



SPELLMAN FUND SEPTEMBER EDITION

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Talking Points:

The Federal Reserve announced that its raising interest rates by .75% following its September 20-21 meeting, bumping the federal funds rate to a target range of 3.0 to 3.25 percent. This is the third straight time the Federal Reserve has raised rates 75 basis points, as the central bank rapidly tries to help tamp down soaring inflation.

This decision is made because the inflation rate has been tearing through US economy and reaching a high of 8.3% in August. It's going to be interesting to see how far the fed will go in terms increasing interest rates to combat inflation with fears of a recession resurfacing because of it.

The average long-term United States mortgage rates climbed above 6 percent for the first time in September 2022 since the financial crisis in 2008. This has put off even more first-time home buyers. The price of homes may be falling but the rising interest rate is adding thousands of dollars to the mortgage payment for new home buyers making it less appealing to buy a home. A 15-year mortgage has an interest rate of 5.19% as of September. This time last year the interest rate was 2.19%

Portfolio Performance as of September

Equities: Went down 9.35% from \$353,113.06 to \$320,089.75

After Cash and Dividends were accounted for:

Overall Fund: Went down 8.34% from \$377,064.99 to \$345,603.14.

Spellman Fund Best Performers:

Netflix Inc. (NFLX) - Growth of 2.35% (\$5.40)

- Optimistic outlook for ad-supported subscription tier; estimated 40 million users by Q3 2023.
- Hired Jeremi Gorman and Peter Naylor from Snapchat as president of worldwide advertising and vice president of ad sales, respectively.

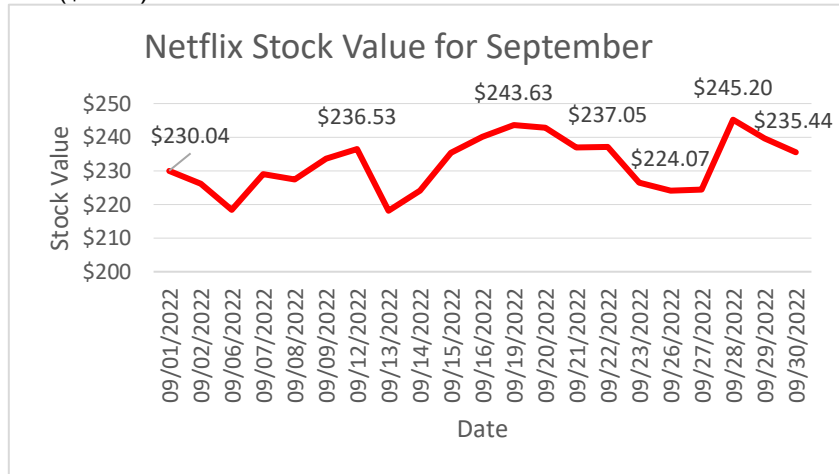


Figure 1. Monthly Stock Value for Netflix

Rio Tinto (RIO) - Growth of 1.32% (\$0.72)

- Commodity stocks perform well when inflation is high.
- High and reliable dividend payments are more appealing in times of market volatility.

Spellman Fund Worst Performers:

Boeing Co. (BA) - Loss of 21.20% (\$32.58)

- West Jet Announced additional order of 42 Boeing 737's, and options to extend by additional 22 jets
- Lower demand for travel with consumer pullback on discretionary spending.

Intel Corp. (INTC) - Loss of 18.86% (\$5.99)

- PC demand dropped 10% compared to 2021
- The new AXG chip has been expensive, and underwhelming compared to competitors. Only 5% increase in sales, much lower than NVIDIA and AMD.

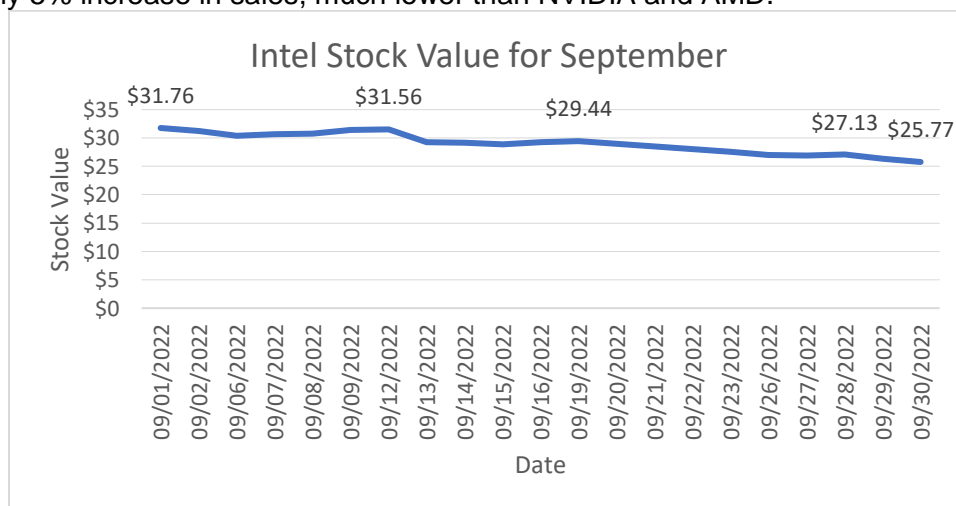


Figure 2. Monthly Stock Value for Intel