Dear Partners,

As you know, last summer I decided to start an investment fund. I'm happy to share that we launched in Q1 (yay!). A sincere thank you once again for choosing to embark on this investment journey with me. I am grateful you have given me the privilege of managing your hard earned capital. I will do my best to generate great long term returns for you.

On a personal note, I joined the *Instagram Reels Relevance team at Meta*. It was an interesting opportunity I just couldn't say no to. I am getting great first hand exposure to how Artificial Intelligence and Machine Learning are deployed at scale. I believe that AI & ML will be an integral driver of business success going forward. And therefore, this work experience should help me to better evaluate potential investments for the Partnership in the future.

In this initial (longer than usual) letter, I want to go over the following:

Please do get in touch if you have any questions, and I wish you a wonderful rest of 2022 ahead!

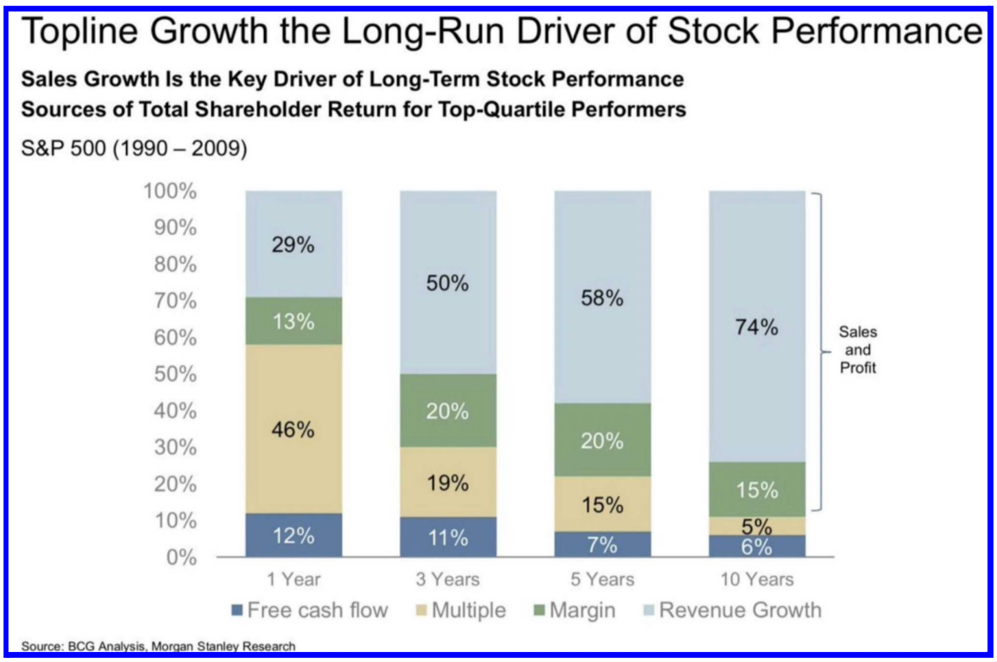
Regards,
-Ahmad Jivraj

Q1 2022 Results

2022 Performance	Q1
Playing For Doubles Fund 1, LP	+2.59%
S&P500	-4.60%
Difference	+7.19%

Q1 was challenging…
- The S&P 500 was down almost ~5%.
- The Nasdaq was down almost ~10%.
- The ARK Innovation Fund (ARKK) was down almost ~31%!

The crash in hyper-growth stocks has been unbelievable. Many stocks have declined 60-80%. During the Dot-com crash, similar declines took multiple years to materialize. This time it happened in just a few months.



Due to Inflation and rising rates, the multiples the market is willing to pay for companies has come down. When multiples come down, so do stock prices. We can see from the figure on the right, that multiples are largely responsible for stock market returns in the short term. However, if you look out 5 years, it is business performance (sales and profit growth) that drives stock price performance.

"All past declines look like opportunities and all future declines look like risks. It's one of the great ironies in investing." – Morgan Housel

It takes courage to invest when there is great fear and pessimism in the market, but such times can present great buying opportunities for patient investors like us. We must not lose sight of this. I believe there is a high likelihood that 5 years from now we'll look back at the current downturn in growth stocks as an incredible buying opportunity.

Goals Of Our Partnership

1. The Partnership's long-term objective is to provide great results for you, my Partners. I define a great result as outperforming the S&P 500 over the long term (at least 5 years). This is my primary focus.

2. This long term result is how you should judge my investment performance. Some years we will surely underperform the market, but over the long-run, I aim to do better than the S&P 500.

3. I am currently the largest investor in the Partnership, so rest assured our goals and incentives are well aligned.

How To Beat The Market: A Framework

> ***<u>A Disclaimer:</u>***
>
> *First, I am no expert. And I don't pretend to be. Like you, I am just an investor, which means that as I try and invest successfully, I have to come up with a few different frameworks that help guide me. Below is one such framework on how I think about beating the market.*

When it comes to investing, the conventional wisdom is that it would be luck if you beat the stock market's average. It's interesting that we believe exactly the opposite in almost every other aspect of our lives. When it comes to our careers, skills, hobbies or other pursuits, we believe that if we put in the effort we can be better than average. But for some reason, when it comes to investing, we believe otherwise.

The good news therefore is... competition is low!

I certainly think it's possible. I've been doing it for the past ~8 years. In early 2014, I decided that I wanted more control over my investments. So I started investing actively. Below are my ***gross*** equity returns since then.

Gross Returns	YTD	1-Year	3-Year	5-year	Life of Available Data (4/30/2014 to 2/28/2022)
Annualized					
Personal	+0.39%	-2.98%	+40.38%	+26.08%	+20.09%
S&P 500	-8.01%	+16.39%	+18.24%	+15.17%	+13.71%
Cumulative					
Personal	+0.39%	-2.98%	+176.88%	+218.80%	+320.07%
S&P 500	-8.01%	+16.39%	+65.33%	+102.66%	+170.71%

Note: The above excludes crypto returns, which have been better.

To beat the market, I believe we need to focus on two things

1. The Right Mindset, and
2. The Right Strategy

The Right Mindset

Acknowledge It's Not Guaranteed

"I'll tell you what changed my whole life: I finally discovered that it's all risky. The minute you got born it got risky. If you think trying is risky, wait until they hand you the bill for not trying. If you think investing is risky, wait until you get the tab for not investing. See it's all risky. Getting married is risky. Having children is risky. Going into business is risky. Investing your money is risky. It's all risky. I'll tell you how risky life is...you're not going to get out alive." – Jim Rohn.

Like anything in life, nothing's guaranteed. Beating the market isn't guaranteed either. It's risky. But that doesn't mean we shouldn't try.

I think of investing as a long-term adventure, one that will have many starts and stops, many quests, some conquests, and of course a few detours along the way. Our own psychology, and the ability to handle the emotional ups and downs of investing are likely to be the most important determinants of our long run investment success.

Invest Like No One's Watching

When it comes to investing, I believe there are no rules. There is no "right way or wrong way," as long as your strategy has a positive expectation.

Investors therefore must disregard the norms, not be afraid of making mistakes, and make investment decisions they think are best, not necessarily the decisions that others think are best.

Investing therefore is very personal, and hence our portfolios are a reflection of ourselves. So invest like no one's watching.

Be Prepared to Underperform (at times…)

Every investor underperforms. Legendary investment firm Tweedy Browne compared the yearly investment returns of some of the best managers who have ever lived. Tweedy showed that even though these managers handily beat the market, each and every manager had long periods where they underperformed the market.

They underperformed the market one third of the time, on average. Underperformance ranged from just 1 year to a 6 year stretch! …yet all ended up beating the market by wide margins over time, and all are considered among the best money managers who have ever lived.

What can we learn from this?

We must keep in mind that our investment strategy needs to work "over time" not "all the time". It is wrong to assume that an investment strategy, no matter how promising, will provide uniform returns year after year. So recognize that every investor underperforms. When that happens, don't be surprised.

Embrace Volatility

The stock market is going to rise and fall. Some dips will be minor, some major, and some downright nasty. In fact, median stock prices fluctuate tremendously (40-60% in calm years, and approaching 200% in crisis years!). However, so long as you believe GDP per-capita will continue higher, you should expect markets to rise over time.

So volatility can create great buying opportunities. Rather than being afraid of volatility, we must embrace it, and strive to take advantage of it.

The Right Strategy

Be Both Ambitious AND Long Term

To outperform the market, we must aim for a strategy that strives to generate ambitious absolute returns. That way, even if we fall a little short (and we likely will since everyone makes mistakes), we still get a wonderful result over time.

Second, we must do it for a long time. The stock market has attracted some of the smartest people in the world. But, most of them are impatient. Therein lies the opportunity. Although we cannot control our rate of return, we can control how much we invest, and for how long. The longer we invest, the better!

The best investors I know have made a *lifetime commitment* to investing. That's a competitive advantage. Although the power of long term compounding is well understood, it is often underappreciated. For example, let's take 30 years as one's "investment lifetime". This is not unreasonable, in fact, it is perhaps on the low end since people typically start earning in their 20s and are increasingly living longer lives.

If we can compound at high absolute rates of return, we can generate some wonderful results over time, even with very small amounts of outperformance. For example, if you were to invest $1 million for 30 years,

- At 15% vs 10% ==> You'd make $48 million extra ($66 million total)
- At 14% vs 10% ==> You'd make $33 million extra ($51 million total)
- At 11% vs 10% ==> You'd make $5 million extra ($23 million total)

Surprised? That's the power of long term compounding: easy to understand, but hard to truly appreciate and internalize.

So be ambitious but patient, and compound for the long term.

Pick a Strategy That Suits You

Warren Buffet had every advantage in learning from Ben Graham (the father of value investing), but in the end, instead of copying Ben, Warren chose to invest his own way.

It's important to "fit your nature" with your investment style, and not simply copy others.

Keep Score and Iterate

It's amazing how little scoring is done when it comes to the world of investing. Wall Street doesn't keep score. We know very little about the investment track records of most investors. Yet, people get their financial advice from Wall Street. The media doesn't keep score either. Individuals make stock predictions on TV all the time. However, their predictions are forgotten as soon as the show ends.

However, if we really want to get good at something, we need to be keeping score. This allows us to create a learning system where we can experiment and observe whether we did well. Then as a next step we can ask ourselves, "what can we do, to do better?" Then, we can make changes, conduct new experiments, re-evaluate our progress, and so on.

So keep score and iterate.

Find Your Edge

Keeping Score also helps us find and measure our edge.

"Take the probability of loss times the amount of possible loss from the probability of gain times the amount of possible gain. That is what we're trying to do. It's imperfect, but that's what it's all about." – Warren Buffet

Finding your edge means ensuring you have a positive expected value investment strategy. That is,

Expected Return
= Probability(Winning Bet)*(Average Win) - Probability(Losing Bet)*(Average Loss)
= (Batting Average)*(Average Win) - (1 - Batting Average)*(Average Loss)
= B*W - (1 - B)*L

Where
- B is our "Batting Average," the percentage of investments that result in a positive return
- W is the average gain of our winning investments
- L is the average loss of our losing investments

For a positive expected return, we need B*W - (1 - B)*L > 0

⇒ ***W/L > (1 - B)/B***

What does "***W/L > (1 - B)/B"*** tell us?

It tells us for a given batting average, the minimum Win to Loss ratio we require to break even.

To Breakeven	
Batting Average	**Win:Loss Ratio Required**
30.00%	2.33
35.00%	1.86
40.00%	1.5
45.00%	1.22
50.00%	1
55.00%	0.82
60.00%	0.67
65.00%	0.54
70.00%	0.43

Note: The above assumes equal sized investments.

The above statistics help us determine whether our strategy has a positive expectation, and hence represents our investment edge. Although our investment strategy may evolve over time, we can measure our edge empirically and we will know pretty easily whether we're on the right track (or not).

Avoid Large Drawdowns

No matter what your investment strategy, big returns in the stock market require two things:

1. Making significant returns when you're correct
2. Avoiding large drawdowns when you're wrong

In fact, avoiding very large drawdowns is even more important than generating large upside.

Take a look at the table below and notice the following:

- Even though the portfolio on the right generated smaller up-years, it was able to generate a better outcome, simply because it experienced smaller down-years.
- The portfolio on the right took the lead after Year-3 and stayed in the lead, even though it never had an up-year as large as the portfolio on the left!

	Bigger Gains With Bigger Drawdowns		**Smaller Gains BUT Smaller Drawdowns**	
Period	**Return %**	**Portfolio $**	**Return %**	**Portfolio $**
0		$1,000,000.00		$1,000,000.00
1	21.00%	$1,210,000.00	19.00%	$1,190,000.00
2	21.00%	$1,464,100.00	19.00%	$1,416,100.00
3	-12.00%	$1,288,408.00	-9.00%	$1,288,651.00
4	-12.00%	$1,133,799.04	-9.00%	$1,172,672.41
5	-12.00%	$997,743.16	-9.00%	$1,067,131.89
6	21.00%	$1,207,269.22	19.00%	$1,269,886.95
7	21.00%	$1,460,795.75	19.00%	$1,511,165.47
8	21.00%	$1,767,562.86	19.00%	$1,798,286.91
9	21.00%	$2,138,751.06	19.00%	$2,139,961.43
10	-12.00%	$1,882,100.94	-9.00%	$1,947,364.90
	Result	**$1,882,100.94**	**Result**	**$1,947,364.90**

How The Fund Plans To Invest

When it comes to markets, change is the only constant. In order to keep up, we as investors must continuously evolve. Therefore, the way I invest will naturally change over time. That said, to start, I plan to deploy capital in two ways:

- Strategy A: Investing in Mavericks
- Strategy B: Discretionary Ideas

Strategy A: Investing in Mavericks

This investing approach applies "Venture Capital Investing" to the Public Markets.

In short: I am looking for companies poised to become some of the best companies of our time. Companies that, if they succeed, have the potential to appreciate multi-fold over time.

This approach really comes down to envisioning what the world MAY be like in the future, and investing in companies who can make that proposition a reality.

I want these companies to be run by smart leaders, and I will aim to own these stocks for long periods of time.

This approach will likely result in many failed individual investments (just like Venture Capitalists experience) but I also believe this investing approach can outperform, if executed well, and patiently.

I've found that being almost-always bullish while having the ability to survive difficult times is the approach that works best for me. As a result, I do plan to hedge the portfolio at times in an attempt to avoid severe portfolio drawdowns during certain market environments. Why? Because as I wrote above, avoiding large portfolio drawdowns can be an important driver of long term investment outperformance. Of course, keep in mind however that hedges are never perfect, and not always guaranteed to work.

If you have been following my Substack, the above strategy is largely what I have written about there (minus the hedging).

Strategy B: Discretionary Ideas

The Fund may, at times, maintain large cash amounts, and invest in discretionary opportunistic investment ideas. Such opportunistic investments could be short- or long-term in nature.

Discretionary ideas are likely to be a significant focus while the Partnership's net assets are smaller, since we will be subject to fewer liquidity constraints which will, in turn, offer more flexibility to enter and exit investments.

Why Have 2 Strategies?

For the simple reason that every investment strategy has an "***Offseason"***. No investment strategy works all the time. I believe the above two strategies can complement each other well, and are likely not to be very correlated.

The percentage capital allocated to each of the above two strategies will change based on market conditions and AUM constraints.

Measuring Our Investment Edge

Although the two strategies above are different, there is one thing in common across them: Both are seeking asymmetric investment outcomes. That is, we want to make significant returns when we're right, and avoid large drawdowns when we're wrong.

Capitalism is brutal. Companies stall, change, fail, or go bankrupt all the time. I know I will make mistakes when I invest. So I need my winners to offset these mistakes. The only way to do that is to have large winners. I need to make significantly more on my winners than I lose on my losers. Having bigger winners, on average, also affords us the luxury to have a lower batting average.

I'm aiming for a ~40% Batting Average and a 2:1 Win:Loss Ratio (see arrows).

Yes, that means we expect to be wrong the majority of the time (just like VCs are). But we also expect that when we are right, we are really really right.

To Breakeven	
Batting Average	**Win:Loss Ratio**
30.00%	2.33
35.00%	1.86
40.00%	1.5
45.00%	1.22
50.00%	1
55.00%	0.82
60.00%	0.67
65.00%	0.54
70.00%	0.43

Investor Communications & Resources

Quarterly Statements: You will receive individual quarterly performance statements so that you can stay up to date on the Fund's Performance. That said, recall that the Partnership's objective is to outperform the S&P 500 over the long term (at least 5 years). Outperformance or underperformance in any given 3-month period should not be cause for significant celebration or concern.

Letters: I aim to officially communicate with you at least once or twice a year via an investor letter like this one.

Annual K-1s: You will receive an annual K1 for tax purposes.

Newsletter: I hope to periodically share investment thoughts via my newsletter. If you haven't done so already, consider subscribing here: Link

Office Hours: If interested, I run periodic office hours which you can sign up for here: Link

My Investing and Business Principles: Here are a set of guiding investing and business principles for myself, and for my Investment Partners: [Link]

Of course, feel free to reach out to me anytime should you have any questions or want to discuss something.

Disclaimer

This material does not constitute an offer or the solicitation of an offer to purchase an interest in Playing For Doubles Fund 1, LP (the "**Fund**"), which such offer will only be made via a confidential private placement memorandum (the "**Memorandum**"). An investment in the Fund is speculative and is subject to a risk of loss, including a risk of loss of principal. There is no secondary market for interests in the Fund and none is expected to develop. No assurance can be given that the Fund will achieve its objective or that an investor will receive a return of all or part of its investment. All statements herein are qualified in their entirety by reference to the Memorandum, and to the extent that this document contradicts the Memorandum, the Memorandum shall govern in all respects.

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The performance data discussed herein do not represent the performance of the Fund, but rather, represent the performance of a personal account of Mr. Ahmad Jivraj, the principal of the Investment Manager. Results were achieved using the investment strategies described in the Memorandum. Due to the differing circumstances of managing proprietary capital in a personal account and managing outside capital, results generated in the Fund once outside capital is admitted could be materially different than those results shown.

Results are compared to the performance of the S&P 500 Index (the "**Comparative Index**") for informational purposes only. The Fund's investment program does not mirror the Comparative Index and the volatility of the Fund's investment program may be materially different from the volatility of the Comparative Index. The securities included in the Comparative Index are not necessarily included in the Fund's investment program and criteria for inclusion in the Comparative Index are different than criteria for investment by the Fund. The performance of the Comparative Index reflects the reinvestment of dividends, as appropriate.

This material contains certain forward-looking statements and projections regarding market trends, investment strategy, and the future asset allocation of the Fund, including indicative guidelines regarding position limits, exposures, position sizing, diversification, and other indications regarding the Fund's strategy. These projections and guidelines are included for illustrative purposes only, are inherently predictive, speculative, and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. The guidelines included herein do not reflect strict rules or limitations on the Fund's investment program and the Fund may deviate from the guidelines described herein. There are a number of factors that could cause actual events and developments to differ materially from those expressed or implied by these forward-looking statements, projections, and guidelines, and no assurances can be given that the forward-looking statements in this document will be realized or followed, as described. These forward-looking statements will not necessarily be updated in the future.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS.