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Thursday, April 6, 2017

Dear GreenWood Investor:

The excellent team of managers that we've partnered with in our portfolio delivered a terrific quarter for their companies and for us. Thanks to unsuspecting traders being caught off guard, some of this performance, though not all, was reflected in the share prices of the companies. Our portfolio trades 58% below our estimate of fair value at year-end 2017, and accordingly retains substantial upside potential. Last quarter, we discussed how our purpose was to constantly deliver an actionable portfolio, which on the whole has better quantitative and qualitative aspects than any of our individual holdings. We continue to deliver on that raison d'être.

Exhibit 1: GreenWood's Composite Performance[1] vs. MSCI ACWI All Cap (Net)

	Traditional	Global Micro	MSCI	Correlation
8/1/08-12/31/08	-10.9%		-33.9%	88.6%
2009	155.3%		36.6%	77.7%
2010	28.5%		14.5%	27.3%
2011	-1.0%		-8.0%	68.9%
2012	-5.6%		16.4%	38.9%
2013	14.2%	18.0%	23.6%	70.5%
2014	0.1%	2.1%	3.8%	32.3%
2015	11.2%	11.9%	-2.2%	87.2%
2016	-3.2%	-1.4%	8.4%	87.1%
YTD 3/31/17	+8.6%	+8.0%	+6.8%	25.1%
Cumulative	265.5%	43.8%	60.9%	
Annual Compounded Rate	16.1%	8.9%	5.6%	

We've swapped less attractive positions (which became that way through share price appreciation, or in Ferrari's case, rapid share price appreciation), and have maintained a very attractive and actionable portfolio heading in the the rest of the year. Accordingly, the portfolio's risk-adjusted return profile moved from 38.2x to 36.7x despite the robust performance of the portfolio in the quarter. This was accomplished through two major ways: by reducing the weighting of very positively-performing Ferrari and FCA and re-allocating to more attractive positions, and rolling our valuations forward on FCA, Ferrari and EXOR, which has reduced the downside of a recession scenario for all of these holdings.

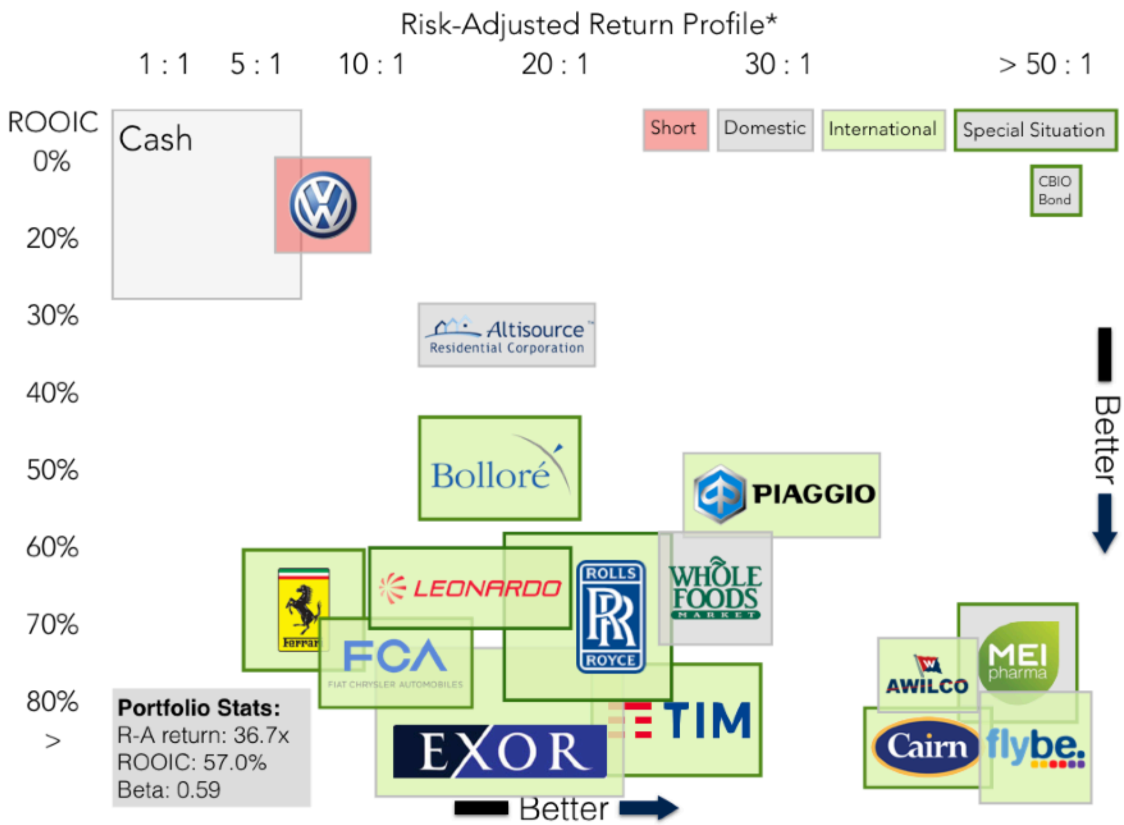
FCA is heading into a softer US market from a much stronger position now that it has successfully launched new products. Early results from Alfa Romeo disprove even bullish estimates, and the company's new product launches in 2017 will deliver substantial incremental profitability, particularly for its European and North American segments. Even though we believe the US auto cycle is flashing "yellow," we believe FCA will still handily beat its €16 billion EBITDA target before the end of next year. Furthermore it will have zero net debt soon, so the market capitalization of €15 billion is roughly equal to the enterprise value on a forward-looking basis. It doesn't take a genius to realize that whether the US cycle is over or not, FCA is still incredibly attractive. Even still, the risk-adjusted return profile did worsen throughout the quarter, and we "fed the birdies," as our inspiration Wally Carucci would have said.

We are capacity-constrained on doing diligence on all of the ideas we are working on, seeing no shortage of opportunities that peers continue to complain about. One of the many ideas we've been conducting diligence on is Whole Foods Market (WFM), and when the government confirmed what our conversations had been telling us, namely that food deflation was over, we began building our position. We used some of the freed-up capital from re-

[1] Represents GreenWood's Traditional & Global Micro Composites. Performance prior to January 2011 represent the returns generated by the manager prior to founding GreenWood Investors, using the same strategy. GreenWood Investors LLC claims compliance with the Global Investment Performance Standards (GIPS®) and a GIPS-compliant presentation is available on our website (click here for access). **Past performance is no guarantee of future results.**

allocation moves for Whole Foods, which brings much more attractive characteristics to our portfolio than the mature investments. We hope the current depressed morale by analysts and traders on the stock afford us the opportunity to build Whole Foods into a new core position. Yet, we're building our position ahead of waiting for any type of meaningful incremental correction because we think the current consensus opinion on the company is missing the improving environment and when it catches up to reality, traders could re-rate the stock multiple.

Exhibit 2: GreenWood Model Portfolio Composition[2] as of 3/31/17



*Risk-Adjusted Return profile represents GreenWood's approximate estimate of fair value versus downside risks as of the date listed above.

Judging from sell-side analysts ratings, which have never been more bearish, as well as peak short-interest of over $1 billion of shares shorted, we believe the current market sentiment on the stock is pricing-in a stalled company with limited opportunity to keep growing, stuck in deflation with competition coming from all sides. Deflation is in fact ebbing, and competition is only coming from one side (mid-market grocery peers), not online. E-commerce, while an important convenience tool for Whole Foods' high-end customers, does not economically work for baskets under $90 in New York City, much less the United States as a whole. This means that less than 5% of Whole Foods' baskets are at economic risk to online. Meanwhile the company continues to innovate on food experiences.

The company has used this contractionary period in the grocery sector very well. It has started experimenting with smaller stores and more automation. The next thousand stores the company rolls out will have a significantly smaller investment in space and inventory, and will automate more functions, stripping much of the overhead out of the stores. The company will also be applying selective automation techniques into its current base of stores, many of which will gradually become hybrid food halls, carrying significantly higher margins. This will allow for gross margin expansion that will allow the company to cut prices, while still leading to significant overhead leverage (profit margin expansion). We think the coming quarters will see the headwinds reverse course and turn into multiple tailwinds- namely a shift to positive comparable store sales, a positive store roll-out trajectory, and significant margin expansion.

[2] Each account's balance may vary due to differences in strategy, account sizes and rounding of positions, as well as inclusion or exclusion of certain "illiquid" securities and currency hedges. Non-Margin and retirement accounts may not hold short positions in securities, and will thus be excluded from the portfolio. New accounts will not conform to the model account in cases where securities no longer fit GreenWood's initial investment criteria.

Because we've paid trough valuation multiple, this operating performance will yield an expected IRR of nearly 30% over the next few years. But because the valuation multiple has contracted 45% from its long-term average, this IRR can become truly phenomenal if and when these shorts need to cover their shares.

As investors know, we've continued to focus on areas where sentiment, or opinions, about reality differ significantly from a realistic range of outcomes. Whole Foods merely underlines that focus, but another action we took in the quarter equally reflects this discipline. It started becoming apparent to us with the Barron's Roundtable that nearly all market participants started to price-in an imminent breakup of the eurozone. Without going into the complicated politics of the eurozone, of which all constituents have political systems which inherently dis-advantage "fringe," and "extremist," politicians, we believe this >90% probability that is priced-in is over-shooting the real odds by a kilometer. Accordingly, while we're no macro-traders, we've eliminated our currency hedges at very attractive levels. If the euro continues to fall, our exporting European companies will continue to gain competitiveness at the expense of their American peers. Yet if the current unanimous expectations prove wrong, as we believe they could, the unanticipated biggest downside risk to our companies' fundamentals is a rise in the euro or pound. We will enjoy mild currency appreciation if this "bearish," scenario plays out. Thus the currency hedge started becoming a "Texas hedge," and we removed it.

While this "expectations vs. reality roadmap," may sound like something new, the concept is actually embedded in the human psyche, others would just label it contrarianism. Contrarians look for areas where others are pricing-in extreme probabilities that are skewed so significantly it's easy to recognize they're wrong. Yet one doesn't need to only look for near-bankrupt companies or other retailers priced at 72x earnings to look for areas where the current herd may be wrong. That's why we've built out our roadmap that allows us to more adequately assess more nuanced areas where the crowd is wrong by a large margin. It's amazing to us that nearly no one thinks about marketable securities like this. In other words, with "value" investors getting trapped in "high-quality names," at 1% cash flow yields, contrarians are hard to come by these days.

Another area that Whole Foods CEO has pioneered, aside from the sustainable, organic, and healthy food trend that has taken America, but one which no one on Wall Street discusses much, is his work in pioneering high-quality investing. In John Mackey's excellent book *Conscious Capitalism*, he outlines these principles, ones which we've long been intuitively following, about the factors that make companies wonderful for everyone involved. What Wall Street has ignored is that these companies have been wonderful not just to their customers, employees, communities and to their greater industry and environment, but they have been *wonderful* additions to the portfolio.

Exhibit 3: Conscious Capitalists' Returns

Source: Appendix A of *Conscious Capitalism*

Neither Mackey nor us are encouraging anyone to sacrifice profitability to "help the world," as popular connotations would dictate. Rather, we're both advocating that value creation should nearly be self-evident to all stakeholders involved. In fact, companies with a better business model, like Costco, have trounced behemoths like Walmart while still paying its employees twice what their competitors have, all while paying more taxes because of their superior profitability. We are simply advocating for using the Conscious Capitalist lens with which to view the quality of companies. After all, business and capitalism is a *voluntary* exchange of value for a good or service. If the stock valuations and management capability are the same, ceteris paribus, the more obvious choice should be the company which excels at creativity and delighting all stakeholders involved in the company. Even if FCA traded at the same valuation as Volkswagen (it is substantially cheaper) it should be a no-brainer decision, as the latter continues to impose an externality of over €16 billion on the eurozone by not fixing its cars. Exhibit 4 points to an even more perplexing valuation discrepancy.

Exhibit 4: Whole Foods vs. The Cigarette Industry

	WFM	Cigarette Companies
Enterprise Value	$9.4B	$456B
EV/EBITDA	6.5x	16.8x
ROIC	26.5%	19.6%
ROOIC	48.4%	5.9%
Short Interest	12.3%	1.0%
Average Recommendation	Short-Hold	Buy-Hold
Externalities	>+$0B	>($500)B

Sources: WHO, CapitalIQ data for MO, PM, RAI

There are still billions left to be convinced. That's a great opportunity for us investors who pay attention to the positive ecosystem effects of high-consciousness businesses. Over time, they will continue to trounce their less conscious peers, and these market share donors will simply have to adopt some of the principles in order to remain solvent. Exhibit 4 proves that this opportunity will be long-lived. But our new nonprofit, GreenWood Research, Inc. will not only promote these principles with the companies we engage with, but we will donate our profits to Conscious Capitalism International, in addition to two other non-profits that promote entrepreneurialism and leadership in underprivileged schools (Jefferson Awards Foundation) and mindfulness and meditation in the workplace (GIFT).

As investors, you are enabling this positive change in the world through your savings. We are convinced we will be handsomely rewarded as a result. And I continue to be humbled by your trust in us.

Annuit cœptis,

Steven Wood, CFA

Appendix A

Portfolio as of March 31, 2017

Symbol	Position	What's Happening?
EXO IM	12.9%	Early '17 purchases proved well-timed, EXOR very well poised for higher rates through reinsurance while all major companies significantly improving operating income in lackluster cyclical environment.
RR/ LN	10.8%	Showed us love with solid '16 results and FCF. Though company gave unheroic guidance for '17, we believe it's a crucial year for FCF to ramp meaningfully (primary overhang on the shares).
TITR IM	7.3%	Continued posting excellent, above-consensus results. Vivendi moving to shore up influence on board through chairmanship. No progress expected by competitors Enel and Iliad.
PIA IM	6.6%	European sales of two-wheelers expected to continue at a very strong clip, India recovering from the cash shortage with new bikes doing *very* well. Parent buying PIA stock nearly daily. Co. sale possible.
LDO IM	6.3%	Solid operational progress, as predicted. Every segment taking market share, improving profitability and winning major awards. New CEO the *worst* choice from a very capable list. Expecting a new COO to be presented soon, and we expect the pick to be the best-performing manager (Giulianini)
BOL FP	5.7%	Discount has narrowed since we have purchased, Vivendi's results showed minimal improvement yet the company still holds '17 will be better. Early signs of trade stabilizing and recent take-out of BLUE promises more commercial breakthroughs on its industry-leading battery technology.
FCA IM	5.6%	US cycle flashing yellow - significantly lower residual values driving incentives higher and profitability lower for the entire US industry. Product and geographic expansion help offset this for FCA, but entire industry in a much weaker position. No longer controversial w/ many pitching on CNBC.
RACE	5.6%	Has been a momentum stock, and we've been "feeding the birds," with great confidence in the near-term future of Ferrari. Most still miss the >70% incremental profit margins on vehicles.
MEIP	5.4%	Second major asset, a PI3KD inhibitor, to report early trial results in the next couple of months. Market giving zero value to this despite it being a >$1B drug potential.
WFM	4.9%	Newest position, catalyzed by gov't reporting an end to grocery store inflation. We believe peak bearishness and trough margin are inappropriate for a company with a lot of growth left through innovation. Report coming in the next few days.
FLYB LN	4.5%	No change in last few months, a couple of non-fatal accidents recently brings more questions than answers. Eager to meet the new CEO to discuss this. Route profitability should improve this summer.
RESI	4.3%	Solid progress to getting 20k rentable homes, company is about 6-9 months away at its current pace, that supports a dividend of >$1.50 per share. Still at 23% discount to NAV. We have modestly lightened up as the discount has narrowed (remember, we bought @ 55% discount).
CNE LN	3.9%	2 UK fields coming online this year- further drilling happening as we speak in Senegal to further define / upgrade the 1 billion barrels discovered thus far. Near zero value being given to Senegal.
VOW GR	-3.3%	China (45% of earnings) has already started weakening at a modest pace, and with no delay in Tesla Model 3 will impair Audi and Porsche's 2017 operating results. Recent investor day gave *very underwhelming* guidance for the next decade. No signs of rational capital allocation still.
AWDR NO	3.0%	Dividend will be rising in the near-term. Only 1 rig working, but market rig rates stabilizing. Only 1 rig working in base case upside. Dividends in 2017 should be >50% of stock price.

Portfolio Risk-Adjusted Return Profile: 36.7x