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After a great many collective years in this business, we've learned not to attempt to predict the stock market's response to events either small or large. Nor do we waste much time on trying to understand its movements after the fact. And yet there are times when we can't avoid being baffled by its attitude. Our charge at Marshfield is both limited and profound: to invest in a handful of companies we believe can do well over time and to rely on the market to recognize at least some of the time the value that inheres in those businesses. Because the market is a necessary partner in conceding the merit of our investments, it can be exasperating to see it merrily skipping along, powered by little more than hope and a faith bordering on the religious in technology companies that by our lights are trading well above their intrinsic value. It is even more disconcerting than usual during times of great uncertainty (some might say danger) such as we find ourselves in today, when our watchword remains watchfulness.

Now, there is nothing new about the stock market climbing a wall of worry to reach new highs. But certainly, when the market's foundation is undergirded by the Federal Reserve's easy money policy (no criticism intended! It's doing its job and doing it rather well as far as we can tell) and by other measures that have helped sustain consumer spending (ditto), we believe caution rather than ebullience might be the better response. No matter, our job is to find value where others overlook it and to be as rigorously objective as possible about what lies ahead notwithstanding the market's more sanguine views. In eschewing the motivated reasoning in which the market routinely indulges and by avoiding the kind of confirmation bias that invites a doubling down on flawed thinking, we continue to try our best to source and explore new ideas, execute on existing ones, and re-examine our holdings in light of the challenges we and the world face today. And while we make no predictions about what is in store for the economy and the country (things may indeed get better sooner than we fear), we are more convinced than ever that smart, tough management, resilient business design, and a financial backbone featuring a well-tuned mix of cash flow strength and balance sheet might are essential to navigating whatever awaits us.

As for the most recent quarter, it was in some ways a reversal of the quarter before. In the early weeks of the quarter, prices of some stocks were somewhat inexpensive. Where we needed to, we were able to add to existing positions in **Arch Capital**, **Cummins**, **Deere**, **Goldman**, **Ross Stores** and **Visa**. Then, as you know, as the quarter went on prices climbed significantly. We took advantage of those higher prices to trim our positions in **Fastenal**, **Moody's**, and **Ross**.

In conclusion, this seems as good a time as any to repeat one of our axioms—neither we nor anyone else knows what will happen in the future, either in the macro-economy or in the world in general, and, even if we or they did, neither we nor they would be able to predict how the stock market would react. To say the least, this past year has borne that out. No one predicted the pandemic and, even if they had, none of us would have guessed that market prices overall would be relatively unaffected by one. Our defense against this is, as always, our meticulous price and quality discipline.

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