PLURAL INVESTING LLC

99 Wall St, Suite 1101, New York, NY, 10005

	Partnership (Gross)	Partnership (Net of Fees)	MSCI World Index
2020 (Apr 1-Dec 31)	121.3%	97.1%	46.8%
2021	37.4%	29.9%	21.8%
2022	-36.3%	-36.3%	-20.5%
Annualized	34.2%	24.3%	16.9%

July 13, 2022

To our Partners:

Plural Partners Fund L.P. delivered a return of -24.4% in Q2. Our goal is to deliver returns over a five-year period significantly above that of global markets.

We are value investors. We invest in businesses that we believe are worth substantially more than the price they are trading at. We think of risk primarily as the chance of a loss over a five-year horizon and not the temporary drawdowns in stock prices that occur from time to time. We manage this risk by only investing in businesses trading at a substantial discount to a conservatively calculated intrinsic value and that we would be happy to own if the market shut for five years. We welcome stock price volatility as it often presents opportunities to invest further at even better prices. When such opportunities cannot be found we hold cash instead.

The majority of our capital is typically allocated to our six to eight best investments. We look for qualities such as attractive business economics and management teams who possess and foster a culture of high integrity, customer focus, and prudent capital allocation. Our businesses may be 'hidden gems' because they are small, receive little coverage, listed on under-researched exchanges, operating in unpopular industries, or offer terrific opportunities beyond short term concerns. We develop a research edge over other investors by doing extensive primary research and utilizing quantitative tools. This edge can be significant when we are competing mostly against retail investors or the small positions of larger institutions, which is why we deliberately fish in those waters.

A one-page appendix entitled "Principles of Our Partnership" is attached to this letter. This should give you an idea of what you can and cannot expect from our partnership.

All seven of our major investments have experienced significant drawdowns so far this year. Normally these types of drawdowns occur after a company reports bad results, which would challenge us to determine whether we misunderstood its prospects and value. What is unusual with this drawdown is that all but one of our companies has reported results in line or better than our expectations at the beginning of the year.

While we certainly made a mistake with the one company that did report bad results, it has not been the biggest detractor to our performance. In fact, we think that the outlook for some of our businesses has improved significantly and discuss two of these below. Overall, we have raised our intrinsic values estimates for four of our companies, held it constant in one instance, and reduced it in two cases.

A decline in stock prices while fundamentals are steady or improving would typically point to a 'style shift' or type of company that investors are no longer valuing as favorably. Indeed, this year has seen investors view so-called growth stocks more skeptically. These are stocks of companies that are often loss making today but hope that with rapid growth they can reach a level of scale in the future where profits are possible and their competitive position is strong.

The companies in our portfolio do not share these characteristics. We are value investors and estimate that our businesses trade for just 5x their net profits in three years' time. These businesses have virtually no debt, earn post-tax returns on tangible capital of 30%+, and will likely still be growing earnings well into the double digits in three years. Their management teams own a lot of stock in all but one instance, with an average insider ownership of 24%.

One characteristic that has hurt our performance is that roughly 70% of our holdings are listed outside the US. That has been a big detractor since those currencies have depreciated around 10% vs the US dollar this year.

For these reasons, we think that the current drawdown has given us an opportunity is add to our positions, which we have done so in several cases. The portfolio is fully invested as a result. As usual, being fully invested is not the result of an explicit forecast of macro events. We are looking forward eagerly to our company results over the coming years.

Portfolio Allocation	
% of Net Assets by Business Type:	
Consumer	71%
Payments	28%
Travel	5%
Special Situations	-9%
Others	0%
Cash	5%
	100%
Portfolio Statistics:	
Net Exposure	95%
Long Exposure	105%
Short Exposure	-10%

Motorpoint (MOTR.L)

Motorpoint is UK used car retailer selling cars under four years old. The company is run by CEO Mark Carpenter, who owns 10% of the business and has high integrity, excellent customer focus, and a strong focus on long term value creation when allocating capital. Under Carpenter's leadership, Motorpoint consistently sells cars at below market prices and has grown from 9 branches at their IPO in 2016 to 17 branches today. The company has net cash and trades for 10x last year's earnings or 2x our estimate of earnings in three years' time when subtracting the significant cash generation in the meantime. We expect Carpenter will use cash generated to launch a substantial buyback, which is something the company was doing for two years prior to Covid. We invested in the business at an average of £2.9/shr and the stock trades at £1.9/shr today having declined 53% from its high late last year, making it the biggest detractor to our portfolio. We think it will be worth around £10/shr in three years' time.

Motorpoint's competitive advantage is its CEO Mark Carpenter. Carpenter is an excellent operator who has built a company and culture that is laser focused on selling cars at low prices, treating customers well, and turning cars over quickly. These are the key factors in the car selling industry as customers want to buy cars at low prices and with a hassle-free experience. Holding on to cars for as short a period as possible is also important because cars are a depreciating asset. Carpenter has a long runway to go at 50 years old and with 10% ownership of the company is well incentivized to create value over the long term.

We think Motorpoint is in a significantly better position today than it was at the beginning of the year because its competitive outlook has improved and its strategic plan is proceeding better than expected.

Perhaps the biggest competitive risk to the company has been the rise of pure-online retailers like Cazoo, Cinch, and Carzam. These newcomers promised to revolutionize the industry by allowing customers to buy cars entirely online, thus forcing out others like Motorpoint.

Unfortunately for those companies, investor perception of rapidly growing but loss making businesses has deteriorated drastically. As a result, Carzam ran out of funding and had to shut down while Cazoo has seen its share price decline 93% from its peak and may also run out of funding over the next year despite making sizable cost cuts.

Despite facing enormous marketing campaigns from these competitors, an unprecedented decline in car supply, and Covid restrictions, Motorpoint reported its highest ever earnings of 19p/shr for the fiscal year ending in March. While we expect earnings to fall this year as the company chooses to accelerate its investment plan and used car prices decline to 'normal' levels, we think the company is clearly in a better position today than six months ago.

But not only has Motorpoint demonstrated its resilience, it is also accelerating its own offensive. The company typically generates a return on equity of well over 50% yet up until last year only opened one store per year. That changed over the last twelve months as a new Chairman allowed Carpenter to move forwards with a plan to open 3-4 stores per year and invest heavily in IT and marketing.

We do not view Motorpoint as a 'legacy' car retailer because it already sells around 40% of its cars online – defined as cars purchased online that are either delivered to a customer's home or collected at a store. The company increased its marketing spend by £7mm last year and IT expenses by £4mm to increase its online sales and its brand awareness as it opens stores.

It is important to understand that this £11mm increased spending was entirely discretionary and the costs of achieving improving marketing and IT are incurred upfront whereas the benefits accrue later. Management could have decided not to increase investment levels and allow the company to earn 29p/shr instead, putting the stock on a trailing P/E of just 6.5x instead of 10x.

In its presentation to investors after results in June, the company laid out various metrics that they claim demonstrate the new strategy is working. To capitalize on this and the struggles of online competitors, Motorpoint would further increase its investments to accelerate market share gains. While management believe this will increase the company's value in the long term, it will lower profits in the meantime. Investors did not react well to this and given the stock price performance over the last 12 months appear not to have bought in to the strategy at all.

Our analysis suggests that Motorpoint's strategy is indeed adding significant value.

By looking at the brand marketing spend of Cazoo, which has gone from 0% to 20% unprompted brand awareness in two years by our estimates, we think it will cost Motorpoint around £9mm in brand marketing spend to gain each extra 1% market share within 30mins drive of a branch.

We believe this increased share brings benefits that are substantially greater than its cost.

Using data from the Society of Motor Manufacturers and Traders, we are able to map used car sales in the UK to specific postcodes and bring them together to create catchment areas within 30mins of an existing or potential Motorpoint branch. 1.7mm used vehicles under four years old are sold in the UK in a typical year, split across 65 of these catchment areas.

A Motorpoint branch usually needs to sell 3,000 cars per year for the economics to be attractive, which at a typical 10% market share at maturity implies a catchment area must contain at least 30,000 sales per year. Our data suggests that there are 30 such areas in the UK, with Motorpoint in 16 of those already across 17 branches. The potential areas could support 40 branches in total.

Motorpoint had revenues of £1.1bn last year and a market share of 7.7% within 30mins. A 1% higher market share therefore translates into an additional £137mm in sales. At an incremental profit margin of 3.7% that translates into an extra £5mm *per year*. That implies a payback period of under two years on the £9mm of brand marketing spend required to achieve that higher market share. While we don't know how long the benefits of a brand last, we believe it is significantly longer than two years given Cazoo only launched two years ago and is clearly still benefitting from its historic marketing spend.

Increased market share will also benefit Motorpoint as it grows from 17 to 40 branches. We estimate that will nearly double sales. A 1% higher market share on that higher base would translate to more like £8mm in extra profits per year.

The even bigger gain is that increasing market share makes it viable to open more branches while still selling at least 3,000 vehicles. For instance, with 15% market share at maturity instead of 10% the increase in viable catchment areas would allow Motorpoint to support 75 branches instead of 40. That is really the big prize the company is playing for, as of course it will be investing for several years and be looking to gain a lot more than 1% extra share.

As a result of its investments, we estimate that Motorpoint will be selling nearly twice as many cars in three years as it does today. When combined with the growth of its wholesale business, we think the company will be generating £2.2bn in revenues and £35mm in net profits or 40p/shr. That puts the stock on 3x P/E when subtracting accumulated cash generation, or 2x if the company uses a portion of that cash to buy back shares like it was doing before Covid.

Jet2 (Jet2.L)

Jet2 is a UK based package holiday business that also operates its own airline. The company is run by its Founder and Chairman Philip Meeson, who owns 22% of the business, CEO Steve Heapy, and CFO Gary Brown. All three have high integrity, exceptional customer focus, and concentrate on long term value creation when allocating capital. They have done an outstanding job, with Jet2 succeeding as a value-for-money entrant that is profitably taking share from legacy players. We invested in the business at around £5/shr and the stock trades at £8/shr today having declined 45% from its high earlier this year. We had sold over half of our position around the highs and recently added back most of those shares as the stock declined. We think the shares are worth £25/shr or more.

Jet2 remains on course for record profits this summer. The company has 14% more seat capacity on sale than in 2019 and both our data and management commentary suggest that bookings are very strong. Customers are also buying more package holidays rather than just flights, and Jet2's competitors are reporting that those packages are on average priced 20% higher as they are longer and more luxurious than normal.

However, well publicized disruptions at airports along with a changing macro outlook driven by inflation have caused the stock to decline heavily. We do not either of these reduces the intrinsic value of Jet2 significantly and actually increased our price target slightly this quarter as it became apparent we had underestimated how strong pricing for packages would be.

We think that airport disruptions in particular have limited impact on the company's value. While these disruptions are incredibly inconvenient for consumers and generating a lot of press, Jet2's airline is one of the few not to have cancelled any flights as a result. Jet2's better performance is because the company began its major hiring program well before the end of last year and another example of its customer focus.

The impact of rising inflation on consumer discretionary spending and the knock-on impact on travel is harder to estimate. In its recent results, Jet2's management highlighted this several times, which we believe caused the stock to decline significantly:

> *"Inflationary pressures coupled with the uncertain UK economic outlook for consumers, lead us to conclude that in the medium term prices are likely to come under some pressure."*

However, management wrote in the same results that:

> *"Overall demand for our leisure travel products has continued to strengthen… whilst pricing remains robust."*

Based on management's commentary, our data, and results from other companies, we believe that the acceleration in inflation and macro uncertainty over the last six months has had no visible impact on travel demand so far. While it may seem inevitable that there will be an impact at some point, we find those types of macro predictions incredibly hard to make accurately, although many people try. Sentiment can reverse very quickly, as evidenced by the rapid change in inflation concerns over the last six months.

An equally compelling argument to us is based on what we observe in the US, which relaxed Covid restrictions earlier than Europe and so had a record domestic leisure travel season last summer. This summer is on track to be an even bigger record, suggesting that the pent-up demand caused by Covid restrictions lasts for at least two summers.

We don't think anyone knows which of the two factors above will ultimately prove decisive for demand next year and so try to stay away from making short term macro forecasts. Instead, we value Jet2 over three years while requiring that any business we invest in have the resilience to withstand a variety of difficult macro condition that will inevitably occur at some point. (Just think about how conditions have varied over the last 3-5 years!) We consider Jet2 to have the best management team of any business we have come across, but if we had any criticism of them it would be that their conservatism has on occasion resulted in comments to investors that turn out to be overly conservative.

Management's actions, however, tell a different story.

In the days after results both the CEO and CFO bought shares on the open market, which is only the second time either of them has done so. The other time was in March 2020 when the stock was at £3/shr. Just as indicative in our view is that Founder and Executive Chairman Phillip Meeson elected not to sell any shares post results. Meeson is 74 and has been on a plan for several years that sees him typically sell some shares after results.

On July 12, Jet2 announced that it had increased its ATOL license, which determines how many package holidays they can sell over the next 12 months, from 3.75mm passengers to 4.65mm. That implies the company is accelerating its growth after the summer.

Our thesis continues to be based on a calculation of Jet'2 long-term intrinsic value as it emerges from Covid as the UK's leading package holiday company. We estimate that the company will be earning £1.5-£2.5/shr in three years' time as it emerges from this crisis with a significantly strengthened market share, reputation, customer loyalty, list of hotel partners, and airports to fly from.

The dial-in details for our quarterly call are attached on the next page.

Please do not hesitate to contact us at chris.waller@pluralinvesting.com.

Best Regards,

Christopher Waller

Chris Waller
Portfolio Manager

Dial-In Details for Quarterly Call

Time: Tuesday July 26, 2022. 10am Eastern Time / 3pm UK time.

Join Zoom Meeting:

https://us06web.zoom.us/j/89734187276?pwd=VVRKRWxxZDd5eklyOG44TnNKRWVTUT09

Meeting ID: 897 3418 7276

Passcode: 783198

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Find your local number: https://us06web.zoom.us/u/kdrz8eUjHh

Principles of Our Partnership

I take the trust you place in me very seriously and view this as a partnership. These principles are inspired by a similar letter Warren Buffett wrote in 1962 to his partners at the beginning of their partnership. They are my attempt to be up-front about what I can and cannot promise you, and what I ask from you in return:

1. Success for the fund in five years' time is delivering a substantially higher return than global stock market indices, rather than how many clients or assets are under management. The investment approach and my time are allocated accordingly.
2. I cannot guarantee that the fund will achieve this success. However, I can promise that the vast majority of my liquid net worth will be invested alongside you.
3. The fund will only invest in businesses that I estimate are worth substantially more than the price they are trading at.
4. The fund will only invest in businesses that I would be comfortable owning if the stock market were to shut for the next five years and we had to hold on.
5. I will view the risk of each investment as the chance we lose money over that five year period and not the volatility or beta of the stock price in the meantime. Indeed, I can promise you that the price of our investments will decline 20% from time to time.
6. I will judge the returns of the fund over five year periods.
7. Nobody gets every investment decision right. I will be up-front about mistakes made.

What I ask from you:

1. You should only invest an amount where your sleep will be completely unaffected when the fund has a 20% drawdown. This may mean the right decision is not to invest at all.
2. While I would like you to also judge the performance of the fund over a five year period, three years is the absolute minimum required. I would strongly counsel against reading much into quarterly results as prices are often driven by emotions in the short run. Our patience is essential if we are to let the volatility of prices serve us rather than guide us.

Yours sincerely,

Chris Waller
Portfolio Manager

Performance Comparison

	Partnership (Gross)	Partnership (Net of Fees)	MSCI World	MSCI World Small Cap Value	S&P 500	HFRX Global Hedge Fund
2020[1]	121.3%	97.1%	46.8%	58.0%	46.7%	14.7%
2021	37.4%	29.9%	21.8%	21.1%	28.7%	3.7%
2022	-36.3%	-36.3%	-20.5%	-16.4%	-20.1%	-5.0%
Annualized	34.2%	24.3%	16.9%	23.2%	20.0%	5.6%

[1]Results for 2020 represent the total return of the Fund and Comparative Indexes from April 1, 2020 to December 31, 2020.

Important Disclosures

This material does not constitute an offer or solicitation to purchase an interest in Plural Partners Fund LP (the Fund"), or any related vehicle. Any such offer will only be made via a confidential private placement memorandum. An investment in the Fund is speculative and is subject to a risk of loss, including a risk of loss of principal. There is no secondary market for interests in the Fund and none is expected to develop. No assurance can be given that the Fund will achieve its objective or that an investor will receive a return of all or part of its investment. This material is confidential and may not be distributed or reproduced in whole or in part without the express written consent of Plural Investing LLC (the "Adviser").

The performance results shown and discussed herein represents the performance of the Fund, a vehicle managed by the principal of the Adviser (the "Principal"). The Fund began trading on April 1, 2020. "Gross" results shown reflect the deduction of transaction costs actually incurred but are before management fees or performance allocation were incurred. "Net" results shown reflect the deduction of a 1.0% per annum management fee and 20.0% performance allocation.

Results are compared to the performance of the MSCI World Net Return Index, or similar indexes (collectively, the "Comparative Indexes") for informational purposes only. Returns data for the HFRX Global Hedge Fund Index are from source: Hedge Fund Research, Inc. www.hedgefundresearch.com, © 2022 Hedge Fund Research, Inc. All rights reserved. Past performance is not necessarily indicative of future trading results. The Fund's investment program does not mirror the Comparative Indexes, and the volatility of the Fund's investment program may be materially different from the volatility of the Comparative Indexes. The securities or other instruments included in the Comparative Indexes are not necessarily included in the Fund's investment program and criteria for inclusion in the Comparative Indexes are different from those for investment by the Fund.

The positions presented and discussed herein represent investments in the Fund as of the date listed. These positions are presented for informational purposes only to demonstrate a portfolio allocation of the Principal as of a recent date. Results of large "contributors" to the Fund's returns are also included for informational purposes only. No representation is being made that the Fund will or is likely to hold the same or equivalent positions or allocations in the future.

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These forward-looking statements will not necessarily be updated in the future.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.