

April 3rd, 2024

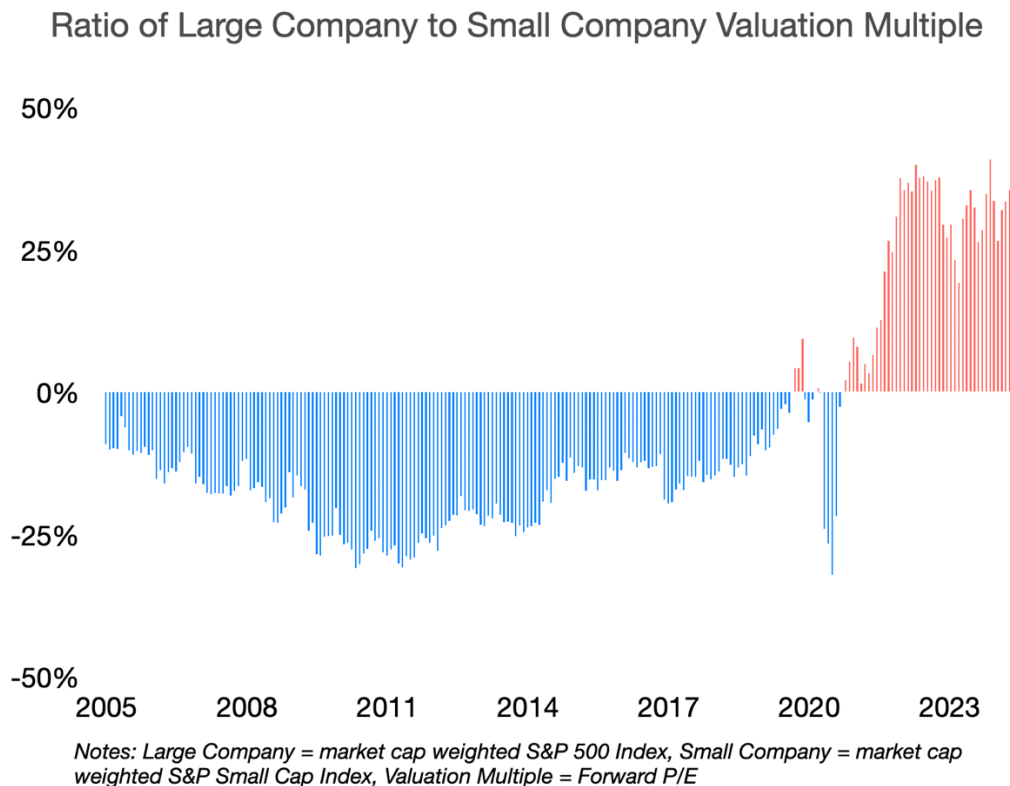
Subject: Upholdings Quarterly

Fellow investors,

In the 1st quarter, the S&P 500 returned 10.6% and the Aggregate Bond Index returned -0.6%.

The Smaller, The Better

Over the last twenty years, large companies have gone from a significant discount to a significant premium:



One explanation is that larger companies have more easily rebounded from the pandemic. Another is that larger companies offer predictability that has become harder to find. While sensible, you now have to pay quite a premium for that perceived security. We have resultantly shifted our research to smaller companies.

At a market capitalization of \$19 billion, Verisign is one of the smallest in the S&P 500. Verisign operates a government-contracted registry of every dotcom domain. It collects \$10 a year from every domain holder regardless of where the domain was initially registered (e.g. SquareSpace, GoDaddy, or another broker). It would be similar to you having to pay the federal government \$10 a year to maintain a registry that includes your personal mailing address.

Verisign's recent operating performance has suffered due to China. Chinese domains shrunk by 2.2 million while the rest of the world's grew by 1.2 million. The number of domains in existence

moves with the business cycle and the number of corporate openings and closures. China represents 6% of Verisign's revenue, putting a limit on the absolute risk to the company.

Another concern facing Verisign is that dotcom domains are losing their position as the primary mailing addresses of online businesses. Mobile apps and Instagram handles offer new places to communicate with customers. We have yet to see convincing evidence of this worry. Ten years ago, there was 1 website for every 1 private sector employee in the US. Today that ratio stands at 1.2 websites per employee.

As the economy has grown, so has the number of reasons for snapping up domains. Google alone has registered 18,095 domains ranging from Gmail.com to Gogle.com to GoogleSucks.com. As long as Upholdings operates from Upholdings.com, instead of 73.285.152.180, we expect Verisign to maintain its vibrant position.

Social Impact

Furthering wealth inequality is one of the unintended effects of managing a successful investment program. This quarter, we supported Oxfam America, a team with a long history of addressing inequality. While their European counterparts have recently faced controversy, the domestic team here is still doing right by their mission.

Robert

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