Live Oak Master Fund L.P.

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QUARTERLY UPDATE
Q4 2020

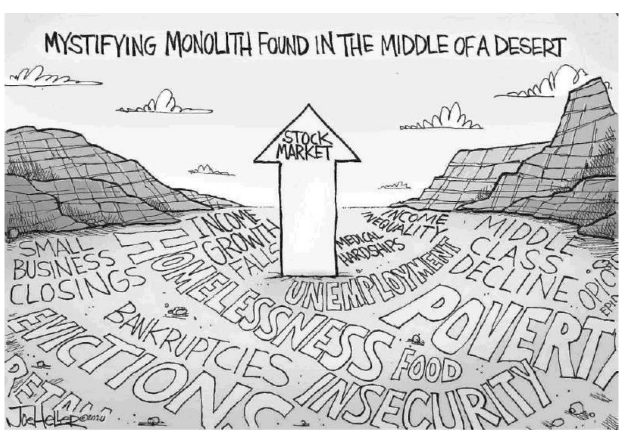
February, 2021

as of 12/31/2020	**Qtr**	**YTD**	**1-year**	**3-year (annl)**	**5-year (annl)**	**Since inception 1/1/2008 (annl)**
LOMF - net	10.5%	10.1%	10.1%	7.5%	8.8%	4.8%

With 81% of our AUM reporting, Live Oak's quarterly return is estimated at +10.5% net for Q4 and +10.1% net YTD. We carry the 19% unreported balance at zero return, so the final quarterly return (once all managers have reported) may vary from this initial estimate.

On a direct basis, the Fund has commitments in eight private co-investments and thirteen funds utilizing, on a look-through basis about 375 vehicles/strategies around the world. Our top ten managers oversee almost half of Fund assets. About 60% of Fund assets are concentrated with our top 30 managers. Compared to the MSCI ACWI (All Country World Index), the Fund is overweight the U.S. and underweight rest of world. Geographic exposure remains about 65% US and Canada, and 35% rest of world. On a currency exposure basis, the fund is about 70% US. Including those allocated under Real Estate and Natural Resources, private investments represent approximately 30% of the portfolio, of which 1/3 are direct co-investments.

Markets Commentary



= DON'T FIGHT THE FED

The fourth quarter saw equity returns soar yet again as they did in Q2 while fixed income and gold held on to earlier gains. When the dust finally settled on 2020, it was one of the most remarkable years ever – buffeted at the beginning by Covid panic and a lockdown-induced recession, the stock market buckled almost 20% in Q1 only to be followed by a rally of almost 50% over the balance of the year ($3.5 trillion in stimulus money can do that!). On the back of the Fed lowering rates to virtually zero, fixed income had another very positive year; rates now stand within a whisker of all-time lows. Likewise gold returned 25% for the year and outperformed equities and fixed income. We have never experienced such a short-lived recession, nor as fast a recovery…at least in the financial markets.

<u>***Manager Focus***</u>

Excerpts from the yearend newsletter by one of our favorite – and one of our largest – managers who returned 28% in 2020:

The global pandemic, recession, and ensuing fiscal and monetary stimulus turned 2020 into yet another in the long series of "buy the dip" global stock market rallies. As the market recovered, some people started to think investing is easy. It is not. Our economy has not yet fully recovered and a good deal of speculation is afoot, but the great news for us is that stock price movements are now back to the way they were before the Global Financial Crisis in 2008, which is to say, much less correlated with each other. Uneven volatility is great for investors like us who patiently wait to buy shares of companies we admire. Our "barbell" portfolio has been helping, with highly superior companies on one end and remarkably cheap good companies at the other end – with little of the mediocre middle in between…

One of our accomplishments this year was buying and not selling when the markets were panicking…While investors' fears often have a basis in reality, they don't necessarily alter our analysis of a company's future value. The value of a business is its future stream of free cash flows, discounted back to the present at an appropriate risk-adjusted interest rate. Stock prices are far more volatile than the long-term value of a business, and investors shouldn't overemphasize short-term trends or temporary stock prices…

We agree that shares in technology giants should be popular – and we own plenty of such companies – but the non-FAAANM (Facebook, Apple, Alphabet, Amazon, Netflix, Microsoft) majority of the S&P500 has barely appreciated over the last five years. So when we go looking for good, fast-growing businesses with great management, a strong competitive edge and an attractive price, we find many of them outside the indices. Indexing has provided us with the opportunity to go bargain hunting in the shares of companies not in the indices. We own fifteen companies in the US, only two of which are in the S&P500. Only one of our Indian holdings is in the BSE Sensex. Of our companies in Europe, only one is in the top hundred holdings of the MSCI Europe index…

It is pleasing that our portfolio still sells for only seventeen times our estimate of "look through" earnings in 2021, or a 6% earnings yield despite some pain from the recession. With 32% of the portfolio in fast growing companies just beginning to earn reported profits, plus a cyclical recovery at some point, it is not hard to envision earnings compounding such that the earnings yield rises to more like 10% in a few years…it feels like we have room to run in the years to come…In sum, the businesses in our carefully assembled portfolio are barreling along at an exciting rate, and we find the stock prices very attractive.

Outlook

Our managers performed quite well this year generating a blended return of 12.5%, not far off our 60/40 benchmark. When all underlying investments have been marked, our largest endowment strategy manager will show a return of about 18% exceeding our benchmark. The value-oriented manager highlighted above produced a 28% return. A portion of our portfolio is internally managed and returned almost 16%, exceeding our benchmark. Our financials-oriented manager returned 11%, as did a new manager in the absolute return space. Laggards were our energy-concentrated fixed income and venture capital industrial technology managers. Assuming an improving economic backdrop and steepening yield curve, going forward we anticipate much better relative performance from the financials- and energy-oriented managers. We are excited about the portfolio companies owned by the VC industrial tech manager and look for improving fundamentals and valuations as they navigate through the J-curve. Our managers tend to be focused on the long term, and we believe their strategic foci are well situated for the future.

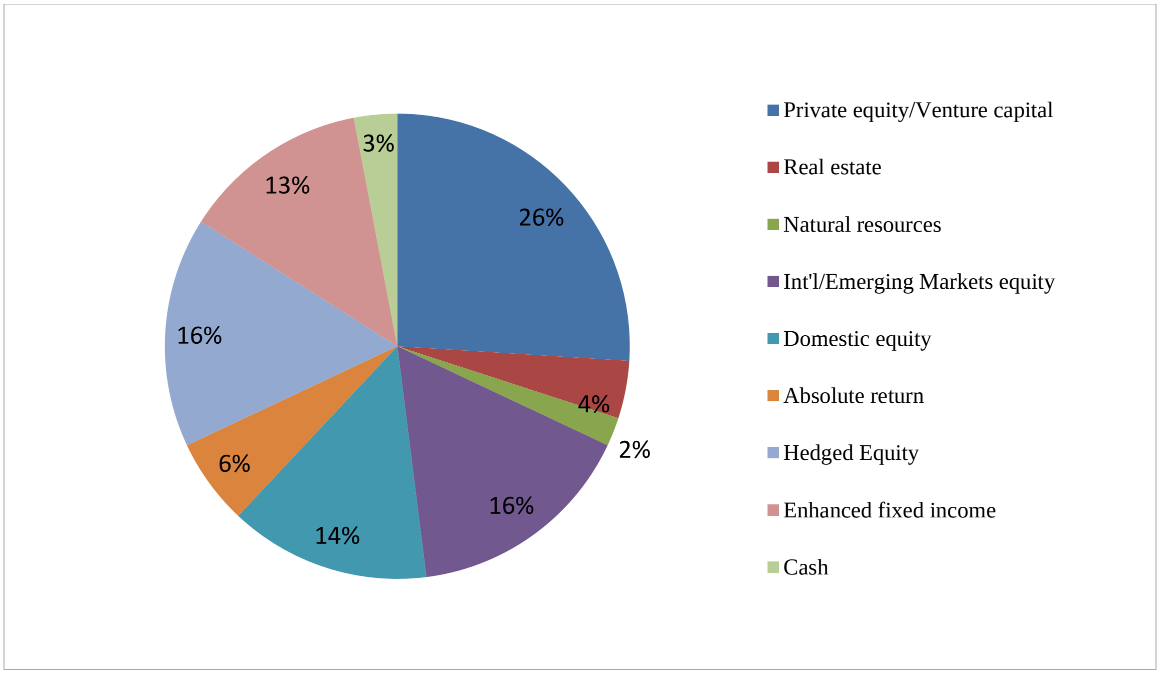
Primarily due to the blue laser company's writedown described last quarter, our direct co-investments (9% of the portfolio at yearend) declined 18.6% in 2020. With the management changes at the blue laser company, we are optimistic that our recent down round follow-on investment combined with our previous investments, should be quite profitable at the end of the day. One of our investments was marked up a bit after a follow-on financing round that brought in a strategic, synergistic institutional investor; we invested in this follow-on round and feel good about the company's prospects. Another of our investments, a SaaS (software as a service) company in the medical device tracking space, seems to be finding traction at long last, and we are hopeful the company will begin to show meaningful progress toward an exit. Our four other portfolio companies showed no change in valuation in 2020. Although our private co-investments detracted from performance in 2020, we like the companies we own and think they will enhance Fund returns in the coming years. In most cases, we are looking for multiples return on investment, not percentages.

Combining the two buckets results in Live Oak's return of +10.1% net for the year.

Over the 13-year life of Live Oak Master Fund, our volatility is only 57% that of our 60/40 benchmark as measured by quarterly standard deviation, and our return per unit of risk is 88% of the benchmark's. We are generating respectable returns in the more liquid, managed portion of the portfolio and enjoy outsized return opportunity embedded in our private co-investments, just what an endowment strategy is designed to do.

At yearend there were no redemptions, and we very much appreciate your continuing confidence and commitment.

As always, we thank you for your interest in Live Oak Master Fund, and we look forward to talking with you anytime.



Note: To better illustrate the "60/40" nature of the Fund, beginning at 12 o'clock going clockwise, 62% of the current portfolio is in the "higher volatility" portion (private equity through domestic equity) and 38% is in the "lower volatility" portion (absolute return through cash).

as of 12/31/2020	**Qtr**	**YTD**	**LOMF YTD vs. index**	**Trailing 3 yrs**	**LOMF 3-yrs vs. index**	**Since inception 1/1/2008 (annl)**	**LOMF ITD vs. index**
LOMF - net	10.5%	10.1%		7.5%		4.8%	
All World 60/40 index	10.1%	13.4%	**-3.3%**	12.3%	**-4.8%**	6.5%	**-1.7%**
MSCI ACWI equity	14.7%	16.2%	**-6.1%**	9.0%	**-1.5%**	5.6%	**-0.8%**
US 60/40 index	7.5%	14.0%	**-3.9%**	10.8%	**-3.3%**	7.7%	**-2.9%**
S&P500	12.1%	18.3%	**-8.2%**	14.1%	**-6.6%**	9.9%	**-5.1%**

Live Oak Master Fund Profile

Investment objective – to generate superior long-term, risk-adjusted returns with less interim volatility (as measured by standard deviation) than traditional financial markets

3(c)(1) - Domestic fund (U.S.)
AUM: $23million
Launch – December, 2007
Minimum investment: $1 million
Subscription: Quarterly
Redemption: After 1-year lock-up, annually effective January 1, with 100 days prior written notice
Fee Structure: 0.5% mgmt. fee plus 10% of gains above 60/40 composite* hurdle with high water mark
*S&P500/Barclay's Capital U.S. Aggregate Bond Index

Legal: Rogers Towers P.A., Jacksonville, FL
Accounting: Ennis Pellum & Associates , Jacksonville, FL
Auditor: Richey May & Company, Englewood, CO

Fund returns reported herein may differ from those reported to individual investors on Investor Capital Change reports based on the timing of capital contributions and redemptions, fees and expenses, high water marks, and new issue allocations.