As of June 30th, 2020, the Ravenstone Equity Portfolio generated a year-to-date positive return of 5.1%, net of expenses. The portfolio has delivered a three-year annualized return of 13.7%, and a 13.3% annualized return since inception[1].

With the emergence of the Coronavirus pandemic, the S&P 500 experienced the fastest decline of over 30% in stock market history, prompting the U.S. Government to jump into emergency triage mode. Policy responses were unleashed with impressive speed and scale, setting up one of the sharpest rebounds on record. Yet, the ensuing rally has been selective. High-quality companies were rewarded, while lower-quality ones were penalized.

Win By Not Losing

Large losses, even if temporary, are damaging to longer-term investment returns. One major portfolio decline, or outright loss, can undo years of successful investing. Limiting the downside capture of an investment is an essential element in optimizing the benefits of compounding capital longer-term. The power of compounding can work against investors on the downside, just as it can work in their favour on the upside. We believe the hallmark of successful investing is superior capital protection.

Over the past two years, equity markets have experienced two large drawdowns – first, in the fourth quarter of 2018, and then in March of this year. The table below demonstrates the value of Ravenstone's disciplined approach of protecting and growing capital:

	Ravenstone Equity Portfolio	S&P 500	S&P/TSX
September - December 2018 *	-8.5%	-18.9%	-13.7%
Ravenstone vs Indices		*10.4%*	*5.2%*
Calendar 2018	4.1%	-4.4%	-8.9%
Ravenstone vs Indices		*8.5%*	*13.0%*
September 2018 - December 2019 **	18.8%	13.4%	10.4%
Ravenstone vs Indices		*5.4%*	*8.4%*
First Quarter 2020	-11.8%	-19.6%	-20.9%
Ravenstone vs Indices		*7.8%*	*9.1%*
Year-to-Date (as of June 30, 2020)	5.1%	-3.1%	-7.4%
Ravenstone vs Indices		*8.2%*	*12.5%*

** September 30, 2018 – December 24, 2018*

*** September 30, 2018 – December 31, 2019*

Total return numbers used to calculate returns for both indices

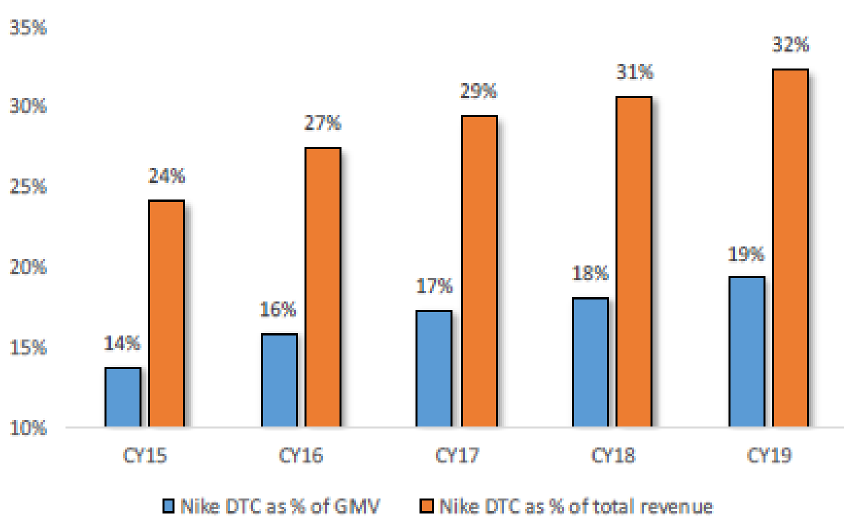
Our investment objective at Ravenstone is to deliver superior long-term results. We strongly believe the best way to accomplish this is by owning a concentrated portfolio of high-quality businesses that meet our demanding investment criteria. One of the most important characteristics we look for in a company is a balance sheet strong enough to weather any kind of adversity. We also want sustainable businesses with competitive positions that operate in growing industries with management focused on value creation. We prefer to concentrate ownership positions in companies that meet these essential characteristics, because over time the return generated from owning high-quality businesses should converge with the compound rate of growth in profits. While investors in these businesses are not immune to significant market declines, the difference is that the impact will generally be temporary and much less severe as companies in the portfolio will still, thanks to their strong fundamentals, be making money.

[1] *Performance of the Ravenstone Equity Trust I Series Units is used to reference the Ravenstone Equity Portfolio results. Performance calculation is to June 30, 2020. Inception date is April 1, 2016.*

There are many businesses being severely impacted by the pandemic. For example, companies that have substantial financial leverage may suffer a liquidity crisis, requiring emergency funding or perhaps even result in bankruptcy. At Ravenstone, we do not rotate from high-quality businesses into lower quality ones based on where we are in the business cycle. We do not own speculative stocks. We do not own cyclical companies that rely on commodity prices. We do not own junk bonds. The fact is, there are a limited number of publicly traded businesses that have proven capable of generating superior, long-term growth in a wide range of economic scenarios.

Starbucks was a recent addition to the Ravenstone Equity Portfolio. It has a highly profitable business model and a strong balance sheet backing its pursuit of global expansion opportunities. Early in the year, the Coronavirus outbreak was isolated in China. Economic activity there slowed dramatically and Starbucks, along with many other companies, temporarily closed their stores to contain the spread of the virus. By mid-March, Starbucks shares were down 36% from their peak two months earlier. We viewed this sell off as an attractive buying opportunity. There is no doubt that the pandemic is negatively impacting financial results in the near-term; however, there are more than 400 billion cups of coffee consumed every year. It is unlikely that the pandemic will permanently alter the ritual of coffee consumption. By the end of May 2020, 99% of stores in China and 91% of stores in the U.S. were re-opened. While many were limited to "on-the-go" transactions, Starbucks was already positioned to navigate this transition seamlessly. Prior to the coronavirus outbreak, approximately 80% of Starbucks transactions in the U.S. were "on-the-go" orders. Moreover, the company was an early adopter of technology and launched its mobile app in 2014. Additionally, Starbucks has elevated its retail presence through targeted store renovations, relocations, and the opening of new stores. China remains the company's single largest growth opportunity. Starbucks remains a global leader in the industry and is expected to emerge from this crisis as a stronger, more competitive business.

We believe Nike is another business well positioned to come through this crisis stronger than before. What is clear from an investment perspective is that the pandemic has accelerated consumer demand for online access to products and services. Nike was early to embrace e-commerce and was already shifting more of its business towards a DTC (direct-to-consumer) online model well before the crisis. Nike's operations have been significantly impacted by the coronavirus pandemic. In February, roughly 75% of Nike-owned stores in Greater China were closed, with others operating on reduced hours. One month later, all Nike-owned stores outside of Greater China, Japan and Korea were closed. While traditional retail sales were affected by temporary store closures, this was largely offset by strong online demand and higher conversion rates. Nike's online sales grew by 75% in the last quarter, year over year, and accounted for roughly 32% of total revenue (see chart below). The company is planning to "double down" on digital investments as part of its shift towards a DTC distribution model. We believe Nike's potential in the DTC segment is currently under-appreciated, and is likely to be a core engine driving future earnings growth.



Source: Wells Fargo Securities Canada

Beyond the adverse effects to certain industries, the pandemic has exposed the need for greater investment in domestic healthcare capacity and capability. According to Global Trade Alert, nearly 90 governments have blocked the export of medical goods in order to preserve supplies for their citizens. The U.S. Government has pledged to move away from its reliance on other nations and to increase its own capabilities to produce drugs and medical supplies. The crisis has highlighted North America's overdependence on a global supply chain. Republicans and Democrats alike are backing new "Buy American" requirements for government healthcare spending. Thermo Fisher Scientific is a leading life sciences company that stands to benefit from this shift. It is one of the largest manufacturers and distributors of laboratory equipment and supplies. Thermo Fisher also provides strategic services to help biopharma companies comply with regulations, develop products safely, and operate more efficiently. The other health care investments in your portfolio, largely medical device companies in the diagnostics and testing space, should also benefit from growing demand and anticipated policy changes that encourage increased reliance on domestic supply.

Basic arithmetic matters. Investors would be wise to consider a "win by not losing" approach to investing. While not immune from bouts of volatility, the ownership of high-quality businesses should continue to compound your hard earned capital at above average rates. The portfolio has demonstrated resilience and will likely exit this crisis even stronger than before.

During these challenging times, we can report that Ravenstone continues to operate safely and without interruption. We are grateful for your business and your trust. A special thank you to those who have referred their clients, friends, and family. There is no greater compliment.

As always, please do not hesitate to contact us if you have questions or would like to discuss your portfolio. We wish you and yours all the very best.

Sincerely,

Daymon Loeb

Adam Donsky