Dear Evan & Cryssa,

The world was a much better place in early January 2022 than it is today. The US stock market sat at record highs, the world was finally getting back to normal after COVID, and the future looked bright. Enter Vladimir Putin. By March 14th, the S&P 500 had dropped 12.5% and the tech-heavy Nasdaq was down 20%. If March 14th is the true market bottom, it will mark the third straight correction where an inflection point was reached in March. During the final 15 business days of the quarter, the S&P 500 was up 8.56% and the Nasdaq was up 13.95%.

However, the real story is in US Treasuries. The yield on the 10-Year US Treasury began the year at 1.51%, reached a high of 2.5% then closed the quarter at 2.33%. This is a gain of 54.3%. If inflation remains high, the Fed will continue to raise interest rates. It's not all bad news; while bond prices will go down, their yields will increase. If you are a long-term investor, although rising rates will be unpleasant in the short-term, they will ultimately be good for your investment performance in the future.

Commodities (Q: +33.13%) were the best performing sector in the first quarter. US equities (Q: -5.89%), international equities (Q: -6.02%), and fixed income (Q: -5.93%) delivered less than stellar returns. This letter will provide an analysis of the major geopolitical, financial, and thematic events that shaped the quarter as well as our predictions for how these events will influence economic performance and returns in 2022 and beyond.

Russia & Ukraine

On February 20th, 2014, Russia attacked Ukraine and annexed Crimea. Eight years and four days later, Russia invaded once again, with the presumed goal of neutralizing Ukraine and installing a puppet regime loyal to Vladimir Putin. At the time of writing, Ukraine has vowed to fight and has called on NATO for assistance. For its part, NATO has provided weapons and humanitarian services to Ukraine and has sanctioned Russia, Russian companies, and Russian oligarchs. However, NATO has not directly engaged with Russia as this would almost certainly be the beginning of World War 3.

The Russian military at the direction of Vladimir Putin have committed war crimes in Ukraine by deliberately bombing hospitals, residential neighborhoods, schools, bomb shelters, and by routinely agreeing to ceasefires only to bomb civilian evacuation routes.

Due to globalization and fear of the unknown, Russia's unprovoked attack on Ukraine caused equity markets across the globe to retreat while sending commodity prices soaring. The Russian economy is on the verge of collapse, the Ruble is practically worthless, and countries across the globe are seizing the prize assets of wealthy Russian citizens.

There are only two future paths for the people of Ukraine. Things will either get better or they will get worse. The global stock market would like things to get better. GA Pincus Funds believes Putin will ultimately settle with Ukraine gaining something trivial that he can sell to the Russian people as a "win". The only way things in Ukraine could get worse would involve nuclear weapons and/or World War 3, and we believe the likelihood of that outcome is relatively low.

Oil, Commodities, & Gas Prices

Global unrest, not only Russia's unprovoked attack on Ukraine, but also flare-ups in Saudi Arabia and the increasingly common view that globalization may be ending, have sent the price of commodities skyrocketing. While oil and its effect on gas prices might get the most attention, almost all commodities have seen their prices increase 20% to 50% or more during the first quarter of 2022. Commodities are a volatile asset class, but this runup demonstrates why we believe they are a necessary hedge in most portfolios.

"Up like a rocket, down like a feather" is a common analogy that explains how retail gas prices do not move in tandem with oil prices. In the early weeks of Russia's attack, oil prices jumped by 25% before falling by 20%. However, during that same period, US gas prices continued to rise. There are too many gas station retailers for this to be price gouging or collusion; however, in our opinion it is an instance of US energy companies padding their bottom line while the average American suffers at the pump.

Uranium Update

Last May, we initiated a position in uranium miners for our clients whose account values exceeded a predetermined threshold. In our Q2, 2021 newsletter, we laid out the thesis behind this allocation adjustment. This asset class has been very volatile, but it has trended upward. Our algorithm has enjoyed the volatility and the overall asset class performance has helped your portfolio. In fact, the inclusion of uranium miners is the primary reason our clients have outperformed the market thus far in 2022.

Since we initiated a position on May 1, 2021, uranium miners have outperformed the S&P 500 by 29.43% while the price of spot uranium has doubled. Unfortunately, there still is no US-listed ETF that tracks spot uranium; however, the uranium miner ETFs invest about 15-20% of their portfolio in foreign securities that directly hold physical uranium. We continue to believe in the near-term and long-term growth of the sector.

Federal Reserve & Inflation

The annual inflation rate for the United States for the 12 months ending in February 2022 is 7.9%, the highest annual rate in 40 years. The main reason inflation hasn't yet caused a major issue is because companies are growing, salaries are rising, and consumers are buying. The Federal Reserve has indicated they will raise rates dramatically during 2022 and 2023 to try to tame inflation.

Russia's unprovoked attack on Ukraine has made Jerome Powell's job even harder. He must raise rates quickly, but he must maintain low US unemployment rates while also remaining cognizant of the toll the war is taking on global commodity prices and globalization. Goldman Sachs economists now predict half point (0.50%) rate hikes at the next two meetings followed by quarter point (0.25%) rate hikes at the next four meetings to bring the 2022-yearend Fed Funds Rate to 2.25%-2.50%. The Fed expects these rate hikes will help lower inflation to 4.3% by the end of 2022.

What is Stagflation?

Stagflation is a combination of the words stagnation and inflation. It represents a point in time where an economy has high inflation, slow or stagnant economic growth rates, and relatively high unemployment. The most recent period of stagflation in the US was from 1974-1980. In the 1970s, OPEC's oil embargo on the US caused gas prices to skyrocket. To remedy inflation, the Federal Reserve raised interest rates to an all-time high of 16.63% in 1981. This remedy did ultimately fix inflation; however, it also led to a severe recession.

As scary as stagflation was, the US stock market was still one of the best places to park one's assets. The table below shows the cumulative inflation-adjusted returns (real returns), of an investment in the S&P 500 versus the US 3-month Treasury Bill at the start of stagflation in 1974 with a liquidation date at three times in the 1980s.

	Year End 1981	Year End 1983	Year End 1986
S&P 500	-4.07%	37.12%	123.31%
3-Mo T-Bill	-7.03%	3.53%	12.95%

There has recently been an increase in chatter surrounding a renewed period of stagflation in the US. While we do not believe there is a high likelihood of stagflation, we also stand by our thesis that over the long term it is essential to remain invested in a diversified portfolio of stocks, bonds, and commodities.

Biden's 2023 Budget Proposal

On March 28th, President Biden's unveiled a $5.8 trillion budget proposal for 2023. Barring a miracle or black swan event, we do not believe this budget will pass in its current form. The budget was created in November and the economic assumptions as it relates to GDP and inflation are outdated. With inflation high and the Fed expected to raise rates significantly in 2022, Congress will consider the real cost of this budget rather than the cost as outlined using stale economic assumptions.

One component of the budget that has gained a lot of attention in the press is the proposed minimum tax on households with more than $100 million in net worth. The media has incorrectly written about this proposal as a tax on unrealized gains. On page 35 of The Budget of The US Government for Fiscal Year 2023, as released by the White House, it explains the creation of a 20% minimum tax on earned income. This tax would close the loopholes that allow billionaires such as Michael Bloomberg to pay an effective tax rate of less than 3% on $10 billion in income. We believe a 20% minimum tax on earned income of centimillionaires would help the US increase receipts, lower its national debt, and reduce the need to levy tax increases on non-centimillionaire households.

Conclusion

The steep selloff in equities and fixed income this quarter can ultimately be explained by fear of the unknown. In general, financial markets hate uncertainty. In January and February, Wall Street was worried Russia would roll over Ukraine and possibly move on to other western nations. In addition, the Federal Reserve was increasingly being seen by many as too dovish in the face of extremely high inflation. By mid-March, it became apparent that Ukraine would fight, that the Fed would commit to taking the necessary steps to tame inflation, and that higher oil prices would not paralyze the economy. We believe these were the catalysts that drove the market higher in the last half of March.

Looking towards the remainder of 2022 and beyond, we believe the recent uptick in volatility will persist. For the sake of the planet, it is imperative that peace prevails in Ukraine. Once achieved, commodity prices will retreat, and inflation will subside. We remain bullish on equities in the short-term and on fixed income in the long-term.

Client Referral Network

One of the oldest and most successful methods to grow a business is through word of mouth. GA Pincus Funds has been fortunate and has grown substantially due to referrals made by you and your fellow clients. We now use our quarterly newsletters to return the favor to our clients. Rather than list your names or company's names, we indicate the category of business and location where you operate. For example, Real Estate Professional in Chicago, or Employment Lawyer in Georgia, or Public Relations Professional in New York, etc. If you would like to participate in this program, please let us know. This referral program is **free marketing** for your business. **We will not accept payments for these referrals.**

Performance Calculations

The performance of your accounts is calculated daily, taking into consideration daily deposits and withdrawals, and those daily returns are combined to form your quarterly, YTD, and since inception returns. When we round off this enhanced precision it may shift your performance by 0.01-0.02% when compared to the calculation ((end date value - start date value)/start date value). Please note, the performance figures on your statement are accurate and are GIPS (Global Investment Performance Standards) compliant.

Exchange Traded Funds (ETFs) are required to distribute all excess cash, net income, and dividends received from their constituent companies to their shareholders annually. These distributions take the form of dividends. Many ETFs issue special dividends at the end of the year to ensure compliance with this rule. The amount of the dividend is removed from the ETF on x-date, and the shareholder receives the funds on the pay date. The x-date and the pay date can at times straddle New Year's Day. Please be aware, your full year returns may be slightly lower than expected due to this nuance.

It is impossible to predict whether and by how much the market will increase or decrease. Our algorithm rebalances your accounts according to changes in the relative weightings of the securities you hold. As one security becomes too heavily weighted the algorithm sells shares in that security. Conversely, as one security becomes too lightly weighted, the algorithm purchases shares of that security. Instead of rebalancing based on time (as most managers do), this algorithm rebalances based on a securities relative weighting in the portfolio. No matter what the market does in the future or has done in the past, if your time horizon is long enough (>1 year), this algorithm has proven itself to be successful.

Please stay safe and healthy. I am always available to answer any questions you may have.

Best regards,

Gabriel

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GAPincus Funds

Evan Bartels & Cryssa Bartels - Q1 2022 Statement

Q1 2022 Performance

	3/25/2022	3/31/2022	Dep/With	Change $	Change %
Evan Bartels SIMPLE IRA (3/25/2022)	$2,226.95	$2,354.19	$135.00	($7.76)	-0.204%
Evan Bartels Roth IRA (3/28/2022)	$0.00	$9,004.45	$9,162.36	($157.91)	-1.723%
Total	$2,226.95	$11,358.64	$9,297.36	($165.67)	-2.085%

Q1 2022 Benchmark Performance

Wilshire 5000	45,551.31	45,606.67		55.36	0.122%
MSCI World ex USA Index	321.25	323.59		2.34	0.728%
BarCap US Aggregate Bond Index	2,209.60	2,215.38		5.78	0.262%
S&P Goldman Sachs Commodity Index	3,951.41	3,693.88		-257.53	-6.517%

Q1 2022 Taxable Income

Long Term Gain/Loss	Short Term Gain/Loss	Taxable Dividends
$0.00	$0.00	$0.00

2022 Performance

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2022 Taxable Income

Long Term Gain/Loss	Short Term Gain/Loss	Taxable Dividends
$0.00	$0.00	$0.00

Performance Since Inception

	3/25/2022	3/31/2022		Change $	Change %
Evan Bartels SIMPLE IRA	$2,226.95	$2,354.19		$127.24	-0.204%
Evan Bartels Roth IRA (3/28/2022)	$0.00	$9,004.45		$9,004.45	-1.723%
Total	$2,226.95	$11,358.64		$9,131.69	-2.085%

Benchmark Performance Since Inception

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Fees			
	Management Fees	Trading Fees	Product Fees
Q1, 2022	$1.43	$0.00	$5.33

Notes

Management fees for this account will be withdrawn from familial pre-tax accounts
ETF Fees are paid automatically through daily NAV pricing

GA Pincus Funds recommends all clients to compare these statements to the statements they receive from TD Ameritrade
This statement should not be used for your taxes, TD Ameritrade will send out your 1099 in February, 2023