



April 7, 2023

Dear Money Management Client:

The beginning of the end to this bear market is upon us. We don't have a specific end date, nor can we assure you of a highly desirable "washout", but we do know the eight interest rate hikes this past year by the Federal Reserve have caused economic headwinds. Earnings estimates have come down, job openings have reversed, and unfortunately, regional banks have experienced significant liquidity issues. Silicon Valley Bank, Signature Bank and Credit Suisse are no longer viable, and there could be more to follow. The good news, inflation has been moderating for months and therefore the FED's work is just about done.

Large cap technology stocks performed extremely well in the first quarter because investors deemed them the safest place to hide during all the economic uncertainty. Our portfolios with outsized positions in Apple, Alphabet and Microsoft performed extremely well, and remain safe havens. The road moving forward will continue to be rocky, but "generational" buys are setting up as the economic slowdown continues and recession fears encourage weak longs to capitulate. Bear markets tend to wear investors down and without an abundance of patience it is easy to let emotions dictate poor trading decisions. Our huge money market/cash balances earning over 4% are the perfect place to hide while we hone our list of eligible candidates. Just like after the Global Financial Crisis of 2008, we plan to fill our portfolios with amazing companies, selling at a discount, that end up being multi-year profitable holds. As much as everyone hates bear markets, we actually embrace them like a "controlled burn" in the forest. Even the very best over-owned and over-valued companies come back to reasonable valuations and give value managers like us a welcome opportunity to own them.

As always, we remain committed to a conservative investment philosophy, which emphasizes the preservation of capital. If you have any questions or would like to discuss your portfolio, please do not hesitate to call.

Very truly yours,

Clay Campbell
Kyle Campbell