
BOXWOOD

CAPITAL MANAGEMENT, LLC

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Wow, what a year to live through. Most will be glad to put year 2020 in the books, record books to be sure. Though stock market investors may not be so inclined to move along as fast. Despite the health and human tragedy abound, stock market indexes reached record highs throughout the year – some 33 times. *The Jensen Opportunity Fund* experienced similarly good fortunes. The fund ended the year up 50.35%. Unbelievable considering the despair 2020 delivered.

The fund could not have performed so well without the support of its investors. A huge thank-you is owed. Without the long-term commitments from them, the fund wouldn't have been able to execute so successfully on its strategy. From the outset, the fund has put the investors' long-term capital to work in long-term investments, and over the years the strategy has paid off handsomely.

This year tested the nerves of many investors. After all, the S&P 500 index had an historic decline of about 33% over a single month period in March. If there ever was a time to be skittish, this would have been the year. The fund's investors stayed the course, and in turn, the fund was able to keep its investing strategy on track. The investors' commitment to the fund, and the strategy the fund was able to employ because of such, enabled it to continue to make long-term investments over the course of the year. In particular, the fund was able to be greedy when others were fearful.

	Annual Rate of Return		Compounded Annual Gain	
	S&P 500	TJOF	S&P 500	TJOF
2015	1.40%	26.12%	1.40%	26.12%
2016	12.00%	9.53%	6.57%	17.53%
2017	21.80%	62.41%	11.42%	30.91%
2018	-4.40%	-2.42%	7.24%	21.64%
2019	31.50%	42.18%	11.70%	25.49%
2020	18.40%	50.35%	12.79%	29.33%

*2020 results are unaudited

Overall gain since Inception (through YE2020)	
367.99%	TJOF
105.89%	S&P

\$100k invested since Inception (through YE2020)	
\$467,985.69	TJOF
\$205,891.59	S&P



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Indeed, many “investors” make fund redemption requests when they are most frightened of being in the market. This dash for cash requires the investment manager to either use the cash on hand to meet the investors’ demands, which the cash could have otherwise been deployed to make positions at beaten down levels, or they must sell some of their long positions – neither option is preferred in building long-term capital like *The Jensen Opportunity Fund* has accomplished over the years. And again, it is the benefit of the long-term capital of the firm that enables this success.

As was described in the Q2 update, the fund was able to buy stocks after the March steep decline. Further, the fund made risky bets against the market during the crash, a risk afforded only because there was no fear of investor redemptions. Then the proceeds of those “trades” allowed the fund to later make leveraged option positions that would benefit if the vaccines were to be deployed earlier than the then current market consensus, as the fund estimated at the time.

These types of trades that the fund engages in from time-to-time contribute to its consistent outperformance of the S&P 500 index. Although the long-term investments make up the core of the fund’s positions (and strategy), these trades add additional alpha, and are more easily taken with the security of having a long-term investment capital base. Thank you.

Until next time,

Todd Shorb

