

# ARCH|Capital

Dear Arch Capital Partners,

This letter marks the commencement of our Limited Partnership. We are grateful that you've taken a chance on us, three guys with no established track record. You have no idea how much your investment means to us, and we are eager to get started.

Here's what you should expect us to do in the coming years:

1. Own a concentrated set of high-quality companies that compound free-cash-flow per share at a high rate.
2. Not overpay for businesses.
3. Have low portfolio turnover.
4. Continuously learn.

In return, all we expect from you is patience and a long-term mindset. Our strategy is not one where our performance can be judged over a few months, but over many years. If successful, there will be years where your money compounds at a high rate, but also years where it trails the leading indices. With that being said, our sole focus as managers is to make investments we believe can compound at high rates over the *long-term* while ignoring the inevitable short-term noise.

We think this Warren Buffett quote sums up our view:

***“Charlie and I would much rather earn a lumpy 15 percent over time than a smooth 12 percent”***

If you have any questions, concerns, or just want to talk, please write back to us. We are always happy to talk. Here's to the start of a long and fruitful relationship.

Sincerely,

Brett, Brady, and Ryan