FOURTH WARD
CAPITAL PARTNERS, LP

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January 31, 2025

Dear Investors and Interested Parties

After two consecutive years of 20+% returns for the S&P 500 and elevated market multiples we are defensively positioned as we approach 2025. Treasury yields are at near-term highs with the 10-year at 4.54%. Potential tariff wars and geopolitical risks add uncertainty.

During January, we generated an 1.86%* return with net long exposure of 53%. Our largest sector exposure is to banks and payment companies with 14% long exposure. Banks have below-market multiples, above market dividend yields and should benefit from a deregulatory environment under the new Administration.

We have 10.9% of the portfolio in Communication Services with GOOGL as our largest position. Google will benefit from its strong position in AI and the cloud. It is one of the lowest multiple "Magnificent Seven" stocks. As we print this letter the company has reported fourth quarter earnings which disappointed investors due to perceived excessive spending on AI and lower than expected revenues in the Cloud area. We will continue to hold this as a core position as we think the long-term prospects are strong and valuations reasonable with a price/sales growth at an industry low of 1.1x.

We have 8.6% of our portfolio in the Airlines. Airlines are experiencing increasing travel demand, Stocks have low multiples and generate free cash flow which they are deploying to improve balance sheets as they paydown debt accumulated during the pandemic.

Energy stocks make up 6.1% of the portfolio. These stocks were below market performers in 2024, have strong dividend and repurchase yields and below market multiples.

Heading into the new year we are mindful of geopolitical risks, such as tariff negotiations, which have caused market volatility. Diversification and a focus on quality will be paramount in navigating the uncertainties ahead. As always we will focus on companies with strong balance sheets, robust free cash flow, and a strong competitive position.

Please reach out to us with your questions and interest.

Best,

Michael Messner
Beth Reynolds

	Portfolio Analysis (1-31-25) % Long	**% Short**	**% Net**
Equities & ETF's	55.4	-2.0	53.4
Cash	44.6		44.6
Total	**100.0**	-2.0	98.0

	Portfolio net long %
Smallcap (<$2B)	2.2
Midcap ($2B to $10B)	0.0
Largecap (>$10B)	48.4
ETF	2.8
Total	**53.4**

Market Cap (wtd. avg.)	$596B	**Industry Weighting**	**% Long**

No. of Longs	23	Banks & Payments	14.1
No. of Shorts	4	Comm Services (inc. GOOG)	10.9
		Airlines	8.6
Forward P/E (wtd.avg.)	16.0	Energy	6.1
Div Yield (wtd. avg.)	2.1	Info Tech	4.9
Repurchase Yield (wtd. avg.)	3.2	Insurance	1.9
		Electronics	1.1
		Consumer Disc.	1.0

Top Ten Positions

	% Long
Alphabet Inc.	6.9
Citicorp Inc	4.8
Wells Fargo & Co.	4.2
Hewlett Packard Enterprise	3.9
Chevron Corp	3.6
Bank of America Corp	2.8
Microsoft Corp	2.8
Delta	2.8
Valero	2.7
PayPal Holdings Inc.	2.2
TOTAL	36.7

*Performance for Fourth Ward Capital Partners, L.P. (the "Fund") is presented on a total return basis (without provision for federal or state income taxes) including all interest, accrued income, realized and unrealized gains or losses, and is net of all execution costs. Performance is net of all applicable advisory fees and expenses. Performance figures include the reinvestment of dividends and income. Monthly and 2024 performance is estimated. Past performance does not guarantee future results. Individual results may vary based on the timing of contributions and withdrawals.