BOXWOOD

CAPITAL MANAGEMENT, LLC

WOW, what a quarter! The 'V' in volatility was certainly on show in the price chart of the S & P 500 index. The first of the year started and then continued with a steep and sharp decline. The tip of the trough forming almost perfectly at the midpoint. Only to be finished with a steep and steady rise upward. Ten per cent down, a little over ten percent up, all over the course of 3 months, with the bottom forming in the middle of the calendar quarter. A perfect 'V' in many ways.

I must admit that we were caught off guard a bit. And it wasn't because we had inadequate downside protection in place. As we have reviewed in previous updates, our hedge seemed commensurate with the risk to the downside, especially in light of our long term investment nature of the fund. Even in hindsight, I believe the amount of protection was appropriate. The difficulty that arose related to the expiration of that insurance. Most of the hedge expired in the middle of January. Resulting in a large portion of the fund unhedged during the left hand side of the 'V'. Using fancy math-speak, we were on the wrong side of the slope.

What did we do? In short, we were greedy. We bought long when others were fearful. We dropped our emotion and focused on our long term strategy. Just like we have done in the past. Just like what we will do in the future.

Separating emotion and fear from investing is very difficult for the individual investor. In our investments I answer to the investor members, making that separation easier. I have a duty to carry out the investment approach. To buy insurance protection when ours expired, during the sharpest of the downturn, would have felt the safest. We would have joined the crowd. Over paid. The sweat could have been wiped from the brow. The security of such would have temporarily relieved the fear of loss. But, NO! Having the benefit of "the long run" on our side, we are able to capitalize in the down markets. Don't respond to the fear and over pay for security in times of distress. Stay the course. Do the opposite!

Tough for the individual, but that is just what we did. Following THE worst new year opening trading week in history, we went long. In fact, on January 11th and following up and adding to the position on January 26th, we bought the right to acquire 700 shares of $AAPL at $85, two years hence. Remember the "V". That investment was made at the height of fear. The market didn't turn upward until February 12th. Had we instead bought insurance, covering that that had expired, reacting fearfully, we would have paid a stiff premium. Instead we bought long and on the cheap. Indeed, on March 31st, with $AAPL closing at a price of $108.99, that investment broke even. Over the 2 years and beyond, I expect that one instance of disciplined approach to strategy to pay off handsomely!

I also expect that we will go in and add some hedges throughout the remainder of the year. But, only as the price on the underlying continues to rise, and consequently, the price on the security decreases. This will cost us some upside. Although done right, the price paid shouldn't be meaningful.

And I hope that is your overall view of our performance. Steady results formed by a strategy of capitalizing while markets are down and adding hedges while markets are up. Consistent with such, I am pleased to announce that, net of fees, *The Jensen Opportunity Fund* was up 1.59% over the quarter. Beating our benchmark by a full half per cent. Continuing on with our perfect score of quarterly outperforming the benchmark since inception. Four in a row. Let us make it five.

Until next time,

Todd Shorb