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Dear Fellow Investors,

It's no secret that 2020 was a challenging year due to COVID-19 and the mounting worldwide death toll, its impact on the global economy, and severe strain on our healthcare system. Thankfully there were some silver linings like spending more time with family, enjoying the outdoors, and perhaps more time to reflect on what's most important in our own lives. I'm happy to report our investment portfolio was another one of those silver linings for 2020. While there were some wild price swings early in the year, our portfolio rebounded strongly to finish well ahead of the market's total return (S&P 500: 18.4%) with portfolios up 40-50% for the year. Since inception (June 2018), managed portfolios have returned in excess of 220% over 2.5 years, vs. 45% for the S&P 500. I'm very proud of this phenomenal result which didn't involve any use of leverage, derivatives, or outsized risks and surely would rank among the upper echelon in terms of performance of any professionally-managed funds over that time span.

As a number of you are aware from my requests for additional foreign trading permissions, I've recently been searching for more opportunities in foreign markets, partly due to less available opportunities in the US that fit an acceptable risk/reward profile and also due to my belief that casting the largest net possible will unearth more actionable ideas. Although some foreign markets may present more risk, I believe focusing on countries with a strong rule of law, active and strong market regulators, and companies with financials in English and adequate disclosure should mitigate most of those risks. There is definitely a sense of euphoria evident in many markets which is reflected in the valuation of many companies. My hope is widening our investable universe will help identify opportunities with attractive risk/reward characteristics and defend against the steep valuations of the overall market.

In addition to the growth in assets from performance, there has also been growth in the number of clients and number of accounts. Due to these factors and the complexities of continuing to manage accounts separately, I've decided the best structure for the firm as well as clients going forward is an investment partnership. While this structure is commonly referred to as a "hedge fund" and many investors associate hedge funds with the use of leverage, derivatives, or other complex instruments; there will be no change in our investment strategy, nor our investment goals. The primary benefit of this structure will be to pool our capital together and make managing our investments much more efficient. There will be additional costs associated with this structure as well as an increase in management fees, but I feel the benefits clearly outweigh the costs. Please feel free to reach out with any questions, but also know I'll be reaching out to explain the specifics of this conversion to each of you soon. My goal is to have this process completed in the next few months.

I sincerely thank you for entrusting me with your hard-earned resources. With patience, focus, and a process-oriented mindset, I'm confident our portfolio returns will continue to exceed the broader market over the long-term. As always, feel free to reach out anytime with questions or concerns.

Best Regards,

Below I've included a short overview of two of our investments and current holdings:

Nocopi Technologies (OTC:NNUP)

Nocopi Technologies is a small manufacturer of specialty inks, primarily for a relatively new segment of the children's coloring book market. Nocopi's largest customer, Bendon Publishing, licenses Nocopi's "mess free" ink technology by paying Nocopi a royalty based on their invisible ink book sales, branded *"Imagine Ink"*, and also purchases ink manufactured by Nocopi. Both of these revenue streams are very high margin, with the royalties sporting gross margins of 80%+ and specialty inks with gross margins of around 65%. It's also important to note Nocopi has a number of patents protecting its specialty ink technology and their technology is superior to the only major competitor in this space, Crayola. Bendon's *Imagine Ink* book product line has grown impressively over the past few years (likely in excess of 30% per year) and is one of Bendon's top products. Not only has the Imagine Ink product line grown through additional retail customers (Wal-Mart began in 4Q 2019), but Bendon licenses content from many of the top children's brands such as Disney, Marvel, and Nickelodeon. To sum their positioning up, Nocopi owns the critical IP for one of the top products in a fast-growing consumer product category. Even though they have large customer concentration with Bendon, I believe they are in a formidable bargaining position due to their best-in-class technology and patent protections.

Nocopi is also a frugally run, highly cash-generative business with no debt and long-term customer licensing agreements in place. With more focus on their competitive position, perhaps negotiating more favorable licensing agreements or increasing specialty ink prices, and operational execution, I believe their earnings and cash flow should continue to grow as Bendon continues to take market share from Crayola and the market for mess-free coloring books grows as well. With shares currently only trading at 5 or 6x my estimate of annualized Free Cash Flow, I believe the company is severely undervalued.

Collector's Universe (NASDAQ:CLCT)

Collector's Universe provides grading and authentication services for trading cards, collectible coins, autographs, and other memorabilia. The trading card grading division, PSA, has experienced an incredible surge in demand over the last year as the already steadily growing market for trading cards expanded even faster during the pandemic. Most importantly, PSA has a decades-long history as the largest and most-respected trading card grading company in the industry, giving them wide latitude for pricing power and generating demand in the form of an ever-rising backlog. Because of these factors, CLCT's quarterly results since early last year have continually surpassed expectations with drastic revenue increases and even faster profits. While the stock is up almost 300% over the past year, preliminary results from their last quarter of revenues up 70% year-over-year and operating income of $15M may point towards the stock still being undervalued at 12x operating income.

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The sharp rise in demand of the trading card market has caught the eyes of many business and investors, with one group led by the owner of the NY Mets reaching an agreement with CLCT's board and management team to take the company private at an opportunistic price many investors, including yours truly, felt was completely unfair to shareholders. The group's first offer was summarily rejected by shareholders earlier this week (1/19/21) and has since been increased by 22%. Despite the excellent financial results and outlook of their PSA business and the extensive press coverage of the trading card boom, CLCT's management team and board put forth very little effort in trying to entertain offers from other interested parties in selling the company. So while the second offer is an improvement over the first, the fact a well-run process of trying to sell the company wasn't undertaken is what has really frustrated shareholders. We'll have to see if enough shareholders are pleased with the increased offer, but I, along with many other large shareholders, believe the company is easily worth more than $100 considering their dominant position in the card grading market and the strong outlook for the market overall.