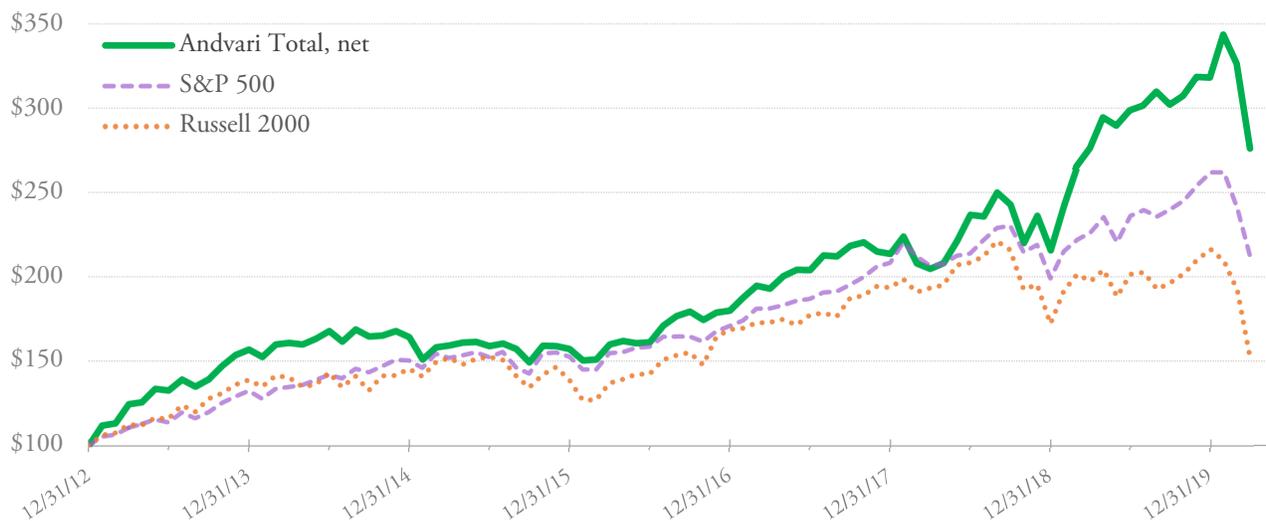


Dear Friends,

For the first quarter of 2020, Andvari was down 13.2% net of fees while the S&P 500 was down 19.6%.ⁱ The table below shows Andvari’s composite performance against three benchmarks while the chart shows the cumulative gains of hypothetical \$100 investments.

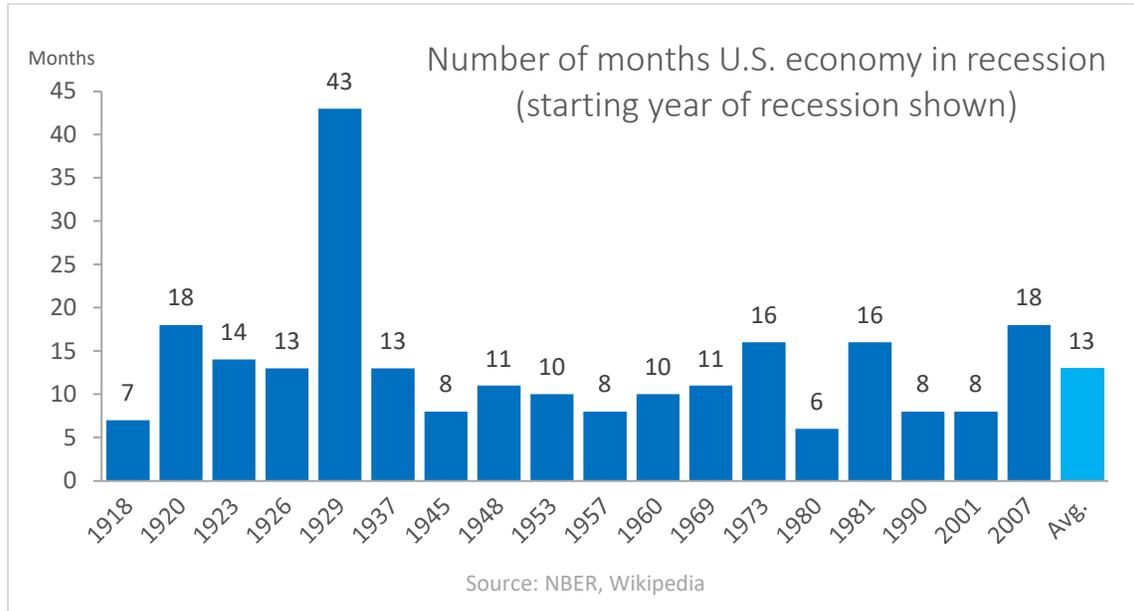
	2013	2014	2015	2016	2017	2018	2019	2020q1	Annualized Since 12/31/12
Andvari Total, netⁱ	57.6%	4.8%	-4.4%	14.6%	18.9%	1.0%	48.0%	-13.2%	15.2%
S&P 500 TR	32.4%	13.7%	1.4%	12.0%	21.8%	-4.4%	31.5%	-19.6%	10.8%
Russell 2000 TR	38.8%	4.9%	-4.4%	21.3%	14.7%	-11.0%	25.5%	-30.6%	5.8%



MARKET COMMENTARY

Markets declined swiftly in February and March as the COVID-19 pandemic became serious enough for governments around the world to enact social-distancing and shelter-at-home measures. With the unprecedented shutdown of large parts of local and national economies, governments and central banks have responded with equally unprecedented measures to support families and businesses. In response to these measures and positive news on the pandemic, the S&P 500 has risen over 24% from its March 23 low this year and is down only 14% this year.

However, with jobless claims and unemployment figures likely to reach record levels, a recession seems all but certain. As to the length and severity of this universally-predicted recession, my guess is as good (or as bad) as anyone else's. If there is a recession, it could easily be one of the shortest-lived given the rapid response of governments around the world to support their economies. If the recession is an average one of 13 months or greater, Andvari is prepared to weather the storm with a portfolio of high quality companies that has already shown an ability to outperform the market.



ANDVARI HOLDINGS

Andvari clients performed relatively well during the market downturn this quarter. Holdings that performed in line with or worse than the market were companies like GCI Liberty, Liberty Broadband, Upland Software, and Roper Technologies. Although these are fine companies, they just happen to carry higher than average amounts of debt on their balance sheets. During times of market volatility and extreme economic uncertainty companies with lots of debt tend to underperform companies with little or no debt.

Andvari holdings that performed better than the market were companies like Mesa Labs, Appian, Tyler Technologies, and Visa and Mastercard. All these companies have two main traits that helped protect their share prices. First, all have low or no debt. Second, all of them offer valuable products and services that should be less affected by an economic downturn.

For example, hospitals, laboratories, and the pharmaceutical industry cannot operate without Mesa's sterilization and disinfection control products. Appian provides a low-code platform that enables

development of custom software 10–20 times faster than traditional software development. Tyler's software is essential for the efficient operation of local governments and judicial systems and there are thousands of government entities that have yet to upgrade from the several-decades-old software on which they have been operating. Visa and Mastercard's payment networks are more important now than ever during the age of coronavirus where people are shopping online for essential supplies and both still have enormous runway in a world where 80% of transactions are still cash and check.

COMPANY CULTURE AND DOING THE RIGHT THING

One of the most important things Andvari tries to understand about a company is whether there is a strong or unique corporate culture. All else equal, a company that treats its employees and customers well should produce better financial results over the long-term. That said, here are four examples of companies in Andvari's portfolio that have responded in positive ways during the COVID-19 pandemic.

- On March 14, Workday's Board of Directors approved a one-time cash bonus equivalent to two-weeks' pay for each active employee of Workday and its subsidiaries, excluding those serving at the level of vice president and above as well as certain senior individual contributors. The total payment will be about \$80 million and perfectly reflects Workday's culture: happy employees lead to happy customers, which eventually leads to greater revenues and profits.
- Charter Communications (which we own via Liberty Broadband and GCI Liberty) accelerated its plan to raise minimum wage for all employees from \$15 to \$20 per hour over the next two years.
- Appian built a COVID-19 Response Management application in just a few days and released it for free for the next six months "because it's the right thing to do."
- BlackLine, which makes software that streamlines financial and accounting processes, has opened for free to customers its entire training library and access to BlackLine experts. The company has even unlocked features of its software for 6 months to customers who haven't yet licensed them.

Although these actions harm profits in the short-term, these companies are all creating incalculable goodwill over the long-term. Employees and customers will remember how companies act in tough times. If a company acts honorably, employees and customers will stay with the company longer and perhaps become evangelists. If a company acts poorly, employees and customers will be looking to leave as soon as they can.

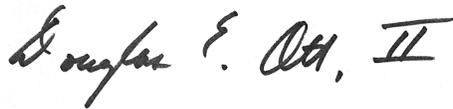
As an investor for the long-term and knowing that actions speak louder than words, Andvari pays careful attention to how the leaders of companies act in adverse situations. These are the moments when their true nature of is on full display.

SUMMARY

Given the extraordinary circumstances we've all endured, I am proud of Andvari's relative results this first quarter. The results speak to the quality of the businesses and management teams in which we are invested and to the quality of the clients who've given Andvari their trust and confidence.

I wish everyone well. Please stay safe, wash your hands, and stay in touch with your friends, family, and loved ones.

Sincerely,

A handwritten signature in black ink that reads "Douglas E. Ott, II". The signature is written in a cursive style with a large, stylized 'D' and 'O'.

Douglas E. Ott, II

Disclosures

One may request a list of all securities mentioned or recommended for the preceding year as of the date of this letter. You may contact Andvari using the information below. **Performance data quoted represents past performance and does not guarantee future results.** Actual client results may differ from the composite results depicted in this letter. Any investment involves substantial risks, including, but not limited to, pricing volatility, inadequate liquidity, and the loss of principal.

The discussion of Andvari's investments and investment strategy (including, but not limited to, current investment themes, the portfolio managers' research and investment process, and portfolio characteristics) represents the views and opinions of Andvari's portfolio managers and Andvari Associates LLC, the investment adviser, at the time of this report, and are subject to change without notice.

This document does not in any way constitute an offer or solicitation of an offer to buy or sell any investment, security, or commodity discussed herein or of any of the affiliates of Andvari.

The information contained in this document may include, or incorporate by reference, forward-looking statements, which would include any statements that are not statements of historical fact. Any or all of Andvari's forward-looking assumptions, expectations, projections, intentions or beliefs about future events may turn out to be wrong. These forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks, uncertainties, and other factors, most of which are beyond Andvari's control. Investors should conduct independent due diligence, with assistance from professional financial, legal and tax experts, on all securities, companies, and commodities discussed in this document and develop a stand-alone judgment of the relevant markets prior to making any investment decision.

End Notes

ⁱ **Performance data quoted represents past performance and does not guarantee future results.**

"Andvari Total" represents all of Douglas Ott's investment accounts and all the discretionary accounts Andvari manages where it takes an active role in picking individual stocks and receives a fee. From 12/31/12 to 4/12/13 results included only Ott's personal and retirement accounts—the first Andvari clients transferred their accounts on 4/12/13. Andvari believes including Ott's performance figures for the first 4 months of 2013 is fair as he managed those assets similarly to later clients. Results are net of management fees (1% per annum), time-weighted, and includes all cash and other securities. The indexes are listed as benchmarks and are total return figures and assumes dividends are reinvested. The S&P 500 Total Return Index is a float-adjusted, capitalization-weighted index of 500 U.S. large-capitalization stocks representing all major industries. The Russell 2000 Index is an index of 2,000 U.S. small-cap stocks. It is not possible to invest directly in an index. **Because Andvari is non-diversified, the performance of each holding will have a greater impact on Andvari's results and may make them more volatile than a more diversified index.**