HAYDEN CAPITAL

QUARTERLY LETTER

2025 | Vol.1

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HAYDEN CAPITAL

May 29, 2025

Dear Partners and Friends,

I think the last few months are best captured by the quote, "It was over before I knew it had begun…"[1]

Time Period	Hayden (Net)[2]	S&P 500 (SPXTR)	MSCI World (ACWI)
2014[3]	(4.9%)	1.3%	(0.9%)
2015	17.2%	1.4%	(2.2%)
2016	3.9%	12.0%	8.4%
2017	28.2%	21.8%	24.4%
2018	(15.4%)	(4.4%)	(9.2%)
2019	41.0%	31.5%	26.6%
2020	222.4%	18.4%	16.3%
2021	(15.8%)	28.7%	18.7%
2022	(69.2%)	(18.1%)	(18.4%)
2023	56.6%	26.3%	22.3%
2024	64.3%	25.0%	17.5%
1st Quarter	(0.6%)	(4.3%)	(0.9%)
2025	(0.6%)	(4.3%)	(0.9%)
Annualized Return	13.7%	12.2%	8.8%
Total Return			
1 Year	44.8%	8.3%	7.5%
5 Years	106.5%	134.7%	103.1%
10 Years	258.9%	224.9%	136.9%
Since Inception	279.3%	232.0%	140.8%

[1] This famous quote is often attributed Haruki Murakami or Jane Austen's works, although neither wrote the exact quote.

2 Hayden Capital returns are calculated net of actual fees directly deducted from client accounts, for the period from inception (November 13, 2014) to December 31, 2020. Starting on January 1, 2021, reported performance is reflective of a representative account, managed in accordance with Hayden's strategy with no client specific investment guidelines or limitations, made no subsequent investments or redemptions, and remains invested. The representative account paid a management fee of 1.5% and incentive fees of 0%. Clients who elect the performance fee option for their accounts may pay higher fees and therefore realize lower net returns, during years of strong investment performance. Individual returns may vary based on timing of investment and your specific fee schedule. Performance results are net of expenses, management fee and incentive fees. Past performance is not indicative of future results.

3 Hayden Capital launched on November 13, 2014. Performance for both Hayden Capital and the indexes reflects performance beginning on this date.

The markets started the year off exuberantly, excited about the potential of AI and the new US administration's more business-friendly stance. Even Chinese equities (long in investors' "doghouse") caught a bid after Deepseek's release.

But alas, the excitement didn't last. Even before the tariff announcements, there was already anxiety about AI over-capacity. And on April 2nd, the US unleashed a bombshell – unprecedented tariffs on its global trading partners. These further triggered fears of economic, inflationary, and political fallout.

The market reacted sharply, with the S&P 500 declining -14% in just three days (~-20% from its peak). But in another twist, equities then quickly recovered over the next few weeks, as if nothing changed.

As for the actual tariff rates, the White House's announcements have been just as fickle. After a few days of markets throwing a tantrum, the administration blinked and paused most tariffs. The original import tariffs on China (one of the US's largest trading partners) started at 54%, escalated to 145%, and then was negotiated down to 30%. All this happened within six weeks.

If there's anything to be learned, it's that Trump 2.0 is shaping up to be just as unpredictable as Trump 1.0. And maybe that's the point… I don't pretend to know what's in store the next few years. Except to brace for a market that's more erratic than usual.

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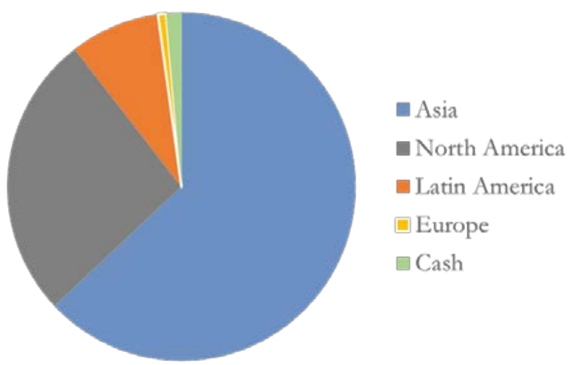
Geographic Allocation %

As of March 31, 2025



Our portfolio was down -0.6%, or essentially flat for the first quarter. This compares to the S&P 500's -4.3% and MSCI World's -0.9% returns during the period. Since inception, we have compounded our partners' capital at +13.7% annualized after fees, versus +12.2% for the S&P 500 and +8.8% for the MSCI World indices.

Importantly, our portfolio achieved this while looking quite different than our benchmarks – with ~63% in Asia, ~27% in North America, ~8% in Latin America, ~1% in Europe, and the remainder in cash. We are increasingly finding better opportunities abroad.

We also sold one tracking position and bought another during the quarter. As a reminder, these are "learning positions", and partners shouldn't read into them[4].

Occasionally these small investments may become a larger part of our portfolio, or we may just as quickly reverse our decisions. As such, I'll reserve discussing them only if they become a material part of the portfolio.

Only The End-State Matters

Over the last few years, we've watched many stocks on our watchlist make remarkable recoveries. With some of the more notable examples shown below. From the bottom tick, these stocks have risen between 4.5x and 82x (!).

Company	Ticker	Net Margin (2022)	Net Margin (2024)	Low Price	Current Price	Recovery %
Applovin	APP	(7)%	34%	$ 9.14	$ 370.10	3,949%
Carvana	CVNA	(12)%	2%	$ 3.55	$ 293.06	8,155%
Coinbase	COIN	(83)%	41%	$ 31.55	$ 256.90	714%
Uber	UBER	(29)%	22%	$ 19.90	$ 91.72	361%
Sea Ltd	SE	(13)%	3%	$ 34.35	$ 154.13	349%
Spotify	SPOT	(4)%	7%	$ 69.29	$ 620.07	795%

**Current Price as of May 13, 2025*

So, what happened? Obviously, the *fundamentals* of these companies haven't changed that much. Sea Ltd isn't a 4x better company than 1.5 years ago. And Applovin isn't a 40x better business. It seems to me the only thing that's changed is investors' *confidence* in these companies[5]. Perhaps it's an interesting reflection of both the extreme pessimism at the bottom, and the astounding restoration of investor confidence in just a few years.

The fact is, I've been thinking about this a lot recently. Especially since we invest in a lot of emerging growth companies, and I've always said that volatility is a feature of our strategy. It keeps rival investors away – given many firms' lower tolerance for volatility and their need to delivery steady returns to their investors[6].

In turn, this theoretically leaves the niche inefficient, and ripe with opportunities for us. We think differently, since we don't equate volatility as risk. What matters is that we're ultimately correct in our evaluation of the business model and have the staying power to get there.

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[4] I first discussed our use of "tracking positions" in our Q3 2018 letter (LINK).

[5] Specifically, confidence that these business models can make money.

[6] Given our patient capital base and long investment horizon, we will always choose a higher annualized return, but lumpier cadence of returns. Over a lower return, but more consistent cadence.

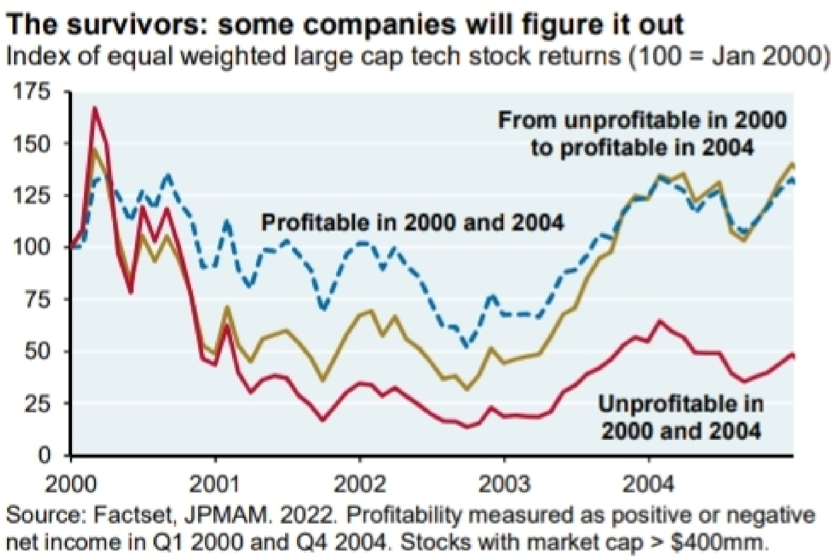
But if we believe higher volatility is a structural feature of this market segment, then we also need to embrace and study these periods, if we hope to be the best at exploiting it.

I also keep coming back to this JPMorgan chart – ever since I referenced it in our Q4 2022 letter. And I think there are many similarities between the best performing stocks in recent years, and what I highlighted back then. Long-time partners will remember this "set up", which I talked about after studying the 2000 – 2002 bear market:

"On that topic, this chart from JP Morgan's Eye on the Market report stood out (LINK). It shows that during the 2000 – 2002 bear-market and the years after, the companies that declined the most were unprofitable technology companies, by ~-80% at their troughs. Meanwhile companies that started the period as unprofitable but ultimately became profitable, also declined ~-70%. And companies that were reliably profitable throughout the entire period experienced max drawdowns of ~-50%.

Tech Stock Performance from 2000 - 2005

Source: JPMorgan Eye on the Market Outlook 2023 (LINK)



Logically, this makes sense. These unprofitable companies were dependent upon the generosity of others (i.e. capital markets funding) to sustain their operations, until they could stand on their own two feet.

Especially when there are fears of a recession, the future financial outlook is uncertain, and the capital markets are closed, few investors are willing to take the bet that these companies will be able to develop self-sustainable business models in such an adverse environment. Many would prefer to wait until their business models are "proven" and the results obvious in the financial statements, rather than trying to make that judgement beforehand.

However the fact is, that some companies do figure it out. Actually not just some, but history shows that half (!) are able to make this transition. A higher percentage than I would have expected…

Through a combination of cost-cutting, capturing structural growth in their industries, and taking additional market share from weaker competitors, ***the best of breed firms do become self-sustainable within a few years.***

The report states, "…for stock pickers that sift through the wreckage to try and identify survivors, there may be attractive opportunities. The size of this unprofitable -> profitable cohort was ***roughly 50% of the 'unprofitable in 2000' universe.****"*

So what's the reward for those that correctly "sifted through the wreckage"? A little over a year after hitting their troughs, ***these stocks had recovered ~+320%****, to match the cumulative returns of the companies that had been profitable all along.*

Essentially, these stocks suffered the brunt of the draw-down alongside the (what I'll call) "broken business model" companies during the first phase of the bear-market. And ***as the market realized that some of these businesses actually developed self-sustainable models, their share price re-rated to reflect their new profitable profile. It was a steep downward, then steep upward trajectory for their stock prices over just a few years."***

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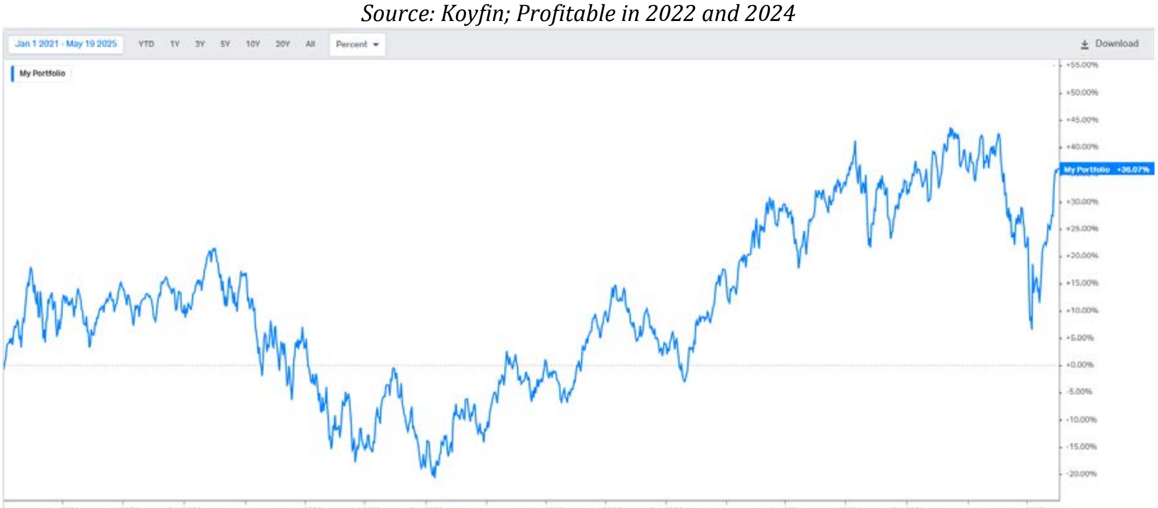
Well two years later, it seems this played out again. While the magnitudes of the drawdowns and recoveries are different (the 2000's had a larger draw-down and hence recovery), the patterns are largely the same.

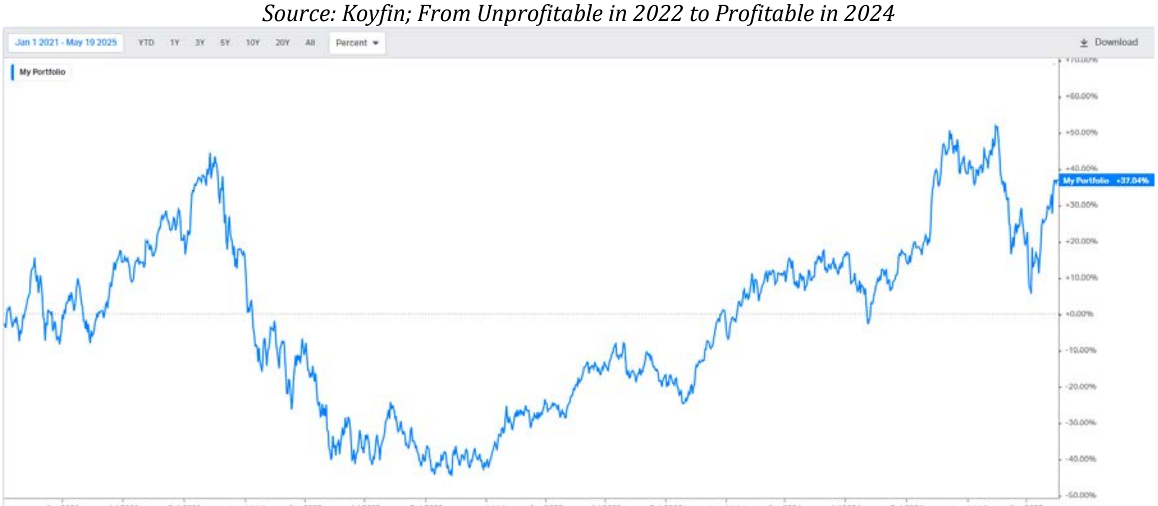
Sustainably Profitable Companies

Source: Koyfin; Profitable in 2022 and 2024

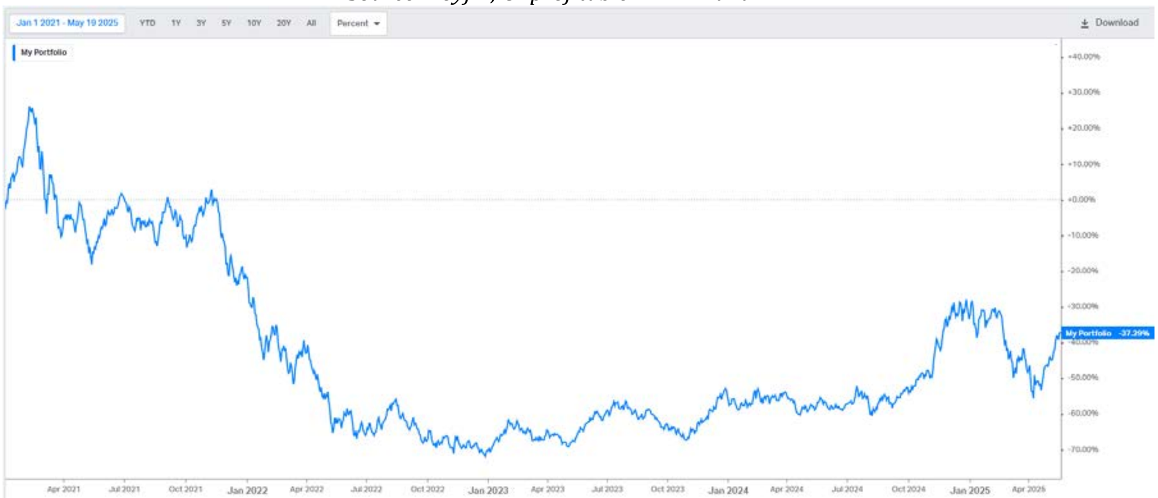


Transition Companies: From Unprofitable -> Profitable

Source: Koyfin; From Unprofitable in 2022 to Profitable in 2024



“Broken Business Model” Companies
Source: Koyfin; Unprofitable in 2022 and 2024



Importantly, for companies that began 2022 unprofitable and managed to turn profitable by 2024 (what I’ll call “transition companies”), they once again matched the cumulative returns of the “sustainably profitable” stocks[7]. A repeat of their 2000 – 2004 cohort peers.

Specifically, ~40% of companies that started as unprofitable enterprises managed to achieve profitability[8]. And an equal-weighted portfolio of these stocks recovered ~149% from the trough. Also like the 2000 – 2004 period, “broken business model” companies never fully recovered, and continue to trade down ~-37% years later.

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"Bad companies are destroyed by crisis, good companies survive them, great companies are improved by them."
— Andy Grove, former CEO of Intel

So what’s to be learned from all this? Well first, I think it’s proof that a business’ ultimate “end-state” fundamentals matter the most. Profitability (i.e. whether a business model can make money) is like gravity – you can overcome it in the short-term with “hopium”, but eventually the stock price will reflect reality. And just as markets accurately punish “broken business models”, it also rewards companies that find their way to sustainable business models as well.

It's proof that markets are forward-looking. It doesn’t discriminate if a business has been profitable for 30 years, or 30 months. What matters is if investors have confidence the business will *sustain profitability* from this point forward. If so, the market quickly forgets their controversial pasts, and rewards their stocks with valuations equal to peers that were profitable all along.

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[7] Note, this analysis is for illustrative purposes only. We’re just trying to be directionally correct.

The data isn’t perfect, but we tried to replicate the original JPM data as closely as possible. The portfolios are based on 2022 and 2024 net income, limited to US technology companies, and for companies >$400M market cap.

Unprofitable -> Profitable stocks ended the period +37%, while sustainable profitable companies were up +36%. We shouldn’t read into the similar returns though, as this is likely just coincidence.

[8] It’s a lower percentage than the 2000 – 2004 period. But our time period is also only 3 years, versus the original 5 years. Its possible more firms will achieve profitability if we look back in another two years.

But obviously, reaching this "end-state" is a much more volatile journey for these "transition companies".

The simple explanation is that markets hate uncertainty[9]. And it's hard to have a more uncertain future than going into a possible recession, being unprofitable, and still competing head-on against several well-funded competitors. It's no surprise that investors lost confidence in 2022, and valuation multiples (an indicator of investor's confidence in the future) fell off a cliff.

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But the best-of-breed companies didn't just survive – they emerged *stronger*. And investors who were paying attention and had the foresight to see what these businesses would become in 24 months, would have had an opportunity to spot this early and notice inflections in fundamentals (even if it hadn't shown up in the financial statements yet).

For example, bear markets are great for culling uncompetitive companies. Those with non-existent moats and undisciplined management teams went out of business. With only the strongest players left in the market, they had an "open playing field" to reaccelerate their businesses into (see our Q2 2024 letter titled "re-acceleration"; LINK).

I'd argue these companies emerged from the crisis with greater *certainty* too. As such, it makes sense why investor confidence rebounded so strongly over the past two years. For these firms, they're exiting this period with consistent profitability, accelerating growth, room to expand margins even further, and bankrupt competitors (thereby granting a quasi-monopoly position). This *predictability* gives the market confidence to ascribe a higher valuation multiple.

And instead of years spent grinding it out against well-funded competitors, the bear-market has accelerated the inevitable – forcing victors to emerge quicker than otherwise. With the battlefield cleared sooner, these "winners" have extra years to fully enjoy the fruits of victory – in other words "pulling forward" the earnings trajectory and thus increasing the valuation[10].

So even though the last few years were "confidence-testing" for shareholders, I suspect that long-term investors are actually better off for it.

For example, within our own portfolio, Sea Ltd has emerged as essentially a monopoly in SE Asian ecommerce, after the last few years. Lazada shed half its market share, and Tokopedia sold itself to Tik Tok Shop at fire-sale prices. And now Tik Tok Shop is conducting its own layoffs. Arguably, this industry consolidation (and Sea Ltd coming out on top) would have taken much longer, without the market downturn.

Applovin competed against Iron Source, Unity, and a dozen other mobile game advertising networks in 2021. But Unity bought Iron Source in November 2022, after which Unity then had its own stubbles and management missteps.

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[9] I think the market places too much of a premium on certainty, and this avenue might be a good source of "alpha" for investors. See our Q3 2023 letter, on "The Predictability Premium" (LINK).

[10] I.e. able to raise prices sooner since there's no more competition, and not have to share industry profit pools with others. This adds extra years of Free Cash Flow to the DCF model, and "pulls forward" previous projections too. Do this in your financial model, and it can have a meaningful impact on valuations.

Applovin aggressively took advantage while Unity was distracted, and is now the 3rd largest mobile advertising network behind Meta and Google (LINK). Their revenue has doubled in the past few years and free cash flow is up ~9x, while Unity's has *declined* post-acquisition.

Coinbase used to be criticized by the crypto community for not being aggressive enough, and falling behind Binance and FTX as a result. But the company insisted on working *with* regulators and expanding methodically, rather than rush to launch new products (which may not even be legal).

A few years & a crypto bear-market later, FTX was convicted of fraud (and bankrupt) and Binance's founder pled guilty to multiple federal charges and spent several months in prison. Coinbase is now the most trusted crypto company in the world, with over $200 Billion in assets under custody – cementing its status as the industry's "blue-chip" company and even the first crypto-firm to join the S&P 500[11].

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"The [public] financial markets, they really care about predictability. So in fact, I feel like they care even more about that than the actual profit margins, or growth…"
— Severin Hacker, Co-founder of Duolingo (LINK)

But the problem is that most of the valuation recovery happens *between* these two points. By the time the outlook is certain, the market is already pricing in a high "predictability premium" (LINK).

As the saying goes, "money is made in change", not after things are already obvious. And good investor judgement is most crucial, when these companies are still in the midst of a "fog of war". As shown previously, the return difference between "broken business model" companies vs. "transition companies" is too high otherwise.

So the most pertinent question is, how do you distinguish between best-of-breed vs. the rest, before it's shown up in the "outputs" (i.e. reported financials / earnings)? And how do you avoid being "shaken out" in between – unable to benefit from the ultimate recovery?

Simplistically, the answer is to focus on the "inputs" – such as competitive advantages, company culture, and management quality (judged by their past decisions). In other words, look for qualities that are predictive of a company's "right to win".

But these exact "right to win" qualities are unique to each business model, so I think it's hard to offer specific guidelines. I'm also still developing our own mental models, and certainly don't have all the answers. But I've periodically hypothesized on some examples of "right to win" traits in our prior letters, which I encourage partners to review if interested. And I will continue to share more with our partners as we hone them.

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[11] *"Coinbase shares jump on addition to S&P 500 index in watershed for crypto market"* (LINK)

The lesson is to keep your eyes on the game itself, not the scorecard. These intrinsic qualities / KPIs change far slower than their comparatively volatile stock prices would indicate.

And tracking these inputs (whether it's increasing repeat order rates, rising return-on-ad-spend, or a greater % of contracts won), may provide early indications of a company strengthened by crisis.

During a downturn, everyone is hurting – including competitors. For example, startups / potential competitors can't get funded. And even incumbents are staring at their stock price declines, and facing investor pressure. The best companies use this to their advantage – going on the offensive while everyone is distracted / paralyzed.

Identifying (and more so, having the confidence to invest) is certainly easier said than done though. Especially during the "fog of war", when outputs / hard data isn't evident yet, stock prices are dropping -3%, -5%, -7% in a single day, and CNBC is stuck in an endless "Markets in Turmoil" loop. Being able to withstand the volatility and not self-doubt your analysis is equally important.

But it's vital to remember that bear-markets like 2022 are mostly a loss in confidence, rather than real business impairment for the best-in-breed companies. If we can understand *why* markets are behaving a certain way, perhaps we'll also have more confidence on why it's wrong.

This is especially true for businesses that are new to the markets (i.e. founded less than a decade ago), have little history / proof of navigating recessions, and management teams that haven't had a chance to build credibility with public investors yet. On top, its shareholder base is likely "fast-money" types, rather than a long-term committed investor base – leading to heighted stock volatility. And at a cursory glance, it's hard to tell which companies will survive, let alone thrive.

I think being a "business scholar" and recognizing early signals of a "right to win", can give investors an edge in making these judgements. This is probably the most important thing we can do during these periods – since if these internal qualities are in place (i.e. the "inputs"), it's only a matter of time before the profits follow (i.e. "outputs). Profits are simply a "tax" / byproduct of a company's value creation, after all.

PORTFOLIO REVIEW

Sea Ltd (SE): In last quarter's letter, I outlined Shopee's logistics investments and how it's helped the company defy skeptics who claimed "Shopee has no moat" years ago (LINK).

In a similar vein, another often heard complaint was that Shopee had gotten overly confident and expanded too much during the boom times. Most notably, they simultaneously launched Latin

America, India, and Europe in 2021[12]. The implication was that they were wasting investor capital and this is a signal of management's poor decision-making.

But was this really true? Was management actually harming the business's long-term prospects? Or were investors just frustrated over a declining stock price?

I disagreed with this notion 2.5 years ago, arguing that I thought it was the right move to make, with the information available at the time (LINK). Companies that experiment and try to find new growth avenues are good for shareholders – as long as the initial costs are small, and the decisions can be reversed quickly. After all, how else will you know where the boundaries of your company / products are, if you don't occasionally test them?

In total, these experiments cost ~$600M, or equivalent to just 0.3% of its market cap or 5% of total cash (LINK). And the company was quick to recognize the failures, and shut them down within just 6 months – actions that I think should be applauded, not faulted[13].

It's true that like most experiments, two out of three markets failed. But it also led to discovering a promising new market - Latin America. By our estimates, this single market may soon justify their entire overseas investment spend.

And now that we have a few more years of data, we can objectively see how these decisions played out, instead of merely pontificating…

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I estimate that Shopee spent a cumulative ~$1.7BN on its Latam + other markets bets[14]. On this spend, I project Shopee Brazil will make ~$150M in EBITDA this year – equivalent to ~1.1% of its Brazil GMV[15]. This equates to a ~9% yield (or slightly lower on an FCF basis).

Admittedly a high-single digit return on investment is good, but nothing to get excited about. However, I think this metric under-reports the optionality that management kept, by expanding to and investing in Brazil.

First off, Shopee Brazil is still far from achieving its full monetization potential. The company is guiding to ~3% EBITDA as a % of GMV for its overall business, which means that there's still significant room for profit expansion. On top of this, their Brazilian GMV is growing ~40% y/y and is projected to maintain these high rates in the medium-term.

Shopee has also built one of the leading logistics networks in Brazil – shipping more orders per day than even Mercado Libre, and with per parcel costs $1-2 cheaper than other 3rd party logistics providers[16]. This gives them a defensible moat, similar to their SE Asia operations.

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[12] Brazil was technically launched in 2019, but Shopee didn't really start investing aggressively until 2021.

[13] An example of "failing fast". For example, Shopee knew the European launch wasn't working early on and shut it down because of this data (not because of the market downturn, like some investors have claimed). One Shopee France employee stated: "*"We do not know why, but French consumers just do not respond to our campaigns… We could run marketing to get them to the campaign landing page, but they do not convert" (LINK)".*

[14] Comprised of the ~$600M we calculated in our Q3 2022 letter (LINK) + another $600M on marketing and operating costs in the years since + ~$500M logistics capex calculated in our Q4 2024 letter (LINK).

[15] Estimated at ~$14BN this year.

[16] According to Goldman Sachs research.

It's quite realistic that Shopee Brazil will hit $30BN GMV by 2028 (or a 3-year, ~30% CAGR). If they can achieve close to ~2% EBITDA as a % of GMV by then, that'd be ~$600M EBITDA. Additionally, most of Shopee Brazil's capital investments are fixed, which means profits should grow quicker than the incremental capital needed to support it (i.e. operating leverage).

Added together, it would equate to a ~28% yield on ~$2.2BN of total invested capital by 2028[17]. And at a full 3% on GMV, that's a ~42% yield.

Their overseas experiment will have been a tremendous success, if they can hit anywhere close to these targets – generating high incremental returns on invested capital for shareholders, and proving management's decision correct in hindsight.

However, there's also an embedded "call option" on top. They can leverage this infrastructure and use their Brazilian operations as a "launching pad", to re-enter other Latin American countries.

We already saw signals of this when they were re-trenching in 2022. Shopee said that they would "maintain cross-border operations in Chile, Columbia and Mexico", despite completely shutting down their European and Indian operations (LINK).

Cross-border sales by themselves aren't a meaningful business, so why would these be the only markets they kept a toehold in unless they had bigger plans in store?

Latin America is a ~$200BN ecommerce market, with Brazil being only ~40% of this (LINK). Shopee still has a lot of untapped opportunities in the region, with just ~12% market share in Brazil and ~5% of the total Latam market. And notably, Chile, Columbia, and Mexico were some of their best performing markets outside of Asia (based on customer repeat purchase rates, app downloads, etc.), before they retreated from these markets.

While it isn't formally announced yet, I would heavily wager that Shopee re-enters the rest of Latin America within the next few years. They've already proven to investors that they can compete head-on and be profitable in Brazil, with higher profit margins and take-rates than even their Asian operations. It's only a matter of time before they replicate this playbook across other markets.

Lastly, some investors would argue that instead of taking on too much, too soon, Shopee should have at least waited a few more years before growing in Brazil. But I contend that if they had waited, they may have missed the window of opportunity entirely…

For example, Shopee Brazil grew unencumbered from 2019 – 2024. The only real competitors were local platforms (Mercado Libre, Magazine Luiza, etc), who had different value-propositions versus Shopee's middle & lower income household focus. This gave Shopee a window of time to build their brand awareness, customer trust, and market share on their own terms.

[17] We expect them to spend an incremental ~$450M over the next 3 years. For background, we heard years ago that the company thought it would take ~$5BN of capital to create $50BN of shareholder value.

But if they had waited a few more years, like some investors proclaim? Well Temu just entered Brazil last summer, and TikTok Shop announced they're launching this month. And even Meituan is setting their sights on the market. There's a wave of Chinese competition is coming…

Luckily it's easier to defend your territory, if you've already had years to build up your walls and moats. And it's almost always easier (and cheaper) to retain an existing customer, versus trying to "steal" one from a competitor[18]. Especially in ecommerce, where your early competitive advantages are sticky customer habits and scale, which you need to justify building logistics scale later on.

In essence, if Shopee Brazil had launched later, it's likely that it would have cost a lot more to get to where they are today, while also having lower odds of success to boot.

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I can understand why Sea Ltd shareholders have felt "uneasy" these last few years. But I also think many of the criticisms are simply due to mis-matched time-horizons and incentives.

For example, if Shopee had completely exited the Brazilian market and conserved capital to focus on their Asian business, the business would have achieved profitability a few quarters sooner. With a "clean story" and greater investor confidence, perhaps the stock wouldn't have suffered as sharp of a draw-down.

But at what cost? Dedicated shareholders may have missed out on a market opportunity worth tens of billions of dollars. Is a smooth stock price, really worth missing out on this prize?

As longstanding investors, we will always support management decisions that maximize long-term shareholder value, even if it means a bumpier ride in the interim.

CONCLUSION

Since the early days of Hayden, we've had an internship program focused on mentoring aspiring undergrad and MBA investors, in our style of investing.

With one or two interns each semester, we guide them through the investment process from beginning-to-end. Starting with initial memos, identifying key questions, going through swaths of public information, model building, and then spending significant time conducting primary research and one-on-one interviews with those familiar with the company.

[18] Customers are less likely to try new platforms, if they're used to logging into your application every day / week, already trust the platform to reliably delivery their order, have their personal information stored already, etc.

This semester, I was proud to work with Max Pan of Columbia and Johan Monge of NYU, who spent several months on Luckin Coffee and Wise, respectively. Unfortunately, we ultimately decided to pass on both due to valuation concerns.

Nevertheless, they are both fascinating companies. I've attached the Wise memo here in case our partners want to learn more about the company, and / or are curious to see the type of work our interns produce (LINK). We're also open to comments on the thesis or anything we might have missed. Please don't hesitate to reach out to myself or Johan if you'd like to discuss them.

Additionally, I was honored to mentor a group of students from UCLA and Peking University this semester, as part UCLA's Value Investing Program. The team worked for several months researching Didi, and I'm proud to say they tied for 1st place at Himalaya Capital's stock competition. Congrats to Shane Desilets and Yana Avanesyan on a great pitch[19]!

Thank you to Professor Bill Simon and Humberto Merino-Hernandez for inviting me to mentor such a sharp group of students.

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I was also at Berkshire Hathaway's annual meeting this month. It was an exciting weekend as always, packed with happy hour events, investment panels, dinners, impromptu get-togethers, and more. Of course, the big news was also Warren Buffett announcing his retirement after 60 years of beating the markets (goals!).

I also hosted a dinner with fellow investors the Thursday night. It was great catching up with friends whom I hadn't seen in a while, and look forward to doing it again next year Let me know if you'd like to join us at next year's event, too.

Hayden Capital's Berkshire Dinner[20]

Thursday, May 1, 2025

[19] Shane was a Hayden intern in Spring 2024. It was just luck of the draw, that we had the chance to work together again!

[20] Pictured: George Hadja (Bristlemoon Capital), Phil Clifton (Scion Asset Management), Jon Cukierwar (Sohra Peak), Eric Markowitz (Nightview Capital), William Langford (MA Capital), Fraser Christie (Sandstone Funds), Philip Berkman (Aventine Capital), Fred Liu (Hayden Capital), Johan Monge (Hayden Capital), Harrison Moot (Sandstone Funds).

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Lastly, my family also had the privilege to visit the Mitochondrial Medicine Research Labs at the Children's Hospital of Philadelphia (CHOP). CHOP is one of the leading research laboratories for rare genetic mitochondrial diseases, and it was great to meet Dr. Falk and her team in person.

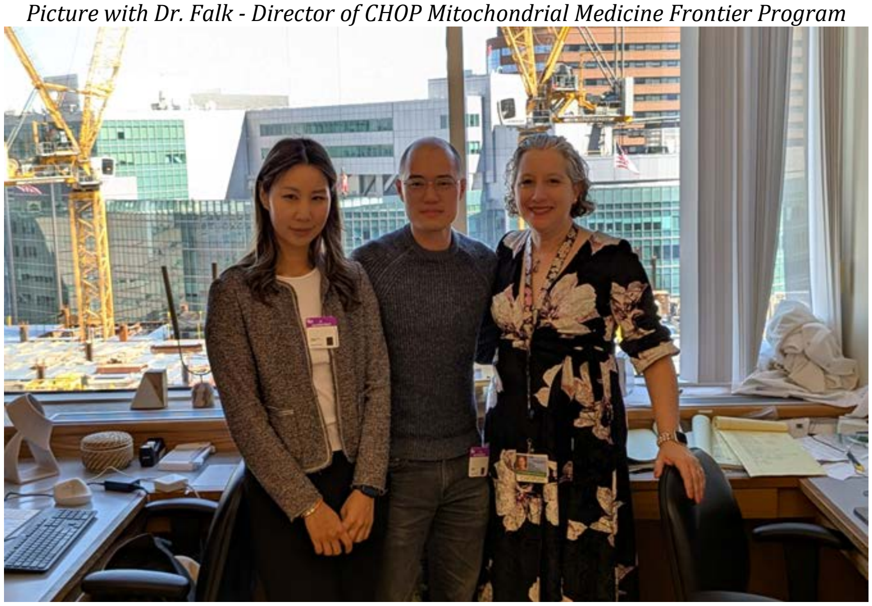
I described our daughter's passing last year, and how my family hopes to have the opportunity to help other families in similar circumstances (LINK). Well, I'm proud to share that we've taken the first step, with the creation of The Alina Hwang-Liu Fund. The fund will support CHOP's genetic research efforts, in finding a cure for genetic mitochondrial diseases one day. We are committing a portion of Hayden's annual revenues to this effort, and my family is also joining the program's advisory council.

Additionally, many of you emailed with your support last year, asking how you could contribute. First, I want to deeply thank you for your kind generosity. Simply spreading awareness of the disease is more than enough.

We also set up a fundraising page here (LINK), where all donations go directly towards the research program. We promise that your contributions will be put to good use. Additionally if you'd prefer to donate directly, or wish to contribute appreciated stock or other assets, please reach out directly and I would be honored to assist with that too.

Visting CHOP's Mitochondrial Research Labs

Picture with Dr. Falk - Director of CHOP Mitochondrial Medicine Frontier Program



Sincerely,

Fred Liu

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