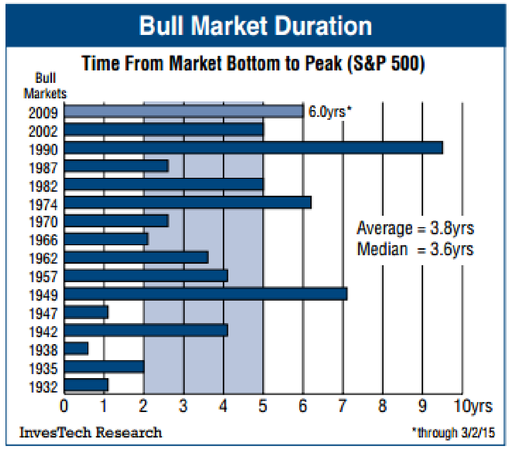
Dear Partners,

Rowan Street Capital, LLC was officially founded in January 2015 in legal terms, and was funded on March 1, 2015. We are truly excited to have this incredible opportunity to manage money for our partners the way we have always believed it ought to be managed. Our vision is to build something special at Rowan Street Capital, LLC where our partners can visualize themselves as part owners of a business they expect to stay with for a long time, just like they would if they owned a rental property or a farm in partnership with members of their family. The goal is to build a portfolio of great companies that will compound our partners' family wealth at double digit rates of return over a long-term holding period.

We have started our fund at an interesting time, exactly six years into a bull market that began at the low of 676.53 (for S&P 500 Index) on March 9, 2009. As we are writing this letter, the market closed at 2,107. So far in this bull market, S&P 500 has gained 212%, compounding at 20.9% per year. Obviously, these kinds of market gains come after one of the worst bear markets since the Great Depression, where S&P 500 had declined almost 55% from October 9, 2007 until March 9, 2009. We clearly remember that nobody wanted to own stocks back in March 2009. Clients were calling and they didn't care how low the valuations had become or how attractive the company's long term prospects could be, they wanted out of the market because they couldn't sleep at night. One of our favorite quotes by Warren Buffett is "Be fearful when others are greedy and be greedy when others are fearful." One can get very wealthy just by following this simple advice from the world's greatest investor, if one can just part himself from the 'herd' and take a long term view of things. Those few investors who were able to insulate their thoughts and behavior from the super-contagious emotions that swirled around the market at that time, and coupled that with good business judgment, have benefited greatly from their long term investments over the past six years. The rest are only now getting back into the market when valuations for most companies are fair at best.

Compared with other bull markets over the past 85 years, this bull market is already one of the longest on records. At 6 years in duration, it is over 2 years longer than the average bull market. If you look at the graph on the following page, there were only 2 times over the past 85 years when the bull market lasted longer: one that started in 1949 (7 years) and another one in the 90s that lasted more than 9 years and ended with the tech bubble burst. We have come from a very deep and painful financial crisis, so it makes sense that this cycle lasts longer. However, nobody knows when it will end, and although it's nice to have things in perspective, we believe it's a mistake to try to time the market. Although there are many that claim to be successful market timers, we have yet to come across a 'market timer' on the Forbes list.



When we buy common stocks for Rowan Street Capital portfolio, we approach the transaction as if we were buying into a private business. We look at the economic prospects of the business, the people in charge of running it, and the price we must pay. When investing, we view ourselves as business analysts – not as market analysts and not as macroeconomic analysts. Therefore, if we can find companies with attractive long term prospects and pick them up at a price which warrants us with acceptable long term return, we will gladly invest even if we are six years into the bull market. If we are not able to find these kinds of opportunities, we will be patient until Mr. Market presents them to us. The beauty of the public markets is that if you can be patient, there's a good chance the volatility of the marketplace will give you the chance to own companies on your watch list. The average stock price fluctuates by roughly 80% annually (when comparing 52-week high to 52-week low). Definitely, the intrinsic value of a business does not fluctuate with that magnitude over a given year. Therefore, opportunities will certainly present themselves to those who have the right discipline.

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In reviewing our portfolio in this and future letters, we will try to dance a fine line, balancing pertinent information with readability, while not spoiling current investment ideas we may be interested in buying more of. We aim to provide a general sense of our thinking toward investing, including an example or two that "shows our work", balanced against not going overboard with financial minutiae that bores some of you.

Precision Castparts (PCP)

Precision Castparts is the world leader in structural investment castings, forged components, and airfoil castings for aircraft engines and industrial gas turbines. Although their business is not as exciting to talk about as Pinterest or Snapchat, most leading manufacturers like Airbus, Boeing, GE, Rolls-Royce, and many others depend on them for critical airframe, engine, power generation, medical, and general industrial components. With few exceptions, every aircraft in the sky flies with parts made by PCP.

We always look for businesses with enduring competitive advantages or "moats". In the case of PCP, there are a few of them. First, they manufacture highly complex, technically challenging components for aerospace, power, and other industrial markets that adhere to strict tolerances and perform under harsh conditions. Over the years, PCP has fine-tuned its processes to provide these components at low prices to customers, including General Electric, Rolls-Royce, and United Technologies. Customers are loath to switch suppliers that meet the rigorous criteria. A brand-loyal, sticky customer base is integral to PCP. As evidence, PCP has been supplying castings to General Electric, Pratt & Whitney, and Rolls-Royce for decades for use in their jet engines. Second, government regulation is a significant advantage as not just any company can produce the components PCP makes. Just like other government contractors, PCP has to comply with federal rules and regulations. Thus, it is difficult to get FAA certification for a lot of their products due to the time and money required for investment, which is why it has few competitors in each of its divisions.

We like to buy high quality merchandise when it's on sale, as in the case with PCP; it was down 10.55% in 2014, underperforming S&P 500 by 22%, and down another 14% this year underperforming the market by 15.5% year-to-date. It is rare that you get to pick up a strong franchise like this at a discount, especially in a bull market that has lasted for 6 years. The reason for the "sale" is that there are a few headwinds that Wall Street is worried about, which we believe are only temporary: (1) erosion in military activity, (2) reduction in demand from oil and gas markets, which is a small percentage of their business, and (3) persistent destocking by an important aero engine customer that is almost 2 yrs in duration.

Over the past 15 years, PCP has grown their revenues by 5.7x, and earnings by almost 20x, driven by an incredible margin expansion. Over this time period, the stock has returned 23.3% annualized compared to an S&P 500 return of 4.1% per annum. PCP is currently trading at only 15x forward earnings compared to the market multiple of 17.5x. We believe the current valuation is overly punitive, considering PCP's organic growth prospects and the company's ability to add value through acquisitions, and we expect long term compounded returns to be 9-14% per annum for the next 10 years. We are pleased to have the opportunity to add shares of what we consider a best-in-class company at a price that implies it is only average.

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We are grateful for our supportive, long-term partners who share our conviction. We are very passionate about what we do and our goal is to serve our clients by delivering lasting value through a shared commitment to our intrinsic value-based investment philosophy, long-term perspective, disciplined approach and alignment with our partners' interests.

Should you have any questions or comments, we would be very happy to hear from you.

Sincerely,

Alex Kopelevich, CFA Joe Mass, CFA

April 30, 2015