

CM LEGACY FUND

April, 2026

Dear

The first quarter of 2026 was a difficult and volatile three months! Equity markets were disrupted by artificial intelligence threatening software companies, a panic run on private credit funds, tariff uncertainty and finally, a major conflict with Iran leading to higher oil and higher interest rates. All of the “Magnificent Seven” tech companies that powered the bull market in 2023 and 2024 were down double digits and our largest and often best performing company Blackstone lost 25% of its market value during the quarter. Fortunately, our positions in gold mining and energy stocks managed to provide some buoyancy to the portfolio. At quarter-end your investment in CM Legacy Partners LLC had a net loss of -4.4%. This result is slightly better than the major indexes: S&P 500 -4.6% and Nasdaq -7.1%. During the trailing one year and three years the Fund delivered very solid annualized returns of +20.2% and +22.2%.

Our best performing positions during the quarter were: Corning Inc. (GLW), Exxon Mobil (XOM), Agnico-Eagle (AEM), BWX Technologies (BWXT) and Costco (COST). Corning provides high end optical fiber for AI data centers and BWX Technologies as well as other holdings Eaton and Bloom Energy provide power to data centers. It remains to be seen if the hyper scalers like Alphabet and META will ever achieve sufficient profits from their massive investments in artificial intelligence. We have steered clear of these companies because they have evolved from capital efficient businesses with high profit margins to very capital-intensive business models. We prefer to own the providers of scarce resources to the infrastructure build out of AI (energy, semi-chips and fiber optics).

We currently own three energy companies: Cheniere Energy, Diamondback Energy and Exxon Mobil. Fortunately, with the Iran conflict and closing of the Straits of Hormuz, our current administration ended the previous government’s “war on fossil fuels”. The U.S. is now a relatively self-sufficient energy producer as well as global exporter of oil and natural gas.

An ongoing issue, only made worse by the expensive military operations in Iran, is the U.S. government debt that is approaching \$40 trillion. U.S. treasury debt service now exceeds annual military spending. This debt is one cause of a structural shift in how global capital is being allocated. Central Banks are moving away from investing their reserves in U.S. treasuries and are preferring to acquire gold. Gold has no counter party risk and cannot be sanctioned, frozen or threatened by tariffs. The Fund has a large position in gold miner Agnico-Eagle and also exposure to gold and silver royalties with Wheaton Precious Metals. We own both gold and bitcoin because they cannot be printed or debased by any government.

Although gold prices can be volatile, particularly when the market has a liquidity crisis, the biggest risk long term is if governments stop printing money and start paying down their debts. That is a very unlikely scenario! It has so far proven to be politically impossible in this country. The only recent exception was the election of Javier Milei (a staunch libertarian who believes in smaller government). After one hundred years of economic mismanagement in Argentina; he has managed to balance the budget within two years!

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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