

Your quarterly report in the following pages should please you. The market's recovery this quarter remarkable. As I was preparing to write this quarter's commentary, the classic Diana Washington song "What a difference a day makes" floated through my mind and I started humming "What a difference a quarter makes".

Last quarter's headlines from the Wall Street Journal, *"U.S. Indexes Close With The Worst Yearly Losses Since 2008"* to this quarter's headlines from Barron's, *"It has been decades since the market glowed this green to start the year - even as several signs start to flash red."*

The "signs start to flash red" part was included, not only for journalistic integrity, but to be able to expand upon it. There are always signs "flashing red" when we speak of investing. Trade disputes, interest rate hikes by the Federal Reserve and political chaos were "flashing red" signs which contributed to December's rout. Frankly, the market sell-off in the fourth quarter was not on our radar. Our forecasts were for continued economic growth for at least the next few years. The fourth quarter's sell-off highlights the difference between traders (those constantly in and out of the market) and investors (those seeking value and investing for the long-term). Traders run for cover at every flashing red sign they see. Investors understand that the market goes through cycles and has historically, always (that's 100% of the time) fully recovered from corrections and bear markets. Investors seek out quality and hold on through the ups and downs of the markets, understanding that patience is required to reap the long-term rewards of investing.

Margo and I are long-term value investors. We seek out companies we believe will provide a good long-term total return without exposing you to extraordinary risk. When we add these companies to your accounts, it is with the expectation they will be held for the long term. As the sign in my office states, "The biggest risk of the securities of America's great companies has always been, and continues to be, not owning them."

Be patient. Be rewarded.

We are here for you, always. Never hesitate to contact us any time you have questions or concerns. We appreciate the opportunity to be of service to you.