

CM LEGACY FUND

July 10, 2017

Dear Investor,

We had a solid first six months of 2017. During the second quarter your investment in CM Legacy Partners LLC advanced 2.2% and you have a net return of 6.5% year to date through June 30. This result compares favorably with the average hedge fund return (Barkley Hedge Fund Index) of 4.4% for the same period.

We lost a bit of ground to the S&P 500 due to several short positions in a rising market and our ownership of two gold stocks that have been disappointing so far this year: Agnico-Eagle and Pretium Resources. The Fund currently has two short positions in General Motors (poor trends in auto sales as well as declining quality of auto loans) and Brinker International (weak results and highly competitive environment in casual dining properties).

The Fund's most successful five investments in the last six months have been:

Constellation Brands (STZ) - An international producer and distributor of beer, wine and spirits. Brands include Corona, Modella and Mondavi.

Lockheed Martin (LMT) – A military defense and aerospace company. They design, develop and manufacture aircraft, missiles and space transportation.

Raytheon (RTN) – An aerospace and defense technology company specializing in communications, computers and cyber intelligence.

Tencent Holdings (TCEHY) – A Chinese holding company with subsidiary investments in media, entertainment, payment systems and online advertising services in China.

Square Inc. (SQ) – A software and hardware company that enables mobile device payment systems.

The CM Legacy Fund currently has \$3.1 million in assets and 21 investors. It is a small, personal and very tax-efficient private fund for high net-worth individuals. Over the last seven years we have annualized returns of 9.0% during a period when active equity managers and hedge funds have generally struggled with disappointing results. We have been frustrated as well by our inability to sustain double digit returns given our concentrated portfolio. Going forward, to elevate our relative performance, we need our largest holding Blackstone to advance from \$33 to a more appropriate valuation of \$40, or perhaps gold stocks will go on another run.

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