February 2022

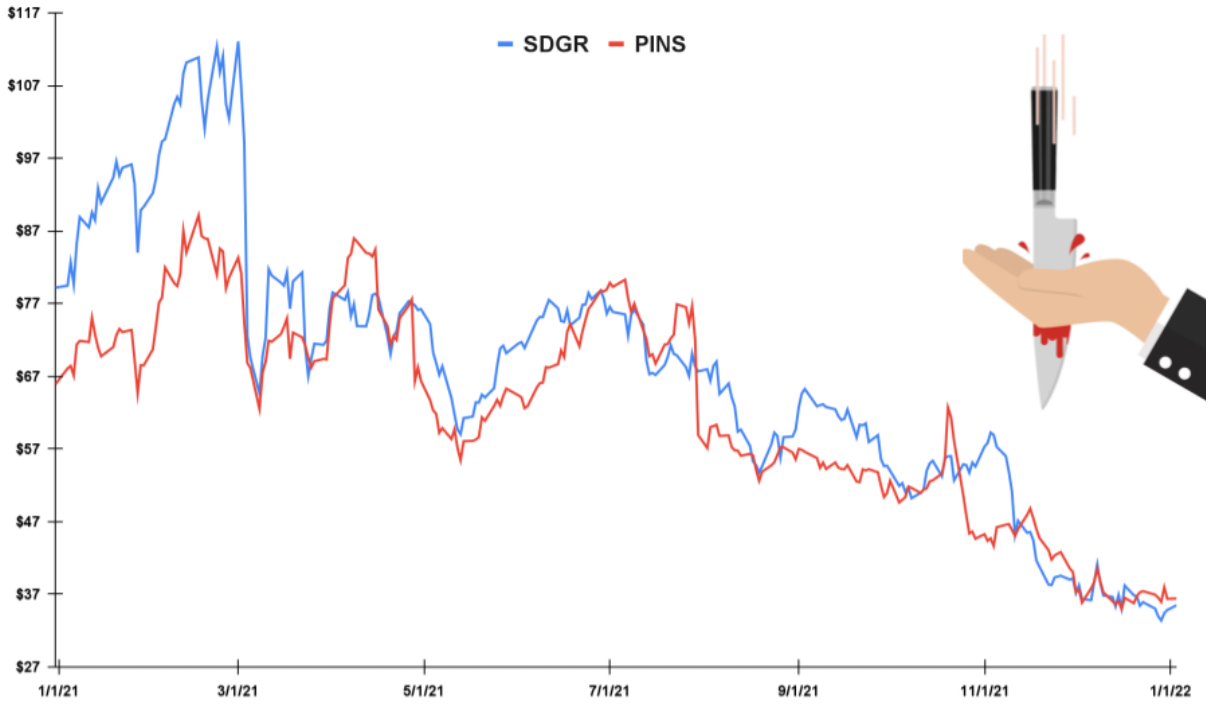
Dear Partners:

In the eight years since the Fund's inception, the portfolio has finished the year in negative territory only twice. Unfortunately, 2021 was one of those years:

	1H 2021	Q3 2021	Q4 2021	FY 2021	Since Inception (5/1/14)
Fund:[1]	20.71%	(26.09%)	1.76%	(9.21%)	141.52%
S&P 500 TR:	15.25%	0.58%	11.03%	28.71%	193.69%

As it turned out, the two subjects of our previous year-end letter, Pinterest (PINS) and Schrödinger (SDGR), proved to be the portfolio's most potent headwinds in the second-half of 2021. If you'll recall, I readily acknowledged that the valuations of neither company were particularly compelling back then . . . but contended that given the "positive, plausible, and substantial" direction of these "pricey princelings," it "made little sense to trade our greatest asset - a long-term perspective - for the short-term safeguarding of present gains."

Whereas I advocated embracing a "white-knuckle" mentality to maintain our positions, both companies required something more akin to a "bloody-knuckle" mentality in 2021:



We weren't buyers at the top ticks of course, but we weren't sellers either. By the time PINS and SDGR

[1] All performance numbers are presented *before* allocation to the General Partner.

finally limped across the finish line, they did so a whopping ~60% and ~70% *below* their respective highs in 2021. With a spanking of that magnitude, two questions come to mind:

- What happened?
- What did we do?

With inflation on the rise, and interest rates expected to follow, future cash flows are mathematically less compelling. Since the future cash flows of growth companies are generally uncertain and/or distant, and since many growth valuations were plenty stretched already . . . the changing macro environment has certainly been an unforgiving driver of the market's ongoing distaste for growth companies of all kinds.

But if we narrow our focus a bit, from the macro level to the company level, it becomes clear that deteriorating narratives further exacerbated the pain for several of our portfolio companies. As a case in point, PINS' narrative is particularly illustrative:

From a company that could do <u>no wrong</u>:

- A tech company, 😁
- Future growth looks promising, 😁
- A beneficiary of the world's new normal during covid, 😁 and
- Catalysts galore (e.g., international expansion😁 , future products 😁 , growing monetization 😁 , etc.)

➔

To a company that can do <u>no right</u>:

- A tech company, 😩
- Future growth now doubted, 😩
- A so-called "covid-play," 😩 when *all* the cool kids now favor "reopening plays," and
- Potential positive catalysts . . . well, who can be bothered? 🥱

As bears will eagerly note, PINS' narrative deterioration was not entirely unwarranted. Of notable concern, is the recent decline in monthly active users (a.k.a., "MAUs") from their Covid-period highs. PINS' user decline is problematic for all the obvious reasons, but doubly so since ~26% of that decline occurred among their most profitable US-based users. Without a doubt, PINS needs to stabilize their MAUs . . . and do so pronto.

Even so, to my mind at least, all the hyperventilating about declining MAUs seems understandable, though myopic. A sort of "baby with the bathwater" brand of shortsightedness - more emblematic of the current skittishness of the market than the actual company itself. After all, the primary driver of any bullish scenario is likely to be less about finding millions of new users, and much more about growing the monetization of the ~431 million users PINS *already* has.

To that end, PINS' ongoing success on the monetization front is both laudable, and at odds with the prevailing sky is falling narrative:

Average Revenue Per User	**2020**	**2021**	**Δ**
US:	$15.34	$21.98	*43%*
Global:	$4.26	$5.79	*36%*
International:	$0.88	$1.59	*80%*

To be sure, it's normal - prudent even - to look at the sizable price declines experienced by both PINS and SDGR, and wonder: might the market know something we don't, might price be signal?

But, to the extent we want the market to *serve* us rather than *guide* us . . . it's critical to remain mindful that the underlying value of our companies is a more subdued affair than suggested by the rapid fluctuations of publicly traded share prices. And, irrespective of current hysterics (whether macro or MAU-related), both PINS and SDGR:

- Are at the earlier stages of what should be substantial - and durable - growth trajectories,
- Enjoy formidable (*and* widening) competitive positions, and
- Maintain impeccable balance sheets with net cash.

That's not to say their valuations didn't get ahead of themselves, they did. Nor does it mean all is perfect at both companies - it isn't, and rarely is. But whenever the long-term "whys" remain substantively intact, short-term price volatility should be welcomed, rather than avoided.

Catching knives is never pleasant, and PINS and SDGR have certainly been no exception! Nonetheless, as our "pricey princelings" became *relentlessly* less pricey with seemingly every day, catch we did.

Shifting gears a bit . . . according to many futurists, a so-called "convergence" of technologies/capabilities portends a new era for the automotive industry. With GM a top five position at year-end, the Fund now has a horse in the race. For those of you who prefer your dessert before your veggies, here are the cliffnotes for the long-ish write-up that follows:

While fundamental to the automotive industry's century-old business model, vehicle ownership is terribly wasteful and bonkers expensive.

⬇

Better *and* cheaper, as usual, will be the ultimate catalysts for change.

⬇

Think economic pragmatism, rather than environmental idealism; less about what type of electric vehicle you might own in the future, more about rethinking the need - and desirability - to own a vehicle in the first place.

⬇

Because better and cheaper will require flawless integration of electric and autonomous technologies . . . the primary beneficiaries must have the resources and experience to combine substantial software and hardware capabilities with demonstrated operational and manufacturing capacities.

⬇

GM appears to be enviably positioned on all fronts, but especially so via their Cruise subsidiary.

♫♫♫

"We love baseball,
hot dogs,
apple pie, and
Chevrolet!"[2]

♫♫♫

Few inventions have been more transformative for mankind's freedom of mobility than the motor vehicle. That's true globally of course,[3] but is especially apparent in the growing number of vehicle registrations in the United States:

from just 8,000 in 1900, to more than 270 million nowadays.

Thanks to all those extra cars parked in your neighbor's driveway, the U.S. now boasts more registered vehicles than adults of legal age to operate them. And, that's hardly the most staggering statistic. As detailed in the excellent book *Autonomy*,[4] the U.S. "fleet:"

- Is driven by ~212 million licensed drivers,
- Travels an astounding ~3.2 trillion miles annually (an annual increase of ~50% since 1990),
- Consumes more than 180 billion gallons of fuel along the way,
- Accounts for ~⅛ of the greenhouse gases created in the US, and
- Sits unused ~95% of the time.

To accommodate all those vehicles, the U.S. has built a seemingly endless expanse of highways, byways, ~2 billion parking spaces,[5] and various other forms of vehicle-related infrastructure. Collectively, this extensive network of concrete/asphalt has facilitated the country's "freedom of mobility," but has also:

- Encouraged the sort of urban sprawl that is now endemic across the U.S.,
- Minimized the desire (*and* urgency) of American cities to meaningfully invest in public transportation, and
- Solidified the vehicle's value proposition.

In fact, for a substantial segment of the American population, that last point - the solidification of the vehicle's value proposition - is particularly salient. Included in that segment are the millions of Americans living in cities where public transportation is inconvenient, impractical, or simply nonexistent. And the millions more who can't afford to - or don't want to - live near their source of employment. For such Americans - surely numbering in the tens of millions - reliable mobility is often more of a *near-necessity* than any sort of actual luxury.

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[2] 1970s Chevrolet TV Commercial

[3] Although the U.S. accounts for ~19% of the estimated 1.4 billion motor vehicles currently roaming the world's streets . . . I've tried to narrow the scope a bit by maintaining a relatively U.S.-centric focus throughout.

[4] *Autonomy: The Quest to Build the Driverless Car*

[5] Bloomberg: Why Parking Lots Are Not Full, Even On Black Friday

To address that "necessity," the automotive industry has offered the same "take it, or leave it" proposition for more than a century now:

Want full freedom of mobility? Buy a vehicle. Otherwise, wait for the bus.

It's a bitter pill by any measure, and an expensive one to boot:

AAA - Your Driving Costs[6]	**Small Sedan**	**½ Ton / Crew Pickup (4WD)**
Operating Costs: (i.e., gas & maintenance for 15,000 miles)	$2,331 ~31%	$3,603 ~32%
Ownership Costs: (i.e., insurance, license, registration, depreciation, financing, etc.)	$5,185 ~69%	$7,705 ~68%
Total Cost Per Year:	**$7,516**	**$11,308**
Total Cost Per Mile:	$0.5010	$0.7539

While the above stats are admittedly U.S.-centric, and skewed accordingly, the dynamics are nonetheless directionally accurate (albeit to varying degrees) across the ~1.4 billion vehicles currently roaming the globe.[7] Namely:

our vehicles are laughably underutilized and appallingly expensive!

Rather than address the ugly realities inherent in the world's expensive - and depreciating - hunks of metal, automakers are newly eager to tout the electric motors they will soon come with.

Electric Vehicles (EVs)

Nearly a century after Henry Ford first flirted with electrifying Ford vehicles, Ford's newish CEO gushingly revealed the upcoming F-150 Lightning Truck:

". . . it hauls ass and tows like a beast.
Metaphorically, it might as well have a Superman cape & a Captain America shield . . ."[8]

Not to pick on the Lightning - it's "competitively priced," bulging with doodads and functionalities,[9] and looks like a fine - all electric - truck. For beleaguered Prius owners, the Lightning will surely disabuse any presumptions that you're the Uber everyone has been waiting around for!

But on a more serious note . . . the Lightning, like every other EV touted by the entire industry, is little more than an overdue evolution of an existing vehicle. Worse yet, despite the very real innovation required to produce EVs at scale, there hasn't been much "evolution" on the pricing of these shiny new

[6] AAA: Your Driving Cost Brochure (2020). Assumptions: vehicles = 2020 models, mileage driven = 15,000 miles.
[7] Wikipedia: Motor Vehicle
[8] Ford F-150 Lightning Live Reveal
[9] Foremost among those functionalities, is the Lightning's ability to function as a backup generator for your home.

EVs, nor the need to buy one in the first place. As such, any resulting fuel and maintenance savings will still be vastly overshadowed by the much larger (~2x) expenses associated with the need to own an EV in the first place.

Therein lies the big reveal: EVs are less about the needs of consumers, and more - much more - about the needs of the automotive industry. And make no mistake, their needs are substantial:

- Acquiesce to changing environmental regulations,
- Appeal to shifting consumer sentiment, and
- Preserve the industry's foundation of widespread vehicle ownership.

With autonomous driving technologies increasingly looking more like science *fact* than science *fiction*, it's a real bummer the Lightning's "cape and shield" are merely metaphorical! All things considered, a superpower (or two!) just might be the only viable means for the industry to preserve business as usual.

Autonomous Vehicles (AVs)

Although even George Jetson had to do his own driving, self-driving cars are hardly a new idea. Even so, as described in *Driven*:[10]

> "[Early efforts] were limited in scope to the easiest part of the driving problem, cruising on the highway. With the cars pointing in the same direction, all you needed was a way to keep them in their lanes and away from one another. Given the right mix of infrastructure and in-car tech, the problem seemed tractable, if hard to implement at a national scale. No one seriously considered making a car that could negotiate a more complex environment, with intersections, traffic signals, and pedestrians."

No one, that was, until the director of DARPA[11] decided to do just that by funding three different "Grand Challenges" in the early 2000s. Since all of the details/drama of these contests are amply covered in various books,[12] we'll make do with the highlights here:

2004	Mojave desert-based challenge	0 vehicles completed the course.
2005	Mojave desert-based challenge	5 vehicles completed the course. ● 1st place = Stanford team (sponsored by Volkswagen)
2007	The "Urban Challenge" required autonomous vehicles to obey traffic laws and navigate a more urban-like driving experience.	6 vehicles completed the course. ● 1st place = Carnegie Mellon team (sponsored by GM)

[10] *Driven: The Race to Create the Autonomous Car*
[11] DARPA = Defense Advanced Research Projects Agency, a research organization within the U.S. Dept. of Defense
[12] Two recommended books would be: *Autonomy - The Quest to Build the Driverless Car*, and *Driven - The Race to Create the Autonomous Car*

It's hardly hyperbole to say that these DARPA challenges not only focused the smarts of a new generation of technologists, but in so doing, also jumpstarted the current push for autonomous technologies. With tremendous *demonstrated* progress made in years - not decades - AVs suddenly looked like a very real possibility.

But it wasn't all good news - for one, the timing couldn't have been worse for the automotive industry. As the financial crisis spread from Wall Street to Main Street, U.S. vehicle sales plummeted from ~16.5 million in 2007, to just ~10.6 million in 2009.[13] With the automotive industry suddenly focused on survival, investing in autonomous technology no longer seemed urgent nor prudent.

A world away from the problems then besetting the automotive industry, Google's deep pockets and big thinking provided welcomed shelter for the technology and many of its earliest pioneers. At Google, autonomous technology came of age - not only did the early Google team map the world (i.e., Google Maps), they also feverishly worked to accomplish a variety of autonomous related milestones set by Google's two founders.

The net result: when the Google team finally revealed their progress to the world, the results - though early - were too impressive to be ignored. Since then however, progress has been neither easy nor fast - a reality succinctly captured in a recent New York Times article:[14]

> "The wizards of Silicon Valley said people would be commuting to work in self-driving cars by now. Instead, there have been court fights, injuries and deaths, and tens of billions of dollars spent on a frustratingly fickle technology . . . So what went wrong? Some researchers would say nothing - that's how science works. You can't entirely predict what will happen in an experiment. The self-driving car project just happened to be one of the most hyped technology experiments of this century . . ."

Despite the understandable frustrations, I'm convinced the technology's potential is likely more *under*- than overhyped. Because computers don't need to sleep, drink, or send selfies . . . AVs are hardly just technology for technology's sake. Instead, autonomous technology - when ready - promises significant improvements in:

- Safety: With human error to blame for more than ~90% of crashes - killing ~40,000 Americans annually - the potential for safer transportation is considerable.[15]
- Convenience: With the average worker spending nearly an hour each day on their commute, autonomous technology should be a convenient means of recapturing some of that time.[16]

[13] https://fred.stlouisfed.org/series/TOTALSA#0
[14] 5.24.2021 NYT: The Costly Pursuit of Self-Driving Cars Continues On. And On. And On.
[15] *Driven: The Race To Create the Autonomous Car*
[16] *Driven: The Race To Create the Autonomous Car*

- Utilization: With our vehicles currently sitting unused ~95% of the time, autonomous technology should increase vehicle utilization severalfold.

As I see things, beyond the prospective improvements in safety and convenience, it's the technology's potential to substantially increase vehicle utilization that is likely to be particularly consequential for the future of mobility. Said differently:

> the most exciting thing about autonomous technology isn't that we won't need to drive our vehicles anymore, **it's that we won't need to own them in the first place**.

With that in mind, large fleet operators - *not* individual vehicle owners - will be best positioned to unlock the economies of scale necessary to capture the full economic benefits of increased utilization. Here's how Uber's co-founder, Travis Kalanick,[17] articulated the potential (emphases mine):[18]

> "[W]hen there's no other dude in the car, the cost of taking an Uber anywhere becomes cheaper than owning a vehicle. Even if you want to go on a road trip, it would just be cheaper. And so the magic there is that you basically bring the cost down below the cost of ownership. For *everybody*. **And then car ownership goes away**."

Ruh-roh!

For an industry long reliant on both the necessity and desirability of vehicle ownership, the mere possibility that widespread car ownership might just go "away" is tantamount to a first alarm fire if there ever was one. The sort of big transformation that will surely require the automotive industry to redefine success itself:

> *less* about selling lots of vehicles to lots of people,
> *more* about driving those people lots of miles.

For those who adapt successfully, this transformation promises to be a whopper of an opportunity. For everyone else, likely obsolescence.

Which begs the question, who looks best positioned to adapt?

On the surface at least . . . Google's Waymo seems like an obvious frontrunner. Largely considered to be a leader in the technology itself, they've focused on their software strengths while doggedly outsourcing everything else. Waymo's desire to keep their keyboards clean is understandable, but likely short-sighted. As things stand today, Waymo's offering appears woefully partnership dependent. Chrysler manufactures their vehicles. Avis manages the fleet. AutoNation services the fleet. And Waymo's head start? Likely squandered, with the competitive gap looking smaller with each passing day.

[17] As sagas go, Uber's experimentation with autonomous technology was a real doozie! So much so that Uber has since sold their autonomous vehicle division. And perhaps even more revealing, Kalanick left the board and sold every last one of his Uber shares.
[18] *Autonomy: The Quest To Build The Driverless Car*

To be sure, partnering with everyone under the sun is simply easier/quicker/cheaper than the investment (in time and capital) required to build an integrated solution. While that reality likely explains the rarity of integrated solutions, it does little to change the reality that self-driving vehicles *must* sit at the intersection of both software *and* hardware. As such, our portfolio is betting on a company that has embraced the need for a vertically integrated solution, and more importantly, has spent the last several years methodically working to make it a reality.

That company is none other than General Motors.

General Motors (GM)

Despite my enthusiasm for GM's competitive positioning in the years to come, it's the decidedly unsexy legacy operations that keep GM's cash registers ringing in the here and now. On that front, investor enthusiasm for the current manufacturing - and financing - of internal combustion engines remains pretty muted by most measures. And understandably so:

- GM's operations are capital intensive,
- GM's marketplace is highly competitive (and with excess capacity to boot),
- GM's supply chain is super complex (e.g., semi shortage, tariffs, etc),
- GM's labor force is (very) unionized,
- GM's liabilities are aplenty and long-dated (e.g., warranties, recalls, lawsuits, etc),
- GM's operations have ample - and unavoidable - commodity exposure (in both raw materials & the resulting impact on product demand/mix), and
- There's no shortage of debt to consider.[19]

Although that hardly represents a comprehensive accounting of the risks that crowd GM's disclosures, it's more than sufficient to obscure the *many* positives to be found under GM's hood. Of particular note is GM's strong showing across seemingly every facet of the changes looming over the broader automotive industry:

- **Internal Combustion Engines (ICE):** If you think all the talk about electric and/or autonomous vehicles is either total hogwash or still decades into the future . . . GM's legacy business has you covered. For as long as consumers continue to demand ICE powered vehicles, GM will capably meet said demand. In fact, despite the many headwinds faced by the entire automotive industry in 2021, GM *still* capably sold ~6.3 million vehicles, and generated ~$113.6 billion of automotive-related revenues.

- **Electric Vehicles (EVs):** If you believe that the net result of the coming transformation is 1) a switch from hydrocarbons to electrons, 2) *without* any meaningful deterioration in global vehicle demand (in units) . . . GM is once again favorably positioned to leverage its Ultium battery

[19] Yes, the bulk of GM's total debt is related to GM Financial, and the bulk of GM Financial's debt is collateralized. Better yet, some of GM Financial's debt is ring-fenced (via VIEs). Even so, there is no shortage of liabilities that warrant consideration here.

technology, impressive scale, and considerable manufacturing chops towards everything involved in achieving the company's stated goal of adding 30+ EVs to their vehicle portfolio by 2025.

- **Transportation as a Service (TaaS):** If you think it's obvious that 1) the future of transportation will be both electric *and* autonomous, and 2) that the resulting "convergence" of those technologies will nullify the long-standing necessity of vehicle ownership . . . GM - via their acquired Cruise segment - appears to be shockingly well positioned.

Given the mountain of uncertainties that the automotive industry must navigate in the coming years, GM's adaptability/flexibility is both advantageous, and simply without comparison among its peers. No where is that competitive distinction more apparent than with respect to their Cruise subsidiary - the primary driver of my bullishness for GM's future.

Cruise

In contrast to the speed dating and partnerships galore that has dominated the autonomous plans of its peers, GM's plan of attack has been unique in at least two notable respects. Not only did GM *not* partner with any of the new companies started by the original DARPA participants, GM didn't actually partner with *anyone* at all.

Instead, GM paid handsomely to *acquire* a relatively unknown startup. Although a mere three years old at the time of acquisition, Cruise's ~40 employees had *already* wisely abandoned their initial efforts to sell self-driving kits - presciently concluding that:

a full software-hardware integration would be paramount.

While access to GM's financial might has certainly helped to fund Cruise's efforts, the acquisition's real differentiator was the access it granted to GM's formidable manufacturing and logistical capabilities. Accordingly, under GM's wings, Cruise was able to iterate concurrently on both the technology *and* the vehicles to deploy it on. To further leverage that unique advantage, and in sharp contrast to the sanitized testing grounds preferred by its competitors, Cruise accelerated their learning curve by deploying their vehicles to roam the very busy/complicated streets of San Francisco.

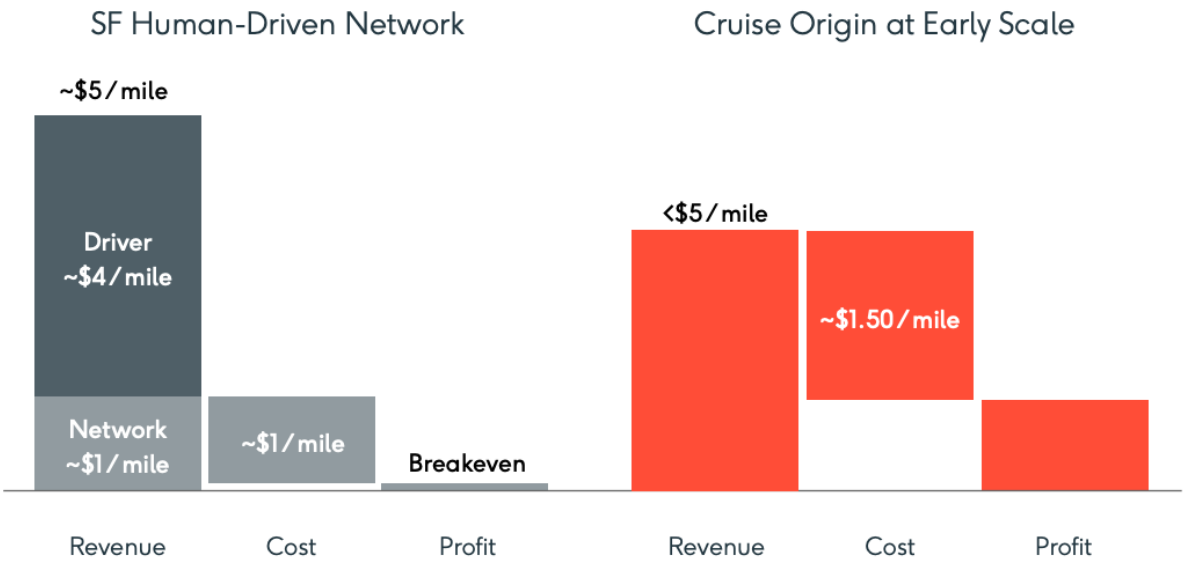
By just about every measure, the Cruise acquisition was a bold belt. Whereas most of GM's peers continue to eagerly frame autonomy as a premium feature, an upsell of sorts, that will be added to vehicles of the future, Cruise has *always* -and unabashedly - been a bet on TaaS.

In fact, despite the widely held view that a TaaS-like future - where vehicles are something we use rather than own - is likely to transform (possibly even decimate) the entire existing automotive ecosystem . . . GM is still the *only* major automaker that has committed to build a TaaS-specific vehicle *in volume*.

The Cruise "Origin" is that vehicle - a boxy-looking, fully autonomous vehicle, purpose-built for a future

where TaaS is the prevailing norm. Rather than the sense of adventurism, romanticism, and/or status that the automotive industry has historically relied on to market their otherwise expensive hunks of metal, the squat Origin is quite the contrast - seemingly custom designed to embody Cruise's broader mission: **better transportation at lower cost.**

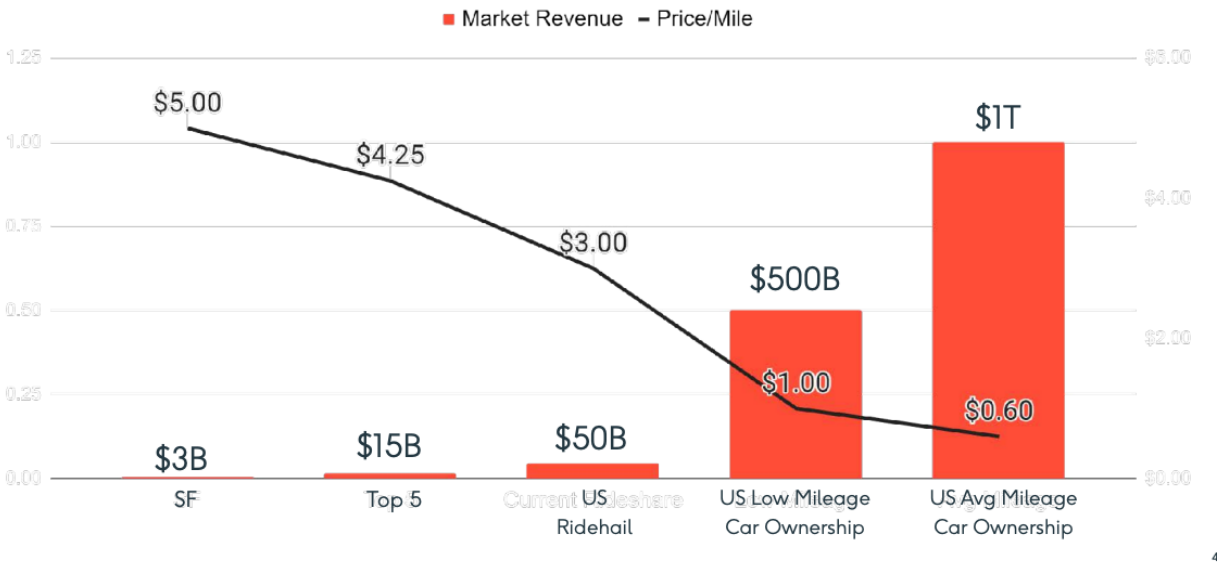
On the cost front, compared to vehicles that have been retrofitted with autonomous technologies, the Origin is expected to begin life with a per-mile cost *advantage* of more than 60%. And, as the below graphic makes clear, without the need to compensate human drivers, the Origin will enjoy at least one other significant cost advantage vis-à-vis its ridehail peers:[20]



As is always the case with *all* new technologies, widespread adoption will both depend upon, and help facilitate, a significant reduction of the technology's cost curve. On that front, because every aspect of the Origin has been vertically integrated under just one roof, GM/Cruise are uniquely positioned to materially widen their cost advantage in the years to come, and reap the benefits of doing so.

Although it certainly won't happen overnight . . . there is little doubt that the costs of autonomous offerings will eventually fall below - probably far below - today's considerable costs of vehicle ownership. And, as those costs begin their years-long descent, the resulting "total addressable market," as calculated by GM, becomes almost laughably large:[21]

[20] 10.2021: GM Analyst/Investor Day
[21] 10.2021: GM Analyst/Investor Day



Since increased scale is likely to be an important driver in reducing the technology's costs in the years to come . . . the Origin officially left the prototype stage when the first-batch went into pre-production in June of 2021. Looking forward, GM is now guiding for full(er) production to begin sometime in early 2023, and scale rapidly in the years thereafter. Some delays are probably inevitable, but scaling should play to GM's strengths. With that in mind, here's how GM describes the expected quick scale up:[22]

> "In [2023], we'll be building [Origins] measured in thousands. In 2024, we'll be thinking about things measured in tens of thousands, and it can ramp-up pretty quickly to hundreds of thousands from there."

In the meantime, Cruise is hardly idling in neutral:

- **9/2021:** California's DMV granted both Google's Waymo and Cruise a "DMV Driverless Deployment (paid)" permit. While Cruise was approved to give rides in its AVs without a safety driver, Waymo is only allowed to deploy its AVs with a human monitor behind the wheel.[23]

- **11/2021:** Cruise's Co-Founder and CTO, Kyle Vogt, became the first passenger of the very first fully autonomous taxi to (legally) drive the streets of San Francisco.[24] In recognition of this milestone, and as obligated by their initial investment, the Softbank Vision Fund increased their Cruise investment by an additional $1.35 billion.

- **2/2022:** While Cruise is still waiting for California's bureaucrats to grant the final permit needed

[22] 2021 GM Analyst/Investor Day
[23] TechCrunch - "Cruise, Waymo Get OK To Launch RoboTaxi Service In SF:" Cruise received permission "to use its fleet of autonomous Chevy Bolt-based vehicles for commercial services on public surface streets within certain parts of SF between 10 p.m. and 6 a.m., at a maximum speed of 30 mph. Waymo can use its fleet of light-duty AVs within parts of SF & San Mateo counties, on public roads with a speed limit of up to 65 mph, with no apparent time restrictions. Both [companies] can operate in rain and light fog."
[24] The milestone was dutifully documented on both Twitter and YouTube.

to *charge* for autonomous taxi services,[25] Cruise has nonetheless announced that members of the public can now sign up for its autonomous taxi service, and ride for free.[26]

Just days before Cruise invited members of the public to start hailing driverless rides, GM's CEO hailed a ride of her own. In the ~3 minute video posted to YouTube, Ms. Barra and other GM executives appear almost giddy as Cruise's technology safely navigates the nighttime streets of San Francisco. As Ms. Barra says in the video:[27]

". . . I can't stop smiling . . . it's like a highlight of my career because we know what this technology can do . . ."

Realizing Cruise's full potential will undoubtedly come at the expense of existing segments of the current automotive ecosystem. As a considerable participant/beneficiary of that very ecosystem . . . GM will not only have to resist the urge to protect its legacy operations by throttling Cruise's progress, but also defly minimize any resulting financial carnage along the way.

The transition is unlikely to be easy or comfortable . . . but GM's unique positioning warrants much more optimism than is currently evident in its anemic stock price. Now that Ms. Barra "[knows] what the technology can do," the only remaining unknown is if GM's management will stay out of Cruise's way, and do so with the gusto a new technology demands.

In Closing

May 1st marked the seven-year anniversary of the Fund. To each of you who have supported me over the years, a sincere thanks for your continued trust and encouragement along the way.

As always, please feel free to email or call with any questions or concerns.

"I know worrying works, because none of the stuff I worried about ever happened."
Will Rogers

[25] The California Public Utilities Commission is the gatekeeper for the final permit that Cruise needs to charge for its autonomous taxi rides.
[26] Cruise: "Welcome, Riders"
[27] YouTube: GM CEO Mary Barra Takes Her First Driverless Ride

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