We usually reach for a metaphor to characterize the quarter. But as we write this letter, we've moved well beyond metaphor. No analogy is needed to convey the degree of upheaval that the securities markets (and we all!) experienced and continue to experience. The quarter saw a substantial decline in the price of our stocks and the market value of our portfolios. To say that our downdraft was better than that of the S&P 500 is, perhaps, cold comfort. And yet our price discipline yielded certain protective benefits we hope will continue to set our performance apart from that of the general market: up until the last month of the quarter, we were putting no money to work, in recognition that prices of stocks we liked were too high; we continued to sell where we thought prices justified a sale; and, as an output of both of these, we went into the chaos with a sizeable cash buffer. Hard as it may have felt to spend some of that comforting cash, we were also able at the end of the quarter to put a portion of it to work in what we believe to be good companies at discounted prices.

It is our experience that the market both abhors uncertainty and punishes indiscriminately when it takes fright. As is our practice, we have no predictions to make, but we will say that we believe our portfolio of good, resilient, well-capitalized companies is decently positioned for the current period of social isolation as well as for what could be a relatively severe ensuing economic downturn. While we have some companies—**Ross Stores** comes to mind—that are in the eye of the storm, they seem to be doing the right things to weather it (ok, a metaphor snuck in). As time goes on and the market begins to sort through the facts on the ground, we will all get a better sense of which companies are able to adapt to changed circumstances and which will struggle to do so. Having spoken with those of our companies that we believe to have the greatest exposure, we can say that we feel comfortable with our holdings at this time.

As you all know, last quarter was a tale of two different stock markets, and our investment activities reflected that. During January and February, we sold part of our **Moody's** position, solely due to overvaluation, and bought nothing. Our cash position at the end of February was as high as it has ever been, not due to any prescience on our part but because we adhered to our price discipline and had been selling as various holdings hit their sell prices. Then, in March, as prices collapsed, the other aspect of our discipline—buy low—came into focus. We added a new stock to our portfolio, **TJX**, which owns among other things TJ Maxx and Marshalls, and added to our positions in the following stocks: **Arch Capital**, **Autozone**, **Chipotle**, **Deere**, **Expeditors**, **Ross Stores**, and **Visa**.

In the end, we have confidence that the economy will reset in the fullness of time and continue to reward well-run businesses that produce or provide goods, services, and jobs well done. In the meantime, we hope that you and yours are staying as safe as possible.