

Comus Investment, LLC

Dear Partners,

October 1st, 2017

In the third quarter of 2017 our investments experienced a total return of 10.28% before fees and 9.65% after fees, versus 4.48% for the S&P 500 index. Year to date, we have generated a total return of 23.45% before fees and 21.56% after fees, versus 12.69% for the S&P 500 index. As usual, I will be sending your quarterly statements with details on your balance, fees, holdings, and performance from InteractiveBrokers.

As stated in the previous quarterly report, results over a period of three months shouldn't be given much importance. We should be interested in our results over a multi-year period and any fluctuations that result in the meantime should be only seen as a means to an end. Again, it is better for us if prices decline rather than increase, but it is generally the case that cheap companies eventually revert to fair value.

Our investment in Spirit Airlines only accounts for a small percentage of our portfolio, but over the past two years it has remained quite cheap. As usual, this harms our short-term results on paper but we have continued our purchases and I believe it remains a great business despite its short-term struggles. Wall Street has attempted to predict the outcomes of micro-competitive dynamics for the airline industry which I believe is not their strong suit, and thankfully for us, investors remain wary of the stock.

Our bread and butter consists of mediocre but cheap companies, which account for over 90% of our portfolio. These companies are extremely enticing and will continue to contribute the most to our results going forward. Any private owner would dream of purchasing companies at such prices, and we must thank market participants for their generosity and impatience. Most of these companies are quite obscure and are not covered by the mainstream financial media due to their boring nature, smaller size, and mediocre performance. I do not know yet if it is coincidence or indicative of my investment proclivities that we regularly and consistently outperform with industrials and consumer cyclicals more so than other sectors, but I am drawn to stable companies with significant liquid assets, positive ongoing earnings and cash flows, and which sell at low prices. Such companies are easily understandable and provide me with significant comfortability as well as confidence in their undervaluation.

Some of our holdings have been stagnant over the past few years and I have considered reaching out to management to discuss their plans and options. If it is the case that management action is necessary to correct the undervaluation, which may be the case in some instances, I will usually attempt to do so before eventually giving up on the company if it remains cheap for 3+ years. Given that our total AUM is below \$1 million, we obviously do not yet have the ability to gain a sizeable stake in any public company, but this may change in the future and will increase our ability to affect change if necessary.

As always, if you have any questions or concerns please reach out and I would be happy to talk.

Best,

Aaron J. Saunders

Owner & Manager, Comus Investment, LLC.

asaunders@comusinvestment.com