Dear GreenWood Investor: Wednesday, March 16, 2022

**The Acceleration Of Time**

*"In winter, I plot and plan. In spring, I move." -Henry Rollins*

We're all living through the most unusual times. This letter has faced repeated delays due to global circumstances changing on a near daily basis. We're not only in an age of accelerated timelines, but one in which we're all starting to understand Einstein's theory of the relativity a bit more. The difference in relative timelines of companies, investors, nations and cultures, has been stark, with recent days feeling like entire seasons.

This winter of reduced publishing from us has been offset by a significant amount of action taken on both the portfolio and with our portfolio companies. Emerging from winter, it's encouraging to note that those who weather the icy storms typically emerge with stronger roots. We think this volatile season in the markets is being used wisely by our companies and fundamentals remain resilient, if not thriving throughout. Those that have broken down at the slightest sign of adverse conditions have been exited. Many, including our first coinvestment, have launched share repurchases while simultaneously investing in their growth opportunities. We're emulating this opportunistic approach for our portfolio as well, by adding a few new positions in the current market volatility.

Our fourth quarter performance reflected a worldwide capitulation away from nearly everything except the large tech companies. Data has shown that the largest tech companies have been responsible for the lion's share of index performance since Covid. The large monopolies seemingly sucked the air out of the room, and by the end of the year, nearly half of the Nasdaq's companies were down by over 50%. This deepened in the first quarter of 2022, though large tech has joined the correction. We think this could be only the beginning for the change in market leadership.

Our fourth quarter performance was impacted along with most other stocks, -12.3% for the Global Micro Fund and -10.9% for the euro-denominated Luxembourg Global Fund. Both funds were up 13.0% and 24.2% respectively for the year, highlighting the impact of our unhedged currency position that we believe is transitory. These returns frustratingly compare poorly to the MSCI ACWI benchmark returns of +6.0% in the quarter and +18.2% YTD (+16.6% and +27.2% respectively in euro-denominations).

The Covinestment I fund, driven by CTT, was -2.8% in the quarter, but up 79.3% in the year net of all fees and expenses. We've decided to keep Covinestment II performance confidential until we publicly unveil the fund's target. Our perception is that the market has still under-appreciated many pivotal announcements we've been waiting for on both companies, and we view these misperceptions as wonderful opportunities for future performance. We believe 2022 will be pivotal transformation years for both, and I've poured a healthy portion of my time this winter into ensuring we over-deliver.

We measure the progress of the transformations we've invested in over a period of multiple years, not in quarters. The arbitrary and volatile nature of time, particularly in our recent history, makes the reporting of short-term results important, but also sometimes not as informative as over the longer-term. Even still, we want to be optimized for both the short, medium and long-term, and seek rare investments that look attractive from all perspectives. And while that meant last year we underperformed big tech monopolies, our results so far this year have completely reversed the underperformance of last year, as our portfolio returns remain around flat for the current year to date. This is despite sizable losses incurred by most markets where our main exposures are, namely Europe.

**Fighting The Finite**

*"In the last five years, probably Apple has made more money than we have. But in the last thirteen years, I bet we've made more money than almost anybody on the planet. And that, frankly, is a great source of pride to me." Steve Ballmer at his final press conference in 2013 (as re-told in The Infinite Game by Simon Sinek)*

Between a war, a pandemic, the unprecedented central-bank funded fiscal responses, and inflation not seen in decades, perspectives that compare today's environment to markets of the recent past seem too myopic. While we remain bottom-up investors, when we think about our macroeconomic or top-down exposures, we think it's more useful to take a higher level view of current global events than just the past few years, or even decades.

These past few years have played out eerily similar to the second industrial revolution from the late 19th century up until the first World War and Spanish Flu. Overcoming the Spanish flu and World War I, governments largely printed their way through the period of pronounced stimulus. As profiled in *The Lords of Finance*, few countries made it out unscathed. But the level of conservatism or aggressiveness they exhibited during that rebuilding period determined how their economies and currencies fared.

Around the same time as the Spanish Flu and World War I, the world's industrial revolution had yielded some impressive natural monopolies. But by the third and fourth decades into that industrial revolution, these monopolies started exhibiting increasingly aggressive behavior in order to continue generating shareholder returns.

Last year, I wrote about one of these monopolies that my grandmother's family tried to challenge - United Fruit. As I wrote then, firms with significant market power in their segment, generate fantastic shareholder returns as they *become* monopolies. Once they box out competition and saturate their growth potential, they increasingly do "whatever it takes" to continue growing against the law of large numbers. In the case of United Fruit, overthrowing governments and funding Central American wars was a negligible price to pay for that dividend to Boston.

Today's internet champions are increasingly going after each others' profit pools in order to continue to try and print double-digit growth. Facing its typical tough three-year iPhone cycle, Apple in particular, is hiding behind its mantra of "privacy" to confiscate advertising dollars away from its cross-valley rivals. Nearly half of Meta Lab's lost advertising revenue in the wake of "privacy changes" on the iPhone is pure bottom-line profit flowing through to Apple. The last firm we saw hiding behind a fake motto was Volkswagen in its "clean diesel," publicity push. It risks blowing up any remaining goodwill Apple has, as it has largely escaped antitrust and popular scrutiny.

Google hopes that by soon eliminating the cookie and device ID, it captures the last major pool of online advertising dollars it doesn't already control (in combination with its collusion with Facebook). True to my family history, we are partnered with companies trying to offer solutions to advertisers wanting an alternative, as I'll explain later.

Like Microsoft did a decade before, these companies- again, which have driven a majority of the indices' performance over the past few years— are increasingly focused on the finite game rather than the infinite game. They largely have no medium or long-term plans, they simply try to beat the quarter and only provide near-term guidance. This looks like it's simply replicating the Jack Welch playbook from GE, which has largely been discredited by now. In *The Infinite Game*, Simon Sinek explains the parallels between Microsoft at the end of its monopolistic and stagnant shareholder return phase and compares the leadership to that of Jack Welch:

> "During employee town hall meetings at GE, some of the employees would express concern that the company was too focused on the short term. Jack Welch, then CEO, was fond of replying, "Long term is just a series of short terms." When employees express such a concern to a CEO, more likely than not what they are really asking is: "What's this all for?" What is all our hard work contributing to beyond the metrics and material rewards? Welch's answer revealed that, to him, there was no higher cause at play. The goal was simply to perform, perform again and perform again. To Welch, each finite accomplishment was enough. Except, business is an infinite game, which means the series of short terms never ends."

Despite its own rival Microsoft exhibiting stagnation with a similar leadership culture a decade before, the company headquartered on 1 Infinite Loop has forgotten nearly all of the ideals embedded in its challenger status, popularly exhibited by its Super Bowl Ad of 1984. The apple has fallen very far from the tree on which it was grown, and it has instead preferred back room deals with authoritative governments that its own famous 1984 ad heroically challenged.

While we appreciate the work done by Brian Arthur on the law of increasing returns, here in the late stages of the third industrial (or tech) revolution, the behavior of tech giants today doesn't suggest that double-digit returns are actually that easy to keep delivering. The high profile wars could get more dramatic, as each company seeks to grow and retain their employee base- largely compensated by a reflexive feedback loop to the stock price.

Like the employees that work there, global investors have trusted the Goliaths to consistently generate predictable quarterly performance. It's perhaps the one theme that nearly every allocator agrees with — or agreed with up until just the past few months. While there are a few brave and well-articulated theories suggesting that "this time is different," eventually, these companies will run out of profit pools to capture, and their consistent performance will become questioned. As this begins to break down, the patience of both investors and employees could wear thin.

Ironically, the only company to articulate a vision beyond the next quarter, Meta Platforms (FB), is facing significant short-term issues on its ability to execute. This is a humble reminder that while short-term treadmills are tough to stay on, relying only on the long-term vision, like Jack Welch's successor did, or even Masayoshi Son has done with his 300-year plan, can be even more sobering. The ideal combination is a balancing of the two, something that Meta's management has historically been very good at. The competition for mobile ad dollars will likely end up being one of the driving forces for Meta's future innovation, a mostly foreign concept to its valley neighbors. Competition driving innovation, fancy that.

While that discourse seems like a digression, we've given significant consideration to owning the big tech monopolies since 2012. And while we owned Apple for a few years, we always come away thinking there are better alternatives. While it has caused us to have a higher hurdle for outperforming benchmarks, we welcome that challenge. Thus, we don't consider it a mistake to have avoided the "obvious" bets that the world has placed there.

**From Finite To Infinite**

*"Most people overestimate what they can do in one year and underestimate what they can do in ten years." Bill Gates*

But mistakes, I've made many. One I've recently explored in a research note to coinvestors is the typical entrepreneurial fault of under-estimating the time it will take for efforts to yield tangible results. Our first coinvestment investment took longer than I anticipated to show the performance we believed was capable from the beginning. Blame covid, or maybe just father time, but I've repeatedly made this mistake with other names: Fiat Chrysler, TripAdvisor, Telecom Italia, and MEI Pharma to name just a small few.

Just like Sergio Marchionne simultaneously executed on both short-term and long-term timelines, balancing these dualities was an important skill that kept the Fiat Group ecosystem alive long enough to flourish into multiple independent intentional businesses. It has been a fundamental lesson for us this past decade, and we have endeavored to emulate a similar balance. And so we had a coinvestment playbook of largely shorter-term oriented actions we wanted to see, which we believed would improve the stock trajectory. But most of those efforts were largely focused on unlocking specific areas of value - value that had *already* been generated.

When those activities faced delays, largely a function of the pandemic, we turned our attention towards the longer-term aspects which we believed could ensure a faster compound rate of value creation. Our recent initiatives have focused on drivers that could increase the rate of growth, as opposed to more finite-focused actions to unlock value. We believe the delays on the short-term actions will bring both short and medium-term timelines together to generate attractive performance in the year ahead.

During 2021 and thus far in 2022, all of the performance of our fund has been generated by our coinvestments, with the net rest of the portfolio contributing a neutral result. We expect and demand quite a bit more from the rest of the portfolio, and we believe it should be firing on all cylinders while both coinvestments continue to deliver in the year ahead. The late year draw-down in most of the rest of the portfolio has occurred while nearly all of the fundamentals remain in tact. Even as fundamental volatility has increased for most companies in the past couple of years, the stock drawdowns from our investments do not reflect the underlying stability of the medium-term outlooks at any of them.

There are perhaps two exceptions, both offering useful lessons.

**Fortune Favors The Balanced**

"*Sustainability is built into our business model. If we are focused on the long term, there is no conflict between profitability and the interests of stakeholders. If you are focused on the short term, there is. It's that simple!*" *Sir Martin Sorrell*

While we sold down around half of our stake in Peloton (PTON) over a year ago, it was our single largest detractor to the fund's performance in 2021 (-6.8%). This was largely offset by a well-timed exit of MicroStrategy (MSTR, +7.1%). While both valuations got ahead of themselves, we remained too enamored by the exceptionally high customer satisfaction at Peloton and didn't take the opportunity to fully exit.

Customers are actually loving them… *to death*. And that's the problem. Management spared literally no expense to fulfill once-in-a-generation levels of demand, and they have since paid a very high price for these errors in judgement- losing their jobs and their lavish lifestyles. While Peloton has remained a small position for us, we remain encouraged by the strength of the ecosystem as measured by low subscriber churn and continued high customer satisfaction, as well as the undemanding valuation of 6-8x next year's EBITDA.

The price elasticity of dropping monthly payments for both equipment and streaming content by $20 / month from current levels opens up a very considerable amount of incremental demand. According to surveys we've commissioned of Peloton's target market, marginally stretching financing time horizons could grow demand by over 10x. The new CEO understands this well and is looking at altering the company's approach to monthly price plans. As he does so, not only can he unlock high velocity demand elasticity, he may also transform more of the company's revenues to recurring monthly payments. Returning to growth by accessing more aspirational customers while simultaneously converting more of the business to a highly predictable revenue stream make this current <10x EBITDA valuation too compelling for us to exit.

However, Peloton has taught us a very important lesson: when a business optimizes its entire corporate strategy to maximize the value given to only one of its stakeholders above all others, it is inherently not sustainable. While this clearly applies to those that maximize only shareholder returns, it equally applies to companies that are being optimized for only the customers, as in Peloton's case, or for the employees, as in Twitter's case, prior to its new CEO.

These lessons have been quite timely for us, as we work to finish up our research on how owner and founder-led businesses act. Aside from shunning the quarterly or even annual guidance charade, the overwhelming feature of many of these long-term oriented businesses is that they are not extreme outliers in any one dimension. They do indeed have higher customer satisfaction and employee engagement, but not by an extreme level. They also pay out lower returns to shareholders, and instead invest more in their businesses via operating and capital investments.

I've taken these lessons to heart at the same time CTT's board has had thoughtful and deliberative discussions about how the management will cement the transformation of the business model. I've been impressed by the level of balance both the board and executives have had when approaching the diverse stakeholders within the organization. They are simultaneously focused on continuous customer service improvement, while continuing the good work to improve labor relations. That has perhaps been the most quiet revolution at CTT over the past few years, and we are excited to see a new incentive system continue to improve employee engagement and morale. That work, we believe, will help ensure sustained growth that will end up rewarding the shareholders. On top of that, the clean balance sheet of the business has enabled the business to take advantage of the current volatility-induced environment to announce a share repurchase program, only earlier today.

Perhaps most importantly, the relationship between the government and the company has reversed from one of open criticism to one of constructive and thoughtful engagement. Stores that were previously shut to optimize the cost structure have now been reopened to ensure ubiquitous citizen access to the important services network. Public-private partnerships are more effective at implementing transformations at a societal level, and we are excited that the company can help accelerate the Iberian peninsula to digitalize its economy- a core goal of the EU recovery program. Thus, while many sustainability investors focus only on the "E" in ESG, we think there are many more angles that a sustainability investor needs to consider. The all-important social aspects are perhaps not as easy to measure- but are even more important than the climate challenge.

We will take a similar approach to all of the stakeholders at Coinvestment II, and we're so excited that we have another idea where we can replicate the sustainable and constructive engagement model to produce better outcomes for all stakeholders, particularly in the areas that are hard to directly measure. And while we're patient, we also bring a high sense of urgency along with that patience. We seek to emulate Sergio in balancing both short and long-term time horizons, and believe managers must focus on both.

**Thinking Both Short & Long**

"*Market extremes occur when it becomes too expensive in the short-term to hold for the long-term.*" *-David Einhorn Fooling Some People All of the Time*

Optimizing a plan for only one timeline is easy. Simultaneously optimizing for multiple timelines, such as both the short and long-term, is exceptionally hard. Thus, we normally see businesses only doing one or the other. Few can simultaneously win now and win later, as we deliberated in our conversation with former Honeywell CEO Dave Cote, who actually wrote a book with the same title.

Just to illustrate how hard it is, the guy who actually wrote the book on this, and whom we have great respect for, has just been most unpleasantly surprised by the volatile inflation conditions of recent months. While we were in the process of exiting Vertiv throughout the year, simply to reallocate capital towards more attractively priced ideas, we did own a small position going into the most recent striking downgrade of its short-term profit margins from mid-teens to essentially zero. In an effort to limit the number of positions in our portfolio, and concentrate only on the best ideas, we are now watching Vertiv's recent challenges from the sidelines.

The example is humbling. Just as it's difficult to balance timelines in managing businesses, it's perhaps even more difficult in the market, where emotional extremes can fluctuate at a moment's notice. Even still, we are determined to improve in anticipating the more predictable aspects of these fluctuations, while often, taking the other side of the myopic market. Looking at the evolution of our long portfolio over the year, each step forward we made was paired with a step backward from a behavioral perspective.

*Exhibit 1: Long Portfolio Market Narrative Evolution in 2021*

| Performance by Group | | Beginning of 2021 | Additions / ~~Exits~~ | At end of 2021 |
|---|---|---|---|---|
| Compounder | 0.0% | PTON, SFOR LN, LPRO, OCDO LN | ~~LPRO, OCDO LN~~ | |
| GARP | 15.1% | MSTR, VRT, TWTR | APPS, ~~MSTR~~ | SFOR LN, NXE, APPS, BOL FP, UK#3 |
| Value | 17.9% | CCJ, BOL FP, EXO IM, UK#4, LTRPA, UK#3, MEIP, LDO IM | NXE, VRNO CN, ~~CCJ~~, ~~EXO IM~~ | CTT, TWTR, UK#4, MEIP, VRNO CN, VRT, LDO IM |
| Turnaround | -9.0% | CTT, UK#2, TITR IM | Coinvestment II, ~~TITR IM~~ | Coinvestment II, PTON, LTRPA, UK#2 |
| O/W graduates: | 24.1% | Of which demotions: -5.9% | Upgrades in Green, Downgrades in Red. | |

As 2021 progressed, it was a difficult environment for the market to become even more constructive on most companies, though we did enjoy a few upgrades over the past year- most importantly with CTT pulling out from turnaround status into value territory. However, in the tougher environment, downgrades in the short portfolio were more forthcoming. Nearly the entire short portfolio experienced broad-based and pronounced declines in the narrative evolutions.

But even here, there is a lot of room for improvement, as subsequent to our covering of these positions (largely our SPAC short portfolio, which we have completely exited during 2021), these stocks proceeded to decline another 50-90%. Simply having held onto shorts in the most recent market would have created an estimated 7-10% of incremental portfolio performance in the most recent year.

In prior years, a recurring timing mistake we made was that of selling longs too quickly, particularly with higher quality businesses like Amerco, Apple, Live Nation, Ferrari. In the most recent year, we should have stuck to this former habit. It's often hard to know when to sell an investment that we've long been attracted to. For us, it's easier to be capital-constrained and force ourselves to exit positions in order to enter new positions. That has often helped us avoid disappointments in more fairly priced securities, where the downside deviations to disappointments often create more adverse stock price reactions. But it has also forced us to exit positions that we still like, as was the case with many positions last year.

At the sunset of his career, Vincent Bolloré shows how to elegantly balance these conflicting needs of both short and long-term optimization, as well as how to balance opportunity costs relative to behavioral or market expectations. Fresh on the heels of spinning off more properly-appreciated Universal Music Group (UMG), and facing peak international freight markets, he entered into a preliminary agreement to sell one of his crown jewels that he's been building over the past couple of decades: Bolloré Africa. While we wouldn't be surprised if the deal faced hurdles in the near-term, given geopolitical tensions, Vincent is showing us how to balance expectations relative to valuations. Even though shares trade at a considerable discount to Net Asset Value, the market narrative became more constructive on Bolloré over the year as he is clearly focused on optimizing the value of his portfolio in the near-term. Combined with dogged patience, Vincent most appropriately shows us how to have both a sense of urgency as well as the patience to build world class businesses where few other dare to try.

Bolloré (+3.1% attributed performance in 2021) is also a great example of a security which is at the same time a quality stock, a growth stock, and a value stock. We have always optimized for all three, and to us, differentiating between the two sides of the spectrum is more a gray scale than a black or white assessment. Balancing these two features is a bit easier than balancing the short and long-term timelines, but not by much.

**Better, Faster, Cheaper**

*"Excellent firms don't believe in excellence -- only in constant improvement and constant change." -Tom Peters*

A great example of a combined growth, value and quality stock is a recent addition to the portfolio, Digital Turbine (APPS). The company has made two acquisitions which nearly tripled the revenue of the company while only increasing the shares outstanding by 11%. Its core technology, installed directly on 0.8 billion Android devices (soon to be 1.6 billion), allows it to truncate the multi-step process of installing a mobileapplication from an ad into one seamless step. Not only is the technology better than what vertically-integrated Apple can offer, but it significantly improves advertiser outcomes, by a factor of 2-5x. Most of those improved economics will begin accruing to Digital Turbine in the year ahead.

Its technology is patent-protected (issued on 9/22/20), and immune to any changes Google could implement on the Android operating system. In fact, the changes Google is contemplating will only reinforce the valuable data Digital Turbine has, as well as the measurable performance that only it can provide. It shares a substantial portion of this improved device monetization with phone manufacturers and wireless service providers such that there is a significant and well-funded ecosystem embedded and invested into the company's success. With major platforms like Facebook, Twitter and Snapchat all trialing its novel technology, we believe its Single Tap technology will soon become the industry standard for the ~$100 billion app install market.

The acquisitions it has recently made help it transform the business model. Now it can integrate its technical and data advantages into one cohesive offering, allowing advertisers and publishers to achieve better monetization and better efficiency of marketing spend. The integrations of these acquisitions will be complete within this next year, and we believe will transform the company from a small under-covered company with a patent pending into a major digital advertising platform capable of delivering better outcomes for all of its stakeholders.

As its CEO likes to highlight, it is simultaneously a growth and a value stock. For a company capable of generating >50% organic revenue growth, we believe paying 13x trailing and 8-9x current year EBITDA is a bargain price. But why does the Digital Turbine opportunity exist?

As recent operating results over-delivered on expectations and guidance, without any new strategic updates announced, traders were left wondering how they should react? In the past, it has been up or down roughly 20% on similar announcements. That volatility, along with the announcement made by Google that it will discontinue the device ID in two years, has longer-term investors side-lined. It's the dread of the irrational and volatile reactions to seemingly benign or even positive announcements that is creating the opportunity. We are grateful for this volatility. The business will be further up-leveled in the year ahead, allowing it to show the large audience of investors standing by that it is built to thrive in the current world of volatile shifts in ad tech.

As emphasized towards the end of 2021, the pendulum of those focusing on the long-term total addressable markets (TAMs) has shifted in the opposite direction and the concentration, and often fear, has shifted towards the weekly or daily news flow. This is a terrific environment for investors that can manage the competing dualities of both the short and long-term, and those that can look past intraday volatility. Our portfolio must be able to deliver positive surprises over the next year while simultaneously executing on medium-term visions that are compelling. We think Digital Turbine is both growth and value, and is capable of delivering both in the short and long term.

The two other advertising challengers in our portfolio, Twitter (TWTR) and S4 Capital (SFOR LN), have experienced similar volatility while the business fundamentals keep humming along at or above their medium-term plans. S4 Capital is benefitting from the seismic shifts that the digital advertising platforms are generating, as advertisers need considerable help and capability in order to navigate the shifts without compromising on performance. Organic revenue growth for the year was "well ahead of the previous latest company guidance of 40%," and combined with Sir Martin's impressive M&A track record, means the company is doubling revenue almost every year.

We love partnering with managers like Sir Martin, who like Vincent Bolloré, is rebellious, well known, but is often scoffed at. And Sir Martin has a major chip on his shoulder. At 77 years old, he is hell bent on over-taking his first ad experiment, WPP. For managers like Sir Martin, the clock ticks quite a bit slower than for the rest of us. He and the founders that have bought into S4's disruptive mission seemingly have more hours in the day to execute against an industry more focused on managing declining ad formats than creating and defining the future of advertising. Before the meta-verse became common lingo, S4 Capital and Media Monks were already pioneering the monetization potential of it with companies like Epic Games. S4 trades at 11x trailing EBITDA and 7x current year EBITDA, which is an incredibly attractive valuation for a business doubling organically every two years.

At the opposite end of the spectrum, 37-year-old Parag Agrawal was recently named Twitter's CEO. Parag will be instrumental in improving the notoriously slow execution at Twitter. This relatively unknown insider has only one shot to build a reputation. It is tied to the business plan unveiled a year ago, much to the surprise of a more skeptical audience. He has made swift changes to the leadership and management structure of Twitter in order to deliver on the accelerating user vision, while simultaneously improving the monetization potential of the platform through better targeting and direct-response (commerce-driven) ads.

Agrawal has played a fundamental role in the last decade in improving both timeline and ad relevance for users, and he is much less risk-averse than founder Jack Dorsey. He is keen on using the signal from user interests to better target ads and improve advertiser performance- something that Dorsey only committed to half heartedly. Although skepticism is significant, the re-affirmed commitment to double revenue in just over three years looks conservative to us. We are pleased to see the company doubling down on its commitment to make investments to accelerate user growth while also announcing an accelerated share repurchase plan in recent weeks. In short, he is moving quickly to ensure his reputation lasts longer than the "15 minutes of fame" typically afforded to such young executives.

The trio of digital advertisers just mentioned will collectively compound revenue between 35-50% per year over the next two years (equal-weighted average of GreenWood's bearish and bullish scenarios), and trade for an undemanding 13.6x trailing cash-flow. To use Sir Martin's slogan, this group is "better, faster, and cheaper," than what any of the big tech monopolies can deliver- without any of the regulatory risk. The cheaper prices paired well with reiterated or even upgraded outlooks, and we increased the trio's portfolio weight during the first quarter of this year.

**Urgent Patience**

*"Time is relative; its only worth depends upon what we do as it is passing." -Albert Einstein*

When the world's conversation turned serious, the world turned to Twitter. This started with Covid, but evolved from the Black Lives Matter movement, to the elections, then the Capitol storming. It took another leg up now that the world is watching Putin's invasion of Ukraine in real-time on the conversation network. The platform is more important today than it ever has been. Now it has a management team focused on matching its execution with the fast pace of its news network. But even furthermore, the service itself is also partially responsible for the acceleration of timelines that we've psychologically experienced in recent weeks, if not years.

In our own ways, we've all started to understand the relativity of time. A New York Times columnist, when explaining Einstein's theory of relativity in the 1920s misquoted him as saying, "When you sit with a nice girl for two hours you think it's only a minute, but when you sit on a hot stove for a minute you think it's two hours. That's relativity."

Recent weeks have felt a bit like being on a hot stove. Time has become more of an illusion than ever before, as we have gone from groundhog day of Covid lock-downs to now watching a war play-out realtime, rocket by rocket. That means the world is receiving a week's worth of traditional news directly on their smart phones in a single day. Psychologically, time is bending as we see dramatic events play out minute by minute, much like the initial market shock for Covid. What would have traditionally taken multiple quarters to ripple through and receive a policy response, was compressed to just a few weeks. While it's impossible to predict how it will evolve, we wouldn't be surprised to see the crisis du jour conclude in the coming weeks. Equally, we wouldn't be surprised to see it waterfall and spillover to other regions. We are prepared for any scenario.

We own few companies that will feel a negative impact from the current conflict, and a substantial portion of our portfolio that will experience increased tailwinds as a result of the current drama we regret to see play out on our favorite social media platform. And these businesses are subject to very long capital investing cycles, in contrast to certain commodity markets that have reacted in knee-jerk fashion to geopolitics.

Our second coinvestment was already defying market skeptics in bringing its core business to fresh high water marks. Set against a long-cycle of tailwinds as a result of the most recent geopolitical tension, and combined with a forth-coming transformation that is even more justified today than ever, we believe the opportunity is as good as it gets in this business- the proverbial "fat pitch" we must swing at hard. As we are not yet restricted on the position, and believe this stock has under reacted to recent developments, we still have capacity for new investors. We look forward to patiently and urgently engaging in the months ahead.

It's hard for many to believe, but China's re-opening timeline for Covid was recently set for summer of *2023.* The world is operating on so many competing timetables right now. Short time horizons are clashing with longer term time horizons. Authoritarian regimes are operating on infinite timelines, in juxtaposition to the myopic short-term electoral cycles of the West. However paradoxically, despite the long term patience theoretically afforded to them by their clutch on power, they exhibit much of the finite behavior that monopolies exhibit when they have run out of growth options.

Mismatched time horizons have always been a source of volatility. Companies that have borrowed short and lent long-term have often found themselves vulnerable to the kindness of strangers. And in recent decades, investors with short-term time horizons have been pressuring management teams to increasingly manage their businesses for quarterly or even weekly timelines. That is the crux of the lack of sustainable habits we have seen emanate from markets in recent years.

But the ESG movement that seeks to restore sustainability to markets appears to be following the same mistake that Peloton did in 2020 and 2021: increasingly optimize the entire business for only one stakeholder. So much of ESG is really just "E." But much of these environmental champions have major deficiencies when it comes to interacting with nearly every other stakeholder. The distortions playing out today in European energy markets as well as the continental lack of defense capabilities are obviously inconvenient truths for these “E-only” investors.

Our constructive activism has taken a very different stance. We want to be patient, but also operate with a very high sense of urgency. We’ve waited a long time for today’s share repurchase to be announced at CTT, but it was sure worth the wait. It comes as shares remain attractively valued, and the business is capable of generating more sustainable growth than it was before we took a board seat. The company announced today, that in high contrast to its peers, it will continue growing this year. That is on top of the already industry-leading growth rates that it generated in last year’s 45% growth in operating income.

And the primary beneficiaries are the ones that we have to thank the most. We are so grateful for your patience. Our timelines are very well aligned, and I joined many of our investors in adding capital to both of our coinvestments as well as our Global Micro Fund in the second half of the year.

We go forward excited by the opportunities the present volatility creates- both for portfolio management and for our companies to take advantage of them. While they have considerable growth opportunities in front of them, many of these are figuring out that their own stock is increasingly more attractive than anything else than they can deploy capital into. With our current net exposure being comprised of our two coinvestments, the rest of the portfolio is currently operating close to market neutral. We don’t anticipate it will remain as such forever. But we’ve been finding highly compelling short opportunities in addition to maintaining a high sense of urgency in sifting through the wreckage brought on by the most recent market turmoil. I look forward to Chris writing the next letter and discussing all of these activities in more detail.

In short, we are optimistic we can build on the snap back in relative performance we’re seeing so far this year. We don’t believe we’ve had to trade growth for value, nor short term performance for long-term performance. We are trying to balance both simultaneously, and while we’re surely going to make mistakes, we are staying vigilant to the highly dynamic environment. We’re staying patient, while maintaining a high sense of urgency, and we’re looking to help accelerate timelines wherever our efforts are welcomed. Thank you for joining our AdVenture Capitalism.

Committed to deliver,

Steven Wood, CFA