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March 3, 2023

To our Clients and Fellow Investors:

Late Wednesday March 7, 2023, our analysts were alerted to a press release from Silicon Valley Bank (“SIVB”) announcing a proposed financing arrangement. Although we have never owned SIVB, we regularly monitor filings and press releases in the industry.

We determined at that time that there must have been concern over liquidity issues. On Thursday and Friday, as more details emerged, it became clear the stress was accelerating.

In response, we began to assess the implications of a potential deposit run in the banking industry. We began contacting our management teams and analyzed our holdings. Our analysis included the term structure of asset holdings, deposit structure, and available liquidity. We assigned probabilities to outcomes that included both asset sales, deposit declines, and lastly, any potential Government response to restore confidence in our fractional reserve banking system.

This weekend, the US Government responded swiftly to attempt to restore confidence in the overall banking system, but questions and uncertainties linger. We remain diligent in our efforts and will continue to discern new information as it develops.

As always, we are available for any questions that you may have. We consider it a privilege to serve you and we look forward to speaking with you.

Sincerely,

A handwritten signature in black ink that reads "Mark A. Cooper". The signature is fluid and cursive, with a long horizontal stroke at the end.

Mark Cooper
President &
Co-Senior Portfolio Manager

A handwritten signature in black ink that reads "Dominic Marshall". The signature is cursive and somewhat stylized.

Dominic Marshall
CIO &
Co-Senior Portfolio Manager