Poor Richard Capital Management

Contact Information:

Email: poorrichardcm@gmail.com

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Dear Poor Richard Partners,

Over this previous quarter, the fund underperformed the market, returning -2.61% compared to the +8.3% that the Standard and Poors 500 Index returned. This outperformance by the market index compared to the fund can largely be attributed to the high concentration of mega-capitalization technology companies within the index, which experienced highly exceptional returns during the period.

As of 6/30/2023 at market close, the fund's holdings were:

Security Held	**Portfolio Weight Approximate Present Value**
Nexstar Media Common (NXST)	55.26%
Gray Television Common (GTN)	26.14%
Cash and Cash Equivalents	18.6%

This Past Quarter:

This past quarter saw a high appreciation in mega-cap technology names, largely due to optimism around the future of artificial intelligence. The Standard & Poors 500 Index benefited from this high appreciation due to the level of concentration that these companies have in the index. Together, Apple, Amazon, Microsoft, Alphabet, Nvidia, Tesla, and Meta now account for around 30% of the Index's aggregate weighting. While there can be a plethora of arguments made over the upsides and downsides of this concentration, one can see how it creates a unique concentration risk for the index as a whole.

Equity prices are largely driven by two common variables over time, investor sentiment and company fundamentals. I would argue that a large contributor to many but not all market bubbles is when positive investor sentiment runs far and beyond what's realistically feasible for a given business to earn. This euphoric drive to want a piece of the "in demand" or "next big thing" pie can make investors forget that there is an actively diminishing return in rapidly appreciating asset values. A great example of this was the dot-com bubble in the late 1990's, when it was evident that internet technology was going to be revolutionary, but the values and multiples of internet companies far surpassed reasonable value.

On the flip-side in regards to investor sentiment, some of the best investment opportunities present themselves when sentiment over an industry or specific security is overwhelmingly negative. As the market can easily take a company's price to sky high valuations, it can be just as pervasive at driving down security prices to unreasonably low levels. Since investment capital naturally flows overtime from assets with depleted and uncompetitive yields to assets that provide competitive relative yields, it's most logical to invest capital into assets that offer large but sustainable yields.

Whether the state of market sentiment is positive or negative, this fund is committed and will stay committed in the future to finding great investments at attractive prices. It's important not to forget that it's far better to acquire a dollar for 50 cents than a dollar for two dollars. While at times it may take extensive patience and prudence, buying value offers a return relative to risk that makes investments in the category somewhat of a low hanging fruit compared to their peers.

An Update On The Fund's Positions:

At the end of last quarter, the fund had over half of its weight (55.26%) in Nexstar Media common stock, another quarter of its weight (26.14%) in Gray Television common stock, and held a little under a fifth of its weight (18.6%) in cash and cash equivalents.

The analytical position I personally have taken on both equity positions the fund currently holds has not changed. Nexstar took the opportunity this quarter to continue to return capital to shareholders through dividends and share repurchases (total of $225 million) and Gray Television used much of its cash flows to prepay a $295 million note under its 2019 Senior Credit Facility. As discussed in the first quarter's letter, I fully expect to see Gray continue to allocate much of its free cash flow especially in off-election years to prepaying down its long-term debt obligations.

Sincerely,

Sage Hood

A chart showing the growth of an assumed $100,000 investment in Poor Richard Capital Fund 1 from inception.

Period	**Poor Richard Net Asset Value**	**Poor Richard Return Net of Fees**	**SP 500 Net Asset Value**	**SP 500 Index Return**
3/09/2023	$100,000	0%	$100,000	0%
3/31/2023	$103,254.12	3.25%	$104,874.28	4.87%
6/30/2023	$100,557.08	-2.61%	$113,578.78	8.3%
Cumulative Return	**$100,557.08**	**0.56%**	**$113,578.78**	**13.56**

Note to Investors:

On all future reports, this chart will be placed at the bottom of the report comparing what the fund produced in the past quarters compared to the Standard & Poors 500 Index. While I feel it's important to post this for transparency purposes, I would caution investors on concentrating on quarter to quarter results. One or two years is too short of a time to make any opinions regarding investment performance. This is because there is simply not enough data to judge performance through both strong and weak markets, which do have a significant impact on the long-term compounded rate of return.