Robotti & Company Advisors, LLC
125 Park Avenue, Suite 1607
New York, NY 10017-8501
www.robotti.com

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"Reject absolute answers and recognize uncertainty. Weigh the probabilities. Don't let uncertainty paralyze you. And evaluate decisions not just on the results, but on how they are made."

- Robert E. Rubin[1]

Friends and Members of JEN Capital Partners:

This letter provides a quarterly update on developments at JEN Capital Partners, LLC ("JCP"), a private investment partnership launched on September 1, 2016.

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The Fund's first quarter results were satisfactory, at least in relative terms, but market volatility accelerated after April 2, when the Trump administration first announced its reciprocal tariff policies. Since that moment markets have seesawed almost daily, driven by a whirlwind of rapidly changing social media posts, White House pronouncements, market rumors and media headlines. To say it's been a tumultuous period—impacting both stocks and bonds—might be the understatement of the year. According to Deutsche Bank research,[2] *"This period has seen the S&P 500 post its worst day since the pandemic turmoil of March 2020, as well as its best day since the GFC in 2008. Moreover, the 10yr Treasury yield has just posted its biggest weekly jump since 2001, and the 10yr Treasury-bund spread has just seen its biggest weekly widening in data going back to German reunification in 1990."*

From an investment standpoint, it's wise to remain pragmatic, reserving judgment on whether the policies will turn out to be good or bad until much more is known. I have drawn inspiration from Bob Rubin whose start as Clinton's Treasury secretary roughly coincided with my own start in investment management.

Rubin, a key architect of Clinton's 1993 Deficit Reduction Act and the Balanced Budget Act of 1997, often emphasized throughout his career in the public and private sectors *the only certainty is that there is no certainty*. Whether it was on the arbitrage desk at Goldman Sachs or coordinating a bailout during Mexico's "Tequila Crisis," Rubin approached decision-making with a probabilistic mindset. Every decision, he believed, became a matter of *weighing the odds*. That philosophy has become a cornerstone of my investment principles and feels especially relevant today.

There is much that the business community, consumers and the markets don't know about today's tariffs, but there are a few points relevant to investing and the Fund worth considering:

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[1] Remarks to the University of Pennsylvania 243rd Commencement, Philadelphia, PA 5/17/99.
[2] Deutsche Bank Research, Jim Reid and Henry Allen, April 13, 2025.

- The medium-term impact of tariffs on government, corporate and consumer behavior—and how they might change—remains widely debated. As a result, their long-term impact on corporate profits remains largely unknown.
- What seems more certain is that corporate profitability may be temporarily disrupted—over a relatively short timeframe, say one to two years (a little longer than the average recession)—leading to a modest, short-term decline in intrinsic values.
- While JCP has outperformed most indices year-to-date, individual stocks have performed considerably worse than average. In many cases, the selling has appeared indiscriminate and lacking a clear fundamental basis.
- One known constant is that, in the short term, stock markets tend to overreact to news flow—what Ben Graham referred to as the "voting machine."
- Ultimately, intrinsic value and fundamentals prevail—the "weighing machine"—which should bode well for our holdings.
- Another constant worth remembering: most forecasters are wrong most of the time.
- Historically, markets tend to bottom out before the actual economy does.

From a probabilistic standpoint, public market pricing of JCP's holdings appears to reflect a wide range of outcomes—some pessimistic, others bordering on draconian. Amid this heightened market volatility, I've selectively allocated an additional 3.4% of Fund assets to positions where the market's discount seems excessively punitive. That said, I remain mindful that markets can behave irrationally for prolonged periods. This is clearly not a time to "bet the ranch."

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JCP operates on a relatively simple set of convictions: a conservatively financed, competitively entrenched and well-managed business—one with a long growth runway—has a high likelihood of compounding its intrinsic value over time, as its earnings accumulate and get reinvested. When purchased at a sensible price and held for the long term, ownership in these businesses can generate durable wealth. Today's market dislocations have not shaken that conviction.

As always, I prefer to "drink upstream from the herd," distancing our capital from the vagaries of value-ignorant indexes and social-proofing speculators. I believe the most effective way to safeguard and grow our irreplaceable capital is by selecting idiosyncratic risks, bounded by JCP's risk-averse approach.

JEN Capital Partners

JEN Capital Partners is an investment partnership focused on identifying a limited number of fundamentally sound companies with publicly listed securities whose market prices appear to diverge significantly from intrinsic value, conservatively estimated. The approach is rooted in a "business owner's mindset" used to establish a range of intrinsic values, assess prospects for fundamental changes in business economics, analyze balance sheets and identify management incentives as they relate to the interests of the companies' securities holders.

At its core, JCP seeks to preserve and grow the purchasing power of its investors' capital, on an after-tax basis and without assuming undue investment risks, as measured over the course of a full market cycle, e.g., five plus years. I recognize that the capital entrusted to me – a lifetime of savings – is irreplaceable and I treat it accordingly. Given my significant personal investment, downside protection is a cornerstone of the partnership's philosophy.

Members deserve a high degree of clarity on the portfolio, and you are encouraged to reach out with any thoughts or questions – they are always welcomed. I am interested in connecting with like-minded partners, defined as those whose investment time horizon and views of investment risk match my own. If you or someone you know would like to discuss the portfolio and JCP's approach in more depth, please feel free to contact me by phone (646) 442-6818 or by email jensen@robotti.com.

On a personal note, I want to reiterate my gratitude for your continued support. Asset stability can make or break a small investment partnership, and your unwavering support has been critical in building a long-term investment program.

Very truly yours,

Curtis Jensen

Portfolio Manager | JEN Capital Partners

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