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April 1st, 2020

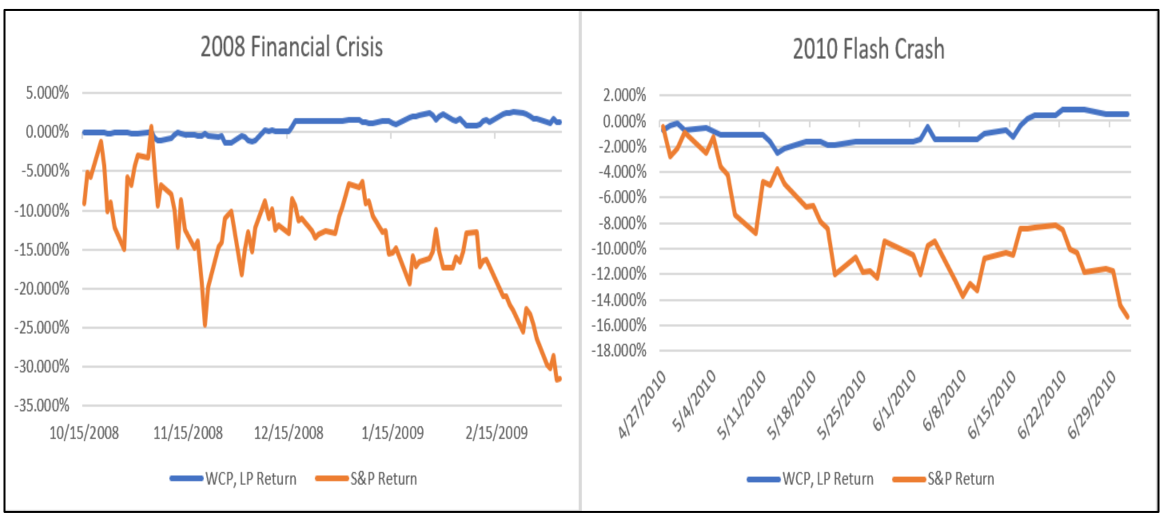
Dear Investors and Friends,

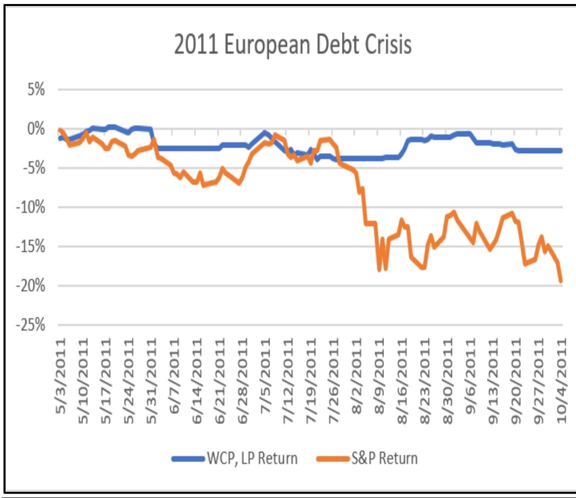
2020 1st Quarter Performance

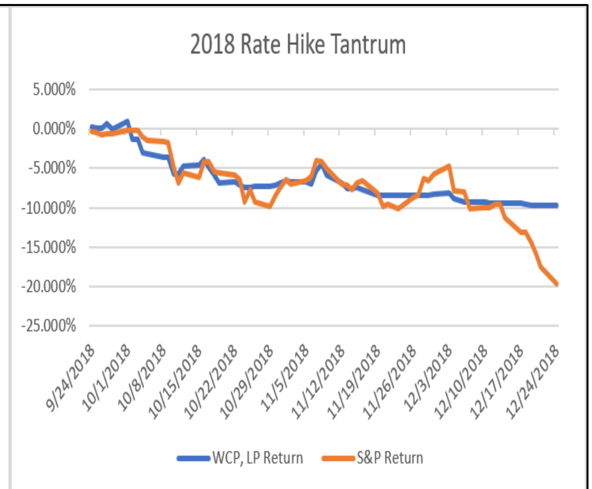
Worch Capital Partners, LP (WCP) finished the first quarter of 2020 with a net gain of +7.73%. We remain committed to being excellent stewards of your capital and are grateful for the opportunity to serve our partners.

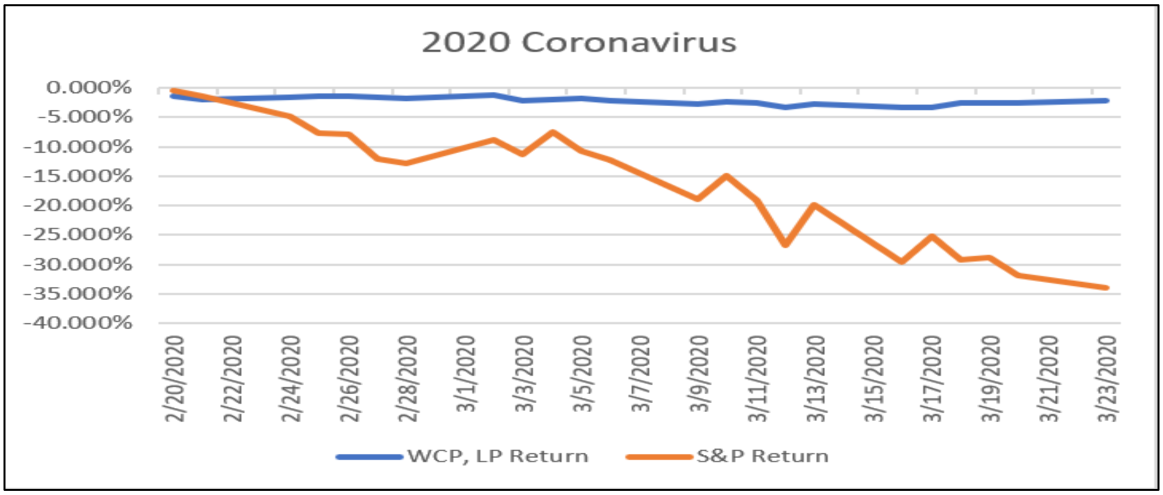
In these unprecedented times, I wanted to take a different focus with our update this quarter to discuss the most important topic in investing and one many portfolio managers often fail to practice. This update will highlight ***risk management*** during bear markets and other market shocks and how WCP, LP has been able to achieve our goals of preserving your capital while providing upside returns outpacing most equity markets and our benchmark. We believe in data and statistics; preferring to rely on historical facts rather than lofty predictions and hyperbole.

Since I started the fund, there have been 5 periods of dislocation in twelve years or almost one event every other year, which is enough to be statistically significant. Below is a return profile of WCP vs the S&P from peak to trough during each correction since we started the fund in October of 2008.









We are proud of our record in having missed every big downside move since our fund's inception preserving your assets and avoiding the emotional draining situation of significant drawdowns.

As we experience one of the fastest waterfall bear markets in history, are you confident your other asset managers can keep your hard-earned money safe? Do they have a verified track record of navigating multiple bear markets and corrections that allows you to sleep peacefully at night? Do your other managers practice risk management to protect capital during risk-off environments? These are the questions that most investors ask after massive drawdowns, when the time to prepare is before losses mount.

One of the reasons our strategy excels is because we respect market action and know that the market will humble inflexible managers. We plan for multiple possible market scenarios because with our depth of experience we know it's nearly impossible to predict future market direction. What we do know, and the data supports this, is that ***WCP has missed every dramatic move to the downside since the inception of our fund.*** Capital preservation has multiple effects and the most important is keeping emotions or mental capital in check. Since we are already on the sidelines in devastating bear markets, we remain ready to nimbly redeploy capital at key market turning points. We are not trading from a place of fear as others but from a position of strength as a market transitions from bear and begins a new uptrend.

Most market crashes are induced by panic and this one is no different; however, what is unique this time is the ***unprecedented complete economic shutdown***. This shock has much more in common with the 1919 Spanish Flu, bombing of London during WWII, Pearl Harbor attack, dropping the atomic bomb, and 9/11. What I do know is the US will prevail just like we did after the previous shocks. What no one knows for sure is how long the bear market will last and how much further it will drop.

In our last quarterly letter, we articulated, *"We have now gone three months without a 5% correction and considering we had three 5% or greater corrections last year, odds are this rally is long in the tooth. Couple that with overbought readings, the market is susceptible to a pullback. A correction or consolidation would be normal and healthy action within the context of the current bull market and super cycle. After a historically low volatility year we expect bigger corrections and pullbacks in 2020."*

While we did expect higher volatility and a correction in 2020, no one could have predicted a black swan event such as the coronavirus and its devastating global impact. The world and markets have drastically changed in a short period of time. Since the market peaked on February 19th, listed below are some of the historic events that have taken place.

1. The Federal Reserve's balance sheet has swelled to $5.25 trillion from $4.13 trillion and the Fed will soon have a $4.5 trillion lending capacity.
2. The Senate passed a $2 trillion fiscal stimulus package with bi-partisan and unanimous support, neither of which were in the Senate's legislative lexicon
3. Initial jobless claims hit 3.283 million for the week ending March 21 versus 219,000 for the week ending February 22. A record by a wide margin as the unemployment rate is set to skyrocket.
4. As of this writing the US has the most confirmed coronavirus cases in the world at 105,573 and growing versus just 13 on February 19, according to Johns Hopkins University.
5. The price of oil has collapsed by 60%.
6. The 10-year US government treasury note interest rate hit an all-time low of 40 basis points.
7. The US economy along with many countries around the world have come to a screeching halt.

For this very reason, we know how critical it is to be flexible and unemotional with the ability to react to new information that can drastically change the landscape. Behavioral economics becomes much more important during highly volatile crashing markets rather than low volatility trending markets. One of the best-known insights of behavior economics is loss aversion: the idea is that losses loom larger than gains as it is thought that the pain of losing is psychologically about twice as powerful as the pleasure of gaining. We don't claim to have all the answers and there are certain periods when our strategy performs better than others. Yet if prospect theory, which encapsulates the concept of loss aversion is correct, we absolutely excel in this area by avoiding drawdowns and we have the data to back it up.

During severe bear markets all assets frequently become highly correlated. During the current crash there was nowhere to hide, even the perceived safe haven of fixed income was taken down. Clearly there were some structural imbalances in the credit markets necessitating swift unprecedented Fed actions. Municipal bond markets saw 10 years of gains wiped out in 8 trading days, while equity markets had the fastest decline into bear territory from new highs ever.

Yet, there is a silver lining. The good news is recessions act as a reset and purge prior excesses, bad investments, and inefficient use of capital. Past recessionary periods have produced some of the greatest innovations, ushering in powerful new waves of technological changes. Some of the greatest companies were formed during prior recessions from the great depression all the way to the great financial crisis.

As we get to the other side of this pandemic, it will permanently alter behaviors and society will have to adapt to a new world. This disruptive transformation in turn will strengthen some companies while others will fail that are slow to adapt and will generate new, exciting investment opportunities for those that are prepared to capitalize. We may not know exactly how people's habits and attitudes will change but one thing we know for certain is that the technological innovations will happen at a breathtaking speed to adjust to these changes. We plan to profit from these new opportunities, as we have capital to deploy to the crop of new leaders, our emotional capital is strong, and we aren't digging out of deep drawdowns like most managers. The current market is moving very fast, making it important to get situated and take advantage of historic money-making opportunities. WCP has more capacity and we are accepting new contributions the first day of every month. As active managers, our smaller size allows us the flexibility to change our exposure levels with more ease, which is critical for extracting alpha for our partners.

We are always available to discuss our approach. Contact us if you wish to wire additional funds at this opportune time or inquire about a possible investment in WCP. Additionally, if you know of anyone who has taken undue losses and might be interested in our strategy, please feel free to make the introduction. Please do not hesitate to call us with any questions or comments.

Stay safe.

Kind Regards,

Ryan Worch
WCP, LP Principal and Fund Manager

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The performance data represents the performance of Worch Capital Partners, LP (“WCP”). The results reflect the deduction of: (i) an annual asset management fee of 1.0%, charged quarterly; (ii) a performance allocation of 20%, taken annually, subject to a high water mark; and (iii) transaction fees and other expenses incurred by WCP. During the time period shown, WCP used only those investment strategies disclosed in its Private Placement Memorandum. Results are compared to the performance of the S&P 500 Index (excluding dividends) for informational purposes only. WCP’s investment program does not mirror the S&P 500 Index and the volatility of WCP’s investment program may be materially different. The performance figures include the reinvestment of any dividends and other earnings, as appropriate. All investments involve risk, including the loss of principal.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.