

Rivulet Media

Shareholder Letter 001

April 15, 2020

I know this is a difficult time, so I hope this letter finds everyone well as we pray for our family, friends and overall health of our Country. Our world is in the middle of an innovative leap forward commonly found when incremental advancements suddenly grab hold triggering a whole industry to jump forward a decade.

Look around, we are living in it...the forced evolution of our modern economy unlike anything we've ever seen before. As an entrepreneurial investor I try to be a student of life, watching and observing the world...sensing the needs of those around me and where value will be added over the next 25 to 50 years and by whom.

I am motivated by such modern-day business leaders like Jeff Bezos who is changing how goods are distributed throughout the world and Warren Buffett whose experience and insight speak to core fundamentals of how value is grown and maintained. As I ponder the next 50 years...I wonder if it can be done again? If so what would it look like?...perhaps a little of this, mixed with a little bit of that; yet we know that any journey forward must lean on wisdom and insight of lessons learned while taking prudent risks based upon a certain set of assumptions to make the best decisions possible going forward.

As I peer into what the future economy will look like, we are all witnessing the evolving of the basic needs of a society. One no longer driven by the trimming of costs as our economy is reaching its limits on margins and speed. Instead we are moving into this beautiful renaissance period of mankind where creative expression and ideas will be the drivers of value in the future. I believe media and entertainment is an ever-expanding universe of opportunity on the likes we haven't seen since the onset of the internet. We are seeing this play out before us as the largest companies in the world, such as Apple, Amazon and others are building up their balance sheets stock piling cash in order to produce content. These companies have pushed their physical products as far as they can and realize the only way to keep adding value is in creating content. Proverbial "Hollywood" is a broken business model supported by egos and arrogance. Hard working producers of value take all the equity risk only then to have to pass through some very expensive gates in distribution & marketing. The model is evolving and creating amazing opportunity as seen with streaming platforms like Netflix, Hulu and Disney putting pressure on and exposing the inefficiencies and dislocation of risk with in the industry.

Rivulet Media speaks not only to the origin of our company but to its future as well. Rivulet, or "little stream"...for us is a play on the naming of Amazon...as we believe...all big things must first start small. Our plan with Rivulet Media, is to bring to market the impressive track record of our CEO Mike Witherill, who has done such quality film productions as STUCK, FRONTERRA, DRINKING BUDDIES and most notably JOHN WICK I in what is turning out to be the expanding Marvel-like universe of John Wick. Both Mike & I, believe equity is being taken advantage of in the old model given the low probability of an upside return. Instead of relying on glamour and glitz as the return, we are positioning our model in a way where our productions are being done using our own proprietary financing model. We deliver studio quality, star driven content more affordably than larger production companies can with their in-house production teams. People are showing themselves to have an insatiable appetite for content that is only increasing as we often over hear friends discussing their favorite shows they are "binge" watching. Life is challenging and we all put in a hard days work...looking forward to that brief escape at the end of the day relaxing with our loved ones on the couch while enjoying an amazing show. We are confident that this behavioral need for entertainment is one aspect of human nature that will never change.

As chairman, this is the first step in a lifelong journey of creating deep value for our partners. Our companies mission is to "add value to everyone always." This applies not only to our current partners, but to those future ones we have yet to meet. I believe capital is the fuel in the world's economic engine but it has no place to go if it does not have the right vehicles and people driving them. I know that if capital serves its partners well and looks out for their interest first, our partners will do the same for us. I am confident the human ability to create value from the shoulders up is limitless and we are committed to build our future from a platform in media & entertainment as it best captures the endless upside of the human mind.

My dream in life professionally has been to capture and leverage time putting it to work in the building of a multi generational investment holding company...one I would hope the world has yet to see. We will assess each industry and opportunity through a 50 year lens. We do not discuss stock price as the public market is often misinformed. We will be long term investors, building deep long term value that will take a lifetime. What better use of a life than to spend it building something that can outlast it. If you are looking for a company that will put its head down and do good work while adding value to everyone always...you have found a good home. In the

beginning, it will be steady plodding with singles and doubles but we also know if we pick the right platforms and industries we are bound to hit some home runs. Here I align whole heartedly with Bezos on the truncated returns of baseball vs business when it comes to risk. When you're right in baseball and hit a home run you're limited to 4 runs when you're right in business a home run can often score you a 1,000+ runs.

People often ask me what influences my thought process and investment philosophy. First, Warren Buffett whose simplicity, discipline and diligence of right thought over a long period of time I admire. Second, as a real estate developer I assess opportunities based on the value that can be added because of unique insight, vision and strategy which in many ways is similar to the constructing of a film or the making of a strategic investment. I am an opportunistic investor who knows that in an innovative economic system one must develop a disciplined system for testing ideas in order to put yourself in the position for massive disproportional upside when right in your assessment. I believe this thought process and approach if managed daily with character and discipline is worthy of your trust and investment...plus I'm confident with the right people and systems of thought we are going get lucky every now and then.

Archimedes once said, "Give me a lever long enough with a fulcrum on which to place it and I shall move the world"

...may time and right thinking be our lever and Rivulet our fulcrum...

A handwritten signature in black ink, appearing to read 'J. Aaron Klusman', with a large, sweeping flourish at the end.

J. Aaron Klusman
Chairman