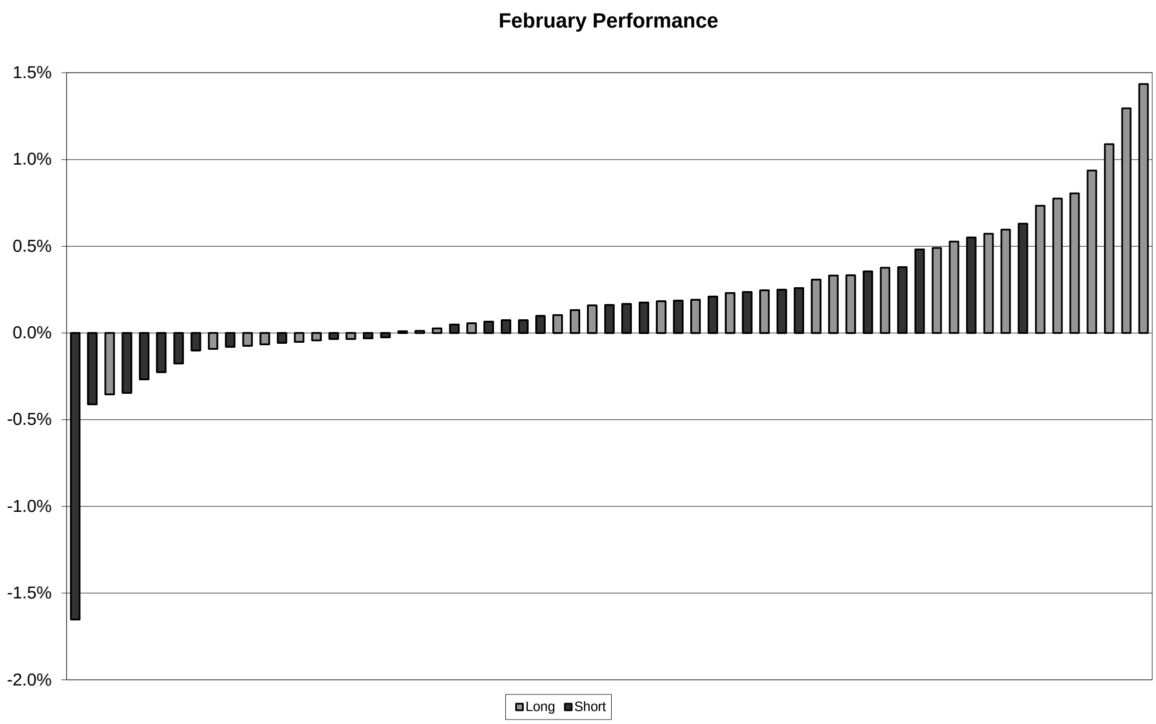
March 3rd, 2021

Dear Investor,

The Fund had a positive return of +11.56% last month, bringing the NAV to 187.62. The Fund is up +9.0% for the year.

The Fund is up +87.62% since inception December 2006 or annualized +4.5% This performance is net of all fees with no meaningful market exposure, it therefore solely consists of alpha generation.



The equity markets were quite volatile in February, but in the end finished all positively. The Fund had a very strong month as both the long and short book generated significant alpha. The majority of our positions had a positive contribution to the performance.

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What Worked:

BAM Groep (Long) was the best performing position of the month. The Dutch construction company appreciated 36% in the month after it released its full-year figures. The new CEO, in combination with the relatively new CFO, are restructuring and downsizing the company and withdrawing from international operations that are unprofitable and/or undesirable. We think the company is making the right move by downsizing and focusing more on their expertise, which should result in a more repeatable and higher profit margin. The company trades at less than 6X 2021 earnings.

FirstGroup (Long) was the second best performing position. The UK/US bus/rail operator has been highlighted in 3 of the last four newsletters as the price has gone from GBP40 to GBP91. Despite this rapid rise, the company, on a non-COVID normalised level, trades at less than 6X earnings. The company is in the process to sell its US bus division, which should obtain a far higher multiple than at what the group is currently trading at.

Restaurant Group (Long) was the third best performing position. The owner of Wagamama, UK leisure restaurants, pubs and airport concessions appreciated 60% as it became clear that the UK is very effective in vaccinating the population. We highlighted the investment case in our January 2020 newsletter, however, much has changed since then although the price is only 15% lower compared to when we presented the case.

The company has more than halved its troublesome leisure estate, thereby massively reducing the potential provision liability. It has also reduced the number of concessions and negotiated rent reductions throughout the estate. In addition, it issued new shares in Q2 2020 and renegotiated its debt in March 2021.

We are left with a company where the majority of the value is derived from Wagamama, which is a brand that we remain very excited about. On our calculations, it has a nearly 9% FCF yield if we were to assume no growth. As we think the Wagamama brand can grow both organically and through new openings, we see this free cash flow figure growing considerably once lockdown restrictions are lifted.

What Didn't Work:

SeaWorld (Short) was the worst position of the month. The US theme park operator has been described in our November 2018 newsletter. Unfortunately, we had covered the position prior to the COVID-19 pandemic as we believed the risk/reward was no longer that interesting.

In Q2 of 2020, the company had to issue very expensive debt of over 9%. The shares recently rebounded to a level higher than was seen pre-COVID, despite the interest costs and EV being substantially higher. We thought this was unwarranted and shorted the stock with a small position. Despite our views, the share price increased 74% in February, on the back of the prospect of the US economy reopening and their Q4 figures / outlook of higher cost savings.

It seems to us the market is very enthusiastic that the company raised its admission prices and was also able to lower its costs in Q4. With both points we struggle somewhat in a longer-term scenario. The higher prices were based on an attendance level that was 70% below that of last year, and we question how sticky these higher prices are. Secondly, the company has been on a continuous cost saving programme without elaborating on what exactly these cost savings are. We surmise, but are by no means certain, that some of the cost savings was a reduced marketing budget. This is something we do not think can be sustained if there is competition for attendance again.

Stantec (Short) was the second worst performer as the Canadian engineering firm appreciated 10%. The company released figures that weren't very special, but did lead to a few broker upgrades. The company trades at 20X earnings, whilst its track record in converting free cash flow generation from earnings has been quite poor.

Toro (Short) was the third worst performing as the maker of lawnmowers, snowploughers and other equipments increased 7%. There was no fundamental news in February. The company trades at over 30X earnings, whilst these earnings are boosted by cyclically high margins. In addition, we continue to have concerns with their working capital management and the use of third-party financing parties for their receivables.

LONG Grayscale Bitcoin Trust (USD47.35) & SHORT Micro Strategy (USD794, Market Cap USD7.6bn)

The Fund has initiated a pair-trade that involves a long position in a closed-end Fund named Grayscale Bitcoin Trust and a short position in MicroStrategy, which is a software company with a large Bitcoin holding.

To be very clear, our long position in Grayscale is not a reflection of a positive view for the cryptocurrency, to the contrary. In addition to this investment case, we have written a discussion paper with our differing views on the numerous 'bull' arguments proposed by Bitcoin proponents such as Michael Saylor, the CEO of MicroStrategy. This paper can be found as another attachment.

MicroStrategy is a software business that was founded in 1989 by Saylor. The company IPO'd in the middle of the internet bubble in 1998 and saw its share price hit a record of USD3,130 in March 2000. Six days later the stock collapsed as the company was forced to restate its books and erase all reported profits as it was accused of fraud by the SEC. Saylor settled the charges without admitting or denying them. The share price thereafter languished into anonymity.

The software business has been in slow decline and there was little to get excited about. Prior to the company purchasing Bitcoins, the market price was USD123, which means MicroStrategy had a market cap of roughly USD1.2bn. After August 10, 2020, everything changed as Saylor first bought Bitcoin with the excess cash, then in December 2020 issued USD600mn of convertible debt to purchase more Bitcoins at an average price of USD16,109 and as the Bitcoin price ballooned, so did MicroStrategy's share price.

Saylor doubled-down and issued USD1.05bn of convertible debt in February 2021 to purchase a further 19,452 Bitcoin's at an average price of USD52,765.

Valuation

MicroStrategy is essentially a software business with a holding of 90,531 Bitcoins. The undisturbed market value of MicroStrategy was USD1.2bn. We have chosen to value the software business at 30X EBITDA, or USD1.5bn. Saylor has raised so much debt to purchase Bitcoin that the amount of the debt raised completely offsets the value of the software business. If we take the traditional business and deduct the corporate debt then we are left with zero.

You can therefore directly compare the current market value of MicroStrategy, which is USD7.6bn to the number of Bitcoins held, which is worth USD4.6bn. MicroStrategy is therefore a way for investors to buy Bitcoin at a 65% premium.

There are two further considerations that make it less attractive to own MicroStrategy. Firstly, we have only accounted for the debt at a nomimal level, but both are in fact convertibles. This means that part of the potential upside that shareholders are hoping to capture, will flow to the holder of the convertible. Secondly, what may have been lost in the excitement of the Bitcoin prize frenzy is that the company faces a potentially large tax liability if the company were to sell the Bitcoins at a profit.

Nearly 80% of the Bitcoin's were purchased at an average price of USD16,109. Given today's price, the potential capital gains tax liability, assuming a 20% rate, would be USD495mn.

Bitcoin In-Price	**1,145,011,611**
Value Today	**3,619,666,089**
Gain	**2,474,654,478**
Taxed at 20%	**494,930,896**

This tax liability increases the implied market value premium from 65% to 83%.

We have hedged the MicroStrategy Bitcoin exposure by buying Grayscale Bitcoin Trust, which is a closed-end vehicle that holds almost 0.95 Bitcoin's per share and is trading close to NAV.

We are very very sceptical on Bitcoin and hence you may wonder why do we not just short MicroStrategy unhedged. We think there is a small chance that we are wrong on the long term future of Bitcoin, but there is a much larger chance that we may be temporarily wrong as the price of the cryptocurrency moves higher. Looking foolish, in the short term, is not a problem in and of itself, but given the volatility of Bitcoin this position could very materially impact the performance of the fund. Putting the hedge in place means we stand to gain if the irrational Bitcoin premium disappears out of the share price, which may be aided by the cooling down of the current speculative mania. How long this will take is something we do not have a view on.

Farringdon Alpha One – Overview February 2021

	MTD	YTD	ITD	Annualized (ITD)	Correlation (ITD)	Standard Deviation (ITD)
Farringdon Alpha One	+11.56%	+9.00%	+87.62%	+4.5%	0.2	9.6%

Exposure	Month End	Average MTD	Average YTD	Average ITD
Long Positions	93.4%	94.5%	94.8%	88.5%
Short Positions	82.0%	82.7%	83.5%	78.3%
Gross Exposure	175.4%	177.2%	178.3%	166.8%
Net Exposure	+11.4%	+11.7%	+11.4%	+10.1%

Source: Eze Castle Eclipse

Perf (%)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2007	-0.17	+2.09	+2.00	+1.24	+2.21	+2.85	+2.45	-5.16	-4.56	+4.34	+1.98	+5.88	**+15.59**
2008	-1.47	+3.92	+2.58	+3.43	+1.44	-0.92	-3.98	+4.17	-3.24	-12.9	+10.35	+3.28	**+4.88**
2009	+4.90	+0.54	+2.22	+4.19	+7.66	+1.33	+0.51	+3.55	+1.56	+1.59	-2.15	-1.18	**+27.22**
2010	-0.41	-0.49	+2.83	-1.70	-1.22	-2.80	+1.46	-3.32	+0.75	+2.10	-2.19	+5.94	**+0.56**
2011	+1.74	-0.11	+0.57	-0.86	-1.89	+0.80	-4.83	-8.03	+3.00	-2.97	-1.36	+1.06	**-12.63**
2012	+8.39	+2.38	+2.44	-4.81	+3.04	+0.27	+1.38	+1.04	+1.28	+0.47	-0.39	+2.91	**+19.44**
2013	+2.17	-0.45	+1.86	+1.29	-0.90	+1.74	-0.42	+3.47	-0.29	+0.82	+1.86	-0.96	**+10.56**
2014	+2.96	-1.38	+3.24	+1.01	+0.14	+0.60	-2.06	+0.15	+0.52	+0.71	+0.13	+0.68	**+6.78**
2015	-0.48	+2.11	+3.15	+3.09	+1.88	+1.52	-3.96	+1.65	-2.19	+3.78	+0.69	-0.16	**+11.35**
2016	-1.91	-6.34	+5.43	+1.02	-3.21	-7.66	-0.75	+3.07	+2.27	-1.07	+1.97	+3.38	**-4.59**
2017	-4.00	+2.01	-1.50	-1.67	-1.18	-0.33	+0.72	-2.47	+0.34	-4.23	-1.80	-0.46	**-13.79**
2018	+1.55	+0.37	-4.03	+1.06	-3.82	-2.87	-0.63	-3.16	+0.13	+1.23	-6.19	+4.17	**-11.84**
2019	+0.23	-1.93	-1.38	+6.56	-3.37	-3.25	-1.79	-4.83	+2.07	+1.23	+3.17	+0.26	**-3.52**
2020	-6.07	+0.35	-13.01	+12.92	+0.16	+0.86	-2.80	+3.10	-7.01	+4.64	+22.15	+4.02	**+15.86**
2021	-2.29	+11.56											**+9.00**

NAV (EUR)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2017	194.51	198.42	195.44	192.17	189.90	189.28	190.65	185.95	186.59	178.70	175.48	174.67
2018	177.67	178.32	171.14	172.95	166.34	161.56	160.55	155.47	155.67	157.58	147.83	153.99
2019	154.35	151.37	149.28	159.08	153.72	148.73	146.07	139.01	141.89	143.63	148.18	148.57
2020	139.55	140.04	121.82	137.56	137.78	138.93	135.04	139.22	129.46	135.47	165.48	172.13
2021	168.18	187.62										

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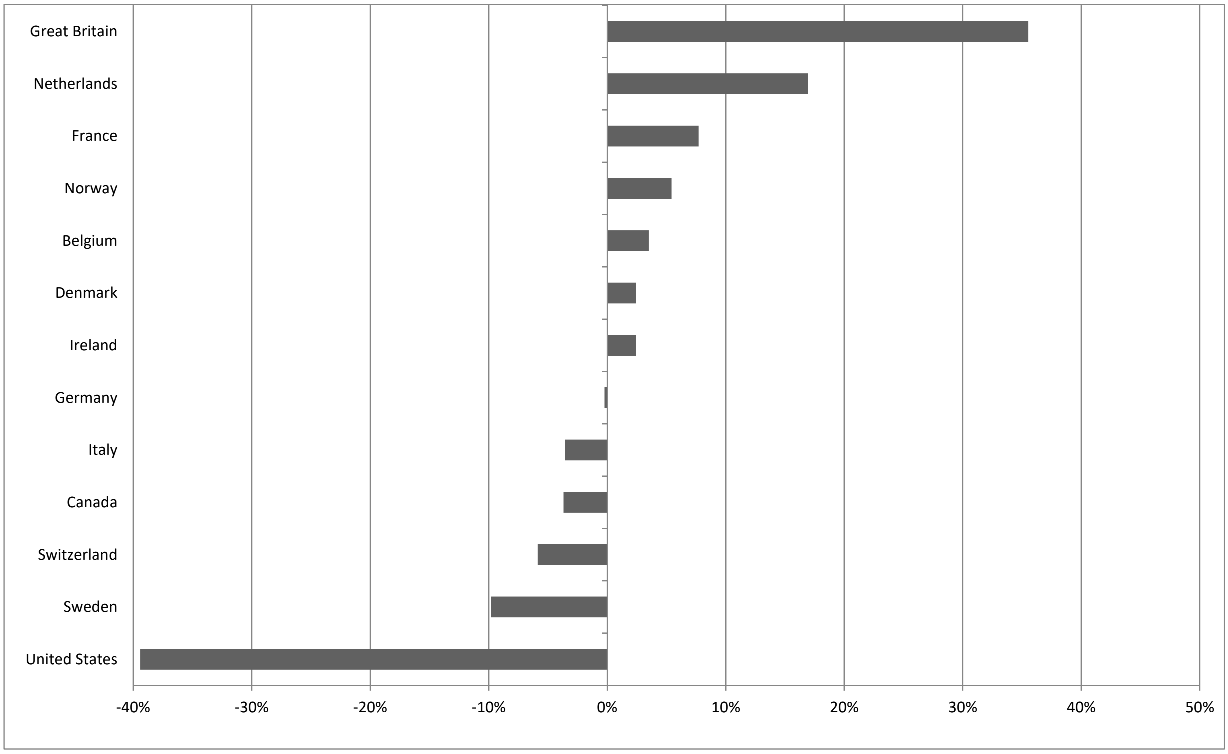
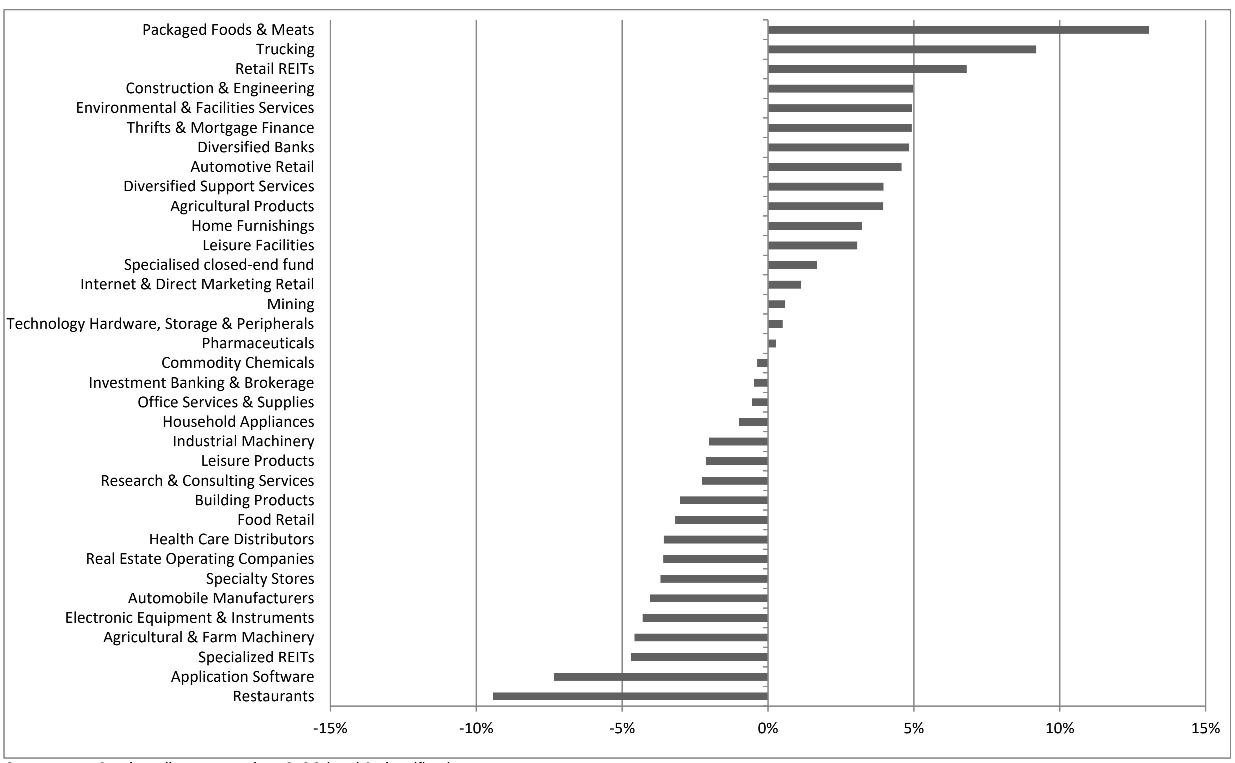
Farringdon Alpha One – Net Exposures



Source: Eze Castle Tradar : Based on GICS level 3 classification



Source: Eze Castle Eclipse : Based on GICS level 3 classification

SECTOR	L	S	Net
Agricultural & Farm Machinery		-4.6%	-4.6%
Construction & Engineering	5.0%		5.0%
Diversified Banks	4.8%		4.8%
Food Retail		-3.2%	-3.2%
Health Care Distributors		-3.6%	-3.6%
Home Furnishings	3.2%		3.2%
Industrial Machinery	1.7%	-3.8%	-2.0%
Leisure Facilities	6.9%	-3.8%	3.1%
Leisure Products		-2.1%	-2.1%
Packaged Foods & Meats	13.1%		13.1%
Pharmaceuticals	2.1%	-1.8%	0.3%
Restaurants	2.0%	-11.4%	-9.4%
Specialized REITs		-4.7%	-4.7%
Specialty Stores		-3.7%	-3.7%
Trucking	9.2%		9.2%
Retail REITs	6.8%		6.8%
Investment Banking & Brokerage	4.5%	-5.0%	-0.5%
Environmental & Facilities Services	4.9%		4.9%
Agricultural Products	4.0%		4.0%
Internet & Direct Marketing Retail	2.6%	-1.5%	1.1%
Research & Consulting Services	4.7%	-7.0%	-2.3%
Building Products		-3.0%	-3.0%
Real Estate Operating Companies		-3.6%	-3.6%
Electronic Equipment & Instruments		-4.3%	-4.3%
Diversified Support Services	4.0%		4.0%
Commodity Chemicals	1.6%	-2.0%	-0.4%
Automotive Retail	4.6%		4.6%
Thrifts & Mortgage Finance	4.9%		4.9%
Automobile Manufacturers		-4.0%	-4.0%
Application Software		-7.3%	-7.3%
Technology Hardware, Storage & Peripherals	0.5%		0.5%
Office Services & Supplies		-0.5%	-0.5%
Specialised closed-end fund	1.7%		1.7%
Mining	0.6%		0.6%
Household Appliances		-1.0%	-1.0%
Grand Total	**93.4%**	**-82.0%**	**11.4%**

GEOGRAPHY	L	S	Net
Belgium	5.3%	-1.8%	3.5%
Canada		-3.7%	-3.7%
Switzerland	1.7%	-7.6%	-5.9%
Germany	9.2%	-9.4%	-0.2%
Denmark	4.0%	-1.5%	2.4%
France	7.7%		7.7%
Great Britain	35.5%		35.5%
Ireland	4.0%	-1.5%	2.4%
Italy		-3.6%	-3.6%
Netherlands	17.0%		17.0%
Norway	5.4%		5.4%
Sweden	2.0%	-11.8%	-9.8%
United States	1.7%	-41.1%	-39.4%
Grand Total	**93.4%**	**-82.0%**	**11.4%**

Source: Eze Castle Eclipse : Based on GICS level 3 classification

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