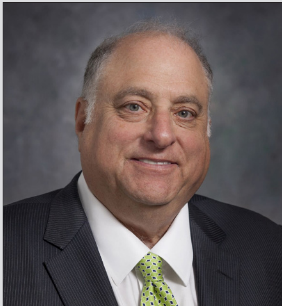
REPRINTED FROM JUNE 13, 2022

THE WALL STREET TRANSCRIPT
Connecting Market Leaders with Investors

Utilities Offer Pricing Power in Defensive Sector



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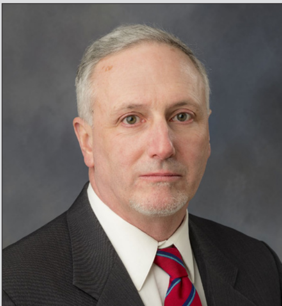

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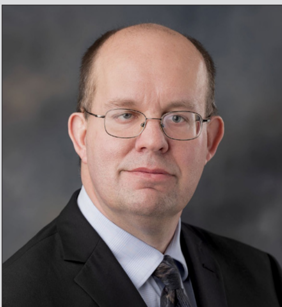

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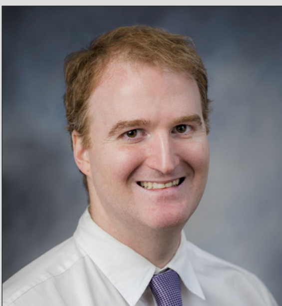

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SECTOR — GENERAL INVESTING

TWST: How about providing an overview of the firm?

Mr. Ullman: Well, thank you. It's a pleasure to have a chance to share this information. Our firm was founded August 28, 1978, as a comprehensive financial management firm. We are managing a bit over $1.1 billion in almost all states in the United States and several countries. The concept is to be the family business manager in close cooperation with the clients. We provide broad-based financial planning, tax preparation, reviews of things such as insurance and wills, special projects that are all tied around our asset management.

The research that is done for equity and bond management is done in-house. We do portfolio management in-house. We do our trading in-house. We use individual securities. We are very much based on individual sectors that we think at a given time are relatively attractive, and overwhelmingly use individual companies within those sectors.

Our investment methodology is buying securities based upon our determination of good value. While there are certainly growth stocks in the portfolios, we use fundamental analysis to try to find stocks that we see as undervalued, in sectors that we very much like. At this point, we are interested in health care, infrastructure, technology, with some of these technology stocks being ones that are in fields that we like. However, some of the firms have been somewhat out of favor, so the valuations are much lower.

An area that over the years has worked very well for us is value-based stocks, with a mathematical process tied to their underlying values. We also have foreign holdings in particular countries. Right now, that is very low, but in the reasonably near future we would like to look at adding back into some of the developing countries.

Highlights

John G. Ullman, William Armstrong, Brett Winnefeld and Mark Abdalla discuss the investment approach at John G. Ullman & Associates, which uses fundamental analysis to identify undervalued stocks in sectors they favor, which currently includes health care, infrastructure, and certain areas of technology. They say they are optimistic about the U.S. economy over the next few years, but longer term, they are concerned about fiscal issues that have been deferred for a long time. With regard to bonds, they note that they are only holding conventional bonds that have two years or less to maturity. In addition, they are interested in inflation-protected bonds and step-ups that may have somewhat longer maturities. They say they also find the utilities sector attractive because it has pricing power and can pass on some of the costs to ratepayers, in addition to having a relatively low beta. Companies discussed: Apple (NASDAQ:AAPL); PepsiCo (NASDAQ:PEP); Coca-Cola Co. (NYSE:KO); Dominion Energy (NYSE:D); Eagle Bancorp Montana (NASDAQ:EBMT); KB Home (NYSE:KBH); Horizon Therapeutics PLC (NASDAQ:HZNP); Taiwan Semiconductor Manufacturing Co., Ltd. (NYSE:TSM); Qualcomm (NASDAQ:QCOM); Advanced Micro Devices (NASDAQ:AMD); Nvidia Corporation (NASDAQ:NVDA); Samsung Electronics Co. Ltd. (OTCMKTS:SSNLF); Globalfoundries (NASDAQ:GFS); Intel Corporation (NASDAQ:INTC); Crown Holdings (NYSE:CCK) and Ball Corporation (NYSE:BALL).

TWST: And did you want to discuss some of the strategies that the firm offers?

Mr. Ullman: At present, our view is that the U.S. economy, over the next few years, is more likely than not to be quite strong. Nearly 10 months ago, we were even more positive. However, that was prior to the issues with the Delta and Omicron variants from the COVID-19 pandemic. Also, the tragedies, not only with the pandemic, but also with the war in Ukraine. Those things can cause major variations on how the world is doing, and their economies, too.

In general, we see the situation in the U.S. as one where there is very low unemployment, plenty of jobs, pent-up demand, and there will be large amounts of government spending for already approved programs. Ten months ago, it appeared there would even be more government programs that would pass, but the gridlock in Washington, D.C. resulted in some of these programs not getting passed.

We continue to be optimistic about the economy over the next few years. Also, and especially with the momentum stocks, but also in the general market, we think more likely than not that some of the valuation models, whether it's price/earnings, relationships to book sales, and other ratios, are likely to narrow. So those stocks that we could have are relative to a very strong economy, and the stock markets may lag, particularly in certain sectors. We think that selectivity of the industry group and individual companies is always extremely important, but it is even more so in this environment.

Longer term, we have higher levels of concern, and a lot of them are fiscal. We think that the deficit which the federal government is maintaining is going to continue. Additionally, some of the programs that have been funded are likely to use infrastructure banks and possibly some liberal accounting to justify them, which will really add to the deficit. So, these programs are not going to be adequately funded. Medicare, Social Security, the Affordable Care Act and Medicaid are significantly underfunded, and these problems are not being discussed by either party.

What adds to this significantly is the fact that with $30 trillion of debt, every 1% increase in interest rates that the federal government is paying for debt service will add gross $300 billion to the annual deficit. If we use an approximate number of 20% of the interest, which will come back in taxes, the $300 billion would end up being $240 billion.

If we had very significant changes, which are likely in interest rates, and rates went up five percentage points, the deficit would increase $1.5 trillion a year gross, and add an arbitrary 20% guesstimate for taxation, which we think is high — $1.2 trillion. That is not being discussed at all, and neither party wants to bring those things up because of the lack of political support.

In addition, there are $9 trillion of government holdings in bonds that were purchased during the pandemic. A large percentage, as they unwind it and interest rates are higher, you'll see that there will be losses that will be affecting the budget from those sales. The 30-year bond, that will be part of that approximation, depending on the coupon and some other details, would depreciate in the neighborhood of 64%. If rates went up five percentage points, a six-month bond would appreciate by less than 2.5%.

Our strategy on bonds, as a result, is what we call a barbell strategy, and virtually every conventional bond that we hold has two years or less to maturity, which is the shortest maturity range that we've had in our almost 44 years of operations. We do have, as part of our conservative investments, utility stocks, some of which are getting pricey, and we are starting to reduce those. But we think that this adds a favorable risk-adjusted rate of return potential, since if inflation and costs go up, the utilities have the ability that a fixed-rate bond does not — having that increase passed along to ratepayers over a period of time, but these stocks are getting more expensive. Additionally, in the bond arena, we're interested in inflation-protected bonds that can go out 10 years, and certain ones that might be step-ups.

Because of the concerns on the fiscal side, some of the bonds we hold are in certain foreign currencies; these can be government or corporate bonds, and are very high quality. Some are issues such as **Apple** (NASDAQ:AAPL) and **PepsiCo** (NASDAQ:PEP) and **Coca-Cola** (NYSE:KO), as well as government bonds in areas such as Canada, Australia and New Zealand.

So, in the shorter term, we're fairly optimistic with selectivity of issues. In the longer term, we have very major concerns. If we do see those events happening, which could very much impact inflation rates down the road, interest rates in the U.S. and the value of the U.S. dollar, with huge deficits, as well as the standard of living, we are likely to move to a more conservative holding. At the present, as part of our guidelines, we have no more than 50% of a client's account in high-quality and aggressive investments, the remainder being conservative, with many clients holding utility stocks.

There are many, many special projects that come up, really anything that has to do with any aspect of a client's financial picture. We are working with a lot of executives, so we can advise them with their contracts with their employer, and even if they are departing, we can help with those issues. We work with our clients' children. We're even getting involved with things like credit card selection to get status with airlines and hotels and things of that sort. We also are doing other projects that have been requested with college counseling, and we are very blessed to have extremely high-quality and long-term relationships with clients and clients' families — and we have the privilege, as a result, to work closely with them over very long time periods.

On staff, we have MBAs, CPAs, CFAs, CFPs and a lot of people with master's degrees. We've really become a think tank with a very long-term group of team members, and the hands-on approach has proven — for us — to be something that has been desired by a significant number of clients. Our trust is our most important asset, trust and competence, and as I said, we've been very, very thrilled and honored to have had extremely long-term relationships with our clients.

TWST: Great. Maybe now we can turn to some individual holdings.

Mr. Abdalla: John gave a great overview of what we like from a top-down approach. One of the sectors he mentioned is utilities. In fact, we're overweight utilities. We like the sector partly because of what John mentioned, their ability to have strong pricing power and pass on some of the costs to ratepayers. The sector also has a low beta compared to other sectors within the stock market, and that offers diversification in terms of the overall portfolio.

"We do have, as part of our conservative investments, utility stocks, some of which are getting pricey, and we are starting to reduce those. But we think that this adds a favorable risk-adjusted rate of return potential, since if inflation and costs go up, the utilities have the ability that a fixed-rate bond does not — having that increase passed along to ratepayers over a period of time..."

So we have a set of guidelines which are meant to be good matches for clients who are looking for balanced portfolios, a very analytical, value-based structure and individual portfolio management that we think has done very well over the last 43 and a half-plus years.

TWST: Did you want to briefly discuss what services the firm provides its customers?

Mr. Ullman: Yes. We have approximately 17 advisors, and they are very credentialed. Anyone who joined us after 1984, to be a full advisor, has to be a Certified Financial Planner.

We go through cash flow studies with our clients as often as they are needed and build a financial plan. In most cases, we are doing their tax returns. We have a full tax department. Our advisors are all tax preparers as well, and among our entire group, we end up doing 1,500 to 1,600 tax returns a year. Any audit issues — we handle those as well.

We advise in areas that clients request that we do so, in terms of general insurance, focusing on a large amount of liability protection in this crazy world, and to help our clients in any way where we have no conflicts of interest. We sell no products, no insurance or other products. We are there to help advise when clients request it.

In addition, it is considered a defensive sector. This year, we've seen how being defensive has led to a strong outperformance. The utility sector, just looking at the Dow Jones Utility Average Index, is up 8% year to date, while the overall market, defined by the Russell 3000, which has 3,000 large U.S. companies, is down 9% year to date. So, with all the volatility that we see in the market due to the Russian invasion of Ukraine, inflation is at a very high rate of 8.5%, which is a 41-year high. Companies with strong pricing power outperform, and defensive sectors also have done very well. So, with that, we find the utility sector overall to be favorable. We've been overweight the utility sector, and it's paying off for our clients year to date.

One specific company within the Utility sector that we like and own shares of is **Dominion Energy** (NYSE:D). The utility company sold off its midstream assets in 2020 for $8.7 billion, and it also cut its dividends. It did a little restructuring. The stock sold off at the time. Generally, investors do not like it when dividends are cut. The midstream assets were sold to Warren Buffett. It was seen as if Warren Buffett was getting a good deal in terms of value for the assets, but we liked the long-term strategic thinking of management at the time. We also liked the valuation of the stock price, it having sold off because of these moves. And with that, we increased our position in **Dominion Energy**.

One of the strategic initiatives that **Dominion's** management is taking is investing heavily in the renewable energy sector. Management plans to spend $37 billion in renewable energy growth capex, so that is capital expenditure in renewable energy projects that will be in offshore wind. The company plans to spend heavily in the offshore wind sector right off the coast of Virginia, in addition to onshore wind and solar farms. These initiatives are supported by tax credits, and the company is protected by semi-automatic rate increases. Therefore, we feel that this utility company is favorable in terms of a risk/reward scenario that would take place. In addition, we think the downside is fairly limited, while the company can grow along with these initiatives.

One other reason why we see the Renewable Energy sector to be favorable is that it is being supported at the state level. States are now mandating certain renewable energy goals to meet their climate change endeavors. We view climate change as a long-term problem, and some of these solutions are being tackled by the utility companies themselves. So, many renewable energy stocks are priced very, very high. We stay away from those. But we found utilities such as **Dominion Energy** to be a safer way to invest in the renewable energy sector, given the reasonable valuation.

The price of oil and natural gas is high right now; that is another reason to invest in renewable energy, given that it is an alternative source of energy. But that said, the price of oil and natural gas can come down. It is very volatile, and it is really determined by geopolitical factors, in addition to overall supply/demand.

While climate change is a long-term problem, we see utility companies with their resources being a major player in tackling that problem. So overall, we like their management's strategic thinking, their plans, their investments, in addition to the valuation of the stock.

interest rates. With that, the difference increases between the amount this bank borrows and lends out money. So we see this margin increasing with a higher interest rate environment.

1-Year Daily Chart of Dominion Energy Inc.

Chart provided by www.BigCharts.com

In addition, given that the bank is well positioned in Montana, it has grown organically and through acquisitions, and we find the regional trends to be favorable for the bank. If you look at the demographics of Montana, there are people moving to the state. COVID was a catalyst for people making life-changing geographic moves — and allowing people to move to Montana from other states. In addition, with that, housing prices are up. The loans are being paid back, and we find the overall health of the regional economy to be favorable for the bank as well. So **Eagle Bank Montana** is another stock that we like.

"We definitely like the valuation of the bank. It trades at a price-to-book ratio of 0.95 times. So the book value of the company is higher than the stock price of the company. We find some trends to be favorable for the stock as well. They have a net interest margin of 3.9%. We see this margin rising."

TWST: Any other sectors you'd care to mention?

Mr. Abdalla: I am pretty excited about **Eagle Bancorp Montana** (NASDAQ:EBMT). They are a community bank. So, overall, very small, but one of the largest banks in the state of Montana. We have interviewed their management teams in the past. We have done due diligence on the company. We like the CEO and the COO. We think they have some good initiatives and a good strategy around managing the bank. The bank only has a market cap of $147 million — the stock market cap is quite small for the average public equity, and because of that it is not widely covered by the sell side. So we feel like stocks that aren't widely covered may have more potential for pricing inefficiencies, and we see a pricing inefficiency here.

We definitely like the valuation of the bank. It trades at a price-to-book ratio of 0.95 times. So the book value of the company is higher than the stock price of the company. We find some trends to be favorable for the stock as well. They have a net interest margin of 3.9%. We see this margin rising. If you look at the two-year Treasury bond, the yield has increased quite dramatically over the past year from 0.3% last year on average to 2.7% today, so we are seeing increasing

TWST: Do you want to talk about another stock?

Mr. Winnefeld: Sure. Mark talked about utilities and why we like them as a defensive sector, as well as the bank. Another area that we invest in is what we call value. One of the best segments of value currently is housing stocks. It's quite remarkable that the market has sold off on the housing environment, even though there is a critical shortage of housing in the U.S. right now. We have only six weeks of housing available for purchasers and 87% of all housing is sold within one month.

You hear of stories — even last week, when you hear of a house in Los Angeles that listed for $1.2 million and sold for $2.5 million within a few days. So the stock I like is **KB Home** (NYSE:KBH). In 2021, **KB Home** finished 13,472 units, which makes it the fifth largest homebuilder in the United States, and the seventh largest by revenue, $5.7 billion in 2021. It operates in five markets across eight states. It has an estimated local market share of 7%. **KB Home** has a presence in Texas and Colorado, which is 36% their business; California and Washington are 28% of their closings; Arizona and Nevada are 20%; and Florida is 15%.

The other reason why I like them is how the focus is on the entry level — the millennials. Millennials like buying cheaper entry-

level homes, and we're talking about people from 19 to 40, basically. With the shortage of housing, they need somewhere to stay. They can rent, but rent values have actually increased as fast as the home values have. So generally, most people would prefer — if they have the same location — to own a house rather than rent. Currently, the average price of a house that **KB Home** builds is $423,000.

When you look at the stock, when we look at what we want for values, most analysts look at values like P/B — price-to-book — and price-to-earnings. The stock currently sells at a price-to-earnings of 3.4. This is based on 2022 earnings. Based on next year's estimated price-to-earnings, it is 3.0. And price-to-book, it's selling at 0.8; in 2023, it's projected to be 0.64. Therefore, basically, what this is telling us is that the market is pricing the stock as if the company would lose money on its houses and also its land holdings. This is very unlikely. The pace of housing may decline if we enter a slowdown or a recession, which is in our forecast. Even so, the value of their land — and especially in the Southwest and the markets they are in — it is very unlikely, especially for the entry-level dwellings, to actually fall.

"The second stock I like is Horizon Therapeutics. They basically have monopoly positions in two different drugs. One is called Tepezza. Tepezza treats thyroid eye disorder. The other is called Krystexxa. It treats untreatable gout. These two drugs are growing at 20% revenue growth forecasts for the foreseeable future..."

So this is a very compelling value. We believe that you should be able to, at this price, maybe not next week or in a couple of months, but at some point in the future, you should have a substantial return on your investment. This population group is under-housed currently and so it should provide many years of needed development of new homes.

The second stock I like is **Horizon Therapeutics** (NASDAQ:HZNP). They basically have monopoly positions in two different drugs. One is called Tepezza. Tepezza treats thyroid eye disorder. The other is called Krystexxa. It treats untreatable gout. These two drugs are growing at 20% revenue growth forecasts for the foreseeable future, and over 20% EPS growth over the next three to five years. With Tepezza, we believe that it could grow by 2030 from currently $2.1 billion to $5 billion, and they also have a meaningful pipeline. They have over 20 different pipeline programs in other areas like lupus. Furthermore, they have a solid capital structure right now, as they currently hold $1.5 billion in cash.

There are very few stocks in biotech, currently, that you can buy that sell at about 19 times 2022 earnings, and which are expected to grow over 20% annually. The management has a solid track record from 2004, taking new drugs and getting them approved and taking them over. They also have a meaningful R&D budget. They are spending hundreds of millions of dollars trying to develop the new compounds. There are eight different tracks to early-stage development in drugs. So, if you buy this share, you quite possibly have a long track record of growth.

TWST: And what about another stock?

Mr. Armstrong: I'd like to talk about **Taiwan Semiconductor Manufacturing** (NYSE:TSM). **Taiwan Semiconductor** is the largest semiconductor foundry business in the world. They actually began the foundry model back in the 1980s. They don't design the semiconductor chips, they manufacture them. So what the industry has increasingly migrated toward is a so-called "fabless" design. Companies like **Qualcomm** (NASDAQ:QCOM), **AMD** (NASDAQ:AMD), **Nvidia** (NASDAQ:NVDA), etc., will design the chips and then foundries like **Taiwan Semi** will actually do the manufacturing. Most of the foundry business is in Taiwan industry wide.

Taiwan Semi, as I mentioned, is by far the biggest, with close to a 60% worldwide market share. They have a lead in advanced technologies. Fifty percent of their revenues right now come from seven and five nanometer technologies. They're now rolling out three nanometer technology, which really nobody has right now. Their biggest competitors are **Samsung** (OTCMKTS:SSNLF) and **Globalfoundries** (NASDAQ:GFS), and, to a lesser extent, **Intel** (NASDAQ:INTC). They are also working on two nanometer technology. Therefore, they have a great technological advantage.

They are benefiting from a number of secular trends. As the world becomes more digitalized, and more data is consumed, every type of device that you can think of has more and more semiconductor chip content. Automobiles, for example, are expected to have five times the amount of semiconductor content by the end of this decade as they have now. The major markets that they serve are high-performance computing. That can include artificial intelligence, cloud, data centers, gaming, all manner of industrial applications, automotive, electronics, Internet of Things, smartphones, of course. Those are four major platforms that they have.

1-Year Daily Chart of KB Home

Chart provided by www.BigCharts.com

Right now, they are experiencing some good pricing power. So, even though costs are rising in the overall worldwide inflationary environment, and there are some supply chain issues, **Taiwan Semi** has been able to pass on costs, and in fact, their margins have actually been increasing. They've got pricing power and they've got increasing margins.

The thing we also like about them is valuation. The semiconductor industry is cyclical. It is a growth-cyclical business, because we've got these very powerful secular trends that are driving demand for semiconductors. **Taiwan Semi** has been labeled by many people as

perhaps the most important technology company in the world. Valuation is quite modest. They're trading at a forward EV/EBITDA of 8.7 times, and that's actually a 15% discount to the rest of the semiconductor space.

Now, the semiconductor space is actually in a bear market right now. If you look at the SOX index, it stands right now just over 3,000, it was over 4,000 back in the beginning of the year, so it's actually sold off by about 25%. The reason is that investors are concerned that there might be a worldwide economic slowdown beginning next year. So many of them are looking past the current good times, and are positioning themselves for a possible float out.

However, we take a longer-term view, so we'll look right through the cycle. We'll take a three- to five-year view. I think when you do that, you'll see that **Taiwan Semi** is, I think, a very, very attractive company right now. The foundry industry worldwide is expected to grow 20% this year, and high single-digits compounded growth over the next five years. That compares with 4% compounded growth over the last 10 years, so we're seeing an acceleration in growth. Again, that's because of these mega trends of high-performance computing, smartphones, more content, more demand for semiconductor chips.

EBITDA basis. **Crown** has been narrowing the gap if you compare the two stocks. Since the beginning of the year, **Crown** is outperforming, and I think that is because they are becoming more of a pure play in beverage cans. As I mentioned, they sold off the European food can business. So **Crown** is another one that we like a lot.

TWST: Great. We've talked about a lot of diverse companies. Maybe you could give some basic advice to investors given some of the trends that we're seeing — be it inflation or rising interest rates. Just what they should be looking towards in the coming year?

Mr. Ullman: First, I should point out we have buy and sell targets on each stock that we have in the portfolio. For some of the ones presented today, there are a couple that are in "buy" ranks. There are a couple that are close. There are a couple that we know what has to change in valuation, or our analysts would have to increase the expectations. As such, we're not recommending any or all of those stocks, at any price. They are all subject to targeted levels. That is part of our discipline — and you miss sometimes when you are shopping at prices, and they run off. I think, over the years, that's really helped.

"Taiwan Semi has been labeled by many people as perhaps the most important technology company in the world. Valuation is quite modest. They're trading at a forward EV/EBITDA of 8.7 times, and that's actually a 15% discount to the rest of the semiconductor space."

TWST: And is there one more company that you'd like to mention?

Mr. Armstrong: Yes, my next stock is **Crown Holdings** (NYSE:CCK). They used to be called **Crown Cork**. **Crown Holdings** is the world's second largest producer of aluminum beverage cans, and they're nearly a pure play now, since they sold their European food can business. Why is this an attractive business? It is basically a duopoly between **Crown** and **Ball Corporation** (NYSE:BALL) worldwide.

Aluminum is a material that is very green. It is infinitely recyclable. This is becoming a favorite among ESG investors. Seventy-five percent of all aluminum that has ever been produced is still in use. It has high recycling rates. It is taking share from plastic and glass in the beverage container markets.

In developing markets, beer and soft drinks, where soft drink consumption is increasing, **Crown Holdings** is the number-one player in Southeast Asia, number one in the Middle East, number two in South America. They're number two in North America, as well.

This is a defensive stock with growth characteristics. Therefore, the beverage container space is clearly a defensive play, but aluminum is taking share within that mature market. There are high barriers to entry, a very small number of very large customers and very large suppliers. They have manufacturing facilities around the world, and it would be very difficult for anyone to break into the industry in any material way over the **Crown** and **Ball** duopoly.

Crown historically has traded at a meaningful discount to **Ball**, and that's why we have chosen **Crown** instead of **Ball**, trading at about a 30% discount to **Ball** on a p/e basis, 25% discount on an

Second, the trends we're seeing in a few areas are interest rates, inflation and the dollar because of the fiscal situation in this country. We would also recommend that investors opt for conventional bonds with fixed rates and maturities, say, very short term. To us that is generally two years or less. Right now, that is pretty much the sweet spot in the market and the levels are fairly flat.

1-Year Daily Chart of Horizon Therapeutics PLC

Chart provided by www.BigCharts.com

Third, discipline. When markets are strong, people's memories sometimes are not as strong. Markets can be extremely volatile, and there are times when such volatility has major impacts. Two recent times were in 2002, and again during 2007-2009. Early in 2020, when the pandemic

hit, there was a short-term correction in the market, and the markets do not always rebound as quickly as people expect. So, to make sure that investors have balance and the amount of exposure in the equity markets is appropriate for their financial situation.

And again, we're balanced managers and we have at least 50% out of the general stock market in every individual client's overall situation, because these are our clients' life savings. I also think that people tend to get carried away with excitement and enthusiasm when a stock seems to hit a high point.

I think that discipline is really important. In addition, as part of that approach, if a stock underperforms, all of us have passion, and if we like a stock, we want to be as objective as we can, dig down significantly, and we have our own metrics, we will tend to sell it, and then consider buying it back 31 days or later afterwards. Therefore, we don't end up just following something straight down, because sometimes that happens; and certainly, over the last few months, some of the momentum stocks have been hit really hard, although some people probably have stayed with them overall.

So, a few factors are discipline, having an asset allocation plan, having an appropriate risk strategy tied into one's objectives and their financial situation, and a realistic view of the economy, which is likely to be strong in the next few years. However, the economy is also likely to have major problems, as we haven't dealt with fiscal issues that have been deferred for a long time. I think that if people follow this approach, and don't take unnecessarily high levels of risk, the investment market, over a long period of time, has been very positive for people who have participated.

TWST: And from what I understand, too, the firm really stresses that financial planning is an ongoing thing and you try to make customized financial plans with your clients.

Mr. Ullman: A lot of the decisions on asset allocation are tied to the financial plans. If people are looking at retirement and what kind of rate of return they would need to get to a level of assets that would sustain them on a high probability basis, that is one of the factors in deciding what level of risk tolerance is appropriate. All of our clients have their own guidelines, how much can be minimum conservative, how much can be high quality, and what is the maximum that would be in the aggressive segment. So the financial planning tool and the individual's own objectives and personalities and risk tolerances become part of that.

Speaking to the earlier part of your question, if there are any changes that are going on with a client's retirement plan, or a situation where someone has an adverse financial situation or circumstance, or a positive one, we then redo and update the programs and run different variations. Moreover, the whole idea is to have a complete program which ties financial plans with the investments themselves, and have the accounts looked at in detail, also including tax implications and insurance, and any other special projects that may be requested by clients.

So, we think we're different than almost everybody else, as the level of intensity and the comprehensiveness of the partnerships that we've had the privilege of establishing with our client base over all these years, in our opinion, makes a real difference.

TWST: Thank you. (ES)

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