

THE VALUE CONNECTION

O'Keefe Stevens Advisory's Quarterly Client Newsletter



IMPORTANT DATES THIS QUARTER

Find Your Number
Webinar

April 27th at 4 PM EST
June 21st at 4 PM EST

Navigating Your 401k
Webinar

May 24th at 12 PM EST

Quarterly Call

Webinar and Recorded
April 13th at 4 PM EST

P: 585.340.6583

E: info@okeefestevens.com

FIVE YEARS

This is the most excited I've been to write a newsletter in the 9 years since we started this publication. This newsletter marks our 5th Anniversary as a firm! In these five years, we've managed growth on all fronts.

None of our accomplishments would be possible without the support of our team. We appreciate the effort that Marissa, Carly, Adam, and Dominick bring to their work each day. We enjoy the peace of mind of working with capable people who have high integrity. And, our enthusiasm for our work has never been higher.

And thank you for your trust in us. Because of you, we have a sense of purpose and fulfillment in our work. We enjoy the responsibility of caring for your financial well-being. Seeing your growth and success is what makes our work so rewarding. We appreciate the ongoing opportunity to serve as stewards of your wealth. Cheers to the next 5 years!



WORLD EVENTS AND OUR OUTLOOK

In our last Value Connection newsletter, we included thoughts on what to expect in 2022:

*"In general, we think it most likely that in the coming year (a) the lethality of the virus continues to wane, (b) the world economy continues to reopen, (c) corporate earnings continue to advance, (d) the Federal Reserve begins draining excess liquidity from the banking system, with some resultant increase in interest rates, (e) inflation subsided somewhat, and (f) **barring some other exogenous variable — which we can never really do — equity values continue to advance, though at something less (and probably a lot less) than the blazing pace at which they've been soaring since the market trough of March 2020.***

The current conflict in Ukraine is an exogenous variable. **Our investment advice is not affected based on current events. We advise you to remain goal-focused, plan-driven, and long-term oriented.**

Continued on page 3

Welcome, Kristen Faso!
Operations Associate
(pronounced like: Do Re Mi Fa So)

PERSONNEL UPDATES

Kristen Faso joined our Operations Team on April 1st. Kristen has over a decade of experience. She worked for two investment firms in the Chicago area. Kristen lives in Schererville, Indiana. She is working closely with Marissa and Carly to support client service. We're excited to have Kristen join our team. She brings a familiarity with both the Charles Schwab and TD Ameritrade platforms. Outside of the office, Kristen enjoys golf, reading, walking her dog, and time with family. Welcome, Kristen!

Dominick D'Angelo also has exciting news. He is now a Rochester resident! Dom built his first home in the Corn Hill Neighborhood of Rochester. Despite many delays, he is finally in his new home and within walking distance of our office.



World Events Continued from Page 2

Here is some more commentary to help better understand our perspective:

(1) The Russia/Ukraine event has a lot to do with energy. Russia supplies 40% of Europe's heating fuel, in the form of natural gas. One of the two major aging gas pipelines runs through Ukraine. If Ukraine were to align with Western Europe, it could be detrimental to Russia's economy.

(2) Europe is now recognizing some flaws in placing so much focus on Green Energy. Western Europe's efforts to outsource energy, left national security out of the analysis. This issue is of immediate concern for Europe.

(3) On March 30th, at 4,531, the S&P 500 declined about 5.5% YTD. Its greatest drawdown was in early March (down approximately 13%). This falls in line with our intra-year decline expectations. (See our January newsletter chart)

OTHER GLOBAL AND MARKET INSIGHTS

Where We See Things Going

In his most recent memo, Howard Marks presented the concept of the pendulum. He explains the origins of the European conflict. And he addresses the current inflationary problems we face here in the United States. If you have 15 minutes, it's a worthy read. You can find it on the Oaktree Capital website.

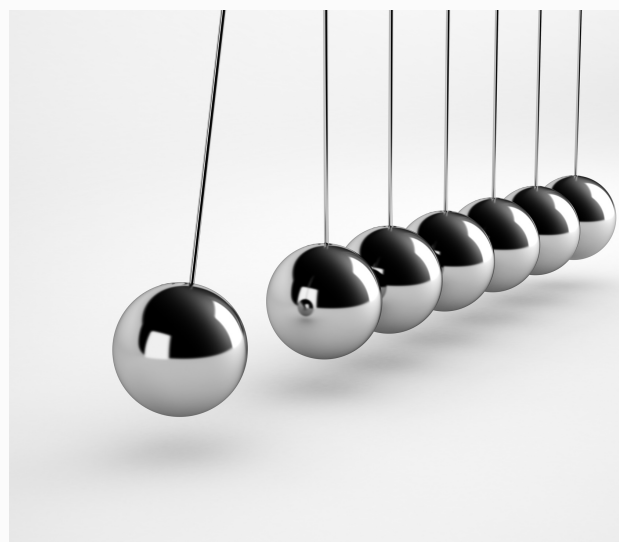
Politics, Markets, Economics, you name it, rarely exist in a state of equilibrium. In reality, we are constantly moving from extreme to extreme. We spend very little time in a state of equilibrium.

Continued on page 4

(4) This crisis will be a catalyst for a reappraisal of the US and Europe's respective energy policies. This is already inflating commodity prices. Higher energy costs will inflate other asset prices.

(5) The low inflation era we enjoyed is now shifting to a new era. It's critical to remain invested in long-term equities. As an asset class, equities are the best hedge against rising costs. Well-financed companies should do better than growth industries. This is because growth businesses rely on low-cost borrowing, which is likely to slow down.

War is a tragic event that we always hope to avoid. We pray for the people affected by the humanitarian crisis occurring in Ukraine. We pray for a quick resolution and an end to unnecessary violence.



In reality, we are constantly moving from extreme to extreme. We spend very little time in a state of equilibrium.

SCHWAB INTEGRATION

And Other Technology Updates



We recently received updates from our Strategic Relationship Manager, TD Ameritrade Institutional. The switch from TD Ameritrade to Charles Schwab will happen by Summer 2023. We've summarized our notes from the conversation to address any questions:

- It's still very early in the process
- TD Ameritrade's trading platform will replace Schwab's platform
- Most of the other technology will be Charles Schwab based
- Account numbers will switch from TD's 9-digit format to Schwab's 8-digit format
- There is no benefit to migrating to Schwab before the planned integration
- We will continue to receive quarterly updates from both companies

If you have questions about the Schwab/TD merger, please reach out to us. We will relay these questions to our service team. We continue to leverage technology within our office. This quarter we will introduce an enhanced client portal. You've likely seen our new Quarterly Performance Report too.

We will keep providing updates during these transitions. Our new solutions will provide you with the same information. In some cases, it might live in a new location. We will provide video training and written tutorials. Our new client portal will include financial planning software. You'll be able to use these tools together with your advisor, or on your own. As always, we welcome your feedback.

Market Insights Continued from Page 3

For decades the US enjoyed low costs goods and a growing economy. We outsourced manufacturing. We shifted to a technological design and service economy. This movement helped us access low-cost products. Businesses could expand with lower labor costs and had lots of capital available. The world was a peaceful place. Businesses and consumers grew comfortable with this environment.

We're now beginning to see the pendulum swing in the other direction. In the US, we are facing rising costs. We're also trying to rebuild parts of our supply chain on national soil. These issues exist due to the swing towards globalization over the past decades. And the pandemic and the Ukraine conflict highlight that not all was as well as we believed.

Even so, this period of change is laden with opportunities for patient investors. Value investors are finding this environment rich with opportunity. We expand on these thoughts and some of our recent portfolio additions in our Quarterly Call. You can listen to the replay on our website.

