



Portfolio Trade Alert - May 19, 2023

Trade Alert - Equity & ETF Models

Back in March, when Silicon Valley Bank failed, we eliminated all financial exposure in portfolios until we could better assess the situation unfolding. Since then, several banks have been folded, and the regional banking sector has suffered significant losses in stock prices and deposits. While the situation is yet to be fully resolved, there are opportunities in the regional bank space to take advantage of. As such, we are stepping into the sector with very small initial positions in Truist Financial (TFC) and PNC Bank (PNC). Of the two, Truist is the most at risk of an impact from further deposit losses and commercial real estate. Most likely, PNC will be the acquirer of any other bank resolutions needed. So, while TFC does have price risk, we are hedging that risk with a safer bank in PNC.

Opportunistically, if our thesis plays out, we will continue to build into the positions over time. Ultimately, we will back these two regional banks with exposure in a non-related financial entity like Berkshire Hathaway (BRK.B) or Visa (V).

Equity Model

- *Initiate a 1% portfolio position in both Truist Financial (TFC) and PNC Bank (PNC.)*

ETF Model

- *Initiate a 1% portfolio position in the iShares Financial ETF (XLF).*
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