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To My Partners:

The performance of our portfolio for the third quarter of 2018 and since inception is summarized below.

	Hinde Model Account		S&P 500
	Gross	Net	Total Return
2018:			
Q3	4.63%	4.23%	7.71%
Year-to-Date	8.40%	7.19%	10.56%
Since Inception (07/01/15):			
Annualized	18.19%	16.42%	13.55%
Cumulative	71.99%	63.78%	51.04%

The current economic expansion hit an important milestone during the third quarter. In late September, the Federal Reserve raised its target range for the federal funds rate by 25 basis points, to 2.00% - 2.25%. Although the hike itself was small and expected, it was significant in that it brought U.S. monetary policy to a level that the Fed considers neutral, or no longer "accommodative." The change brought to an end more than a decade of mostly pedal-to-the-metal monetary stimulus in the U.S.

The Fed was able to continue to normalize its monetary policy because the U.S. economy and financial markets remained an oasis of stability amid tumult elsewhere in the world. According to the government's advance estimate, U.S. gross domestic product grew at a 3.5% annualized rate in the third quarter. Consumers led the charge. A vibrant labor market, rising stock and home prices, and buoyant sentiment opened wallets. Consumer spending grew at a 4.0% annualized rate during the second quarter and contributed 2.7% to the economy's 3.5% total growth. While there were certainly some soft spots, such as residential investment and trade, the U.S. economy's overall momentum remained solid.

Outside of the U.S., the picture was less bright. Global trade tensions worsened on balance during the third quarter. While the U.S. was able to reach an agreement with Mexico and Canada on a replacement for NAFTA, conflict with China intensified. On September 24th, Trump slapped tariffs on an additional $200 billion of Chinese imports. Roughly half of China's exports to the U.S. were subject to tariffs as of the end of the quarter, and those tariffs have been weighing noticeably on China's economy and financial markets. Rifts between Italy and the European Union over Italian fiscal policy and floundering Brexit negotiations contributed to global instability as well. As a result of these and other headwinds, the IMF modestly downgraded its forecast for global economic growth in 2018 and 2019 to a still-healthy 3.7% from 3.9%.

Our portfolio achieved a positive mark-to-market return for the quarter, but underperformed the S&P 500. Our positions in Fastenal Company common stock (NASDAQ: FAST), Colfax Corporation common stock (NYSE: CFX), Alphabet Inc. class C capital stock (NASDAQ: GOOG) and Amazon.com, Inc. common stock (NASDAQ: AMZN) were top contributors. Our position in Interactive Brokers Group, Inc. class A common stock (IEX: IBKR) was a notable detractor. FAST, CFX, GOOG and AMZN gained 20.5%, 17.7%, 7.0% and 17.8%, respectively. IBKR declined 14.1%.

Performance Attribution

Positions that had a material impact on the portfolio's mark-to-market performance for the quarter and year-to-date are outlined below.

Performance Attribution			
3Q 2018		YTD	
Fastenal Company	3.10%	Amazon.com	5.67%
Colfax Corporation	2.06%	Alphabet	2.27%
Alphabet	1.08%	Fastenal Company	1.82%
Amazon.com	0.92%	Northeast Bancorp	-0.88%
Interactive Brokers Group	-2.41%	Colfax Corporation	-1.40%
Other	-0.12%	Other	0.93%
Gross Performance	4.63%	Gross Performance	8.40%

Portfolio Composition

The composition of the portfolio at the end of the quarter is depicted below.

Portfolio Composition	
Equities - Long	91.2%
Cash	8.8%

During the quarter, we added a new position in Retail Value Inc. common shares (NYSE: RVI), a special situation investment. We also trimmed our position in AMZN. At the end of the quarter, our portfolio included eight long equity positions and cash.

Select Portfolio Updates

The sole portfolio update for this quarter covers our new position in Retail Value Inc. common shares (NYSE: RVI). Not only did Retail Value Inc. recently become a publicly-traded company through a spin-off transaction, but it also plans to liquidate over the next few years. It is a special situation investment in both respects.

Retail Value Inc.
(NYSE: RVI)

> *The business plan for RVI is fairly well stated. Its goal is to dispose of properties and arbitrage between what I think is a pretty healthy private market for dispositions [and the valuation of the stock in the public market]. – David R. Lukes, CEO of DDR Corp.*

On July 1st, DDR Corp., a publicly-traded real estate investment trust focused on shopping centers, distributed shares of Retail Value to its shareholders in a spin-off transaction. At the time of the transaction, Retail Value owned two portfolios of retail real estate: thirty-six power centers in stable, yet slow-growing, markets in the continental U.S. and twelve of the most premier shopping centers in Puerto Rico. DDR executed the spin-off as part of a plan to reposition its portfolio toward markets and assets with the greatest growth potential and the best chance of receiving full value in public markets. Retail Value plans to sell its assets in an orderly manner to realize their full value and return the proceeds to shareholders.

Retail Value's liquidation should generate attractive returns for shareholders. There is a substantial and diverse set of data with which to assess the private market value of Retail Value's continental U.S. portfolio. DDR has disposed over $3 billion worth of comparable properties since 2015, and each of Retail Value's properties was recently appraised in connection with the issuance of commercial mortgage-backed securities related to the spin-off. Leading commercial real estate brokerage firms also regularly produce capitalization rate surveys that assess current market conditions for retail commercial real estate by property type, class, and metropolitan market tier. Based on those data points, Retail Value's U.S. portfolio should generate sale proceeds of at least $1.5 billion (compared to its appraised value of $1.8 billion).

Putting a private market value on the company's Puerto Rican portfolio is somewhat more challenging, but it is still supported by property-specific appraisals done in connection with the CMBS transaction as well as other market-level data. The Puerto Rican portfolio should generate proceeds of at least $650 million (compared to its appraised value of $804.5 million).

Management's comments, the company's recent pace of disposals, and certain terms included in the $1.35 billion mortgage loan on Retail Value's properties suggest that it is reasonable to expect the company to complete the monetization of its assets by mid-2021. Taking these key assumptions together and considering interim cash flows and our average cost, our investment in RVI should yield an annualized return of around 20%.

During the third quarter, the pace of – and proceeds from – Retail Value's dispositions were right on target. Retail Value sold six properties accounting for a total of 1.17 million square feet of owned gross leasable area for proceeds of $162.2 million. Relative to the property-level assumptions used in the CMBS transaction, the transactions had a weighted average effective gross income multiple of 8.3x and a weighted average cap rate of just over 8.0%. If Retail Value were to maintain the pace of dispositions it achieved in the third quarter, it would dispose of its last continental U.S. property in the first quarter of 2021.

The opportunity to invest in RVI at such an attractive expected return exists for three main reasons. First, the combination of the spin-off transaction and Retail Value's plan to liquidate has made RVI an orphaned security. Second, retail real estate is a generally out-of-favor asset class at the moment. Although current private market values for retail properties reflect the well-known challenges and risks those properties face, the public market seems to ascribe an additional discount. Finally, many investors overly discount the value of the company's Puerto Rican portfolio because of the various issues the island's economy faces. The quality of Retail Value's Puerto Rican properties and the distinct and attractive characteristics of the Puerto Rican retail real estate market seem to be generally underappreciated.

Global equity markets have started off the fourth quarter of 2018 with a nosedive. A wave of uncertainty sparked by hawkish comments from the Chairman of the Fed is reverberating through the market. While the market prices of the securities in our portfolio have not been spared, I remain confident that our portfolio will deliver strong returns over our multi-year investment time horizon. There are a few reasons for my confidence.

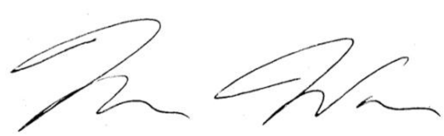
First, the outlook for the U.S. economy remains strong. One of the only reliable ways to get a sense of where the economy is headed is to look at the market for U.S. treasury securities. As equity markets have been panicking, the treasury market has been yawning. The yield on the 2-year U.S. treasury has barely budged since the beginning of the quarter. If the treasury market felt that the outlook for the economy had changed in any material way, it would be pricing in a lower path for the federal funds rate and the yield on the 2-year treasury would be falling sharply. In short, the most reliable, forward-looking indicators for the economy are not even flashing warning signs.

Second, the companies in our portfolio continue to perform well overall. For example, Interactive Brokers Group's electronic brokerage segment grew its revenue and pre-tax income by 21% and 30%, respectively, during the third quarter. Fastenal grew its sales and operating income by 13% and 15%, respectively, while at the same time throwing off the vast majority of its earnings as free cash. The story is similar at Alphabet. Google, the main source of value for Alphabet, grew its revenue by 22% and its operating income by 11%. Despite its rapid growth and substantial level of investment, Alphabet converted 86% of its earnings during the quarter to free cash flow. The fundamental performance of the companies in which we are invested will ultimately determine the returns we realize.

Finally, the investments in our portfolio were underwritten with conservative assumptions. Meaningful haircuts were applied to forecasts of fundamental performance. Historically normal interest rate and risk premium levels were used to determine discount rates. Large "alpha premiums" were added to required returns for compounders, and a substantial margin of safety threshold was applied to the purchase price of each special situation. None of these measures can prevent securities from trading against us in the short-term, but they collectively go a long way toward ensuring that we will achieve the returns we expect over time.

Our long-term investment horizon and willingness to bear short-term, "noise-driven" price volatility differentiate us from most public market investors and play a key role in our ability to sustainably generate superior risk-adjusted returns. Thank you for your continued confidence and support.

Regards,



Marc Werres
Managing Partner

Important Disclosures

The performance figures depicted herein relate to the Hinde Model Account. This account serves as the model account for the taxable accounts Hinde Group manages. The performance of investor partner accounts may differ from the figures depicted herein for several reasons, including, but not limited to, cost basis differentials, the timing of account inflows, and tax considerations. The Hinde Model Account's gross results reflect the deduction of trading commissions and other fees charged by Hinde Group's broker. Net results reflect the hypothetical deduction of management fees (1.5% of AUM per annum billed quarterly in advance).

The Hinde Model Account's inception date is July 1, 2015.

The statistical data regarding the performance of the S&P 500 was obtained from the website of S&P Dow Jones Indices. The S&P 500 returns shown do not represent the results of actual trading of investible assets/securities.

Past performance is not necessarily indicative of future results. All investments involve risk, including the loss of principal. The views expressed herein are those of Hinde Group as of the date indicated and may change without notice. Hinde Group may buy or sell any security at any time and is under no obligation to provide updates to the information contained herein. This is not a recommendation to buy or sell any security.