

8 July 2019

Dear Investor,

June 2019 marks a significant milestone for the Long Beach Flexible Prescient Fund, with the fund having been open to investors for 10 years. The fund was launched on 24 June 2009, shortly after the great financial crisis of 2008 and clients who invested at inception have achieved a return of 299.30% or 14.83% annualised.

I am deeply grateful to all the fund's investors, and especially to those who invested early on before the fund had any meaningful track record. I very much appreciate your confidence, and your willingness to support our fund on the inevitably bumpy ride. I would also like to express my thanks to Prescient Securities and Prescient Fund Services for their assistance in helping to launch the fund, I have been fortunate to work with many exceptional people from whom I have learnt a lot and for which I am very grateful. The daily trading, management and administration of the fund also requires the input of many people and thank you to everyone who has been a part in the fund's smooth operation, your work is much appreciated.

Notable events along the way in the last 10 years have included: the inclusion of global assets in the fund portfolio in January 2012, and the launch of the Long Beach Managed Prescient Fund in March 2013 as a Regulation 28 option which investors can access in a retirement product. Also notable was my purchase of the funds' management company from Prescient Securities in 2015, which I established as Long Beach Capital, the removal of performance fees from the Long Beach Capital funds in June 2017, and Rene Van Eck joining me in January of this year.

This milestone also means I have not missed a trading day in 10 years, and thanks to technology, have been able to look after the two funds from a number of countries around the world including Indonesia, Singapore, USA, Spain, France, Portugal, Switzerland, Italy, UAE, India, Sri Lanka, the Maldives and more recently even from a Boeing 777-300 somewhere over Ethiopia.

On another note, some of my investors will know I have a second business where I import and distribute windsurfing gear. In 2011 as I was busy with one of my first orders for sails, Jeff in Maui suggested I send him the payment via PayPal. On using PayPal, I was incredibly impressed with the process, and thought that this was a great business. I went and did some more research into eBay, which at the time owned PayPal, and eBay became one of the fund's early offshore holdings. PayPal was subsequently spun out of eBay into a separate company in 2015, at which point I continued to acquire shares in PayPal for the funds. PayPal has grown into one of the leading digital payments businesses globally and was recently announced as the digital payments partner for Instagram shopping. PayPal is one of our funds' larger holdings and has been a significant contributor to performance.

Thank you again, and I look forward to our investing adventure together over the next ten years.

Yours sincerely

David Hansford

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