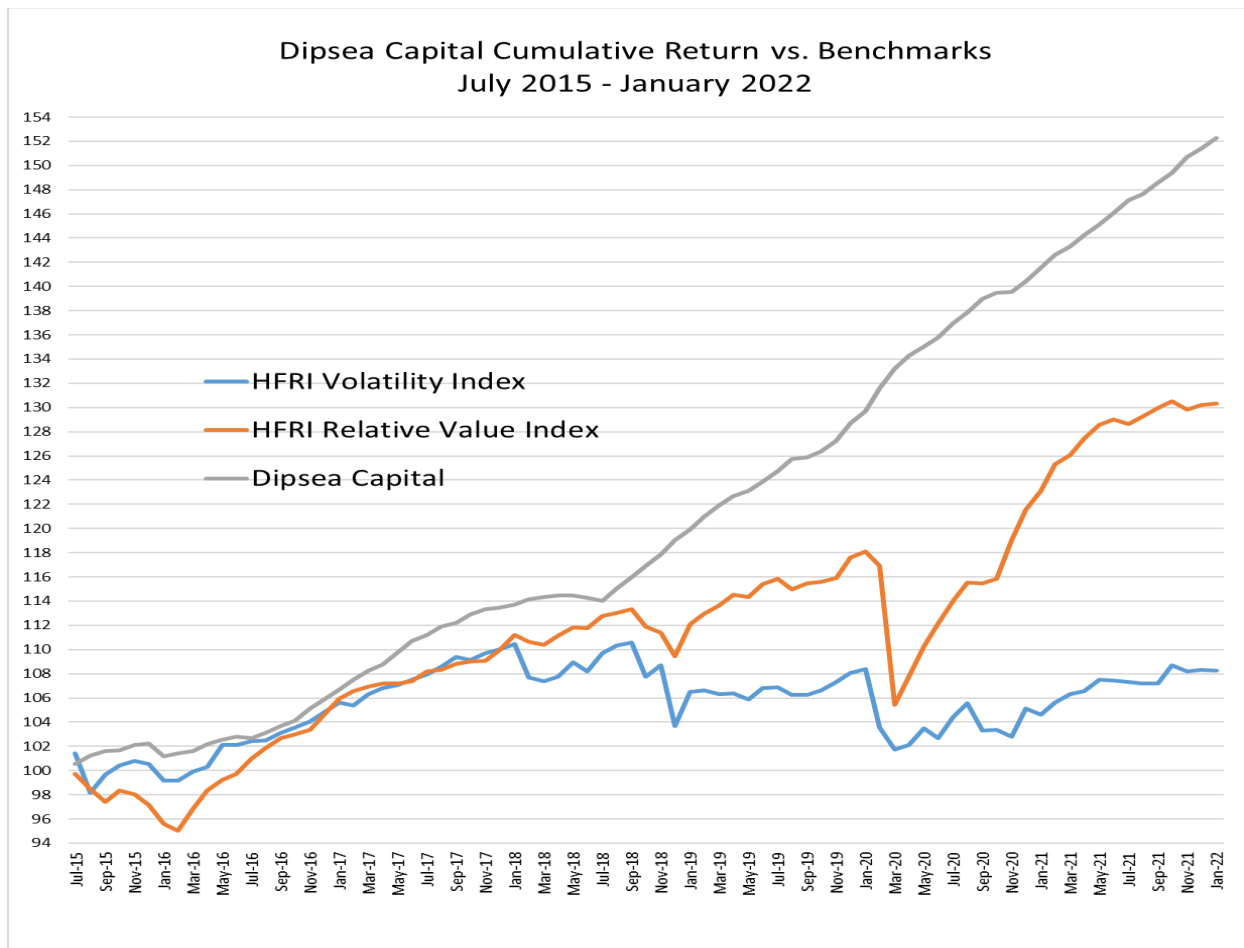




Record Level Put Volumes - Dipsea Capital February 2022 Commentary



The Dipsea Capital Fund returned 0.36% in February, 0.93% year-to-date, and 7.14% to partners for the last twelve months. Both the S&P 500 and Nasdaq continued their downturn as the S&P 500 lost -2.99% (-8% year-to-date) and the Nasdaq -3.43% (-12% year-to-date).

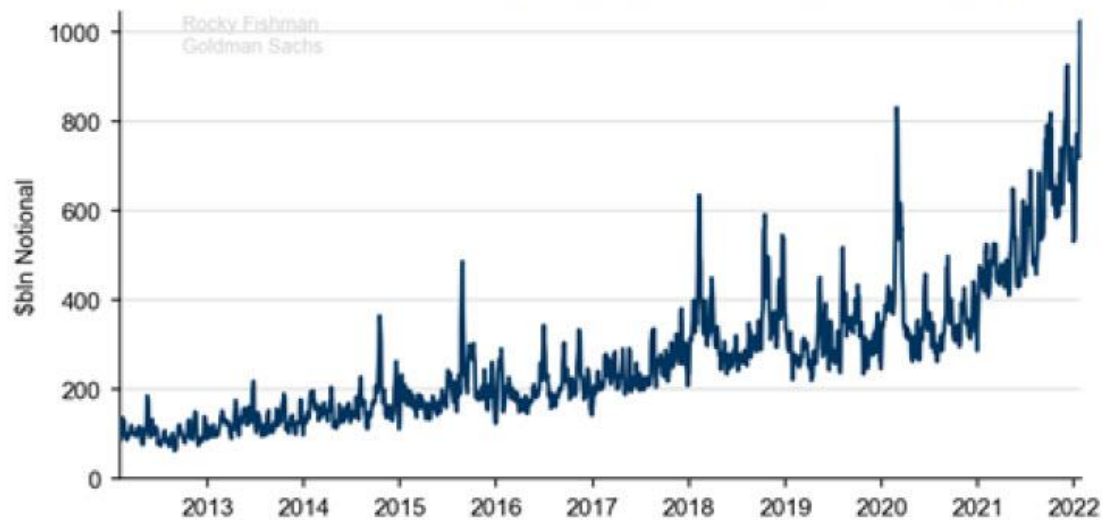
After an initial dip to 20 to start the month, the CBOE's volatility index (VIX) trended upward to a peak of 31 on the eve of Russia's well telegraphed invasion of Ukraine. Similar to January, large intraday market reversals were again frequent in February, most notably on February 24th, as a

very high volume of short covering took place after Russia made its move and the S&P 500 finished the day +1.4% after a -2.2% gap at the open.

Bearish sentiment this year has been strong and growing; the below graph indicates how it has built up to extreme levels with average daily Put volumes at record levels of over \$1 trillion in January.

Index/ETF puts - notional volume 10y

5-day rolling average US-listed Index/ETF put option volume, \$bln notional



Source: Goldman Sachs

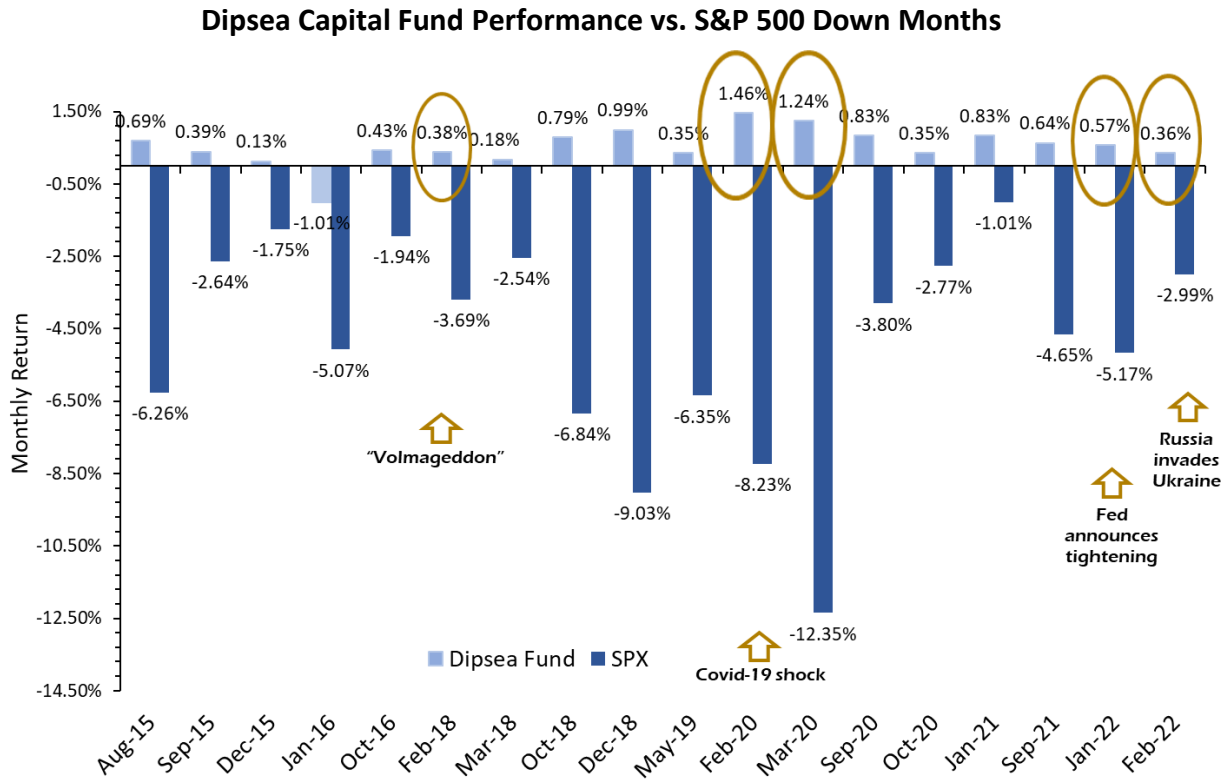
For Dipsea's strategy, on the index options side, this increased volume has meant heightened Put skew, particularly in further out OOTM strike prices. On the single-name option side, volumes are also high, driven on the margin by increased retail investor participation.

We maintained modest gross exposure throughout the month, averaging 13% with a maximum of 19%. Dipsea's net exposure averaged -1.0%. The Fund's gross daily returns were in the range of +0.10% to -0.07%. The month's return attribution was approximately balanced between index trading (46%) and single-names trading (54%).

Strategy Thoughts

The fallout from Russia's invasion of Ukraine, both geopolitically and economically, remains to be seen. We won't add here to the running commentary of the plausible to the implausible – other than to say that we expect continued volatility in markets that favors our short-term trading strategy.

We look forward to continuing to serve our investors' needs with our focus on producing consistent returns. Since inception in July 2015, the Dipsea Fund has outperformed the S&P 500's down months by 102% with cumulative performance of 12% vs. the S&P 500's -90%.



Please reach out to us with any questions. We appreciate the opportunity to be of service to our investors.

Sincerely,

Christopher Antonio

Chief Investment Officer and Founder