
BOXWOOD

CAPITAL MANAGEMENT, LLC

April 4, 2020

The Virus

Macroeconomic events and regulatory concerns relating to the positions of *The Jensen Opportunity Fund* won't be discussed in this quarterly investor update. Yes, jobless claims are smashing all-time highs. Unemployment rates are back to The Great Recession levels, and likely to go much higher. GDP numbers plummeting. All true. But, future market outcomes will be determined by the progression of The Virus. Will there be epicenters like NYC in multiple areas throughout the country? How will that impact the epidemiological curve? When will the curve plateau? Will there be a vaccine? When? How about therapeutics? All super good questions, but better answered by the medical and scientific profession. Rather, let us review the fund's approach over the quarter.

Two important considerations pertaining to the fund's quarterly performance are 1) the fund owns and holds a core set of positions for the long-term(10+ years, if not longer). Most are high growth stocks that usually decline more than the market indexes when both are trading down. 2) *The Jensen Opportunity Fund* is a hedge fund, thus those long positions should be "hedged" to counterbalance any decline in prices. Regarding 1), the fund's positions were hit very hard, and even on a relative basis as compared to the indices. No stocks were spared. The peak-to-trough was record breaking in its speed and sharpness. Record declines were occurring day after day. Regarding 2), the fund primarily used an option tool called a put to provide a cushion for the long holdings' declines. A put gives the owner the right, but not the obligation, to sell the underlying stock at a certain price in the future. If the underlying stock goes down in price, the put option goes up in value – the hedge.

The fund started purchasing put options in mid-February. Not much capital was deployed, but the payoff was, and continues to be, extraordinary. Take a look:

Security	Position Start Date	# of Contracts	Cost Basis	# of Remaining Contracts	Unrealized Gains	Unrealized Gains % Change	Realized Gains	Realized Gains % Change
CCL 03APR20 42.50 Put	13-Feb	10	2,850	0			25,233	885%
CCL 17APR20 43.50 Put	14-Feb	20	5,340	10	26,714	1001%	28,214	1057%
IMAX 19JUN20 15.0 Put	27-Feb	80	10,508	50	24,644	375%	15,287	388%
MAR 17JUL20 125.0 Put	27-Feb	5	6,800	3	11,104	272%	11,780	433%
TSLA 20MAR20 800.0 Put	13-Feb	4	17,081	0			52,915	310%

Totals: 119 42,578 63 62,461 277% 133,429 666%

*The numbers are unaudited. **The gains listed as a per cent are not annualized! ***Positions as of 3/31/20 4pm est



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Notice there are both unrealized and realized gains. The unrealized gains have increased in value as of this writing. The realized gains have been used to purchase new long positions in stocks which are well off their 52-week highs and are companies with well-known brands and strong balance sheets. Take a look:

Security	Position Start Date	Quantity	Average Cost	52-week High	Purchase Price as a % of 52-week High
CLX	27-Feb	30	173.02	214.26	81%
DIS	12-Mar	100	93.02	153.41	61%
HD	9-Mar	250	192.68	247.36	78%
JPM	12-Mar	100	89.76	141.10	64%
NKE	16-Mar	100	69.15	105.62	65%
SASR	12-Mar	450	23.00	38.45	60%
T	12-Mar	200	31.08	39.70	78%
WFC	16-Mar	300	28.81	54.75	53%

103,763

*Positions as of 3/31/30 4pm est

Recognize that the amount of realized profits in the short positions approximately equals the amount of stock bought for long. This newly acquired stock was purchased with the profits of trades that paid off in as little as 45 days and will be held alongside the fund's core positions. The fund usually doesn't "trade", but Q1 offered extraordinary opportunity to turn trading profits into long term investments.

The success of the short positions shown in the first chart made it so *The Jensen Opportunity Fund* only declined -.52% over the quarter, net of fees, as compared with the precipitous decline in the S&P 500 index of -25.0%. A very strong outperformance.

Until next time,

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