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## Product Recap and Comments

### Absolute Opportunity +

#### Q3 2023

### Our Founder



**Robert C. Stimson, CPA**  
Founder, Chief Executive Officer  
And Chief Investment Officer

### Company Overview

Little House Capital, LLC is an SEC Registered Investment Advisor. The firm was established to redefine the wealth management experience by integrating investment management, financial planning, and complex estate and tax strategies. We provide seamless and comprehensive goal-based solutions that seek to achieve desired outcomes for individuals, families, trusts, and institutions.

### Contact Info

Little House Capital  
35 Braintree Hill Park, #100 Braintree,  
MA 02184  
Phone: 617-545-5600  
Email: [LHC@littlehousecapital.com](mailto:LHC@littlehousecapital.com)

### Overview

In Q3 2023, Little House Capital's Absolute Opportunity+ product posted gross returns of -2.80% (-3.05% net) against the blended benchmark (S&P 500/Russell 1000 Growth) return of -3.19%. Our gross year-to-date performance now stands at +19.85% (+19.10% net), outperforming the blended benchmark return of +18.86%. As the quarter concluded, Absolute Opportunity+ held 39 stocks spanning all 11 economic sectors.

Heading into the fourth quarter, Absolute Opportunity+ is overweight Information Technology (+1.12%) and Financials (+0.88%), with underweights in Consumer Discretionary (-1.89%) and Industrials (-1.78%). Both selection and allocation effect positively influenced overall performance, contributing +0.16% and +0.22%, respectively. Selection effect was the larger contributor in the quarter with strong stock picking in Consumer Staples, Healthcare, and Communication Services, collectively contributing 66 basis points of positive attribution. Stock picking was weaker in Industrials, deducting 56 basis points. Our strategic cash overweight (2.88% versus 0.33% benchmark) was accretive by 10 basis points with money market/cash instruments outperforming as the market rolled over in September.

Our Health Care holdings returned 0.36% in the quarter, led by sector overweight's United Health (UNH) and Vertex Pharmaceuticals (VRTX) returning +5.31% and +3.37%. This exceeded the broader sector downturn of -1.50%. The Consumer Staples sector saw a positive overall impact of +29 basis points due to our strategic underweight positioning. This was primarily influenced by returns of +5.14% from Costco (COST) and +2.11% from Walmart (WMT), even as the sector declined by 6%. Weak selection effect within Industrials was driven by Boeing (BA) and Raytheon Technologies (RTX) underperforming with returns of -9.23% and -22.33%, respectively. Given emerging headwinds in engine manufacturing, we divested from Raytheon in client portfolios during the quarter yet maintain our long-term positive outlook on Boeing.

In late August, we adjusted our holdings in Absolute Opportunity+ by trimming exposure to areas sensitive to discretionary spending given the broader macroeconomic challenges faced by the consumer. Subsequently, we redeployed that capital into equities presenting more compelling risk/return dynamics and less cyclicity. In doing so, we increased our Healthcare and Information Technology exposures while reducing our Consumer Discretionary and Communication Services exposures.

Listed below are the major position changes we made during the quarter.

**New/Added Positions:** Nestle (NRGY), Berkshire Hathaway (BRK-B), Eli Lilly (LLY), Amazon (AMZN), Carrier Global (CARR), Autodesk (ADSK), Netflix (NFLX)

**Sold/Trimmed Positions:** Visa (V), Borgwarner (BWA), Blackrock (BLK), Honeywell (HON), Johnson & Johnson (JNJ), Lululemon (LULU), American Electric Power (AEP)

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