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Dear Investor,

I want to start by saying that all of us at Robotti trust this letter finds you and your family healthy and safe. Equally important is a heartfelt THANK YOU to all of the healthcare workers, truck drivers, delivery personnel and others that are selflessly on the front line (some of whom are our dear friends and family members).

As of today, all of our employees and their families are healthy, safe and working remotely at full capacity. I would like to take this moment to thank our whole team, and specifically our operations department for the groundwork they laid before this crisis even existed. It is because of their preparedness that we have been able to smoothly transition our entire office to work remotely and focus on what we have been doing best for the past 40 years - sourcing and vetting under-followed, often contrarian, investment ideas.

Crises as Catalysts

A few weeks ago, we wrote that this pandemic was a transitory event that would eventually pass, and we still believe this will be the case. In addition however, there will no doubt be lasting effects as a result of the experience.

Crises often act as catalysts for underlying economic themes. The negative traits are often most talked about (think mortgage bundling during the 2008 financial crisis), but less discussed are the positive dynamics that can be accelerated. While we don't know for certain what the specific themes will be, a couple are starting to appear more likely.

1. **Working Remotely:** I am writing this communication remotely from my home, which is likely where you are reading it. Further, the recent proliferation and dependence on Zoom, Duo and other forms of video chat cannot be ignored. Over the past few years, employers, perhaps tepidly, have increasingly had a portion of their workforce telecommute. In fact, a recent University of Chicago study found that 34% of workers could work from home. We posit that the current forced adoption will allow employers to see the productivity levels of their remote employees, and weigh that against the cost of rent. Undoubtedly, some will decide to keep this model, in various proportions, after the crisis has abated.
2. **Telehealth:** The fairly new process of seeing a doctor over a video call also has taken a huge step forward. Previously, there was almost an insistence to have an in-person doctor's appointment to visit with even the most basic symptoms for fear of missing an underlying ailment or cause. Replacing that hesitancy to speak digitally is a necessity which has accelerated its acceptance from patients, doctors and governments alike.

Impact on Our Investments

We are intrigued by the above potential themes but are acutely focusing in on the traits that could have a more direct impact on the businesses in which we invest. While it is too early to know what changes will be lasting, we are beginning to analyze and understand the impact these changes may have to the economics of a business. ***Luckily, we are keenly and consistently focused on the regions we have known for decades, which helps us to discern the good companies from the less competitive.***

1. ***Homebuilding Advancements:*** A company we recently spoke with explained how the adoption of virtual permitting and inspections has risen dramatically over the last few weeks (the obvious caveat being that overall permitting and inspections have fallen). Virtualization of permitting is a much more efficient method for facilitating the logistics of building. Further, in recent years the Government Sponsored Entities (GSEs - Fannie and Freddie), in fits and starts, have been increasing their support for manufactured housing. ***Our research from talking with our investee companies and other experts in the field seems to indicate that this crisis is further accelerating that support of increased efficiencies in the homebuilding sector.***
2. ***Oil & Gas: We believe the temporary price war will have a longer-term effect which will likely lead to a fundamental reset for U.S. onshore oil shale boom.*** This production has NOT been economic even at high prices. With very high decline rates, and this new pressure, their production decline has the prospect of balancing supply to current world demand. You will notice we have not, and are NOT, invested in any US onshore shale related companies. ***This has been a conclusion of our research for years now which we have positioned our portfolio to reflect.*** Our investments are focused internationally where the opportunities continue to have improved economics.

While cyclical have been a known focus of ours, outside of homebuilding and energy, we see key themes stemming from COVID-19 in other industries as well. We continue dialogue with our companies' managements and feel fortunate that we have long-standing relationships with our investee companies. We believe this provides us with an edge in informing our portfolio decisions and actions. I will add that while we continue to observe and think through possible outcomes, we remain specifically focused on the fundamentals of each of our investments but wanted to give you a window into some of the possible structural changes that could occur.

The Intrinsic Value of Time

On a more personal note, one commodity that we have been afforded by the current lockdown is more time. Most of us are not commuting to and from work, and we are minimizing the time spent grocery shopping or shopping at all. For me personally, I have not been able to travel and visit companies, attend board meetings or meet with you, our loyal investors. On a greater scale that means doing what I can to keep my family (including my Robotti family) and friends safe, and of course, enjoying the small luxuries, including the ability to have dinner with my wife every night.

From a business perspective, this means placing even more focus on guarding the behavioral biases that often cause us to be our own worst enemy and doubling down our focus on understanding the long-term economics and normalized earning power of our current and prospective investments given the tremendous opportunities we see today.

We encourage you to keep in mind the mantra we shared with you just a few weeks ago:

- 1) Pause
- 2) Don't Panic
- 3) Wash your hands
- 4) Think calmly and respond thoughtfully.

It has been refreshing to take a step back and think about what is important. We will overcome this pandemic. Work and school will resume and we will soon look back and see this as a transitory event. In the meantime, ***take this time to eat dinner, do puzzles, laugh, engage and/or take hikes - whether you are in lockdown alone or with your immediate family – enjoy the privilege of this abundance of quality time. The intrinsic value of this pause on normal life is infinite.***

In addition, we believe it is an important time to note that we are not only investors for you but we are investors with you - we are aligned. ***Our net worth is invested in the same manner as we invest for you and your family, and confidently, we continue to invest.***

Closing Thought

Our colleague on the investment team, David Kessler, was recently searching reflections on past market dislocations. I want to share with you this particular past letter from the Managers of Tweedy, Browne Global Value Fund:

“Each bear market seems, when we are in the midst of it, as if it is the end of the world. Unfortunately, most individuals tend to extrapolate current conditions endlessly into the future. Things will change and, in our estimation, for the better. As one philosopher said, the world will only end once and then it does not matter what you own. We are reminded of the time back in 1962 when Russian missiles were on their way to Cuba to confront the U.S. blockade. Joe Reilly, a former partner of Tweedy, Browne, was in our trading room feverishly buying stocks in one of the biggest market meltdowns in stock market history. When asked how he could be so confident in the face of such impending doom, Joe remarked, *‘Either this is going to turn out OK and the markets will turn around, or the world is going to come to an end. In either event, I’ll be fine as long as God doesn’t require cash.’*”

As many of you know, Joe Reilly Sr. was my mentor. His words have guided me through my decades of investing, and I continue to find wisdom in them today.

We appreciate your continued support and welcome any questions.

All the best,

A handwritten signature in blue ink, appearing to read "Bob".

Bob

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