

# CM LEGACY FUND

April 10, 2017

Dear Investor,

We had a good start to 2017. Your investment in the CM Legacy Partners LLC advanced 4.2% during the first quarter. Our best performers in the portfolio were Facebook, Lockheed Martin and Microsoft.

The CM Legacy Fund is a focused, concentrated investment portfolio. We currently have a collection of 15 outstanding operating businesses. We look for companies that have attractive growth rates, high profit margins, a brand or sustainable competitive advantage and generate enough free cash flow to consistently raise their dividends. In addition we own an alternative asset management partnership (Blackstone), two country ETF's (Japan and Brazil) and two gold mining stocks (Agnico-Eagle and Pretium Resources).

Our investment in gold is both a speculation and a hedge. Whenever confidence in the U.S. dollar or global monetary system begins to fade the desire for gold greatly increases.

As you may have noticed from the Schedule K-1 you recently received, our investment strategy is quite tax efficient. Many hedge funds actively trade their positions and accumulate short term capital gains which are taxable to the government. With our buy and hold strategy, it allows our successful investments to continue growing and compounding over time. We can shelter our capital from taxes for many years. For instance our position in Constellation Brands has been held for over four years and is up over 90%. Kennedy-Wilson has advanced over 65%. We have owned Johnson & Johnson for about five years and it has appreciated 75% and pays a 4.5% dividend based on the original cost. One of the tenets of our investment strategy is to realize small losses quickly and allow winners and dividends to continue to grow.

It has been quite interesting to watch the U.S. equity markets steadily advance ever since the election results in November. The New York Times said the day after the election a Trump victory would precipitate a stock market sell-off and equities would "never" recover. In five months the U.S. equity market has added over \$3 trillion of wealth to the nation. We have a uniquely outspoken and polarizing figure in the White House. This President is facing open hostility from not only the defeated Democratic Party, but the intelligence community, the mainstream media, Hollywood and Washington insiders. The U.S. stock market is looking past the turmoil and forward to corporate tax reform, relief from an oppressive regulatory state and a more pragmatic energy policy. It will be compelling theatre to see how a "pro-business" administration fares over the next few years against relentless political opposition.

If you have any questions, do not hesitate to contact me at 917-225-6002 or [cam@kcorba.com](mailto:cam@kcorba.com). You can also review our website at [www.cmlegacy.com](http://www.cmlegacy.com).

Kenneth W. Corba

Portfolio Manager