April 2018

Dear Fellow Investors,

We invest with a multi-year time horizon. There is no promise, and there should be no expectation, that all quarterly or annual returns will be positive. This past quarter, volatility returned to the markets and the indices' steady, multi-year march higher ended. Our partnership was fortunate, returning approximately +8% net of fees and expenses. Please check your statements as returns will vary by class. Since three months is too short of a period to draw any conclusions, I will shy away from overanalyzing the sources of "outperformance" other than to say our portfolio looks, feels, and smells different than the overall market and that worked to our advantage this time. We are more concentrated, invested in companies that tend to have very high insider ownership, and invested in companies that are often outside of the major indices because of size or geography. I believe that any investor who hopes to outperform over a decade is almost guaranteed to underperform over periods that can span not only quarters but also years. Our partnership has experienced those periods in the past, and they will almost undoubtedly come to pass in the future. When they do, extensive analysis and rationalization of three months of underperformance will also be a fruitless exercise. Fortunately, our three-year, five-year, and life-of-fund performance is strong. Our purpose is to compound our capital for the long term, which is far more important than a three-month snapshot, and this quarter we took another small step forward.

OPEN THE FUND? CLOSE THE FUND? THE PATH FORWARD

Professional capital allocators have a few favorite questions, including, "What has been your biggest mistake?" and "Can you describe your process?" Another favorite is, "When are you going to close the fund?" In this context, "close" means stop taking additional capital; close does not mean liquidating the fund and turning out the lights. Understanding when a fund will "close" is useful information from an allocator's planning perspective, as it provides a sense of when they HAVE to allocate capital. In the last letter, I discussed a pause on taking capital not previously committed. Since writing the letter, I have spent considerable time searching for the definitive answer to the question "When will Greenhaven Road close?"

The seeds of my current thinking were planted at the end of last year when a single very large institutional investor offered the fund more capital than we had raised in the entire existence of the partnership. The money came with some "conditions," including an incentive fee tied to a benchmark (not absolute returns) as well as a ceiling on fund growth. When presented with the proposed investment, the pragmatist in me said, "This is more than 50X the amount of money you raised in the first four years[1] following the launch of the partnership – of course you take it." However, the opportunity would have created a "customer concentration risk" that we typically avoid in the companies we invest in. In addition, accepting the capital would put us at levels where we had discussed closing the fund. After some long walks, I ended up on a leather couch in Chuck Royce's office wrestling with this "good problem."

Chuck and I analyzed the implications of accepting the capital from all of the angles we could think of. The opportunity raised existential questions about what we are building, and why we are building it. Choice clarifies

[1] Greenhaven Road Capital Fund 1, LP launched January 1, 2011

thinking, and strategy is about what you say no to. Ultimately, what caused me to politely turn down a lot of money from this very large, respected, and thoughtful allocator was Chuck saying, "it feels like we have a really good group of limited partners here: really good chemistry, interesting people with interesting backgrounds and interesting ideas. Do you really want to close the flow of new limited partners going forward? I would never tell you what to do here, and I support your decision either way, but I think you know what to do."

I still do not have the courage to tell my wife the actual dollar amount of the management fees we turned down, but ultimately this journey is not about asset gathering; it is about creating the best environment for risk-adjusted returns. A single very large investor with a different incentive structure is very unlikely to have helped returns. In contrast, I believe the idea flow and feedback I get from/with our limited partners DOES help returns since our base includes so many portfolio managers, former portfolio managers, and entrepreneurs. The conversation with Chuck helped to highlight that we have not reached the point of diminishing returns on additional LPs. We are still adding high-quality, interesting people to the partnership. Closing off that pipeline would be unwise in my opinion. In the tradeoff between the size of the fund and the benefit of new investors, we are still in a phase where new LPs are additive.

Another returns-related reason not to just close pertains to the "marshmallow test" that is given to toddlers. As it turns out, the marshmallow test is a better predictor of a four-year-olds' future success in life than an IQ test is. Effectively, researchers put a marshmallow on a table in a room with the toddler and say, "if you can avoid eating this one marshmallow for five minutes, we will give you two marshmallows." Even a toddler knows that two is better than one, and they all start out confident and resolute that they will succeed in getting two treats. Delaying gratification is easier said than done, and many "fail" the test. Those who "succeed" and wait it out often use diversionary techniques like not looking at the marshmallow. I believe that one of the hardest things to do as an investor is nothing. Yet, inactivity is almost always the right strategy. Some investors try diversionary tactics such as not looking at their portfolio; some try to place buy or sell orders only after the market closes. We have been very tax efficient and deferred substantial gains by not selling, but that inactivity has been aided by having new money dribble in, allowing us to invest in new ideas without having to sell before we are ready. Taking small amounts of fresh capital is the equivalent of not staring at the marshmallow. For me, a deluge of capital is not likely to improve returns, but a trickle is actually preferable to none at all.

Finally, I have also come to believe that "closed" or "open" is a flawed framework. Implicit in the question is a sense that "closed" is responsible, but simply closing and taking no additional money ignores the laws of compounding. A dollar invested on the first day of the partnership has grown to more than four today, on a gross basis. If I want to invest for 30-plus more years, and have any level of success, compounding will guarantee that we will blow through any dollar cap and either have to aggressively return capital or adjust how we invest. To be specific, if we were fortunate enough to replicate the performance of the fund from inception over the next 15 years, our assets under management would grow more than 15X from here without accepting another dime. If compounding occurs over a prolonged period of time, closing does not solve size issues – it just delays dealing with them.

So if simply closing does not improve returns, and accepting giant institutional investors does not improve returns, what is the path forward? My belief is that the healthiest partnership will not be one that stagnates and ignores the laws of compounding, but rather one that adds new capital and the right new limited partners very slowly, targeting 2-3% of AUM per month (or less). Going forward, we will give priority to existing investors seeking to add capital, but will also slowly accommodate new investors in the three-year locked Long Term class, as this is about stability and like-mindedness. We will continue to use a waiting list if necessary. We may make adjustments as we proceed, but I believe this is the right balance of nurturing the partnership and controlling growth. We are not looking to add any "Whales," but we do welcome additional, independent thinking long-term oriented limited partners – slowly.

THE PARTNERS FUND DINNER

This past month, we hosted a dinner at the Harvard Club for the Partners Fund – more than 40 Limited Partners attended along with the underlying managers. The Partners Fund will have its own letter, so I will be brief here. (Email Ally at InvestorRelations@greenhavenroad.com if you would like to be added to the distribution.) In terms of format, I introduced each of the managers who then proceeded to give a five-minute presentation on a company they owned. The time period was too short to get deep in the weeds, but long enough to see how the managers think and the types of companies they invest in. The evening exceeded all of my expectations. The managers benefitted from getting to know each other and a group of our LPs, and we all heard interesting investment ideas with unusually asymmetric return profiles. The managers traffic in underfollowed companies such as a $16M "nano" cap company, a Korean tire company, and a Swedish hotel turnaround. As a poor man's MC, I tried to highlight how unique and talented I believe each of the underlying managers is and, most importantly, how I am fortunate to interact with them. I am more convinced than ever that the Partners Fund has a chance to both generate attractive returns and as improve our chances for high returns in Greenhaven Road's main fund. Similar to how we have not reached a point of diminishing returns from adding new LPs in the main fund, the Partners Fund is additive, I am thrilled it is part of my life, and I was happy to pull back the curtain. The format may change over time, but it makes so much sense to convene the group, if you missed it, I am sorry, but the good news is we will convene again.

TOP 5 POSITIONS

There was one new addition to the top five holdings this quarter. The new position, Ashford Inc (AINC), is discussed later in the letter. The remaining four companies should be familiar at this point. We sold no shares in the companies that were in the top 5 last quarter. Changes were a function of additional purchases of the companies listed below and changes in share prices.

> **Fiat Chrysler (FCA) –** This remains our largest position. The company should continue to benefit from margin expansion related to their shift to SUVs and de-emphasis of fleet sales. The company will also spin off its parts business, benefit from lower taxes, and reduced interest expense as it becomes a net holder of cash. The prospects are bright, and the valuation is not demanding. This has been a multi-bagger, but I believe there is still significant value remaining as the valuation is very undemanding.
>
> **ETSY (ETSY) –** Shares have appreciated 35% YTD and are up almost 3X from our initial purchases. I believe that Etsy still has a long runway for growth, a lot of operating leverage, and will benefit from

management's focus on the core business. Two-sided marketplaces are hard to create and have enormous operating leverage.

TripAdvisor (TRIP) – This is a platform business with a strong value proposition to consumers and an influential spot in the travel ecosystem. If monetization of traffic can improve modestly, the financial benefits should be substantial. Fortunately, traffic and engagement on the site continue to grow.

EnviroStar (EVI) – This "buy and build" roll-up had a quiet quarter with no acquisitions announced. Last year, the company made four acquisitions from June through December. More acquisitions are highly probable. Operating results and acquisitions will be lumpy, but the strategy can certainly work as they continue to execute disciplined acquisitions at reasonable valuations using a mix of cash and stock, with a focus on improving acquired companies in the non-capital intensive, non-cyclical commercial laundry distribution business.

SHORT INVESTMENTS

We ended the quarter with limited short exposure. The fund remains short ETFs targeted at short-term traders, plus one bond fund where the underlying interest rates received relative to the risk assumed do not pass my common-sense test.

RECENT EXIT – BLUELINX HOLDINGS

In the last quarterly letter, I outlined our investment in a building products distribution company, comparing it to a wealthy person's yard sale. There were two components of the thesis on BlueLinx Holdings (BXC). One was the ability to deleverage through sale leasebacks of owned real estate, and the other was the ability to make use of excess real estate capacity by making an acquisition. Despite my long-term time horizon, when the share price had nearly doubled in very short order, I began selling the shares. My logic was that a significant portion of the discount to asset value had been closed, and it was uncertain when or if an acquisition would take place. Unfortunately, shortly after we completed selling our shares, the company announced a transformative acquisition, and the price doubled again. While I will never complain about a near doubling in less than three months, it is another searing reminder that inactivity is almost always the best strategy.

NEW INVESTMENT – ASHFORD INC.

In the immortal words of the source "Deep Throat" in the Watergate investigation, "follow the money." When looking at the Ashford complex of companies, which includes two publicly traded hotel REITs, Ashford Trust (AHT) and Ashford Prime (AHP), as well as an "external" asset management company, Ashford Inc. (AINC), it becomes clear that the table is tilted such that the "money" flows to the management company, which is what we own.

The investment in Ashford Inc. was inspired by a former holding, RMR Group (RMR). At RMR, the Portnoy family created substantial shareholder value by separating the asset management function of their business (RMR Group) from their REITs and operating businesses, resulting in a 3.5X return in the last two years for RMR. A

similar playbook is being run at Ashford Inc. by the CEO, Monty Bennett, and his father Archie. At the end of 2014, Ashford Inc. was created by distributing shares to the Ashford Trust and Ashford Prime shareholders.

When designing Ashford Inc. and separating it from the REITs, a series of choices were made – each justifiable, and each to the benefit of Ashford Inc. Sometimes spinoffs are garbage barges where the liabilities are cast off, and sometimes the spinoffs are the jewels. I believe the design of the management contracts make Ashford Inc. the jewel.

There are four specific characteristics that ensure the money flows to AINC:

1. Base management fees cannot go down by more than 10% per year.
2. Base management fees are paid on both the equity and debt value of the REITs, making the fees as high as possible.
3. There are no high-water marks on the incentive fees. The underlying REITs are levered with the ability to dramatically outperform (and underperform). There is no penalty in calculating the management fee for this seesawing of the AHT and AHP share prices.
4. The contracts are essentially non-cancellable, but are designed as 10-year terms with multi-year renewals and very onerous termination payments such that we could be better off if the contracts were cancelled should the REITs ever be sold to a third party.

All of these conditions are favorable to Ashford Inc. and point to stability in the income stream, as evidenced by three consecutive years of revenue growth. Here are three other indications that Ashford Inc. is the most advantaged place to be within the Ashford complex:

1. CEO Monty Bennett took all of his deferred compensation from Ashford Trust and Ashford Prime in the form of Ashford Inc. stock.
2. The Bennett family just negotiated the sale of their hotel project management business to Ashford Inc., which will more than triple their holding in Ashford Inc. if the debt converts to equity.
3. While Monty Bennett remains chairman of all three Ashford public company boards, in the past year he relinquished his CEO positions at the REITs, while remaining CEO at Ashford Inc. All indications are that growing Ashford Inc. should be his main focus as it is where his bread is buttered.

In addition to structuring the contracts with the REITs to insure Ashford Inc. receives fees for decades to come, AINC was spun off with cash and has a very clever use for it. The company has figured out that managing 140+ hotels means that they control billions of dollars of spending at those hotels. Ashford Inc. is also in a position to understand the hotel manager as a customer. To capitalize on these dynamics, they are making "accelerator investments" in the hospitality sector. The simplest example of this is AINC's recent 85% purchase of J&S Audio Visual, a $60 million revenue company that provides hotel A/V services for large business meetings, conferences, and conventions (outsourcing of skilled technicians and the leasing of speakers, screens, microphones, lighting equipment, etc.). Given that Ashford directs the spend of 140+ hotels, it is highly likely that many, if not most, of these hotels will become J&S customers. Ashford estimates that simply migrating their own managed hotels will double J&S' EBITDA, assuming no other customer growth.

Another strategic accelerator investment was the purchase of 70% of Pure Rooms, a company that makes hotel rooms hypoallergenic for an extra $30 per night. It is highly likely that the economics of the purchased business will be improved by adding Ashford hotel properties as customers, and this money will flow to Ashford Inc. The third major accelerator investment is OpenKey, a technology that allows guests to both check in to hotels and open their rooms with their smartphones. OpenKey is focused on independent hotel owners that cannot justify or support their own proprietary systems. They have already signed exclusive deals with some of the largest collections of independent hotels, including Preferred Hotels and World Hotels, and they have a JV in China. While OpenKey is a compelling SAAS offering that could have great value, it is still in the early stages (35K rooms) and at this point is not material to the thesis.

Yet another way that Monty Bennett is trying to have dollars flow to Ashford Inc. is the creation of a broker, Lismore Capital, to handle debt placements (for a fee, of course) for the hotels that they manage. It is unlikely that debt placement for captive hotels will be a huge business, but they have helped refinance over $1B in debt so far this year and Lismore generated $1. 3M revenue in 2017.

THE FUTURE – PATHS TO AUM GROWTH

The asset management model is very scalable. Historically, Ashford Prime and Trust together have grown assets at 20%+ CAGR. As the REITs have been generally trading at or below book value, it is unlikely they will raise additional capital right now, but in the future it is an option. Currently, they could make hotel acquisitions using the $600M+ cash on their balance sheets. Ashford Prime recently bought the Ritz Carlton Sarasota for $180 million. Just using cash on balance sheet, the REITs could easily buy $1.5B+ of assets which would grow base management fees by almost 25%. Another option being actively discussed is to create a third publicly traded equity REIT platform by taking the lower-end hotels out of Ashford Hospitality Trust (AHT). The spin-out of $1.5B "select service" into Ashford Select REIT would make AHT a pure play "full service" hotels REIT and provides another avenue for growth/ consolidation around limited "select service" assets.

Another option for growth would be an acquisition. There is consolidation occurring in the hotel REIT space. Last year AINC tried to purchase Felcor. The final opportunity for growth is the possibility of creating an equity-raising platform for non-traded REITs (NTR), allowing Ashford to tap "retail investor" demand for high-yielding hotel assets, while substantially growing its AUM. In addition to the cash on their balance sheet, Ashford Inc. has a line of credit for $35M which can be upsized to $75M, so the company has resources to grow without equity dilution.

The economics of increased AUM are incredibly compelling for Monty, and he has shown a penchant for creativity. It would not be surprising to see an acquisition in the next couple of years that could grow the management fees by 50% or more with the stroke of a pen. The company has historically grown AUM by more than 25% per year (albeit off of a smaller base). There are clearly a lot of levers to pull. The exact growth path is not clear, but to assume no growth is to dramatically underestimate the management team and their incentives.

THE BAD

In my opinion, the governance at Ashford Inc. is horrible and the board is in the CEO's pocket. For example, one of the board member's primary qualification appears to be owning two Chinese food restaurants. The equity

compensation has been aggressive, although it is not as bad as it appears in Bloomberg or Capital IQ as there is some equity compensation kicked up from the underlying REITs that also has offsetting revenue, so there is no net economic impact. The CEO has been receiving stock option grants which allow for him personally to receive 1-2% of the company each year, and the balance of the management team to receive another 1-2%.

With no buybacks, the fully diluted share count marches upward with the issuance of these options. The positive of the option program is that the options are struck at market prices, so the CEO only makes money with share price appreciation. The negative is that the option pool automatically refreshes every calendar year, so options will be handed out like candy for the foreseeable future. I began the write-up saying that the money flows to Ashford Inc. The reality is that it flows through Ashford Inc. towards CEO Monty Bennett, and we are relying on the fact that money will flow to Ashford faster than Monty can appropriate value for himself. In my opinion, that is by far the largest risk in this investment. In fact, just this month, Monty and his father agreed to sell their project management business to Ashford Inc. The valuation of Remington was not rock bottom, but was structured to get additional shares to the Bennett family through convertible debt at $145 per share (50% higher than current prices). This will result in an additional 1.45M shares for the Bennetts. On a fully diluted basis, assuming the conversion of the Remington debt and exercising of all options, Monty and the Bennett family would own almost 60% of Ashford Inc. The hope/expectation/belief is that Monty has pulled the major levers he has to appropriate as much of Inc. as possible, so now it is in his best interest to aggressively grow AUM and the accelerator investments, and that that growth in earnings power will be substantially higher and faster than further Bennett appropriations. When you own enough of the cookie jar, the incentives are to grow and nurture the cookie jar and take your hand out of it. Monty has the talent and assets to grow a very interesting company. It may not fit into a simple classification such as REIT manager or alternative asset manager, but Monty has built a company that can make money coming and going and has tried to put as many of his eggs in this basket as possible.

VALUATION

We have a cost basis of approximately $91 per share. With a fully diluted share count of 2.5M, and $36M in cash, the fully diluted enterprise value of Ashford Inc. is just north of $190M. The company has invested $18M in their accelerator investments and assumed $10M in debt related to those investments. If we conservatively back out the accelerator investments at cost, we have paid approximately $160M for the asset management business. This is less than 4X the 43M in base management fees, which compares very favorably to a peer group. As a recent transaction comp, Oaktree's $320M all-cash purchase price of Fifth Street Asset Management came at 5.7X pro forma adjusted revenue and 8.3X base fees. Now we have the proposed acquisition of Remington (the project management business), a reasonable business with 60% EBITDA margins. Ashford Inc. likely overpaid for this asset (see bad governance section), but we are also likely undervaluing the accelerator investments. When the deal closes, Remington will be able to work for companies beyond the Ashford group, providing another high margin revenue stream, and significantly increasing Monty Bennet's ownership interest in Ashford Inc. With the Remington piece in place, I believe it is more likely that significant growth will follow. If now is actually "Go Time" on growth, we will get paid primarily on AUM growth and other revenue streams, plus modest multiple expansion.

COMPOUND MISPRICINGS – NEW INVESTMENTS – PRPL / IEA

When assessing an investment, I use several frameworks. I try to understand the products, markets, and team. I think about the execution risks or the "degree of difficulty of the dive." I always want to understand incentives and insider ownership. Oftentimes I find myself muttering, "I like the set-up." This usually implies that the incentives are stacked in our favor and the risk/reward equation is compelling enough to get me to move. This is a high bar, as inactivity is almost always the best course of action. Recently, I came across an articulation of a set-up that I have been attracted to in the past but did not know had a fancy name. Now I can mutter "compound mispricings." We invested in two of them in Q1. Let's give credit where it is due, and then dig into the details. I first saw the term "compound mispricings" in the Q3 2017 letter from Keith Smith's Bonhoeffer Capital, and according to Keith it was originally from David Abrams in his commentary on Part VII of the 6th Edition of Security Analysis (p. 621). *Note: Greenhaven Road Capital Partners Fund has invested in Bonhoeffer.*

A compound mispricing occurs when a firm and the accompanying underlying securities are both mispriced. When there is a discount on top of discount, the returns can be attractive. When there is a discount on top of a discount on top of a discount, it can be an even better set-up. Of course, the quality of the company, growth, profitability, and sustainability all matter – but when the stars align, compound mispricings can be highly compelling. This quarter, we "backstopped" two SPACs and received free warrants for our efforts. I believe it is possible that there were three layers of mispricing: (1) the equity in these SPACs were undervalued for specific reasons, (2) the warrants tied to the equity are also undervalued, and (3) the compensation we received for backstopping the SPAC in the form of underpriced warrants was generous. Or more simply put, I liked the set-up.

Now let's back up. What are SPACs? Special Purpose Acquisition Companies are also often called blank check companies. A world unto themselves, all SPACs have a similar structure. The SPAC sponsor raises money at $10 per share, and then has two years to go find a company to acquire. In exchange for tying up their money for up to two years, investors receive warrants that allow them to buy shares at $11.50 (terms vary) and the right to participate in whatever deal the SPAC sponsor brings to shareholders. In the event that the SPAC shareholder does not like the deal presented, the shareholder can "redeem" – even if the deal is approved – and receive their $10 back. If enough shareholders "redeem," the SPAC sponsor will not have enough capital to complete their deal. The outcome for the SPAC sponsor is binary. If the deal is voted down, the sponsor is out millions of dollars in fees and operating costs. If the deal is voted up, the sponsor has expenses reimbursed, and typically ends up owning 5-15% of the acquired company – an upside that can be tens of millions of dollars. Because the outcomes are binary for the SPAC sponsors, they will do everything in their power to ensure a positive vote. It is possible that they would generously compensate the parties who backstop the SPAC (us) to ensure their selected deal is completed.

The historical returns on SPACs have been uninspiring, but there have been some large winners. The area is an interesting hunting ground for investments because the landscape is fluid, there is no sell-side research, many institutions won't look or don't have the mandate to participate in SPAC IPOs, legwork can pay off, and all SPACs come with very long-dated (typically five-year) warrants. The conditions exist for mispricings since SPACs are all priced at $10 if the deal closes.

This past quarter, we participated in "backstops" of two SPACs, buying shares of the common stock and agreeing to vote for the proposed deal. In both instances, the SPAC sponsors agreed to give us warrants in exchange for our

support. We have no obligation to hold the common shares beyond the deal closing. Backstopping the SPACS was a way to inexpensively acquire/create warrants, but to be clear, a lot of cheap warrants are only interesting if the underlying company has merits.

One of the SPACs we backstopped (alongside Baleen Capital) was General Purpose Acquisition Corp (GPAC), which purchased 20% of Purple Innovations, Inc. (PRPL). Purple has patented technology used to make branded mattresses sold direct to consumers, and has had very effective marketing with over 1.5B social media "impressions." The founders, to their credit, built a $200M per year business without outside capital and have retained 80%, so there is exceptionally high insider ownership. The company is on pace to double sales this year to $400M and could go even higher if their pilot in Mattress Firm, the largest mattress retailer, is expanded. Despite this torrid growth rate and non-capital-intensive business model, the company is valued at a 30%+ discount to peers. We were able to sell much of the common stock we purchased in the backstop at a profit, so our effective cost basis in a portion of our warrants is negative. With an $11.50 strike price and a five-year duration, if the common shares rise to $15 by 2023 – not heroic given the growth rates and discount multiple – the warrants we created from backstopping the SPAC will be worth $1.75 each. If the common shares do better, our returns will be even better. I like the set-up.

The second SPAC that we backstopped (along with Dane Capital another Greenhaven Road Partners Fund investment) acquired IEA Services, a leading infrastructure construction company with a focus on wind and solar. It turns out that wind farm building is an oligopoly dominated by three companies. Unsurprisingly, when you are suspending a multi-million dollar, 300,000 lb., turbine 150 feet in the air, you don't necessarily take the lowest-priced bid. In fact, the financiers of the wind farms often stipulate who the construction/assembly firm will be. IEA is one of three such Tier 1 contractors in the U.S. The business is booming now, as there have been tax incentives to encourage construction. Over the next five years, those tax breaks will roll off unless replaced. IEA shares come with a 20%+ free cash flow yield in the short term, and a record backlog, so results should be even better in 2019. The push for renewables remains strong as states are mandating renewable power, and renewables have become cost competitive, even without tax incentives because of improvements in technology. In the longer term, IEA has paths to maintaining earnings, including a buildout of their solar construction capabilities, the passage of additional wind power tax subsidies, or the continued technological improvements for wind that make non-subsidized construction more attractive. Based on conversations with management, it is highly likely the company will make an accretive acquisition in the near term.

For IEA, the SPAC sponsor was M III Acquisition Corp., a corporate advisory firm that has historically worked with large companies on issues of operational improvement, restructurings, and interim management. M III correctly identified that a SPAC could be a better way to monetize their considerable operational prowess. The stakes are high for M III: they would like to do multiple SPACs but need the first one to work. Ultimately, I think the industry dynamics, management incentives, and valuation set up well. The warrants provide more upside while allowing us to make it a relatively small position. I believe that there was a compound mispricing, and our warrants received from backstopping the deal were a discount on a discount on a discount.

OUTLOOK

The uninterrupted march upward of markets has sputtered, and volatility has returned. As a citizen, I am distraught that the volatility is being created by instability in the executive branch and an unconventional trade policy. However, as an investor, I am happy to see volatility return, as it often creates opportunities. During periods of volatility, fundamentals tend to be ignored and attractive entry points can be created for specific stocks. Volatility is our friend. It will undoubtedly create periods of short-term carnage within our results, but that is when the seeds of future returns are planted. We will continue to invest with a long time horizon, and we will continue to invest like it is our own money – because it is. Thank you for the opportunity to grow your family capital alongside mine.

Sincerely,

Scott Miller

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