Investors,

For the third quarter of 2022 Deep Sail Capital Partners (the "Fund") returned 1.4% gross of fees while averaging 80% net long exposure. Please consult your individual capital account statements for your individual net returns.

Performance Summary	**Gross Returns**			**Deep Sail Capital Vs Benchmark**		
	Q3	**YTD 2022**	**Strategy Since Inception ***	**Q3**	**YTD 2022**	**Strategy Since Inception***
Deep Sail Capital Partners LP	1.4%	-36.4%	72.0%			
Russell 2000	-2.2%	-25.5%	45.3%	3.6%	-10.9%	26.7%
Russell Small Cap Growth Index	-0.4%	-30.8%	55.5%	1.9%	-5.6%	16.5%

All returns are shown as gross returns which exclude performance and management fees.
Please contact fund manager for historical net returns.

In the third quarter, the fund's relative performance versus our benchmarks was an improvement over the first half of 2022. The fund outperformed both of our benchmarks during the third quarter, and we ended the quarter with a positive gross and net return. The main driver of our relative outperformance in Q3 was a strong performance from our short portfolio, which contributed 4.7% to our Q3 returns, offset by the long portfolio, which contributed -3.3% to our Q3 returns.

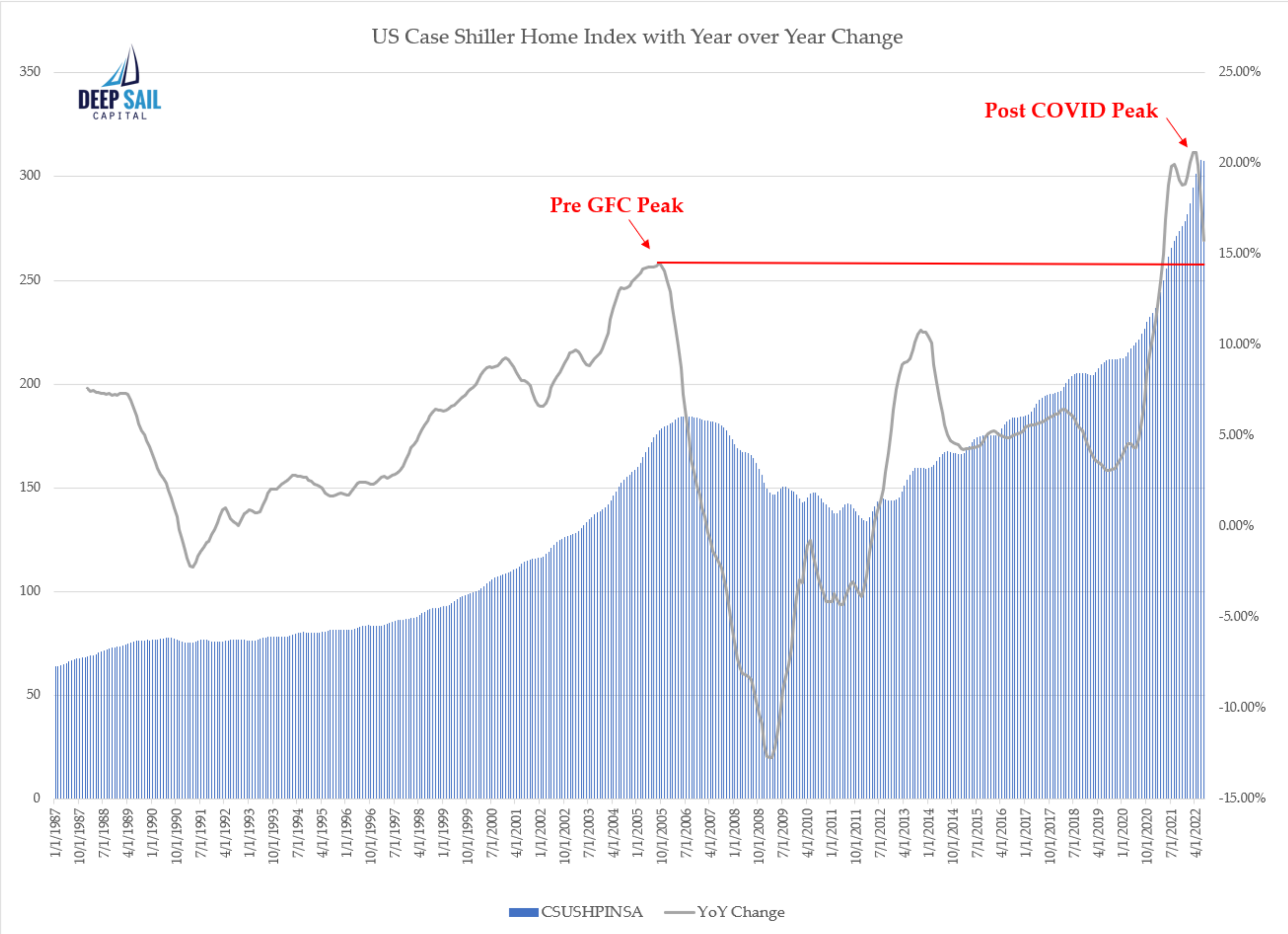
Market Commentary

In the third quarter, we finally got some clarity on just how forceful the Fed would be in fighting inflation. Jay Powel was very clear both at his Jackson Hole speech on August 26th and during the September Fed Reserve meeting that he and his colleagues at the Fed were "strongly committed to bring inflation back down to our 2% goal". This statement, along with a revised September Dot Plot, signaled to the market that the Fed intends to raise interest rates for the fourth time in a row by 75 basis points in November.

This recent Fed hawkishness is quite a contrast to the stance the Fed held as recently as Q1 of this year, when they were actively buying mortgage-backed securities. This historically fast rise in interest rates is a clear admission by the Fed that they screwed up in 2021. They had the QE & ZIRP pedals pushed to the floor for way too long on the argument that inflation was "transitory". It was a clear overshot on the Fed's part. But that is the Fed's modus operandi. They are always too slow to act and always overreact when they screw up.

ZIRP has been a failed policy. The world will be dealing with 2nd and 3rd order impacts from ZIRP for several years. The clearest example to me of just how badly the Fed screwed up is the rise in US home prices. In 2021 and 2022, we saw the fastest increase in home prices on record since the Case Shiller Home Index started in 1987, eclipsing the year over year increase high from 2005 of 14.5% by over 6% in early 2022 of 20.6%. The +15% increase year over year in home prices that started as early as March of 2021 should have been an obvious red flag for the Fed to cut rates and slow down the economy.

Homebuyers now face high home prices and higher interest rates than most homebuyers under the age of 40 have ever seen. There is only one outcome that makes sense from here, and that is a 15-20% decline in home prices and a 75% decline in home sales volumes. It's a clear reset for the housing market. Plan accordingly.



Source: https://fred.stlouisfed.org/series/CSUSHPISA

Long Portfolio Summary

	Q3 Return
Overall Return	-2.25%
Contribution	-3.29%

Best Performing	Q3 Contribution	Worst Performing	Q3 Contribution
Biolife Solutions	3.8%	Radius Global	-3.4%
MaxCyte	3.3%	ClearPoint Neuro	-3.0%
RCI Hospitality Holdings Inc	3.1%	Roku	-2.2%

The second quarter was another difficult quarter for the long portfolio, but there were many signs that a recovery is underway in small-cap growth stocks. Many small and microcap companies' stocks bottomed in Q1 or Q2 of this year and have since been stable or rebounding. Small-cap stocks' relative valuations to large-cap stocks are near 20-year lows, suggesting now as a time to be heavily weighted to small-cap stocks.

Radius Global was our largest detractor in Q3 as it was impacted significantly by the quick rise in interest rates. I believe interest rates are nearing their peak for this cycle and Radius will largely benefit from interest rates declining to more normal levels in 2023. Radius still has plenty of cash ($650m) to support their capex acquisition pipeline for another few quarters until they need to raise additional capital, giving them some runway. I continue to believe their largely inflation-hedged digital asset portfolio will outperform their public peers in the current high inflation environment. We continue to hold and have added to our position in Radius Global near their current all-time lows.

The fund closed 1 position and opened 3 long positions in Q3. Most notably, we opened a large position in Atlas Engineered Products "Atlas". Please see our thesis on Atlas below.

New Position: Atlas Engineered Products

Atlas Engineered Products (AEP:V) or "Atlas" is a rare find in the public markets. It is a microcap company that has all the key elements that I look for in our four pillars of an exceptional investment. Before I get into how I view Atlas in terms of our four pillars of an Exceptional Investment, let me first address their place in the home construction value chain. While I do expect some weakness in their business over the next few quarters, I don't expect any material impairment to their long-term business, which has a huge tailwind from the Canadian Housing Shortage.

Atlas's end market is largely single-family home construction. With the backdrop of the current mortgage rate environment, I expect near-term weakness in home sales and home construction, but a key distinction is the forward impacts on new home construction and existing home sales.

Atlas is exposed mainly to new home construction and, to a small extent, remodels and commercial construction. Atlas is not exposed to existing home sales, which is an important point to understand. With interest rates above 6% and over 50% of current homeowners having less than a 3% interest rate on their current mortgage, I expect to see existing home sales volumes to fall significantly in the coming quarters as current homeowners want to hold onto their historically low interest rates. Homes for sale supply will be constrained due to this dynamic. In turn, home prices should fall as overall housing demand and existing homeowners' willingness to sell concurrently fall.

There is a base number of natural home buyers that need a home, either due to people moving, deaths, marriages, or specifically to Canada, immigration. Due to the reduced willingness of current homeowners to sell, homebuyers will be forced to buy from new homebuilders as the availability of existing homes will be extremely limited. This coming housing decline is significantly different than the 2008 GFC in that existing homeowners won't be forced to sell due to low unemployment rates and reasonable underwriting standards. Homebuilders will be the main source of homes for sale and thus homes constructed numbers should remain reasonably well insulated from this coming housing decline.

Atlas currently operates only in Canada. The Canadian housing market is structurally short homes due to their growing population through immigration. The Canadian Government has even put in place several initiatives to build new homes to meet immigrant housing demand. Ontario has a plan to build 1.5 million homes by 2031, highlighting just how big the housing shortage is in Canada. These underlying facts support my conclusion that Atlas is somewhat insulated from the coming housing market decline.

A High-Quality Business Model: Atlas employs a serial acquirer strategy in the truss, wall paneling, and floor truss industries. The truss business has all the industry dynamics that make it a perfect market to employ a serial acquirer strategy. The industry is highly fragmented and regionalized due to high shipping costs, which make it prohibitive for wide distribution from a central production location. The truss business in Canada and America is largely supplied by smaller regional truss manufacturers (usually referred to as "shops" in the industry). Most truss shops are run as family businesses rather than as corporate operations. As baby boomers are aging out of the workforce, many are looking to sell their shops, either as part of retirement or because their children don't want to run these shops themselves. At present, Atlas is operating only in Canada, but they plan on expanding their footprint by entering American markets through future M&A.

Exceptional Management: Atlas is run by the CEO, Haddi Abassi, who has over 30+ years of experience in the Canadian construction industry and built Atlas from a single truss shop to seven shops around Canada. With the added benefit of board representation from Paul Andreola (@paulandreola on Twitter; a long-time Canadian microcap and private market investor), Atlas has one of the best management teams I have seen at a company with a market cap of less than $50 million. Paul is a very active board member for Atlas, assisting with the M&A due diligence process as he has extensive market experience as a public and private market investor and as a construction tradesman. I recently spoke to both Haddi and Paul about Atlas and the opportunity in front of them. During our zoom call, they laid out a concrete capital allocation strategy and showed an in-depth understanding of the levers and opportunities that sit in front of Atlas. Their focus on proper capital allocation and management of their business was not something you see very often at such a small company.

Substantial Long-Term Growth Prospects: Atlas ticks all the boxes I look for in a serial acquirer. The truss and wall paneling businesses are highly fragmented in both Canada and America. There are many forced sellers within the market due to many retiring Baby Boomers that are willing to take either cash or stock in exchange for their truss business. But there is no natural buyer within the market, as the size of the acquisition targets is too small for private equity to be interested in. The majority of M&A targets within the industry have an annual EBITDA between $1 and $5 million. These industry dynamics suggests Atlas has a long growth trajectory through M&A over the next 15 years.

Outside of M&A, Atlas has several reinvestment opportunities in their existing manufacturing facilities to which they can dedicate capital. These opportunities include the purchase of new automated saws; expansion of their product portfolio to floor trusses and wall paneling; and regional expansion. On our recent call, Haddi mentioned that most of the capacity expansion opportunities in the near term will be through purchases of new automation equipment that has a less than 3-year payback period. After discussing the capital allocation priorities with Haddi and Paul, I am convinced that there are solid opportunities that Atlas has in front of it to reinvest its capital at attractive rates through both M&A and organically.

Reasonable Valuation: Atlas has been EBITDA positive for 16 out of the last 17 quarters, with the only negative quarter coming in Q1 2020 during the onset of COVID 19. Atlas generated an ROIC of 23% over the last 12 months and has recently made efforts to raise their gross profit above 30% for the foreseeable future by revamping their bidding process.

Recently the company has been buying back its own shares through a Normal Course Issuer Bid suggesting they believe the stock is extremely cheap and is one of their best capital allocation options at present.

Currently shares of AEP trade at an EV/EBITDA of 2.7 on a TTM basis. I believe that after the near-term homebuilder weakness passes Atlas will continue to generate EBITDA around $10 to

$12m/year and be able to redeploy capital into opportunities with ROIs of +20% for many years to come. A realistic valuation for Atlas is around 6-8x EBITDA which would put the share price at $1.36-$1.80 CAD vs the current market price of $0.55/share CAD or a 150% upside.

Cell & Gene Therapy Pick & Shovels

As part of our investment process at Deep Sail Capital, we do periodic deep dives into certain areas within our investment universe. We do this to expand our latticework of deep knowledge of the industries we focus on, while being mindful of finding potential investment ideas along the way. Our typical deep dive process takes anywhere from 1 to 3 months, culminating in a short-form summary writeup in which we try to synthesis all that we have learned into a short writeup. I recently completed a deep dive into the cell and gene therapy (CGT) space, which is posted on our website here.

Prior to beginning the deep dive, the fund was already heavily invested in three CGT pick & shovel companies, MaxCyte, ClearPoint Neuro, and Biolife Solutions. I came away from the Deep Dive with even more conviction about the coming growth and potential of the CGT space than before. I continue to believe these three companies are poised for massive growth over the next 10 years. Here is a summary of the overall CGT thesis:

- CGT is in its infancy, but it will see S-curve growth in patient numbers in 2023 and 2024 driven by upcoming CGT treatment approvals.

- CGT requires a different production, treatment, and logistics value chain than traditional small molecules. Traditional providers have been slow to support CGT development, allowing specialty providers like MaxCyte, Clearpoint Neuro, and Biolife Solutions a high growth, high value niche, which is required by drug developers to successfully launch new CGT treatments.

- With COVID-19 largely behind the world, barriers to CGT development including slow FDA approvals and resource constraints are going away allowing CGT to blossom. Timing-wise, everything is lining up extremely well for CGT going forward.

- Since each CGT treatment requires a different production and treatment plan, there is no standard within the industry for commercial scale production, allowing many smaller specialty tools and services companies to thrive.

- CGT will be in high demand for potential patients as it is a curative treatment for genetic disease, unlike all other treatments to date.

Short Portfolio Summary

	Q3 Return
Overall Return	7.77%
Contribution	4.71%

Best Performing	Q3 Contribution	Worst Performing	Q3 Contribution
Beyond Meat	1.3%	Rivian Automotive	-1.6%
WeWork	0.9%	Sweetgreen	-1.5%
Workhorse Group	0.8%	Global-E Online	-1.4%

The short portfolio significantly outperformed our benchmarks in Q3. As we enter the late part of the bear market many stocks are down over 75% from their peaks. During these types of markets our main priority within the short portfolio is to avoid short squeezes. The current market has seen several single days where many of our short positions have been up over 10%. In the current market anyone that remains materially short single name equities must be nimble and take big wins when they come.

We continue to keep short positions in companies in the Electric Vehicle and Alternative Energy industries as well as companies that are Moonshots (no revenue companies with big ambitions) or failed SPACs. With the recent quick rise in interest rates, we have added material short exposure to homebuilders and real estate services related companies, as we believe the housing market has peaked in both prices and volumes for this cycle.

Top Holdings & Current Exposure

Top Holdings

Long Portfolio	Industry/Segment	%	Short Portfolio	Industry/Segment	%
MaxCyte	Medical Devices	8.4%	Rivian	Electric Vehicles	-4.8%
RCI Hospitality Holdings Inc	Restaurants	7.8%	Sweetgreen	Quick Service Restaurant	-3.8%
Adyen	Payments Software	7.3%	Warby Parker	Retail	-3.5%
Leatt Corporation	Retail	7.3%	S&P Homebuilders ETF	Homebuilders	-2.6%
ClearPoint Neuro	Medical Devices	7.1%	Undisclosed Short 1	NA	-2.1%

At the end of the Q3 the fund held 24 long positions and 28 short positions. The fund ended the quarter with an exposure of 124% long and 48% short or a 75% net long exposure.

Fund Update

As of July 1st, Deep Sail Capital is officially launched to outside investors. Thank you for all the interest in the fund since I launched it. It's been a very exciting but difficult time to launch a new investment fund.

The fund has added a handful of new LPs since we launched, and we remain open to new investment from all US-based accredited investors. I encourage you to reach out to me directly to discuss the fund or a potential investment in the fund, even if this may not be the right time for you to invest. I take a long-term view of steadily building the fund over the next few decades, so there is no rush. What is important to me is developing relationships with like-minded people. If you know of anyone who you think might be interested in investing in the fund, please contact me at info@deepsailcapital.com.

Sincerely,
Deep Sail Capital LLC

Disclaimer Deep Sail Capital LLC ("Deep Sail Capital") is an investment adviser to funds that are in the business of buying and selling securities and other financial instruments. This information is provided for informational purposes only and does not constitute investment advice or an offer or solicitation to buy or sell an interest in a private fund or any other security. An offer or solicitation of an investment in a private fund will only be made to accredited investors pursuant to a private placement memorandum and associate subscription documents. Past performance is no guarantee of future results.

"Deep Sail Capital Partners" returns in this document are shown as Gross Returns. For Net Returns of fees and expenditures figures please reach out to the fund manager at the email info@deepsailcapital.com.

"Deep Sail Capital LLC" name was changed on April 7th 2022 from the previous name "Organon Capital LLC".
"Deep Sail Capital Partners LP" name was changed on April 6th 2022 from the previous name "Westropp Funds LP".

"Strategy Since Inception" refers to the Strategy inception date of July 2016. Deep Sail Capital Partners LP's predecessor incubator fund, "Westropp Funds LP" pivoted from a Value Investment style to a Growth at a Reasonable Price (GARP) style fund on that date. For more details on this transition or the calculation behind the "Strategy Since Inception" returns please reach out to the fund manager at info@deepsailcapital.com.