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**March 2020**

Dear Investor,

Greystone Capital is a long only, equity focused Registered Investment Adviser located in West Chester, PA. The firm utilizes a fundamental research process focused on identifying mispriced small and microcap securities in order to build a concentrated portfolio of high conviction investments.

It is my belief that the best investment results can be achieved by aligning interests. Greystone aims to be different from the majority of investment vehicles and large funds by providing full transparency into what we own, and always being invested alongside clients. I strive to create value, not extract it.

I formally launched Greystone in the beginning of 2020, and I am the founder and sole portfolio manager. I have no staff. I am under no pressure to raise assets. Greystone manages client portfolios through separately managed accounts (SMAs), so the expenses of running the firm are kept to a bare minimum. My sole focus is to generate ***the best possible rates of return*** over long periods of time. Beating the market is a difficult task for most active investment managers. Doing it sustainably is an even more difficult one. It is my belief that the structure put in place at Greystone will enable us to do so. If you're wondering how we will achieve this, I can point out a number of advantages that we possess as a small firm with one investment manager:

- Greystone is a small investment firm in terms of assets under management. I am able to invest in securities that larger funds are unable or unwilling to own. This widens my opportunity set and can provide an informational advantage in places where others are not looking
- Our interests are aligned. Nearly all of my net worth is invested in Greystone. I eat my own cooking. I don't make money unless clients do.
- I run a highly concentrated portfolio. The portfolio currently holds 8 of my best ideas, with a maximum of 12-15. The largest position may account for nearly 1/5<sup>th</sup> of the portfolio. Investing this way allows the best ideas to have maximum portfolio benefit.
- I am only interested in patient capital and investing for the long term. While I will occasionally make mistakes, I try to approach investing as a long-term business owner would, with minimal interest in the daily price quotes I receive for my portfolio companies. Having a long investment time horizon puts me at an advantage to most, where on Wall Street, the average holding period for individual stocks is less than six months.
- As a result of low turnover and high concentration within the portfolio, the majority of my time is spent researching investment ideas and re-examining investments once purchased. It is my belief that these are the highest 'value-add' activities in investing.
- While I run a strategy centered around small and microcap companies, the firm can invest in all asset classes, all stocks, and all countries. I am free from the typical ownership pressures that most large institutional funds face.

In addition, it's important to me that clients understand my investment philosophy, strategy and objectives, as well as why we own what we own. Please refer to the **Founder's Letter** for more detail. In addition, my thought processes as well as portfolio commentary will be communicated to clients via letters on a quarterly basis. My pitchbook is also available upon request, and below outlines some aspects of how I invest client's capital.

- There are no points for complexity in investing. I do not have a proprietary trading strategy or formula for attempting to beat the market. I try to keep it simple. I buy misunderstood businesses in niche product or service categories with long runways for growth and aligned management teams, when they are cheap.
- I am an investment committee of one. I structured Greystone this way in order to direct my time and efforts toward investment activities and allocating capital as opposed to managing others or performing administrative work. In addition, the low-cost setup at Greystone means that I can pass on these savings to my clients. I do not charge any management fees for Qualified Investors. This is not common in the investment management world. Instead, I take a performance fee above a certain percentage return.
- Greystone is not diversified. Conventional wisdom [about investing] points to owning hundreds of companies as a way to diversify away an investor's risk. I disagree. I do not have the time or mental capacity to manage a strategy with more than 20 businesses, nor am I capable of intimately understanding a large amount of companies. If you are uncomfortable with the lack of diversification, Greystone Capital is most likely not for you.
- The current investment structure is that of Separately Managed Accounts, or 'SMAs'. I do not take custody of your funds, but rather make the trades on your behalf, in your account. I like this structure as it allows me to reduce costs and administrative work. However, I do not believe I will operate SMAs forever, making the transition to a fund structure in the future.
- I ask for 30-day notice for liquidity, and the termination of a client agreement.

Greystone is open to taking on new clients, and if you are a patient, long-term investor who is interested in putting capital to work, we should talk. To learn more about how I invest, please feel free to give me a call at 302.593.4483 or email me at [adam@greystonevalue.com](mailto:adam@greystonevalue.com).

Thank you very much,

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***Disclaimer:*** Past performance is no guarantee of future results. Investing involves risks which clients should be prepared to bear, including but not limited to partial or complete loss of principal originally invested. Investing in small and microcap companies can result in additional volatility and higher risk due to comparatively low market capitalization, more sensitivity to economic and market conditions, and more limited managerial and financial resources. In addition, small companies typically trade in lower volume, making them more difficult to purchase or sell at the desired time and price or in the desired amount. Please refer to Form ADV Part 2 brochure for more information about Greystone Capital Management and its personnel.