

CM LEGACY FUND

January 10, 2017

Dear Investor,

After an excellent first half of 2016 we had a very disappointing 4th quarter to end the year. We captured very little of the “Trump rally” and much of the negative sector rotation. During this quarter the CM Legacy Fund declined 7.97%.

We entered the election period with hedges in cash, gold and several short positions. The cash did little for us, our gold stocks were crushed and we had to cover our shorts with a loss in each. Some of our biggest, best and longest held positions such as Constellation Brands, Facebook and Medtronic lost over 15% in ten days. Our precious metals stocks, Agnico-Eagle, Franco-Nevada and Silver Wheaton, reacting post-election to a much stronger U.S. dollar each lost over 20% in a few days.

Needless to say, a concentrated portfolio can be vulnerable to dramatic short term sector rotations. We were on the right side of everything after the Brexit vote in June. However, after the surprising Trump election results, investment capital quickly flowed out of emerging markets, consumer staples, health care and technology into financials, materials and energy. Also, contrary to pre-election consensus, Trump’s victory has been very negative for gold due to increased confidence in the markets as well as the stronger dollar.

Despite this short term turmoil, we are very positive entering 2017. The U.S. will transition from the most hostile administration to business since FDR to a Trump administration that may be the most business friendly since Reagan. Our portfolio had an excellent start in January with a 3.1% gain in just the first four trading days.

It will be an interesting year!

We have repositioned the Fund to diminish our hedges in precious metals and have increased our exposure to financial companies. At the start of 2017 we own: Blackstone, First Republic, Goldman Sachs, and Wells Fargo. Financials should prosper with higher interest rates, a stronger economy “animal spirits” and a less oppressive, confiscatory regulatory environment.

The Fund has been very steady with 20-25 investors – all of them would be considered “friends or family”. This is exactly the business plan I envisioned at the inception of CM Legacy Partners LLC. I hope to put 2016 behind us and reward your confidence with more exceptional performance in the future!

If you have any questions, do not hesitate to contact me at 917-225-6002 or cam@kcorba.com. You can also review our website at www.cmlegacy.com.

Kenneth W. Corba

Portfolio Manager