LESA
SROUFE&CO INC.
VALUE ADVISORS

April 5, 2023

First Quarter Update and Outlook

The shakeout from the breathtaking rise in interest rates in 2022 has begun. Recent banking industry stress hasn't been about quality of loans (so far), it has been about the mismatch in the banks' underwater bond portfolios compared to their short-term customer deposits. As U.S. Treasury yields rose, partly to slow inflation and likely the consequence of our ever-widening U.S. negative balance of payments, U.S. savers have followed the money, exiting low interest rate bank accounts and reinvesting in U.S. government securities. In our opinion, this could be the beginning of a U.S. government debt crisis masquerading as a banking crisis.

In effect, the government is crowding out private investment. This will be reversed through interest rate cuts later in the year, in our opinion, but the damage done will become clear in coming quarters as real estate valuations fall, bond defaults rise and the economy slows. Eventually, heads will likely roll at U.S. government agencies, as elected officials seek to redirect the blame for what was a generation of cheap money and the excesses it has wrought. Yet, in a way, we are all to blame, as investors too enjoyed an extended period of high leveraged returns at very little cost.

					Since Inception	
	1Q23	**1Yr**	**3Yr**	**5Yr**	**May '04**	**Nov '05**
LSC Opportunistic Value Equity (net of fees)	4.0%	-5.0%	19.3%	5.2%	6.0%	N/A
LSC Fully Invested Value Equity (net of fees)	5.0%	-6.1%	24.4%	5.8%	N/A	7.5%
Morningstar US Value TR USD	0.2%	-2.8%	19.3%	7.7%	8.0%	7.4%
S&P 500 Total Return Index	7.5%	-7.7%	18.6%	11.2%	9.3%	9.3%
MSCI ACWI Value Total Return Index	1.4%	-4.8%	16.1%	5.0%	6.7%	5.8%

**Performance periods greater than 1 year are annualized.*
Reported LSC Strategy returns are net of annual management fees. Index returns do not include an imputed management fee. Client account performance will differ, due to timing, price and/or investment objective considerations. LSC Strategy and benchmark returns include dividends and/or interest.

During the quarter, we added one new stock to the portfolio and added to two current holdings. We purchased Cemex SAB de CV. Cemex is a Mexico-based producer and distributor of cement and related construction materials. The company has operations in over 50 countries. Cemex has largely recovered financially from its poorly timed acquisition of Rinker Materials in 2007. Cemex sells for about ten times estimated 2023 earnings, will participate in the relative strengthening of the Latin American economies and should benefit from the U.S. infrastructure bill recently passed.

We added to our positions in Pan American Silver and Intel. Both stocks had declined in price in recent months. Pan American Silver has suffered from disappointing mining results at its Peruvian based Morococha mine, which has since been mothballed. In addition, weakening silver prices during the first two months of 2023 had dimmed investors' expectations for mining industry earnings. We consider silver to be an attractive metal used in a wide variety of industrial processes including renewable energy and

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electrification. In addition, should investors look for alternative stores of value outside traditional monetary systems (think gold or bitcoin among others), silver would benefit. We also added to our position in Intel, the U.S-based manufacturer of semiconductor components for computer related equipment and operating systems. We believe Intel's effort to catch up with new generation equipment offerings will be taken seriously by customers and eventually will benefit Intel's earnings. The company recently cut its dividend to shareholders redirecting cash flow to new product development.

As other countries make economic and political alliances with each other, any sign of a decline in the need for U.S. dollars would surely raise the U.S. cost of capital. One silver lining of that trend would be a forced budget balancing effort, not seen in decades. While painful, in the short term, the markets may demand it. Our portfolios are invested with that outcome in mind.

Sincerely,

Lesa A. Sroufe

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Definition of Firm: Lesa Sroufe & Company (LSC) is an SEC registered, Seattle, Washington based firm. LSC is a women-owned investment management company that specializes in the selection and management of securities that are deemed to be undervalued. The firm's investment philosophy is top-down, value oriented and often contrarian. LSC seeks securities that are deemed out-of-favor with mainstream investors and are priced under their potential fair value. LSC manages money for institutions and private clients.

Composite Definitions:
Opportunistic Value Equity Composite: The Opportunistic Value Equity Composite includes taxable and nontaxable, discretionary, fee paying portfolios with a Value Equity strategy that may include U.S. companies, ADRs, and ETFs. Additionally, the strategy utilizes an opportunistic and dynamic cash allocation that ranges from 0% to 50% depending on perceived values within the equity universe. Portfolios with a minimum asset level of US $50,000 are included in the composite. This composite was created in November 2013. Each account within the Opportunistic Value Equity Composite is individually managed and as such allows for Client-Imposed mandates and restrictions. A list of composite descriptions is available upon request.

Fully-Invested Value Equity Composite: The Fully-Invested Value Equity Composite includes taxable and nontaxable, discretionary, fee paying portfolios with a Value Equity strategy that may include U.S. companies, ADRs and ETFs. Additionally, the strategy focuses on maintaining an equity weighting of greater than 90% (the strategy does not include cash). Portfolios with a minimum asset level of US $50,000 are included in the composite. This composite was created in November 2013. Each account within the Fully-Invested Value Equity Composite is individually managed and as such allows for Client-Imposed mandates and restrictions. A list of composite descriptions is available upon request.

Benchmarks: The primary benchmark is the Morningstar US Value TR Index, an unmanaged index that tracks the performance of those Morningstar US Value companies with lower price-to-book ratios and lower forecasted growth values. The secondary benchmark is the S&P 500 Total Return Index, an unmanaged broad-based measure of market performance. The benchmarks provided are for comparative purposes only to represent the investment environment during the time periods shown. The composite differs from the index content and asset allocation of the Morningstar US Value TR Index, an unmanaged index and the S&P 500 Index, also an unmanaged index.

Fees: Net-of-fees performance returns are calculated by deducting the actual management fee which ranges between 0.4% - 0.80% annually. The management fee for the composite ranges between 0.45% - 0.80% annually. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Valuations are computed and performance reported in U.S. dollars. As of January 2022, net-of-fees returns are calculated using the actual gross returns less 0.80% annual management fee applied on a monthly basis, though fee discounts are available depending on the account size.