



June 7, 2023

A Letter from our Portfolio Manager-

This year I celebrate 30 years of working in the field of investment management and advice. Those years have brought me much experience and important lessons learned. One of the most important lessons I have learned is to never chase after performance, and most especially not in an irrational and unpredictable market. Someone once compared this to picking up quarters in front of a steam roller - it all seems to be going well until it goes suddenly and catastrophically wrong.

The first half of 2023 has been exceptionally volatile and unpredictable as the Fed continued to raise rates, inflation remained stubbornly high, and three banks (two here in the US and one in Europe) failed and had to be taken over by regulators. Oh, and of course there was the whole battle over the debt ceiling. All during this time we remained in a defensive posture because risk levels in the financial markets were simply too high. Experience has taught me that it is never wise to chase short-term gains at the cost of long-term losses.

Looking ahead, it appears very likely that the US will head into a shallow recession sometime in the last half of the year. With that perspective in mind, we are already revising our portfolio models to be prepared to weather that storm and to be prepared to take advantage of the opportunities that will present themselves once it is over. You may notice a pickup in activity in your accounts, and this is just us getting things prepared ahead of time.

As I have written before, we remain in a dynamic and rapidly changing environment, but that is exactly what our actively managed models are designed around. For now, please rest assured that we are watching things closely and making adjustments as needed in order to minimize the impact of these volatile markets as much as possible.

As always, if you should have any questions or concerns, please don't hesitate to reach out to me. Thank you once again for allowing Advantage Investing the opportunity to serve you.

Sincerely,

Ronald A. Wright,
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