

Far View Capital Management

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January 18, 2022

Dear Partner,

Welcome to Far View Partners L.P.'s performance update for the half-year ended December 31, 2021.

Portfolio Performance

During H2 2021, Far View Partners generated a return of -2.55% net of all fees and expenses, which comprised -3.52% in Q3 2021 and +1.00% in Q4 2021. For the year 2021, Far View Partners generated a net return of +13.88%. Since inception on July 1, 2011, Far View Partners has generated a cumulative net return of +305.17%, a 14.25% CAGR.

In H2 2021, Far View enjoyed gains in JDC Group AG (JDC), a provider of software and solutions for the German insurance industry. In September 2021, JDC announced a cooperation with German public insurer VKB. Combined with their joint venture with German public insurer Provinzial, announced earlier in 2021, this contract win provides a strong runway for JDC to grow to multiples of its current revenue and earnings by 2025.

Far View also benefitted from its position in Spanish online travel agency eDreams Odigeo (EDR). Continued success of the company's Prime subscription platform and investor optimism about a potential travel recovery combined to drive strong share price performance. I believe EDR has created a unique travel asset and is well-positioned for continued attractive growth if travel trends normalize post-pandemic.

The Partnership also enjoyed gains in H2 2021 from Swedish marketplace CDON AB (CDON). The year 2021 was a tumultuous one for the company (to put it mildly!) due to a combination of technical challenges from the late 2020 re-platforming and the management upheaval caused by the prior CEO's health problems. Investor concerns about these challenges pressured the share price in late H1 2021.

While CDON has not completely fixed all its issues, the company has made considerable progress on the technical platform and has hired a new CEO. These changes leave the company better placed to start playing offense again in 2022.

Far View suffered significant losses in Westwing Group AG (WEW), a German online home-furnishings retailer. Concerns about tough COVID-19 comparisons were magnified by challenges in the supply chain during Q4 2021, leaving investors worried about WEW's near-term earnings.

Because of its low market penetration and unique, content-led marketing strategy, I remain confident about WEW's long-term potential and added to the position during Q4 2021. Please see the WEW

presentation on our website that Far View provided at our Q3 2021 update for more details on the investment thesis.

Far View also lost money in American Outdoor Brands, Inc. (AOUT), a provider of rugged outdoor equipment. During July 2021, AOUT issued disappointing guidance that reinforced investor fears about current results being well above-normal. These fears combined with investor frustration about AOUT's disappointing capital allocation strategy to drive a significant retracement from H1 2021, when it was one of Far View's best performers.

While AOUT was a profitable investment for Far View due to some earlier share sales, I mistakenly waited for long-term tax treatment with the remainder of the position which proved costly. In hindsight, I should have accepted the short-term tax bill.

Finally, Far View suffered losses on Naked Wines PLC (WINE) which I will discuss below.

On December 31, 2021, the Partnership's portfolio consisted of long equity investments in the United States, Canada, United Kingdom, Sweden, Germany, Spain, and Australia as well as short positions in equity indices as a hedge. Far View Partners was fully invested at the end of the quarter and maintained short positions in various currency futures for hedging purposes.

Long-Term Time Horizon: Naked Wines

This fall I spoke with an investor I respect whose fund was short WINE, which is a significant long position for Far View. Comparing our investment theses led to interesting conclusions. When I asked this investor why he was short WINE, he responded that the company would be facing tough near-term comparisons as consumers returned to restaurants and bars. To support this thesis, he pointed to strong OpenTable reservation metrics and other data.

What was interesting to me is that I did not disagree with his thesis about the challenges that WINE's tough comparisons could pose to the share price in the near-term. Furthermore, he appeared to agree (although he could have just been placating me) that WINE had the potential to emerge as a winner in the direct-to-consumer wine industry with a strong long-term tailwind from the ongoing shift toward online wine sales.

Given that we both agreed with each other's theses, how did we reach different conclusions? The answer is one of time frame. He was investing for a near-term share price decline as investors digested those tough comparisons. Conversely, I own WINE because I believe it has the potential for strong multi-year growth with attractive steady-state economics due to its strong competitive position and low market penetration. His trade and my trade were both rational for our different time horizons.

His trade was highly profitable as WINE declined significantly in the subsequent weeks. Given this negative performance, why didn't I just sell WINE earlier this year and wait to reinvest once the near-term outlook was more favorable?

While I would like to be able to accurately assess near-term share price movements, historically I have had limited success with short-term predictions. Thus, I think the likelihood of making an error is much higher when I try to make short-term trades.

Furthermore, if I had sold WINE earlier this year due to short-term concerns, I would have had to properly time my reentry once I judged those risks to be reflected in the share price. If I missed that rebuying opportunity, then we could have missed multiples of upside on a stock where I have high long-term conviction. This trade-off is not the type of game that I am trying to play as an investor.

I believe WINE has a long growth runway with a competitively advantaged business model and a talented and honest management team. Given my future expectations during the summer, I thought the company offered attractive, long-term returns even at its peak prices. By focusing on positions that have massive multi-year upside and making sure I am in position to benefit if my thesis is correct, I believe I will generate the best long-term returns for Far View. Unfortunately, this strategy also means that I will often be at the mercy of fluctuations that hurt the Partnership's short-term performance. I have accepted this potential for volatility because I believe this strategy is the best fit for my strengths as an investor.

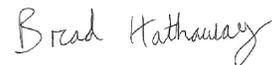
Of course, my long-term investment thesis needs to be correct, so I am constantly re-evaluating it. If it is correct, then I believe the recent underperformance will end up being just a small blip on the way to a satisfactory long-term result.

The Partnership

I believe my investment process has seen a significant evolution in the past two years, and I am excited about my development. While short-term results will remain volatile and difficult to predict, I feel that my current investment strategy has continued to improve and has reached an important inflection point after Far View's first decade.

As a reminder, I am Far View Partners' largest investor, and the fund contains the vast majority of my net worth. I am excited for the prospects of the current portfolio and for the continued evolution of the Partnership. Far View is fully invested with attractive opportunities to add to existing and new positions so I would welcome additional capital from existing or prospective limited partners. Please feel free to reach out if you have any questions or suggestions. I look forward to hearing from you.

Sincerely,



Brad Hathaway
Managing Partner

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