SCHUTT CAPITAL
MANAGEMENT

November 9, 2018

Dear Fellow Investor,

The net return for Schutt Private Investment Fund, LP for the quarter ended September 30, 2018 was -0.2%. The Fund's returns and investment allocation, or mix of investments, as well as overall stock market returns are summarized in the following table.

	SPIF Net Return	SPIF Avg. Exposure/Allocation				Benchmark Returns[1]		SPIF Return on Invested Capital[2]
		Equities	Secured Loans	Private/ Controlled Co.	Cash	S&P	Wilshire 5000	
3Q18	-0.2%	70%	25%	5%	-1%	7.7%	7.1%	-0.2%

1. The S&P 500 return includes dividends and neither the S&P 500 nor the Wilshire 5000 reflect an adjustment for any fees or expenses.
2. Return on invested capital is calculated by dividing the Fund's gross return by the average invested capital during the period, and then subtracting the percentage of fees and expenses incurred during the period. Internally, we use this metric to track investment performance excluding the effect of cash on returns.

Presented below are our top contributors and detractors for the three months ended September 30, 2018.

Contributors
Berkshire Hathaway
High Yield Loan XXXI
Kennedy Wilson Holdings

Detractors
Constellation Software
Fairfax Financial Holdings
P&I Hammerhead (The Bancorp)

During the quarter, strong performances by Berkshire Hathaway, Kennedy Wilson and a new secured real estate loan that carries a 15% coupon were fully offset by share price declines in three of the Fund's largest positions – The Bancorp, Constellation Software and Fairfax Financial, bringing our overall portfolio performance for the quarter to basically a draw.

The Fund briefly utilized margin (borrowed funds) on a few occasions during the quarter as a tool to bridge the time between funding commitments to its various real estate loans and receiving payoffs from maturing real estate loans. This tool offers two advantages: 1) it prevents the Fund from having to liquidate and incur tax liabilities on any long-term security holdings, and 2) the real estate loans are paying coupons well in excess of the rates we pay on margin balances.

Facebook

In the final days of the quarter, I established a new position in Facebook.

Facebook is a conglomerate of social media properties including its namesake, Facebook ("core Facebook"), as well as Facebook Messenger, Instagram, and WhatsApp. The company's core property, Facebook, maintains a direct user relationship with approximately 2.3 billion people globally. There are six social networks worldwide that

enjoy 1 billion or more active users and Facebook owns four of them. The company holds a preeminent position to benefit from two powerful tailwinds – the ubiquity of the smartphone as a core consumer and computing device and the growth of digital advertising.

Facebook's stock price performance has been poor this year – down more than 15% since the start of the year and more than 30% from its high this summer. The leading concern among investors is the company's slowing revenue growth and contracting profit margins. In addition, instances of misuse of user data, privacy concerns, and the use of fake accounts for nefarious purposes have frequently grabbed headlines. I believe shareholder's reaction to these events has allowed us to buy a great company with a strong competitive advantage at an attractive price.

Users

The company's core competitive advantage is the size and stickiness of its user base. In this respect, the business benefits from a network effect, in which each incremental user makes the overall network more valuable. Simply put, people find that Facebook (or Instagram) has high utility because their friends and family are also on Facebook, and it feeds a very real human need to be in community and connected to others. While engagement among younger users at Facebook's core property is showing signs of deterioration, Instagram looks increasingly to be centrally important to that same demographic.

As a result of its utility, users join, stay, and provide content at no cost to Facebook. Said differently, there is no marginal costs to the growth in users and the vast amount of content that they create. This attribute is one reason why the company has been able to achieve such rapid growth at scale while maintaining very high profit margins. Since 2009, Facebook's annual revenues have grown from almost $800 million to over $51 billion. While revenue growth has been decelerating for some time, I expect growth rates may average a healthy 18-20% over the next few years.

An Advertising Heavyweight

Facebook generates nearly all of its revenue from advertising. The immense number of users on Facebook's properties and the deep level of information shared there, make its platform ideal for targeted advertising for small and large advertisers alike. For advertisers, the company offers a single ecosystem where digital ads can be placed dynamically across Facebook's properties to their most effective use. Simply put, the return on investment to advertisers is high, and includes the ability to accurately measure reach and effectiveness, an attribute that cannot be replicated in traditional advertising formats like print, radio or TV. Instagram is emerging as coveted digital real estate for brand discovery and promotion. Aside from core Facebook, Instagram is in the earlier innings of being used to generate advertising revenue and WhatsApp is not monetized at all.

On the advertising side of the business, too, Facebook enjoys effectively no marginal costs. Its advertising clients largely use a self-service platform to create and launch campaigns on the company's properties. This is another reason why the company can scale rapidly while maintaining exceptional profit margins.

Financial Health & Risks

Though Facebook's revenue growth is slowing and its margins are contracting as it invests more heavily in its business, the company's financial characteristics remain enviable – it features high returns on capital, the need for very little tangible capital to support the business, and healthy rates of organic revenue growth.

Facebook's balance sheet carries $41 billion of net cash and the business converts a very large portion of its revenue to cash flow. Paired with the company's will to consistently innovate and improve its user experience, its financial health enables the rapid build out of the resources necessary to continue to grow the business – talent and computing power.

Facebook's profit margins are expected to shrink in the coming year or two mostly as a result of its voluntary decision to reinvest heavily in the safety and security of its platform, and to drive continued innovation of its products. While it signals near-term financial pain, this is exactly what management should be doing to protect and extend the duration of its competitive advantage.

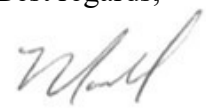
Facebook's greatest risk is in losing its network of users and consequently seeing engagement decline. Again, its core competitive advantage lies within its enormous network of active users, so investing in and enhancing the user experience is paramount in maintaining this advantage. Throughout the company's history, it has been adept at continuously creating and innovating experiences that position it as a preferred social network. The current transition of younger users from Facebook to Instagram or competing SnapChat is a cautionary example of how users may be less sticky than investors would like. In this case, Facebook owns what appears to be the dominant emerging property – Instagram. But looking ahead, a continued will to innovate and compete to be on the leading edge of future iterations of social networks must remain a priority for the company.

With the S&P 500 trading above 22x trailing earnings, Facebook trades at a discount to this multiple after adjusting for its excess cash balances and anticipates substantially higher revenue growth than index averages in the coming years. I find the price too modest given the quality and likely growth of the business.

Thank you for your trust and confidence. Please contact me if you have any questions or concerns. If you know of anyone who may be interested in learning more about the Fund, I would welcome your introduction. The next opportunity to make additional investments is December 31, 2018.

I look forward to reporting to you again after the conclusion of the fourth calendar quarter.

Best regards,



Marshall P. Schutt
Managing Member

Appendix A: Overview of Changes in Holdings and Current Holdings (7/1/18 – 9/30/18)

New Positions	Disposals
Facebook, Inc. High Yield Loan XXXII High Yield Loan XXXIII	Constellation Software Corporate Debt High Yield Loan XX

Positions Substantially Increased[1]	Positions Substantially Reduced[1]
High Yield Loan XXVII	MMA Capital Management High Yield Loan XXXI

(1) An increase or decrease representing at least 0.50% of the Fund's capital, measured as of the beginning of the quarter.

Business Descriptions of Holdings at 9/30/18
*(*one of top 5 largest holdings at 11/9/18)*

ABL Alliance, LLLP – *asset-based loan portfolio*
Bank of America Corp. – *large U.S. financial institution*
Bank of America TARP Warrants – *warrants to purchase stock in this large U.S. financial institution*
Berkshire Hathaway* – *holding company; insurance, railroads, utilities, manufacturing, retail and services*
Calfpasture Jeffrey Park, LLC – *construction loan and direct equity investment in a real estate development project*
Constellation Software* – *provider of vertical market software solutions*
Facebook, Inc. – *social media conglomerate*
Fairfax Financial Holdings* – *property and casualty insurance and reinsurance globally*
High Yield Loan XXI – *loan secured by real estate; Columbus, OH*
High Yield Loan XXIII – *loan secured by real estate; Columbus, OH*
High Yield Loan XXIV – *loan secured by real estate; Columbus, OH*
High Yield Loan XXV – *loan secured by real estate; Columbus, OH*
High Yield Loan XXVI – *loan secured by real estate; Columbus, OH*
High Yield Loan XXVII – *loan secured by real estate; Columbus, OH*
High Yield Loan XXVIII – *loan secured by real estate; Columbus, OH*
High Yield Loan XXVIX – *loan secured by real estate; Columbus, OH*
High Yield Loan XXX – *loan secured by real estate; Columbus, OH*
High Yield Loan XXXI – *loan secured by real estate; Columbus, OH*
High Yield Loan XXXII – *loan secured by real estate; Columbus, OH*
High Yield Loan XXXIII – *loan secured by real estate; Columbus, OH*
Interactive Brokers Group – *automated global electronic broker*
Kennedy Wilson Holdings* – *real estate investment company*
Limbach Holdings, Inc. – *commercial specialty contractor and servicer of mechanical and electrical systems*
Markel Corporation – *property and casualty insurance and reinsurance globally*
MMA Capital Management – *investment manager; affordable housing and renewable energy*
P&I Hammerhead, LP* – *private investment consisting solely of publicly-traded shares of The Bancorp (TBBK)*
Village Bank & Trust Corporation – *community bank*
W.R. Berkley Corporation – *property and casualty insurance globally*
Wells Fargo Bank, N.A. – *large U.S. financial institution*
Wells Fargo TARP Warrants – *warrants to purchase stock in this large U.S. financial institution*
Wilmington Holdings Corporation – *controlled investment; private property & casualty insurance company; held through an investment in Gearson Partners Holdings, LP*

Appendix B: Performance

My preferred measurement is not how the Fund performs quarter to quarter or year to year, but rather over three- to five-year periods – and encourage you as a limited partner to view our results the same way. The Fund's objective is to achieve attractive risk-adjusted returns over sufficiently long periods. It is not to match a benchmark index in any given quarter or annual period. In fact, given its limited number of holdings, it should be expected to diverge from the broad market from time to time.

	Net Return	Return on Invested Capital[1]	Exposure[2]	S&P 500[3]	Wilshire 5000
3Q 2018	-0.2%	-0.2%	100.7%	7.7%	7.1%
YTD 2018	5.2%	5.7%	94.8%	10.6%	10.7%

	Net Return		Return on Invested Capital[1]			S&P 500[3]		Wilshire 5000	
	Quarter	*Cumulative*	Quarter	*Cumulative*	Exposure[2]	Quarter	*Cumulative*	Quarter	*Cumulative*
2Q 2009	1.3%	*1.3%*	25.7%	*25.7%*	6.1%	15.9%	*15.9%*	16.8%	*16.8%*
3Q 2009	4.1%	*5.4%*	20.9%	*51.9%*	21.1%	15.6%	*34.0%*	16.3%	*35.9%*
4Q 2009	3.5%	*9.0%*	8.5%	*64.8%*	43.4%	6.0%	*42.1%*	6.0%	*44.0%*
1Q 2010	6.3%	*15.9%*	11.5%	*83.8%*	56.0%	5.4%	*49.8%*	6.3%	*53.0%*
2Q 2010	-3.5%	*11.8%*	-5.5%	*73.7%*	62.1%	-11.4%	*32.7%*	-11.1%	*36.1%*
3Q 2010	2.6%	*14.7%*	3.9%	*80.4%*	70.5%	11.3%	*47.6%*	11.7%	*52.0%*
4Q 2010	7.1%	*22.9%*	9.8%	*98.0%*	74.0%	10.8%	*63.5%*	11.7%	*69.7%*
1Q 2011	4.8%	*28.8%*	6.6%	*111.1%*	74.1%	5.9%	*73.2%*	6.0%	*79.9%*
2Q 2011	-2.7%	*25.3%*	-3.3%	*104.1%*	78.2%	0.1%	*73.4%*	-0.1%	*79.7%*
3Q 2011	-10.3%	*12.5%*	-13.2%	*77.1%*	76.6%	-13.9%	*49.3%*	-15.2%	*52.5%*
4Q 2011	2.5%	*15.3%*	2.9%	*82.2%*	75.4%	11.8%	*67.0%*	12.0%	*70.7%*
1Q 2012	10.3%	*27.2%*	13.2%	*106.2%*	79.1%	12.6%	*88.0%*	12.8%	*92.5%*
2Q 2012	-1.5%	*25.3%*	-1.8%	*102.5%*	73.9%	-2.8%	*82.8%*	-3.2%	*86.4%*
3Q 2012	5.7%	*32.4%*	8.0%	*118.7%*	72.5%	6.4%	*94.4%*	6.1%	*97.7%*
4Q 2012	0.5%	*33.1%*	0.8%	*120.5%*	74.7%	-0.4%	*93.7%*	0.3%	*98.2%*
1Q 2013	8.6%	*44.5%*	11.3%	*145.5%*	76.5%	10.6%	*114.2%*	11.2%	*120.5%*
2Q 2013	0.4%	*45.1%*	0.7%	*147.2%*	78.5%	2.9%	*120.5%*	2.9%	*126.9%*
3Q 2013	3.8%	*50.7%*	5.0%	*159.4%*	79.3%	5.2%	*132.0%*	6.3%	*141.2%*
4Q 2013	7.0%	*61.2%*	9.1%	*183.0%*	78.3%	10.5%	*156.4%*	10.1%	*165.7%*
1Q 2014	3.3%	*66.5%*	4.3%	*195.1%*	78.8%	1.8%	*161.1%*	1.9%	*170.8%*
2Q 2014	3.6%	*72.6%*	4.8%	*209.1%*	78.7%	5.2%	*174.7%*	4.9%	*184.0%*
3Q 2014	-1.5%	*70.0%*	-1.8%	*203.7%*	82.5%	1.1%	*177.8%*	0.0%	*183.9%*
4Q 2014	4.6%	*77.8%*	5.0%	*219.0%*	91.7%	4.9%	*191.5%*	4.9%	*197.8%*
1Q 2015	3.2%	*83.4%*	3.7%	*230.7%*	88.6%	1.0%	*194.3%*	1.8%	*203.0%*
2Q 2015	2.4%	*87.9%*	2.9%	*240.3%*	85.6%	0.3%	*195.1%*	0.0%	*203.0%*
3Q 2015	-3.1%	*82.1%*	-3.5%	*228.3%*	85.0%	-6.4%	*176.1%*	-7.4%	*180.6%*
4Q 2015	2.7%	*87.0%*	3.1%	*238.5%*	89.0%	7.0%	*195.5%*	5.9%	*197.1%*
1Q 2016	-1.6%	*84.1%*	-1.6%	*233.1%*	96.3%	1.4%	*199.5%*	0.8%	*199.5%*
2Q 2016	2.2%	*88.2%*	2.6%	*241.6%*	88.1%	2.5%	*206.9%*	2.8%	*208.1%*
3Q 2016	5.6%	*98.8%*	6.9%	*265.3%*	82.6%	3.9%	*218.7%*	4.5%	*222.0%*
4Q 2016	7.4%	*113.4%*	10.0%	*302.0%*	74.7%	3.8%	*230.9%*	4.3%	*235.8%*
1Q 2017	-2.5%	*108.2%*	-2.9%	*290.2%*	81.5%	6.1%	*251.0%*	5.7%	*255.0%*
2Q 2017	1.6%	*111.5%*	1.9%	*297.7%*	85.7%	3.1%	*261.8%*	3.0%	*265.5%*
3Q 2017	2.1%	*115.9%*	2.4%	*307.2%*	89.9%	4.5%	*278.0%*	4.5%	*282.0%*
4Q 2017	8.6%	*134.6%*	9.2%	*344.6%*	94.4%	6.6%	*303.1%*	6.4%	*306.3%*
1Q 2018	1.5%	*138.1%*	1.8%	*352.5%*	87.1%	-0.8%	*300.1%*	-0.7%	*303.5%*
2Q 2018	3.9%	*147.3%*	4.0%	*370.8%*	96.5%	3.4%	*313.8%*	4.1%	*320.1%*
3Q 2018	-0.2%	*146.8%*	-0.2%	*369.9%*	100.7%	7.7%	*345.7%*	7.1%	*349.7%*

1. The return on invested capital highlights the performance of the Fund's investments, excluding its cash balances. It is calculated by dividing the Fund's gross return by the average invested capital ("Exposure"), and then subtracting the percentage of fees and expenses incurred during the period.
2. Exposure represents the average invested capital during each month within the quarterly period. For example, 75% exposure would indicate 25% of the Fund's capital is in cash.
3. The S&P 500 return includes dividends and neither the S&P 500 nor the Wilshire 5000 reflect an adjustment for any fees or expenses.