PLURAL INVESTING LLC

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	Partnership (Gross)	Partnership (Net of Fees)	MSCI World Index
2020 (Apr 1-Dec 31)	122.9%	97.1%	46.8%
2021	38.7%	29.9%	21.8%
2022	-32.0%	-32.7%	-18.1%
2023	-17.5%	-18.1%	11.1%
Annualized	17.0%	10.3%	14.9%

October 11, 2023

To our Partners:

Plural Partners Fund L.P. delivered a gross return of -11.4% and net return of -11.6%% in Q3. Our goal is to deliver returns over a five-year period significantly above that of global markets. While our portfolio is experiencing a significant drawdown that is undoubtedly frustrating, we are confident that the value of our businesses will be recognized over our investment horizon.

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.

We estimate that our businesses trade for 5.9x their net profits in three years' time and will still be growing at double digit rates then. These businesses have strong balance sheets with little or no debt, earn an average post-tax return on tangible capital of 23%, and are run by well-aligned management teams with an average ownership of 20%.

While we have made some mistakes assessing the short-term pressures on some of our businesses, much of the portfolio's drawdown has been driven by declining valuation multiples. We remain confident that our holdings are significantly undervalued relative to conservatively estimated intrinsic values, and that valuations will normalize higher to reflect the strong outlook of these underappreciated businesses.

This year has been a difficult one for small cap value stocks and we are finding an increasing number of opportunities as a result. We made new investments in the quarter and our research pipeline remains full.

Below, we discuss Currency Exchange International and Jet2. Both stocks were large detractors to the portfolio this quarter. We describe some mistakes we made in each case but continue to believe that these are temporary setbacks. Both stocks remain greatly undervalued in our view and our valuation has not changed for either company.

Portfolio Allocation	
% of Net Assets by Business Type:	
Payments	35%
Consumer	31%
Travel	13%
Industrials	6%
IT	6%
Special Situations	4%
Others	0%
Cash	3%
	100%
Portfolio Statistics:	
Net Exposure	97%
Long Exposure	109%
Short Exposure	-12%

Currency Exchange International (CXI.TO / CURN)

CXI is one of only three major suppliers of foreign banknotes in the United States and of US dollar banknotes internationally. Banknotes are typically used for travel and the Covid induced downturn masked major market share gains made by the company after its key competitor Travelex exited. CXI is run by Founder Randolph Pinna, who owns 21% of the company and has high integrity, delights customers, and a 35-year track record of building two banknotes businesses that have delivered strong shareholder returns. The company trades on 8x P/E today and we expect earnings to nearly double over the next three years. That puts the stock on just 4x our estimate of profits in three years' time, net of cash generated in the interim. We started buying shares at US$14/shr in mid-2022, it trades at US$15/shr today, and we believe intrinsic value will be US$55/shr in three years. The stock ended Q3 down 24% from its peak earlier in the quarter.

As outlined in our last letter, we see two key opportunities for the company. Both of those disappointed investors in the quarter, but we expect that disappointment will be temporary.

We think CXI's first opportunity is to grow outside the United States.

The company is one of only three licensed to supply dollar banknotes from the Federal Reserve to banks across the world, which is a market that we think is worth around $380mm in revenues. We expect CXI will take substantial share in this market, which is material versus the company's total revenues of $77mm today.

Building out the international business has proved frustrating. While the company has signed on several major banks as potential customers, the US banking crisis earlier this year made these customers reluctant to rely directly on supply from a small company like CXI, even though CXI does not take deposits and does not carry traditional banking risk.

The company has only $130mm in assets, which means that if a customer like the Bank of Singapore makes a payment for $100mm of banknotes CXI's assets would temporarily almost double until it shipped those banknotes.

CXI and its customers have found a solution, which is to use a major bank with hundreds of billions of assets to act as a middleman and guarantee transactions for a small fee.

We see this as a frustrating delay for a couple quarters and so while we were wrong in our timing, we have not changed our value of the company.

We think CXI's second large opportunity is to use its cash.

The company holds $98mm in cash and $6mm in debt, a huge amount of net cash compared to its $95mm market cap. We estimate that $80mm of this cash needs to be held as physical banknotes so should be thought of as inventories, meaning excess cash that could be deployed is closer to $20mm. Still, investors are increasingly skeptical that this cash will ever be deployed as it appears to grow every quarter and management's capital allocation plans could be clearer.

We have a different view. On the recent earnings call management stated that their most likely use of cash is to make acquisitions and that some incumbents in the banknotes market may want to exit.

We see this as a potentially excellent use of cash if the company remains disciplined in the price it pays. Virtually any merger of banknotes businesses would result in large synergies as much of the cost base - such as vaults, IT, and staff - does not have to be duplicated.

While management provided no further details on potential acquisition targets, there are only three other major companies in the industry: Bank of America, Wells Fargo, and Moneycorp. We view a deal with Moneycorp as unlikely as much of its business is in regions that CXI views as high risk. On the other hand, both Bank of America and Wells Fargo have downsized their business over time, which suggests they are willing sellers of some or all of those operations.

We believe that CXI's roughly $80mm in banknote inventories could be financed with credit facilities at a conservative 0.5x loan-to-value. That financing would free up an additional $34mm beyond the $6mm in credit facilities that are already used. Combined with the company's nearly $20mm in excess cash brings deployable cash for an acquisition above $50mm while still leaving a strong balance sheet with no debt beyond modest inventory financing.

A $50mm acquisition at CXI's valuation of 8x P/E would (i) increase earnings by roughly 50% before synergies, (ii) demonstrate that the company's cash is not 'trapped', and (iii) likely lead to a much higher multiple as investors start pricing in future cashflow being deployed in further high return acquisitions.

The company has yet to make acquisitions of this size and so some investors have concluded that it will never meaningfully use its cash. On the other hand, we believe that while having to wait is frustrating management fully intends to use its cash but that deals like this take time and they are keen to not overpay – an attitude that we support. Founder & CEO Randolph Pinna has been involved in several large M&A transactions in his career.

We expect that investors will greatly reappraise CXI's intrinsic value over time as the business grows outside the US and management deploys cash. We also believe that the potential downside over a 3-5 year horizon is low if we are wrong given the company's fortress balance sheet, 8x P/E valuation, and double-digit growth rate.

Jet2 (Jet2.L)

Jet2 is a UK based package holiday business that operates its own airline. The company is run by CEO Steve Heapy and CFO Gary Brown, both of whom have high integrity, exceptional customer focus, and concentrate on long term value creation when allocating capital. They have done an outstanding job, with Jet2's excellent customer service and retention driving profitable market share growth from 2% to 21% over the last decade. We initially invested in the business at around £5/shr, the stock trades at £11/shr today, and we think is worth £25/shr. The stock ended Q3 down 22% from its high earlier this year. We added significantly to our position in the quarter.

Jet2 reported record profits for the summer which imply EPS of around £1.8/shr for this fiscal year, double the pre-Covid peak of £0.9/shr.

When we first started highlighting Jet2 in our quarterly letters during the Covid pandemic three years ago, we estimated that the company would generate £1.5-£2.5/shr in earnings in three years' time and that the stock would be valued at £25/shr as a result.

That appeared to be an aggressive estimate during a period when travel had largely halted, yet while we turned out to be correct in our earnings estimate we were wrong on the multiple investors would pay. We had assumed what we thought was a conservative 12.5x P/E multiple – in line with pre-Covid levels – for a business with the industry leading balance sheet, competitive position, and management, all of which have been further demonstrated in recent years.

Instead, Jet2 trades on 6x P/E. That is by some distance its lowest multiple in the last decade, excluding the pandemic. As a result, the stock trades at £11/shr rather than £25/shr, which is disappointing and the only number that matters.

A record low valuation would typically suggest investors believes earnings are about to decline significantly. However, that appears not to be the case despite the difficult macro backdrop. Sell-side estimates are for earnings next year to hit another record. The company appears to be on course for double-digit growth for some time, with orders and pricing still tracking at new record levels, recent ATOL registrations showing another 1ppt in market share growth, and the general travel outlook continuing to be strong.

We have seen macro headwinds impact the stock many times over the last decade, including this time last year in similar circumstances. Over the longer term the company's competitive advantages and earnings growth tend to punch through that noise. Jet2's market share has increased from 2% to 21% in the last decade and the stock has largely followed from £0.7/shr to £11/shr despite its current valuation. We believe that this time will be no different.

A more important setback in the quarter was the retirement of Founder & Chairman Philip Meeson, although the stock still traded at £12.6/shr prior to the announcement – at a then record low 7x P/E.

Meeson has been a truly outstanding Founder. He launched the company in 1983 with two aircraft and through a rare combination of both customer focus and cost control grew the business to a roughly £100mm valuation by 2009.

Meeson – a former RAF fighter pilot – hired Steve Heapy in 2009 to build a package holiday business to compliment Jet2's airline. That has been an enormous success, with Heapy growing Jet2Holiday's market share from 2% to 21% and the package holiday business accounting for the vast majority of the company's value today in our view.

Despite Meeson being an undoubted loss to the leadership team, we believe the transition will be close to seamless. Heapy has run the package holiday business since its inception and been group CEO since 2020. He is supported by an excellent CFO in Gary Brown, who has been with the company since 2013.

Meeson's replacement as Non-Executive Chairman will also be internal, with board member Robin Terrell taking up the position. Terrell has been Chairman of several companies and worked in several senior customer centric roles, including as Chief Customer Officer of Tesco and MD at Amazon. He knows the company well having been a board member for 3.5 years and we were impressed when we met with him.

One potential overhang to the stock is that Meeson continues to own 20% of the company and some investors may be concerned that a large sale of shares is coming at some point. We view that as very unlikely anywhere near today's prices. In fact, Meeson made a point of buying more shares – the first time he has ever done so – after his retirement was announced.

We have also found that management are receptive to buying back shares. Perhaps the only pushback against Meeson we could offer is that similar to many founders he did not like the company to buy back shares, instead preferring to use cash to accelerate the growth of the business even on occasions when the stock dipped to very cheap multiples.

However, we estimate that Jet2 generates enough cash that it can take advantage of the current 6x P/E multiple to buy back shares while continuing to invest in the business. We believe that a buy back would be an excellent use of cash and act as a catalyst for the stock.

Our thesis continues to be based on Jet'2 long-term intrinsic value as it expands upon its position as the UK's leading package holiday provider. We estimate the company will continue to grow earnings at a double-digit rate over the next 3-5 years and trade for a double-digit multiple at some point.

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,

Chris Waller
Portfolio Manager

Dial-In Details for Quarterly Call

Time: Tuesday October 31, 2023 at 10am Eastern Time / 3pm UK time.

Join Zoom Meeting

https://us06web.zoom.us/j/81216177693?pwd=PYPsOmUEPYwe9buAISVPLQ0vC3X2qm.1

Meeting ID: 812 1617 7693

Passcode: 247232

Find your local number: https://us06web.zoom.us/u/kbfOSZ13h5

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]	122.9%	97.1%	46.8%	58.0%	46.7%	14.7%
2021	38.7%	29.9%	21.8%	21.1%	28.7%	3.7%
2022	-32.0%	-32.7%	-18.1%	-11.8%	-18.5%	-4.4%
2023	-17.5%	-18.1%	11.1%	1.1%	12.7%	1.4%
Annualized	17.0%	10.3%	14.9%	16.5%	17.0%	4.1%

[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, © 2023 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.

Certain information contained in this presentation is derived from sources believed to be reliable. However, the Adviser does not guarantee the accuracy, completeness, or timeliness of such information and assumes no liability for any resulting damages. Due to the ever-changing nature of markets, the deductions, interrelationships, and conclusions drawn from historical data may not hold true in the future.

This material contains certain forward-looking statements and projections regarding market trends, Fund allocation, and investment strategy. These projections are included for illustrative purposes only, are inherently speculative as they relate to future events, and may not be realized as described.

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

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.