November 29, 2021

Re: **December Conference Call on Wednesday, December 8, 2021 at 6:30 PM**

Dear client,

By now, I am sure that many of you have read the bickering back and forth in Congress about the infrastructure bill that has passed and the upcoming "Build Back Better" bill that should add more fuel to an inflationary fire. As we have stated in prior newsletters, it is our opinion that inflation is not transitory, but will be upon the landscape for some time to come. Even the U.S. Federal Reserve (the "Fed") is surprised by its strength. Hopefully, with the re-appointment of Jay Powell as Chairman, he will do something about it. Don't get your hopes up, the Fed is committed to absurdly low rates and the fiscal side is intent on spending money they don't have.

It is incredible to me how this country, among others, have mismanaged their financial responsibilities. How in the world can someone state that by spending money you don't have will lower inflation? This kind of thinking is something out of George Orwell's book, 1984. All this fiscal irresponsibility seems to be leading to inflation.

Here are some highlights that we will be discussing in our next conference call on Wednesday, December 8th, 2021, at 6:30 PM.

- U.S. inflation could follow a two-step process of "higher highs" and "lower lows".
- While inflation should moderate in 2022, the labor shortage and higher wages should accelerate inflation in 2023.
- Although cognizant about inflation, we believe the Fed is asleep at the wheel and will let the inflation genie out of the bottle. Bad for consumer prices but good for the stock market.
- Although it may seem crazy to invest in China, the markets in that part of the world have been battered so much it might make sense to invest in some Chinese stocks that are under the radar screen of the Chinese government.
- The U.S. Dollar is amazingly strong but that is because the rest of the world is amazingly weak. This means more imports and less exports, something that is less than terrific for the trade balance. Betting against the U.S. Dollar now is a losing bet. The Dollar will remain strong if the Federal Reserve Bank keeps raising interest rates. If inflation starts to spiral upwards from this point (6.2% headline CPI for the last reading), then the Fed will have no choice but to raise rates hard and fast. That would be no good for stocks. We are keeping an eye out on our Fed checklist for this occurrence, but it is still too soon.
- We remain committed to stocks for the next six to twelve months.

Please join us for the next conference call on December 8th at 6:30 p.m. in which we will discuss the outlook for inflation, the stock market and what we are doing about it. We will also discuss the purchase of I-bonds, Treasury Inflation Protected Securities, and similar investments.

One housekeeping note, we are not pursuing the class-action lawsuit for Luckin Coffee1. It is our opinion that investors will receive pennies on the dollar in the unlikely event that they will win. Even though we lost money on the second tranche of Luckin, we made more in profit on the first with an overall gain. Therefore, any money received from the lawsuit versus the time and expense of filling out the paperwork isn't worth it.

I look forward to seeing you on the conference call.

When: Wednesday, December 8, 2021, at 6:30 p.m.
Topic: BFSG Conference Call Hosted By Steven Yamshon

Please click the link below to join the Conference Call:

https://bfsg.zoom.us/j/95587997509?pwd=aHkwMkVyL2dPSVdUQzRzT2NrSmVkZz09

Or Telephone: 1 (720) 707- 2699
Webinar ID: 955 8799 7509
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International numbers available: https://bfsg.zoom.us/u/kAU6l2wFV

All the best,

Steven Yamshon
Managing Principal

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