

Comus Investment, LLC

	<u>Comus Gross</u>	<u>Comus Net</u>	<u>S&P 500</u>	<u>Russell 2000</u>	<u>MSCI EAFE Small-Cap</u>
2016*	32.60%	30.87%	12.26%	22.77%	1.55%
2017	36.03%	33.50%	20.17%	14.65%	33.50%
2018	-4.47%	-6.99%	-4.39%	-11.01%	-17.58%
2019	11.17%	8.65%	31.48%	25.52%	25.47%
2020	10.33%	7.81%	18.40%	19.93%	11.69%
2021	18.87%	16.35%	28.71%	14.78%	18.67%
2022	-19.57%	-21.46%	-23.87%	-25.11%	-31.98%
Cumulative	102.06%	73.94%	96.75%	62.08%	26.39%
Annualized	11.43%	8.89%	10.97%	7.71%	3.67%

*April 1st – Dec 31st, 2016

The compounded performance figures represent all realized and unrealized losses and gains in the firm's brokerage account after commissions and on a currency-adjusted basis over the specified period, as recorded by InteractiveBrokers. Index returns represent total return including dividends.

Dear Partners,

October 4th, 2022

In the third quarter of 2022, our investments experienced a total return of -2.25% before fees and -2.88% after fees, versus -4.88% for the S&P 500 index. At this point, you will have received reports with the details on your balance, fees, holdings, and performance from InteractiveBrokers for the past quarter.

Foreign markets have been substantially more challenging than America's this year, with Hong Kong's indices experiencing a 50% decline from their recent peak, and now trading at levels unseen since early 2009 after dropping over 20% this quarter alone. With more than half our portfolio in that market, it's all we could do to stay nearly flat. The dollar's historic appreciation hasn't helped either, strengthening 40% against the Yen, with the Japanese currency at its weakest point since the 90's. We seem to be incomparably deeper in the bear market than American stocks and are hopefully closer to the dawn. Most companies we own trade at all-time lows and are showing improved results after a few years of ruin, though people are currently unwilling to pay any more for stocks regardless of corporate performance.

We were recently up over 5% for the quarter due to a pause in the destruction of the Yen and a brief doubling of one of our positions. The company is a trader of pipes in Hong Kong which noted sharp improvement in both revenues and profits for the recent quarter on renewed construction activity, however the price subsequently retraced, along with that of most other stocks. I can't say I had no temptation to sell for a quick double, but I believe the company is worth 3-4 times its current price, and it has traded above those levels numerous times in the past; time will tell if the potential deferred reward is worthwhile.

By design, we own companies in industries enduring the worst of times. With Hong Kong and Japanese tourism down over 95% in the past few years and lockdowns restricting movement, we own a handful of retailers dependent on both tourism and movement. With Japanese auto production down 20% over three years, we own some parts suppliers to the large renowned brands whose sales have been hit especially hard from recent cutbacks. If you can believe it, there were no official reported auto sales in Shanghai this April during lockdown, with its population of 26 million people. With Hong-Kong 2022 IPO proceeds down 92% from 2021, we own a few of the largest financial printing, IPO and corporate-service related firms in the city (though they are all priced as micro-caps at this point). We also have exposure to hotel-related service providers and construction companies, among others, and you can guess how those industries have fared recently.

The next few years won't be pretty for markets, but my hope is that for many of the companies we own, the future will be brighter than the recent past.

Best,

Aaron J. Saunders

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