

YOUR MID-YEAR LETTER

We are even more delighted than usual to report to you at midyear on the events of the last six months, and on the further progress of our long-term plan. But first, as always, a brief recitation of our principles.

THE IDEAS THAT GUIDE US

- We are long-term, goal-focused, planning-driven owners of broadly diversified portfolios of enduringly successful companies. As such, we act continuously on our plan, as opposed to reacting episodically to current events and conditions.
- We are convinced that the economy cannot be consistently forecast, nor the market consistently timed. We infer from this that our best chance to capture something close to the full long-term return of equities is to ride out their frequent, sometimes significant, but historically

always temporary declines.

- These will continue to be the bedrock convictions that inform our investment policy, as we pursue your most cherished financial goals together.

CURRENT COMMENTARY

- After declining sharply for most of 2022, the S&P 500 ended the year at 3,840.
- As the year turned, it seemed as if the economy might well be in a no-win situation. Either the Federal Reserve would tighten credit conditions enough to stamp out inflation, thereby plunging us into recession. Or it would relent, avoiding recession but permitting inflation to burn on. In either case, we were assured that corporate earnings must be about to decline significantly, boding ill for “the stock market.”
- To this apparently intractable situation, the first half of 2023 added three new and potentially

critical uncertainties: the specter of U.S. sovereign default, a wave of bank failures that seemed to threaten the banking system itself, and a renewed outbreak of fear surrounding the dollar’s status as the world’s reserve currency.

- Yet after enduring that relentless onslaught of crises real and imagined, the S&P 500 closed out the first half of 2023 at 4,450 up 15.9%. We are almost tempted to say, “You read that right,” and leave you to draw your own conclusions. Instead, we will just repeat Peter Lynch’s timeless maxim: “The real key to making money in stocks is not to get scared out of them.”
- In that sense, these six months represent for us — and we devoutly hope for you — a successful investing career in microcosm. We did all that can be asked of us: amid well-nigh universal pessimism, we did not get scared out.

...continued on back



CLADIS

INVESTMENT ADVISORY, LLC

180 S 32nd Street West, Suite 1
Billings, MT 59102

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

- WARREN BUFFETT

YOUR MID-YEAR LETTER

(continued)

- Rather, we stayed focused on our goals and on our long-term plan, with confidence that the managements of the companies we own were husbanding our capital with diligence, while they sought out new and potentially greater opportunities amid the adversity.

In summary, everything that happened (and did not happen) in the first half of 2023 turned out not to matter much. What mattered was that together we chose not to react. Is it possible that a lifetime of patient, disciplined investment success is just that simple? We certainly believe it can be, and we sincerely hope you do too.

Thank you, as always, for being our clients. It is a privilege to serve you.

This material was prepared by Nick Murray Interactive and does not necessarily represent the views of the presenting party, nor their affiliates. The information herein has been

derived from sources believed to be accurate. Please note - investing involves risk, and past performance is no guarantee of future results. Investments will fluctuate and when redeemed may be worth more or less than when originally invested. This information should not be construed as investment, tax or legal advice and may not be relied on for the purpose of avoiding any Federal tax penalty. This is neither a solicitation nor recommendation to purchase or sell any investment or insurance product or service and should not be relied upon as such. All market indices discussed are unmanaged and are not illustrative of any particular investment. Indices do not incur management fees, costs, or expenses. Investors cannot invest directly in indices. All economic and performance data is historical and not indicative of future results.

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Nick Murray Interactive is not affiliated with any person or firm that may be providing this information to you. The publisher is not engaged in rendering legal, accounting, or other professional services. If assistance is needed, the reader is advised to engage the services of a competent professional.

Citations:

Sources for S&P 500 prices: Standard & Poor's as reported by Yahoo. Finance. Compound growth rates: Standard & Poor's DQYDJ S&P 500 return calculator.

**WE HOPE YOU AND YOUR FAMILY
ARE HAVING A WONDERFUL SUMMER!**