April 1, 2022

the Prudent Speculator 666

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While the month closed on a down note, March was nicely positive for equity investors, even as gains on the large-cap-dominated indexes outpaced those of the average stock. True, January and February were both dismal, and Growth outperformed Value last month, but those not following the markets closely may be surprised that equity-market year-to-date losses were pared during March. After all, the war in Ukraine dominating the daily headlines, commodity prices moving sharply higher, with inflation proving to be far from transitory, and the Federal Reserve initiating the first of an expected series of hikes in the Federal Funds rate were headwinds that many might have assumed would be too stiff for stocks to overcome.

> "We do feel the economy is very strong and well positioned to withstand tighter monetary policy."
>
> — Jerome H. Powell

Of course, making sense of short-term market gyrations is difficult. Volatility is very much normal, with 5% setbacks/advances happening three times per year on average and 10% corrections/rallies taking place every 11 months, so nothing we have witnessed this year or last, when stocks enjoyed terrific gains, is unusual. That does not stop the financial press from seeking to rationalize each day's activity, even as most of the eyeballs viewing the stories are attached to investors with a long-term view and the reasoning often grows stale very quickly.

For example, stocks jumped on March 29, with one strategist opining, "Markets seem to have become much more comfortable with the idea that the hiking cycle is here, that it won't derail economic growth and that equity markets are the place to be." However, the very next day, stocks fell, with another market watcher proclaiming, "The GDP numbers [revised 6.9% growth for Q4, down from 7.0%] were weaker than we were expecting. It looks like we are getting a soft patch in the first quarter."

To be sure, traders will react and overreact to the news of the day, but our time horizon is measured in years, so our focus is always on the long-term implications. Indeed, very little ever disturbs our view that equities will prove rewarding in the fullness of time, with our faith supported by our constant attention to market history.

Sadly, many folks view the equity markets as a casino, with the odds stacked against them, but the statistical evidence shows this to be entirely untrue. Value stocks, per data from Professors Eugene F. Fama and Kenneth R. French, have appreciated 63.2% of the time on a monthly basis, 67.8% of the time on a quarterly basis, 73.2% of the time on a one-year basis, 89.5% of the time on a 5-year basis and 96.7% of the time on a 10-year basis. Obviously, with Value returns averaging 13.3% per annum since 1927, it isn't hard for us to stick with our approach through thick and thin.

Certainly, the past is not always prologue and geopolitics is a wildcard, but as we highlight in this month's *Graphic Detail*, Fed tightening, high inflation and rising interest rates have previously been reasons to buy, not sell, Value stocks, on average. And, perhaps even more germane as we go to press, the S&P 500 has returned 16.0% one year later, on average, the previous nine times the 10-Year/2-Year U.S. Treasury yield curve has become inverted. True, many are warning that the latest inversion could signal a recession is coming, but the creation of 431,000 jobs and an unemployment rate of 3.6% in March does not suggest an economic contraction is imminent. And, even the disappointing March ISM Manufacturing PMI of 57.1 was well above average and correlates with 2.9% real GDP growth on an annual basis.

We know that economic data has weakened somewhat and recessions have not been banned, but such is not the projection of the Fed for '22 or '23, while the famous quip states that economists have predicted nine of the last five recessions. Still, we take comfort that Value stock returns have been solid (9.5% on average) in the 12 months before a real economic downturn commences and OK (4.6% on average) in the year after a contraction has begun.

Editor, Principal, Portfolio Manager
Kovitz

Graphic Detail

Fed Funds, Interest & Inflation Rates

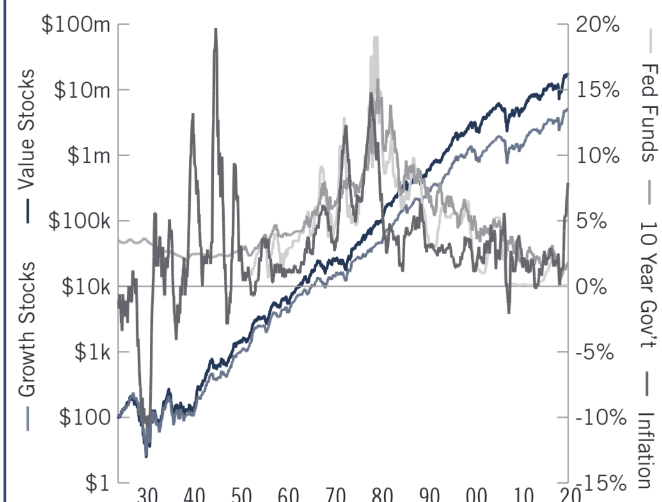
With inflation proving not to be transitory, especially given the recent spike in commodity prices due to the Russian invasion of Ukraine, the Federal Reserve shifted to a tighter stance on monetary policy last month. The move was well-telegraphed, and equity prices rallied on the news, even as the Fed also said it expects to begin reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities at a coming meeting. Of course, few expected Jerome H. Powell & Co. to estimate that the 25-basis-point increase in the Fed Funds rate in March will be the first of 10 or 11 quarter-point hikes by the end of 2023 in the rate at which depository institutions lend to each other.

Sounds like a massive level of monetary tightening, until one remembers that the average Fed Funds rate dating back to 1970 is 5.0% and that the latest longer-run Fed estimate for the widely watched benchmark is 2.4%. True, the economic projections of Federal Reserve Board members and Bank presidents now suggest that PCE inflation will average 4.3% this year and 2.7% next year, up from respective forecasts made three months earlier of 2.6% and 2.3%. In addition, the expectation for real GDP growth for 2022 came down from 4.0% to a still healthy 2.8%, but the outlook for 2023 remained unchanged at 2.2%, as did the 3.5% unemployment rate prediction for each year.

And Chair Powell said at his March 16 press conference, "The probability of a recession within the next year is not particularly elevated. And why do I say that? Aggregate demand is currently strong, and most forecasters expect it to remain so. If you look at the labor market, also

RATES & RETURNS OVER TIME

The Fed Funds, Interest and Inflation rates have risen and fallen and risen and fallen, while stock prices have marched steadily higher.



As of 02.28.22. Left Axis: Logarithmic scale. Indexed to 100 on 06.30.26. SOURCE: Kovitz using data from Bloomberg Finance L.P., Professors Eugene F. Fama and Kenneth R. French, and Professor Robert J. Shiller.

FED FUNDS RATES & STOCK PERFORMANCE

While the Federal Reserve is likely to ratchet the target for the Fed Funds rate sharply higher, history shows that no matter the level…

%	Geo. Avg	#Neg	#Pos	Min	Max
Value Stocks (Forward 1-Year Returns)					
<= 2.5	13.6%	66	180	-38.8%	106.4%
2.5 <= 5.0	11.1%	51	158	-52.2%	72.2%
5.0 <= 7.5	16.1%	43	145	-24.5%	60.2%
7.5 <= 10	13.3%	21	75	-29.5%	57.6%
10.0 <= 12.5	18.2%	5	27	-28.1%	62.2%
12.5 <= 20.0	26.4%	2	27	-0.7%	75.2%
Growth Stocks (Forward 1-Year Returns)					
<= 2.5	14.2%	40	205	-29.4%	93.1%
2.5 <= 5.0	7.3%	50	159	-40.1%	58.8%
5.0 <= 7.5	8.4%	57	131	-36.2%	57.0%
7.5 <= 10	8.3%	30	66	-34.8%	59.2%
10.0 <= 12.5	12.5%	6	26	-48.0%	56.0%
12.5 <= 20.0	18.3%	11	18	-22.2%	84.3%

From 07.31.54 through 02.28.22. Geometric mean of subsequent 12-month returns. SOURCE: Kovitz using data from Bloomberg Finance L.P. and Profs. Eugene F. Fama & Kenneth R. French

FED FUNDS RATE Δ & STOCK PERFORMANCE

…or the direction of the change over the ensuing month, quarter or year, stocks (led by Value) on average have enjoyed fine returns.

Change	Geo. Avg	#Neg	#Pos	Min	Max
Value Stocks (Forward 1-Year Returns)					
Next Year Up	13.6%	93	333	-28.1%	67.8%
Next Year Down	13.4%	95	267	-52.2%	84.1%
Next Quarter Up	13.1%	100	320	-37.5%	77.9%
Next Quarter Down	13.9%	88	280	-52.2%	84.1%
Next Month Up	13.5%	91	316	-37.5%	67.5%
Next Month Down	13.5%	97	284	-52.2%	84.1%
Growth Stocks (Forward 1-Year Returns)					
Next Year Up	9.0%	101	325	-48.0%	58.8%
Next Year Down	11.1%	91	271	-40.1%	84.3%
Next Quarter Up	8.9%	106	314	-34.8%	58.3%
Next Quarter Down	11.2%	86	282	-48.0%	84.3%
Next Month Up	8.9%	102	305	-37.9%	63.4%
Next Month Down	11.1%	90	291	-48.0%	84.3%

From 07.31.54 through 02.28.22. Geometric mean of subsequent 12-month returns. SOURCE: Kovitz using data from Bloomberg Finance L.P. and Profs. Eugene F. Fama & Kenneth R. French

very strong. Conditions are tight, and payroll job growth is continuing at very high levels. Household and business balance sheets are strong. And so all signs are that this is a strong economy and, indeed, one that will be able to flourish, not to say withstand but certainly flourish, as well, in the face of less accommodative monetary policy."

Despite the economic optimism, we realize that many are spooked by elevated inflation and higher interest rates. After all, prices at the pump have skyrocketed and the yield on the 10-year U.S. Treasury is now 2.38%, up from 1.51% three months ago. However, history reveals that rising Fed Funds, U.S. Treasury and/or inflation rates have not spelled doom for stocks. Past performance does not guarantee future returns and statisticians may fault the relatively small sample sets and tremendous dispersions between min and max, but we like what the data show on average in regard to equities in general and Value stocks in particular no matter the direction of rates. ■

INTEREST RATES & STOCK PERFORMANCE

Not surprisingly, both Value and Growth stocks have performed well in very low interest rate environments...

%	Geo. Avg	#Neg	#Pos	Min	Max
Value Stocks (Forward 1-Year Returns)					
<= 2.5	21.3%	63	183	-29.4%	133.3%
2.5 <= 3.5	5.2%	88	161	-71.5%	241.6%
3.5 <= 4.5	12.1%	46	125	-52.2%	358.2%
4.5 <= 6.0	6.2%	46	88	-32.5%	54.6%
6.0 <= 8.0	14.6%	44	136	-29.5%	60.2%
8 <= 20.0	21.4%	15	140	-24.9%	75.2%
Growth Stocks (Forward 1-Year Returns)					
<= 2.5	16.0%	58	188	-31.6%	93.1%
2.5 <= 5.0	9.7%	54	195	-64.8%	152.9%
5.0 <= 7.5	6.3%	48	123	-50.9%	213.8%
7.5 <= 10	6.0%	47	87	-37.0%	58.8%
10.0 <= 12.5	4.0%	59	121	-48.0%	59.2%
12.5 <= 20.0	15.8%	32	123	-22.5%	84.3%

From 07.31.26 through 02.28.22. 10-Year U.S. Treasury Yield. Geometric mean of subsequent 12-month returns.
SOURCE: Kovitz using data from Bloomberg Finance L.P. and Professor Robert J. Shiller

INTEREST RATE Δ & STOCK PERFORMANCE

...but Value handily trumps Growth, on average, in periods where rates have been moving higher (and when rates have been dropping).

Change	Geo. Avg	#Neg	#Pos	Min	Max
Value Stocks (Forward 1-Year Returns)					
Next Year Up	15.1%	121	447	-71.5%	133.3%
Next Year Down	11.7%	181	387	-66.4%	358.2%
Next Quarter Up	9.8%	165	395	-71.5%	133.3%
Next Quarter Down	16.9%	137	439	-66.4%	358.2%
Next Month Up	11.1%	141	362	-71.5%	128.1%
Next Month Down	15.2%	161	472	-66.4%	358.2%
Growth Stocks (Forward 1-Year Returns)					
Next Year Up	9.9%	152	416	-64.8%	93.1%
Next Year Down	10.0%	146	422	-55.1%	213.8%
Next Quarter Up	5.8%	177	383	-64.8%	64.2%
Next Quarter Down	14.1%	121	455	-55.1%	213.8%
Next Month Up	7.3%	146	357	-64.8%	73.2%
Next Month Down	12.1%	152	481	-55.1%	213.8%

From 07.31.26 through 02.28.22. 10-Year U.S. Treasury Yield. Geometric mean of subsequent 12-month returns.
SOURCE: Kovitz using data from Bloomberg Finance L.P. and Professor Robert J. Shiller

INFLATION RATES & STOCK PERFORMANCE

Stocks in general have provided an excellent hedge against the erosion of purchasing power caused by inflation...

%	Geo. Avg	#Neg	#Pos	Min	Max
Value Stocks (Forward 1-Year Returns)					
Negative	9.0%	57	98	-71.5%	358.2%
0 <= 1.5	14.6%	55	142	-48.0%	106.4%
1.5 <= 3.0	15.0%	84	245	-49.8%	148.8%
3.0 <= 4.5	10.9%	49	147	-66.4%	103.0%
4.5 <= 7.5	9.2%	41	100	-55.8%	75.2%
7.5 <= 20.0	22.2%	16	101	-22.6%	133.3%
Growth Stocks (Forward 1-Year Returns)					
Negative	16.2%	52	103	-64.8%	213.8%
0 <= 1.5	12.5%	43	154	-42.2%	93.1%
1.5 <= 3.0	15.6%	68	261	-43.4%	77.4%
3.0 <= 4.5	5.7%	70	126	-55.1%	57.0%
4.5 <= 7.5	11.0%	32	109	-48.0%	84.3%
7.5 <= 20.0	14.8%	33	84	-37.9%	64.2%

From 07.31.26 through 02.28.22. Geometric mean of subsequent 12-month returns. SOURCE: Kovitz using data from Bloomberg Finance L.P. and Profs. Eugene F. Fama & Kenneth R. French

INFLATION RATE Δ & STOCK PERFORMANCE

...though they have generated stronger average returns when the Consumer Price Index has been declining.

Change	Geo. Avg	#Neg	#Pos	Min	Max
Value Stocks (Forward 1-Year Returns)					
Next Year Up	13.2%	164	391	-71.5%	358.2%
Next Year Down	13.5%	138	443	-66.7%	148.8%
Next Quarter Up	10.9%	168	347	-71.5%	241.6%
Next Quarter Down	15.4%	134	487	-64.8%	358.2%
Next Month Up	11.5%	136	315	-71.5%	300.5%
Next Month Down	14.6%	166	519	-66.7%	358.2%
Growth Stocks (Forward 1-Year Returns)					
Next Year Up	9.1%	169	386	-64.8%	213.8%
Next Year Down	10.8%	129	452	-60.6%	84.3%
Next Quarter Up	7.7%	166	349	-64.8%	152.9%
Next Quarter Down	11.9%	132	489	-56.9%	213.8%
Next Month Up	8.4%	133	318	-64.8%	156.2%
Next Month Down	10.9%	165	520	-60.6%	213.8%

From 07.31.26 through 02.28.22. Geometric mean of subsequent 12-month returns. SOURCE: Kovitz using data from Bloomberg Finance L.P. and Profs. Eugene F. Fama & Kenneth R. French

All Recommended Stocks

In this space, we list all of the stocks we own across our multi-cap-value managed account strategies and in our four newsletter portfolios. See the last page for pertinent information on our flagship TPS strategy, which has been in existence since the launch of *The Prudent Speculator* in March 1977.

Readers are likely aware that TPS has long been monitored by *The Hulbert Financial Digest* ("*Hulbert*"). As industry watchdog Mark Hulbert states, "*Hulbert* was founded in 1980 with the goal of tracking investment advisory newsletters. Ever since it has been the premiere source of objective and independent performance ratings for the industry." For info on the newsletters tracked by *Hulbert*, visit: http://hulbertratings.com/since-inception/

Keeping in mind that all stocks are rated as "Buys" until such time as we issue an official Sales Alert, we believe that all of the companies in the tables on these pages trade for significant discounts to our determination of long-term fair value and/or offer favorable risk/reward profiles. Note that, while we always seek substantial capital gains, we require lower appreciation potential for stocks that we deem to have more stable earnings streams, more diversified businesses and stronger balance sheets. The natural corollary is that riskier companies must offer far greater upside to warrant a recommendation. Further, as total return is how performance is ultimately judged, we explicitly factor dividend payments into our analytical work.

While we always like to state that we like all of our children equally, meaning that we would be fine in purchasing any of the 100+ stocks, we remind subscribers that we very much advocate broad portfolio diversification with TPS Portfolio holding more than eighty of these companies. Of course, we respect that some folks may prefer a more concentrated portfolio, however our minimum comfort level in terms of number of overall holdings in a broadly diversified portfolio is at least thirty!

TPS rankings and performance are derived from hypothetical transactions "entered" by *Hulbert* based on recommendations provided within TPS, and according to *Hulbert's* own procedures, irrespective of specific prices shown within TPS, where applicable. Such performance does not reflect the actual experience of any TPS subscriber. *Hulbert* applies a hypothetical commission to all "transactions" based on an average rate that is charged by the largest discount brokers in the U.S., and which rate is solely determined by *Hulbert*. *Hulbert's* performance calculations do not incorporate the effects of taxes, fees, or other expenses. TPS pays an annual fee to be monitored and ranked by *Hulbert*. With respect to "since inception" performance, *Hulbert* has compared TPS to 18 other newsletters across 60 strategies (as of the date of this publication). Past performance is not an indication of future results. For additional information about *Hulbert's* methodology, visit: http://hulbertratings.com/methodology/. ■

				Target	Price Multiples				EV/	FCF	Debt/	Div	Mkt
Industry Group	Ticker[1]	Company	Price	Price	EPS	Sales	TBV[2]	ROCE[3]	EBITDA[4]	Yield[5]	TE[6]	Yield	Cap
Technology Hardware	AAPL	Apple	174.61	190.89	29.0	7.5	39.6	145.6	21.8	3.5	148%	0.5%	2,849,538
Health Care Equip/Srvcs	ABT	Abbott Labs	118.36	148.25	22.7	4.8	nmf	20.6	18.4	4.1	nmf	1.6%	208,726
Food, Bev & Tobacco	ADM	Archer-Daniels	90.26	96.08	17.4	0.6	3.2	12.8	15.9	10.7	56%	1.8%	50,769
Materials	ALB	Albemarle	221.15	289.73	54.6	7.8	7.0	2.5	27.0	-2.3	57%	0.7%	25,899
Insurance	ALIZY	Allianz SE	23.78	32.44	9.1	nmf	1.4	8.2	nmf	nmf	nmf	3.4%	97,131
Transportation	ALK	Alaska Air Group	58.01	81.74	nmf	1.2	4.2	14.1	7.2	10.1	196%	0.0%	7,314
Insurance	ALL	Allstate	138.51	160.04	10.4	nmf	2.0	5.8	nmf	nmf	nmf	2.5%	38,554
Pharma/Biotech/Life Sci	AMGN	Amgen	241.82	304.40	14.1	5.2	nmf	73.2	14.6	6.1	nmf	3.2%	134,701
Health Care Equip/Srvcs	ANTM	Anthem	491.22	546.72	18.9	0.9	nmf	17.6	10.8	6.0	nmf	1.0%	118,534
Materials	APD	Air Products & Chemicals	249.91	360.75	26.5	5.1	4.4	16.4	16.6	1.6	58%	2.6%	55,409
Real Estate	ARE	Alexandria Real Estate	201.25	242.66	25.9	nmf	2.0	4.0	nmf	nmf	nmf	2.3%	32,189
Semis & Cap Equipment	AVGO	Broadcom	629.68	735.38	21.1	9.0	nmf	38.1	18.6	5.3	nmf	2.6%	257,086
Insurance	AXAHY	AXA SA	29.17	39.17	9.0	nmf	nmf	11.2	nmf	nmf	nmf	4.9%	68,762
Capital Goods	AYI	Acuity Brands	189.30	255.28	17.6	1.8	15.8	16.7	12.4	4.7	128%	0.3%	6,629
Banks	BAC	Bank of America	41.22	55.32	11.6	nmf	1.9	12.4	nmf	nmf	nmf	2.0%	332,433
Materials	BASFY	BASF SE	14.20	27.21	7.6	0.6	1.7	14.8	6.0	7.8	54%	5.0%	52,170
Technology Hardware	BHE	Benchmark Electronics	25.04	36.86	18.5	0.4	1.2	3.6	7.5	-4.7	31%	2.6%	881

As of 03.31.22. nmf=Not meaningful. [1] •=First-time recommendation. [2]Tangible book value. [3]Return on Common Equity. [4]Enterprise value-to-earnings before interest taxes depreciation and amortization. [5]Free cash flow yield. [6]Tangible equity.
SOURCE: Kovitz using data from Bloomberg Finance L.P.

Industry Group	Ticker[1]	Company	Price	Target Price	Price Multiples EPS	Sales	TBV[2]	ROCE[3]	EV/ EBITDA[4]	FCF Yield[5]	Debt/ TE[6]	Div Yield	Mkt Cap
Retailing	BIG	Big Lots	34.60	71.35	6.5	0.2	1.0	15.6	7.3	2.4	156%	3.5%	988
Diversified Financials	BK	Bank of New York	49.63	71.32	15.8	nmf	2.3	8.9	nmf	nmf	nmf	2.7%	40,057
Diversified Financials	BLK	Blackrock	764.17	992.31	19.5	nmf	30.1	16.2	nmf	nmf	nmf	0.0%	116,925
Pharma/Biotech/Life Sci	BMY	Bristol-Myers Squibb	73.03	104.61	9.7	3.3	nmf	19.0	10.2	9.3	nmf	3.0%	155,204
Banks	C	Citigroup	53.40	99.49	5.0	nmf	0.7	11.4	nmf	nmf	nmf	3.8%	105,330
Health Care Equip/Srvcs	CAH	Cardinal Health	56.70	81.99	11.7	0.1	nmf	37.4	22.5	7.0	nmf	3.5%	15,709
Capital Goods	CAT	Caterpillar	222.82	280.77	20.6	2.3	13.1	40.8	13.2	3.9	291%	2.0%	119,407
Materials	CE	Celanese	142.87	218.87	7.8	1.8	7.6	49.0	8.5	8.1	165%	1.9%	15,434
Banks	CFG	Citizens Financial Group	45.33	71.02	8.5	nmf	1.3	10.5	nmf	nmf	nmf	3.4%	19,136
Health Care Equip/Srvcs	CHNG	Change Healthcare	21.80	26.95	14.2	2.0	nmf	-2.4	14.3	4.0	nmf	0.0%	6,801
Banks	CMA	Comerica	90.43	107.93	10.9	nmf	1.7	15.1	nmf	nmf	nmf	3.0%	11,854
Media & Entertainment	CMCSA	Comcast	46.82	67.37	14.5	1.8	nmf	15.2	9.1	9.1	nmf	2.3%	212,246
Capital Goods	CMI	Cummins	205.11	325.81	14.1	1.2	4.6	25.8	9.5	5.1	62%	2.8%	29,141
Diversified Financials	COF	Capital One Fin'l	131.29	193.40	4.9	nmf	1.3	21.5	nmf	nmf	nmf	1.8%	53,260
Semis & Cap Equipment	COHU	Cohu	29.60	59.36	9.3	1.6	3.0	24.0	4.6	5.9	26%	0.0%	1,437
Technology Hardware	CSCO	Cisco Systems	55.76	72.03	16.7	4.5	nmf	30.1	13.8	5.9	nmf	2.7%	231,636
Health Care Equip/Srvcs	CVS	CVS Health	101.21	137.15	12.0	0.5	nmf	11.0	11.2	11.6	nmf	2.2%	132,839
Transportation	DAL	Delta Air Lines	39.57	64.90	nmf	0.8	nmf	10.3	12.6	0.1	nmf	0.0%	25,322
Capital Goods	DE	Deere & Co	415.46	498.73	23.1	2.9	9.5	35.4	13.3	1.8	245%	1.0%	127,457
Energy	DINO	HF Sinclair	39.85	57.83	26.4	0.5	3.2	10.1	10.3	-6.2	125%	3.5%	8,896
Media & Entertainment	DIS	Walt Disney	137.16	196.35	45.4	3.4	nmf	3.5	29.3	0.6	nmf	0.0%	249,718
Real Estate	DLR	Digital Realty	141.80	177.92	21.7	nmf	4.4	10.0	nmf	nmf	nmf	3.4%	41,179
Real Estate	DOC	Physicians Realty	17.54	21.86	16.9	nmf	1.4	3.1	nmf	nmf	nmf	5.2%	3,953
Transportation	DPSGY	Deutsche Post AG	47.83	81.77	15.3	0.7	7.7	30.8	6.0	10.2	239%	2.7%	59,264
Capital Goods	ENS	EnerSys	74.57	129.36	16.3	0.9	7.7	9.9	11.9	-1.9	311%	0.9%	3,076
Energy	EOG	EOG Resources	119.23	140.06	13.9	3.6	3.1	22.0	7.5	6.9	25%	2.5%	69,796
Capital Goods	ETN	Eaton Corp PLC	151.76	187.98	22.9	3.1	nmf	13.7	17.6	2.6	nmf	2.0%	60,639
Media & Entertainment	FB	Meta Platforms	222.36	406.88	15.5	5.1	5.8	31.1	10.4	6.2	13%	0.0%	605,251
Transportation	FDX	FedEx	231.39	369.18	12.3	0.7	3.4	22.1	9.2	4.8	196%	1.3%	59,971
Banks	FITB	Fifth Third Bancorp	43.04	53.12	11.4	nmf	1.9	12.9	nmf	nmf	nmf	2.8%	29,425
Retailing	FL	Foot Locker	29.66	70.92	3.8	0.3	1.4	29.7	5.2	14.8	142%	5.4%	2,850
Capital Goods	GBX	Greenbrier	51.51	55.68	30.1	0.9	1.8	4.2	17.4	-31.6	97%	2.1%	1,676
Capital Goods	GD	General Dynamics	241.18	272.74	20.9	1.7	nmf	19.6	15.8	5.0	nmf	2.1%	67,081
Pharma/Biotech/Life Sci	GILD	Gilead Sciences	59.45	86.07	8.2	2.7	nmf	31.7	7.9	14.4	nmf	4.9%	74,544
Technology Hardware	GLW	Corning	36.91	55.18	17.7	2.2	3.6	9.3	10.4	5.8	88%	2.9%	31,213
Autos & Components	GM	General Motors	43.74	81.07	6.2	0.5	1.2	18.8	3.1	11.9	140%	0.0%	63,555
Media & Entertainment	GOOG	Alphabet	2792.99	3783.02	25.9	7.1	8.1	32.1	18.9	3.6	12%	0.0%	1,842,326
Diversified Financials	GS	Goldman Sachs	330.10	470.69	5.6	nmf	1.2	23.0	nmf	nmf	nmf	2.4%	117,668
Autos & Components	GT	Goodyear Tire	14.29	25.29	7.0	0.2	1.4	18.9	6.2	-0.3	253%	0.0%	4,029
Consumer Durables	HAS	Hasbro	81.92	126.65	15.7	1.8	nmf	14.5	13.0	6.0	nmf	3.4%	11,384
Autos & Components	HMC	Honda Motor	28.26	39.85	7.6	0.4	0.7	8.8	7.5	15.1	50%	3.0%	51,191
Technology Hardware	HPE	Hewlett Packard Enterprise	16.71	22.02	8.2	0.8	20.4	20.4	8.0	9.9	967%	2.9%	21,725
Software & Services	IBM	Int'l Business Machines	130.02	159.74	13.0	1.7	nmf	29.1	11.5	9.1	nmf	5.0%	116,928
Energy	INT	World Fuel Services	27.04	40.80	19.9	0.1	2.2	3.9	8.1	7.6	81%	1.8%	1,716
Semis & Cap Equipment	INTC	Intel	49.56	67.72	9.1	2.6	3.3	22.5	6.7	4.7	55%	2.9%	202,636
Materials	IP	Int'l Paper	46.15	66.61	11.7	0.8	3.0	20.7	7.6	8.1	136%	4.0%	17,301
Technology Hardware	JBL	Jabil	61.73	85.81	9.7	0.3	6.1	36.5	5.2	3.7	193%	0.5%	8,857
Pharma/Biotech/Life Sci	JNJ	Johnson & Johnson	177.23	207.97	18.1	5.0	nmf	30.4	15.3	4.2	nmf	2.4%	466,047
Technology Hardware	JNPR	Juniper Networks	37.16	40.18	21.2	2.5	44.3	5.7	20.4	4.8	676%	2.3%	11,987
Banks	JPM	JPMorgan Chase	136.32	188.20	8.9	nmf	1.9	18.3	nmf	nmf	nmf	2.9%	402,527
Retailing	JWN	Nordstrom	27.11	45.20	25.6	0.3	13.0	nmf	6.5	4.6	nmf	2.8%	4,321
Banks	KEY	KeyCorp	22.38	29.77	8.5	nmf	1.6	15.9	nmf	nmf	nmf	3.5%	20,592
Real Estate	KIM	Kimco Realty	24.70	28.99	18.0	nmf	1.6	11.3	nmf	nmf	nmf	3.1%	15,262
Semis & Cap Equipment	KLIC	Kulicke & Soffa	56.02	88.16	10.0	2.0	3.2	44.9	5.1	9.1	3%	1.2%	3,490
Food & Staples Retailing	KR	Kroger Co	57.37	63.14	15.6	0.3	7.7	17.4	9.7	8.4	355%	1.5%	41,496
Retailing	KSS	Kohl's Corp	60.46	81.28	8.2	0.4	1.7	19.0	4.8	18.3	140%	3.3%	7,775
Consumer Dur & App	LEG	Leggett & Platt	34.80	61.09	12.7	0.9	nmf	26.2	8.5	3.4	nmf	4.8%	4,654

As of 03.31.22. nmf=Not meaningful. [1] •=First-time recommendation. [2]Tangible book value. [3]Return on Common Equity. [4]Enterprise value-to-earnings before interest taxes depreciation and amortization. [5]Free cash flow yield. [6]Tangible equity.
SOURCE: Kovitz using data from Bloomberg Finance L.P.

				Target	Price Multiples				EV/	FCF	Debt/	Div	Mkt
Industry Group	Ticker[1]	Company	Price	Price	EPS	Sales	TBV[2]	ROCE[3]	EBITDA[4]	Yield[5]	TE[6]	Yield	Cap
Technology Hardware	LITE	Lumentum Holdings	97.60	143.67	16.4	4.1	4.8	19.5	9.1	9.5	60%	0.0%	7,047
Capital Goods	LMT	Lockheed Martin	441.40	501.82	19.4	1.8	nmf	74.4	12.3	6.3	nmf	2.5%	117,648
Retailing	LOW	Lowe's Cos	202.19	279.92	16.9	1.4	nmf	nmf	11.8	5.6	nmf	1.6%	133,761
Semis & Cap Equipment	LRCX	Lam Research	537.61	755.98	22.5	4.5	15.4	76.6	13.7	5.2	102%	1.1%	74,997
Commerical Services	MAN	ManpowerGroup	93.92	148.40	12.9	0.2	23.3	15.4	7.3	11.1	390%	2.7%	5,026
Consumer Durables	MDC	MDC Holdings	37.84	77.84	4.8	0.5	1.0	24.2	4.7	-9.0	67%	5.3%	2,693
Health Care Equip/Srvcs	MDT	Medtronic PLC	110.95	141.08	19.8	4.7	nmf	9.5	19.6	3.8	nmf	2.3%	148,844
Insurance	MET	MetLife	70.28	99.09	7.7	nmf	1.1	9.5	nmf	nmf	nmf	2.7%	57,986
Capital Goods	MMM	3M Co	148.88	224.83	14.7	2.4	nmf	42.4	10.7	6.7	nmf	4.0%	84,738
Materials	MOS	Mosaic Co	66.50	73.12	13.2	2.0	2.6	16.2	8.7	3.5	37%	0.7%	24,493
Pharma/Biotech/Life Sci	MRK	Merck & Co	82.05	111.23	13.1	4.1	nmf	41.1	14.6	4.6	nmf	3.4%	207,401
Pharma/Biotech/Life Sci	MRNA	Moderna	172.26	284.17	6.1	3.8	4.9	146.1	4.5	18.9	5%	0.0%	69,424
Diversified Financials	MS	Morgan Stanley	87.40	120.25	10.6	nmf	2.1	15.3	nmf	nmf	nmf	3.2%	155,686
Software & Services	MSFT	Microsoft	308.31	384.63	34.8	12.5	22.7	49.1	24.5	2.6	71%	0.8%	2,311,359
Semis & Cap Equipment	MU	Micron Tech	77.89	128.14	9.1	2.8	1.9	20.4	4.9	5.6	16%	0.5%	86,977
Materials	NEM	Newmont Corp	79.45	83.62	26.9	5.2	3.3	5.2	17.9	4.1	32%	2.8%	62,968
Software & Services	NLOK	NortonLifeLock	26.52	35.18	15.7	5.6	nmf	nmf	13.8	6.3	nmf	1.9%	15,442
Transportation	NSC	Norfolk Southern	285.22	331.65	23.5	6.1	5.0	21.1	14.7	3.9	100%	1.7%	68,389
Technology Hardware	NTAP	NetApp	83.00	104.95	16.5	3.0	nmf	148.8	11.4	6.1	nmf	2.4%	18,471
Materials	NTR	Nutrien Ltd	103.99	114.22	16.7	2.1	6.3	13.7	10.0	nmf	93%	1.8%	57,399
Banks	NYCB	NY Community Bancorp	10.72	16.96	8.8	nmf	1.2	8.8	nmf	nmf	nmf	6.3%	5,006
Media & Entertainment	OMC	Omnicom Group	84.88	107.34	13.0	1.2	nmf	44.3	8.4	7.0	nmf	3.3%	17,566
Banks	ONB	Old National Bancorp	16.38	24.27	9.6	nmf	2.5	9.3	nmf	nmf	nmf	3.4%	4,836
Software & Services	ORCL	Oracle	82.73	111.15	16.8	5.3	nmf	nmf	19.8	2.8	nmf	1.5%	220,737
Banks	OZK	Bank OZK	42.70	66.06	9.6	nmf	1.4	13.2	nmf	nmf	nmf	2.8%	5,539
Pharma/Biotech/Life Sci	PFE	Pfizer	51.77	72.29	11.7	3.6	nmf	31.3	12.5	10.2	nmf	3.1%	292,385
Health Care Equip/Srvcs	PHG	Koninklijke Philips NVR	30.53	50.10	16.8	1.4	nmf	25.2	15.3	5.2	nmf	2.7%	26,985
Banks	PNC	PNC Financial	184.45	239.86	11.5	nmf	1.8	10.0	nmf	nmf	nmf	2.7%	77,203
Utilities	PNW	Pinnacle West Capital	78.10	90.97	14.3	2.3	1.6	10.7	10.4	-6.8	136%	4.4%	8,820
Insurance	PRU	Prudential Fin'l	118.17	145.29	8.0	nmf	0.8	11.8	nmf	nmf	nmf	4.1%	44,482
Semis & Cap Equipment	QCOM	Qualcomm	152.82	225.46	15.9	4.8	63.9	106.7	13.9	4.3	508%	2.0%	172,228
Consumer Services	RCL	Royal Caribbean	83.78	95.97	nmf	13.9	5.0	-76.0	-16.0	-19.8	453%	0.0%	21,364
Real Estate	REG	Regency Centers	71.34	82.28	17.8	nmf	2.1	6.0	nmf	nmf	nmf	3.5%	12,238
Capital Goods	SIEGY	Siemens AG	69.14	104.91	18.8	3.3	19.7	15.3	14.7	7.5	785%	2.4%	117,538
Capital Goods	SNA	Snap-On Inc	205.48	289.37	13.8	2.4	4.0	20.5	9.5	8.0	44%	2.8%	10,976
Pharma/Biotech/Life Sci	SNY	Sanofi	51.34	67.28	17.9	6.0	nmf	9.4	13.2	7.3	nmf	2.7%	129,752
Technology Hardware	STX	Seagate Tech	89.90	130.89	10.9	1.6	nmf	242.5	9.8	6.9	nmf	3.1%	19,679
Diversified Financials	SYF	Synchrony Fin'l	34.81	58.09	4.7	nmf	1.7	33.6	nmf	nmf	nmf	2.5%	18,145
Telecom Services	T	AT&T	23.63	31.74	7.0	1.0	nmf	12.1	7.3	14.7	nmf	4.7%	168,787
Banks	TFC	Truist Financial	56.70	75.91	10.3	nmf	2.3	9.6	nmf	nmf	nmf	3.4%	75,354
Retailing	TGT	Target	212.22	294.12	15.7	0.9	8.1	50.9	9.6	4.8	132%	1.7%	98,134
Capital Goods	TKR	Timken	60.70	96.39	12.8	1.1	7.5	16.6	8.9	5.1	247%	2.0%	4,540
Consumer Durables	TPR	Tapestry	37.15	62.80	10.9	1.5	36.0	28.7	7.1	10.5	958%	2.7%	9,807
Food, Bev & Tobacco	TSN	Tyson Foods	89.63	116.01	9.7	0.7	23.3	21.7	6.1	9.4	594%	2.1%	32,488
Energy	TTE	TotalEnergies SE	50.54	91.88	7.5	0.7	1.5	16.1	4.3	14.2	53%	4.8%	131,897
Autos & Components	VWAGY	Volkswagen AG	24.67	44.00	7.1	2.6	1.9	12.3	1.7	17.7	252%	2.2%	72,799
Telecom Services	VZ	Verizon	50.94	76.14	9.4	1.6	nmf	29.5	7.5	9.0	nmf	5.0%	213,837
Consumer Durables	WHR	Whirlpool	172.78	322.70	6.5	0.5	26.6	40.8	4.8	15.3	1506%	4.1%	10,101
Commerical Services	WM	Waste Management	158.50	178.28	32.7	3.7	nmf	24.9	16.2	3.6	nmf	1.6%	65,803
Food & Staples Retailing	WMT	Walmart	148.92	182.67	23.1	0.7	7.6	16.7	12.7	2.6	96%	1.5%	409,795
Materials	WRK	WestRock	47.03	70.85	13.8	0.6	4.9	7.7	7.2	7.8	340%	2.1%	12,379
Energy	XOM	Exxon Mobil	82.59	106.90	15.4	1.3	2.1	14.1	9.3	10.1	28%	4.3%	349,652
Health Care Equip/Srvcs	ZBH	Zimmer Biomet	127.90	178.66	17.4	3.4	nmf	3.2	18.4	3.8	nmf	0.8%	26,772

As of 03.31.22. nmf=Not meaningful. [1] ●=First-time recommendation. [2]Tangible book value. [3]Return on Common Equity. [4]Enterprise value-to-earnings before interest taxes depreciation and amortization. [5]Free cash flow yield. [6]Tangible equity.
SOURCE: Kovitz using data from Bloomberg Finance L.P.

Portfolio Builder

Research Team Highlights

The Prudent Speculator follows an approach to investing that focuses on ***broadly diversified*** investments in ***undervalued*** stocks for their ***long-term*** appreciation potential. Does that mean we build portfolios of 20 stocks…30…? More like 50 and up. We like stocks. And we like a lot of 'em. We don't rely nearly as much on "how many" as we do "in which," but we tend to invest in far more names than most. This expansive diversification, we find, potentially serves us well in two ways: we can further minimize the risk of individual stock ownership, while maximizing the likelihood of finding the truly big winners among the undervalued masses.

As for the "in which" part, readers should know we discriminate among potential investments primarily by their relative valuation metrics and our assessments of stock-specific risk. We buy only those stocks we find to be undervalued along several lines relative to their own trading history, those of their peers or that of the market in general. Our Target Prices incorporate a range of fundamental risks (e.g. credit, customer and competitive dynamic) that we believe the companies may face over our normal three-to-five-year investing time horizon.

Each month in this column, we highlight 10 stocks with which readers might populate their portfolios. The list is not selected based on performance, as the following methodological hierarchy is utilized: 1) First time recommendations; 2) Stocks that are unowned or under-owned in one of our four newsletter portfolios; 3) Companies that have not been highlighted in the prior five monthly editions of *The Prudent Speculator*; 4) Editor's choice. Note that we are in no way suggesting that these stocks replace those featured in prior months as we will always issue a *Sales Alert* should we choose to exit a position.

Portfolio Builder Notes

This month, we will boost the ownership in **Amgen** and **Alexandria Real Estate** to $11,000 in Buckingham Portfolio. In our hypothetical accounts, we will hike to $19,000 (a new position size) the holdings of **Cisco Systems**, **Snap-on** and **Tyson Foods** in Millennium Portfolio, while we will lift **Comerica**, **Omnicom Group** and **Synchrony Fin'l** to $31,000 (also a new position size) in PruFolio. We already have enough **MDC Holdings** and **Qualcomm** in our newsletter portfolios, so no additional purchases of either this time around. We will transact on Tuesday, April 5.

THIS MONTH'S 10-STOCK SELECTION

Ticker	Company	Sector	Price	Target Price
AMGN	Amgen	Health Care	241.82	304.40
ARE	Alexandria Real Estate	Real Estate	201.25	242.66
CMA	Comerica	Financials	90.43	107.93
CSCO	Cisco Systems	Information Technology	55.76	72.03
MDC	MDC Holdings	Consumer Discretionary	37.84	77.84
OMC	Omnicom Group	Communication Services	87.88	107.34
QCOM	Qualcomm	Information Technology	152.82	225.46
SNA	Snap-On Inc	Industrials	205.48	289.37
SYF	Synchrony Fin'l	Financials	34.81	58.09
TSN	Tyson Foods	Consumer Staples	89.63	116.01

As of 03.31.22. SOURCE: Kovitz using data from Bloomberg Finance L.P.

Amgen (AMGN)

Amgen, one of the world's largest biotech companies with more than $25 billion in annual revenue, is engaged in the discovery, development and delivery of human therapeutics. The firm has a global presence, and its medicines treat cancer, kidney disease, rheumatoid arthritis, bone disease and other serious illnesses. Shares have gained some ground this year as the company posted excellent fourth quarter numbers and issued an upbeat long-term outlook. Management anticipates 2022 revenue of $25.4 billion to $26.5 billion and $17 to $18 of EPS, as volume growth offsets price headwinds. In addition to a robust drug pipeline, we like the firm's sound balance sheet and significant cash flow generation, which should allow AMGN to invest in defending its position through R&D and acquisitions. Shares change hands at an inexpensive forward P/E of 14 and the dividend yield is 3.2%.

Alexandria Real Estate (ARE)

Alexandria is a REIT that owns, operates and develops lab space for life science research in major U.S. markets. ARE has an asset base of 38.8 million rentable square feet (RSF) of operating properties and another 28.2 million RSF in construction and multi-year development. Given global demographic and health trends, we expect life sciences to continue to grow at a high rate, and we see Alexandria as the premier name in the space. Shares are off 10% this year as ARE has been sold with other REITs as interest rates have begun to move up. We think the decline is unwarranted since REIT players are likely not enthused about ARE's relatively modest 2.3% yield, while the underlying business continues to perform very well and demand for lab space is strong despite less capital flowing into the biotech sector. Markets remain tight, with guidance on occupancy of rentable space standing at 95.2% and 95.8%, and ARE retains strong pricing power. The consensus estimates for per share funds from operations for 2022, 2023 and 2024 are a respective $8.40, $9.12 and $9.87, so there is handsome growth potential, even as we see ARE's base of tenants as defensive, with strong long-term demand for biomedical research.

Comerica (CMA)

Comerica is a financial services company with three core business segments: The Commercial Bank, The Retail Bank and Wealth Management. CMA has operations in Texas, Arizona, California, Florida and Michigan. Boasting a balance sheet loaded with variable-rate loans, shares have benefitted from the rise in interest rates from the pandemic lows. Indeed, a two-year chart of the stock price and that of the 10-year U.S. Treasury yield looks nearly identical. We think the course for interest rates is higher, which should offer additional upside to the bank, as net interest income likely will grow some 12% for each additional 100-basis-point rise across the yield curve. Moreover, there is plenty of liquidity to deploy into higher yielding loans as its loan-to-deposit ratio is below 60%, down from 90% in 2019. We like that the bank has one of the most attractive deposit franchises and its growth in Texas and California has helped diversify risk in Michigan, where it remains a dominant player. Comerica's longer-term prospects appear favorable as the company realizes value from its deep, advisor-style relationships with small and midsize business clients. Fee income and wealth management also help support the bottom line, where EPS exceeded $8.00 in 2021. The yield is 3.0%.

Cisco Systems (CSCO)

Cisco Systems is a tech powerhouse that specializes in Internet Protocol (IP)-based networking equipment for professional, telecom provider and residential use. CSCO has exceeded analyst EPS projections for seven straight quarters and shares are 28% higher than they were at the pre-pandemic S&P 500 high point on February 19, 2020. Reflecting the stability of CSCO's business, the company did not experience a COVID-related earnings dip and analysts project EPS growth between 6% and 8% for each of the next three years. CEO Chuck Robbins said, "From a macro perspective, the component shortage continues to remain challenging. Our incredibly strong demand continues to outpace supply, expanding our backlog of products, software and services." CSCO, like many in the Tech space, is likely to feel headwinds in the near term, but we think those will eventually ease and earnings power is unconstrained. The era of 100% work-from-home might be over, but hybrid workplace setups are likely to remain in many industries and we expect CSCO to benefit from that dynamic. The forward P/E is 16 and the yield is 2.7%.

MDC Holdings (MDC)

MDC is a home builder primarily focused on the western United States. Operating under the name Richmond American Homes, over 70% of its homes are built in California, Colorado, Arizona and Nevada, with additional construction in Florida, Utah and the Pacific Northwest. A major beneficiary from trends exacerbated by the pandemic, shares have since reversed course and are now off 40% from the high set last May. Meanwhile, demand for home buying across the nation persists, as we note MDC's backlog of $4.3 billion at the end of 2021 (which is 32% higher year-over-year). The industry hasn't been immune to supply chain constraints and CFO Bob Martin recently noted that lumber prices had begun to tick higher after retreating for a period, but he also mentioned that the company was successful in raising prices. Of course, mortgage rates have jumped, hitting 4.5% as of March 31, according to Freddie Mac, and we respect that home building is highly cyclical, but we find the NTM P/E multiple of 3.5 to be extraordinarily inexpensive, especially as EPS in 2023 are still expected to be higher than this year and the dividend yield is a very-rich 5.3%.

Omnicom Group (OMC)

Omnicom Group provides advertising, marketing and corporate communications services. The company's agencies offer a comprehensive range of services including traditional media advertising, customer relationship management (CRM), public relations and specialty communications. OMC scores very well in our proprietary valuation framework and sports a 3.3% yield, while management has been active in repurchasing the stock. Shares have gained 17% this year, thanks to a strong fiscal Q4 print in February and management comments on positive underlying trends. Omnicom continues to make acquisitions to bolster its offerings, particularly in the areas of performance media and digital business capabilities. OMC trades for 1.2 times sales, while the free cash flow yield is 7% and the forward P/E ratio is under 13. The balance sheet is healthy with $5.3 billion of cash and $2.5 billion of additional liquidity, while the manageable debt load carries a weighted coupon of 2.8% and maturity of November 2028 (6.7 years), giving management flexibility in a somewhat uncertain advertising environment.

Qualcomm (QCOM)

Qualcomm is a designer and manufacturer of wireless communications equipment. The company holds many wireless-related patents and is a key contributor to the development of CDMA, a communications technology that is heavily used around the world. Weakness in the Automotive, RF Front-End and Internet of Things business in the fiscal Q1 financial report caused share price gains made in 2021 to be erased. Still, QCOM expects EPS for fiscal Q2 2022 to come in around $3.00, which is triple the 2020 figure. Revenue is expected between $10.2 billion and $11.0 billion and the launch of several new 5G handsets in the second half of the calendar year should propel the QCT segment. As the war in Ukraine rages, we think that a second-order impact will include renewed interest in U.S. manufacturing of high-value chips, including those made by QCOM. Should that expectation work out, that might impact margins in the intermediate term and become a substantial supply stabilizer over the long term. The valuation metrics are very reasonable, including a forward P/E below 13 and dividend yield of 1.8%.

Snap-On (SNA)

Snap-on is a global manufacturer and marketer of hand and power tools, equipment, diagnostics and repair information for professional users across a host of industries, with a massive mobile sales force. A pronounced shift towards EVs is likely to change the types of repairs mechanics perform, and we think the firm's expertise in diagnostics offers a new business opportunity inside repair garages. SNA's Commercial and Industrial arm could also benefit from a broad appetite for infrastructure spending. While there are numerous competitors and headwinds in its international businesses, the Snap-on brand carries weight with professional mechanics and technicians, and we still believe the underlying fundamentals for the U.S. tool business are supportive of long-term growth. Supply constraints are likely to blame for losses in the shares this year and a 20% slide in the stock price since May, but they ought to prove transitory, providing a nice entry point today, given the reasonable forward P/E of 13.5 and 2.8% yield, with the payout growing each of the last 10 years.

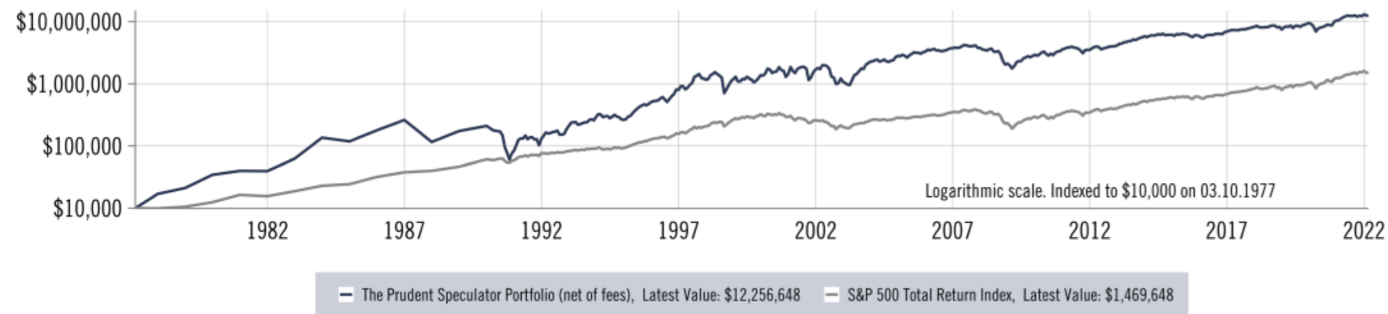
Synchrony Financial (SYF)

Synchrony is one of the largest issuers of private label credit cards in the U.S., but also offers co-branded products, installment loans and consumer financing products for small- and medium-sized businesses, as well as healthcare providers. For its private-label credit business, SYF performs the underwriting for programs that enable partners to encourage repeat business and engender customer loyalty by earning promotions and rewards. The average consumer loan balance had ebbed throughout 2021 amid record domestic savings rates, but payment rates are expected to normalize over time and Synchrony's $85.1 billion of total loans at year end was 6.6% higher than at the end of 2020. Capital ratios are robust, while the firm has shifted its portfolio toward better-credit consumers in recent years. There always is the risk that SYF may lose partners, as evidenced by the pending transition of Gap to Barclay's, but major players like Sam's Club, TJX Cos and Belk have been with the firm for over a decade. Management is shareholder friendly (a third of the stock has been bought back over the past 5 years) and there was $1.2 billion left on the repurchase authorization at the end of 2021. The NTM P/E is 6.3 and the dividend yield is 2.5%.

Tyson Foods (TSN)

Tyson produces, distributes and markets chicken, beef, pork and prepared foods. Shares are off 10% from their February highs, but we believe Tyson should continue to benefit from positive global trade developments and a choppy, but persistent reopening of restaurants. At a recent industry conference, management was upbeat, saying that it is currently investing in 12 new facilities (5 in the U.S. and 7 internationally) and that it sees incremental growth opportunities through bolt-on M&A and organic investment. The company remains committed to achieving $1 billion of productivity gains by fiscal 2024, with a significant portion from automation efforts. We continue to like the potential of its product lines, including prepared foods and plant-based offerings, though we would be surprised if the beef business remains as strong as it has been. We think increasing protein consumption around the globe, especially in emerging economies as folks see quality-of-life improvements, will be a tailwind. Tyson trades for 11.6 times NTM EPS and yields 2.1%. ■

THE PRUDENT SPECULATOR (TPS) PORTFOLIO STANDARDIZED PERFORMANCE



Performance as of 02.28.22	QTD	YTD	1-Year	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	Inception
TPS Portfolio (net of fees)	-5.35	-5.35	10.39	13.73	10.92	10.03	12.20	8.18	10.34	10.94	17.12
S&P 500	-8.01	-8.01	16.39	18.24	15.17	13.16	14.59	10.08	9.26	9.09	11.73
Russell 3000 Value	-3.52	-3.52	14.42	12.11	9.34	9.05	11.63	7.24	8.23	8.51	NA
Russell 3000	-8.25	-8.25	12.29	17.56	14.68	12.69	14.27	9.94	9.43	9.19	NA

Year	Total Firm Assets[1]	Composite Total Assets[1]	# of Accounts	Composite Gross Return (%)	Composite Net Return (%)	Bench Return (%)	Bench 2 Return (%)	Bench 3 Return (%)	Composite 3-Yr STD (%)	Bench 3-Yr STD (%)	Bench 2 3-Yr STD (%)	Bench 3 3-Yr STD (%)	Composite Dispersion (%)	Wrap-Fee Paying (%)	Non-Fee Paying (%)
2021	7,465	31	38	25.48	24.38	28.72	25.36	25.67	19.88	17.17	19.34	19.32	0.35	<1	<1
2020	5,990	21	38	10.52	9.78	18.40	2.87	20.89	20.70	18.53	19.96	19.41	0.74	5.00	16.00
2019	5,046	22	47	28.29	27.28	31.49	26.26	31.02	13.45	12.11	9.55	12.38	0.32	5.00	16.20
2018	3,674	18	51	-8.46	-9.29	-4.38	-8.57	-5.25	11.48	10.96	11.21	11.34	0.25	4.11	14.31
2017	946	19	42	19.78	18.83	21.84	13.20	21.13	11.04	10.06	10.48	10.23	0.34	6.93	24.69
2016	711	7	10	18.51	18.02	11.98	18.42	12.75	12.05	10.74	11.12	11.04	N/A	5.60	39.89
2015	701	2	<6	-4.23	-4.23	1.41	-4.13	0.47	12.01	10.62	10.90	10.73	N/A	<1	100.00
2014	827	3	<6	5.35	5.35	13.69	12.69	12.56	11.36	9.10	9.49	9.42	N/A	<1	100.00
2013	788	3	<6	41.13	41.07	32.41	32.69	33.57	14.60	12.11	13.08	12.71	N/A	<1	100.00
2012	676	2	<6	18.00	17.98	15.98	17.56	16.43	17.74	15.30	16.03	15.95	N/A	<1	100.00

IMPORTANT INFORMATION

[1]Presented in millions. Note that March 2022 composite calculations cannot be completed until after press-time. Kovitz Investment Group Partners, LLC ("KIG") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. KIG has been independently verified by The Spaulding Group for the periods January 1, 1997 through December 31, 2020. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Kovitz Investment Group, LLC underwent an organizational change effective January 1, 2016, and is now Kovitz Investment Group Partners, LLC. The previous manager of the strategy, AFAM Capital, Inc. (AFAM) underwent an organizational change effective October 1, 2018, and is now a division of KIG (AFAM Division). AFAM claimed compliance with GIPS® and had been independently verified for the periods January 1, 1996 through December 31, 2017. The staff of the AFAM Division have provided the same services throughout the entire period, and the persons currently responsible for managing Composite portfolios have been primarily responsible for portfolio management throughout the entire period shown. KIG, an investment adviser registered under the Investment Advisers Act of 1940, manages equity, fixed income, and hedged equity portfolios for its clients.

The Composite was created December 31, 2015, and the inception date for portfolio performance was March 10, 1977. The Composite includes all discretionary portfolios managed according to the TPS strategy (Strategy). From March 10, 1977 through December 31, 2015, the Composite consisted of 1 portfolio managed according to the Strategy. The portfolios eligible for the Composite must follow the Strategy. The minimum account size for inclusion in the Composite is $50,000. Composite policy originally required the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets. On July 1, 2016, the cash flow policy was updated to reflect the temporary removal of any portfolio incurring cash inflow or outflow of 25% or more during the month – "net" and "aggregate" are no longer applicable. The removal of such a portfolio occurs at the beginning of the month in which the significant cash flow occurs, and the portfolio re-enters the Composite at the beginning of the month after the cash flow. This policy is reviewed and maintained monthly. The Composite includes portfolios that utilize margin. The firm maintains a complete list and description of Composites, which is available upon request.

The U.S. Dollar is the currency used to express performance. The composite may include portfolios charged bundled or wrap fees, which typically consists of a single fee representing the advisor's fee, investment management fees, trading expenses, and portfolio monitoring. Gross-of-fee returns are shown as supplemental information and incorporate the effects of all realized and unrealized gains and losses, the receipt, though not necessarily the direct reinvestment, of all dividends and income, and trading expenses, where explicitly charged. Net-of-fee returns are calculated using actual fees charged to each portfolio and are presented net of the entire bundled or wrap fee, where applicable. The current management fee schedule is as follows: 1.25% on assets below $1 million, 1.0% per annum for assets from $1 million to $5 million, 0.85% per annum on assets from $5 million to $10 million, 0.75% per annum for assets from $10 million to $20 million, 0.65% per annum for assets from $20 million to $35 million, 0.55% per annum for assets from $35 million to $50 million, and 0.50% per annum for assets over $50 million. Such fees are negotiable. Where applicable, the total bundled or wrap fee charged to each portfolio is dependent on the end client's financial advisor and wrap sponsor. The composite includes accounts that do not pay trading fees. The measure of internal dispersion presented above is an asset-weighted standard deviation. The 3-year standard deviation presented above is calculated using monthly gross-of-fees returns. The 3-year standard deviation is not presented when less than 36 months of returns are available.

For comparison purposes, the Composite's primary benchmark is the S&P 500 Index, a broad market sample based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The secondary benchmark is the Russell 3000 Index, which measures the performance of the largest 3,000 US companies and represents approximately 98% of the investable US equity market. Also presented is the Russell 3000 Value Index, which measures the performance of the value sector (lower price-to-book ratios and lower expected growth rates) of the Russell 3000 Index. It is not possible to invest directly in an index.

Nothing presented herein is, or is intended to constitute, specific investment advice or marketing material. Information provided reflects the views of KIG as of a particular time. Such views are subject to change at any point and KIG shall not be obligated to provide notice of any change. Any securities information regarding holdings, allocations and other characteristics are presented to illustrate examples of the types of investments or allocations that KIG or AFAM may have bought or pursued as of a particular date. It may not be representative of any current or future investments or allocations and nothing should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While KIG has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in securities. Past performance is not a guarantee of future performance.