

Comus Investment, LLC

	<u>Comus Gross</u>	<u>Comus Net</u>	<u>S&P 500</u>	<u>Russell 2000</u>	<u>MSCI EAFE Small-Cap</u>
2016*	32.60%	30.87%	12.26%	22.77%	1.55%
2017	36.03%	33.50%	20.17%	14.65%	33.50%
2018	-4.47%	-6.99%	-4.39%	-11.01%	-17.58%
2019	11.17%	8.65%	31.48%	25.52%	25.47%
2020	10.33%	7.81%	18.40%	19.93%	11.69%
2021	9.03%	8.40%	6.17%	12.69%	5.11%
Cumulative	130.43%	106.33%	113.18%	112.49%	64.59%
Annualized	18.17%	15.59%	16.34%	16.27%	10.48%

*April 1st – Dec 31st, 2016

The compounded performance figures represent all realized and unrealized losses and gains in the firm's brokerage account after commissions and on a currency-adjusted basis over the specified period, as recorded by InteractiveBrokers. Index returns represent total return including dividends.

Dear Partners,

March 31st, 2021

In the first quarter of 2021, our investments experienced a total return of 9.03% before fees and 8.4% after fees, versus 6.17% for the S&P 500 index. At this point, you will have received reports with the details on your balance, fees, holdings, and performance from InteractiveBrokers for the past quarter.

For various reasons, starting in early 2018, global manufacturing and industrial production began to slide, culminating in the worldwide shutdown we all experienced last year. This is the primary reason for our weak performance since 2018, as most companies we own are manufacturers dependent on regional trade, and investor demand for such stocks has been low, regardless of pricing. The U.S. indices, unchallenged by old-world weaknesses with their heavy tech exposure, charged full-steam ahead through this period. After a brief respite in early 2020, the longest bull-market in history continued marching forward amidst the chaos, with tech leading the way. U.S. IPOs didn't suffer either, with 2020 new issues at their highest number since 1999, continuing into 2021 in record-breaking fashion, with the number of IPOs already above 60% of last year's total. In 2020, 90% of IPOs were of unprofitable companies, above the prior record set in 1999-2000 of 80%. Safe to say these are unlikely to be the next Microsoft or Google, both of which went public as highly profitable monopolies. In spite of this, the U.S. tech bubble has begun to peter, with the exception of cryptocurrency, as the Nasdaq index is up a mere 3% this quarter on concerns of higher interest rates and a re-opening of the economy (reducing the expected value of obscene punts in unprofitable growth stocks). It's impossible to say what others will do with their money, but much of the easy gains of the past decade are gone, as the public has already been funneled into a handful of popular indices and etfs.

Some rotation by investors into old-world and foreign stocks aided our performance this quarter, which came with the headwind of substantial currency depreciation vs the USD (our performance in USD terms was worse since a few foreign currencies became weaker vs USD). The companies we own clearly didn't increase in value by 9% this quarter; other investors are simply now willing to pay more for the right to own them- likely due to a clearer and rosier picture of the future, as well as data showing a modest recovery in manufacturing orders and production. One doesn't need Gamestop as an example to show that most changes in stock prices have nothing to do with changes in estimable value; they are rather the result of people moving money around at a whim, frequently guided by feeling, instinct and a capricious intuition. With any luck, the recovery will continue to provide pep to our portfolio, and an unwinding of the bubble stocks would also be a welcome sight.

As always, feel free to contact me at any time with questions, comments or concerns.

Best,

Aaron J. Saunders

Owner & Manager, Comus Investment, LLC.

asaunders@comusinvestment.com