

CM LEGACY FUND

January, 2026

Dear

A market sell-off in the last three days reversed our positive quarter to a negative -4.2%. Ironically, we advanced +5.5% in the first three trading days of 2026! At year-end your investment in CM Legacy Partners LLC had a net return of +14.9% for 2025 and an annualized return of +22.4% for the trailing three years.

The U.S. equity market is set up for another positive year in 2026. The cost of gasoline is dramatically lower, inflation is declining, and interest rates including mortgage rates are also headed down. Tax breaks, foreign investments in infrastructure, and pro-growth regulatory changes are already driving higher GDP. Government employment is declining for the first time in decades, while the private sector is adding jobs. These trends, along with developing Artificial Intelligence, will be deflationary and increase economic productivity.

The administration projects deficit spending will decline by \$600 billion year-over-year. However, we are still a long way from a balanced budget. Over \$1 trillion will need to be borrowed and "printed" and will be added to the \$38 trillion government debt obligations already in place.

The gold/silver price action in 2025 signals a loss of confidence in our debt-laden U.S. and global monetary system. Gold appreciated over 70% and silver over 100% in U.S. dollar terms. Central banks continue to accumulate gold rather than U.S. Treasuries. Our largest position (over 10%) in the Fund is Agnico-Eagle. It is the best managed, premier large-cap gold mining company with most of their properties in favorable mining jurisdictions in Canada and Australia. AEM is "minting" money with AISC (all-in sustaining costs) of \$1,375 per ounce and gold currently priced at \$4,494 per ounce. We also own Wheaton Precious Metals (a gold and silver royalty company), CEF (Sprott Gold and Silver) and SLV (a silver bullion ETF).

Our largest investment sector after precious metals is technology. We own Amazon, Microsoft, Tesla, Unity Software, and Bitcoin. Amazon owns 15% of Anthropic, and Microsoft owns 27% of Open AI. If either of these private AI companies go public with an IPO in 2025, it could generate substantial gains for investors. The lofty valuation of Tesla is not derived from the EV auto business, but from their leading technology in energy infrastructure, Artificial Intelligence, data centers, and advanced robotics.

The two most controversial issues as we enter the New Year are: 1) Is there an overinvestment in AI relative to potential future earnings? 2) Is there unsustainable personal, corporate and government debt in the U.S.? To address these issues, during the 4th quarter we reduced our technology exposure by selling profitable positions in Meta Platforms and Palantir, and we increased our exposure to precious metals. Gold and silver are "hard money" assets that provide refuge from ongoing currency debasement or a sudden sovereign debt crisis. For the same reason we patiently own Bitcoin, but crypto severely underperformed with negative returns last year.

We believe the Fund is well positioned heading into 2026. We look forward to another year of compounding positive returns with a portfolio of quality wealth enhancing assets.

Best wishes to all our investors for the coming New Year!

Kenneth W. Corba
Portfolio Manager