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Dear Investors and Friends,

Q1 2023 Performance

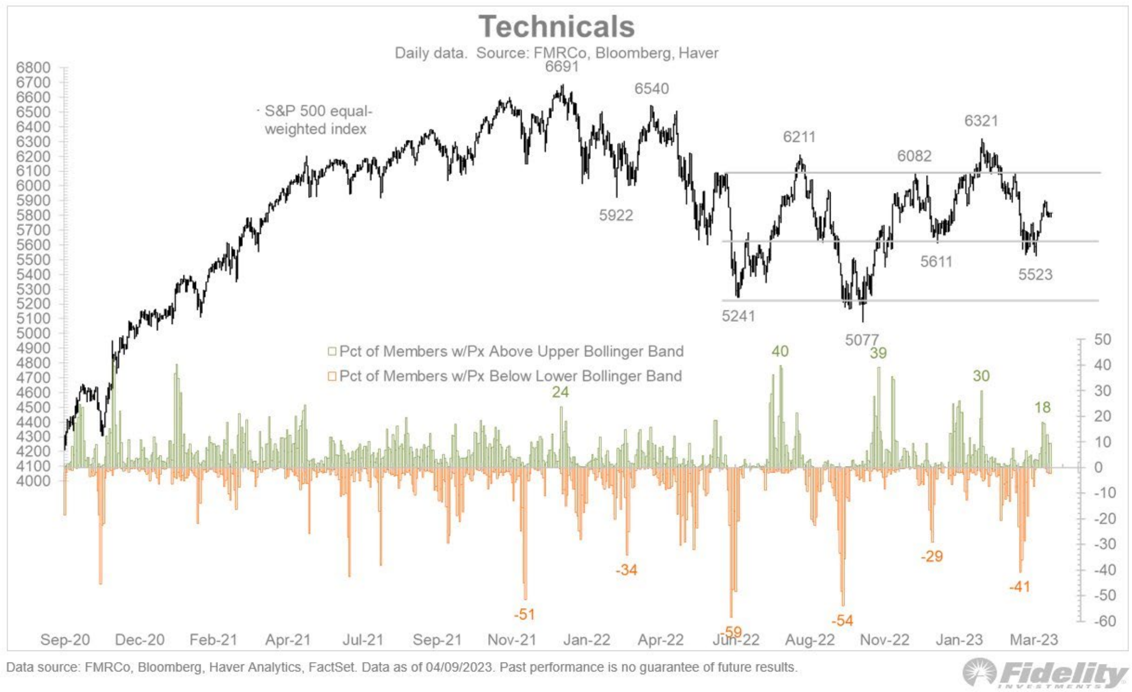
Worch Capital Partners, LP (WCP) finished the first quarter with a net loss of -0.6%, This was compared to our benchmark, HFRI Equity Hedge Index, net gain of +3.4% for the first quarter of 2023. We remain committed to being excellent stewards of your capital and are grateful for the opportunity to serve our partners.

Since our inception 15 years ago, Worch Capital Partners has compounded its partners' capital at 11.3% annually. Most importantly, this return was achieved with low risk since our maximum drawdown was only 15%.

It only seems fitting that the first quarter ended with gains after a bearish 2022. However, it wasn't without peril as the banking industry had its first real collapse since the depths of the financial crisis with the failure of two significant banks. The 2023 banking crisis has witnessed the second and third largest bank failures ever in Silicon Valley and Signature Bank. On top of that Silicon Valley Bank was the 16th largest bank in the US before its collapse. Despite a volatile start to the year with uncertainty surrounding the banking sector, US equity markets sit comfortably off lows which has the bears on the run. Equity markets have shown impressive resilience even while the Federal Reserve continues to raise interest rates to battle inflation while also balancing a slowing economy.

Meanwhile equity markets flashed multiple bullish signals throughout the first quarter that historically have led to strong future returns. Opposing these bullish indicators, bears would point out that we now have the ingredients in place for markets to roll over to new lows as the Fed is sending the economy into a deep recession. The Fed ramped up rates to a point where they were bound to break something. Could both bulls and bears potentially be right? Well, the Fed certainly broke something with its aggressive rate hiking cycle. Their aggressive approach might lead to a hard landing. So far it has produced the second and third largest bank failures ever. In turn, this will hinder the ability of banks to lend aggressively as they reduce risk and play more conservatively. The bear thesis ascribes that as banks tighten the reins, the flow of capital will drain, dampening demand, which leads to a slowdown and ultimately a recession. Despite all of this, both stocks and bonds rallied in the first quarter as traders brushed off the fears of extended rate hikes and bank failures and looked past a slowdown as they position for brighter returns.

With WCP slightly down to start the year we remain comfortably ahead of our benchmark by a wide margin in most time frames. We are also beating the general market over the same time frames. If we look at the last 15 months since the start of the bear market, WCP is down just -3.4%. This is in comparison to our benchmark, HFRI Equity Hedge Index that is down -7.1% and the S&P 500 that is down -13.8% over the same time frame. Capital preservation and patience continue to be the main theme as the market tries to find its direction. If we look out past the current quarter the US stock market has remained in a sideways trading range for the last 10 months. Credit Jurrien Timmer for the chart below, as these markets are not best suited for trend following systems.



We have maintained a cautious stance for the last 3 months continuing light risk exposure as in all of 2022. Part of the logic remains the lack of high-quality opportunities. We have been in the game long enough to know when our strategy is out of favor and not being rewarded enough by the market to warrant much exposure. We are like tigers hunting their prey, cautiously stalking targets to pounce when the opening is right. Unfortunately, the prospects on the long side were very limited throughout the bear market and that trend continued during the first quarter. As frustrating as it remains, the best course of action is to wait patiently and keep capital at low risk levels until the trend turns up and opportunities become more abundant. The statistics below confirm our real time bias as the market remains very narrow as price has rallied on the backs of a few big capitalization names. Apollo chief economist sums it up in a tweet and chart below, "the rally in the S&P 500 since the beginning of the year has been driven by 20 stocks, the market cap of the remaining 480 stocks has basically not gone up."

Our key to success throughout our 15-year track record of healthy risk adjusted returns is attributed to our flexibility and discipline. Our discipline in knowing the right market environment that is beneficial to our strategy versus one that acts as a headwind remains a strength of WCP. The chorus from the famous song the Gambler by Kenny Rogers nails this point:

"You've got to know when to hold 'em
Know when to fold 'em
Know when to walk away
And know when to run
You never count your money
When you're sittin' at the table
There'll be time enough for countin'
When the dealin's done"

As we navigate this choppy environment, we don't plan on rushing things but once the narrative changes and opportunities present themselves, we're in a great position to exploit the upside. The good news is once this bear market is finally in the rear-view mirror, it will present an abundance of potential.

We continue to be excited about the path forward due to the emerging technological revolution. In 2023 and beyond, we anticipate the largest technological breakthroughs with regards to some of the major obstacles we face as a country. Exciting themes that look to solve our most pressing issues are: clean energy, automation, obesity treatments, cure for various types of cancer, and rare disease therapies. While the theme of artificial intelligence will transform and disrupt entire industries and likely change the world as we know it.

We remain optimistic, as it is an exciting time to be a part of the investor class. Our game plan is to remain cautious and flexible as market conditions evolve. We are like a big wave surfer in that it's never clear just when and where the next big one is going to surface. When we identify the next monster wave, we'll be prepared to pounce on the break, ultimately providing life-changing opportunities going forward.

As active managers, our smaller size allows us the flexibility to change our exposure levels with ease, which is critical for extracting alpha for our partners. We believe our methodology protects our partners' capital through various cycles. WCP has more capacity and we are accepting new contributions the first day of every month. If you would like to add to your account or know someone who may be a good fit for Worch Capital Partners unique approach, please call or email anytime.

Thank you, as always, for the trust you've placed in us to manage your hard-earned money. Please do not hesitate to call with any questions or comments.

Kind Regards,

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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.

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