ROSENTHAL | HENRY
CAPITAL ADVISORS

September 2023 Quick Overview Summary

Summary Results Table: The table below presents our performance for 2023 by quarter/month and YTD as of 9/30/2023; as well as the last 4 years.

Results Table

	Fund 1[1]	Fund 2[1]	^BANK[2]	KRE[2]	Russell 2000[3]
YTD[4]	-22.1%	-8.9%	-25.0%	-28.9%	1.4%
Sept. '23	-5.3%	-2.2%	-6.3%	-5.0%	-6.0%
3Q2023	-0.5%	7.3%	1.1%	2.3%	-5.5%
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 – September 30, 2023

It is officially spooky season, but that doesn't mean that investors need to be afraid. September is historically the worst month for the stock market, and this year proved no different. The Dow fell 3.5%, the S&P dropped 4.9%, and the Russell 2000 declined 6.0% in the month of September. The Regional Banking Index (KRE) also felt the wrath of September as it declined 5.0% for the month. Contributing to the historical difficulties of September, the market also remained focused on interest rates, government shutdown concerns, and recession fears. But through it all, we see a lot of signs of excessive negativity, and continue to believe that the fourth quarter will be positive. Here's why:

We expect to see a return to fundamentals as we move into the 3rd Quarter earnings season with results generally in line with consensus. This means a slowdown or reversion of the downward revisions we've seen in the past few quarters, and results continuing to trend better than originally feared. Many of the broader systemic fears from the bank failures in the first half of 2023 continue to be proven overblown. That said, we are still focusing on the net interest margin pressure resulting from higher for longer rate policies, and any credit quality concerns arising from our holdings on the 3rd quarter earnings calls. That said, we continue to focus on banks with strong core deposit franchises that can see margins normalize in a higher for longer rate environment, as well as banks with strong fee income streams.

Before we conclude, we want to express our sincere condolences for all those impacted by the heinous invasion of Israel. We hold our Jewish brothers and sisters in our prayers through these horrific times. As we know Jesus was a Jew, and GOD did not replace the Jews with Christians – in fact, we are grafted in with them as you would graft a wild branch into an existing tree. Now more than ever, we all pray for the peace of Jerusalem.

Expect much more details about the banking sector in our upcoming 3rd Quarter Newsletter with much more in depth analysis on the banks in our portfolios. Until then and as always, you may reach us with any questions 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