

CONSERVATIVE ACCOUNTS

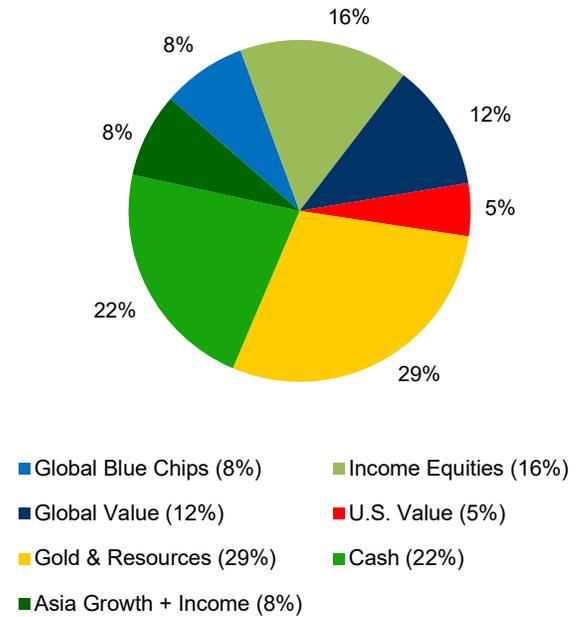
All accounts are tailored to individual objectives and circumstances, so even within a single category, such as “conservative,” the portfolio balance and specific securities can vary. Conservative accounts can have as a primary objective capital preservation, income, or risk-averse, long-term growth.

Investors with conservative accounts generally prefer return *of* capital in preference to potentially higher return *on* capital. Conservative accounts aim for less volatility than other objectives. This is achieved by being more “balanced”; however, it should be emphasized that all securities, even the most “conservative,” can be volatile. Diversification in the account can mitigate volatility in the overall portfolio, even if individual stocks or sectors decline. (Where clients authorize, we also sell puts as a low-risk way of buying stocks we like, as well as generating income.) Typically, there is also much less turnover in more conservative accounts than in others.

We are primarily an equity manager. Even though we own bonds from time to time, our accounts are typically dominated by equities. Moreover, we believe the risk/reward for bonds is unattractive at this time. We sometimes hold foreign currency debt, but prefer shorter maturities. Most major global markets are overvalued, particularly in the U.S., driven primarily by central banks’ easy money policies. As central banks, however tentatively, start to raise rates and withdraw liquidity, stocks are at risk. However, we see many global blue chips as well as U.S. defensive stocks that are more reasonable value than market leaders. We are deliberate in our buying, searching for great companies selling at reasonable prices, that is, less than their intrinsic value. We are now raising cash, given that we see enhanced risks. We continue to hold stocks of quality companies, large and small, from around the world that pay good dividends. We look at the macro-economic and financial situations as well as at markets and sectors and see gold as an essential component of a portfolio in the current environment. But mostly, we take a “bottom up” approach in buying, and are always searching for and finding idiosyncratic opportunities.

Account Allocation*

8/2022



Top Holdings

representative as of August 2022

Nestle	Gladstone Land
Bayer	Franco-Nevada Corp
Power Corp of Canada	Osisko Gold
Ares Capital	Altius Minerals
Gladstone Investment	Kingsmen Creatives

*NOTE: This “allocation sheet” is intended to provide an idea of what a new account in this category might look like, based on current largest holdings and what we are currently buying. The 10 stocks listed are not necessarily our current largest holdings, nor would a new account necessarily include all these positions. The composition of the portfolios will vary for individual clients and is subject to change at any time at the manager’s full discretion. Prepared on August 1, 2022 for potential clients.

For more information regarding managed accounts at Adrian Day Asset Management, please contact us at: 410-224-2037
 AssetManagement@AdrianDay.com • PO Box 9024106, San Juan, PR 00902 • www.AdrianDayAssetManagement.com