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November 4, 2022

To My Partners:

The performance of our portfolio for the third quarter of 2022 and since inception is summarized below.

	1578 Partners, LP		S&P 500
	Gross	Net	Total Return
2022:			
Q3	8.46%	7.97%	-4.88%
Year-to-Date	-17.32%	-18.30%	-23.87%
Since Inception (08/01/15):			
Annualized	13.10%	11.40%	9.78%
Cumulative	141.51%	116.69%	95.16%

What will it take to rein in the inflationary forces coursing through the economy? Financial markets have been wrestling with this question since the beginning of the year. They continued to do so during the third quarter.

Inflation has proven persistent thus far. Optimism in the first half of the third quarter was dashed by unfavorable readings on inflation reported in August and September. The price index for personal consumption expenditures excluding food and energy – the Fed's preferred measure of inflation – was up 4.9% over the prior year and 0.6% over the prior month in August, the last month for which data was reported during the quarter. Any way you look at it, inflation is running well above the 2.0% average rate that the Fed aims for over the long term. The more stubborn inflation proves, the harder the Fed will have to squeeze the economy to exorcize it.

In response to hotter than expected inflation readings, the outlook for monetary policy has been ratcheting ever tighter. The yield on the 2-year treasury security provides the most accessible indication of the market's outlook for monetary policy. That yield ended the third quarter at 4.22%, up from 2.92% at the beginning of the quarter and just 0.73% at the beginning of the year. The market now expects the target range for the federal funds rate to peak at 5.00% - 5.25% in the first half of next year, up from 3.00% - 3.25% at the end of the third quarter. The yield on 10-year treasury inflation-protected securities ended the quarter at 1.68%, its highest level in more than a decade. In other words, the current stance of monetary policy – including both the current level of the federal funds rate as well as market expectations for that rate's future path – is restrictive and poised to be a greater headwind to economic growth than it has been in a long time.

Tighter monetary policy is not the only headwind to economic growth. European economies are still reeling from the fallout of Russia's brutal invasion of Ukraine, and China's economy is flagging due to the impacts of its draconian policies to contain COVID outbreaks and a downturn in the Chinese real estate market. The IMF recently downgraded – yet again – its forecast for global economic growth in 2023 to 2.7%, down from 3.2% in 2022 and 6.0% in 2021. The IMF expects about one-third of the world economy to experience two consecutive quarters of contraction before the end of next year. It also assigns a 25% chance that global economic growth will fall below 2.0%, a result that would be in the bottom decile of performance since 1970. The Peterson Institute for International Economics is even more dour. It expects the global economy to grow just 1.8% in 2023.

When I last wrote to you, I said that the odds of a recession had been going up and were higher than normal. Based on how things sit today, a recession in the U.S. at some point next year seems more likely than not.

The mark-to-market performance of our portfolio significantly outperformed that of the S&P 500 during the third quarter. Although the S&P 500 declined during the quarter, all but one of the seven positions in our portfolio delivered gains. Our positions in Netflix, Inc. common stock (NASDAQ: NFLX), Uber Technologies, Inc. common stock (NYSE: UBER) and Interactive Brokers Group, Inc. Class A common stock (NASDAQ: IBKR) led the way. NFLX, UBER and IBKR gained 34.6%, 29.5% and 16.2%, respectively. The sole detractor in our portfolio for the quarter was our position in Alphabet Inc. Class C capital stock (NASDAQ: GOOG). GOOG declined 12.1% during the quarter.

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 2022		YTD 2022	
Interactive Brokers Group	4.42%	Covetrus	0.55%
Netflix	3.31%	Amazon.com	-1.19%
Uber	2.76%	Uber	-3.18%
Alphabet	-2.78%	Interactive Brokers Group	-5.58%
		Alphabet	-7.61%
Other	0.74%	Other	-0.31%
Gross Performance	8.46%	Gross Performance	-17.32%

Portfolio Composition

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

Portfolio Composition	
Equities – Long	97.5%
Cash	2.5%

There were no material changes to the composition of our portfolio during the quarter. At the end of the quarter, our portfolio included seven long equity positions and cash.

Select Portfolio Updates

The sole portfolio update for this quarter covers our investment in Uber Technologies, Inc. common stock (NYSE: UBER), a compounder investment.

Uber Technologies, Inc. (NYSE: UBER)

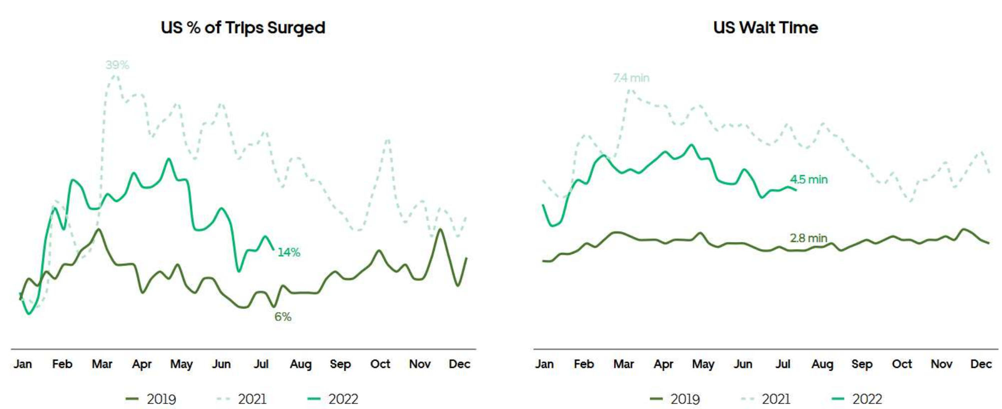
With operations in more than 10,000 cities across 72 countries and gross bookings expected to exceed $115 billion this year, Uber is one of the largest transportation network companies in the world. Each month, Uber helps more than 124 million users meet their mobility and delivery needs by connecting them with more than 4 million independent drivers and delivery people. Uber's mobility and delivery services are enabled by a highly sophisticated and efficient technology platform that automatically manages and optimizes demand prediction, matching & dispatching, routing, pricing and personalization, among other functions. Uber has a leading category position in eight of its top ten mobility markets and generates approximately 90% of its global mobility gross bookings from markets in which it has the leading category position. In its delivery business, Uber has the number one category position in seven of its top 10 markets.

We initiated our position in UBER in September 2020. At the time, Uber's business was being rocked by the fallout from the onset of the pandemic. Demand for mobility services had plummeted while that for delivery services was surging. In the two years since, demand on both sides of Uber's house has made substantial progress toward a new normal while Uber has continued to improve and expand its services, streamline its business, and penetrate its addressable markets.

Recent trends in Uber's mobility business have been strong. Mobility gross bookings grew 45% year-over-year on a constant currency basis in the third quarter to $13.7 billion, a new record high run-rate. Mobility adjusted EBITDA increased by $354 million from the prior year to $898 million. For the first nine months of 2022, Uber's mobility business achieved an incremental adjusted EBITDA-to-gross bookings margin of 10.1%, providing strong evidence in support of management's long-term margin targets for the business.

Uber's mobility business is increasingly hitting key milestones in its recovery from the pandemic. In the second quarter of 2022, Uber's mobility gross bookings for the first time exceeded their level for the comparable period in 2019. Due to relatively tighter driver supply and inflation, mobility pricing is higher than it was in 2019. Mobility trip volumes have yet to fully recover. The driver supply situation continues to improve though. The percentage of trips in the U.S. with surge pricing and the average wait time in the U.S. – both measures of the adequacy of driver supply relative to demand – have demonstrated notable progress over the past several months toward 2019 levels relative to where those metrics were in 2021. In September, the number of global monthly active drivers on Uber's mobility platform exceeded the comparable level in 2019 for the first time since the pandemic.

Exhibit 1: Trends in Select U.S. Mobility Driver Key Performance Indicators by Year



(Source: Uber Technologies, Inc. Q2 2022 Earnings Supplemental Data dated August 2, 2022)

Although Uber's mobility platform has not yet fully recovered from the pandemic in many respects, the profitability of Uber's mobility business is well ahead of where it was in 2019 due to lower levels of total incentive spending and cost reductions. Uber's mobility business generated $2.3 billion of adjusted EBITDA for the first nine months of 2022 compared to $1.3 billion of adjusted EBITDA for the comparable period in 2019.

Strength in Uber's mobility business is complemented by resilience in its delivery business. Demand for delivery services exploded after the onset of the pandemic. Uber's delivery business now faces the challenge of lapping those pandemic-juiced results. It nonetheless continues to grow. In the third quarter of 2022, Uber's delivery business grew gross bookings 13% on a constant currency basis and improved adjusted EBITDA by $193 million relative to the same period in 2021.

As Uber continues to recover from the pandemic and realize its potential, its skeptics will increasingly have to change their tune. Uber's mobility business has been profitable on an adjusted EBITDA basis since 2018. Remarkably, it has remained profitable on that basis since the pandemic struck, a testament to the resilience of Uber's business model. Uber's delivery business turned profitable on an adjusted EBITDA basis in the fourth quarter of 2021. Uber as a whole turned adjusted EBITDA positive a quarter earlier in the third quarter of 2021, and the company's profitability continues to improve materially year-over-year. Consolidated adjusted EBITDA for the first nine months of 2022 at just over $1.0 billion was nearly $2.0 billion higher than in the same period in 2021. Moreover, Uber is beginning to generate meaningful free cash as it grows. For the twelve months ended September 30, 2022, Uber generated $506 million of free cash. That figure is soon headed into the billions. Uber has a good chance of achieving net income profitability on a GAAP basis in 2023, after which earnings and free cash flow should continue to grow rapidly.

Uber is right on track for achieving the intermediate-term financial targets it laid out at its first ever investor day in February. Uber is aiming for total gross bookings between $165 billion and $175 billion and adjusted EBITDA of $5 billion in 2024. Those targets imply a compound annual growth rate of 22% to 25% for gross bookings and a 7% incremental adjusted EBITDA margin for the period from 2021 to 2024. Through the first nine months of 2022, Uber is on-track to achieve gross bookings growth of 32% to 33% and an incremental adjusted EBITDA margin of 10% for 2022. Uber is ahead of the pace implied by its 2024 targets on both counts.

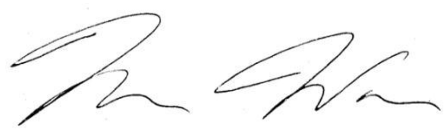
You might reasonably wonder whether a recession would knock Uber off course. Although Uber's mobility business was hit by a devastating blow in the pandemic-induced recession of 2020, that blow was dealt primarily by health-driven considerations related to the pandemic, not economic-driven ones. Uber's management has taken to referring to Uber as an "all weather" company, and the company should over time earn a reputation as one of the most recession resilient businesses around. As relatively low-priced, everyday services disproportionately used by higher income consumers, Uber's mobility and delivery services should enjoy stable demand through economic cycles. Moreover, the sources of demand for Uber's services are highly diverse with respect to users, user segments, use cases, products, price points and geographies. Almost a third of Uber's gross bookings now come from its Uber One membership program, a figure that is poised to only grow further. The membership fees from the Uber One membership program are explicitly recurring and account for a disproportionate share of the profits from Uber One members. To the extent Uber does a good job of retaining Uber One members during a downturn, its profits from those members should be relatively insulated from any fluctuations in usage. Lastly, if there is one thing that Uber's experience during the pandemic demonstrated, it is the highly flexible nature of Uber's business model. Uber can seamlessly adjust pricing and incentives to bring the various sides of its mobility and delivery platforms into value-maximizing balance as conditions fluctuate, and more than two-thirds of the business's cost structure is directly tied to whether a trip happens or not. In short, any recession would likely be a mild and temporary headwind to Uber's performance in the short term that does not knock the company off its current long-term trajectory.

Our position in UBER is poised to deliver highly attractive returns over time. Uber's adjusted EBITDA-to-gross bookings margin should trend toward 6% to 7% over the long term. Not coincidentally, that is right around management's guidance for the incremental adjusted EBITDA-to-gross bookings margin for the period from 2021 to 2024. Based on that level of profitability and a few other straightforward assumptions, Uber should trade at an enterprise value-to-gross bookings multiple of 0.70x – 0.80x at maturity. Uber is currently valued at about half of that multiple when you make adjustments for the value of its freight business and its myriad non-operating assets and liabilities, including its substantial equity interests in other companies and tax assets. In other words, UBER's prospective return should not only benefit from robust gross bookings growth – recall management is guiding to a 22% to 25% CAGR for the period from 2021 to 2024 – but also meaningful capitalization rate/valuation multiple improvement as well as cash generation.

The odds of a recession have been increasing. While our portfolio is not immune to mark-to-market volatility, it is well positioned to deliver attractive long-term returns even if a recession does occur. Some of the companies in our portfolio would be negatively affected by a recession at the margin, but none to such an extent that earning our required return over the long term should come into question. Moreover, periods of recession and financial stress typically create the greatest opportunities in financial markets. My goal is to take advantage of those opportunities when they arise so that our portfolio ultimately ends up performing even better than it would have under more benign conditions.

Thank you for your continued confidence and support.

Regards,



Marc Werres
Managing Partner

Important Disclosures

The performance figures depicted herein relate to 1578 Partners, LP. 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. 1578 Partners, LP'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).

1578 Partners, LP's inception date is August 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.

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