
FOURTH QUARTER 2021

Overvaluation

As 2021 ends the U.S. equity markets are historically overvalued. We are worried that markets are being driven to new highs by a handful of ultra large cap stocks.

The COVID pandemic is now almost two years old. In our view, the continuing long term damage to the commercial real estate, retail, travel and restaurant sectors have not been fully priced into the current market. In addition, inflation is beginning to accelerate. We maintain a cautious approach as the year begins.

Portfolio Analysis

The Triboro All Cap Portfolio had a very good year during 2021. The strategy was +30.59% (gross of fees) vs +28.70% for the S&P 500 Total Return Index.

Positive & Negative Contributors to Performance

Our best performing sectors in 2021 were Technology and Industrials. In both sectors our outperformance was driven by stock selection.

Alphabet Inc (GOOGL) is the largest position in the portfolio. The stock increased 65% in 2021. They are the dominant online search engine and their cloud computing business continues to grow rapidly. We entered the position in 2018 and expect it to remain a long term core holding

Generac (GNRC) manufactures backup generators for both the industrial and residential markets. The stock rose 55% during 2021 as the company saw continued strong demand for its products notably during the electrical crisis in Texas and after hurricanes. The stock has helped to drive portfolio performance since we

first purchased it in 2016. We decreased our position during 2021 as the stock had become overvalued

The worst performing stock during 2021 was Logitech International (LOGI). The stock was one of the best performing stocks in the portfolio during 2020. The stock declined 18% during 2021 as demand for computer peripherals decelerated. We exited the position in December.

As the year progressed, we began reducing or eliminating positions in overvalued stocks where business fundamentals were not improving. As 2022 begins we will continue to rotate away from growth stocks back towards value stocks.

Executive Summary

- We will continue to add defensive names in the portfolio in 2022 as we still see increasing downside risk to the market due to overvaluation.
- We have adapted our process to fit the present situation. We search for companies that are able to grow their business as the pandemic continues.
- We appreciate your business and our team is always available to answer questions or to have a deeper conversation.

Regards,

Philip Mendelsohn, CFA
Portfolio Manager



All Cap Core Portfolio Commentary

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