



July 2021

Dear Clients and Advisors,

We are pleased to report that Corbyn's equity and fixed income accounts produced solid gains during the second quarter, building on the strong performance experienced over the last year. Government stimulus payments and the Federal Reserve's low interest rate policy and asset purchase program provided solid footings for strong and sustained economic growth, as the economy continued its recovery from the pandemic. Most securities in the portfolios benefitted from strong first quarter earnings reports, with company management teams quite optimistic and confident in their outlooks, projecting strong and growing demand for both goods and services. Further positive economic news could be on the horizon as the Biden administration's proposed \$2 trillion infrastructure plan works its way through the halls of Congress. While the plan's ultimate size, scope, and funding will undoubtedly change during negotiations, it still represents another major new government spending plan that should boost spending and investment for several years.

While the economy has been very strong during the first half of the year, it is quite likely that growth rates will decelerate in the coming quarters as we move past the initial economic surge that followed the pandemic-induced recession and return to a more traditional growth rate. We believe this transition to slower growth could be quite helpful in easing supply chain and inflation concerns related to the shortage of raw materials, parts and/or labor associated with the recent spike in demand. More balanced economic activity should help relieve these pressure points, allowing companies to catch-up on rebuilding inventories and workforces, improve the efficiency of business operations, and address the growing concerns about inflation.

Within the equity market, one of the more notable observations during the quarter was that the strong leadership of value stocks, in place since late last fall, took a bit of a pause. While value stocks performed well, growth stocks outperformed value stocks due to lower interest rates and the anticipation of more modest economic growth. Equities held in Corbyn's portfolios consist of securities we consider attractively priced relative to the future underlying value of their businesses and free cash flow, regardless of whether the general investment community labels them "value" or "growth", a distinction that is increasingly blurred in today's investing world. In many cases, the more growth-oriented companies in Corbyn's portfolios were opportunistically purchased during periods of market stress when valuations were depressed. This quarter's performance highlighted the benefits of investing in a variety of strong, well-positioned businesses and the balance such diversification provides to the portfolios.

It was a surprising quarter to many in the fixed income markets. Bond prices moved higher during the second quarter as interest rates on the 10-year U.S. Treasury fell from 1.74% to 1.45%. This movement occurred despite a robust economic backdrop, fears of inflation and Federal Reserve comments that it may adjust its accommodative monetary policies in the months ahead if growth continues to exceed its expectations. Most importantly, despite the volatility of interest rates, Corbyn fixed income portfolios continued to produce consistent positive returns, as our focus on short-duration securities provided insulation from the volatility associated with interest rate swings and kept the portfolios well-positioned for the future.

We thank you for being a valued client and hope you have an enjoyable summer. Please feel free to contact us if you have any questions or need any assistance.

Respectfully,



Charles vK. Carlson, CFA  
President, Portfolio Manager  
Co-Chief Investment Officer



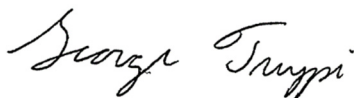
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