May 3, 2017

Dear Fellow Investors,

Nike and Berkshire Hathaway have been brilliant investments over the last thirty plus years, and both have seen short-term declines of 50% or more three separate times on the path to a many-thousand-fold return. Fortunately, Greenhaven Road did not have a dramatic decline this quarter, but short-term success does not make us immune to the inevitable gyrations even wonderful investments experience over their life. Three months, and even a year is too short a timeframe to judge progress, so we try to abstain from excessive self-flagellation for a losing quarter and excessive victory laps for positive quarters.

Fortunately, for three-year, five-year, and life of the fund timeframes we remain ahead of all relevant benchmarks net of fees and expenses. This quarter, the partnership had gross returns of approximately 19%. Net returns vary depending on investor class and start date but were approximately 15%. This performance compared favorably to the S&P 500 and Russell 2000 which returned 6% and 2.5% respectively over 1st quarter of the year. Our performance was aided by the announced acquisition of Fortress Investment Group, our second largest holding, by Softbank at a 61% premium to where shares started 2017. Performance was also aided by the announced acquisition of Halogen Software by Saba Software at a 43% premium to where shares started 2017. We will continue to have down months, quarters, and years but are thankful when value is crystalized in two large investments in a single quarter.

TOP 5 POSITIONS

Fiat Chrysler (FCA) – Our thesis on FCA remains the same: if the turnaround continues to be successful, Fiat will earn in excess of $5 next year and have a net cash position. The company will benefit from margin expansion as their product mix shifts away from commodity sedans and increasingly towards luxury cars (Maserati and Alfa Romeo) and SUVs (Jeep). There are several ways to realize value, including selling off the parts business or spinning off the luxury brands as they have already done with Ferrari. Ultimately, strong businesses with strong brands and reasonable balance sheets do not trade for 2X earnings for long. Either the company will fall far short of their 2018 plan and today's prices will seem reasonable, or they will continue to execute and today's prices will be deemed quite attractive.

Fortress Investment Group (FIG) – Fortress agreed to be bought out by Softbank for $8.08 per share. We continued to add to this long-term holding throughout 2016 as the share price bounced around in the $4s. With 45% of shares held by insiders who are supporting the Softbank acquisition, it is highly unlikely the deal "breaks". I believe the shares are worth materially more than $8.08, but am pleased with the outcome. The fund continued to hold shares through quarter-end to reach long-term gains tax treatment.

Howard Hughes (HHC) – We recently been opportunistically adding shares to our 6-year position in Howard Hughes, a real estate company focused on master-planned communities, operating assets, and

strategic developments. The company has a fantastic set of assets including 60 acres in Honolulu, the Summerlin planned community in Las Vegas, and The Woodlands community in Houston. HHC's incredibly talented, highly aligned management team also has made great progress at the South Street Seaport in NYC, none of which is currently reflected in their backward-looking financials. I am confident that the sum of the parts is greater than the $115 where we purchased recent shares.

Upon taking the job in late 2010, Howard Hughes' CEO spent his own money – not options granted through compensation – to purchase $15M worth of warrants that would allow him to acquire 2.3M shares at $42. Upon the warrants' expiration this year, the CEO will either have to write another check for $96M (2.3M * $42) or pursue a "cashless" exercise whereby shares will be sold to cover the exercise price. In a cashless exercise, a higher share price is better as he will retain more shares. In the company's proxy statement following quarter-end, management asked for shareholder approval to sell another $50M of additional warrants to the CEO.

In addition to the CEO having financial motivation for higher share prices this year, HHC's largest shareholder is activist Bill Ackman's Pershing Square, which has had a couple of bad years. One would assume they are eager for some winners. Combined with the CEO's unique warrant situation, is it surprising the company has scheduled its first analyst day for May 17th? Management has also just started holding quarterly calls. It appears a concerted investor relations effort has begun.

Howard Hughes is currently structured as a C corporation and benefits from a tax shield related to legacy losses. As this shield is depleted and REITs continue to receive generous valuations from yield-starved investors, I would not be surprised to see a favorable corporate action such as spin-offs of some income-producing properties such as hotels, malls, and retail. The combination of quality assets, quality team, a discounted valuation, and the CEO warrant incentives underpin our conviction and led to incremental purchases during the quarter.

Videocon d2h (VDTH) – Videocon shares appreciated almost 40% over the quarter, turning our investment profitable after a period of unrealized losses – a helpful reminder that returns can be very lumpy. The Indian "direct to home" TV company's merger with DishTV India remains on track to be completed this year, yet the shares continue to sell at a double digit discount to the value of DishTV India shares we will ultimately receive, which themselves are quite reasonably valued. The rationale for the deal continues to make sense, there will be real operating leverage in the combined business and reduced risk of a price war. We have the tailwinds of rising prices, growing market, and expanding margins.

ETSY (ETSY) – As a new holding, Etsy is discussed in more detail later in this letter.

SHORTS

Over the course of the quarter, we covered our short positions in both Tesla and Lands' End. We were able to side step much of the Tesla carnage, but I undeniably underestimated investors' ability to ignore the poor unit economics, need for additional capital, and unrealistic pricing of the upcoming Model 3. Our short interest in Lands' End rested heavily on the company's incredibly poor choice for its new CEO. For those who do not remember, she had a high fashion background (her initiatives included establishing a fashion week presence for the otherwise casual brand) and commuted to the company's Wisconsin headquarters from New York. That CEO has been replaced since, and borrow rates made holding the position too expensive to maintain. As individual shorts are 1-2% positions, the impact on performance was less than 1%. We maintain two index shorts and are short a richly-valued, no growth consumer staples company that yield-hungry investors are currently treating as a bond replacement. If and when rates rise, that company could be viewed as an *overvalued*, no growth company with products that are increasingly out of favor. Per usual, we have a very long bias.

OPTIMAL FUND SIZE – BIGGER IS NOT BETTER

At the core of our partnership is a belief that size is the enemy of returns. Opportunities lie in the cracks of the markets that the computers cannot understand and larger funds cannot bother with. Yes, we will adapt and take what the market gives us, and at times we will invest in the largest companies when we see opportunity. But to grow too large and be forced to give up the off the beaten path opportunities would be the equivalent of tying our hands behind our back. While a single year is too short to measure returns for a fund, it is notable that last year, the ten largest hedge funds all had sub-par returns. These funds did not trail the market because the portfolio managers got dumber or had fewer resources – these are brilliant investors; that is how they got to be so large in the first place. However, large funds are slow-moving aircraft carriers and suffer from a significantly diminished opportunity set. The largest funds are playing a lucrative game of collecting management fees, but actually consistently beating the market is very difficult. Even the Warren Buffett and Berkshire have seen book value grow at a slower pace than the S&P 500 for four of the last five years. Yes, there are some accounting reasons, but Berkshire's operating businesses generate an additional $70 million per day, each and every day of the week. That money needs to be invested. If Warren and his team sit on their hands for a month, over two billion dollars will pile up in the corner. Can you imagine coming up with $70M worth of really good investment ideas each and every day? I have the luxury of being able to wait for the ripest opportunities. I can also invest profitably in a $200M market cap company, whereas Berkshire can only buy the whole company and a $5B fund can only look wistfully at owning 10% of outstanding shares, which would amount to less than a ½ percent position in their portfolio.

I don't know if we can continue to outperform the market going forward, but I do know that if we grow too large, our chances of doing so greatly diminish along with the opportunity set. Six years ago, when the fund was operating out of the basement on Greenhaven Road with only friends and family as investors, any discussion of ultimate size would have sounded like the rantings of a madman or a dreamer. Fortunately, over the last two years, as I have been more public about the fund and created www.greenhavenroad.com, new limited partners show up every month. I don't use a third-party marketer, I don't go to capital introduction conferences, I don't cold call, and I don't network. We are completely passive and reactive on the marketing front, which has undoubtedly led to slower asset growth, but the result is Greenhaven Road is "bought" by incoming LPs not sold to them. Our limited partners understand that markets don't go up in a straight line and value comes in many forms. You have bought into the idea that bigger is not always better. Through the power of compounding, early investors adding to their investments, the Royce Family / Stride Capital Group partnership, and an ever-growing base of likeminded limited partners, I think it is time to have the conversation about what the optimal size is, when we stop accepting new investors, and what the terms should be.

Given our concentrated investing style, a typical "starter investment" is equal to about 5% of the portfolio. As confidence grows and the risk/reward equation skews in our favor, we may invest to 10-12% in a single company. Historically, very little of our returns and attention has been paid to sub-$50m market cap companies, so I am not concerned about preserving our ability to invest in that space. I would, however, like to preserve the ability to invest in $200M companies with no analyst coverage. There is not a hard and fast rule that says at X size you preserve Y opportunity, but I can say for sure that at a fund size of $1B for a concentrated investor, a $200M market cap company is not investable. Even at a fund size of $300M, investing 5% of the fund in a $200M company is a challenge. While we flexibly invest across all market capitalizations, the portion of our concentrated strategy that includes micro caps is "capacity constrained."

Honestly, I don't know where the line is – how big is too big for the fund? As we have grown, I have started to use external "block traders" that have allowed us to acquire more shares at better prices, faster than would ever be possible just entering buy orders into Interactive Brokers. Are there other levers to pull? Time will tell. I certainly don't want to take a lot of additional capital and find out the hard way that we have gone flying past the optimal size. We should also continue to grow through compounding. There is a direct line of sight to $40M, as the fund is a bit under $35M with another $5M to come from the Royce Family / Stride Capital Group. Remember, my family group is the largest investor in the fund. Our existing LP base, many for whom Greenhaven Road is a small/starter investment, collectively has well over a billion dollars of investable assets. We also continue to receive meaningful interest from hundreds of high net worth individuals and institutional clients. Raising how and when we may close the fund is no longer the rantings of a dreamer. We are not in the basement anymore.

SOFT CLOSE OF THE FUND

As previously discussed, we believe size is the enemy of returns. Perpetually raising money is not good for my family's existing investment in the fund, or yours. The plan going forward is to "soft close" at $80M or a bit more than double our current size. When we reach that point, we will take a long pause to evaluate if we can/should accept any new/additional investors.

NEW INVESTMENT CLASS FOR NEW LIMITED PARTNERS & EXISTING LPs ADDING NEW CAPITAL AFTER 2017

Our original investment terms were modeled on the Buffett partnership: a 25% incentive fee over a 6% hurdle with a 50 basis point cap in administration/accounting expenses. This is an extremely investor-friendly structure, and if it was good enough for Buffett, it was good enough for me. In reality, Buffett closed his partnership as it was not the long-term model he wanted. My aspiration is to remain a boutique, to grow your family capital alongside mine for decades. I want Greenhaven Road to be the vehicle to do this. With no management fee and incentive fees only crystalized on an annual basis, a down year means at least twenty-four months with no fees to run the business. In the six years the fund has been running, a dollar invested in Greenhaven Road on day one has generated an excess return of +45.2% over the S&P 500, +66.8% over the Russell 2000 and +135.7% over the HFRI Equity Hedge (Total). Yet, in three of the six years, the fund received no income (and, by extension, nor did I) because our returns were below our hurdle rate for that year. Long stretches with no revenue or income does not create an environment for optimal decision-making.

I also want to have access to the resources we need to be in a position to compound capital at high rates. Having no management fee places the onus of funding resources entirely on me. I am capping the size of the fund to everyone's benefit, and would like to align everyone's interest around a reasonable structure to support the business while focusing my incentive around outperformance. To this end, we are adjusting our Long-Term Class to add a .75% annual management fee for new investors starting June 1st. There will be no change to the terms of existing capital, and current investors can add funds under their no management fee terms through the end of 2017.

Going forward, there will still be a high-water mark and hurdle rate of 6% over which a 25% incentive fee will be charged. We will also maintain the 50 basis point cap in administration/accounting expenses. Because of the hurdle rate and a high-water mark, the fees paid by investors in flat or down years will be below those of a mutual fund. Since we are capping the size of the fund, this is not a way to enrich myself at the expense of investors, and instead an effort to begin reasonably supporting Greenhaven's business and have a foundation that can last for decades.

I believe that introducing more management fee paying assets will make the partnership healthier even if it grows more slowly, and I think the new structure remains very investor-friendly and highly aligned. Again, nothing is changing with your current investments and you can add more capital under the current

terms for the balance of 2017. Any additional dollars invested in 2018 would be into the new class. If you have any questions or need subscription documents to invest under current terms, feel free to email me or Ally from the Stride team (investorrelations@greenhavenroad.com).

MINIMUM INVESTMENT FOR NEW LONG-TERM INVESTORS WILL BE $200K

We will be closing our current liquid class to new investors and offering a new one whose terms will be finalized shortly. In exchange for the liquidity, we are going to raise the minimum for this new Liquid Class, which will also be capped in total size. The Long-Term Class will now be available to investors making commitments of $200K or higher. I value having a broad base of like-minded investors. A long-term orientation, an understanding that markets go up and down, and a recognition that volatility is ultimately our friend is far more important than the size of the check.

NEW INVESTMENT – ETSY

Etsy, Inc. (ETSY) is a mission-driven e-commerce company that "builds markets, services and economic opportunity for creative entrepreneurs." Serving as an alternative to Amazon and eBay, Etsy features unique, handmade items often sold directly by the designers. Think of an online crafts fair. Instead of competing on price or speed of delivery, Etsy attracts shoppers because purchases on the site support the "little guy," which has emotional value to many Etsy consumers and there is a vast selection of one of a kind items that are not available elsewhere.

Etsy has a high value proposition from a vendor's perspective. Over 28 million individual consumers made purchases via Etsy in 2016. Accessing this swath of 28 million purchasers costs vendors a mere 20 cent listing fee per each item to be included on the site. This seems more than fair. Etsy also has built a number of business integration tools to help generate shipping labels, place preferred listings, build websites, purchase google AdWords, and export sales and expense data into accounting software. The goal is to make life on the Etsy platform easier for the creative entrepreneur. Last year there were 1.7 million active sellers on Etsy.

There are clear network effects to the business. Sellers come because there are buyers on the site and buyers come because of the quality and quantity of items available. Etsy itself is a platform: it holds no inventory and instead makes money on transaction fees. Etsy has a long runway as it expands domestically and internationally. A unique and differentiated platform with the opportunity to sell add-on products to vendors and to grow demand internationally was a sexy enough story to attract a $16/share price for its April 2015 IPO. Shares traded as high as $30 in the first few months of trading. Well, that was over a year and a half ago – where are we now? ETSY shares are trading in the mid-$10's and the company's market cap is just over $1B with almost $300M in cash. This year the company will launch a "studio" business where it will use existing technology to sell craft supplies to Etsy vendors. The company will again hold no inventory, and start with 8M products on the platform. Etsy is also investing to ease transaction friction with improved checkout mechanisms, and, importantly, is improving search and

product discovery with machine learning AI technology developed by Blackbird Technologies, which Etsy acquired in late 2016. Etsy's revenue grew over 30% last year and the company has guided to over 20% revenue growth this year. Shares trade at an EV/Rev of less than 2X, which strikes me as more than fair given their balance sheet strength, unique positioning, revenue growth, and length of runway.

What is not to like? There is far lower insider ownership than our typical investments. The primary "insider" owners are the top tier VCs Union Square Ventures and Accel Partners. At the time of our investment, the CEO had stock and options for a few million shares, which is nice, but I would prefer a true owner-operator. The CFO is also at the end of a six-month departure process. Amazon has launched a competitive offering, Handmade, which has not yet gained traction.

Last night, the company reported earnings, and made meaningful accommodations to a recent activist investor Black-and-White Capital. Changes included naming a new CEO with experience at Ebay, layoffs to address swelling SG&A expenses, naming Fred Wilson as Board Chair, and changing the CTO to address technical issues. The net result, is the company will likely be in the "penalty box" for the short term as guidance has been suspended and the new CEO and CFO find their way. I think all of these changes are ultimately very beneficial. We cannot have everything, but in the case of Etsy, the asset light business model, unique products, and a robust community of creative entrepreneurs has value. Etsy is the fourth most visited general merchandise shopping website and the 50th most visited site in the U.S. For less than $1B (ex cash) we get 28 million buyers and almost two million sellers. The company sells for less than 2X EV/Sales while comps sell 3X+. Etsy would be a bite sized acquisition for eBay (the new CEOs former employer) which is starved for growth and in this case it easier to buy than build. Etsy is an interesting setup for long-term returns as we benefit from margin expansion and multiple expansion if we are not acquired in the medium term**.**

It should be noted that one of our LPs, my mother, has a shop on Etsy – SeaTreasuresByMiller (one word) – where she sells jewelry made from seashells she has collected. Etsy is easy enough to use and inexpensive enough that she was able to launch her own hobby shop with minimal cost. (Her largest expense was paying a granddaughter to model some earrings.) I have spent a fair amount of time on her site understanding all of the back-end tools available to merchants. Great value is provided to the budding creative entrepreneur by the platform. For those of us that are shopping challenged, Mother's Day is coming up… check out Etsy and SeaTreasuresByMiller.

NEW INVESTMENT – REDKNEE SOLUTIONS (REDK.TO)

When operating a business, teams matter, approach matters, and incentives matter. Using a non-finance example, when you go to an art fair at your local school, you can see exhibits where an entire class has painted the same still object after receiving instruction from the same teacher and having access to the same supplies, yet the range of outcomes is a wide bell curve. As much as my parents loved me, there is no way they looked at my scraggly depiction of an apple on a table and thought it was as good as that of

the actually talented children in my art class, in particular a student named Tamar. Tamar did have more innate talent, but she also practiced more, she had better technique, and she had a better process. Tamar could assess her work and make more thoughtful adjustments. Everything I had, she had more of. There is such a thing as A players, experience matters, process matters. Talent + experience + process can be a winning formula. Much in the same way Tamar could take the same apple and make it beautiful, in business the right individuals can take the same assets and apply their experience, talents, and processes to transform the economics.

There are times in investing when a change in management and ownership is the catalyst: when the A Team arrives, it is go time. To understand why the A Team may have arrived at Redknee Solutions, let's go back to the late 1990's with five Stanford undergrads trying to launch a software company from their dorm room. (It is a long, sordid story worth listening to: http://ecorner.stanford.edu/podcasts/1568/The-Passion-and-Perseverance-Behind-a-Start-up). The short version is that they were trying to write software to help Fortune 500 companies profitably price and sell complex products such as airplanes. Some of the largest companies in the 1990's were trying to build similar software. HP spent millions, Silicon Graphics scoured the earth as it was in desperate need. Ultimately this group of Stanford students launched Trilogy Software, initially selling their software to HP, Bank of America, and Silicon Graphics before going on to have over 10,000 customers across 45 countries. Triology remained private and, according to a Harvard Business School case study, co-founder and initial CEO Joe Liemandt retained over 50% ownership of the company.

Trilogy was an early adopter of using offshore software engineering talent, and even spun off two businesses to help other companies do the same. They also pioneered a dynamic pricing model based off of savings or benefits provided to customers instead of flat rate pricing. Trilogy was so successful that Jack Welsh of GE called them out in an annual letter to acknowledge the savings their technology provided to GE Medical. Trilogy CEO Joe Liemandt recognized that these business strategies – utilizing cheaper offshore talent, passing through aggressive savings to the customer, and persistent growth – were scalable and could be monetized outside of Trilogy Software, so he set up a family office, ESW Capital, which has gone on to purchase over 40 software companies. Trilogy/ESW also spun off two companies: DevFactory, which provides high quality, lower cost outsourced software development, and Crossover, a provider of offshore recruiting and staffing for technology companies. So we have an A Team with vast experience buying and improving software businesses, and a proven process of using its own subsidiaries for less costly software development and effective multi location (offshore) staffing.

In 2014, ESW Capital made its first investment in a public company, Upland Software. Since ESW has invested, Upland has utilized DevFactory to significantly reduce costs, and has placed a significant emphasis on profitability over growth. ESW is up approximately 100% on their Upland Software investment in just over two years.

Fast forward to the end of 2016 and Joe Liemandt and ESW have struck again, this time in size. ESW deployed almost $20M USD to purchase 11% of Canadian software company Redknee Solutions, which provides billing software to telecom companies. These software products are very "sticky," meaning it typically takes 1-3 years for a customer to transition off.

Redknee's previous management team tried to grow through acquisition, buying a division of Nokia Siemens in 2013 and Orga Systems in 2015. The expected cost savings and synergies were never realized, and Redknee Solutions was in violation of debt covenants in 2016. Following a fundraising process, management reached an agreement with Constellation Software, one of the most effective acquirers of software companies. At the end of 2016, ESW effectively outbid Constellation and invested another $83M USD into the company in the form of a preferred security that pays 10% interest, can be repaid at the company's discretion, and comes with warrants allowing ESW to purchase 46.2M shares at $1.68 CAD. Since first becoming involved, the "A" team has invested $100M into Redknee, taken six of seven board seats, fired the old CEO, installed an interim CEO, and installed interim sales personnel from Trilogy.

The ESW Capital playbook of reducing costs, consolidating SG&A activities, and emphasizing profitability over growth appear to be exactly what Redknee needs. As a point of reference, in 2016 – the last full year of the old management – Redknee spent in excess of 25% of revenue on R&D while their competitor Amdocs spent 7%. Likewise, Redknee spent 35% on SG&A last year while Amdocs spent less than 13%. Granted, Amdocs has greater scale the Redknee and a similar comparison with their other "public" investment, Upland Software, is less dramatic. Still, the combined difference between Redknee and Amdocs on R&D and SG&A spend as a percentage of revenue is over 40% – there is fat to be cut here and likely pricing optimization on the existing Redknee Solutions software platform.

Like many of our investments, we are operating with imperfect information. ESW has a track record of success and is largely aligned in the long term. ESW/Redknee have stated that the company will require an additional $60M to restructure and build out the product offerings. This will most likely be done as a rights offering, where each existing shareholder is offered the option of buying additional shares. Given that ESW is the controlling shareholder, they would typically backstop the rights offering, buying any shares that other investors pass up, which effectively increases their ownership. If there is in fact such a backstopped rights offering coming, ESW has every incentive to keep the share price down: the lower the share price, the more shares ESW will acquire, and the lower the strike price on their warrants, which have anti dilution provisions.

I would expect ESW to act completely ethically, but would be surprised if any good news comes out of Redknee before the rights offering. At the end of March, ESW's installed CEO hosted a very somber investor call. Management stipulated that in the short term, fixing Redknee would require continued R&D investment of $100M over three years as well as significant hiring and retraining to focus on customer success. ESW stated the company was in far worse shape than they had believed when they made the investment. This is likely true, but remember, ESW and management are in the process of laying off staff

and closing offices. During the initial restructuring and before the rights offering, the appropriate management tone is a combination of pessimism and desperation. The subtext to employees leaving is, "we are making these changes because we have to." More importantly, the subtext to the employees who are remaining is, "the changes had to be made. We are doing this not to improve margins, but for survival." I expect that the tone will change later this year as the rights offering will be completed and a more positive tone will have to be conveyed to customers and, to a lesser extent, investors.

There are two competing narratives right now. The literalists hear management say, things are bad and think, "if even management says things are bad, that means things are really bad! Time to sell." The optimist thinks that management's short-term incentives are to magnify the challenges and minimize the assets, strengths, or opportunities. However, this phase will likely end soon as the restructurings and rights offerings are complete. As incentives change, tune will likely change.

REDK.TO Shares currently trade at $1 (CAD) with 108M shares outstanding. Given that revenue and preferreds are in USD, it is easiest to convert to USD market capitalization of $80M (all future numbers in USD) with $80M in preferred shares – effectively debt. The company had $28M in cash as of December 31st plus $23.2M in extra cash, after the preferred placement/debt repayment, that it indicated it would use for restructuring. To be conservative, assume all of the cash is used for restructuring, we have an enterprise value of $160M for a software company that did $171M in revenue last year – effectively 1X trailing revenue. ESW has indicated that $120M is a more appropriate revenue number going forward, so we are at 1.5X forward revenue. However, there are outstanding warrants with a strike price more than 50% higher than todays price and a rights offering to come. The warrants if exercised would provide $60M in cash but add 46.2 million shares. The rights offering, depending on price will add somewhere north of 80 million shares. thus pro forma post a rights offering and warrant exercise, we are looking at approximately 230M shares outstanding on a fully diluted basis.

Trilogy and their holdings are private so there is limited disclosure. Canadian investor Valsef Capital claims their portfolio companies average 35%+ EBITDA, and Upland Software also just guided to this number as their target going forward. Amdocs trades above 10X EV/EBITDA. If ESW can get Redknee Solutions to 30% margins on $120M in revenue, it would imply $36M in EBITDA and $360M USD in EV. This implies a USD share price of $1.56, or more than $2 CAD (effectively a double from here). The investment becomes more interesting if Joe Liemandt uses Redknee as a platform to make additional acquisitions in the space, or if they are able to grow revenue or expand margins.

It is worth noting that if I were reporting weekly or monthly numbers and had an entire investor base with monthly liquidity, this is not an investment I would make. It is effectively a private equity investment in a public company that will take years to fully play out and management/ESW's current incentives are to "sand bag." Time will tell if this is value off the beaten path or just off the beaten path. So far shares have traded lower and lower. Currently, my money is on Joe Liemandt and co. with their talent,

experience, and process. They have put up $100M of their own money to turnaround their 41st software company. This is certainly not a sure thing, but doubles and triples rarely ever are. Because there is debt (preferreds) and a plausible and unflattering competing narrative, this is a "½ " position. We are in place to participate in the rights offering and could participate aggressively if merited by the fact pattern.

OUTLOOK

My outlook has not changed at all from last quarter where I wrote, "I am skeptical of the "Trump Rally." I understand the euphoria around the potential for changes to the corporate tax code – it's impossible to argue with the math. For profitable companies, when taxes go down, earnings go up and everyone can party on. Given the Republicans have a majority, the likelihood of reform is clearly increased....Our process (US Government) of checks and balances is unwieldy and the influence of special interests has not abated with the new administration. Inertia is a powerful force, and legislation by a committee of 600+ people has the ability to stall or bastardize the magnitude of tax reform the Trump bulls are hoping for. So, I don't believe in the foundation of the most recent leg of our bull market, but the reality is, our investments are made on the fundamentals. Ultimately, volatility is our friend." 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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