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SURVIVOR & THRIVER FUND, LP

Fund Presentation

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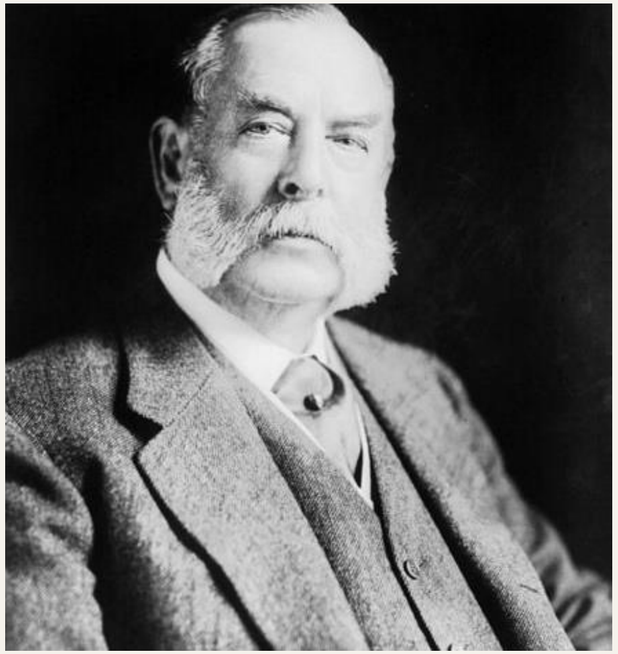
"To make money in stocks you must have the vision to see them, the courage to buy them, and the patience to hold them."

-George F. Baker



George Fisher Baker (March 27, 1840 – May 2, 1931) was known as "Dean of American Banking", prominent investor, and 3rd richest person in the world behind Henry Ford and John D. Rockefeller

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HISTORY

JDP was founded by Jeremy Deal as a non-traditional investment fund for high-net-worth families to compound generational capital.

MISSION

1. Maintain and grow an excellent track record,
2. Operate with a high degree of integrity,
3. Embrace mistakes and continuously improve

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EVOLUTION

THE FUND HAS EVOLVED MATERIALLY OVER TIME

EARLY YEARS

2012 to 2014

- Micro caps with an activist overlay
- Valuation-only driven investment decisions
- Quick to sell based on short term appreciation
- Often low-quality businesses susceptible to disruption risk
- Cheap stocks not able to compound growth faster than the S&P 500
- Outperformed the market, benefited from GFC recovery

TEENAGE YEARS

2015 to 2020

- Re-oriented around future growth vs past growth
- “Peak to Peak” research influenced earnings power and moat over valuation
- Implemented the Survivor & Thriver investment criteria framework
- Spotify and Amazon were a gateway to tech
- Big wins in companies going from “good to great” with strong secular tailwinds
- Big mistakes: selling to early, low quality special situations, overvalued small caps

ADULTHOOD

2021 to present

- High bar to enter the portfolio
- No more “special situations”
- Prioritize earnings power and sustainable growth over near-term financial metrics
- Start with smaller positions, willingness to let winners run for years
- Weight-adjusted holding period of ~6 years (current portfolio)
- Tax efficient, low portfolio turnover

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STRATEGY

Buy and hold businesses with **sustainable** growth and the potential to beat the market on an **absolute basis** over multi-year holding periods.

Seek leaders within a large and **underestimated** addressable market benefiting from "value migration" away from outdated products, services, or business models.

mercado libre

Seek a margin of safety in **business quality** and **strong secular tailwinds** that allow us to hold on or add when the stock is out of favor.

TESLA

Seek **exceptional leadership** with a long-term vision, the ability to pivot quickly, take risk, and invest aggressively when it is unpopular

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SURVIVOR & THRIVER INVESTMENT CRITERIA

INVESTING IS A BET ON THE FUTURE

Is the business model adaptable and increasingly relevant in tomorrow's economy?

SUSTAINABLE GROWTH RUNWAY

Is there durable pricing power protected by a growing competitive advantage?

BOARD DECISIONS ROOTED IN LONG-TERM THINKING

Does the capital allocation and balance sheet strategy support the company's moat?

MANAGEMENT THAT BEHAVES LIKE OWNERS

Is there significant alignment of interest between management and equity owners?

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BUSINESS-OWNER MINDSET

OUTSIZED GROWTH DRIVES OUTSIZED RETURNS

Sustainable growth is the most important component to multi-bagger returns

OVERPAYING KILLS THE UPSIDE

Require a large gap between price paid and terminal value

TIME ARBITRAGE IS A POWERFUL ADVANTAGE

3 to 5+ year time horizon per idea

CONCENTRATE ON BEST IDEAS

10 - 12 holdings

SWING WHEN THE PITCH IS FAT

Ideally find 1 - 2 new ideas per year

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JDP VS THE AVERAGE ALTERNATIVE

	JDP	Hedge Fund	Private Equity	Venture Capital
• 3 to 5+ year time horizon	**YES**	NO	**YES**	**YES**
• Ability to buy far below fair value	**YES**	**YES**	NO	NO
• Price volatility is considered “risk”	NO	YES	NO	NO
• Access to best entrepreneurs and businesses in the world	**YES**	**YES**	NO	**Y/N**
• Ability to sell mistakes quickly	**YES**	**YES**	NO	NO
• Benchmark against S&P 500	**YES**	**Y/N**	NO	NO
• Annual liquidity for LPs	**YES**	**YES**	NO	NO
• Depends on leverage to meet return objectives	NO	YES	YES	NO
• Investable universe limited by relationships, size, and geography	NO	YES	YES	YES

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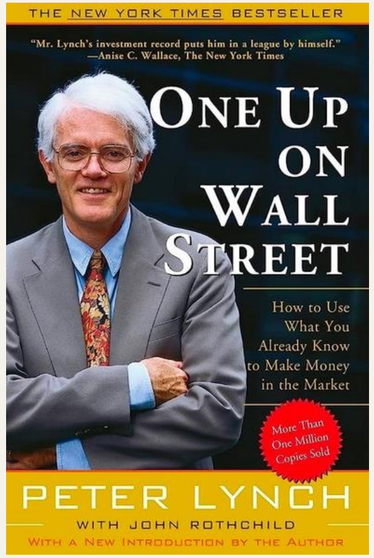
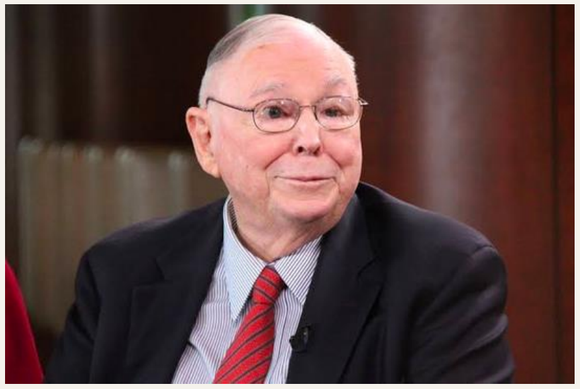
VOLATILITY IS PART OF THE GAME

“I've always said, the key organ here isn't the brain, it's the stomach.

When things start to decline – there are bad headlines in the papers and on television – will you have the stomach for the market volatility and the broad-based pessimism that tends to come with it?”

-Peter Lynch





"If you can't stomach 50% declines in your investments you will get the mediocre returns you deserve"

-Charlie Munger

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WHEN TO BUY MORE

Valuation becomes more compelling due to a selloff, or business fundamentals improving faster than the stock price

FEARFUL MARKET SENTIMENT

Wars, interest rates, perceived recessions, pandemics, currency and commodity crises, declines in market liquidity, etc.

STOCK PRICE DOES NOT REFLECT IMPROVING FUNDAMENTALS

Market can be slow to re-price positive developments especially for less-followed stocks

OUT OF FAVOR FACTORS AND SECTOR “ROTATIONS”

Sectors are continuously going in and out of favor

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WHEN TO SELL

Always sell when:

INVESTMENT THESIS CHANGES

Company no longer meets our investment criteria

VALUATION EXCEEDS OUR ABILITY TO APPROXIMATE THE FUTURE

Egregiously high valuation, long-term potential reflected today

DISCOVERY OF A MUCH BETTER IDEA

Opportunity cost is always considered

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