

CM LEGACY FUND

January, 2025

Dear

"Pessimists sound smart, optimists make money."

Despite a rather severe drawdown during the last two weeks of December, we managed to post a very good year in 2024. Your investment in CM Legacy Partners LLC appreciated +8.7% during the 4th quarter and for the full year we had a net return of +30.8% versus the S&P 500 +23.3% and DJIA +12.9%. The Fund's best equity performers during the 4th quarter were Amazon, Blackstone, Cheniere, Jefferies and First Citizens BancShares.

Our single most profitable investment this year was the addition of MicroStrategy to our Bitcoin exposure a few weeks before the election. MicroStrategy, run by Michael Saylor, is a modestly growing software company that has used their corporate balance sheet to become a leveraged acquirer of Bitcoin. MSTR is a very aggressive way for investors to own Bitcoin directly in the equity market. However, it is highly volatile and quite controversial from a valuation perspective. After its recent dramatic appreciation, we sold one third of our position. That sale realized proceeds approximately equal to our original investment and now the Fund has a 4.5% position in MicroStrategy with "house money."

The U.S. government has stifled the development of crypto for the last four years by withholding regulatory clarity and attempting to enact policy through enforcement actions. With the election of a new Republican administration in November and the announcement of a crypto friendly new SEC chairman, the environment for innovation and adaptation has been profoundly improved. Since the election there has been enthusiastic buying of Bitcoin - a finite asset, unlike the infinite supply of U.S. dollars that are easily created by the government to maintain deficit spending. We are likely to see a Bitcoin strategic reserve in the U.S Treasury and following the groundbreaking example of MicroStrategy, corporate treasurers are beginning to add Bitcoin to their cash reserves. We currently have an allocation of about 10% of Bitcoin in the Fund. The more traditional "safe haven" gold has a 5% position. Gold also outperformed the S&P 500 index by rising over 27% during 2024 - a sign of U.S. dollar debasement.

The balance of our portfolio is a curated collection of outstanding businesses in diversified industries such as: Amazon and Costco (retailing), Jefferies and Prudential (financial services), Microsoft and Palantir (software services and artificial intelligence), Eaton and Ingersol Rand (industrial manufacturing), BWX Technologies and Cameco (nuclear power) and Cheniere (natural gas).

After the post-election rise in many stocks, it is likely that we will experience another significant correction sometime during 2025. But if the new Republican administration can deliver on promises to end the war in Ukraine, lower energy prices from increased domestic supply, deregulate parts of the economy and eliminate or reduce bloated government agencies; a pro-business environment should be quite hospitable for market 'animal spirits' and the ongoing momentum in our high-quality portfolio.

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

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