

July 12, 2023

Dear Valued Clients,

Core principles that shape our investment approach:

1. **Long-Term Focus and Life Goals:** Our commitment lies in aligning your investments with your life goals. We prioritize long-term strategies that weather market fluctuations and provide a solid foundation for your financial aspirations. Our belief is that broadly diversified portfolios of successful companies ensures growth potential.
2. **Plan over Current Events:** Rather than reacting to the news of the day or prevailing conditions, we adhere to our well-defined plan. We understand that market volatility is inevitable, but by staying the course, we ride out temporary declines and focus on the big picture.
3. **Uncertainty and Patience:** We acknowledge the unpredictability of the economy and markets. Instead of attempting to forecast these variables, we emphasize patience and resilience. This approach allows us to navigate temporary downturns and seize opportunities when they arise.

These principles form the soul of our investment policy.

Commentary:

Over the last 6 months the resilience of the market amidst ongoing uncertainties was extraordinary.

- The Federal Reserve continues raising interest rates in an attempt to control inflation.
- The debate between inflation and recession intensified, with experts divided on the future direction of the economy.
- Another major concern was the looming debt ceiling default, which raised fears of a potential government shutdown and its impact on the markets.
- Bank failures added to the overall unease, as investors worried about the stability of the financial sector.
- There were growing concerns about the status of the U.S. dollar as the world's reserve currency, with some suggesting it may face challenges in the future.

For the markets to go up meaningfully from here, however, it will take the introduction of something new. Specifically, either 1) Interest rates falling, 2) Economic growth further re-accelerating or 3) An increase in S&P 500 EPS. That's what I feel it will take to push the S&P to new highs.

This situation brings to mind the words of Peter Lynch, who famously said, "The real key to making money in stocks is not to get scared out of them."

Reference the gains achieved in the first half of the year, it is important to acknowledge that a significant portion of these returns were driven by a select few stocks, namely the big four or five technology companies.

While the performance of these tech giants played a prominent role in the overall market growth, we remain steadfast in our commitment to diversification. Our investment approach aims to build portfolios that encompass a broad range of successful companies across various sectors and industries. By spreading investments across multiple stocks, we mitigate the risk associated with relying heavily on a few individual stocks.

Thank you for your trust and confidence in our expertise as we navigate these ever-changing market conditions. Should you have any questions or wish to discuss your specific financial situation, please reach out to us. Your long-term success is our top priority.

Personal

It's been a year and a half since my last "personal" – my bad. I know, work, work is me, but no, I do like to travel, good for the mind, right? For a few years now, we go with Elizabeth, her husband Matt and their 2 boys to Florida, Siesta Key. This year we changed it up and went to Anna Maria (North of Siesta Key). A little more laid back than Siesta, lots of fun, so much we rented a place for next year. Last October it was off to Switzerland and I must say what a country. Started in Zurich, traveling by train we took the mountain route and ended up in Zermatt, the Matterhorn is a thing of beauty. When in Interlaken, both Sukey and I, being the adventurous type, went paragliding over the mountain (the longest 45 minutes of my life). Sukey said the view was fantastic, my eyes were closed the whole time (for those who wonder, I do have life insurance). This year it's off to Europe again, visiting Denmark, Norway and Sweden by rail, naturally. Almost forgot, we are also going fly fishing in Utah and Wyoming (short visit). Thought we could combine a visit to the out-of-town kids (Aimy in Texas, Anne in LA and Steffen in Port Townsend) but I'd be gone for weeks to do all of that. Thanks to the internet we stay in close contact.

Warm regards,

The foregoing information has been obtained from sources to be reliable, but we do not guarantee that it is accurate or complete, it is not a statement of all available data necessary for making an investment decision, and it does not constitute a recommendation. Any opinions are those of Martin K. "Bo" Brown and not necessarily those of Raymond James.