As of December 31, 2020, the Ravenstone Equity Portfolio generated a twelve-month positive return of 25.5%, net of expenses. The portfolio has delivered a three-year annualized return of 19.2%, and a 16.1% annualized return since inception[1].

This past December, the Financial Times published an article suggesting that U.S. stocks are so expensive that only the early 2000's tech bubble saw higher valuations. This claim about valuations is not new. In fact, we have been hearing this for many years. In April 2015 analysts at Morgan Stanley wrote the following:

"The global macroeconomic and geopolitical outlook remains in a state of considerable flux, suggesting primarily an environment of lower growth with equities at raised valuations. This uncertainty presents a challenge for investors looking for assets with the potential to generate attractive returns, while still offering a measure of capital preservation during more difficult economic and market conditions."

Since this claim was made, the S&P 500 is up more than 80%. Our point is simply this: concerns over valuations predated COVID. While future returns predicated on today's asset prices are likely to be lower, it does not necessarily mean future long-term returns will be unattractive or negative (unless of course, you are drawn to 10-year German Bunds that yield -.57%[2]). Invest cash that you are willing to part with for several years and "bank" the rest. There is risk that the market declines at some point in the future, but historically there is more risk that it will go up.

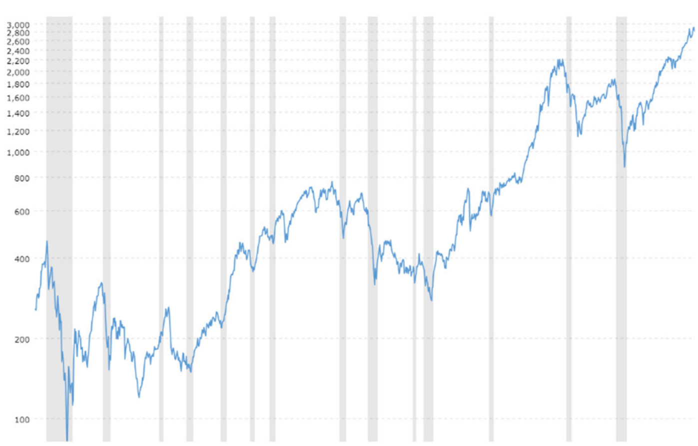
The chart below illustrates why one should not attempt to time the market:

FIGURE 1. THE PERILS OF MARKET TIMING

S&P 500 total returns with and without the 10 best days (1 Jan 2000 - 21 Oct 2020) Source: Global Asset Allocation, Global Investment Lab, Bloomberg, as of 24 Nov 2020. Past performance is no guarantee of future results. Indices are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only. Past performance is no guarantee of future returns. Real results may vary.

Is the market due for a correction? Very likely at some point, but the opportunity cost of remaining on the sidelines is too high. In the end, the patient investor always wins.

S&P 500 Index - 90 Year Historical Chart



Source: Macrotrends

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[1] *Performance of the Ravenstone Equity Trust I Series Units is used to reference the Ravenstone Equity Portfolio results. Performance calculation is to December 31, 2020. Inception date is April 1, 2016.*

[2] *Bloomberg – December 28, 2020.*

Ravenstone's investment philosophy is founded on an old school of thought: ***think and act like a business owner***. The combination of this mental framework with the ownership of high-quality businesses continues to be the most rational way to generate superior, tax-efficient, real returns. If there was ever a time to test one's conviction in this investment process, 2020 was it.

In the past, we have stated that we selectively invest in businesses that will not only survive in any economic environment but also thrive by taking advantage of timely opportunities when others cannot. 2020 was a tumultuous year and stress-tested the resilience of all businesses. We are pleased to report that during the March sell-off and subsequent stock market rebound, your portfolio withstood its toughest test yet. Most companies you own have used this crisis to both strengthen their economic moats *and* expand their market leadership.

We are aware that our investment strategy may experience periods of relative underperformance. This could occur during periods of strong economic expansion when the type of stocks we stay away from are likely to rebound sharply due to their inherent cyclicality. These businesses tend to operate with high leverage and outdated business models; they rely on capital markets to fund ongoing business activities and exhibit inferior free cash generation and profitability. Should this happen, we will not tolerate lapses in our investment discipline simply to chase short-term performance.

Rest assured we will continue to work tirelessly to protect and grow your hard-earned capital. As always, we are grateful for your business and your ongoing trust. Please do not hesitate to contact us if you have questions, comments, or would like to discuss your portfolio.

Wishing you and your family a very happy, healthy, and prosperous new year!

Sincerely Yours,

Daymon Loeb Adam Donsky