SOHRA PEAK
CAPITAL PARTNERS

February 8, 2022

Dear Partners and Friends,

Our partnership recorded a gain of +18.8% net of all fees, expenses, and allocations for the quarter ending December 31, 2022. Over the same period, the S&P 500 recorded a gain of +7.6% including dividends.

Period	Partnership Returns[1,2]	S&P 500 Returns[1,3]
Q3 2021	9.6%	(0.9%)
Q4 2021	13.5%	11.0%
2021	**24.6%**	**10.0%**
Q1 2022	(1.3%)	(4.6%)
Q2 2022	(18.9%)	(16.1%)
Q3 2022	(12.8%)	(4.9%)
Q4 2022	18.8%	7.6%
2022	**(17.0%)**	**(18.1%)**
Annualized Return Since Inception	**2.4%**	**(6.9%)**
Inception to Date	**3.4%**	**(9.9%)**

1 Sohra Peak Capital Partners LP launched 7/22/2021; results for the Partnership and S&P 500 Index for Q3 2021 are presented from that date forth.
2 Returns are presented on an unaudited basis for a theoretical Limited Partner net of expenses, 1% management fee, and 15% performance allocation.
3 S&P 500 Index returns include dividends reinvested. Please refer to the disclaimer at the end of this letter regarding comparison to indices.

The below table highlights the partnership's key portfolio composition metrics as of December 31, 2022:

Key Portfolio Composition Metrics			
Number of Holdings:	14	Weighted Average Market Cap[4]:	$1.4B
Top 5 Holdings Concentration:	50.4%	Investments ex-U.S.[5]:	72.6%

4 Calculated as the sum of each portfolio holding's market capitalization in USD multiplied by its corresponding portfolio weight. Excludes cash.
5 Measured as the percentage of portfolio assets, including cash, invested in companies with primary operations conducted outside of the U.S.

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Our partnership outperformed the index for the fourth quarter which was primarily driven by strong collective performance from our portfolio companies and aided by a weakening U.S. dollar. We also outperformed the index for the full year 2022 net of all fees, expenses, and allocations, a year which was anything but smooth for long-only and long-bias managers. I am thus happy to report that, since inception, our partnership has outperformed the S&P 500 in both years of our operation, and by an average annualized margin of +9.3%.

Reflecting upon this past year, I revisited our Q4 letter to partners that I had written around a year ago. In that letter, I discussed the selloff that had begun in long-duration, tech-oriented stocks at the time, as well as the alarming number of unprofitable U.S.-listed companies that were still trading at astonishing EV/sales multiples. As it turns out, the carnage for this segment of the market, and for the general market as well, was just beginning. The Goldman Sachs "Non-Profitable Tech" index finished the year down -62.3% and the broader Nasdaq Composite Index declined by -33.1%.[6]

As I expressed then, and as I maintain now more than ever, it is almost unconditionally a perilous task to attempt to underwrite investments in unprofitable businesses based on 5- and 10-year forward profit forecasts. Valuations had become so inflated by late 2021 that for many companies, making predictions up to 5, 10, and for an exclusive bunch more than 10 years into the future were in fact necessary in order to reasonably justify making investments at then-current prices.

By sticking to our discipline of investing almost entirely in high quality businesses that generate real profits available to us today, at reasonable or better prices, we were able to steer clear of the extraordinary losses experienced by shareholders of these former "long duration" darlings.

Among the many lessons offered over the past twelve months, the greatest takeaway in my view has been the importance of pursuing an investment strategy that not only has the potential to deliver strong performance during bull markets, but that also offers a high probability of survival through market downturns. Said more succinctly, the greatest lesson in my view has been the importance of survival.

Throughout my journey as an investor, I have been fortunate to meet and develop longstanding relationships with exceptionally good investors much older than I who have each accumulated a track record that has not only handily outperformed the S&P 500, but that has done so over a multi-decade span. One thread in common among each of these investors, some of whom I consider mentors, is their ability to invest in a prudent way that avoids incurring unrecoverable losses during market downturns. In other words, their ability to survive and continue forward without much permanent capital impairment.

Take Bob Robotti, my first boss in the investment world and a manager who has had a profound influence on me. Bob founded his investment firm in 1983 with a focus on finding statistically undervalued companies that offer the possibility of generating strong free cash flow driven returns while containing a true margin of safety. In the 40 years since, through multiple crises, his investment strategy has never incurred unrecoverable losses, and time and again his firm has lived to see another day. Today, Bob's firm is thriving, is still grounded in its core value-oriented investment principles, and boasts a multi-decade track record of outperformance against the S&P 500.

(6) Source: Bloomberg.

Our investment approach at Sohra Peak aims to remove a great deal of manageable risks that could put our partners' capital in serious long-term jeopardy. We try to never conjure 10-year forward crystal balls, and instead strongly prefer investments in companies with strong and growing free cash flow yields in the present. We try to never gamble on new businesses or new CEOs, and instead strongly prefer investments in businesses and CEOs with long-term track records of proven success. From time to time we will make our fair share of mistakes, but we will always do our best to maximize our probability of survival and deliver above-average returns.

<u>Our Competitive Edge</u>

As you know, the key elements we seek in our portfolio companies include high quality businesses operated by high quality management teams, a demonstrated history of growing revenues and profits, an opportunity to continue organically compounding profits over a long horizon, and an attractive price relative to intrinsic value at which we can invest.

However, in practice, finding excellent companies that meet our qualitative criteria *and* can also be bought at absolute bargain discounts to value are quite hard to find. During our process of sourcing and screening for new investments, we unsurprisingly tend to find that among the high quality companies, there are far more that trade at fair or expensive valuations than those that trade at cheap or absolute bargain valuations, which makes a great deal of sense. Market efficiency usually does not allow for a company with durable, rapidly growing profits to be purchased at a free cash flow yield of 10% or greater. But, sometimes it does.

There are generally two types of situations in our experience where a quality company with durable, rapidly growing profits can be purchased at absolute bargain prices. The first situation is a company that is deeply out of favor, or in some cases outright hated, for the wrong reasons, where developing a correct contrarian view can provide the opportunity to purchase a great company at a giveaway price. The second situation is a company that can be bought at an absolute bargain price for the simple reason that it has not yet been widely discovered by the investing world.

As I've discussed in the past, although maybe haven't quite labeled as our greatest strength, I believe our competitive edge lies in our ability to correctly identify companies that fit the second type of situation and in our willingness to be the only investors that we know of who own shares. We believe we have been able to make investments where this situation was apparent, and we also believe that these have been our best performing investments to date.

It is easy to see too why companies of this profile can perform quite well. I tend to classify forward return sources for these companies into two categories: (A) valuation adjustment during the discovery phase, and (B) intrinsic value growth driven by free cash flow growth.

In my experience, when the type of security I have described is mispriced due to lack of discovery, then once the discovery phase occurs, a significant appreciation in price can happen quickly as the market adjusts its valuation of the company closer to its intrinsic value. The second, longer lasting and ultimately more substantial price appreciation occurs over time as free cash flow compounds and increase intrinsic value, and is essentially the principle behind investing in "compounders." Multiplying source of return (B) with source of return (A), which in and of itself can yield an added return of +50-200% and tends to occur much sooner than (B), can significantly enhance overall return.

As our most recent example, last quarter we built a position in an Australian company called Duratec, a provider of infrastructure remediation services. At our time of investment, Duratec's stock was by just about all measures off-the-map with little coverage of any kind. We had gained conviction that we were purchasing shares in a company that met our qualitative criteria, including an opportunity to grow revenues and profits at strong double-digit rates going forward, for a multiple of 4.6x this year's net profits, or a 22% free cash flow yield.

We accumulated shares in Duratec at a weighted average purchase price of $0.47/share, and in the several months since, shares have appreciated to $0.70/share as of this writing. I believe share price appreciation so far can be attributed almost entirely to source of return (A) given it has only been several months since our initial investment, and I also believe today's price still represents just a fraction of the company's intrinsic value. For further discussion, you can find Sohra Peak's published memo on Duratec here.

I think one relevant note to add on finding companies of this type is that in order to consistently reap the full benefits of return source (A), it is almost certainly necessary to discover companies oneself rather than rely on second-hand sources for idea generation. Our best performing ideas have likewise been generated organically through our screening process of sifting through data points across thousands of companies in search for the diamonds in the rough. We search for the future diamonds of our portfolio frequently, and wish for our portfolio to be full of them.

Perhaps our competitive edge was best summed up by the late Julian Robertson, a quote I think about often: "One of the best ways to do well in this business is to go to areas that have been unexploited by research capability and work them for all you can. … In baseball, you can hit 40 home runs on a single-A-league team and never get paid a thing. But in a hedge fund, you get paid on your batting average. So you go to the worst league you can find, where there's the least competition."

Portfolio Updates

Our limited partners can find commentary on our partnership's top 5 holdings in Appendix A attached to the end of this letter.

Administrative

Our partnership successfully transitioned to our new fund administrator NAV Fund Administration Group ("NAV"). NAV is a global top 10 fund administrator with over $100 billion in assets under administration. We look forward to using them for our fund administration services going forward.

Our limited partners should receive investor portal login information from NAV directly within the next couple of weeks. As mentioned in my recent email regarding this transition, should you have any questions, please do feel free to reach out to me at any time.

Closing Thoughts

Thank you for taking an interest in our latest letter. I am excited about our partnership's future.

I am confident that our partnership's north star will always be to compound our capital at the highest rate responsibly possible. In some respects, this approach may render our partnership uninvestible by the majority of institutional investors. That is perfectly fine by me. We will continue to accept as partners only those who understand, and are who aligned with, our objective.

If you wish to learn more about the partnership or are interested in becoming a limited partner, please feel free to reach out to me by phone or email. Our partnership welcomes introductions to new investors who are aligned with our philosophy and with our long-term approach. Accredited Investors interested in receiving future partnership letters can also register on our website at www.sohrapeakcapital.com.

I appreciate the trust you have placed in me to invest your hard-earned capital, as I presently have the significant majority of my wealth invested right alongside you. I look forward to writing to you again next quarter.

Most Sincerely,

Jonathan A. Cukierwar, CFA
Manager of Sohra Peak Partnership LLC, the General Partner of Sohra Peak Capital Partners LP

SOHRA PEAK
CAPITAL PARTNERS

Disclaimer

This report is based on the views and opinions of Jonathan A. Cukierwar, which are subject to change at any time without notice. The information contained in this report is intended for informational purposes only and is qualified in its entirety by the more detailed information contained in the Sohra Peak Capital Partners LP offering memorandum (the "Offering Memorandum"). This report is not an offer to sell or a solicitation of an offer to purchase any investment product, which can only be made by the Offering Memorandum. An investment in the Partnership involves significant investment considerations and risks which are described in the Offering Memorandum. The material presented herein, which is provided for the exclusive use of the person who has been authorized to receive it, is for your private information and shall not be used by the recipient except in connection with its investment in the Partnership. Sohra Peak Partnership LLC is soliciting no action based upon it. It is based upon information which we consider reliable, but neither Sohra Peak Partnership LLC nor any of its managers or employees represents that it is accurate or complete, and it should not be relied upon as such. Performance information presented herein is historic and should not be taken as any indication of future performance. Among other things, growth of assets under management of Sohra Peak Capital Partners LP may adversely affect its investment performance. Also, future investments will be made under different economic conditions and may be made in different securities using different investment strategies. The comparison of the Partnership's performance to a single market index is imperfect because the Partnership's portfolio may include the use of margin trading and other leverage and is not as diversified as the Standard and Poor's 500 Index or other indices. Due to the differences between the Partnership's investment strategy and the methodology used to compute most indices, we caution potential investors that no indices are directly comparable to the results of the Partnership. Statements made herein that are not attributed to a third-party source reflect the views, beliefs and opinions of Sohra Peak Partnership LLC and should not be taken as factual statements.