

# TOP MARK CAPITAL MANAGEMENT LLC

416 13th Street

Suite 200

San Diego, CA 92101

E: [contact@topmarkcapital.com](mailto:contact@topmarkcapital.com)

T: +1 (646) 470-3016

# TOP MARK CAPITAL PARTNERS LP

## PARTNERSHIP LETTER

For the Quarter ended March 31, 2023

<b>PERFORMANCE</b> .....	<b>5</b>
PORTFOLIO UPDATE & THEME COMMENTARY.....	7
<b>A BRIEF HISTORY OF YIELD CURVE INVERSIONS</b> .....	<b>11</b>
TIMELINES OF AN INVERSION.....	14
TIMING THE MARKET.....	16
A BOLD PREDICTION.....	17
<b>OUTLOOK FOR NEW PARTNERS</b> .....	<b>19</b>
<b>IMPORTANT DISCLAIMER</b> .....	<b>21</b>
<b>REFERENCES</b> .....	<b>22</b>

Dear Partners and Friends,

We are pleased to present this update on the performance of our Partnership, accompanied by a thorough analysis on the history of yield curve inversions. We trust this will offer valuable insights into our strategic thinking and investment approaches in the current economic landscape.

We are honored to announce that we formed a second investment partnership, named Top Mark Health Partners. More details on this partnership will be provided in subsequent letters, including opportunities for new partner allocations. If you are interested in an allocation to either partnership, do reach out to us directly. Both partnerships accept contributions quarterly, contingent on our ability to identify worthwhile investments for our capital.

The section titled "Outlook for New Partners" delves into the attributes we seek in potential partners and our ongoing commitment to align our interests with those of our esteemed partners. We consider this alignment a cornerstone of our Partnership's long-term success.

As ever, we are profoundly grateful for the trust you've bestowed upon us and the unwavering support you continue to render. Our pledge to deliver the best possible results for our partners remains unshaken, and we eagerly anticipate many more years of shared prosperity and success.

Sincerely,

Mike Nicoletti

Jason Wallace

# PERFORMANCE<sup>1</sup>

Per usual, we encourage you to assess performance on a cumulative basis, rather than focusing on discrete, short-term, increments. This approach offers a more accurate reflection of our Partnership's long-term value creation. The table below shows cumulative returns from various start dates, reinforcing the fact that results are best compared over long time horizons.

<b>To 3/31/2023, From:</b>	<b>TMCP % Gross Return<sup>2</sup></b>	<b>TMCP % Net Return<sup>3</sup></b>	<b>S&amp;P % Return<sup>4</sup></b>
12/31/2022	12%	12%	7%
12/31/2021	-23%	-23%	-12%
12/31/2020	8%	1%	13%
12/31/2019	74%	56%	34%
12/31/2018	209%	152%	76%
12/31/2017	253%	181%	69%
12/31/2016	463%	316%	105%
12/31/2015	1201%	752%	130%
Since Inception <sup>5</sup>	1124%	701%	250%
Annualized Since Inception	27%	22%	13%

For those who insist on examining annual returns data, we have included a table below for your review. This information serves to provide additional context for our performance, but we reiterate the importance of evaluating returns cumulatively for a

---

<sup>1</sup>Please review the section titled “Important Disclaimer” on page 20

<sup>2</sup> Performance is gross (i.e., management fees and costs but before performance fees) and rounded to the nearest whole percentage.

<sup>3</sup> Performance is net of all fees (i.e., management fees, costs, *and* performance fees) and rounded to the nearest whole percentage.

<sup>4</sup> S&P 500 total return, i.e. dividends reinvested.

<sup>5</sup> October 1, 2012

more accurate understanding. While evaluating returns in discrete periods, such as monthly, quarterly, or yearly, may seem like a natural and convenient way to measure performance, it can also lead to misleading and inaccurate conclusions. We wrote more about evaluating returns in our 2022 Annual Letter (if you'd like a copy, please reach out directly). By emphasizing the cumulative nature of returns, we aim to cultivate a more holistic and accurate understanding of our partnership's performance over time.

<b>Year</b>	<b>TMCP % Gross Return<sup>6</sup></b>	<b>TMCP % Net Return<sup>7</sup></b>	<b>S&amp;P % Return<sup>8</sup></b>
2023 YTD	12%	12%	7%
2022	-31%	-31%	-18%
2021	40%	31%	29%
2020	62%	55%	18%
2019	77%	62%	31%
2018	14%	11%	-4%
2017	60%	48%	22%
2016	131%	105%	12%
2015	-6%	-6%	1%
2014	8%	8%	14%
2013	-7%	-7%	32%

---

<sup>6</sup> Performance is gross (i.e., management fees and costs but before performance fees) and rounded to the nearest whole percentage.

<sup>7</sup> Performance is net of all fees (i.e., management fees, costs, *and* performance fees) and rounded to the nearest whole percentage.

<sup>8</sup> S&P 500 total return, i.e. dividends reinvested.

## PORTFOLIO UPDATE & THEME COMMENTARY

*"...the market is not a weighing machine, on which the value of each issue is recorded by an exact and impersonal mechanism, in accordance with its specific qualities. Rather should we say that the market is a voting machine, whereon countless individuals register choices which are the product partly of reason and partly of emotion."*

*- Benjamin Graham*

In the table below we provide an overview of our Partnership's allocation (as of 3/31/2023) to each theme under which we classify our investments. On the pages that follow, you will find a brief description of each theme. It is important to note that these themes are not mutually exclusive (i.e. some names in "Software is Eating the World" could also be in "Semiconductors are the Teeth"), nor are they always homogeneous ("Open RAN, 5G, & the Future of Wireless Networks" includes both convertible bonds and stocks), so they should not be considered 'asset classes' in the traditional sense of the term. Nevertheless, given our investment process<sup>9</sup>, we believe the table below and the descriptions that follow provide a useful snapshot of our investment activities.

<u>Percent</u>	<u>Theme</u>	<u>Dividend / Coupon Yield</u>
26%	TIAA	9.7%
24%	Software is Eating the World	0.3%
17%	Health	0.0%
8%	Semiconductors are the Teeth	1.1%
5%	Open RAN, 5G, & the Future of Wireless Networks	11.5%
<u>4%</u>	<u>Metals Powered Economy</u>	1.3%
85%	Stocks, Convertible Bonds, & Private Credit	4.0%
0%	Hedge	
<u>15%</u>	<u>Cash</u>	
100%	Total Partnership	

<sup>9</sup> If you are unfamiliar with our process and philosophy, please request from us our 2022 Annual letter, which elaborates on these topics.

## TIAA (26%)

Our investment theme, "TIAA," an abbreviation for "There Is An Alternative," was born in response to skyrocketing equity valuations and near-zero bond yields, instigated by fiscal and monetary stimuli during the COVID-19 pandemic. This theme serves as both a counterbalance and an extension to the prevalent "TINA" ideology ("There Is No Alternative"), which gained traction post the global financial crisis, suggesting that low bond yields left investors with no other choice but to hold equities. Amidst the circumstances of 2020 and 2021, when equities were broadly overvalued and bond yields were barely above zero, our persistent challenge was to uncover value. This pursuit led us to an underappreciated and undervalued consumer staple and to a partnership with Agility Capital, a specialized private lender, which we have referenced in our prior communications.

As the TINA era concludes, you may assume we would transition away from this theme. However, we persist in identifying intriguing opportunities that offer enticing risk-reward prospects compared to simply holding cash. Fundamentally, our TINA portfolio consists of short-duration, high-yield assets that, in our opinion, are significantly underpriced. In Q1, we expanded this theme by venturing into 'workouts' or merger arbitrage, a strategy that involves purchasing shares of an acquisition target post the merger announcement. Historically, returns on workouts have been lackluster, largely attributable to crowded trades, made more competitive due to exceedingly low borrowing rates (merger arbitrage funds typically utilize substantial leverage). However, in the current context of suppressed valuations, tighter credit, and heightened regulatory scrutiny, many investors are shunning workouts entirely. As always, we are exercising discernment and have invested in a specific deal where we believe the returns are particularly appealing relative to our perceived associated risks.

### Software is Eating the World (24%)

The phrase "software is eating the world" was first coined by Marc Andreessen, a prominent venture capitalist, in a 2011 Wall Street Journal article<sup>10</sup>. He argued that software was transforming industries and becoming an integral part of our daily lives, with companies that embraced this shift positioned to thrive while others faced obsolescence. This theme captures the idea that software-driven innovation is permeating every aspect of the global economy, revolutionizing industries, and creating new opportunities for growth and value creation.

We closed one position in this theme in early January, yet the share price appreciation in this theme was significantly above average during the Quarter. We attribute this to the investing public awakening to the potential for Artificial Intelligence to enhance productivity and a general rebound in tech multiples. As you likely know, we've been beating the drum on AI and specifically Nvidia for a while now (dating back to 2016). Nvidia is the most important 'pick-and-shovel' in the AI industry. Counterintuitively, however, its competitive advantage has been made possible by a relentless pursuit of differentiation by software. For those reasons we classify it under this theme rather than the "Semiconductors are the Teeth" theme.

### Health (17%)

Our health theme contains select positions that otherwise are or will be in our newly launched partnership: Top Mark Health Partners (TMHP). We established 2 positions in TMCP in Q1 that, as of this writing, overlap with TMHP. TMHP essentially runs the same strategy and process as TMCP, except with a general focus on 'health'. Future quarterly letters will elaborate on this exciting new venture.

---

<sup>10</sup> Andreessen, "Why Software Is Eating The World."

### Semiconductors are the Teeth (7%)

Our "Semiconductors are the Teeth" theme highlights the crucial role that semiconductor technology plays in enabling the "Software is Eating the World" phenomenon. As software continues to drive innovation and transform industries, semiconductors act as the "teeth" that facilitate this process.

No changes were made to the "Semiconductors are the Teeth" theme in Q1.

### Open RAN, 5G, & the Future of Wireless Networks (5%)

Our "5G & the Future of Wireless Networks" theme aims to capitalize on the transformative potential of 5G technology and the rapidly evolving wireless network landscape. For a comprehensive analysis of this theme, please refer to our 2022 Q2 letter<sup>11</sup>.

No changes were made to the "5G & the Future of Wireless Networks" theme in Q1, yet we saw a significant decrease in the price of our investments. We expect that the value of our investments in this theme will prove satisfactory over the long-term.

### Metals Powered Economy (4%)

Our "Metals Powered Economy" theme centers around the transition to renewable energy solutions and the growing need for innovative energy storage and transportation methods. One of the key technologies emerging in this space is battery technology, and electric vehicles (EVs) are a prime, early application. Our 2022 Annual Letter included more details on this theme<sup>11</sup>. No changes were made to the "Metals Powered Economy" theme in Q1.

### Hedges (0%)

All remaining hedges were closed (or expired) during the quarter.

---

<sup>11</sup> Reach out directly to request a copy

# A BRIEF HISTORY OF YIELD CURVE INVERSIONS

Yield curve inversions have long been seen as a harbinger of economic downturns. This article delves into the history of yield curve inversions, focusing on the 10YR/2YR curve, by examining market performance during and after inversions.

*"Because I was inverted."*

*- Maverick, Top Gun*

As a quick primer, a yield curve represents the difference in yields of similar bonds, such as US Treasuries, across different maturities. This is often defined as the spread between two maturities. Normally, the spread is positive reflecting a higher yield on the longer-term bonds. The yield curve is said to be inverted when that spread turns negative, yielding higher short-term rates than long-term.

The following tables list the inversion bottoms for the 10YR/3MO and 10YR/2YR yield curves since 1983 along with their depth and overall durations. Today, we are in the midst of an inversion that began on July 5, 2022 for the 10YR/2YR, potentially bottoming on March 8, 2023.

## **10YR / 3MO Inversion Bottoms:**

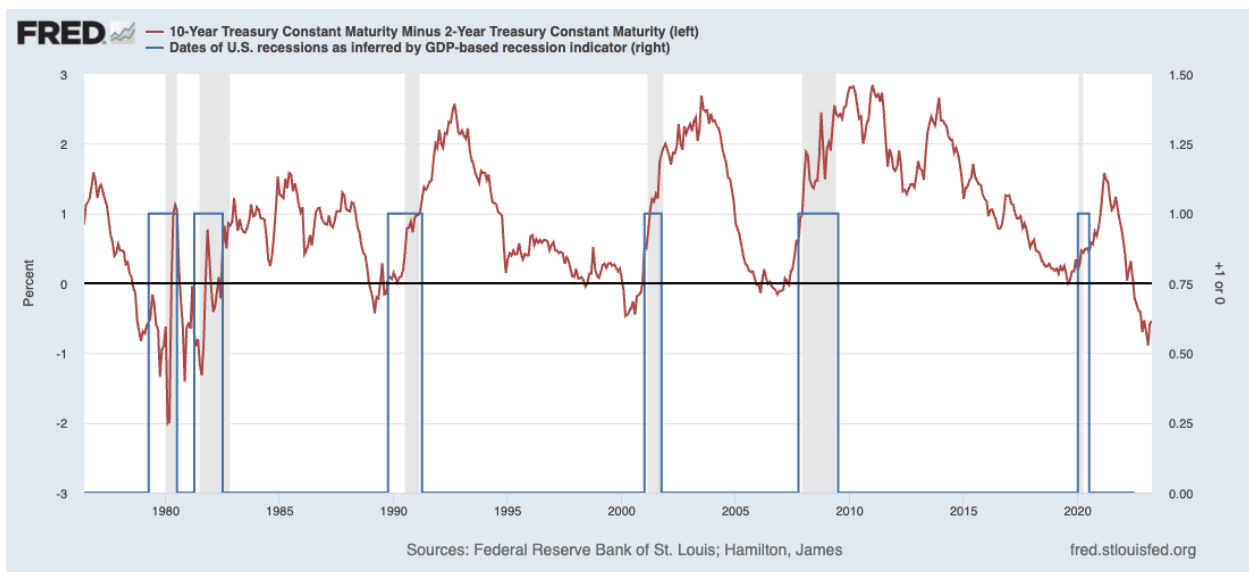
04 Jul 1989, -0.15% (29 May - 13 Dec 1989)  
23 Sep 1998, -0.16% (10 Sep - 6 Oct 1998)  
28 Dec 2000, -0.85% (4 Apr 2000 - 24 Jan 2001)  
27 Feb 2007, -0.66% (17 Jan 2006 - 14 Aug 2007)  
28 Aug 2019, -0.54% (22 Mar - 11 Oct 2019)  
26 Feb 2020, -0.23% (30 Jan - 9 Mar 2020)  
13 Mar 2023, -1.31% (26 Oct 2022 - )

## **10YR / 2YR Inversion Bottoms:**

29 Mar 1989, -0.47% (13 Dec 1988 - 5 Apr 1990)  
25 Jun 1998, -0.08% (25 May - 5 Aug 1998)  
07 Apr 2000, -0.53% (2 Feb 2000 - 2 Jan 2001)  
16 Nov 2006, -0.20% (27 Dec 2005 - 7 Jun 2007)  
28 Aug 2019, -0.04% (23 Aug 2019 - 4 Sep 2019)  
01 Apr 2022, -0.069% (01 Apr 2022 - 05 Apr 2022)  
08 Mar 2023, -1.07% (05 July 2022 - )

Historically, there have been several notable yield curve inversions, with varying levels of severity and duration. While not every inversion leads to a recession, it is important to note that every recession in recent history has been preceded by a yield curve inversion. On average, a recession occurs approximately 18 months after an inversion of the 10YR/2YR curve, though this timeframe has ranged from 10 to 36 months. Over the last five recessions, excluding the COVID pandemic, that timeframe has been reduced to 13 months. We are presently 10 months post-inversion.

The stock market generally appreciates between the start of inversion, through the bottom of inversion, until the onset of a recession. For instance, during the Great Recession, the 10YR/2YR curve inverted in December 2005, bottoming on November 16, 2006. The recession began in December 2007, where the S&P 500 rose by 24.1% prior.



Through the early 1990s recession, which shares similarities with current conditions, the S&P 500 saw a gain of 29.5% in the 15 months post-inversion. During the dot-com bust and the subsequent early 2000s recession, the S&P 500 gained 11.1%

over the 8 months prior to recession. The average return following an inversion to the market peak is 22%.

The recession of the early 90's is the most recent that has several parallels to current conditions. Inflation pressures at the end of a long peacetime expansion caused the Fed to start a rate hiking cycle from 1988-89. This combined with debt accumulation in the late '80s and a weakened consumer sentiment were ultimately the cause for this recession. The 1990 oil price shock is sometimes credited with starting the recession, however that event occurred due to the Iraqi invasion of Kuwait on 2 August 1990. Preceding this recession, the yield curve inverted in December of '88 with the economic contraction beginning July of 1990.

Further parallels from 1990 to today are the stock market correction leading into the yield curve inversion along with an ongoing banking crisis. In the late '80s & early '90s this was the savings and loan crisis. Today we are dealing with the aftermath of the collapse of Credit Suisse, Silvergate, Silicon Valley, and Signature Banks. In both cases this was brought on by rapidly rising rates causing an asset-liability mismatch at those institutions. In 1987, the S&P 500 experienced a 30.3% correction. Presently, the S&P 500 contracted 25.4% from the peak in January to a bottom in October of 2022. In contrast to the early 1990s, the current inversion had started at the conclusion of the correction, providing this post-inversion market with less time to run.

The best-performing sectors in this late-stage period have tended to be utilities and energy, which have averaged a 24% and 17% return respectively following inversion. In the current environment, Utilities (XLU) are approximately flat on a total return basis and the best performing sector has been Energy (XLE). Areas to avoid include banking and financials, as long-term lending against short-term deposits becomes less profitable during inversions. With the recent fallout of bank failures, this is all the more evident.

## TIMELINES OF AN INVERSION

Observations of prior cycles often highlight the duration of time between the initial inversion of the yield curve and the onset of the following recession. As stated above, this occurs, on average, approximately 18 months following the inversion of the 10YR/2YR curve, with a range from 10 to 36 months. Another metric to study is the duration from the bottom of inversion to the onset of the recession.

10YR/2YR Curve Inversion	Initial Inversion	Inversion Peak	Magnitude of Inversion	Recession Onset
1978 - 1981	October 1978	March 1980	-2.41%	Q2 1979, Q2 1981
1988 - 1990	December 1988	March 1989	-0.47%	Q3 1990
2000 - 2001	February 2000	April 2000	-0.53%	Q1 2001
2006 - 2009	December 2005	November 2006	-0.20%	Q4 2007
2023 -	July 2022	March 2023	-1.07%	-

The durations from the bottom of curve inversion to onset of the next recession have been 12, 3, 16, 11, and 12 months respectively for the early '80s double dip, early '90s, dot com bust, and financial crisis recessions. This leads to a mean duration of 9.5 months from bottom to outset of recession.

The 10YR/3MO demonstrates a similar pattern, albeit with the inversion bottom occurring closer to the onset of economic contraction. These durations were 0, 4, 11, 1, and 7 months respectively for the early '80s double dip, early '90s, dot com bust, and financial crisis recessions. The mean time from bottom to recession is just 5 months. By the time you notice this indicator bottomed, it is likely time to start exercising caution.

If we are to assume, and as of this writing, that the yield curve inversion bottomed on March 8, 2023 then the likelihood of a recession starting on or about January 2024 according to this indicator is fairly significant.

<b>FOMC Tightening Episodes: 1983 to 2018</b>						
<b>First Tightening Action</b>	<b>Initial FFTR Target (%)</b>	<b>Final Tightening Action</b>	<b>Final FFTR Target (%)</b>	<b>Total Tightening</b>	<b>Yield Curve Inversion?</b>	<b>Business Expansion Peak</b>
Mar 31, 1983	8.50	Aug 9, 1984	11.50	3.00	No	N/A
Mar 29, 1988	6.50	May 16, 1989	9.81	3.31	Yes	Jul 1990
Feb 4, 1994	3.00	Feb 1, 1995	6.00	3.00	No	N/A
Jun 30, 1999	4.75	May 16, 2000	6.50	1.75	Yes	Mar 2001
Jun 30, 2004	1.00	Jun 29, 2006	5.25	4.25	Yes	Dec 2007
Dec 16, 2015	0.00 - 0.25	Dec 19, 2018	2.25 - 2.50	2.25	Yes	Feb 2020
<b>Average tightening across all six episodes:</b>				2.93		

Source: Federal Reserve Bank of St. Louis, 'A Look at Fed Tightening Episodes since the 1980s'

According to the St. Louis Federal Reserve, economic expansion often peaks 15 months after the last rate increase. Presently, the rate hike cycle began in March 2022. If the FOMC stops hiking rates in the middle of 2023 as expected, the cumulative tightening could be 500 bps or more. This may have already resulted in over-tightening due to the fight against high inflation, being the largest Fed funds rate hike since 1980 under Paul Volcker. Based on these timelines, the resulting recession could potentially commence around the fall of 2024. However, our belief is the FOMC conducted their rate tightening action too late in the cycle and this should be taken into account.

These two metrics taken together would suggest that our chances of entering an economic recession by early to mid 2024 are very good. However, while yield curve inversions can provide valuable insights into potential economic downturns, it is

essential to consider the broader market context and other factors that may influence market performance. As it has been said, “history doesn’t repeat itself, but it often rhymes”, every situation will have its own unique nuances.

## TIMING THE MARKET

While timing the market is a fool’s errand, let’s indulge. In three of our four prior examples, the S&P 500 appreciated through inversion and topped prior to the onset of recession. In 1980 and 2000, the market peaked exactly four months before the US entered a recession. In 1990, this was just 2 months. In 2007 the market continued to climb until just as the recession was beginning.

<b>Recession</b>	<b>Gain from Inversion Onset</b>	<b>Gain from Inversion Peak</b>	<b>Market Peak from Recession</b>	<b>Loss in Recession</b>
1981	52%	38%	4 mo prior	-24%
1990	30%	22%	2 mo prior	-19%
2001	11%	5%	4 mo prior	-46%
2007	24%	11%	0 mo prior	-53%

As the table above illustrates, the S&P 500 continues to climb following the yield curve setting an inversion bottom. The mean market gain from the initial inversion is 25.3%, with 9.7% of that gain occurring prior to the bottom of the curve.

Significant gains can be made following the bottoming of inversion, however it would feel a bit like playing with fire as history would show that a downturn is very likely to swiftly follow. The current market sentiment is typified by headlines such as “Stocks Brush Off Financial Sector Risks” and “Bonds Rise as Factory Data Temper Inflation Angst”. That good factory data news was in reality US manufacturing output

contracting more than expected. In fact, goods-producing employment was one of the first segments of the market to fall in 1989.

Since we're on this fool's errand together, we're led to believe that the market is in danger of a significant correction around August of 2023. Potential catalysts we see on the horizon are declining financial leverage, rapidly declining M2 supply, and an unemployment time bomb. Despite significant layoffs, particularly in the tech sector, employment data remains strong. The large technology companies that have significantly cut staff often provide very generous severance packages. Those packages will begin to run out in the second half of this year. There is potential for a weakening employment picture, combined with the delay in unemployment filings from tech employees rapidly changing the investor sentiment. Do keep in mind that the yield curve is just one data point flashing a recessionary warning and it is the responsibility of each investor to analyze this in conjunction with other economic signals they may use.

## A BOLD PREDICTION

Sentiment may be that we have successfully engineered a soft landing and dodged a recession, and history would suggest that feeling may persist in the short term. The bull market trend will continue. However, by winter, Santa Claus will be bringing us coal rather than a rally.

Currently the S&P 500 sits 17.1% higher than the 2022 low it put in following the 10YR/2YR curve inversion. 7.9% of that appreciation occurred prior to the curve inversion bottoming. This is tracking in-line with the expectations from past cycles. Going forward, we would expect a further ~7% gain in the S&P 500 through September of 2023. Around that same time we should be looking for the 10YR/3MO curve to

have put in a bottom. At which point we expect to be entering a recession with the associated market declines at the end of these cycles usually significant.

## And a Bit of Optimism

While recessions can be difficult and disruptive, it's important to remember that they are a natural part of the business cycle and can actually have some positive long-term outcomes. For one, recessions help to weed out weaker businesses that cannot viably compete in the market, which allows for new, more innovative companies to grow into the gaps formed. This ultimately creates the next set of opportunities for investors like us which we will eagerly await down the road.

To that point, history has shown that some of the best companies of our time were founded during times of economic difficulty. The great recession birthed the gig economy platforms such as Uber and Airbnb. The dot com bust saw the formation of Google, Salesforce, and Akamai Technologies to name a few. And the 1981 recession gave rise to Costco and Compaq Computers. They serve as a reminder that recessions can be a breeding ground for creativity and innovation, as entrepreneurs are forced to develop new solutions to the challenges they face. So while recessions can certainly be challenging, they can also be a time of great opportunity and growth. By keeping a positive outlook, we can weather the storm and come out even stronger on the other side.

## OUTLOOK FOR NEW PARTNERS

For investors seeking conventional results, index funds may be a more suitable investment vehicle. However, for those seeking long-term outperformance, we believe that our approach is sound and uniquely suited to delivering exceptional returns.

You can expect from us quarterly letters like this one 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 (Formidium Fund Management Services), you can expect a quarterly statement of your account and financial statements. 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. With that said, Jason and I can be found every week on the Telltales podcast (available on [Apple Podcasts](#), [Spotify](#), and [Soundcloud](#)) if you'd like to hear from us more frequently. You can also sign up for the Telltales weekly newsletter at [telldales.us](http://telldales.us).

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 hedge 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

Jason Wallace

## IMPORTANT DISCLAIMER

**Past performance is no guarantee of future results. Investing in equities and fixed income involves risk, including the possible loss of principal.** The investment performance presentation contains historical data and information relating to the performance of certain investments. These figures should not be considered as a guarantee or a reliable indicator of future performance. Investment returns and the value of an investment can go up or down, and there is no assurance that any investment strategy will achieve its objectives, generate profits, or avoid losses. Investing in financial markets inherently involves a certain degree of risk and speculation. The value of investments, and the income generated from them, can fluctuate due to various factors, including but not limited to market conditions, economic changes, interest rates, and political events. As such, there is always the potential for loss, and you should only invest funds that you can afford to lose. The S&P 500 Index is included to allow you to compare your returns against an unmanaged capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of the 500 stocks representing all major industries. The NASDAQ 100 Index measures the performance of the largest 100 stocks on the NASDAQ.

**IMPORTANT DISCLOSURES.** The information herein is provided by Top Mark Capital Management LLC ("Top Mark Capital") and: (a) is for general, informational purposes only; (b) is not tailored to the specific investment needs of any specific person or entity; and (c) should not be construed as investment advice. Top Mark Capital makes no representation with respect to the accuracy, completeness or timeliness of the information herein. Top Mark Capital assumes no obligation to update or revise such information. In addition, certain information herein has been provided by and/or is based on third party sources, and, although Top Mark Capital believes this information to be reliable, Top Mark Capital has not independently verified such information and is not responsible for third-party errors. You should not assume that any investment discussed herein will be profitable or that any investment decisions in the future will be profitable. Investing in securities involves risk, including the possible loss of principal.

## REFERENCES

Andreessen, Marc. "Why Software Is Eating The World." *Wall Street Journal*, August 20, 2011, sec. Life and Style.  
<https://online.wsj.com/article/SB10001424053111903480904576512250915629460.html>.