LESA SROUFE & CO INC.
VALUE ADVISORS

October 4, 2022

Third Quarter Update and Outlook

Broad market indexes declined during the quarter, extending this year's trend: rising interest rates, slowing earnings, and uncertainty focused on politics and war. The unwinding of past loose monetary policies combined with sharply higher inflation is proving painful to most corners of the investment world. While the U.S. Federal Reserve Board has signaled its commitment to raising interest rates to stamp out inflation, we do not think that the broader financial system will handle further monetary tightening well; the sharp swings in U.K interest rates and currency gyrations due to financing problems of their pension funds may be a precursor to the unwinding of leverage in the world's financial system. A pivot or policy reversal by the Federal Reserve may be met by strong U.S. stock market rallies, but we think those rallies could be short lived, as investors focus on slowing company earnings estimates and the consequences of draining liquidity in the investment markets.

						Since Inception	
	Quarter	**YTD**	**1Yr**	**3Yr**	**5Yr**	**May '04**	**Nov '05**
LSC Opportunistic Value Equity (net of fees)	-2.4%	-6.6%	-4.2%	6.5%	3.8%	5.5%	N/A
LSC Fully Invested Value Equity (net of fees)	-3.0%	-8.1%	-4.7%	7.0%	4.2%	N/A	6.8%
Morningstar US Value TR USD	-6.6%	-13.4%	-7.0%	4.2%	5.4%	7.4%	6.7%
S&P 500 Total Return Index	-4.9%	-23.9%	-15.5%	8.2%	9.2%	8.7%	8.6%
MSCI ACWI Value Total Return Index	-7.5%	-18.6%	-13.4%	2.0%	2.5%	6.1%	5.1%

**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 Smith and Wesson to the portfolio and added to our position in the ProShares Short S&P 500 Exchange Traded Fund. Our investment style is to focus our purchases on inexpensive or out of favor securities whose current valuations don't reflect some improvement in the company's outlook. Smith and Wesson, the gun and rifle manufacturer has been in the news for its controversial products. Nevertheless, the stock's valuation at seven times earnings and a debt free balance sheet leads us to believe that the company is worth more than investors are currently willing to value it. The ProShares Short S&P 500 ETF's depressed valuation reflects ongoing investors' belief that stock markets mostly go up and rarely go down. We believe investor attitudes remain too complacent in the near term.

We sold our position in Orange SA, the French telecommunications company and half of our position in International Seaways. Orange has paid large dividends over the years, yet its earnings have not grown. Significant economic pressures in Europe will lower its future earnings and ability to pay dividends. International Seaways stock has appreciated to our price target, as shipping rates for petroleum products have exploded higher due in part to the Ukraine war. Nevertheless, the company has been approached to consider being bought, likely at an even higher price. Thus, we are maintaining a portion of our holdings for now.

We think the current environment will continue to benefit real assets over financial assets. Historically low capital spending in these sectors in recent years bodes well for their supply and demand economics going forward. We view inflation as structural rather than fleeting. The very expensive transition to clean energy, a catch up in much needed infrastructure spending and growing interest payments by very indebted countries, such as the U.S. will all factor in continued elevated inflation rates. We continue to have exposure in agriculture, energy and related shipping and a variety of precious and industrial metals. We consider a stagflation economy an investment opportunity as much as an economic risk.

Sincerely,

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The information provided in this report should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings.

It should not be assumed that any of the securities transactions or holdings discussed were or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Upon request, LSC will furnish a list of all recommendations made since inception, this list shall include the name of each security, date and nature of each such recommendation, market price at the time of each recommendation, price at which the recommendation was made and price it was to be acted upon, and market price of each security as of the most recent practicable date.

Lesa Sroufe & Company claims compliance with the Global Investment Performance Standards (GIPS). To obtain a compliant presentation as well as a list of composite descriptions, please email: info@sroufeco.com.

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.