

PORTFOLIO NOTES**JULY 2022***To our Business Partners:*

- **WE'RE STILL GROWING!** After 24 years of being a twosome, we're increasing our employee headcount by 50% with the addition of Andy P. Ramer, CFA to our team. Andy, 47, joins us after 20 years with Fiduciary Management Inc., a Milwaukee-based mutual fund manager (100 times our size!). Andy brings a wealth of investment research background and experience. Most important to you and us, he was schooled in the Benjamin Graham value-based approach to investment analysis and management. His investment influences, contacts, and philosophy match ours to a T. Andy's a great fit and we're pleased to have him aboard as of August 1.

That Andy reached out to us this past March reminds us why we broke away and started our money management firm nearly 30 years ago. He, and we, desired to manage money and perform independent value-oriented investment research in a smaller organization, in a manner that is perhaps more focused and flexible. Close client engagement is of equal importance. Our investment process is only going to get better, as Andy brings a fresh pair of eyes to our existing client relationships and stock lists.

Last, but not least, Andy's presence solves succession concerns that might have been on your minds in recent years. We expect to be together for a long time to come, as your founders continue to love the investment business, the challenge of good stock research, and working with a small nucleus of terrific long-time clients. Rest assured that neither of us has any plans to retire in the foreseeable future. Somewhat like Berkshire Hathaway's Buffett (91) and Munger (98), we'll do this as long as we can think straight and as long as we're still physically able to tap dance into work every day.

- **PORTFOLIO VALUATION.** While stocks in general have declined sharply this year, our sense is that the markdowns aren't done yet. There's also the inclination to avoid trying to "catch a falling safe." There are bargains to be had among our group*, priced at 78% of estimated value, and we're looking very closely at a few new companies to add to portfolios. As always, patience and discipline are required to increase the odds of good long-term returns.
- **RECENT RESULTS.** Stock market indexes experienced significant declines in June, with nearly all the popular indexes dropping by 8-9%. The Dow Jones Industrials did a little better with a decline of 6.7%. This brings the declines for the first half of the year to 20-29%, the worst being the NASDAQ Composite, while the Dow fell "only" about 15%. For the latest twelve months, declines ranged from down 11% for small caps to down as much as 26% for big company indexes. Our group of portfolio stocks* has performed well versus the averages over the monthly, year-to-date, and last-12-months periods.

Steve Nichols, CFA *Bill Warnke, CFA*

*The group of "portfolio stocks" -- our Equity Composite for the purpose of evaluating investment performance -- consists of 19 stocks that are held in our clients' accounts. Portfolios might hold some or all of these stocks, depending on investment guidelines unique to each client, the timing of purchases and sales, and start dates of accounts. The performance of this group of stocks is a good proxy for our equity performance but might vary widely among accounts. Of course, past performance is not necessarily indicative of future results.

We hereby offer to deliver to you without charge a copy of our current Form ADV Part 2, in accordance with the U.S. Securities and Exchange Commission's "Brochure Rule." Please contact us if you would like us to send you a copy.

Investing with a margin of safety.™