



February 2018

Dear Limited Partners,

Those of you who invested on December 1, 2017 by now should have gotten your Partners Fund statement for Q4 2017 from Opus Fund Services. If not, please work with Ally at investorrelations@greenhavenroad.com. The fund returned 4% for the month of December while carrying a significant cash balance.

OUR BABY IS BORN

Prior to the launch of the Partners Fund, I found myself asking myself question after question. Would any existing LPs subscribe? Would managers accept money from a "competitor" who transparently indicated he hoped to get ideas for his fund as a secondary benefit to the Partners Fund investment? Could we actually create a Fund of Funds that has the ability to deliver excellent returns while also improving our chances for success in Greenhaven Road's Fund 1? Could we create the Partners Fund in a way that was additive to the ecosystem that I operate in, which includes limited partners and other managers that I share ideas with? With time being the most valuable resource - would the Partners Fund be the highest and best incremental use of time?

There is an expression I use often: in the absence of data, all we have are opinions. Now that the fund has launched, we have some data and preliminary answers to the pre-launch questions.

Here are some of the salient facts:

- The fund launched on December 1st with 18 LPs and \$4.4 million, plus commitments for \$4M to be drawn down as needed.
- We have had subsequent subscriptions for over \$8 million, with additional commitments in the works. I expect ultimately to have 40 LPs from fund 1 participate in the Partners Fund.
- I have made exactly zero phone calls to try and raise money for the Partners Fund.
- On December 1st we invested in 4 managers.
- 2 long holdings in Greenhaven Road Fund 1 are a direct result of the Partners Fund existence.

OUR SUPERINVESTORS?

In 1984 Warren Buffett wrote an article titled, "The Super Investors of Graham and Doddsville" which is required reading for the Berkshire clan. I am going to avoid writing the ten millionth letter that quotes Mr. Buffett, so to summarize, in the article he posits that so many of the successful investors of the previous 30 years were from the value (Graham and Dodd) school of investing that the outcome could not be simply a statistical anomaly. He argues persuasively that the fact that these "Super Investors" outperformed the market by such a large margin and were all from the same school of investing meant that their common intellectual roots had to be part of the reason for their success.



Today, investing is a more competitive endeavor than ever before, with more “players” and greater availability and parity of information. For example, in the period during which Buffett's Super Investors were operating, annual reports had to be requested and then mailed from the company. Now they can be downloaded in seconds, and there are even tools to show what language has been changed since the previous year. Today, there are simply more competitors with better tools. While I would not go so far as to say that the markets are efficient, I would say that the magnitude of outperformance that managers can expect to produce is almost certainly be smaller than that produced by the folks Buffett referenced, such as Charlie Munger, Walter Schloss, and Tweedy Brown.

I will, however, go so far as to say that if we are going to be successful with the Partners Fund, it will be due to more than just having managers with a value bent to their investing. I believe a combination of the following attributes provides the most fertile ground for successful investing and the generation of returns:

- **One-Person Investment Committee**
- **Concentrated holdings**
- **Reasonable amounts of capital (AUM)**
- **Significant personal investments (“skin in the game”)**
- **Original thinking**
- **Mindset: Getting Rich is Not the Point**

Hopefully the checklist above sounds comfortable and familiar – I believe that it describes what we have at Greenhaven Road Fund 1. The one item that may require more explanation is the mindset that “Getting Rich is Not the Point.” This means that, ultimately, we are trying to invest with managers who obsess about their companies and think about the opportunities and risks on multiple levels. If a fund owns Ferrari, for example, the portfolio manager is trying to figure out the margin profile of different products, the cadence of special edition releases, and the appropriate multiple for a luxury brand. S/he is trying to solve the investment puzzle, not daydreaming about which Ferrari to buy personally to go with the new house. Just as Greenhaven Road Fund 1 seeks to invest in companies with management teams that are obsessive about their businesses, the Partners Fund seeks to invest with investment managers who are obsessive about their investments. On average, the investor that is trying to solve the puzzle should do far better than the investor who is just trying to get rich. We want the former and not the latter. Ironically, in my experience, it is actually the investor not completely motivated by money that is more likely to actually get the money.

When I look over the list above, I see it as effectively a combination of conditions, incentives, and traits. Curiously, I think that in many ways it is the opposite of everything a large institutional capital allocator is looking for. If you are putting the emphasis on managing your career risk instead of growing family capital, the checklist focuses on limited volatility, pedigree, and size. The safe career move for institutional capital allocators is to stay very close to the herd and give money to a \$7B multi-strategy fund that actively manages volatility.

For the Partners Fund to be a success, we don't need to hoard assets and write \$50M checks. I believe that, ultimately, the most constructive path to compound our money will be investing ~\$1M checks to the right person with the right structure and incentives managing \$5M, \$50M or \$100M.



DETAILS ON THE MANAGERS

I have attached the annual letters for the first four managers in the Partners Fund so that can get a sense of their investment styles and holdings. (Please do not forward on without their permission.) I have collaborated with each of the managers on at least one holding in the past and have effectively been doing diligence on them for years. They all meet the criteria outlined, yet each goes about their craft in a different manner. If I were to pass away tomorrow and had to choose between having my family own the market or equal allocations across these four managers, the latter would win hands down.

ECOSYSTEM

There is a chance that I am a terrible business person. Everyone receiving this letter is an existing LP of Fund 1 and is paying zero management fee and zero incentive fee to the Partners Fund. If I were measuring myself by AUM and management fees, I would hoard information and assets and hide behind Sharpe ratios and confidentiality in order to manage all of your money myself. Instead, I am giving away some of the secret sauce by disclosing our early investments in our highest conviction managers.

My goals are different.

I want the healthiest ecosystem I can have. I want my existing limited partners to feel like they are treated more than fairly, and I want the managers that I collaborate with to enjoy working with me. If we end up sharing LPs outside of the Partners Fund, I think that is great. Where I work, how I work, and, importantly, who I work with are all conscious decisions. Your fee structure as early investors and the decision to share this level of detail on the underlying managers are conscious decisions to foster a healthy ecosystem that I think will ultimately provide the greatest benefits to all involved. If you are interested in learning more about the managers we are invested with, I am happy to make introductions. If you decide to reach out directly to the managers, please just mention that you are an LP at Greenhaven Road Fund 1 and the Partners Fund. Remember, for the Partners Fund to be a true success, I want the limited partners to be excited to be in the partnership AND I want the underlying managers to be excited to be included in the Partners Fund – both sides are critical.

PARTNERS FUND DINNER

We do not have a date on the calendar yet, but at some point in the next few months we are going to hold an event in NYC to convene all of the LPs and managers for a dinner and sharing of ideas. An email should follow in the next couple of weeks with some more details.

THANK YOU

Some of my core tenets – size is the enemy of returns, an investment committee of one is the optimal size, etc. – might lead you to believe that I want to be on this journey alone. In reality, I think it is far more enjoyable and I will have a far greater chance for success if I intelligently partner with others. Your early commitments to the Partners Fund have made this possible on a scale that I could not have accomplished alone. For that, I am grateful. Thank you.



As you should know by now, I have not run a Fund of Funds before and our approach will be different. I hope and believe it will be "good different," but I ask for your patience on this journey.

Sincerely,

Scott Miller

Disclaimer:

This document, which is being provided on a confidential basis, shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified offeree receives a confidential private placement memorandum ("PPM"), which contains important information (including investment objective, policies, risk factors, fees, tax implications and relevant qualifications), and only in those jurisdictions where permitted by law. In the case of any inconsistency between the descriptions or terms in this document and the PPM, the PPM shall control. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. This document is not intended for public use or distribution. While all the information prepared in this document is believed to be accurate, Greenhaven Road Capital Partners Fund LP and MVM Funds LLC makes no express warranty as to the completeness or accuracy, nor can it accept responsibility for errors, appearing in the document.

An investment in the fund/partnership is speculative and involves a high degree of risk. Opportunities for withdrawal/redemption and transferability of interests are restricted, so investors may not have access to capital when it is needed. There is no secondary market for the interests and none is expected to develop. The portfolio is under the sole investment authority of the general partner/investment manager. A portion of the underlying trades executed may take place on non-U.S. exchanges. Leverage may be employed in the portfolio, which can make investment performance volatile. An investor should not make an investment, unless it is prepared to lose all or a substantial portion of its investment. The fees and expenses charged in connection with this investment may be higher than the fees and expenses of other investment alternatives and may offset profits.

There is no guarantee that the investment objective will be achieved. Moreover, the past performance of the investment team should not be construed as an indicator of future performance. Any projections, market outlooks or estimates in this document are forward-looking statements and are based upon certain assumptions. Other events which were not taken into account may occur and may significantly affect the returns or performance of the fund/partnership. Any projections, outlooks or assumptions should not be construed to be indicative of the actual events which will occur.

The enclosed material is confidential and not to be reproduced or redistributed in whole or in part without the prior written consent of Greenhaven Road Capital Partners Fund LP and MVM Funds LLC. The information in this material is only current as of the date indicated, and may be superseded by subsequent market events or for other reasons. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Any statements of opinion constitute only current opinions of Greenhaven Road Capital Partners Fund LP and MVM Funds LLC, which are subject to change and which Greenhaven Road Capital Partners Fund LP and MVM Funds LLC do not undertake to update. Due to, among other things, the volatile nature of the markets, and an investment in the fund/partnership may only be suitable for certain investors. Parties should independently investigate any investment strategy or manager, and should consult with qualified investment, legal and tax professionals before making any investment.

The fund/partnership is not registered under the investment company act of 1940, as amended, in reliance on an exemption thereunder. Interests in the fund/partnership have not been registered under the securities act of 1933, as amended, or the securities laws of any state and are being offered and sold in reliance on exemptions from the registration requirements of said act and laws.