
FORTH QUARTER 2022

Watching Growth, Inflation and Interest Rates

The S&P 500 index performance during 2022 was the worst since 2008. The index was down 19.4% for the year. Investors were worried about the effects of increasing inflation, a slowing economy and rising interest rates.

We are somewhat optimistic for the market in 2023. Signs that inflation is moderating gives hope that the Federal Reserve will be slower to raise interest rates. Through the second half of 2022, we increased our exposure to both growth stocks and small cap stocks as we are finding better opportunities there.

Portfolio Analysis

The Triboro All Cap Portfolio had a disappointing Q4. The strategy was +1.92% (gross of fees) vs +7.92% for the S&P 500 Total Return Index. For the year, the strategy was -27.50% (gross of fees) vs -18.12% for the S&P 500 Total Return Index

Positive & Negative Contributors to Performance

Our best performing sector in Q4 2022 was Health Care.

AmerisourceBergen Corp.(ABC) is the 2nd largest distributor of pharmaceuticals in the U.S. The stock increased 22.7% in Q4 as earnings and sales surpassed analyst estimates. ABC is one of the largest holdings in the portfolio.

Adobe, Inc. (ADBE) is one of the world's largest providers of software. The stock increased 22.2% during Q4 as earnings exceeded expectations. We will continue to hold the stock as it recovers from a lackluster 2022.

The worst performing stock during Q4 was Funko Inc. (FNKO). The stock declined 51% during Q4 as the company missed earnings estimates by a wide margin and the company made deep cuts to future earnings guidance. We sold our position in the stock.

Portfolio turnover remained elevated during 2022 as we continued to rotate into names that can do well in the current market. As always, we look for ways to reduce risk by diversifying the portfolio across different industries. As 2023 begins we continue to find opportunities to enter positions in growth stocks that have become undervalued.

Executive Summary

- We have shifted our stance to being more optimistic as we enter 2023. We are currently finding opportunities in growth and small cap stocks. We will continue to remain vigilant regarding any major changes in the markets and will adjust our stance as needed.
- We will adapt our process to fit the present situation. We search for companies that are able to consistently grow their business regardless of the short term market environment.
- 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

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