

"If I can be optimistic when I'm nearly dead, surely the rest of you can handle a little inflation."
– Charlie Munger

Fourth Quarter 2021 Commentary

Good Opportunities Fund

Dear Valued Client,

The Fund gained 4.1% over the fourth quarter, and 18.1% over the calendar year ending December 31, 2021. The adage that equities generate higher returns with higher volatility has continued to prove itself out over the past number of years.

This past year started off with a bizarre meme stock euphoria that led to some repositioning of the portfolio. Companies with high debt loads and questionable business outlooks were bid up for the sake of entertainment. While we did not own or short any of the stocks that were the focus of the mania, our short positions were tangentially impacted by this, and we quickly decided to cover all our short positions. We will be repositioning our short positions in the coming months as we continue to uncover available opportunities.

The Fund currently owns 12 large-capitalization companies and three exciting smaller companies. Large-cap companies have dominated market returns over the past several years but, over time, earnings and business quality are what drive returns, regardless of company size. We remain optimistic about the prospects for all the businesses we currently own.

The Fund was a large beneficiary of owning Etsy in 2020. However, as the market capitalization of Etsy continued to grow beyond what we thought was reasonable, we sold our entire holding in the company. Simply put, our projections for the sustainability of the company's growth was lower than the consensus priced into the stock.

Thank you for continuing to trust us with your assets. We ask, as always, that you please give us a call if you have any questions or concerns that you would like to discuss.



Daniel Goodman, CFA
Chief Executive Officer



Effie Wolle, CFA
President and Chief Investment Officer