BOXWOOD

CAPITAL MANAGEMENT, LLC

Dear Investor Members and Friends,

The past 3 months marked the end of the most volatile quarter, with the largest per cent drop in the S&P 500 Index since 2011. The Jensen Opportunity Fund had yet another good quarter. What did we do? Stay the course. Bought on the cheap. What will we do in the future? More of the same.

The long term approach of the fund allows us to capitalize on the fearfulness of others. Fearfulness that is, for the most part, brought about by their near term, quick gain, cannot sustain temporary declines, in and out, knee jerk and emotional reaction to the daily, hourly, minute to minute, if not millisecond swings in the markets. There were many such swings in Q3.

Thanks to your long term capital investment we are able to be greedy when others are afraid. Allowing your money the opportunity for significant gains, in a hedged fund, following a disciplined strategy for growth, takes away the psychological tendencies which negatively afflict the individual investor – by means of either self-direction or direction of their commission based broker. That is what we do.

The Monday morning of August 24th saw the S&P drop almost 5 percentage points within the first ½ hour of the markets opening. Many well-known ticker names were temporarily halted from trading - circuit breakers to prevent sharp declines kicked in. The NYSE implemented special rules at the opening of the next couple of sessions, allowing the floor operators to "soft open" the books on many stocks. Broadly held names like GE shed almost 20% of their values within minutes. Scary for sure. But were these events enough to deter us from our strategy? Absolutely not.

The reports from the preceding week along with new facts pointing to a softening Chinese economy continued pouring in throughout the weekend prior to the 24th. The allowable trading band on the yuan was for the first time set to a range determined mostly by market forces. Counterintuitive to yours truly, the US dollar strengthened against it. The Chinese stock markets continued the shedding that began in early July. Market participants were confused. The seemingly positive data coming from the bureau of statistics were questioned. Party officials continued their interventions to stem the market declines. Stocks still tanked. Meanwhile the US markets were hyper focused, almost obsessed over interest rates. The September FOMC meeting came and went with no rate hike. Disturbances abroad were widely cited as the reason for inaction. Stock markets were up some days, down others, with large swings being the norm. These are some of the events which contributed to the rise in volatility which hadn't been seen in quite some time.

How did this change our strategy? Not one bit. Will US interest rates eventual rise? Most certainly. Is it true that when China sneezes the rest of the world economy catches a cold? Yes, this is now a reality. Does a strong dollar create headwinds for US exports? Yes. Do any of these events change the dynamism and innovation of US tech firms? No.

How about the fact that technology is becoming ever more important in our daily lives (and businesses and government)? No change. Are the large, deep and almost impenetrable moats, and high barriers of entry, say in a company like $GOOGL compromised? Not even over the medium term. Does $AAPL's $200 billion on the balance sheet become irrelevant? No. What about $FB's 1.4 trillion in MAUs? They are still there. Will $TSLA's Model S loose the never been achieved before

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perfect Consumer Reports rating? Nope. …. Same day drone delivery, block chain applications, autonomous cars, VR/AR(☺), cloud tech, internet of things? … ?

This is the context in which we invested over the quarter. We will continue to amass the largest possible holdings in select technology names with ubiquitous, winner take all products; cash generating operations that allow for "moon shots"; the best and brightest minds; businesses that are impenetrable and essentially hold duopoly status on the engines that continue to move the world forward. Let us ponce on the low priced assets. We are glad to buy what you have shunned for the day and hold for many, many more days ahead. We say thanks for allowing us to see our strategy through, come back selling the next time fear is so pervasive. We aren't deterred.

The Jensen Opportunity Fund was up 3.1% over the quarter, while the S&P declined 6.9% and the Dow 7.4%.

Fall is in the air. Let us take a bite out of $AAPL. Send the kids back to school to study the Alphabet, Inc. ($GOOGL).

Until next time,

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