



R|W INVESTMENT MANAGEMENT

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To the R|W Family of Clients,

We're even more delighted than usual to provide this mid-year report on the events of the last six months! Together, we've made so much progress on our long-term plans. But first, as always, a brief recap of our principles.

**We avoid quick reactions.** R|W works with clients like you who share our philosophy: Investing works best when it is long-term, goal-focused, planning-driven, and centered on broadly diversified portfolios of enduringly successful companies. We don't react based on current events and conditions — we act continuously to ensure stability.

**We know our history.** No one can consistently forecast what will happen in the economy nor time the markets. 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 convictions are the bedrock that informs our investment philosophy and allows us to help you pursue your most cherished financial goals.

Now, onto the significant financial events of the past six months.

After declining sharply for most of 2022, the S&P 500 ended the year in **December** at 3,840. By the first week of **January**, it seemed the economy might well be in a no-win situation. Either the Federal Reserve would tighten credit conditions enough to stamp out inflation, plunging us into recession, or it would relent and avoid recession while allowing inflation to burn on. We were told repeatedly that, no matter which way the Fed turned, corporate earnings were about to decline significantly and drag the stock market down with them.

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 the media and pundits worried would threaten the banking system itself, and a renewed outbreak of fear surrounding the dollar's enduring status as the world's reserve currency.

Yet, despite the doomsday scenarios and predictions, global markets are up significantly in 2023. To quote Peter Lynch's timeless maxim: "The real key to making money in stocks is not to get scared out of them."

**What can we learn from the first six months of 2023?** To us — and, we hope, you — the first half of the year represents successful investing in microcosm. We stuck to our plan, we ignored the pessimists, and we didn't get scared. We remained focused on our goals, confident that the management of the companies we own were stewarding our capital with diligence while seeking out new and potentially greater opportunities.

In summary, everything that happened (and didn't 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 for your continued trust and confidence and for the opportunity to be of service to you. As always, please do not hesitate to contact us if you have any questions or concerns. We can be reached at [service@investrw.com](mailto:service@investrw.com) or 208-333-1433.

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Sources: Yahoo Finance, [finance.yahoo.com](https://finance.yahoo.com).

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