

**We are excited! We believe that the “our time” may have arrived!**

**As we have experienced over the last several years, “growth investing” strategies have outperformed value-based strategies. The magnitude and duration of this outperformance has been unprecedented.**

**In our view the root cause of this extraordinary deviation in the performance of these two investment strategies has been due to the extremely loose fiscal and monetary policies implemented by governments and central banks around the world. With low interest rates and financial markets awash in liquidity, investors’ “animal spirits” were unleashed resulting in extraordinary valuations, particularly for innovative companies with very high expected growth rates.**

**However, the tide is turning. The very forces that gave rise to this bubble are now at the root cause of its undoing. The low interest rates and excessive growth in the money supply along with external shocks such as supply chain disruptions, the war in Ukraine and high energy costs have given rise to very high inflation rates. As a result, interest rates have started to rise and are now at multi-year highs.**

**As higher interest rates start to impact market valuations and corporate profitability, Value Investing is poised to make a comeback and regain its mantle as the preferred long-term risk adjusted strategy that has historically rewarded long term investors.**

**In a departure from our usual style, we are providing our newsletter in a presentation format. We believe that the enclosed presentation provides a compelling argument for Value Investing and why our strategy has the potential to outperform in the current market environment and in the long term. We hope that you find the enclosed presentation informative and that it gets you as excited as we are.**

**We thank you for your support and continued confidence.**

**Vito Maida & Mansur Khan**

**October 2022**

## **Now is a Good Time for Value Investing**

**Value Investing Outperforms Growth Investing in Rising Interest Rate Environment**  
Higher Discount Rates and Lower Growth Reduce the Intrinsic Value of Growth Companies

**Absolute Value Investing as Practiced By PCM Focuses on the Preservation of Capital**  
Critical in “Down Markets”  
Value Investing Outperforms Growth Investing and Equity Indices in Down Markets and Recessions

**Value Investors Typically Have Higher Yielding Portfolios**  
High and Growing Dividend Yields Help to Mitigate Rising Interest Rates

**Value Investing Earns Superior Returns in Current Market Environment**

## Value Outperforms During Rising Interest Rate Environment



## Value Outperforms Over Long Periods of Time



**The Last Decade was an Extreme Outlier in Terms of Growth Outperforming Value**