

With that said, we are actively watching for opportunities thanks to the recent decline, especially in technology companies. One of the major advantages that we have as public market investors is that Mr. Market – value investor Benjamin Graham’s famed personification of the markets – has always been and likely will always be manic-depressive. In his current depressive mood, Mr. Market has – with very few exceptions – sold off the technology sector. Many of the companies that have sold off 50% or more absolutely deserve this revaluation, as they were overvalued and have poor long-term prospects. However, in his fervor to sell off an entire sector, Mr. Market has likely thrown out the baby with the bathwater. There are certain companies that we all use in daily life whose prospects are extremely strong and whose valuations are now either attractive or quickly approaching attractive levels. As value investors, we eagerly await these moments, as this is when some of the most exciting long-term investments appear.

Beyond the economy and the markets, we look to 2022 as the year when many of the activities that were most disrupted by the pandemic begin to return to something approaching normal. For many people, life – including travel, gathering with friends and family, dining out, etc. – has largely resumed as it was before, but for others, these activities are only just becoming possible with higher vaccination rates and lower case counts in between surges in the pandemic. The omicron variant may signal what the coronavirus will look like as we learn to live with it – perhaps more infectious, but hopefully less severe in its outcomes. How the remainder of the pandemic will play out will only be clear in hindsight, but as with similar challenges that humanity has faced in the past, we expect that people and countries will continue to adapt to overcome the challenges before us.

As we hopefully continue to recover from the effects of the global pandemic, 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 18, 2022

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