

January 19, 2021

Dear Fellow Investor:

In mid-December of last year, my sister sent me a photograph of what appears to be a suburban parking lot. In it is parked the worst-looking car you've ever seen, originally, I suppose, a white subcompact of some sort, but now a dirty lump of twisted, battered panels duct taped together, sheets of translucent plastic where the windows once were, also duct taped, hub caps long gone, signal lights cracked, trunk half-popped, etc. The caption reads, "If 2020 [were] a Car."

After a year of deadly pandemic, an economy that did not lose momentum and then roll over, but in many cases just stopped, a summer of rioting and looting, and a rancorous national election culminating in what appears to be an attempted coup, we all get the joke. (Unfortunately, the joke is on us.)

For participants in the US stock market, however (and that would include you, Fellow Investor), 2020 worked out just fine, although the journey was far from smooth. The Standard and Poor's 500 Index rose 16.3% (18.4% with reinvested dividends), having set new high after new high in the second half of the year.

(I keep meaning to go back over all the letters I have written to you in years gone by and count the number of times I referred to an "all-time high", or "a record high." I know the number of times I referred to "an all-time low": Zero. Do you detect a pattern here? Are there implications for future investment decisions?)

The accounts for which we are responsible fully participated in the rally, *and then some*. It's the *and then some* that I particularly like, as at least half our accounts outperformed the broad averages in a very good year. After a stellar 2019, in which the markets were up by more than a third (and our accounts even more), we have every reason to be thankful for 2020, however noxious other developments proved. On the investment front, at least, it was a good year.

August 2020 witnessed the twentieth anniversary of the founding of Weybosset Research and Management LLC (WRM). When Jeannine and I timorously flipped on the lights at 72 South Main Street that summer day in the year 2000, we had no idea what lay ahead. Today I pronounce myself pleased with the result, both for those of us at WRM and for what we have achieved for our clients. Most of all, I am profoundly grateful for the trust you have placed in us, which, of course, is what makes this all possible. The occasion of our 20th anniversary is also an occasion on which we can renew our pledge to you of our very best efforts on your behalf. (No guarantees as to outcome!)

2020 was also the year in which Justin Deutsch purchased a ten per cent interest in WRM. I am most happy having Justin as a partner in the firm as I believe this is the best way to ensure WRM lasts another 20 years. I am in my 69th year. I feel fine, I come from a family that tends to be long-lived if it stays away from cigarettes (I don't smoke), and investment managers, unlike, say, rock musicians, tend to live a long time and stay active up until the end.

But I won't live forever (apparently), and I need to do what is called "succession planning." I like the idea of leaving the firm in the hands of those already running it. Justin is more than a quarter of a century younger than I, Tom is in his early 60s, Jeannine, her 50s, so the firm is getting younger. Justin has been with us more than six years now, and worked with us, initially in his capacity as a broker and trader at a firm with whom we did business, more than ten years. He has fully proven himself as to energy, intelligence, and integrity. We have made millions of dollars on his investment ideas and I look forward to making millions more. He definitely "gets" the approach to investing that has worked so well for our clients, my family and me personally for more than 40 years.

2020 was the year in which, due to the pandemic and a desire to spend a little more time under my own vine and fig tree, I took a small step back from running WRM. I think our results show we function just fine with me a little less involved day-to-day.

All that said, it is extremely important that you remember that I still control WRM. All major investment decisions are and will be mine, arrived at in the usual way, i.e., in close consultation with Justin and Tom. If they work out, fine, that is what they are supposed to do; if they do not, you will know, as ever, whom to blame. We want to maintain continuity here, and I remain responsible.

Thank you, again, for your support during a tempestuous 2020. We look forward to 2021 and thereafter whatever challenges they may bring,

Sincerely,

Fla Lewis III

Principal

Ruin is The Road To Transformation

Fellow investors,

2020 started out like most years in the markets, full of predictions, optimism, and Wall Street's famous best ideas lists for the year. However, none of them could have imagined what would come next.

Within the early months of the year the world was consumed by a global pandemic, shuttering economies around the world. The S & P 500 plunged roughly 35% within two weeks wiping out one full years' worth of GDP out of the economy.

We at Weybosset have been stressing to you in our letters and in private conversations the importance of always keeping one to two years' worth of living expenses in cash. Just in case a pandemic comes, a health crisis, or even the loss of a job.

I commend you, my fellow investors for sticking with us and the portfolios of wonderful business that we have built for you.

Historically speaking, as we mentioned to you in March this year, when you have the opportunity to buy great companies down 35-50% from their highs rarely do you lose money, in fact market collapses like the one we experienced help generate some of the best forward returns one can find. Even if you don't buy during a panic, just sitting tight is a viable option.

Though we are astute market observers we like to refer to ourselves as business analysts above anything else. Predictions rarely work out...for a more in-depth analysis read Nate Silver's, The Signal and The Noise.

Who would have predicted that the S & P 500 would be at a new all-time high 9 months into a pandemic? Surely, we thought buying stocks into the nadir was a great opportunity, and perhaps the market would have recovered in a year or two, but 9 months?

Focusing on the details of the gems we own enables us to be realistic in their businesses fortunes and weigh the probabilities, creating certainty, that over time these companies will adjust, adapt, and thrive. We leave the macro forecasting to the pundits and instead focus on investing in themes.

Think Industrial automation, 5G, 3D printing, Electrification (electric vehicles), Digitization, and Specialty and Organic Foods.

The majority of the companies in our portfolio have gone on to make new all-time highs this year, increasing your net worth on average better than the S&P 500. The few laggards will in time go onto recover; don't forget we are still in a pandemic, as life gradually gets back to normal.

In March we wrote to you, "Never bet against America". America's ingenuity and science has gone at warp speed, and its positive effects should be felt by all global economies in time.

We like the way we are positioned, investing in our businesses that we believe will lead the prevailing themes for the next decade and beyond.

Speaking of the next decade and beyond. I am proud and honored to become a part owner of Weybosset Research & Management. Fla, along with the help of Jeannine and Tom, have built a wonderful business. One whose distinct culture and investment prowess has stood the test of time. Weybosset has guided our clients' capital through multiple generations of increasing wealth. It is with great pride that I take on the responsibilities of being an "owner". The Weybosset team is well oiled and we look forward to managing your hard-earned capital for the next decade and beyond. Thank you for your trust.

Sincerely

Justin E. Deutsch