

April 5, 2024

## Quarterly Commentary and Opinion

Dear Clients and Friends of Kondracki Advisory,

Our **2024 Q1 composite total return** was **3.47%**. Our **equity position**, which was **53%** of the total portfolio, achieved a return of **5.94%**, and our **Treasury Bills** position of **46%**, generated a **return of 1.28%**. Total returns on the **100% equities S&P 500 Index** and the **DJIA** were **10.56%** and **6.14%**, respectively.

Although our portfolio total returns have been very solid to start the year, they have been held back by our significant allocation to U.S. Treasuries yielding 5.30% at present, which we consider an attractive return with **no risk**. Additionally, our rigorous financial and moral screening process for our equity positions has kept us from investing in a handful of the largest companies in the S&P 500 that have been responsible for a very significant portion of stock market returns both this year, and last. Our firm and clients have a strong desire to grow wealth, while also reducing risk. We also care **how** the money is made. We invest for and alongside our clients. We can be proud of all the companies in which we are invested.

Taking a longer term look at our investment performance, our **three-year** average annual composite total return through March 31, 2024, was **9.07%** and our **five-year** average annual total return was **10.59%**. With a total portfolio **beta** of **.53**, our very solid total returns have been achieved with **47% less volatility\*** than that of the S&P 500 Index. Our low portfolio volatility and very solid equity positions total return have combined to generate **superior risk adjusted returns\*** since the inception of our firm. **Risk-adjusted outperformance** has **always** been our goal, and consistently achieving it is foundational to our value proposition for clients.

We remain prudent and cautious with our total equity allocation percentage, and confident in the long-term returns and durability of the companies in which we are invested. Regardless of the direction of interest rates, oil prices or future recessions, we continue to own and add companies for our portfolios which should continue to thrive. At the same time, these companies will provide significant and quantifiable benefits for society.

In the coming days, we will be making a special announcement about the expansion of our firm's personnel and investment capabilities, for the benefit of clients. Please reach out to me any time. Your questions and comments are always welcome and appreciated.

**Chris Kondracki**

Principal, Chief Investment Officer and Portfolio Manager