



May 2021

Dear Fellow Investors,

In the first quarter, the Partners Fund returned approximately 15%. We have benefitted from the shift away from the largest growth stocks and toward smaller value stocks. Our managers tend to operate in the crevices of the markets, pursuing situations that are qualitative in nature, not quantitative. What does this mean in practice? Our managers are more likely to buy a company where GAAP accounting distorts the normalized earnings than they are to purchase a company with a sexy story. Our managers are more likely to buy a company where there is a “good” underlying company/division/asset whose earnings are being obscured by a “bad” underlying company/division/asset than they are to buy a company priced for perfection. Our managers are more likely to back a management team with a track record of previous success, running a similar playbook in a new company, than to pay a high multiple to sales hoping for a still higher multiple in six months. If this migration away from growth-at-any-price continues, we believe the Partners Fund is well-positioned to generate attractive returns going forward, with the caveat that our managers tend to have a long bias (few shorts) and thus are also likely to feel the pain of a correction.

Since the fund’s December 2017 launch, there have been many successes. In fact, one of the biggest challenges is that there are too many good managers to choose from who meet our criteria:

- 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

If I had to grade myself, I would say that I have done a good job of “getting the word out” as to the types of managers the Partners Fund will invest in. Our LPs understand and forward managers to me for my consideration when they find someone unique. The managers we have invested in understand and forward other managers to me when they find someone unique. Letters such as the one you are reading right now attract potential managers. In my opinion, the process has worked. As a group, our managers are thoughtful, smart, good men who I trust to manage a portion of our portfolio and want to collaborate with. They are “money makers.”

The term good men may have caught your attention. The reality is that all of our managers are men, and I don’t think that improves returns. We have been successful *despite* that fact, not because of it. As the father of three daughters, I know that our idea-sharing and feedback suffers from having no female perspective. I also doubt that, if I sit idly and do nothing, the situation will change. I just came back from an event that had 20 managers awkwardly navigating post-Covid lockdown social interactions (Elbow? Fist? Handshake?), and there were exactly zero women in attendance. I am attending another event this weekend that is a great collection of talent. I am grateful to be invited, but as you may have guessed, the guest list is all male. As far as I know, of the 100+ investor letters that I receive, only one is from a female manager. For whatever reason, I have failed to get into that jet stream.



As my father would say, “if you don’t ask, you don’t get.” So, consider this letter me waving the flag: if you know a talented female manager, please send her my way. We could use the help. If you yourself fall into that category, please email me directly ([scott@greenhavenroad.com](mailto:scott@greenhavenroad.com)). The Partners Fund makes only a few allocations per year, and we are in process with managers already, so there will not be a sea change, but marathons are won by putting one foot in front of the other. This is our first step, publicly acknowledging the shortcoming.

As I have said at the end of every letter, our fund of funds is going to be different. It will be smaller, the underlying holdings will be more esoteric, and I hope the managers will continue to collaborate more over time. I believe that it will all be good different, but only time will tell. Thank you for joining me on this journey. I will work hard to grow your family capital alongside mine.

Sincerely,

Scott Miller



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