



Ryan Worch
Worch Capital, LLC
Principal
Tel 202.798.1977
rworch@worchcapital.com

January 19th, 2022

Dear Investors and Friends,

2021 4th Quarter Performance

Worch Capital Partners, LP (WCP) finished the fourth quarter of 2021 with a net gain of +14.17% for a year-to-date gain of +8.70%. This was compared to our benchmark, HFRI Equity Hedge Index, return of +0.11% for the fourth quarter for a year-to-date gain of +11.96%. We remain committed to being excellent stewards of your capital and are grateful for the opportunity to serve our partners.

Since our inception almost 14 years ago, Worch Capital Partners has compounded its partners capital at 13% annually with only 50% net exposure and a maximum drawdown of 15%.

The equity markets capped off a great year with a robust fourth quarter. WCP had a strong performance in the fourth quarter (+14.17%) even with a down December. Yet, if you look below the surface, there were signs of weakness across asset classes. That put us in a heightened risk management mode since late November as the Federal Reserve changed their message to speed up the tapering process to fight inflation. Damage was done specifically in the high valuation growth equity space along with more speculative areas of the market. We may have underperformed the general market but considering the underlying bear market in growth stocks we invest in; we feel fortunate to have ended the year with a healthy gain. The ARK Innovation ETF (ARKK) which serves as a proxy for high growth equities finished the year down -24% and remains in a bear market after peaking in February. What contributed to the heightened volatility in the 3rd quarter remains front and center. The fear of inflation has led the Federal Reserve to expedite their taper plans and speed up the interest rate hiking cycle. On top of that, the Omicron wave is adding an extra layer of uncertainty. In the end, the general market finished intact, but the speculative areas of the market experienced much more pain.

I could give you copious reasons to be pessimistic in 2022. Quite frankly fear is what sells as laying out a doomsday scenario creates more attention. Predictions remain a main stay in media circles and a fun adventure, yet most are useless and should be taken lightly. Ultimately, the market doesn't care about my opinion. I prefer to maintain an optimistic outlook on markets and life in general. Honestly, there is always plenty to worry about and that is my job as a fund manager. However, my goal isn't to attract eyeballs or clicks but rather invest our partners' capital in the most efficient and prudent way possible while navigating the ever-changing landscape of capital markets. Worch Capital Partners offers investors the opportunity for meaningful upside relative to equity market benchmarks, while importantly striving for limited downside. In our view, this is the proverbial holy grail of investing. Our track record demonstrates that we have achieved these high hurdles

of excellence; however, the timing of the achievement is not always in sync with market behavior on a quarter-to-quarter basis. With that said, we are always prepared for the next correction. Trying to predict when it will happen is nearly impossible, but our strategy has a 14-year history of sidestepping bear markets. While they are painful to endure, corrections are healthy and give the market a chance to reset; ultimately providing opportunities going forward. We are carefully monitoring several exciting themes for future investments when conditions are favorable, including Alternative Energy/EVs, AI, and the Metaverse, among others and potential new leading stocks. Our confidence in our strategy and process is the result of decades of experience through multiple investment cycles which gives us the conviction to remain bullish.

The markets continue in a bull market supercycle since 2013. Typical secular bull markets last 15 years which gives the potential for the current uptrend to persist. In markets and in life, optimists tend to prevail. Being an optimist provides us a different view of markets versus a permabear. Yes, our country and world have plenty of issues to deal with but there is no better country in the world that provides the opportunities and upside that the USA offers. Don't confuse my optimism for complacency. Our strategy is predicated on risk management and being nimble as conditions change. But that same positivity makes me hopeful for the future for growth equities as the technological innovation wages on.

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 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'd like a more in-depth look of how I view the markets I encourage my readers to check out my blog at <https://worchcapital.blogspot.com/>.

Please do not hesitate to call us with any questions or comments.

Kind Regards,

Ryan Worch
WCP, LP Principal and Fund Manager

THIS IS NOT AN OFFERING OR THE SOLICITATION OF AN OFFER TO PURCHASE AN INTEREST IN WORCH CAPITAL PARTNERS, LP (“WCP”). ANY SUCH OFFER OR SOLICITATION WILL ONLY BE MADE TO QUALIFIED INVESTORS BY MEANS OF A CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM AND ONLY IN THOSE JURISDICTIONS WHERE PERMITTED BY LAW.

AN INVESTMENT IN THE FUND IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. OPPORTUNITIES FOR WITHDRAWAL, REDEMPTION AND TRANSFERABILITY OF INTERESTS ARE RESTRICTED, SO INVESTORS MAY NOT HAVE ACCESS TO CAPITAL WHEN IT IS NEEDED. THERE IS NO SECONDARY MARKET FOR THE INTERESTS AND NONE IS EXPECTED TO DEVELOP.

THE FEES AND EXPENSES CHARGED IN CONNECTION WITH THIS INVESTMENT MAY BE HIGHER THAN THE FEES AND EXPENSES OF OTHER INVESTMENT ALTERNATIVES AND MAY OFFSET PROFITS. NO ASSURANCE CAN BE GIVEN THAT THE INVESTMENT OBJECTIVE WILL BE ACHIEVED OR THAT AN INVESTOR WILL RECEIVE A RETURN OF ALL OR PART OF HIS OR HER INVESTMENT. INVESTMENT RESULTS MAY VARY SUBSTANTIALLY OVER ANY GIVEN TIME PERIOD.

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.