



ROSENTHAL | HENRY

CAPITAL ADVISORS

June 2023 Quick Overview Summary

Summary Results Table: The table below presents our performance for 2023 by quarter/month and YTD as of 6/30/2023; as well as the last 4 years.

Results Table

	Fund 1 ¹	Fund 2 ¹	^BANK ²	KRE ²	Russell 2000 ³
YTD ⁴	-22.0%	-14.9%	-25.8%	-30.5%	7.2%
June '23	4.8%	5.8%	6.1%	4.8%	7.8%
2Q2023	-6.2%	-14.9%	-5.0%	-6.9%	4.8%
1Q2023	-17.2%	-12.9%	-21.9%	-25.3%	2.3%
2022	-13.0%	-11.2%	-18.4%	-17.1%	-21.6%
2021	37.7%	32.7%	39.7%	37.0%	13.7%
2020	1.9%	-6.1%	-10.6%	-9.0%	18.4%
2019	17.4%	22.7%	21.2%	27.1%	23.7%

1. Average monthly net rate of return after fees/expenses
2. BANK is the Nasdaq Small Cap Bank Index and KRE are regional bank stock ETF's
3. Russell 2000 is a small-cap stock market index; S&P 500 tracks performance of 500 large companies
4. Year to date results January 1, 2023 – June 30, 2023

Headlines:

- June was a Positive Month for Banks in General and Our Banks in Particular: Fund 1 up 4.8% & Fund 2 up 5.8%.
- We held our 2023 Annual Investor Meeting & Banking Industry Update on June 13, 2023.
 - We shared the video link in our last letter to you and share it again if you missed it: [2023 Annual Investor Meeting and Banking Industry Update](#) (and you may want to follow along with the [Slide Deck of the Annual Meeting](#)).
- We “Called the Bottom” During that Meeting – But Suggested Banks may Trade “Sideways” for a While.
 - Given the Results of June, coupled with the July MTD Increase of ~ 4.6% & 4.4% (Funds 1 & 2 respectively as of 7/13/2023), we may have Underestimated the Pace of the Rebound in Bank Stocks.
- Inflation Fell to its Lowest Annual Rate in More than 2 Years with CPI up a More Modest 3% last month.
 - Treasury Yields Tumbled on this News: This Decreases the Unrealized Losses in Banks Bond Portfolios and may Relieve some Pricing Pressure on Deposits.
- 2nd Quarter Earnings from Banks will be Forthcoming in the Days and Weeks Ahead – We Think They Will be Better than Expected.
 - Focus Will be Centered on Net Interest Margins, Deposit Levels/Stability, and Credit Quality – Especially Commercial Real Estate Loans to Office Buildings. We Will Report These Results Next Month.
- Futures Markets Place a 92% Chance that the FOMC will Increase the Fed Funds Rate by 25 basis points July 26th (According to the CME FedWatch Tool as of 7/13/2023).
- Some see a Soft-Landing for the Economy – But Only Time will Tell: [Fed's Goolsbee sees 'golden path' to lower inflation without a recession.](#)
- Bank Stocks are ~ 40% Below Historical P/E Levels and Remain Inexpensive on that Basis as well as on a Tangible Book Value Basis.
- Bank Merger & Acquisition Activity Expected to Increase: [Bank Deals Are Back on the Table. Getting One Done Could Be Messy. - WSJ.](#)

Again, we encourage you to add to your investment with us (if you are inclined to do so) and participate in what may be a meaningful continued increase in bank stock prices. Buy low...is still a proven investment technique that has borne good results over 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 or adam@rosenthalpartners.net

With warmest personal regards,

John and Adam

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.