



# JOHN W. ROSENTHAL CAPITAL MANAGEMENT, INC.

## August 2022 Quick Overview Summary:

**Summary Results Table:** The table below presents our performance by month and YTD as of 8/31/2022; and the last 3 years.

### Results Table

2022	Fund 1 <sup>1</sup>	Fund 2 <sup>1</sup>	^BANK <sup>3</sup>	KRE <sup>3</sup>	S&P 500 <sup>2</sup>	Russell 2000 <sup>2</sup>
Jan.	-2.1%	+2.0%	-0.2%	+1.1%	-5.3%	-9.7%
Feb.	+1.2%	+0.7%	+2.1%	+3.7%	-3.1%	+1.0%
March	-5.4%	-3.0%	-8.3%	-7.2%	+3.9%	+2.1%
April	-9.6%	-9.1%	-8.2%	-10.2%	-9.2%	-11.0%
May	2.7%	2.1%	3.2%	3.9%	0.1%	0.1%
June	-6.7%	-7.3%	-9.1%	-9.6%	-8.2%	-8.4%
July	10.3%	7.4%	7.5%	9.8%	9.0%	10.4%
August	-2.4%	-2.0%	-1.5%	-1.9%	-4.0%	-2.2%
YTD	-12.4%	-9.5%	-14.7%	-11.7%	-16.8%	-17.9%
2021	37.7%	32.7%	39.7%	37.0%	26.9%	13.7%
2020	1.9%	-6.1%	-10.6%	-9.0%	16.3%	18.4%
2019	17.4%	22.7%	21.2%	27.1%	28.5%	23.7%

1. Average monthly net rate of return after fees/expenses
2. Russell 2000 is a small-cap stock market index and S&P 500 is an index tracking 500 large public companies in the U.S.
3. BANK is the Nasdaq Small Cap Bank Index and KRE is a regional bank stock ETF

### Headlines:

- **Fed Chairman Powell's Monetary Policy Speech from Jackson Hole, Wyoming Continues to Affirm the FOMC is Committed to Lowering Inflation by Raising the target Fed Funds Rate and Shrinking the Feds Balance Sheet of "term" bonds, i.e., halting quantitative easing.**
- **US Inflation Remains a Hot Topic and Figures for August Leave the Door Open for Significant Rate Hike at Next FOMC Meeting – we anticipate an additional 75 basis point increase.**
- **All stocks dropped after the Jackson Hole meeting – reversing the early August gains highlighted in our last letter.**
- **Despite that, bank stocks have rallied again so far in September and are up roughly 2 percent.**
- **We attended the premier banking conference of the year last week and met with 19 banks. Key takeaways include:**
  - **Margins and Net Interest Income Continue to Rise**
  - **Credit Quality Remains Strong & Banks Remain well Reserved for Any Potential Issues in Loan Portfolios**
  - **Hiring at all Organizational Levels is Challenging as Cost of Labor has gone up Across the Board**
  - **Deposit Balances seem to have Plateaued and Begin to Shrink from Historic Highs**
  - **Paydowns and Payoffs have also Plateaued, and Line Usage is Starting to Increase**

We have enjoyed a rally so far in Q3. We continue to forecast a "sideways trading pattern" until Q3 results are posted in October. Once those reports are posted, coupled with more clarity around the success (or lack thereof) in taming inflation and any potential positive developments with the Russian invasion of Ukraine, we are more likely to "call a bottom" at that time.

As always, you may reach us by calling the office at 574-243-6502, John's cell at 574-276-1128, or Adam's cell at 440-667-5974. Or by email: [john@rosenthalpartners.net](mailto:john@rosenthalpartners.net) or [adam@rosenthalpartners.net](mailto:adam@rosenthalpartners.net)

With warmest personal regards,

*John and Adam*

As always, past performance may not be indicative of future results. Therefore, no current or prospective client should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies recommended by the advisor), will be profitable or equal to past performance levels