



March 27, 2021

Figures are rounded to save time and don't include fees. See the administrator's statement for more precise numbers.

This letter is brief. I currently have 100 short positions on. This consumes a lot of energy and I want to focus on them this weekend rather than writing a longer letter. This is far more shorts than normal because the optimal strategy right now is having very small positions, which allows me to comfortably double down when appropriate. Retail investors are constantly falling victim to pump and dump schemes so random large spikes are common, but they quickly give back their gains. Short setups are incredible and there are countless great options. Correlations between shorts have died down since January which allows me to do this. I'm keeping a close eye on correlation, and plan on drastically reducing shorts if that picks up.

1. Results from Feb 1st - March 26th 2021¹

SP500 +7%
Fund +35.5%

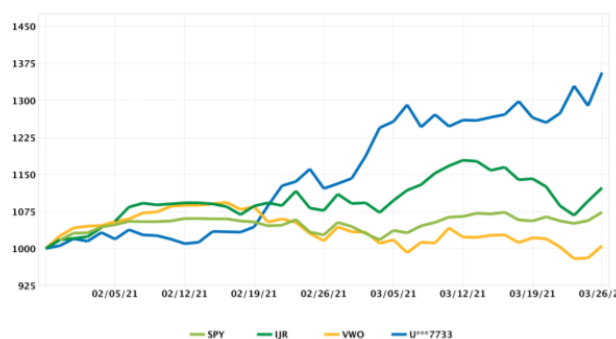
We're currently 180% long and 100% short. But because shorts are so volatile our beta is actually negative. I expect this positioning to perform well if the market has a correction, but this is prone to change at any moment so don't count on me as a market hedge.

¹ Here's [the report](#) for the legacy account. It performed better mostly from being fully invested the first trading day, higher gross leverage and higher beta. I now plan on combining the accounts at the end of May, when the tax clock ends for most legacy long positions.

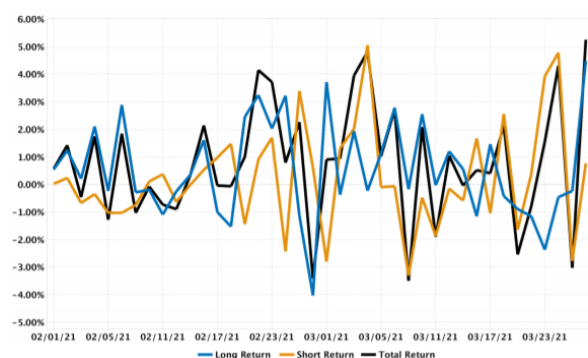
Risk Analysis

	SPY	IJR	VWO	U***7733
Ending VAMI	1,073.52	1,122.91	1,005.56	1,356.57
Max Drawdown	4.06%	9.44%	10.38%	3.51%
Peak-To-Valley	02/12/21 - 03/04/21	03/12/21 - 03/24/21	02/17/21 - 03/24/21	03/08/21 - 03/09/21
Recovery	5 Days	Ongoing	Ongoing	7 Days
Sharpe Ratio	3.02	2.99	0.27	5.96
Sortino Ratio	4.94	4.69	0.38	11.56
Standard Deviation	0.97%	1.63%	1.46%	2.13%
Downside Deviation	0.59%	1.04%	1.04%	1.10%
Correlation	-0.25	-0.12	-0.36	-
β :	-0.56	-0.16	-0.52	-
α :	2.31	2.18	2.08	-
Mean Return	0.18%	0.30%	0.02%	0.79%
Positive Periods	23 (57.50%)	25 (62.50%)	24 (60.00%)	25 (62.50%)
Negative Periods	17 (42.50%)	15 (37.50%)	16 (40.00%)	15 (37.50%)

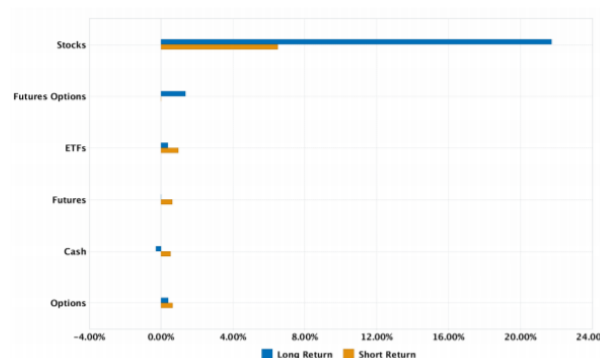
Value Added Monthly Index (VAMI)



L & S Performance Comparison



L & S Performance By Financial Instrument Comparison



This report is generated by Interactive Brokers. It uses gross returns.

Militia uses the S&P 500 as a benchmark because it shows the fund's correlation and volatility relative to risk assets, not because you should gauge our performance to the S&P 500 quarter to quarter - we are not positively correlated, after all.

Long:

We're up 22% on the long side.

The biggest loser was Netflix. We lost .75% and this is a 9% position. I used to be a Netflix bear - but never shorted - but now I'm convinced they can become a trillion dollar company. To accomplish that, from here they have to double users while charging 50% more. Even if growth slows and they can't charge much more, downside is limited. The bad outcome is they start bleeding users fast but nothing indicates that's going to happen - right now attrition is just 5% which has been steady. There might be a post-pandemic slowdown in growth, but I don't care about temporary factors like that.

The biggest winner was Energy Transfer, an oil and gas pipeline company. We won 1.5% and this is a 10% position. This is a battleground stock that I've followed for 3 years and finally got long this quarter. The bears claimed that management expands at any opportunity using too much debt and that this would eventually lead them to bankruptcy when times got tough. This thesis was simple and believable so I stuck with conservatively run pipelines instead. I even hoped to short Energy Transfer some day. However, last year Energy Transfer was barely hurt by the pandemic, an extreme event. They even used the opportunity to merge with another company on favorable terms. The bears are most likely wrong at this point. But because they publicly bashed the company for years it's unlikely they'll ever change their

mind. This is a common leak I see in market bears - being permanently pessimistic even in the face of strong new information.

Energy Transfer is just cheap. They quadrupled eps over 15 years while paying a large dividend and now they trade for just 6-8x normalized earnings.

Short:

We're up 11% on the short side. The biggest winner was 2.5% and the biggest loser 1.5%.

As a reminder, I won't talk about most individual short positions anymore. However, I can make exceptions for shorts that fully play out.

Just Energy was the cleanest bankruptcy I've done. The Monday following the Texas power crisis they issued a going concern warning, saying they were on the hook for up to \$350 million while they only had \$90 million liquidity. Yet shares only dropped 30%. Management claimed they might only have to pay \$50 million, but looking at the details that seemed really optimistic. It was also conveniently below their liquidity so I was skeptical. Many other energy companies were going bankrupt, which implied they wouldn't be able to escape the liability. As news came out badly, I upped my bet to 2.7% and quit after shares were delisted a few weeks later. We won 2%.

3. Fund Update

We're up to about \$6 million. Existing investors said they will contribute another couple million within the next couple of quarters so we're getting close to full.

I'm adding one more exception to the deposit cap: some guys have shared multiple great ideas with me. If they decide to buy in at some point I'm going to let them if I think it adds value for investors. This keeps our interests aligned and hopefully they keep sharing ideas.

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The figures provided in this letter are unaudited.

Past performance is not indicative of future results.

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