



March 4, 2022

**PORTFOLIO UPDATE FROM GOODHAVEN**

We avoid writing intra-period letters and commenting on the headlines of the day. We do not try to predict geo-political events that can influence our portfolio decisions. As we have said, these fall into the category(s) of important but unknowable and unanalyzable. While they may impact market prices and economies over the short term, and sometimes materially, we remain focused on what we think is important, analyzable and knowable - having fundamental insights into a short list of companies and industries. We strive to make such investments with a margin of safety.

We expect the actual worldwide economic near-term impact from Russia's invasion of Ukraine to be quite severe to certain sectors and countries but more isolated than the last few broader based economic events. Based on our analysis, the portfolio of companies we own have no material direct exposure to Russia or Ukraine – though we remain mindful of indirect risks and exposures.

The current period of market(s) volatility, and geo-political concerns is reaching extreme levels. Most of us have experienced quite a few periods of market volatility over the years. Some common threads from those experiences are how insurmountable the headlines were at those moments and yet with the benefit of time and hindsight how the problems eventually became more manageable. This is not meant to minimize the tragic human toll from Russia's invasion of Ukraine and terrible human suffering taking place there. As I have mentioned in recent letters, the current structural make-up of markets brings with it more volatility, sometimes accompanied by actual economic dislocations, and sometimes unwarranted. Macro events are evolving and changing rapidly, including the recent surge in oil and gold prices, two sectors where we have material exposure and have benefitted positively. Our companies have strong balance sheets with low debt leverage, and in some cases significant cash reserves and a history of opportunistically and successfully deploying cash during stressful periods.

Our recently reported strong returns were due in no small part to opportunistic purchases made during 2020's downturn. The recent pace of adding to existing positions and initiating new investments has accelerated and we will keep looking to take advantage of the market volatility while being mindful of any potential exogenous downside risks.

Kind regards,

Larry Pitkowsky

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**Mutual fund investing involves risk. Principal loss is possible.**

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