October 24, 2017

Dear Fellow Investors,

If you want to outperform the market over a multi-year period, which I do, then you have to be willing to accept short-term losses and periods of underperformance. To reach the top decile, even for a temporary period, means having a portfolio that is substantially different from the consensus, not buying companies trading for 10 times earnings and hoping they eventually trade for 12 times earnings. Instead, our approach is to buy companies that I believe are misunderstood or underappreciated and then profit over a period of years – not days or months – as the company's true value is reflected in the price. Our portfolio can be further non-consensus because we cap its size to enable focus on companies with any market cap, including micro caps where most professionally run funds cannot tread. For some investments, profits will come immediately; for others, profits will take years to materialize; and for many, the fund will lose money. If the strategy is executed properly, our profits will greatly exceed our losses as we pursue a series of asymmetric opportunities where the probabilities are favorably skewed to the upside. As a buy and hold investor, we have to accept losing years and bottom decile periods. Fortunately, gross returns for the third quarter were just in excess of +12%, bringing year-to-date returns for investors who have been with us for the entire year to approximately +38% net of fees. Please check your statements as net returns vary by investment class and investment date.

When discussing returns, many hedge funds find it instructive to cite the performance of indices such as the S&P 500 for context. The reality is that, of our top ten positions, only one is in the S&P 500, meaning that this comparison is somewhat hollow. Even the Russell 2000 is a poor comparison because three of our top ten holdings are outside of the United States. Because we manage a smaller pool of capital, Greenhaven has the freedom to invest in companies that are not included in the indices. This is a wonderful position to be in. The fund has exceeded all common benchmarks over one-year, three-year, five-year, and life-of-fund timeframes. However, going forward, do not be surprised if there are fewer references to the S&P and Russell as I believe short-term performance to be largely meaningless, and short-term performance against a benchmark with which we have little in common with even less meaningful.

TOP 5 POSITIONS

Etsy (ETSY) – Etsy is one of the healthiest companies I know of that replaced the CEO and the CFO and laid off 20% of the workforce. These actions are typically accompanied by a suspension of guidance and a raft of restructuring costs. However, despite all of the turmoil, Etsy is still guiding to revenue growth of 18-20% this year, and showed growth in the number of both sellers and buyers on the platform. The company's new management is pursuing a coherent strategy of focusing on growing the core marketplace, with strategies to improve the frequency of purchase and conversion of browsers to actual buyers. In addition, the CEO purchased $1M in shares this past quarter. While management ownership is less than ideal, this is a step in the right direction.

Fiat Chrysler (FCA) – The thesis remains the same. In our Q4 letter from last year I wrote, "I know I am supposed to say something conservative like, 'I think we can earn an attractive return on our investment,' but the reality is that if Marchionne and team continue to execute, and the new car market does not fall off a cliff, I think we can earn multiples on our investment and, as a result, made Fiat a 10+% position. I am

believing." Despite share price gains for FCAU of over 80% this year, I believe the company remains substantially undervalued. Fiat is led by one of the smartest operators in business today: Sergio Marchionne. Just because he is smart does not mean that he does not make mistakes or is not subject to industry cycles, but let's look at the following fact pattern. In 2014, the company's five-year plan outlined significant investments that would lead to the accumulation of a significant (€5B+) net cash position by the end of 2018 plus the generation of €9B in EBIT, up from €7B this year and €3.8B in 2014. Sergio has had dozens of chances to walk back the 2018 plan and push it out a year or two. However, he publicly confirmed the forecasts as recently as two weeks ago at a Ferrari event. One reason he may have reconfirmed the plan is that it was built on the U.S. new car market of approximately 16M units (SAAR), which will likely prove conservative for 2018 given the current run rate and the replacements from hurricanes. Sergio has also indicated that Fiat is working on spinning off the parts business, which grew revenue in excess of 10% last quarter and generated a full-year run-rate EBIT of in excess of €500M. If we put an 8x multiple on the parts business, the spinoff should be worth €4B. Add that to the anticipated net cash of €5B, and we are left with a core auto business that, according to the plan (which may be conservative), will generate €8B+ in EBIT next year. FCA's share price is currently below €15. At the end of 2018, the cash and parts business should represent €6+ per share of value and the core business should add a bit over €5 EBIT per share if it generates €8B in EBIT overall. So, if the plan and the share price both hold, Fiat's core business, ex-parts and cash, will be trading below 2x EBIT. Of course, the plan may not hold and this math exercise may prove useless, but if they come anywhere close, there remains an enormous amount of value in Fiat Chrysler. Additionally, as the balance sheet strengthens, buybacks or dividends become real possibilities and the company would be an accretive acquisition to any number of manufacturers.

Limbach Holdings (LMB) – This "boring" company had another boring quarter of improved revenue, margins, and backlog. Over time we have a reasonable chance at revenue growth, margin expansion, and multiple expansion since the company trades at a discount to its peers. Interestingly, one of Limbach's board members joined the management team as EVP of M&A and Capital Markets this quarter. The company's long-term success will ultimately be driven by organic growth and customer satisfaction. There is, however, the opportunity for acquisitions in neighboring geographies as well as adjacent service offerings such as fire and electrical. This hire brings us one step closer.

Redknee (RKN) – This past quarter RedKnee conducted a rights offering, allowing existing shareholders to buy additional shares at a discounted price. The company will use the proceeds to fund their restructuring, which includes significant layoffs and product investments. Redknee is domiciled and listed in Canada so participating as a U.S. investor was rather difficult and required a pile of paperwork to be submitted. I know of some funds who threw their hands up in frustration and did not attempt to participate, and others who attempted the compliance gauntlet but were ultimately slayed. Those who could not or chose not to participate in the rights offering could have sold their rights on the open market. However, certain brokerages, such as Charles Schwab, prohibited U.S. clients from trading their rights at will, and instead automatically sold the rights at very low prices as the transaction approached. It is nice to be a buyer from an indiscriminate seller like Schwab. In the days before the rights offering deadline, there were arbitrage opportunities to buy rights and sell common stock, pocketing an easy 5 cents per share, which is meaningful on a percentage basis for a sub-$1 stock. I ultimately thought that 0.63 CAD was a very

attractive price at which to purchase additional shares and exercised all of our rights, purchased a substantial number of additional rights for pennies, and exercised our oversubscription privilege. Instead of trying to be arbitrageurs, we took the opportunity of the rights offering to triple our ownership of RedKnee at very attractive prices.

The rights offering was fully backstopped by ESW Capital, a growth private equity firm focused on business software companies. ESW has invested over $100M into RedKnee and placed the CEO, who knows the playbook very well and has taken substantially all of her compensation in company stock. ESW's track record of success in the software industry was discussed at length in Greenhaven's Q1 letter. Suffice it to say, I think the "A Team" has arrived. They have begun to outline a restructuring process that will rationalize what had become a bloated organization following two major acquisitions. Redknee's billing software is used primarily by wireless phone companies. Under previous management, copious amounts of money were spent on R&D to expand beyond the telecom market. The ESW plan is to focus the company entirely on telecom and have customer needs drive the product investments. Turnarounds take time, even when the "A Team" is executing them. The recent rights offering was done at a substantial discount to any multiple of run rate recurring revenue at which competitor stocks are currently trading. I would expect Redknee's short-term earnings to be between dismal and horrible as tens of millions of dollars of restructuring costs hit the income statement. However, over time, ESW has a very good chance of building the company into a profitable business that could be a successful acquirer in the telecom software vertical. We paid a more than fair price to back a very strong and well incented team trying to execute their 41st software turnaround and focus on the wants and needs of their customers. I like our chances.

TripAdvisor (TRIP) – For a valuation, net of cash, of less than $5B, we own TripAdvisor's reservoir of more than 500 million reviews visited by 400+ million unique users per month, and an audience which has grown at a compounded annual rate of 18% over the last four years. Annual worldwide travel spend is estimated at $1.3T. TripAdvisor's excellent website, and #1 travel app are influencing hundreds of billions of dollars of spending. The company is in an attractive market with secular tailwinds and a very robust product, but has not yet perfected the process by which they will convert traffic into dollars. In pursuit of that goal, TripAdvisor has transitioned business models from one where traffic was sent primarily to Priceline and Expedia (which paid the company per click) to one where more traffic is booked directly from the TripAdvisor site. This transition has not been smooth and has stunted revenue growth, which was previously topping 20% per year but in fact declined by 1% in 2016.

There are a number of crosscurrents in the online travel space. It appears that Priceline, the largest customer of TripAdvisor, is creating a headwind for TripAdvisor by bidding less aggressively for traffic. At the same time, competitor Trivago is finding their TV advertising less effective, which over time should be beneficial to TripAdvisor. Ultimately, Liberty Media and its CEO John Malone are the largest shareholders of TripAdvisor, and if current management cannot properly monetize the traffic, there should be numerous acquirers who are well-positioned to do so. Interestingly, company management did not renew their share buyback after completing it last quarter. The most plausible explanation is that the company was in possession of material information, such an offer to be acquired, and was therefore restricted from additional purchases. Time will tell, but ultimately an enterprise value of less than $5B seems quite

GREENHAVEN ROAD CAPITAL

reasonable for this collection of assets. Even with monetization challenges, the company grew revenue 8% year over year last quarter and generated $320M in operating cash flow over the first six months of the year – not bad for a growing company with wonderful assets.

NO LONGER IN THE TOP FIVE BUT BUYING MORE - ENVIROSTAR

One company that is no longer in the top 5 holdings is Envirostar. We have not sold any shares, in fact, we have purchased more shares. There was a 20%+ decline in a matter of three days, just after the quarter ended and more than 35% over the course of a week. The share price decline coincided with a short seller putting out a report. There are a lot of ways to make money in the investment business. I prefer to find strong management teams with significant ownership stakes pursuing strategies that make sense. Certain short sellers prefer to cherry pick data and present it in the most negative light and in the loudest way possible disparage a company. These short sellers use their reports which they release widely as the catalyst to drive the share price down. Since the short seller is hoping to serve as the catalyst to drive the share price down, the more inflammatory the report, the better. These reports can be quite effective when there are no analysts covering the company, the company does no earnings calls, and the company has no formal investor relations effort. In the case of Envirostar, I know and respect the short report author. I think he is wrong on Envirostar, but I suspect he will also make money on his "trade." He got to build his short position in advance of releasing the report, he knows what selective information he has omitted, and can "cover" or buy back the shares closing out the short position whenever he wants to. The shares of Envirostar traded 7X as many shares on the day that the short report was released vs. the previous day. There was a deluge of selling seconds after the release of the report. An incremental 240,000 shares traded on the day of the release. If you compare the day before the release to the day of the release and the subsequent two days after the release, an incremental 500,000 shares traded. This is on a free float of less than 3M shares and, if you factor in a couple of major holders who did not sell and index funds, a free float of well under 2M shares.

I surmise that few of these short sellers were at the annual meeting last November where management outlined their buy and build strategy. I surmise that few of the sellers took the time to understand the ownership structure and to see that over 70% of the shares are owned by insiders. I surmise that few took the time to study the 8K from October 28, 2016 to see that 29% of the gross profits from the Western States Design acquisition are from parts and services, which is counter cyclical. I surmise that they did not take time to look at the balance sheet to see how under levered the company is with $4M in debt. The people who quickly followed the short report author into a non-cyclical, non-levered, extremely high insider ownership short may ultimately regret not doing more work.

The short report did shine a light on valuation. Envirostar is attempting to do a roll up in the commercial laundry space. The strategy is to buy within the fragmented industry at reasonable multiples using a combination of cash and stock. The strategy is then to materially improve the purchased businesses over time. If the strategy is successful, over time, we should see rapid revenue growth and expanding operating margins. The short report did not venture to project future revenue or margins, but looked back at the first year of a multi-year buy and build strategy. Effectively taking the least favorable time period, where acquisition related expenses have the largest impact, and because companies were acquired as the year progressed, only a portion of their full year revenues are reflected in the income statement. The result is the short report focused on revenue of $93M when, in reality, if adjusted for a full year of revenues, the pro forma revenue is likely north of $150M and normalized margins will be closer to 10%. These types of adjustments would paint a far less negative portrait, and not surprisingly were not

done in the short report. My belief is that the valuation may have gotten ahead of itself, but if the company continues to be successful buying companies at 5X EBITDA using cash and stock at 10X EBITDA+ and improving those companies, today's prices will appear to be quite reasonable. The math is quite favorable if the businesses actually improve after purchased. The model has worked wonders at Watsco and Pool Corp. There is clearly execution risk, but this is not your typical rollup. Insiders own or control over 70% of the company, and the founders of companies they acquire agree to lock their stock up for multiple years. The CEO has experience implementing a buy and build strategy, and, in my opinion, is a jockey to be supported over the next five years, not shorted. I think in the long run we will thank the author of the short report for creating this buying opportunity. We almost doubled our position.

SHORT INVESTMENTS

The fund continues to have a very long bias, with a few very modest shorts. Our two largest shorts, both sub-2% positions, are of index funds. We remain short six ETFs targeted at short-term traders. The borrow rates on these poorly designed financial products are not inconsequential, and I would rather not drive up the borrow rate by discussing them in detail. Suffice it to say that we are short poorly designed financial products, and long common sense. Per usual, individual short positions are approximately 1-2% fund weight.

FUND OF FUNDS IS A TERRIBLE BUSINESS… LET'S START A FUND OF FUNDS

In the next week you will receive an email that goes into greater detail on the opportunity I believe exists to create a fund of funds focused on emerging managers – called the Partners Fund. If you do not receive the information, please email Ally (InvestorRelations@greenhavenroad.com). I want to reiterate that for most, operating a small fund of funds would be a terrible business: fees are necessarily low, you have to be very large so to be financially successful, gathering assets on top of assets. In fact, to be financially viable as a standalone fund of funds, you have to gather so much capital that the Greenhaven Road Capital Fund 1s of the world become uninvestable. Given this backdrop, why start the Partners Fund? Why risk taking time away from Fund 1 for an unattractive business? The short answer is that I believe the Partners Fund is additive to Fund 1 because it will improve our chances of finding the next EVI, Iteris, IDW Media, Limbach, and other "dark" companies.

Sometimes a simple story helps clarify. I have three children, including a five-year-old daughter. There are times when I have an entire Saturday to fill trying to entertain her without a television, iPad, or iPhone. One of my favorite ways to kill a couple of hours is to take her "fishing." Our version of fishing is to borrow my friend's two-person kayak, take a rod, water, snacks, and raw hot dogs, which we use as bait. Our fishing time is after the morning activity from whenever boredom is about to set in at our house to whenever boredom is about to set in on the kayak. Our fishing spot is pretty much wherever my daughter points. We have a lot of fun and it feels like an adventure. We even talk like pirates sometimes… but the dirty secret is that we have never caught a fish.

A week ago, a friend (and limited partner in the fund) invited this daughter and me out on his very fancy 27-foot fishing boat with its twin 300 horsepower engines and all of the electronics money can buy. We went early in the morning, traveled eight miles to the day's "best spot," chosen based on his experience, study of fishing blogs, and computer screens. We had special hooks for the fish we were trying to catch, sonar to make sure they were beneath us, and live crabs his son had gathered at low tide the day before as bait. In other words, we went fishing, not to kill time, but to actually catch fish – and it worked.

Let's just say my daughter is done fishing with hot dogs and keeps asking to go back on the boat where we actually catch fish.

When I spend my time looking for investments, much of it feels like my time on the kayak fishing with my daughter. Common activities such as reading The Wall Street Journal and watching CNBC can kill time and provide some baseline knowledge, but are almost always like fishing with a hot dog. You don't catch anything.

When I spend time spent on the Partners Fund, I expect it to be a lot closer to my friend's boat: incredibly productive. Collaborating with the smartest emerging managers I can find is the single best way I know to find invisible and misunderstood companies. I spent my birthday in Zurich because I knew five managers I wanted to interact with would be at a conference. I spent my anniversary at Value X Vail because I knew another five very interesting managers would be there. I am not one who thinks earning an airline elite level status for work travel is a badge of honor – I enjoy spending time with my family. Those trips were calculated efforts to find investments and build the group of investment managers I share ideas with. We are not day trading at Greenhaven Road; we are buying or selling a few companies per year, so we are naturally very selective. Seeing the best ideas from the best investors as early as possible is a very important ingredient in the secret sauce.

The goal is to have the Partners Fund be a win/win situation. Of course, the Partners Fund should make money for its investors, including my family and Chuck Royce's family. The Partners Fund will allocate to talented managers investing in a concentrated, unique style with a smaller asset base, aligned fee structure, and significant personal investments in their funds. This setup that has created wealth in the past and I believe is the best way to invest capital today. More importantly, the existence of the Partners Fund should facilitate the conversations and collaborations with the smartest emerging managers I can find, by extension stocking the pond in which we fish for ideas. I am fortunate to collaborate with managers like Adam Wyden (ADW Capital, Matt Sweeney (Laughing Water Capital), and Eric Gomberg (Dane Capital). Those relationships have been enormously beneficial to Greenhaven Road Capital Fund 1. We would not be up 38% net this year without them. The Partners Fund is about building on this practice of collaboration and fostering more – and deeper – relationships. The managers of the funds we invest with won't share their every move with me, but hopefully their best ideas will trickle in my in-box and my cell phone. We only need one high quality asymmetric idea a year to make it all worth it. You are welcome to invest in the Partners Fund, but even if you do not, I believe that simply because it exists, you will realize benefits in your Fund 1 returns. The Partners Fund should help Fund 1.

NO FEES OPTION

The Partners Fund will launch December 1. Through the end of this year, we are going to offer Fund 1 limited partners (you) the opportunity to invest in this new venture and pay NO management fees and NO incentive fees, so effectively <u>NO fees</u> other than pro rata expenses such as audit, admin, etc. You may commit for December 1 or January 1; however, your no-fee investment in the Partners Fund cannot exceed your 9/30 investment balance in Fund 1. Please refer to your Q3 statement and/or reach out to Ally (InvestorRelations@greenhavenroad.com) with any questions.

On the surface, the decision to charge existing limited partners no management fees or incentive fees is probably a bit of a headscratcher. Am I taking a bad low-margin business and making it worse? Perhaps in a way… but the reality is that one great investment idea for Fund 1 from a manager within the Partners Fund will be far more

valuable than some waived management fees. "Market rate" for fund of funds management fees is approximately 75 basis points, so each $1M in assets yields $7,500 in management fee income. Greenhaven Road Capital Fund 1 is by far my family's largest investment, and with assets exceeding $60M today, the growth in my own investment plus incentive fee income can be far greater than whatever management fee I am foregoing in the Partners Fund by offering the no-fee option for early investors. This offering also removes the biggest gripe most investors have with funds of funds: two layers of fees. I am trying to make it a "hell yeah" investment for you all. I would like the Partners Fund to be a meaningful investment in the best 10+ emerging managers I know so that we can tap their collective wisdom and apply it to the main Fund 1. There are benefits to scale.

If we do the Partners Fund properly, the investors in the fund will be exposed to wonderful managers at a stage in their AUM where meaningful outperformance is possible. If we do the Partners Fund properly, we will be value-added limited partners in a number of hedge funds. If we do the Partners Fund properly, the existence of the fund will actually make my job at Fund 1 easier and improve my – and, by extension, our – chance for success. The Partners Fund should be a win/win/win. This is my world; these are my people. I am ready to get started. If the fund proves not to be beneficial to Fund 1, I am also ready to shut it down, as just being in the Fund of Funds is a terrible business, but working with the smartest managers I can find… that is a "hell yeah."

OPPORTUNITY IN THE CONSTRAINTS OF COMPETITORS

I have several frameworks that I use when evaluating an investment. For every investment, I want to understand the product, the market, the team, the "execution risk/degree of difficulty" as well as the incentives. If we understand these facets of a company, we have the foundation to understand the viability of a company. A new series of questions has been rattling around in my head the past three months, planted by Patrick O'Shaughnessy's Investor Field Guide podcast. What constraints create this opportunity? How likely will those constraints persist? Do the constraints apply to existing competitors as well as most new entrants? How expensive is it to remove the constraint? I find when I have a credible theory for why logical competition is constrained, my comfort level for an investment increases.

NEW INVESTMENT – DARK COMPANY

This quarter, we began purchasing shares in a "dark" company. A what? A dark company! A dark company is a company that is publicly traded but does not file financial statements with the SEC. There can be several reasons for not filing, one is to reduce the cost of being a public company. Dark companies typically do not have earnings releases, earnings calls, or any analyst coverage. There are often days where such companies do not trade a single share. Given that we do not have a full position in this stock, and that our limited partners, let alone our wider distribution list, could collectively buy the free float of this company at least 100 times over, details are going to be sparse for now. However, I think the situation is illustrative of two current themes. The first is the potential of the Partners Fund for idea generation. I came across this opportunity in conversations with a manager the Partners Fund will likely back. He was initially cryptic as to the exact company, providing some touch points including age, size, profitability, growth rates, and so on, yet I still could not find the company using Bloomberg and other tools. While I did not use the explicit Partners Fund investment as a carrot to get the manager to share the specifics of the idea, I did everything else I could think of. Without being led to the company, we would not be invested; it is that simple. This gets to the other theme: opportunity being created by the constraints of others. Our dark company comes with some factors that make it uninvestable for most. These include, but are not limited to:

1) The company is not in any index.
2) The company is not included in quantitative datasets used for screening.
3) The company has a sub-$100M market capitalization, so it is too small to move the needle for large funds.
4) The trading volume is too low; there are multi-day periods where no shares trade. It is only for the patient.
5) You have to work to understand the opportunity. There are no annual reports, quarterly conference calls, or investor presentations. The company will provide audited financial statements only to shareholders. To really understand the business requires getting on a plane and meeting face to face.

Dark companies suppress the demand for their shares, as investors should be highly skeptical. There is a very elevated risk of fraud with dark companies. Given the elevated risk, I adjusted our diligence process accordingly. I believe the quality of the team, assets, and valuation make the company a very simple investment worth the work and the lack of daily liquidity. We started buying shares of the company at less than one-third the value of the real estate with a double-digit free cash flow yield. The company is growing and has a strategy to shift its product mix towards higher margin offerings, which should improve earnings and the multiple awarded the company.

The founder and management team own over 50% of the company, so on paper they would be financial beneficiaries of removing the dark status by making additional filings with the SEC. While it would require additional work, this is a relatively easy constraint to remove, and stock prices are ultimately a reflection of supply and demand. It takes very little imagination to see shares doubling or more as we hold this company for years to come, even if they remain dark. I hate to be so cryptic; attribution to the deserving manager and greater details on the company will come in due time. For now, I am buying as much as I can for the fund, which, unfortunately, many days is zero shares.

HOPE IS NOT AN INVESTMENT STRATEGY

This past quarter, we exited our position in Radisys Corporation (RSYS), in which we first invested in spring 2015. One of the benefits of writing long investor letters is that I can easily go back and read my initial investment hypothesis and compare it to the current fact pattern. Just because a company evolves differently than I anticipated does not necessarily mean I am concerned. The best management teams are great because they do more than Scott Miller would do, and more than I think they can do. The core of my initial thesis on Radisys was that the inside of the company's dying legacy hardware business (low multiple) was a fast-growing software business that, when appreciated by the market, would receive a high multiple. Effectively, I thought we were getting the software for free, or nearly free. Management was able to slow the decline of the legacy hardware business, remove costs, and invest in the new software-based telecom products. They had major customer wins from Verizon and an Indian telecom company. The share price more than doubled from our original purchases.

The investment business is difficult because while the share price was increasing, I was also aware that the software portion of the business was not growing quickly and, more importantly, the pricing structure they were using had very limited recurring revenue. The company was receiving larger one-time payments but limited ongoing payments from customers: effectively sugar highs vs. healthy vegetables. I found myself "in like," not love with Radisys, hoping the software portion would gain greater traction. As new money came into the fund, I was generally not buying more RSYS: it was a sub-3% position with a large embedded capital gain.

The wheels came off the bus this past quarter and the company preannounced they would miss all guidance. Selling software and equipment to telecom companies is by its nature a lumpy business, so delayed orders happen. Given our long investment time horizon, a company "missing a quarter" can be a great buying opportunity. Who cares if Verizon orders in January 2018 vs. July 2017 and revenue just comes a couple of months later? My initial reaction was to buy more shares, moving quickly to take advantage of the short-term overreaction by the market. I then revisited our initial thesis and looked at the current business. Ultimately, I sold not only the shares that we had just purchased, but also all of our shares. I wish I could say it was done profitably and it was a masterful trade, but it was not. Our unrealized capital gains will be a realized capital loss. The decision to sell was driven by a combination of factors, including the fact that Radisys is a sub-scale company and R&D and SG&A are too large as percentages of revenue. The technology has too short of a lifecycle, and the business model does not have enough recurring revenue built in. I cannot articulate how and why Radisys has technological leadership and how or why it should be sustained. In fact, I can think of several reasons why they are at a disadvantage to a half dozen competitors. I do not adequately understand the market and the thought process of the telecom purchasing agents. None of these are new facts that emerged when they preannounced they would miss earnings. I knew all of these negatives.

I have wallowed in Radisys. I have cross-examined myself, asking why I did not sell at several points along the way. My defenses are weak. Ultimately, the lesson from Radisys is not a new one, but a reinforcement of an old one: inside ownership is too low at Radisys. The CEO, CFO, and board effectively own no stock. Their incentives are to remain as an independent company even if they are subscale and under-resourced. Would you rather be the CFO of a public company or be swallowed by Cisco? Would you rather be a board member of a public company where you get cash compensation or sell to Cisco where you get nothing? I am not confident that management will pursue the right strategy of sale of the company even with an activist involved. I prefer to focus on opportunities where the incentives are properly aligned at the management and board levels and I can articulate why the opportunity exists for the company. While patience is a virtue and doing nothing is almost always the proper strategy in investing, when I know there is a misalignment of incentives and I have to use the word "hope" in an articulation of how the company will be successful in five years, it is time to move on and find some owner operators to invest with.

ANNUAL MEETING

For those of you who missed the annual meeting, we had almost 50 attendees, with folks coming from as far away as Uruguay, Mexico, and California. As an introvert, it is not my natural state to stand before a crowd for an hour, but as I said at the meeting, our limited partnership is a group I want to interact with, a group to whom I want to express my gratitude for the opportunity I have to spend my days investing, a group to whom I am grateful for contributing ideas, feedback, and capital to the partnership. You are also a group I immensely respect, a group who has said the conventional wisdom of "index, index, index" is flawed. You have not only disagreed with conventional wisdom, you have backed it up financially with a portion of your savings. We distributed a few gifts at the meeting. Last year I tried to send out gifts to those not in attendance, filling out customs forms for those abroad and generally consuming more time than I ever expected only to have several returned. For any LPs in or passing through the New York area, I am happy to make a hand delivery while sharing coffee or a meal, so please reach out to me when you're in town.

WHO IS IN THE PARTNERSHIP

We are fortunate to have over 80 limited partners now – with geographies ranging from as far away as Singapore and UAE to as close as Canada and Bermuda. We also have recently added a private school endowment to accompany our museum endowment as investors in the fund.

We continue to attract portfolio managers, former portfolio managers, and entrepreneurs as our largest groups of investors. Another interesting subset of the partnership is what I would call "father/sons". These are families where the son (to date it has always been sons, not yet daughters) finds the partnership and encourages the father to ultimately invest family funds. I could not be happier with the geographic, professional, and age diversity we have in the partnership. More importantly, I could not be happier with the quality of the people. Again, thank you.

FOUNDERS CLASS CLOSING AT END OF YEAR

This is a gentle reminder to those early limited partners who invested under the founder's class that any investments into the fund on or before December 31 will receive your original terms. Any subsequent capital contributions will be under the current terms, subject to the relevant lock-up periods and management fees. Feel free to reach out to Ally for subscription documents or with any questions (InvestorRelations@greenhavenroad.com).

OUTLOOK

We are nine years into a bull market, the S&P 500 has been up 19 of the past 20 months, and volatility has disappeared. The CEO of American Airlines declared that his company would "never lose money again." Are we closer to a market top than a market bottom? It sure seems like it. So what do we do? More gains have been lost trying to time the market than losses avoided. We are investing with a multi-year time horizon, so we are typically fully or nearly fully invested. That being said, when the market does decline and volatility reappears, wonderful opportunities will be created. During periods of stress, balance sheets are ignored, multiples compress, and bad news is assumed to last in perpetuity. We need to have some securities that we can easily sell to take advantage of the opportunities that will be created. Fortunately, we do. We could be out of Fiat or Etsy or TripAdvisor or Interactive Brokers in less than an hour. We are well positioned, but given where we are in the cycle, on the margin, I am more inclined to invest in liquid situations where we can access the funds to take advantage of the most compelling opportunities created from a selloff, or in companies that are outside of the indices and very off the beaten path. We will continue to invest with a long time horizon 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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