TOP MARK CAPITAL PARTNERS LP

QUARTERLY LETTER

For the period ended March 31, 2022

'In the midst of chaos, there is also opportunity'

— Sun-Tzu

The speculative fever that has gripped the country since the Fed stepped in to provide liquidity in 2020 has finally started to crack. With it, the most speculative corners of the market are being dumped en masse and exchanged for the good old US dollar.

Imagine, for a moment, a parallel universe where investors liquidated assets in exchange for cryptocurrency instead. This would imply that crypto (bitcoin, or whatever), not the US dollar, becomes the world's reserve currency. Cost of borrowing for both governments and businesses would skyrocket, ultimately grinding the global economy to a halt, inciting chaos and a new world order. Fortunately, this is not the case. This was, however, an effective narrative that enabled the latest layer of 'greater fools' to take the plunge and join the crypto pyramid scheme.

As the COVID bubble deflates and markets search for a bottom, we remind you that **our investment horizon is long-term**. Because our focus is long-term, broad based sell offs like the one we are experiencing today are an opportunity for our partnership. In the short term there will be chaos, but as the Sun-Tzu saying goes, '*In the midst of chaos, there is also opportunity*'. In this letter, after discussing performance, we will discuss private credit - an area we've been focused on since Q3 of 2020, and as of this writing represents just over 20% of our portfolio.

Given the recent drawdown in equity prices, we are open to taking in new capital to meet the increased opportunities we are seeing in equity markets. **In the event that you share our temperament and perspective, we invite you to consider subscribing to the Partnership.**

PERFORMANCE

Superficially, our partnership was down more than the index in Q1, but I will reiterate what I said in our last letter - *we encourage you to be indifferent to the annual and quarterly results and focus instead on the compounded numbers, for which we recommend allotting at least three years.* Bear with me for a moment, as I reiterate what was said in our 2021 annual letter about performance presentation as it relates to both our partnership and other investments you may encounter. There are two ways to present results: in discrete annual increments or on a compounded basis. The former is industry standard and is useful in demonstrating consistency of results (which, I should point out, is not an objective we seek). We would prefer that our performance be assessed on a compounded, multi-year basis in order to separate *what is in* and *what is out of our control*. Distinctly not in our control is market timing. Market timing is not an objective we seek nor is it a strategy that we believe has long term successful results.[1] Our results may be inferior to the market for a period, as they were this quarter, but this will only convey information about the timing of outcomes rather than the end result (which matters most). Our partners that have been with us since the beginning will naturally understand this. For our newer partners, we encourage you to be indifferent to the annual and quarterly results and focus instead on the compounded numbers, for which we recommend allotting at least three years.

The Top Mark Capital Partners gross results (i.e., net of management fees and costs, but before performance fees) since the end of each of the last five years, as well as since inception, are tabled below, together with comparable results for a leading stock market index:

[1] In spite of this, there is no shortage of funds and banking products that market these capabilities

To 03/31/2022, From:	TMCP% Return[2]	S&P 500% Return[3]
12/31/2021	**-13%**	-5%
12/31/2020	**21%**	23%
12/31/2019	**96%**	45%
12/31/2018	**246%**	91%
12/31/2017	**296%**	83%
12/31/2016	**522%**	128%
Since Inception[4]	**1254%**	284%
Annualized Since Inception	**33%**	*16%*

The S&P 500 total return index is also included, with the usual disclaimer that this is not a benchmark, but rather only useful to place our results in context. You may prefer to compare our results to the Nasdaq, MSCI World, or some other index. In the short run, we will find ourselves on the 'wrong' side of major indexes from time to time, as we did this quarter. However, chaotic markets like the ones we are experiencing today will provide us with ample opportunities to *generate world class returns over the long run*.[234]

[2] S&P 500 total return, i.e. dividends reinvested

[3] Performance is gross (i.e., net of management fees and costs, but before performance fees) and rounded to the nearest whole percentage. *Past performance does not guarantee future results and current performance may be lower or higher than the performance quoted.*

[4] December 1, 2012

PRIVATE CREDIT

In Q3 of 2020, we sought your permission to expand our investment opportunity beyond exchange traded securities to include private credit. There were three main reasons motivating our decision to pursue this asset class. First, we have a strong relationship with the partners at Agility Capital (a private credit fund, specializing in loans to 'emerging growth companies'). They have been gracious in sharing their time with us and teaching us about their business. I was able to review and analyze every loan they issued over 20+ years and 3 funds. The outcome of that study, and the time spent with the partners, was a realization that Agility operates like concentrated value investors (although, I don't think they would describe themselves that way). A second reason we became motivated to pursue private credit is the historical outperformance of this particular strategy in tumultuous times (i.e., dot com and the financial crisis). Furthermore, it created an opportunity for your managers to take advantage of our prior experience as software startup founders and operators. Our networks help feed deal flow and our experience is highly relevant to the underwriting process.

We consummated our first loan with Agility Capital as the lead to a health tech services company called Gento in Q3 2021. Then, in January 2022, we closed two additional loans. The first to Lifelink Systems, a patient engagement platform for healthcare applications, and the second to Zan Compute, a smart facility management AI platform company. We closed on a fourth in Q2 2022 to CLI Studios. Each of these are senior secured loans with terms between 18 and 24 months. The loans pay monthly coupons and we hold warrants in the companies, enabling us to participate in the long term upside of these businesses as they continue to grow.

You may be unfamiliar with warrants, so I'll elaborate as to how these affect you and your returns. Warrants are similar to an option contract, in that the holder of the warrant has the right to acquire stock in a business at a set strike price. In conjunction with the loans we issue, we receive warrants. These warrants are generally valued at $0, as was confirmed by our auditors earlier this year. The term on our warrants is generally 10 years. Over that period, if the company is acquired, we will generally receive the difference between the acquisition price and our strike price for the warrants we hold. In the event of an IPO, we may exercise our warrants (i.e. pay the company the value of the warrant) and receive public company shares in exchange. There is a third situation that we may encounter - a company may not get to an exit (IPO or acquisition) within the 10 year term of the warrant. In that case, we are left with the option of letting our warrants expire worthless or executing the warrants and holding the company stock. Each of these scenarios is handled on a case by case basis. As you might expect, we will seek the best option that is in line with our goal of *generating world class returns over the long run*.

You, our partners, have authorized us to allocate up to 30%, at the time of commitment, of the net asset value of the partnership to private credit. As of this writing, that figure sits at just over 20%. We intend to continue to deploy capital in this strategy as long as high quality opportunities present themselves.

OUTLOOK FOR NEW PARTNERS

Performance to date has been a product of investments made by identifying trends and choosing high quality assets that are well positioned to benefit from those trends. It may take 5 years (or more) for the market to value our holdings appropriately. In other cases, it may take less than a year. In order for us to successfully compound capital at a world-class rate over the long term, we need to identify important trends and select assets at reasonable prices that are well positioned to benefit from those trends. I provide this context because it influences what we buy (and when) and what we sell (and when). It also will influence how we take in additional capital.

You can expect from us quarterly letters in which we discuss our investment thoughts. In our opinion these documents, once digested, provide the information needed to form a judgment about what and how we are doing. From Top Mark's administrator (Sudrania Fund Management Services) you can expect a quarterly statement of your account and financial statements. Do let us know if you are not receiving all you should.

Top Mark's focus is genuinely long-term, and more regular reports, daily, weekly, monthly or otherwise, are likely to be of little value to you, and may even be counterproductive. One of Top Mark's key competitive advantages will be the aggregate patience of its Partners. We are genuinely investing for the long-term and the fruits of those investments may not be apparent for several years to come. In the near term our results are as likely to be bad as good, but we are confident that in the long run they will prove satisfactory.

If we are to have a sustainable comparative advantage, it will come from two sources… 1) your manager's capital allocation skills, and 2) from the patience of our Partners.

When it comes to patience, we are fortunate to be surrounded by like-minded, long-term investors. Only by looking further out than the short-term crowd can we expect to beat them. We are an investment partnership, not a fund, and the relationship we seek with our partners is different.

In the event that you share our temperament and perspective, we invite you to consider subscribing to the Partnership.

As always, we thank you for your confidence and value your support.

Sincerely,

Mike Nicoletti