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Given the extraordinary downside volatility affecting both equity and bond prices this past quarter, we felt an early commentary might be appreciated. We'll cut to the chase - Our longer-term view for your portfolios is much more positive than what is currently being discussed in the financial press because we own some of the best-run-companies economy-wide; and these companies are continuing to raise their dividends and buy back their stock.

As we have shared in prior commentaries, the events of the past few years have had unprecedented impacts on global economies and how they interact with each other. Such unfortunate events have also significantly increased near term uncertainties and, of course, sway how companies are valued. We believe that the markets (and pundits) have over-reacted with respect to the damage that current inflation concerns might inflict on actual businesses.

Inflation fears have spooked investors; and this has led the Fed to take on a much tougher stance for monetary policy. The pundits have alarmingly increased their discussion of a potential US recession coming soon primarily because they believe the Fed will continue to raise rates until the US is in recession. We feel that higher rates may lead to slower growth; but that the process (and time) will also effectively lower inflation and reduce concerns of a Fed-induced recession. Even if the US economy does slow into a technical recession, we don't believe the impact would be deep or long lasting.

In these extraordinary times, quality management matters more than ever. Experienced management teams have the best information and insights on how to lead their companies to prosperity in good times and protect their shareholders when times are tough. We have already seen several of our portfolio companies raise their dividends and increase share buybacks for this year in a sign of confidence. So, while the markets continue to be volatile figuring out how to price businesses for the long term, dividend income continues to flow, and you'll be "paid to wait."

We wish to thank you for your continued trust and interest in SFE and remind you to always keep a long-term view in times of volatility.

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