Q4 2022 Masonry All Cap Select Commentary **January 2023**

"….in a moment when the world is going from unipolar to multipolar, the actions of heads of state are far more important than the actions of central banks….and if investors read only the speeches of central bankers but not statesmen, they will be even more behind the curve."

Zoltan Pozsar, Investment Strategist at Credit Suisse
'War and Currency Statecraft,' December 29, 2022

To Our Client Partners:

We continue to be pleased with the year-to-date performance of the Masonry All Cap Select (MACS) strategy. The MACS composite return was 8.2% through December 31, 2022, and for clients who have the MACS as their primary investment objective their returns should approximate this performance. By comparison the S&P 500 return during the same period was -18.1%.

Below we highlight our performance versus various benchmarks including the returns of MACS since we published our '100 Reasons Why' presentation on the 1st of November in 2020. We believe this period marked the beginning of a regime change in the financial markets.

Masonry All Cap Select (MACS) Performance [1]	100 Reasons Why [2] 11/1/2020 - 12/31/2022	2021	2022 [3]	Since Inception [4]
Masonry All Cap Select (MACS)	**29.5%**	**33.2%**	**8.2%**	**14.8%**
S&P 500 Index	9.4%	28.7%	-18.1%	13.2%
Nasdaq Composite Index	-1.1%	22.2%	-32.5%	13.1%
ARKK (ARK Innovation Fund)	-38.2%	-23.4%	-67.0%	-3.6%

Past performance is no guarantee of future results.
All periods greater than one year are annualized.
Please refer to important Disclaimers and Disclosures regarding performance.
[1] *Performance is audited through March 31, 2022 and unaudited after that date.*
[2] *'100 Reasons Why' presentation was published in Nov of 2020. This column highlights our performance since its publication.*
[3] *YTD performance is through December 31, 2022.*
[4] *Since Inception performance begins January 1, 2019 and goes through December 31, 2022.*

Overview of Performance and Positioning

As of December 31, 2022, the MACS strategy had approximately 87.5% in equity or equity-like securities and approximately 12.5% in cash and fixed income-like securities. The portfolio's largest positions at the end of the quarter were the ProShares Short S&P 500 (ticker: SH), Kayne Anderson Infrastructure Fund (ticker: KYN), and Freeport-McMoRan (ticker: FCX).

For the year, the portfolios largest contributors were Scorpio Tankers (ticker: STNG), EQT Corp. (ticker: EQT) and Euronav (ticker: EURN). The largest detractors were the investments in Warner Brothers Discovery (ticker: WBD), Dish Network (ticker: DISH) and AMC Networks (ticker: AMCX).

Market Thoughts and Observations

The year 2022 was record-setting in the financial markets. Unfortunately, almost all the records centered on the poor returns generated by the major asset classes. Stock indices throughout the world produced negative returns. U.S. and international bonds also produced negative returns. If ever there was evidence of a 'regime change' happening in the financial markets this might be it. **Chart 1** shows the returns of the S&P 500, the 10-Year U.S. Treasury bond and a 60/40 portfolio of both since 1928. A disinflationary environment with low rates, low taxes, globalization and relative global peace, gave way to higher inflation, higher rates, deglobalization and escalating military conflicts on a global scale resulting in the worst return for a 60/40 mix since 1937.

Chart 1

S&P 500, US 10-Year Treasury, and 60/40 Portfolio (Total Returns, 1928 - 2022)

Year	S&P	10-Yr	60/40	Year	S&P	10-Yr	60/40	Year	S&P	10-Yr	60/40	Year	S&P	10-Yr	60/40	Year	S&P	10-Yr	60/40
1928	43.8%	0.8%	26.6%	1947	5.2%	0.9%	3.5%	1966	-10.0%	2.9%	-4.8%	1985	31.2%	25.7%	29.0%	2004	10.9%	4.5%	8.3%
1929	-8.3%	4.2%	-3.3%	1948	5.7%	2.0%	4.2%	1967	23.8%	-1.6%	13.6%	1986	18.5%	24.3%	20.8%	2005	4.9%	2.9%	4.1%
1930	-25.1%	4.5%	-13.3%	1949	18.3%	4.7%	12.8%	1968	10.8%	3.3%	7.8%	1987	5.8%	-5.0%	1.5%	2006	15.8%	2.0%	10.3%
1931	-43.8%	-2.6%	-27.3%	1950	30.8%	0.4%	18.7%	1969	-8.2%	-5.0%	-7.0%	1988	16.6%	8.2%	13.3%	2007	5.5%	10.2%	7.4%
1932	-8.6%	8.8%	-1.7%	1951	23.7%	-0.3%	14.1%	1970	3.6%	16.8%	8.8%	1989	31.7%	17.7%	26.1%	2008	-37.0%	20.1%	-14.2%
1933	50.0%	1.9%	30.7%	1952	18.2%	2.3%	11.8%	1971	14.2%	9.8%	12.4%	1990	-3.1%	6.2%	0.6%	2009	26.5%	-11.1%	11.4%
1934	-1.2%	8.0%	2.5%	1953	-1.2%	4.1%	0.9%	1972	18.8%	2.8%	12.4%	1991	30.5%	15.0%	24.3%	2010	15.1%	8.5%	12.4%
1935	46.7%	4.5%	29.8%	1954	52.6%	3.3%	32.9%	1973	-14.3%	3.7%	-7.1%	1992	7.6%	9.4%	8.3%	2011	2.1%	16.0%	7.7%
1936	31.9%	5.0%	21.2%	1955	32.6%	-1.3%	19.0%	1974	-25.9%	2.0%	-14.7%	1993	10.1%	14.2%	11.7%	2012	16.0%	3.0%	10.8%
1937	-35.3%	1.4%	-20.7%	1956	7.4%	-2.3%	3.6%	1975	37.0%	3.6%	23.6%	1994	1.3%	-8.0%	-2.4%	2013	32.4%	-9.1%	15.8%
1938	29.3%	4.2%	19.3%	1957	-10.5%	6.8%	-3.6%	1976	23.8%	16.0%	20.7%	1995	37.6%	23.5%	31.9%	2014	13.7%	10.7%	12.5%
1939	-1.1%	4.4%	1.1%	1958	43.7%	-2.1%	25.4%	1977	-7.0%	1.3%	-3.7%	1996	23.0%	1.4%	14.3%	2015	1.4%	1.3%	1.3%
1940	-10.7%	5.4%	-4.2%	1959	12.1%	-2.6%	6.2%	1978	6.5%	-0.8%	3.6%	1997	33.4%	9.9%	24.0%	2016	12.0%	0.7%	7.5%
1941	-12.8%	-2.0%	-8.5%	1960	0.3%	11.6%	4.9%	1979	18.5%	0.7%	11.4%	1998	28.6%	14.9%	23.1%	2017	21.8%	2.8%	14.2%
1942	19.2%	2.3%	12.4%	1961	26.6%	2.1%	16.8%	1980	31.7%	-3.0%	17.8%	1999	21.0%	-8.3%	9.3%	2018	-4.4%	0.0%	-2.6%
1943	25.1%	2.5%	16.0%	1962	-8.8%	5.7%	-3.0%	1981	-4.7%	8.2%	0.5%	2000	-9.1%	16.7%	1.2%	2019	31.5%	9.6%	22.7%
1944	19.0%	2.6%	12.4%	1963	22.6%	1.7%	14.2%	1982	20.4%	32.8%	25.4%	2001	-11.9%	5.6%	-4.9%	2020	18.4%	11.3%	15.6%
1945	35.8%	3.8%	23.0%	1964	16.4%	3.7%	11.3%	1983	22.3%	3.2%	14.7%	2002	-22.1%	15.1%	-7.2%	2021	28.7%	-4.4%	15.5%
1946	-8.4%	3.1%	-3.8%	1965	12.4%	0.7%	7.7%	1984	6.1%	13.7%	9.2%	2003	28.7%	0.4%	17.4%	2022	-18.1%	-17.8%	-18.0%

CREATIVE PLANNING @CharlieBilello

Data Source: NYU.edu

The Economy

We have stated in past letters that investors may not be looking far enough back when searching for comparable economic periods to today. Many seem to be analyzing the 1960's or 1970's to draw parallels. We have suggested the 1940's and 1950's might be the most analogous. The last 10 times real GDP fell in consecutive quarters a recession has been declared by the National Bureau of Economic Research. Real GDP did fall in Q1 and Q2 of 2022 (**Chart 2**) but it has not yet been labeled a recession. If that remains the case, it would be the first time since 1947 that two consecutive quarters of negative real GDP occurred without it officially being declared a recession. How interesting would it be if the economic weakness everyone thinks is sure to come in 2023 or 2024 happened instead in 2022?

Chart 2

US Real GDP: Consecutive Quarters of Negative Growth (1947 - 2022)

Real GDP: # Consecutive Negative Quarters	Start Quarter	End Quarter	Recession
2	Q1 2022	Q2 2022	?
2	Q1 2020	Q2 2020	Yes
4	Q3 2008	Q2 2009	Yes
2	Q4 1990	Q1 1991	Yes
2	Q4 1981	Q1 1982	Yes
2	Q2 1980	Q3 1980	Yes
3	Q3 1974	Q1 1975	Yes
2	Q4 1969	Q1 1970	Yes
2	Q4 1957	Q1 1958	Yes
3	Q3 1953	Q1 1954	Yes
2	Q1 1949	Q2 1949	Yes
2	Q2 1947	Q3 1947	No

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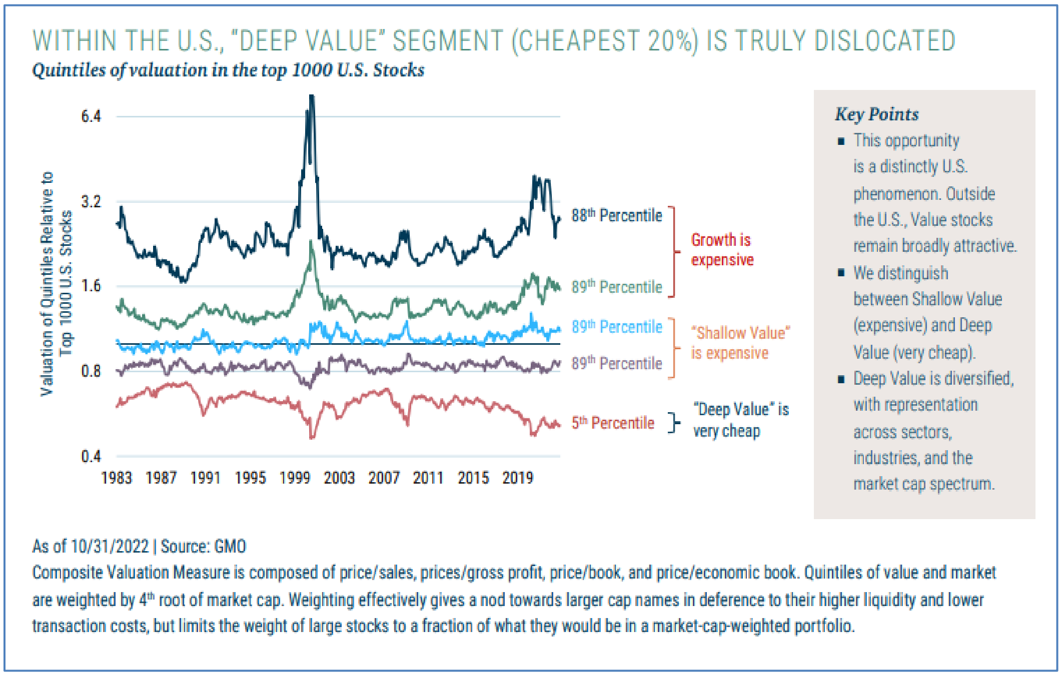
Valuations

Due to inflation and rising interest rates, the investment environment has changed profoundly in the last two years in ways not seen in decades, and we believe this will last throughout the 2020's and perhaps beyond. Many of the companies that should benefit are defined as "Deep Value" in investment vernacular. Per **Chart 3**, "Deep Value" stocks look exceedingly cheap. It's no coincidence that many of our current holdings fall into this attractively priced section of the market.

Chart 3



Valuations in "Tech" are still stretched, and it looks like they are just beginning their mean-reverting descent in relation to the S&P 500 (**Chart 4**).

Chart 4

Inflation

As last year drew to a close, it became increasingly evident that the Federal Reserve was succeeding in bringing down inflation. The likelihood of keeping inflation at this lower level for an extended period is far less certain.

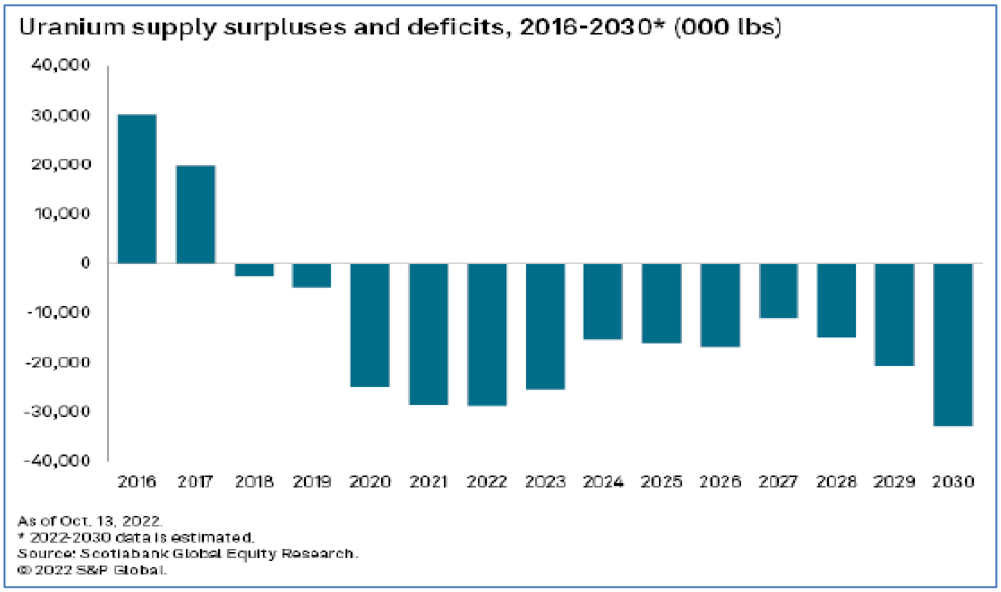
In our last quarterly letter, we highlighted a white paper, titled "Inflation as a Fiscal Limit" released in August of 2022, and co-authored in part by the Federal Reserve Bank of Chicago. The authors made the case that monetary authorities (the Federal Reserve) can impact inflation only in the shorter-term, but not longer-term unless the fiscal authorities are credibly trying to reduce inflation also. This is not the case presently. Therefore, our expectation (ala the late 1940's and '50s) is that inflation will remain elevated at levels above recent history for what could be an extended period. These views are supported by industry and company specific insights that we have gleaned. Supply deficits in a vast number of industries cannot be fixed in the next few months or even years. For some, it may take a decade or more. This has all been years in the making. Monetary policy was too loose for far too long which led to excessive risk taking and malinvestment. Importantly, since the Great Financial Crisis, we have also substantially underinvested in our country's physical infrastructure.

Portfolio Highlights

The portfolio remains an eclectic mix of securities exhibiting highly favorable risk/reward characteristics. We continue to hold our thematic positions in oil tankers, energy/commodity producers and industrial/building products companies. In addition, the portfolio also has a sizeable weighting in oil services. Demand continues to outstrip supply in the oil service sector and should do so for the foreseeable future. The common thread among all these companies is that they trade very cheaply on almost any financial metric you apply, have de-risked balance sheets, and are in industries with favorable outlooks due to supply deficits and steady demand. Despite this, they remain underfollowed and not widely held.

As an example, Tim Gitzel, President and CEO of Cameco (ticker: CCJ), a uranium miner and producer, said on their October 2022 earnings call, "We're seeing governments and companies return to nuclear with an appetite that I'm not sure I've ever seen in my four decades in this business." His comments speak to the demand side but what about the supply side (**Chart 5**)?

Chart 5



Supply deficits projected throughout the decade.

Rapidly changing industry and company dynamics have continued to increase our investment opportunity set in the last 12 months. In this vein, the reinsurance industry has gotten our attention. This is an area we haven't invested in since the mid-2000s. It was in 2006 that the reinsurance market last saw a truly hard catastrophe market (defined by a high demand for insurance and low appetite to insure) and 2023 looks to be the next. The massive insurance losses of 2022 combined with a higher interest rate environment have prevented alternative sources of capital from flooding the market for the first time in almost 17 years. This should result in a very good rate and term environment for the reinsurance companies in the months and year ahead.

Banks have also caught our eye. Regional and community banks look exceptionally cheap and are generating solid earnings growth while paying healthy dividends. The dark cloud overhead for the banks is investors anticipating a coming recession. Bank managements are confident that should one occur, and losses increase they are adequately capitalized to weather the storm. If that proves to be even remotely true, the collective share prices should be rerated substantially higher.

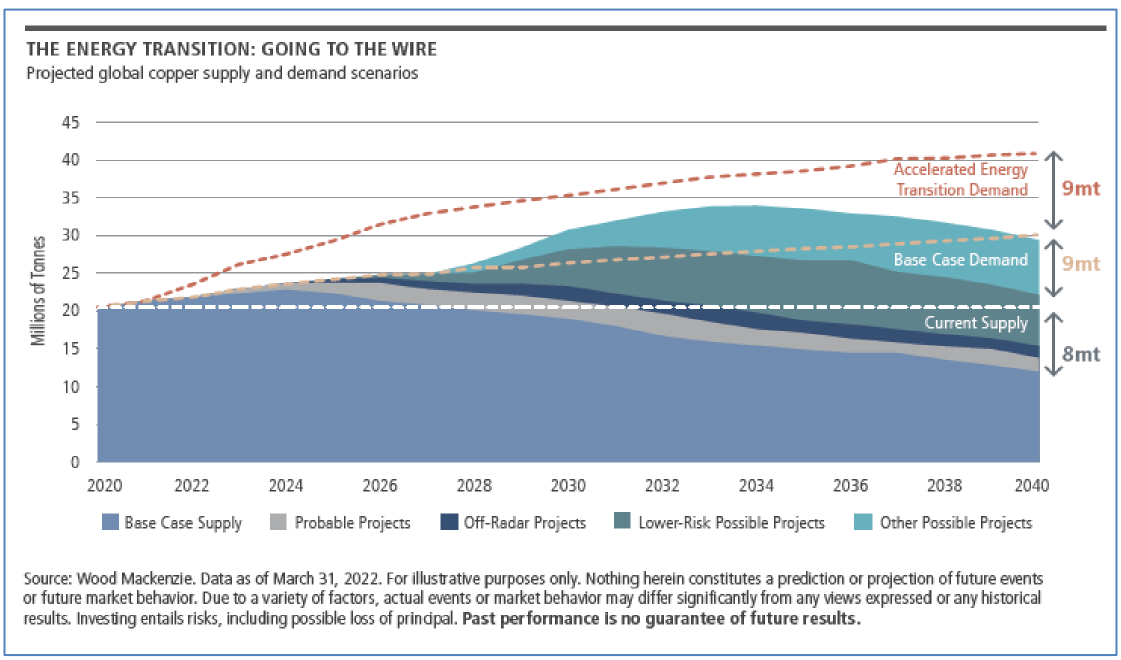
The combination of elevated interest rates, higher inflation, geopolitical risks and volatility has created a plethora of opportunities for those willing to look. We believe our fundamental research coupled with our understanding of what kind of companies and industries will benefit in this changing investment environment makes us excited for the future.

Select Portfolio Details

In Q4 we began the process of trimming our exposure in two of our larger natural gas producer holdings, Range Resources (ticker: RRC) and EQT Corp. (ticker: EQT). The very large gains they have provided over the last two years made the parting sweet sorrow. At present, most natural gas producers are being squeezed between higher costs and lower prices of natural gas. The balance of power seems to have now shifted from the 'producers' to the 'servicers' and we have positioned the portfolio to capitalize on that dynamic as we head into 2023. We will continue to follow this space closely and anticipate there might be a re-entry at some point in the future.

We have written about Freeport-McMoRan (ticker: FCX) previously but we bring it up again because **Chart 6** came to our attention last quarter and re-emphasized the long-term supply issues facing the copper industry. The tailwinds (maybe even gale force winds) supporting favorably long-term copper prices are lengthy. They include favorable current physical demand, low inventory levels, ongoing industry supply disruptions, and secular growth for clean energy with a limited pipeline of new supply in the years ahead. These conditions have created structural demand growth with supply remaining in a deficit. There will be volatility in owning a security like FCX but we view the potential returns over the long-term as a more than adequate reward to withstand these price swings. The balance sheet of FCX remains strong with Net Debt / Adj. EBITDA less than 1x. The company has adopted a very favorable formula for returning cash to shareholders including a base dividend, variable dividend and share repurchases. The operating cash flow is highly levered to movements in the price of copper with each 10 cent/lb. change in copper having a $440 million impact on operating cashflow.

Chart 6



Last, we substantially reduced our holdings in DISH and WBD throughout Q4 2022. We have written extensively about our fondness for both companies in past letters. It pained us to sell our holdings down to much lower levels, but we believe it was the right thing to do and only wish we had done it sooner in 2022. The long-term fundamental business cases for each remains intact (and are very attractive we might add) but the risk profile for both became elevated due to their heavy debt loads in a period of economic weakness and rising rates. The bright side is that the sales produced much needed tax losses to offset other gains in the portfolio. We will continue to monitor both WBD and DISH and if our economic and / or company specific outlooks change we will happily re-establish full positions in both.

Funny Anecdote: *from Mark's perspective*

For fundamental investors it is hard living through a financial asset bubble. Maybe the most difficult part is listening to people who actively promote investing in the bubble securities talk in a public forum. After the bubble bursts, you rarely hear from them again. So, when Chamath Palihapitiya, the so-called SPAC King and an influential "bubble voice," made the admission on CNBC in late October of 2022 that the Federal Reserve's zero interest rates created the "perverted" market conditions he benefited from, it caught our attention.

Chamath said out loud what fundamental, disciplined investors knew all along, that "free money" given out by the central bank resulted in a "misallocation of risk." He went on to say in an interview, "When you provide free money into a system, manias will build, and these manias are broad-based." This reality allowed Chamath to raise incredible sums of money from investors in what turned out to be very risky ventures.

Although I was pleased to hear Chamath's mea culpa, I find it hard to believe Chamath was clueless about a truth (that free money leads to excess risk taking) that has been repeated with some frequency throughout financial history. Maybe it is easier to be retrospective after you have pocketed hundreds of millions, if not, billions of dollars.

Firm Update

We are pleased to announce an addition to the firm. Financial services veteran, Jeff Beck, joined us in December of 2022 as a Managing Director. I feel very fortunate to have reconnected with Jeff after meeting him over 15 years ago. Jeff's principal responsibility is to raise our profile in the investment community and find like-minded partners to join us. In his short time with Masonry, he has brought an energy and enthusiasm to the business that has us excited about the path ahead.

Total assets actively managed were approximately $56 million at the end of Q4 2022. Total assets (discretionary and non-discretionary) are now over $635 million.

Thank you for your continued confidence and trust and please feel free to contact us with any comments, questions, or potential investment ideas.

Best Regards,

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ANY PERFORMANCE DEPICTED HEREIN IS AUDITED ANNUALLY. PARTIAL YEAR PERFORMANCE IS UNAUDITED. PERFORMANCE SHOWN IS ALSO NET OF ALL FEES AND EXPENSES AND REFLECTS THE REINVESTMENT OF DIVIDENDS AND OTHER EARNINGS. THE FEE STRUCTURE APPLIED TO THE PERFORMANCE WAS THAT OF A TYPICAL INVESTOR: PERFORMANCE SHOWN IS FOR ELIGIBLE INVESTORS PAYING THE STANDARD FEES (AS APPLICABLE). YTD PERFORMANCE ASSUMES AN INVESTMENT HAS BEEN HELD SINCE JANUARY 1, OF THE RELEVANT YEAR. BECAUSE SOME INVESTORS MAY HAVE DIFFERENT FEE ARRANGEMENTS AND DEPENDING UPON THE TIMING OF A SPECIFIC INVESTMENT, NET PERFORMANCE FOR AN INDIVIDUAL INVESTOR MAY VARY FROM THE NET PERFORMANCE STATED HEREIN. ACTUAL RETURNS WILL VARY AMONG INVESTORS. INVESTMENT RETURNS AND THE PRINCIPAL VALUE OF AN INVESTMENT WILL FLUCTUATE AND MAY BE QUITE VOLATILE. IN ADDITION TO EXPOSURE TO ADVERSE MARKET CONDITIONS, INVESTMENTS MAY ALSO BE EXPOSED TO CHANGES IN REGULATIONS, CHANGE IN PROVIDERS OF CAPITAL AND OTHER SERVICE PROVIDERS. INVESTORS RISK THE LOSS OF THEIR ENTIRE INVESTMENT.

MASONRY ALL CAP SELECT (MACS) PERFORMANCE: NO REPRESENTATION IS MADE THAT THE PERFORMANCE SHOWN IS INDICATIVE OF FUTURE PERFORMANCE. AN ACCOUNT COULD INCUR LOSSES AS WELL AS GENERATE GAINS. PERFORMANCE FIGURES FOR EACH ACCOUNT INCLUDE INCOME ACCRUALS, REALIZED AND UNREALIZED GAINS AND LOSSES AND REFLECT THE DAILY WEIGHTING OF CASH FLOWS. ACCOUNTS THAT HAVE THEIR PRIMARY INVESTMENT OBJECTIVE AS THE MACS STRATEGY ARE INCLUDED IN THE PERFORMANCE PRESENTED AND ARE NET OF ACTUAL INVESTMENT FEES, NET OF TRANSACTION COSTS AND INCLUDES THE REINVESTMENT OF ALL INCOME. NET OF FEE PERFORMANCE WAS CALCULATED USING THE ACTUAL ANNUAL FIXED MANAGEMENT FEES OF THE CLIENTS IN THE STRATEGY APPLIED MONTHLY USING THE TIME WEIGHTED RATE OF RETURN METHODOLOGY. TRADE

DATE ACCOUNTING IS USED FOR CALCULATION AND VALUATION PURPOSES. SECURITIES ARE VALUED DAILY USING CLOSING MARKET VALUES. PERFORMANCE IS PRESENTED IN US DOLLARS.

PERFORMANCE RESULTS ARE NOT GIPS COMPLIANT.

PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

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REFERENCE TO THE S&P 500 AND OTHER INDICES IS FOR COMPARATIVE PURPOSES ONLY. THE S&P 500 IS 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 500 STOCKS REPRESENTING ALL MAJOR INDUSTRIES. THE INDEX TRACKS THE CAPITAL GAINS OF THE STOCKS OVER TIME, ASSUMING THAT ANY CASH DISTRIBUTIONS, SUCH AS DIVIDENDS, ARE REINVESTED BACK INTO THE INDEX AND IS NOT AVAILABLE FOR DIRECT INVESTMENT. THE S&P 500 MAY BE MORE DIVERSIFIED THAN AN ACCOUNT MANAGED BY MASONRY CAPITAL MANAGEMENT AND MAY NOT REPRESENT AN APPROPRIATE BENCHMARK. HOLDINGS MAY VARY SIGNIFICANTLY FROM THE SECURITIES THAT COMPRISE THE S&P 500. PAST PERFORMANCE OF THE INDEX SHOULD NOT BE CONSTRUED AS AN INDICATOR OF FUTURE PERFORMANCE OF THE FUND OR YOUR ACCOUNT.

HFRI INDICES ARE BROADLY CONSTRUCTED AND DESIGNED TO CAPTURE THE BREADTH OF HEDGE FUND PERFORMANCE ACROSS ALL STRATEGIES AND REGIONS. PAST PERFORMANCE OF AN INDEX SHOULD NOT BE CONSTRUED AS AN INDICATOR OF FUTURE PERFORMANCE OF AN ACCOUNT.

HEDGE FUNDS TRADE IN DIVERSE COMPLEX STRATEGIES THAT ARE AFFECTED IN DIFFERENT WAYS AND AT DIFFERENT TIMES BY CHANGING MARKET CONDITIONS. STRATEGIES MAY, AT TIMES, BE OUT OF MARKET FAVOR FOR CONSIDERABLE PERIODS WITH ADVERSE CONSEQUENCES.

THE MSCI EMERGING MARKETS INDEX CAPTURES LARGE AND MIDCAP REPRESENTATION ACROSS 21 EMERGING MARKETS COUNTRIES. WITH 824 CONSTITUENTS, THE INDEX COVERS APPROXIMATELY 85% OF THE FREE FLOAT-ADJUSTED MARKET CAPITALIZATION IN EACH COUNTRY.

THE DOW JONES – UBS COMMODITY INDEX IS DESIGNED TO BE A HIGHLY LIQUID AND DIVERSIFIED BENCHMARK FOR COMMODITIES AS AN ASSET CLASS. THE INDEX IS COMPOSED OF FUTURES CONTRACTS ON 19 PHYSICAL COMMODITIES. NO RELATED GROUP OF COMMODITIES (E.G., ENERGY, PRECIOUS METALS, LIVESTOCK, AND GRAINS) MAY CONSTITUTE MORE THAN 33% OF THE INDEX AS OF THE ANNUAL RE-WEIGHTINGS OF THE COMPONENTS. NO SINGLE COMMODITY MAY CONSTITUTE LESS THAN 2% OF THE INDEX.

THE MSCI EAFE INDEX (EUROPE, AUSTRALASIA, FAR EAST) IS A FREE FLOAT-ADJUSTED MARKET CAPITALIZATION INDEX THAT IS DESIGNED TO MEASURE THE EQUITY MARKET PERFORMANCE OF DEVELOPED MARKETS, EXCLUDING THE U.S. AND CANADA. AS OF JUNE 2007, THE MSCI EAFE INDEX CONSISTED OF 21 DEVELOPED-MARKET COUNTRY INDICES.

CRUDE OIL IS THE WORLD'S MOST ACTIVELY TRADED COMMODITY, AND THE NYMEX DIVISION LIGHT, SWEET CRUDE OIL FUTURES CONTRACT IS THE WORLD'S MOST LIQUID FORUM FOR CRUDE OIL TRADING, AS WELL AS THE WORLD'S LARGEST-VOLUME FUTURES CONTRACT TRADING ON A PHYSICAL COMMODITY.

FORWARD LOOKING STATEMENTS:

CERTAIN INFORMATION CONTAINED IN THIS MATERIAL CONSTITUTES FORWARD-LOOKING STATEMENTS, WHICH CAN BE IDENTIFIED BY THE USE OF FORWARD-LOOKING TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE," OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. SUCH STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE OR ACTIVITIES. DUE TO VARIOUS RISKS AND UNCERTAINTIES, ACTUAL EVENTS OR RESULTS OR THE ACTUAL PERFORMANCE OF AN ACCOUNT MAY DIFFER MATERIALLY FROM THOSE REFLECTED OR CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS.

SPECULATIVE RISK:

AN INVESTMENT WITH MASONRY CAPITAL MANAGEMENT IS SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK. CERTAIN TECHNIQUES MAY BE EMPLOYED, SUCH AS SHORT SELLING AND THE USE OF LEVERAGE THAT MAY INCREASE THE RISK OF INVESTMENT LOSS. IN ADDITION, THE FEES AND EXPENSES, SUCH AS COMMISSIONS, OFFSET TRADING PROFITS. ALL OF THE RISKS, AS WELL AS OTHER IMPORTANT RISKS AND INFORMATION (INCLUDING, WITHOUT LIMITATION, INFORMATION REGARDING TRADING OBJECTIVES AND PROGRAMS, FEES, AND EXPENSES, TAX CONSIDERATIONS AND SUITABILITY REQUIREMENTS) ARE DESCRIBED IN DETAIL IN THE FIRM'S ACCOUNT AGREEMENT. PROSPECTIVE INVESTORS ARE STRONGLY URGED TO REVIEW THE ACCOUNT AGREEMENT CAREFULLY AND CONSULT WITH THEIR OWN FINANCIAL, LEGAL AND TAX ADVISORS BEFORE INVESTING WITH MASONRY CAPITAL MANAGEMENT. OUR INVESTMENT PROGRAM INVOLVES SUBSTANTIAL RISK, INCLUDING THE LOSS OF PRINCIPAL, AND NO ASSURANCE CAN BE GIVEN THAT OUR INVESTMENT OBJECTIVES WILL BE ACHIEVED. AMONG OTHER THINGS, THE PRACTICES OF SHORT SELLING AND OTHER INVESTMENT TECHNIQUES AS DESCRIBED HEREIN CAN, IN CERTAIN CIRCUMSTANCES, MAXIMIZE THE ADVERSE IMPACT TO WHICH INVESTMENTS MAY BE SUBJECT. TRADING GUIDELINES AND OBJECTIVES MAY VARY DEPENDING ON MARKET CONDITIONS. WE MAY ALSO USE VARYING DEGREES OF LEVERAGE AND THE USE OF LEVERAGE CAN LEAD TO LARGE LOSSES AS WELL AS LARGE GAINS.

ILLUSTRATIVE PURPOSES ONLY:

EXAMPLES OF OUR PROCESSES AND ANY OTHER IDEAS PRESENTED HEREIN ARE FOR ILLUSTRATIVE PURPOSES ONLY. THERE IS NO GUARANTEE THAT THE FIRM WILL ACQUIRE A POSITION IN AN ISSUER OR INDUSTRY REFERENCED IN SUCH EXAMPLES OR IDEAS OR THAT ANY SUCH POSITION WOULD BE PROFITABLE.

INVESTMENTS AND ACCOUNTS AT MASONRY CAPITAL MANAGEMENT:

- ARE NOT INSURED OR GUARANTEED BY THE FDIC OR ANY OTHER FEDERAL GOVERNMENT AGENCY
- ARE NOT DEPOSITS OF, OR GUARANTEED BY, A BANK OR ANY BANK AFFILIATE
- MAY LOSE VALUE