

TEAM UPDATES AND COMMUNICATIONS

Attentive subscribers to this newsletter will notice we are writing to you in May, not April. And, while I'm positive you were waiting on the edge of your seat, I'm sure this change is not too inconvenient. The reason for the delay is to better manage our communications. During the first weeks of each quarter, we were bombarding you with information. This was both hectic for our team, and overwhelming for you as a client. We continue to introduce more media formats to meet a variety of preferences. Our hope is this makes engagement easier for you, whether you want it all or only some.

To keep you informed, these are our planned communications during the year (hyperlinks included):

Somebody's sitting in the shade today because someone planted a tree a long time ago.



• Warren Buffett

The Value Investor Quarterly Calls

January, April, July, and October

Dominick's Quarterly Investor Letter

January, April, July, and October

Value Connection Quarterly Newsletter

February, May, August, and October

Bi-Weekly Email Updates

15th and 30th of each month

Retirement Tips 1-Pagers

Published monthly on the OSA Blog

We realize that having a variety of formats is the best way to meet all preferences. It's not necessary to engage with all these formats. Nor do you need to attend them at a specific time. An archive of each piece lives on the Resource Page at www.okeefestevens.com/resources/.

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UPDATES CONTINUED...

Thank you for the high marks and testimonials in our Client Satisfaction Survey. We appreciate the contribution of your insights and valuable feedback. It humbles us to know we have such supportive clients. Thank you for the opportunity you've given us to be stewards of your wealth.

As promised, we compiled the results to share with you. Instead of a data dump or spreadsheet, we created a short video to summarize the results. Please take a couple of minutes to check it out when you have a chance.

On a personal note, we have several updates to share with you:

The O'Keefe Family celebrated exciting news last month. Peter & Renee's daughter, Dallas, is heading to Roberts Wesleyan College! Dallas received acceptance to several local colleges. She starts her freshman year this fall and plans to play basketball.

One's moving out and another's moving in! Carly and Mike Flanigan are expecting a baby girl this July. Carly will be off for a few months and Kristen Faso will cover her responsibilities. While there's no one who can fill Carly's shoes, Kristen and Carly did an incredible job to prepare. We expect Carly's absence will not have any impact on day-to-day operations.

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THE RESULTS ARE IN!



99%
OF CLIENTS
AGREE
OR
STRONGLY AGREE
THAT THEY
ARE TREATED
AS A

Valued Client

Thank you to everyone who participated in our Client Satisfaction Survey. This 90 second video summarizes the findings of the survey and shares a sample of client reviews. It's gratifying to know the service we provide is well received.

LESSONS FROM THE ORACLE

Attending the Berkshire Hathaway Annual Meeting in Omaha, Nebraska is an annual pilgrimage for value investors like us. We eagerly await the opportunity to learn from Warren Buffett and Charlie Munger and gain new insights into their investment approach. This event isn't just about investing; it's also an opportunity to connect with other like-minded investors and learn from their experiences.

As we prepare for this year's meeting, we're excited to bring back valuable insights to improve our investing and behavioral financial guidance for our clients. The research team will attend not only the Berkshire Hathaway meeting but also the GuruFocus Full Day Speaker Event and the Markel Meeting with legendary manager Tom Gaynor.

We believe that by following the lessons of Buffett and other successful investors, we can help our clients achieve their financial goals and build a secure future. Even if you can't attend the meeting, there's still a lot to learn from Buffett's annual letters and the YouTube live streaming of the event. We look forward to sharing our insights with you.

In his 2022 annual letter to shareholders, Buffett offered several lessons that we believe are both timeless, and especially relevant for investors today.

Here are some of our favorite quotes from the most recent Letter to Shareholders:

"We continue to look for businesses with durable competitive strengths, able management, and a sensible purchase price."

"Beware the investment activity that produces applause; the great moves are usually greeted by yawns."

"Charlie [Munger] and I have never focused on current-quarter results. Quarterly earnings are a series of often-unrelated measurements of a company's sales, earnings, or cash flow."

To read the full Letter to Shareholders visit www.berkshirehathaway.com or [Click Here to go directly to the 2022 Letter.](#) ●



TAKING OUR ECONOMIC TEMPERATURE

I had an economics professor in college who had a stable of economic jokes. They were cringe-worthy but effective and helped me remember the lessons. In honor of his recent retirement, I thought I'd bring out one of these "economic dad jokes." It has a perfect application to our economy today.

"Economists have predicted 20 of the past 5 recessions."

You might have to read that again. It describes where we are today. This looming recession might be the most anticipated recession of our lives. It seems that everyone knows it is coming. But when will it be here? Or, is it already here? Everyone knows, yet no one seems to know.

Rather than relying on sentiment, it's helpful to look at the data at times like this. When it comes to investing, objectivity is more reliable than sentiment.

The chart below is a heatmap of economic data points used to gauge recessions. It's compiled by the National Bureau of Economic Research (NBER). These are the folks who make the call when we're officially "in a recession." NBER looks for broad-based decline across several economic indicators to make their determination. On the chart, green means that these variables grew month-over-month. Red means that they fell. The shading or boldness of the color illustrates how strong the gain or loss was relative to history.

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Source: Bureau of Economic Analysis, Bureau of Labor Statistics, Census Bureau, Citigroup, NBER, J.P. Morgan Asset Management. Heatmap shading reflects 10 years of data, with green and red reflecting a range of +/- 0.5 standard deviations from a baseline of 0% monthly growth. *The NBER's definition of a recession involves a significant decline in economic activity that is spread across the economy and lasts more than a few months. Specifically, they consider real personal income less transfers, nonfarm payroll employment, employment as measured by the household survey, real personal consumption expenditures, wholesale-retail sales adjusted for price changes and industrial production. There is no fixed rule about which measures contribute to the process or how they are weighted, but the committee notes that "in recent decades, the two measures we have put the most weight on are real personal income less transfers and nonfarm payroll employment." The Citi Economic Surprise Index is a 90-day weighted moving average of surprises in economic indicators relative to consensus. A positive reading means that the data releases have been stronger than expected and a negative reading means that the data releases have been worse than expected. Guide to the Markets - U.S. Data are as of April 30, 2023.



THE NEXT BEST THING TO A BUY SIGNAL

"Investor allocation to equities relative to bonds has dropped to its lowest level since the global financial crisis as worries about a recession take hold, according to a Bank of America's global fund manager survey."

UPDATES CONTINUED...

On a less upbeat note, it disappoints me to report that Adam Deutsch is no longer with our team. During the 3 years Adam worked with us, he did a wonderful job at continuing our efforts to care for our clients. Peter and I will continue these relationships as the primary point of contact. We have always maintained a team approach. This means we can pick up where Adam left off with consistent planning and investing advice.

For now, our team is well covered, and we do not expect the need to backfill this advisor position. As we grow, our focus will be to add technical expertise to the business. Current sales and marketing efforts provide us with enough to keep us busy year-round. A large part of this is thanks to you, our clients. Introductions to family members, co-workers, and friends yield enjoyable and sustainable growth. ●

ECONOMIC TEMPERATURE CONTINUED...

And today, the data doesn't look as bad as the sentiment suggests. The common definition of a recession is two consecutive quarters of shrinking GDP. If you look at March and April 2020 (see the red band down the entire chart), that's what a recession looks like.

Concerns about tighter monetary policy and persistent inflation have investors proceeding with caution.

These two items are very important factors that could lead to a recession. Real results are what matters. The chart shows that today's real economic results exceed expectations. Continuing to pay attention to these factors will be a better gauge of our economy. Although, our mission is not to prognosticate. Our focus is on consistent behavior. Lifetime. wealth creation and income preservation have nothing to do with current events. ●

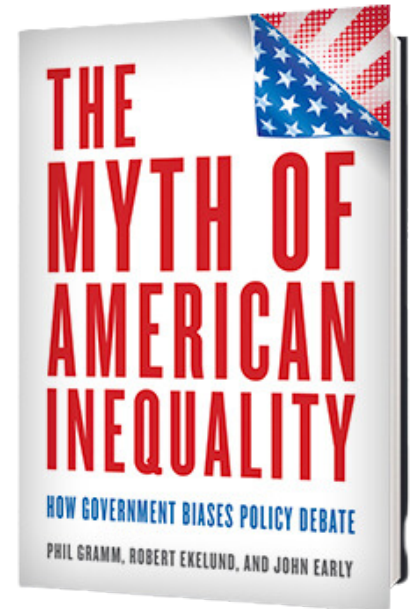
WHAT WE READ THIS QUARTER

The Myth of American Inequality

For a better understanding of income inequality in the United States, I recommend "The Myth of American Inequality" by former Senator Phil Gramm and John F. Early. This data-driven analysis challenges common beliefs and showcases how upward mobility has been achieved in the past.

The book provides a strong historical perspective and shows that income inequality hasn't increased as much as believed. The middle class has grown, and education is crucial for economic success and mobility.

Though some may find the conclusions controversial, this book offers a valuable perspective on an important issue facing the United States today, urging readers to rethink policies aimed at reducing inequality.

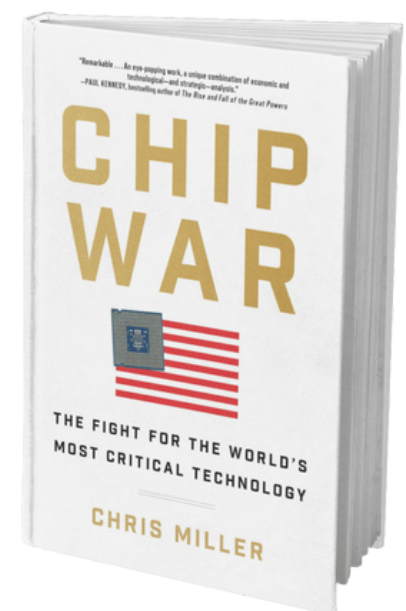


Chip War

If you're interested in the semiconductor industry, "Chip Wars" by Chris Miller is a must-read. The book offers a comprehensive analysis of the industry's current state, including key players, emerging technologies, and strategies used to gain a competitive edge.

What sets "Chip Wars" apart is how Miller sheds light on the intense competition between the US and China to dominate critical technology and the potential implications for national security, economic growth, and the global balance of power. Investors in Qualcomm and Nvidia should pay close attention to this information as it may impact their investments in the semiconductor industry.

Overall, "Chip Wars" is an engaging and accessible read that provides valuable insights for investors in the semiconductor industry and anyone interested in its future.

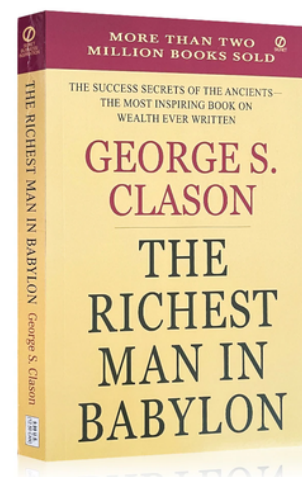


TIMELESS READING MATERIAL

The Richest Man in Babylon

Over the years, I've handed out thousands of copies of this timeless classic. Written in 1926 by George S. Clason, this parable uncovers the secret to lifetime wealth creation. The lesson still holds almost 100 years later.

I've ordered another hundred copies to keep as gifts at our office. Please let me know if you would like me to send you a copy or two for yourself, your children, or a friend. Everyone could benefit by understanding Clason's teachings. We have read the book to our children, and even the youngest listener understands the message. Please call, text, or email us if you would like a copy.



Dear Clients,

Over the past 43 years and 14 years, we have made ourselves available to act as a sounding board for anyone who needs urgent financial advice - or just a second opinion. We are a team of caring and talented individuals who share a passion for this important work. As a result of these efforts, our business now comes to us almost exclusively through referrals. So, if you're approached by a friend, neighbor, or family member, or if you know someone who just needs a sympathetic ear, please let them know that we will always find the time to listen, and we'll do our best to help.

Peter S. O'Keefe & Justin Stevens

Remember to Subscribe to O'Keefe Stevens Advisory on [Instagram](#) and [YouTube](#)!

