April 2021

As we lap a year of living and working under the pall of the pandemic, we pause to consider the remarkable continuity in certain aspects of our lives. Thanks to the innovative capabilities of pharmaceutical companies, the grit and selflessness of first responders at hospitals and elsewhere, the tenacity of workers who did their jobs (whether because of decency, financial necessity, or both) out in a world rife with microbial danger, many among us were fortunate to be able to attend to the business of living our lives and managing our businesses with surprisingly little adverse consequence. This is in no way intended to diminish the enormity of what has befallen all of us. We grieve for those who lost lives, jobs, family members, and colleagues whose individual value the statistics cannot begin to account for.

And yet. Business writ large continued apace, and certain trends already underway, such as the move away from brick-and-mortar retail, even accelerated. Crops were planted, harvested, and turned into food, cars and trucks were purchased, driven, and repaired, freight was packaged and shipped, credit and debit cards were issued and presented (mainly on a “card not present” basis), and companies were acquired, divested, and created. In other words, our portfolio companies were kept busy, albeit tested each day by the exigencies of keeping their workforce safe, navigating store and factory closures, and jury rigging global supply chains.

The resilience of humanity is remarkable, both in its ability to absorb horrific shocks and in its capacity to adapt to changed circumstances. In that regard, our companies performed admirably this quarter, their businesses once again starting to thrive despite the challenges they continue to face. Although we’re still bemused by the stock market’s effervescence, it is our lot to work with what the market offers us, be it fizzy or flat. So far this year, we’ve been offered excellent prices to sell part of one big holding (Deere, whose price increased 39% during the quarter) but laughably high ones to buy names on our buy-at-a-price list (meaning that we were only able to buy small amounts of Strategic Education and Arch Capital where we didn’t own enough of them). Because of this, we hold more cash than is usual even for us, but we have no intention of raising our valuations or lowering our standards to chase the market. Just as the companies we like best, we always look to make the most of what we’re offered by the world in which we find ourselves. As always, we intend to wait for attractive opportunities rather than force them, however much we’d like circumstances to be different.

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