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

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"As this is written, little fear is visible in Wall Street. Instead, euphoria prevails -- and why not? What could be more exhilarating than to participate in a bull market in which the rewards to owners of businesses become gloriously uncoupled from the plodding performances of the businesses themselves. Unfortunately, however, stocks can't outperform businesses indefinitely."

- Warren Buffett, Berkshire Hathaway

Friends and Members of JEN Capital Partners:

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

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The 2.3% decline in JCP's capital account values[1] is disappointing and contrasts sharply with the very strong positive performance of most risk assets, particularly mega-cap U.S. equities. Much of this year's market depreciation, though frustrating, should prove temporary. It's important to remember that stock prices, especially in the short term, fluctuate much more than corporate intrinsic values. On the upside, a large portion of the portfolio remains deeply undervalued at year-end, which appears unsustainable given steady or improving corporate fundamentals. However, negative developments at two holdings and a strong U.S. dollar (discussed further below) accounted for the bulk of this year's diminished performance, outweighing gains in other investments.

The Fund's positive performance through the first three quarters of the year was offset by a 5% decline in value during the fourth quarter, primarily driven by a market sell-off in December, after the Federal Reserve adopted a more hawkish stance and 10-year Treasury yields spiked above 4.5%. For instance, a new investment in Cleveland Cliffs common stock, noted in last quarter's letter, fell 24% during the month. This decline seems disconnected from the company's mid- to long-term prospects and likely reflects short-term factors such as tax-loss selling and market sentiment.

I established JCP with a broad, flexible and contrarian mandate, with a global perspective. At December 31, 2024, 58% of the Fund was allocated outside the U.S., split between Canadian and European listed companies. This allocation reflects both Fund management's ability to identify qualifying opportunities and a desire to diversify away from a consensus herding into large-cap U.S. equities. However, this diversification introduces an added investment risk, primarily in the form of foreign exchange fluctuations. The 8% and 6% declines in the Canadian dollar and Euro, respectively, created a relative headwind to the Fund's returns—as measured against U.S. dollar-based assets—approximating 300

[1] Performance as measured by a "representative investor," i.e., one whose account is subject to full fees and neither contributed nor withdrew capital during the period. Individual member results may vary.

basis points. For example, JCP's largest holding, Canada's Tourmaline Oil, returned a satisfactory 13.3% in local terms, but only 4.4% in U.S. dollar terms. The declines in the Canadian dollar and Euro align with broader weakness across other major currencies,[2] probably reflecting the implications of Trump's heterodox fiscal, monetary and trade policy proposals. *While these currency fluctuations negatively impacted the dollar-based value of the portfolio, they may have a positive effect on the underlying businesses*. For example, the 20-year low in the Canadian dollar likely helps the margins across JCP's Canadian energy companies where expenses in a weakening local currency are matched against strengthening U.S. dollar-based revenues i.e., a natural offset exists.

The Fund largely exited its long-term position in Tidewater Midstream, incurring a permanent capital loss (~ 350 basis points of JCP's year-end 2023 value). While a post-mortem was provided in this year's Q1 letter, reviewing a page from JCP's investor presentation (right, "Avoiding a Permanent Loss of Capital") underscores two key investment risks: first, a leveraged capital structure (#2) almost always "shortens the runway" for a business and second, misplaced confidence in the company's governance allowed for an outsized position (#4), amplifying the loss.

Avoiding a Permanent Loss of Capital

HOW DO YOU LOSE MONEY IN INVESTING?

1. **BUY A BUGGY WHIP BUSINESS** (competition, substitution, obsolescence)
2. **TOO MUCH LEVERAGE** (inappropriate capital structure)
3. **OVERPAY** (exposes downside with stagnant or declining business value)
4. **POSITION SIZE** (overconfidence, poor process)

Another large Fund holding, Atkore Inc. (initiated in Q2 '23), fell more than 40% in 2024 contributing ~ 250 basis points to Fund depreciation after the company issued weak guidance mid-year. While Atkore remains highly cash-generative and well-financed, increased competitive pressure – particularly from imports of electrical steel conduit and new domestic PVC conduit capacity - has negatively impacted pricing. The company's fixed costs have likely climbed, owing to investments in regional service centers, extrusion equipment, personnel and digital infrastructure, further pressuring margins. Several of the company's product lines continue to flourish and should benefit from large, domestic industrial projects and Atkore's shares remain deeply undervalued (~ 8% - 9% free cash flow yield, 10x earnings). The above noted developments, however, challenged my original investment thesis (portending a much wider range of outcomes) and raised questions about management's grasp of rapidly evolving end market conditions. A reduced position size was warranted—irrespective of cheapness or other attractive fundamentals.

It is easy to focus on the Fund's challenges but there were many positive developments worth noting. JCP's gold-related investments performed well both fundamentally and in terms of share appreciation (↑ 33% to 48%). Positive contributions also came from a variety of sectors, including IT Services (CACI), brokerage/asset management (Morgan Stanley), and insurance/reinsurance (Fairfax), with gains reflecting strong fundamentals and constructive outlooks.

At year-end JCP's top ten holdings comprised 56% of the Fund's assets (see page 9). Two larger allocations—not readily apparent from that list but which have some overlap—include an "energy

[2] The U.S. Dollar index (DXY) rose 7.1% in 2024.

basket" (14% of assets) and a "gold basket" (10% of assets). An update on these important pieces of the Fund are provided below.

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Two years ago in the Fund's Q4 '22 letter, some months after Russia invaded Ukraine, I outlined my reasons for allocating approximately 6% of the Fund to Canadian upstream oil and gas companies ("energy basket"). Beyond the acute crisis in energy markets caused by the conflict, my reasoning included (i) discounted valuations, aligned management with records of value creation, and strong fundamentals (e.g., conservative finances and low-cost reserves); (ii) newfound capital discipline among consolidating U.S. shale producers that promised to check non-OPEC+ supply growth; (iii) questions about the sustainability of U.S. shale industry productivity; and (iv) Canada's legal and jurisdictional security.[3] While commodity prices, particularly natural gas, have been weak over the past 12 to 24 months, limiting producer profitability and returns, I have used this period to more than double the Fund's exposure to this sector.

Despite weak conditions, our basket of upstream producers has remained solidly profitable and cash generative, maintaining capital discipline and strong balance sheets. The basket includes four companies each with distinct characteristics e.g., size, asset mix, and capital allocation. For example, Tourmaline emphasizes capital returns via dividends, while Kelt reinvests its earnings for organic growth and pays no dividend. I'm encouraged by the companies' fundamental development and convinced our "owner-operator" management teams will continue creating value, leading to attractive growth in per-share intrinsic values.

As new sources of demand for Canadian oil and gas emerge, the industry's fortunes may be brightening. In May of 2024 the Trans Mountain pipeline expansion, which faced years of opposition from indigenous and environmental groups, began operations, nearly tripling the pipeline's capacity and adding vital access for Canadian crudes to Asian markets. Of more relevance perhaps is the pending start up of LNG Canada, slated for the middle of this year. LNG Canada (Phase I) will give gas producers direct access to premium priced Asian markets, not only diversifying their revenue streams, but presumably dampening seasonal volatility. Smaller LNG projects are currently under consideration while major pipeline operators like Pembina and Keyera continue to evaluate expansions. Canada is also attracting power hungry data center investments driven by advantages like an abundance of land, robust fiber optic connectivity, a relatively cool climate, and a reliable, low-cost and deregulated electricity market.[4]

On several metrics Canada's upstream oil and gas industry compares favorably to U.S. peers with cheaper valuations, lower indebtedness and low-cost, long-life reserves. Canada's natural gas

[3] Pessimism around the sector had been building years before the war, as foreign producers such as Conoco, Shell, Marathon, and Statoil divested billions of dollars of Canadian assets in response to a difficult regulatory environment that effectively stranded much of the country's abundant resources. In more recent times this capital flight spread to institutional capital kowtowing to "green" activism.

[4] According to Visual Capitalist, Canada ranks 5th globally with 336 data centers. A cooler climate can lessen the strain on cooling infrastructure. While it varies by province, Canada generally enjoys low-cost electricity thanks to an abundance of hydroelectric power, renewables such as wind, nuclear and natural gas. Canada is typically a net exporter of electricity to the U.S. Canada's deregulated power market allows power generators to directly negotiate supply deals with private enterprises.

production has lower emissions than the U.S. (half the emissions per unit of energy produced) and over the past decade emissions from flaring have been halved. A potential risk is Trump's proposed tariffs, which could challenge Canadian exports, including oil and gas. However, U.S. policy makers should recognize that Canada comprises 55% to 60% of all U.S. oil imports (closer to 100% in some regions), or about 4.5 MMb/d.[5] Infrastructure constructed over the past 20 years has been retooled specifically to capture the value from Canadian heavy crude oil grades. Finding quality substitutes for Canada's heavy sour crudes that feed U.S. refineries in the Midwest and Gulf Coast would be difficult. Beyond oil and gas, the U.S. and Canada are linked by 450,000 kilometers of pipelines (enough to circle the globe 11 times), a vast interconnected system that does not exist anywhere else. Public comments from U.S. industry groups and even the American Petroleum Institute recognize the importance of Canadian feedstocks and refined product and have warned of the threat that tariffs would pose for U.S. energy security.

As I write, Justin Trudeau has announced his resignation as Canada's prime minister. It would be hard to find a more antagonistic government official for the oil and gas industry than Trudeau. Trudeau's anti-energy policies drove away foreign capital and stymied industry investment. A more conservative agenda in Ottawa may reduce the industry's regulatory burdens, could reverse punitive carbon taxes, and boost confidence in the sector, potentially reigniting foreign capital flows and cross-border M&A activity.

Globally, political realities seem to be reflecting a less quixotic energy transition, one reflecting a more traditional hierarchy of energy needs, with reliability, affordability and geopolitical security outweighing simplistic calls for "net zero." Simply put, the world will likely need more energy, *in all its forms*. If my view is close to correct, our Canadian oil and gas investments should be particularly attractive.

I continue to explore opportunities to selectively expand the Fund's energy basket, including beyond Canada.

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The Fund's "gold basket" was established in Q2 2021, a time when gold prices had sharply declined from previous peaks, and mainstream investors showed little interest. The decision to focus on gold was driven by several considerations, most significantly the preservation of purchasing power. I viewed this as a serious risk, given the unprecedented levels of government fiscal and monetary stimulus during and after the pandemic and the implications for the country's finances. The rationale for owning gold was encapsulated in the Fund's Q3 2022 letter:

"*I see it as serving a dual role within an investment portfolio: part investment (e.g., through ownership of dividend-paying, mining company / royalty equities that meet JCP's investment criteria) and part insurance (against a variety of "tail risks," ranging from geopolitical and social upheaval to the consequences of unprecedented levels of government debt, denominated in fiat currencies). On a long-*

[5] Data from the Energy Information Administration (EIA) showed that U.S. crude oil imports from Canada during the first week of January rose to the highest levels on record.

term, multi-decade, basis, gold's low correlation to major equity indices makes it an unparalleled portfolio diversifier."

Over time, the composition of the gold basket has become more concentrated, with three investments now accounting for 10% of the Fund's assets. These include two dividend-paying mining equities—Agnico Eagle Mines and Alamos Gold—and an exchange-traded receipt issued by Canada's Royal Canadian Mint, which represents a direct beneficial interest in physical gold held by the Mint and is listed on the Toronto Stock Exchange. Both Agnico and Alamos have strong balance sheets, long-life, low-cost reserves, significant organic growth opportunities, and management teams that demonstrate efficient operations and savvy capital allocation. With the majority of their assets based in Canada, they benefit from the added protections of jurisdictional security and political stability.

In 2024, gold delivered its best yearly performance since 2010, rising 27% in dollar terms, spurred by central bank purchases and robust Asian investment demand. The performance also reflects gold's status as a "safe haven" asset amidst rising fiscal deficits and an increasingly unstable geopolitical landscape. Notably, this rise in gold prices occurred alongside a stronger U.S. dollar and higher long-term U.S. yields. Since 2000, gold has compounded at 9.3% annually against the U.S. dollar, with similar appreciation against other major currencies. There is little evidence of "irrational exuberance" among investors, and fiat currencies seem likely to continue losing purchasing power, as they have for decades. While one might expect more modest gains for gold in the near term—no one can predict its price in the next one or two years—the rationale for maintaining the Fund's exposure remains strong and arguably even more compelling today than it was three years ago.

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I view most of JCP's investments as permanent or semi-permanent in nature, allowing time and corporate values to work their compounding magic. However, turnover is sometimes necessary, particularly when a business faces an existential threat or secular change that heightens the probability of a permanent capital loss (e.g., Tidewater). I will also consider selling in cases of gross over-valuation or when a superior investment alternative seems close at hand. One of the bigger decisions during 2024 involved the partial sale of a successful, long-term holding.

After six years of ownership, the Fund's position in Exor, the Agnelli family holding company, has been reduced by half. Exor, which controls Stellantis, Ferrari and CNH Industrial, among a host of other businesses, continues to trade in the market at an almost inexplicable discount to the sum of its constituent parts. Management, led by CEO John Elkann, has done an excellent job, with the company's Net Asset Value ("NAV") compounding at over 14% annually during the past five years. My decision was driven, in part, because the "facts on the ground" had changed, specifically around the company's largest holdings, which comprise more than 65% of the company's value.

Stellantis, which produces brands including Jeep, Dodge and Ram Trucks, as well as Fiat, Alfa Romeo, Maserati, and Peugeot automobiles, faced significant challenges in 2024, angering both its U.S. labor unions and dealerships. The company's U.S. market share declined markedly in the last few years. In Europe, where Stellantis has an 18% market share (EU29) and which accounts for 35% of revenues, it –

and the whole industry - face daunting, long-term challenges. While the European auto industry has muddled through its chronic overcapacity, stringent environmental policies and a thicket of regulations have converged with a wave of Chinese electric vehicle competition, decimating industry margins. The company's highly regarded CEO, Carlos Tavares, was ousted by the board in December. *A very tough business looks set to be even tougher in the years ahead.*

In contrast, Ferrari, Exor's largest holding (~ 45% of Exor's NAV) presents an entirely different issue. Ferrari's unique business model, predicated on "selling one less car than the market demands,"[6] has produced stunning financial results:

(€ MM's)	2018	2024E	6 Yr CAGR
Revenue	€3,420	€6,618	12%
Oper. Income	€823	€1,865	15%
Margin	24%	24%	
Ave. Selling Price*	$265K	$550K	13%
Return on Assets	12%	17%	

*Sources: Cap IQ, * CarGurus Ferrari 488.*

Over the decades, the company has built a radically distinct brand based on performance and privilege. Few companies in history have done as well at "telling the customer no" and creating more demand by raising prices. Thus, Ferrari can't be viewed simply as a car manufacturer; its products are scarce collectibles, collectibles that vault their owners into a very exclusive, uber-luxury club. While there is no disputing the company's outstanding results, its valuation has soared, a beneficiary of considerable multiple expansion (table below). Ferrari's rich valuation raises questions about its prospective returns. Given Ferrari's importance to Exor's NAV, Exor's compounding potential is tightly linked with Ferrari's returns. *Commercially it seems likely that Ferrari will continue to flourish – but its lofty valuation already seems to discount a very prosperous future*.

Ferrari N.V.	2018	2024E
EV / Revenue	6x	11x
EV / EBIT	25x	38x
Price / Cash Flow	22x	34x

Source: Cap IQ average values; EV is Enterprise Value

CNHI, which manufactures agricultural and construction equipment under the Case, New Holland and other brands, has faced challenges as well with relatively new CEO, Scott Wine, announcing his departure early in 2024. His departure coincides with a time of technological change e.g., precision agricultural and autonomous systems and a cyclical downturn in the agricultural segment. While there appears to be substantial room for further margin improvement, progress thus far has been maddeningly slow.

[6] Founder Enzo Ferrari

Exor's widening price to value gap may reflect these dynamics. While management cannot control the share price, there are steps that might lift per share economic value. For example, Exor could sell a portion of its richly valued Ferrari shares and use the proceeds to buy back its own relatively undervalued stock. While mathematically sound, such a move could be viewed by management as short-term and radical – at odds with the Agnelli family's multi-decade history with Ferrari. Regardless, I believe Elkann's team will, as their mission statement says, "continue to build great companies." Considering the investment risks and the alternatives for JCP's capital, I have retained a reduced position in the company. Proceeds from the sale of Exor shares were directed primarily toward purchases of diversified holding company Bolloré SE, a summary of which was produced in last quarter's letter.

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Buffett's observation from the 1986 Berkshire Hathaway annual report, quoted at the beginning of this letter and published just months before the 1987 stock market crash, could easily describe the stock market in 2024. As in 2023, a small group of mega-cap stocks, the "Mag 7," has propelled a concentrated and richly valued market to new highs. There is clear evidence of speculative behavior among the public: get-rich-quick schemes such as leveraged single stock ETFs, Zero Days Options (0DTE), and U.S. Derivatives-based ETFs have exploded in number and trading volumes.[7] U.S. investors remain highly bullish, with future expectations surpassing those seen in 2000. In recent months, overseas investors have followed suit, pouring record sums into U.S. equities.

In contrast, with the advantage of a long-term investment time horizon, JCP places a strong emphasis on the permanence and durability of its underlying businesses**. Its choice of long-term ownership interests in publicly listed businesses is predicated on the idea that, over time, profitable and durable businesses—led by properly incentivized executives—represent the best way to safeguard and grow one's hard-earned savings.** Despite this year's results, I remain optimistic about JCP's risk-averse, value-conscious approach—an approach grounded in a "business owner's mindset" that embraces rationality, patience, and fundamental analysis.

At December 31, 2024, the Fund's AUM totaled $22.8 million versus $23.2 million at year-end 2023.

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[7] Within days of its launch, the official Trump memecoin—a digital asset tradable 24x7—rocketed to a staggering $75 billion in value! Source: www.coingecko.com

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.

Wishing you good health and prosperity in the year ahead!

Very truly yours,

Curtis Jensen

Portfolio Manager | JEN Capital Partners

Top Ten Equity Holdings

At December 31, 2024, the JCP portfolio comprised 29 individual common stocks.[8] The Fund's top ten equity holdings accounted for 55.6% of its assets. Cash and US Treasuries accounted for 11.9%.

Company – Position Size	Description
Tourmaline Oil – 8.1%	Largest natural gas producer in Canada (4th in North America) with large captive midstream operations and growing liquids production. Diversified customers. Long-life, low-cost inventory. 25% discount to NAV. Founder/CEO Rose owns $750MM of stock.
CACI International – 6.4%	IT services company primarily serving US government DoD. Long-term contract business with scarce technical competencies: 70% of employees with security clearances. Technology focused acquisitions improving margins and returns, complimented by large, opportunistic share repurchases. 6% FCF yield.
Ackermans & van Haaren – 6.3%	Cash rich Belgian-based holding company with interests in private banking, marine services, infrastructure, real estate, and venture capital. 15% - 20% discount to NAV. Ackermans family-controlled trust, Belfimas, owns $2.1 billion.
Fairfax Financial – 6.1%	Diversified global P&C insurance/reinsurance firm. Enjoys low-cost insurance "float" supporting portfolio of multinational investments. 1.2x book value, 10x EPS. Chairman/ Founder Watsa owns ~ $2.9 billion.
CGI Inc. – 6.0%	Leading IT services and consulting firm enjoys multi-year contracts and long-term client relationships. Acquisitive and highly cash generative business model benefiting from customer focus on IT integrity and digital transitions. Consistent share repurchases. Strong ownership culture among employees; 6% FCF Yield. Chairman/Co-Founder Godin owns $2.6 billion.
Bolloré SE – 5.5%	Cash-rich, diversified holding company with interests in listed companies Universal Music, Havas (advertising), Canal+ (media), Lagardère (publishing and travel retail) as well as other public and private assets. Trades at 50%+ discount to NAV. Bollore controlled entities own ~ $12 billion.
U-Haul Holding – 4.8%	Holding company of U-Haul International, North America's largest provider of DIY moving and storage services. Unrivalled network built over 70 years. Growing, cash generative business model led by owner-operator CEO reinvesting in the business. Shoen family and employees own $6.2 billion.
Atkore Inc. – 4.6%	Cash generative and well-financed manufacturer of branded electrical products. Enjoys high return organic and external growth opportunities. Has reduced share count 40% since 2017. 10x F '25 earnings.
Alamos Gold – 3.9%	Intermediate gold producer with mines in Canada and Mexico. Credible organic growth plans with declining costs and high quality, low-cost reserves.
Exor N.V. – 3.8%	Agnelli family holding company with industrial, luxury and financial assets. Investment grade, permanent capital vehicle led by judicious capital allocator trading at 45% + discount to SOTP. Key assets include Ferrari, Stellantis, CNH and Philips. Agnelli family trust owns $11.8 billion.

[8] The total includes four companies within the Canadian Energy Basket and three in JCP's Gold Basket.

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