



Littlehousecapital.com

Product Recap and Comments

Core +
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

Overview

In Q3 2023, Little House Capital's Core+ product posted gross returns of -3.32% (-3.57% net) against the S&P 500 benchmark return of -3.27%. Our gross year-to-date performance now stands at +13.30% (+12.55% net), outperforming the blended benchmark return of +13.02%. As the quarter concluded, Core+ held 44 stocks spanning all 11 economic sectors.

Heading into the fourth quarter, Core+ is overweight Information Technology (+1.14%) and Consumer Staples (+0.62%), with underweights in Consumer Discretionary (-1.26%) and Materials (-1.19%). Allocation effect was the main contributor to relative performance (+0.20%) as our Cash and Communication Services overweights played in our favor. Selection effect detracted from performance in the quarter (-0.36%) as stock picking in Health Care and Industrials was weaker-than-usual. Our strategic cash overweight (2.86% versus 0.34% benchmark weight) was accretive to the tune of 10 basis points as money market/cash instruments outperformed with markets rolling over in September.

Our Communication Services holdings returned 5.69% in the quarter, led by our overweight in Alphabet (GOOG), which returned 9.32%. This exceeded the broader sector return of 3.07% and was accretive to overall performance. Selection effect contributed 24 basis points in Financials as key overweight Berkshire Hathaway posted outperforming relative returns (+2.73%) in the quarter. Selection effect was deductive within Industrials driven by Boeing (BA) and Raytheon Technologies (RTX) underperforming returns of -9.23% and -22.33%. Given emerging headwinds in engine manufacturing, we divested from Raytheon in client portfolios yet maintain our long-term positive outlook on Boeing.

In late August, we adjusted our holdings in Core+ 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 cyclicality. 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: GE Healthcare (GEHC), Emerson Electric (EMR), Public Service Enterprise Group (PEG), Salesforce (CRM), Analog Devices (ADI), Berkshire Hathaway (BRK-B), Netflix (NFLX)

Sold/Trimmed Positions: Texas Instruments (TXN), American Electric Power (AEP), Blackrock (BLK), Becton Dickinson (BDX), Nike (NKE), AT&T (T), Waste Management (WMT)

Disclosure: Little House Capital, LLC is a registered investment advisor with the SEC. For complete disclosures please see our brochure at sec.gov or by contacting us and requesting it directly. This material has been prepared for information purposes only. Investment products and strategies are not guaranteed by Little House Capital LLC, are not insured by the FDIC or by any other government agency and may lose value. The performance quoted represents past performance and does not guarantee future results. Performance is net-of-fees based on a standard fee of 1.0%/yr. Results presented are model portfolios and do not represent actual trading. Holdings and allocation may not reflect our current investment views and should not be used as the basis for an investment decision. Determining the suitability of this product will depend on feedback and risk tolerance of individual clients. For legal and tax matters, legal and tax advisors should be consulted. All material is believed to be reliable, but accuracy is not guaranteed. This is not a warranty for liability on decisions based on such information. The S&P 500 is designed to be leading indicators of U.S. Equities and is meant to reflect the risk/return characteristics of the large cap universe. This is not a solicitation for any order to buy or sell securities. Performance, risk/reward characteristics, and charts provided by Bloomberg. Copyright by Little House Capital.