April 2023

The lead story from the front page of Thursday's WSJ:

Fed Boosts Rates to a 16-Year High

Central-bank officials signal they could be done tightening after 10th straight increase

BY NICK TIMIRAOS

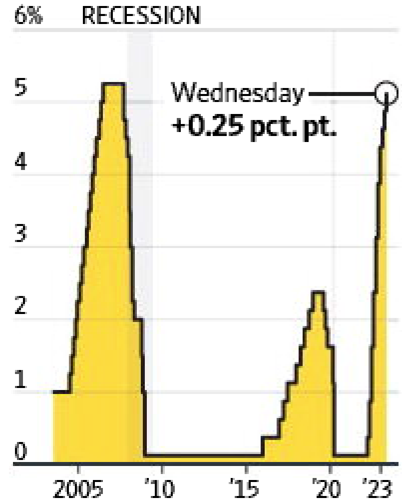
WASHINGTON—Federal Reserve officials signaled they might be done raising interest rates for now after approving another increase at their meeting that concluded Wednesday.

“People did talk about pausing, but not so much at this meeting,” Fed Chair Jerome Powell said at a news conference. “We feel like we’re getting closer or maybe even there.”

Wednesday’s unanimous decision to lift rates by a quarter percentage point marked the Fed’s 10th consecutive rate increase aimed at battling inflation. It will bring its benchmark federal-funds rate to a range between 5% and 5.25%, a 16-year high.

Stocks retreated after the decision after rising earlier in the day .... U.S. government bonds rallied slightly, pushing the benchmark 10-year Treasury yield down to 3.401% ....

The Fed has now raised its benchmark federal-funds rate by a cumulative 5 percentage points from near zero in March 2022, the most rapid series of increases since the 1980s. ...



Note: Chart shows midpoint of range since 2008.
Source: Federal Reserve

“I think that policy is tight,” Mr. Powell said. But he said, “we are prepared to do more if greater monetary policy restraint is warranted.”

Until now, officials have been looking for clear signs of a slowdown to justify ending rate rises. But Mr. Powell indicated that calculation could shift now and that officials would need to see signs of stronger-than-expected growth, hiring and inflation to continue raising rates. The Fed’s next meeting is June 13-14.

Banking stresses are expected to further tighten financial conditions, but the magnitude of any credit crunch might not be apparent for months.

“We have a broad understanding of monetary policy. Credit tightening is a different thing,” Mr. Powell said.

Analysts said Mr. Powell’s comments suggested an important shift in what the Fed would monitor as it determines any further moves.

“For the last 12 months, it has been all about inflation and the pace of employment growth,” said Blerina Uruci, chief U.S. economist at T. Rowe Price. “Now, perhaps, that is broadening. Banking-sector stress and credit conditions are going to be part of that calculation much more now.” ...

Officials dropped a key phrase from their previous policy statement, in March, that said they anticipated some additional increases might be appropriate, and they replaced it with new language saying they would carefully monitor the economy and the effects of their rapid increases over the past year.

“That’s a meaningful change, that we’re no longer saying that we ‘anticipate’ ” additional increases, Mr. Powell said.

Officials considered skipping a rate hike in March after the failures of two regional lenders, Silicon Valley Bank and Signature Bank, raised worries about a bank-funding crisis. But they concluded that the stresses had calmed enough on the eve of their March 22 decision.

The sale of First Republic Bank to JPMorgan Chase, announced Monday, showed how those strains are still clouding the economic outlook.

Mr. Powell said conditions in the banking sector had broadly improved since March. “There were three large banks, really, from the very beginning that were at the heart of the stress that we saw,” he said. “Those have now all been resolved, and all the depositors have been protected.” ...

At the March meeting, the Fed staff forecast a recession would start later this year due to the banking-sector turmoil. The staff hasn’t usually projected a recession before a downturn begins. Previously, the staff had judged a recession this year was about as likely to occur as not.

Mr. Powell said he didn’t share the staff’s view, but he didn’t dismiss the prospect of a recession. “It’s possible that we will have—what I hope would be—a mild recession,” he said.

Since officials’ March meeting, the economy has shown only modest signs of cooling, including more muted consumer spending and factory activity. Job openings declined in February and March, and the share of private-sector workers voluntarily leaving their jobs has returned closer to prepandemic levels. Hiring remains robust.

Steady job growth and brisk wage gains could sustain higher inflation. The Fed’s preferred inflation gauge, the personal-consumption expenditures price index, rose 4.2% in March from a year earlier. That was down from the previous month’s 5.1% increase. Core prices, which exclude volatile food and energy prices, rose 4.6% in March, down from 5.1% in October. The Fed targets 2% inflation over time. ...

Mr. Powell pushed back against expectations of rate cuts this year, but he acknowledged that investors expecting inflation to fall quickly could take that view.

“We on the committee have a view that inflation is going to come down not so quickly. In that world, if that forecast is broadly right, it would not be appropriate to cut rates, and we won’t cut rates,” he said.

From May 4th's Global Investment Strategy:

How Deep Will The Next Recession Be?

Sooner = Deeper

Investors often talk about the magnitude and timing of the next US recession as though they are two separate things. In fact, the two issues are intricately related.

Just as the passengers in a bus are more likely to be flung out of their seats if the driver slams on the brakes rather than pressing down on them gently, a recession that begins abruptly this year could end up being deeper than one that begins slowly next year.

This is especially the case because right now, inflation is still well above the Fed's target. Hence, for the foreseeable future, the FOMC will be reluctant to cut rates in response to sagging growth. However, if a recession were to start next year or later, when inflation is likely to be a lot lower, there will be more scope to ease monetary policy.

A later recession would also give banks more time to repair their balance sheets by boosting liquidity reserves and rolling over low-yielding securities into higher-yielding ones.

No Major Overhangs

Fortunately, there are not many significant imbalances in the interest rate-sensitive sectors of the US economy. If the Fed starts cutting rates next year, those sectors will respond positively, helping to ensure a mild recession.

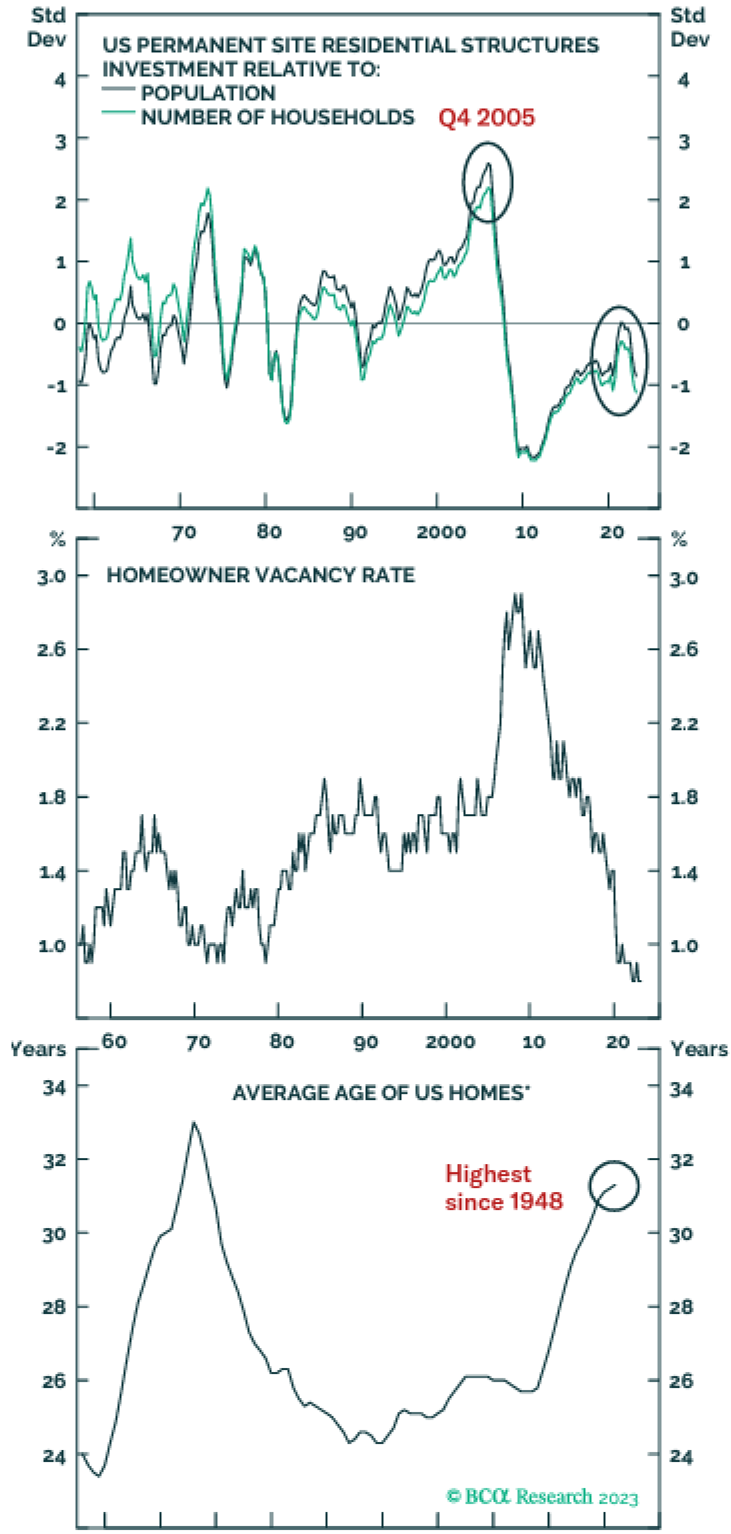
Homebuilders have failed to keep up with household formation for the past 16 years (**Chart 1**). As a consequence, the homeowner vacancy rate sits at a record low. The average age of US homes is the highest since 1948. US manufacturing capacity has shrunk since 2008. In real terms, core capital goods orders are down 29% from their 2000 highs.

A slower pace of inventory accumulation has shaved one percentage point off of GDP growth over the past four quarters. Given that inventory levels are still quite low, that headwind will abate over the next few quarters.

Office buildings and shopping malls are the only two components of nonresidential investment where there is still an excess of property that needs to be worked off. Lower rates will not help those sectors very much until the overhang dissipates. That said, as **Chart 4** illustrates, taken together, offices and shopping establishments account for only 15% of nonresidential investment in structures (about 0.5%

CHART 1

Structurally, There Is No Glut In US Housing

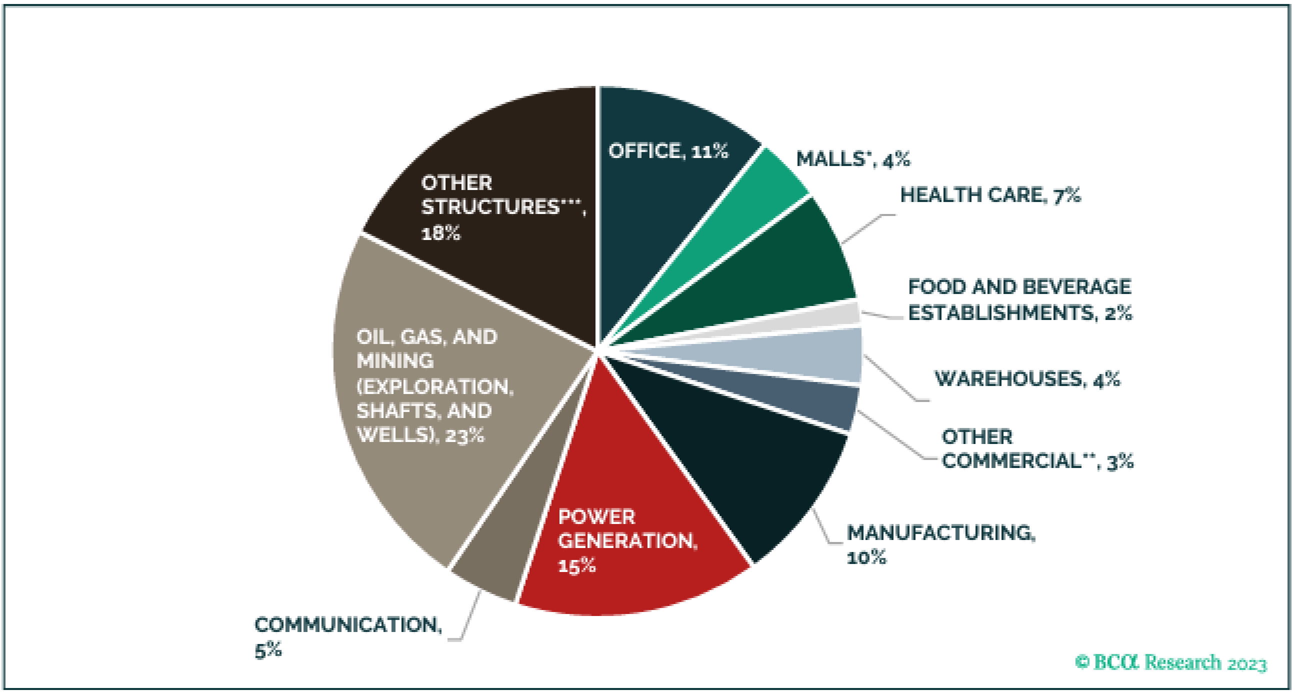


* CURRENT-COST AVERAGE AGE OF PRIVATE RESIDENTIAL FIXED ASSETS.
NOTE: BUREAU OF ECONOMIC ANALYSIS (BEA) AND CENSUS BUREAU DATA. SERIES IN PANEL ONE SHOWN STANDARDIZED.

of GDP), equal to power generation and much less than investment in the oil, gas, and mining sector.

CHART 4

Offices And Malls Represent A Small Share Of Investment In Nonresidential Structures



NOTE: CHART SHOWS BREAKDOWN OF REAL FIXED INVESTMENT IN PRIVATE NONRESIDENTIAL STRUCTURES OVER 2002-2021 PERIOD.
* MULTIMERCHANDISE SHOPPING.
** INCLUDES BUILDINGS AND STRUCTURES USED BY THE RETAIL, WHOLESALE, AND SELECTED SERVICE INDUSTRIES. CONSISTS OF AUTO DEALERSHIPS, GARAGES, SERVICE STATIONS, DRUG STORES, RESTAURANTS, MOBILE STRUCTURES, AND OTHER STRUCTURES USED FOR COMMERCIAL PURPOSES.
*** INCLUDES BUILDINGS AND STRUCTURES USED BY RELIGIOUS ESTABLISHMENTS, EDUCATION, LODGING, AMUSEMENT AND RECREATIONAL INDUSTRIES, TRANSPORTATION (AIR AND RAIL), FARM, WATER SUPPLY, SEWAGE AND WASTE DISPOSAL, PUBLIC SAFETY, HIGHWAY AND STREET, AND CONSERVATION AND DEVELOPMENT.

Risks to the View

We have been making the case for a 2024 recession since last year. In 2022, that was a controversial view. As time has gone by without a recession occurring, it has become less contentious, although a quick glance at Bloomberg consensus estimates still suggests that most analysts expect a recession in the second half of this year (**Chart 5**).

Our view that the US will avoid a recession this year is predicated on two conditions, neither of which is certain to be realized. The first assumption is that the ongoing banking crisis will end up resembling the slow-burning Savings and Loan crisis of the late 1980s rather than the fast-burn crisis that characterized the GFC.

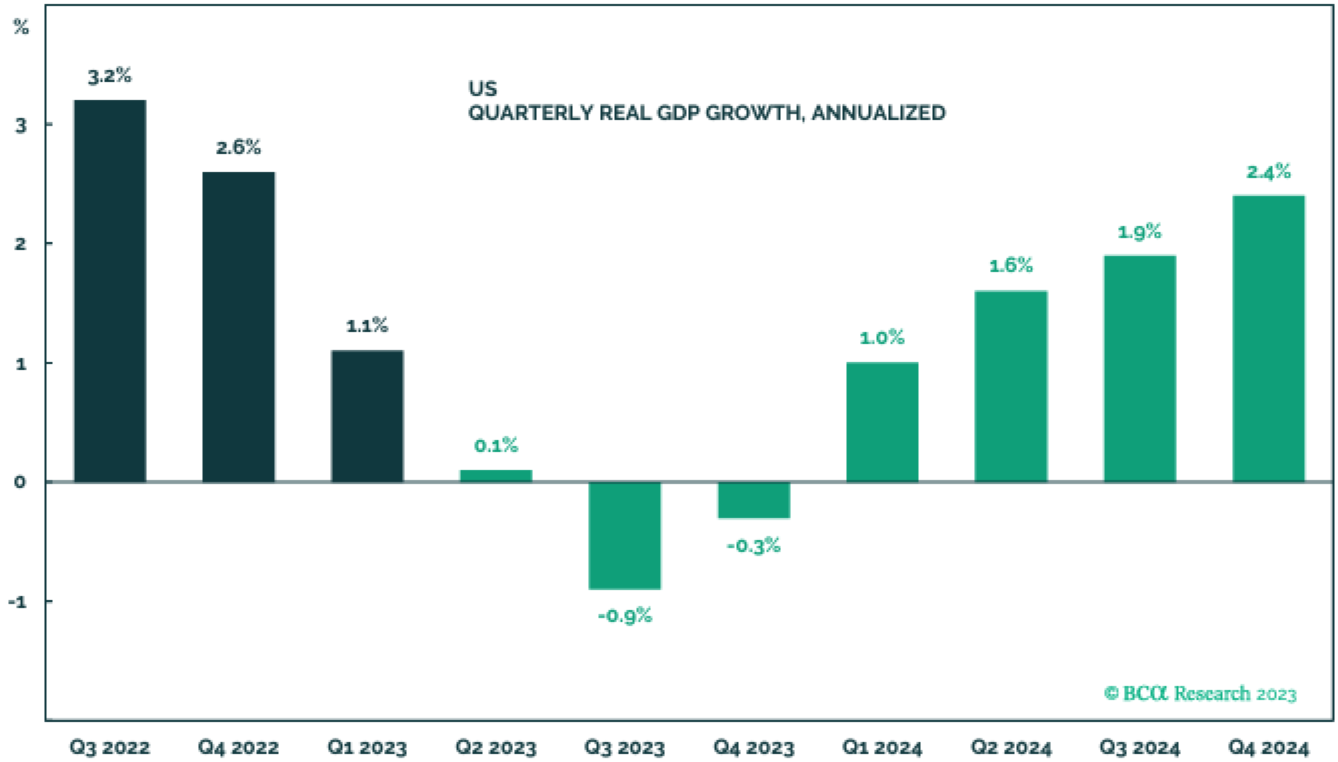
We think this is a reasonable assumption considering that US regional banks are in better shape than they were in the late 1980s/early 1990s, a period which saw over 1,800 banks fail. That said, bank lending standards were tightening even before March. Given that regional banks tend to punch above their weight in terms of their impact on the economy, slower lending growth will weigh on growth, even if most banks avoid an existential crisis.

Is a Benign Disinflation Possible?

The second assumption that needs to be fulfilled to allow the US to skirt a recession this year is that inflation must fall quite rapidly during the remainder of 2023. If inflation does not drop quickly towards the Fed's target,

CHART 5

Consensus Expectations Call For A US Recession In The Second Half Of 2023



SOURCE: BLOOMBERG FINANCE L.P.
NOTE: GREEN BARS DENOTE FORECASTS.

the Fed will be unable to maintain the pause it obliquely signaled at this week's FOMC meeting.

There are certainly good reasons to think that inflation will decline. Supplier bottlenecks have largely abated, which should prevent another surge in goods prices.

Rents on newly leased properties have barely grown over the past six months. They are a good leading indicator for shelter inflation.

Admittedly, wage growth is still strong. Wages are the key driver of non-shelter services inflation, the category of inflation the Fed appears most concerned about. Both the Atlanta Fed Wage Growth Tracker and the Employment Cost Index (ECI) moved up in the latest readings.

There are a few reasons why wage growth has been slow to cool.

First, a lot of wage contracts reset in January, so part of the increase in wage growth in Q1 reflects the lagged effects of last year's ultra-tight labor market.

Second, real wages are still 5% below their pre-pandemic trend (**Chart 11**). Just as wages were slow to increase in response to rising inflation, they have been slow to decrease in response to falling inflation.

Third, and perhaps most critically, wages are a lagging indicator. If you want to know where the ECI is going, don't look at the ECI! Look at leading indicators such as job openings, the quits rate, and wage surveys, all of which are pointing down.

A Recession Can Be Deferred But Not Denied

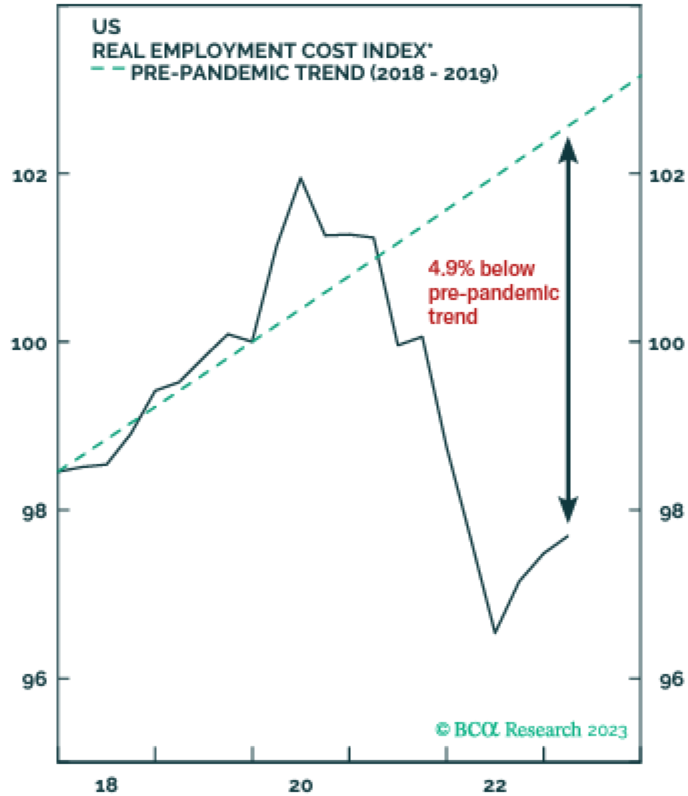
Unfortunately, since both wage and price inflation tend to respond to changes in aggregate demand with a lag, there is a risk that the Fed will focus too much on these backward-looking indicators in setting monetary policy.

Such a risk is not easy to dismiss. Having just brought rates to over 5%, the Fed will be inclined to keep them there for most of this year, since cutting rates so soon after raising them could convey the impression that the Fed does not know what it is doing.

And even if the Fed does respond proactively by cutting rates if inflation falls more quickly than expected, that is still unlikely to preclude a recession. A cursory glance at the unemployment rate reveals that it is a mean-reverting series: When the unemployment rate falls to very low levels, it usually starts rising again. ...

CHART 11

Real Wages Are Below Their Pre-Pandemic Trend



* WAGES AND SALARIES OF ALL CIVILIAN WORKERS; DEFLATED BY HEADLINE CPI; AND REBASED TO Q4 2019 = 100.
SOURCE: BUREAU OF LABOR STATISTICS (BLS).

Investment Conclusions

The US economy may experience a benign disinflation over the next few quarters ....

... a recession is likely to begin just when investors have become convinced that a soft landing has been achieved. This means that stocks could gain some altitude into the summer months, but are likely to falter later and weaken further in 2024 as a recession sets in.

Although the recession is likely to be mild, that will not be apparent in real time, which suggests that next year could offer a buying opportunity. ...

From Verdad on May 1:

Revenge of the Turds

Low profitability, high investment stocks are on a tear

By: Chris Satterthwaite

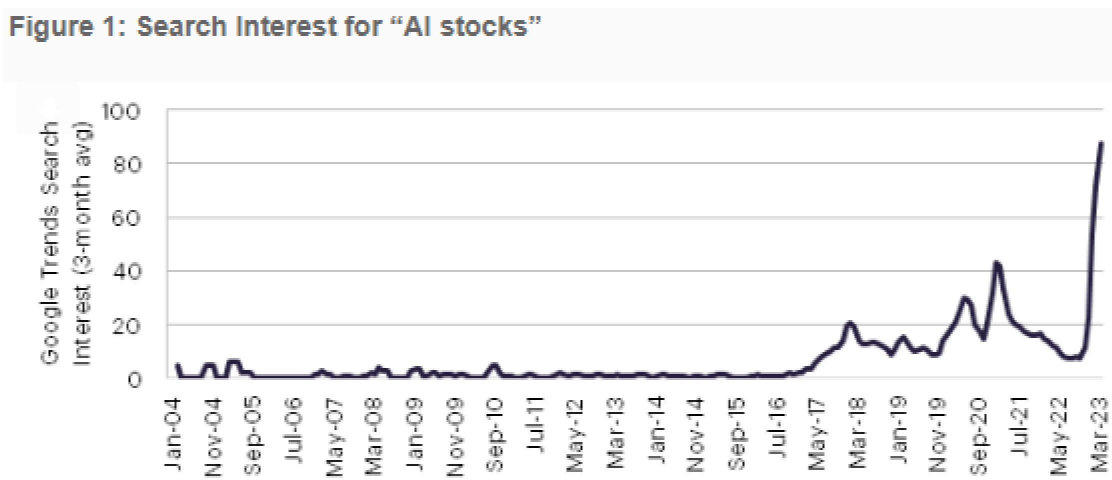
Garbage stocks are back! The release of ChatGPT and the enthusiasm around artificial intelligence has led to a massive rally in unprofitable tech companies. ARKK, which captures l'esprit du jour of AI investing even more precisely, is +22% YTD. Other more AI-related stocks are up significantly more (NVDA +90%, AI +60%). These results have far outpaced the 6% return of the S&P 500 and the 14% return of the NASDAQ, which is dominated by more mature (and profitable) tech companies.

These hype-driven rallies around narrative themes have become a dominant feature in the US equity markets, most recently during the COVID-era meme stock frenzy. As we wrote about in the Bubble 500, we believe the golden age for these garbage stocks was 2018–2021. But garbage suffered a brutal reversal in 2022, as rising interest rates sobered equity investors into focusing more on long-forgotten metrics like free cash flow, dividends, and profitability.

The rising tide of AI has buoyed spirits in certain public equities. Search interest for "AI stocks" recently hit an all-time high, and we see daily articles about the VC frenzy to invest in AI-related companies:

- Generative AI: The New Frontier For VC Investment (1/17/23)
- Venture capitalists race to land next AI deal on Big Tech's turf (3/24/23)
- VCs continue to pour dollars into generative AI (3/28/23)
- How much are generative A.I. startups really worth? VCs are paying up as they scramble to get in on the next big thing (4/6/23)

Figure 1: Search Interest for "AI stocks"



Source: Google

Previous "peak search engine" equity rallies have not ended well. This phenomenon played out numerous times throughout the 2000s as trends came and went, as illustrated below.

... More generally, academic research has found that stocks with low profitability and high investment tend to be the market's worst performers. Equities at the intersection of low profitability and high investment are often moonshot bets that are perhaps better suited to the cover of Popular Science than standalone public equities. Companies like Virgin Galactic (SPCE), Danimer Scientific (DNMR), or NuScale Power (SMR) are all working on exciting future technologies that are many years away from monetization, with a high likelihood of disappointments along the way.

Long-term US equity factor research by Ken French shows that some categories of stocks do uniquely badly. Below, we show two 2x2 matrices, one a classic size x value grid and the other a grid of profitability and investment. The smallest, cheapest stocks have long earned a premium, while unprofitable companies making significant investments have tended to perform the worst.

Figure 2: Returns for Baskets of Thematic Stocks (12M after Spike in Google Trends Interest)

Theme	Peak Search Interest	12m Return
Dot-com	Feb-00	(90%)
Bitcoin	Dec-17	(76%)
Weed	Oct-18	(57%)
Wearable Tech	Jul-15	(51%)
Space	Feb-21	(43%)
Solar	Oct-08	(36%)
3D Printing	Nov-13	(19%)
Augmented Reality	Sep-17	(14%)

Source: Capital IQ

Figure 4: Fama French Factor Pairing Returns (1963-2023 CAGR)

	Small	Big
Cheap	22%	13%
Expensive	11%	9%

	High Profits	Low Profits
Low Invest	15%	12%
High Invest	11%	3%

Source: Ken French Data Library

Today, the top 100 ranked US garbage stocks by low profitability and high investment have lost $10B of EBITDA on $37B of sales in 2022 and trade at a median 9.9x TEV/sales. Garbage stocks are on a tear: but will it last?

Follow-ups

We don't read much about SPACs anymore, and what we do just gets worse. From April 7th's WSJ:

SPAC-Merger Firms Log Billions in Write-Downs

BY MARK MAURER

Companies that went public through mergers with special-purpose acquisition companies in recent years booked billions of dollars in goodwill write-downs in 2022, reflecting in part a reckoning of the heady premiums paid to secure deals during the SPAC boom.

Some of the biggest goodwill impairments in 2022 came from SPAC-backed companies like cryptocurrency platform **Bakkt Holdings**, business-services provider **Advantage Solutions**, 3-D printing firm **Fathom Digital Manufacturing**, self-driving-vehicle startup **Aurora Innovation** and now-bankrupt bitcoin miner **Core**

Scientific, according to financial and risk advisory firm Kroll. Each of these five companies' pretax impairments exceeded $1 billion last year.

The 2020 and 2021 boom of SPAC mergers, in which a privately held firm combines with a public blank-check company to allow the private company's shares to trade publicly, petered out amid the broader market downturn. SPACs at their peak represented 70% of all initial public offerings, with $95 billion raised, as private companies flocked to the alternative path to public markets for its speed and lower scrutiny than traditional IPOs.

Companies going public through SPACs were frequently small, in an early growth stage and already high risk, and any subsequent acquisitions they make could raise uncertainty around their value, said Elizabeth Blankespoor, associate professor of accounting at the University of Washington.

"The impairments are this big red flag that they threw a bunch of money down a hole in the ground and it didn't work out," Ms. Blankespoor said. "The question that I would ask is: How do I know you're not going to do the same thing with any more money you get?"

Pretax goodwill impairments across 39 post-SPAC businesses in 2022 totaled an estimated $11.57 billion, based on a review of filings through Tuesday—at which point about 78% of public U.S. companies had filed their annual reports— according to Kroll. That compares with $2.71 billion across 11 such businesses the previous year. In 2020, just one company that went public through a SPAC booked an impairment, of $4 million, and no such impairments were made the previous three years, Kroll said.

Overall goodwill impairments in the U.S. also surged last year as the value of many companies' assets declined for reasons such as higher inflation, supply-chain disruptions and weaker financial performance. But the surge in SPAC related impairments happened within a much smaller pool of companies.

Companies book goodwill on their balance sheets when they acquire a business for more than the value of its net assets. Under U.S. accounting rules, an acquiring business must measure the fair value of its reporting units annually and, if that figure is less than the amount recorded on the books, reduce the value of the goodwill.

For a company going public via a SPAC, goodwill can arise at varying times: from acquisitions made before or after the merger or recorded as part of the merger itself. Companies that recorded goodwill from businesses they acquired after the IPO were eager to grow through M&A activity and, in some cases, were flush with cash due to favorable IPO pricing during the SPAC boom, said Carla Nunes, a managing director at Kroll. "These companies were acquisitive, but one to two years later we are seeing those acquisitions impaired," she said.

Although SPACs have faded, write-downs from companies that were part of the boom could continue. "We could see more SPACs taking impairments, just the way things have gone and how they were priced," Ms. Nunes said. ...

From Morningstar:

For Growth Managers, History Repeats Itself

How 2020 and 2021 were a virtual repeat of the tech bubble.

Jack Shannon
Mar 31, 2023

As growth stocks rallied after the [2020 pandemic-triggered crash](#) through the end of 2021, many managers who bought them claimed, “This time, it’s different.” The rally was nothing like the speculative excesses of the late 1990s and early 2000s, they said, when the shares of any company whose name had a “.com” at the end garnered a lofty valuation, regardless of its profitability. Unlike the turn-of-the-century tech bubble, 2020′s and 2021′s high-priced companies were profitable and producing high levels of free cash flow.

Data suggests otherwise.

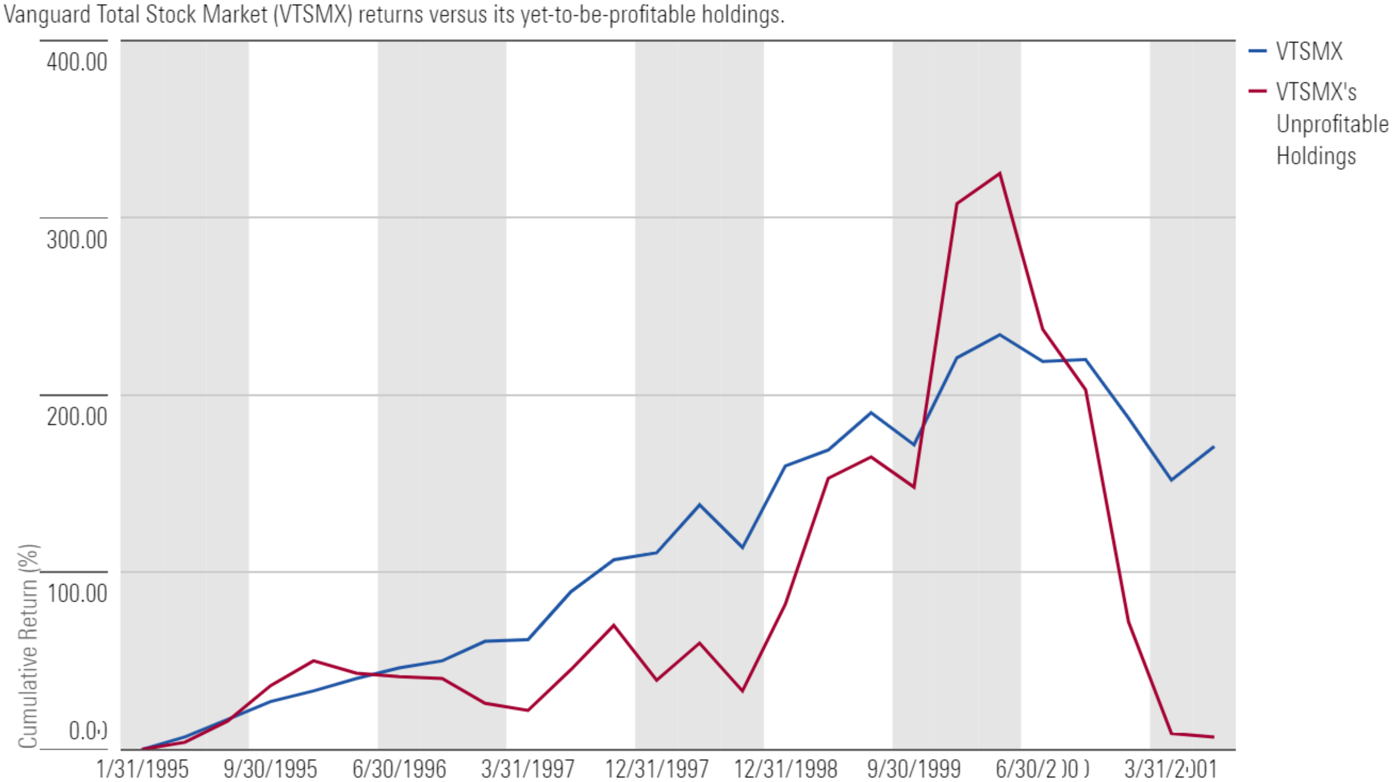
I collected individual portfolio holdings data from 1997 through the end of 2022 for all actively managed large-growth Morningstar Category funds with more than $500 million in assets. This covered at least 90% of the category’s actively managed assets in any given year. I also gathered company-level profitability and valuation data to examine the popularity of high-priced, money-losing businesses in each period.

The data shows that in 2020 and 2021, growth fund managers behaved strikingly similar to their late ‘90s predecessors: They loaded up on unprofitable stocks after they had already run up in price—and paid for it.

Growth investing’s goal hasn’t changed in the last two decades. Growth managers still hunt for stocks that can become the next big thing. It’s a legitimate approach, but it gets dangerous when the market chases companies pursuing growth at any cost.

The dot-com bubble is a classic example of this phenomenon. Exhibit 1 shows that between the emerging-markets crisis and collapse of Long-Term Capital Management in September 1998 and September 2000, the Vanguard Total Stock Market Index [VTSMX](#)—a good U.S. stock market proxy—gained a historically strong 50%. Over that same period, though, the unprofitable holdings in that index fund (held at market weights) rose

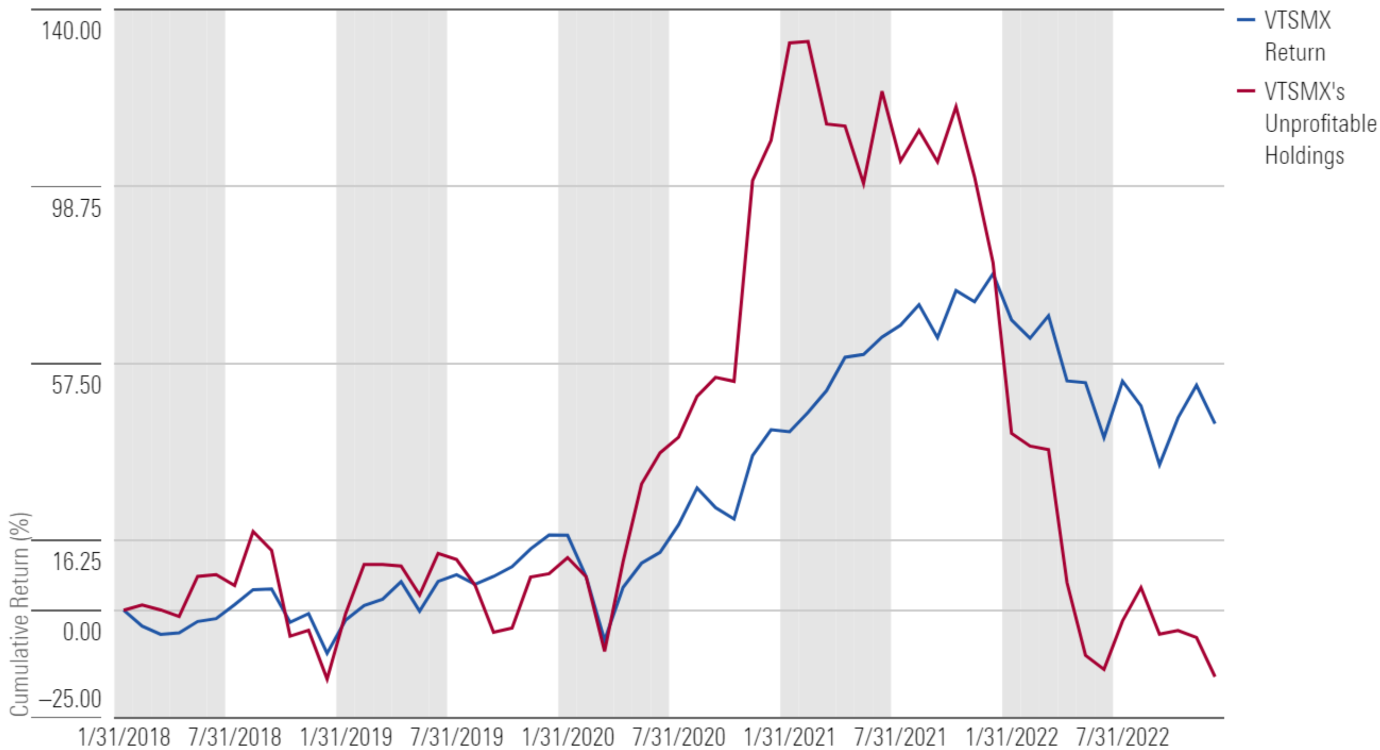
Exhibit 1 Owning Unprofitable Companies Paid Off in the Late 90s...But That Quickly Changed
Vanguard Total Stock Market (VTSMX) returns versus its yet-to-be-profitable holdings.



127% with minimal drawdowns.

An old witticism applies to the more recent period. While the 2020 to 2021 period did not repeat the 1998 to 2000 period, it certainly rhymed with it. From the market's March 2020 trough through March 2021, Vanguard Total Stock Market gained an incredible 63%, yet its profitless constituents more than doubled those 12-month results, jumping 134%.

Exhibit 2 History Repeated itself in 2020 and 2021
Vanguard Total Stock Market (VTSMX) returns versus its yet-to-be-profitable holdings



In both cases, the never-profitable companies crashed as quickly as they rose. The collection of yet-to-be-profitable stocks in the tech bubble collapsed more than 74% from their March 2000 peak through March 2001, while the overall market fell 24%. In the latest mania, profitless companies fell more than 64% from their February 2021 peak through December 2022, while the broad market slipped just 2%.

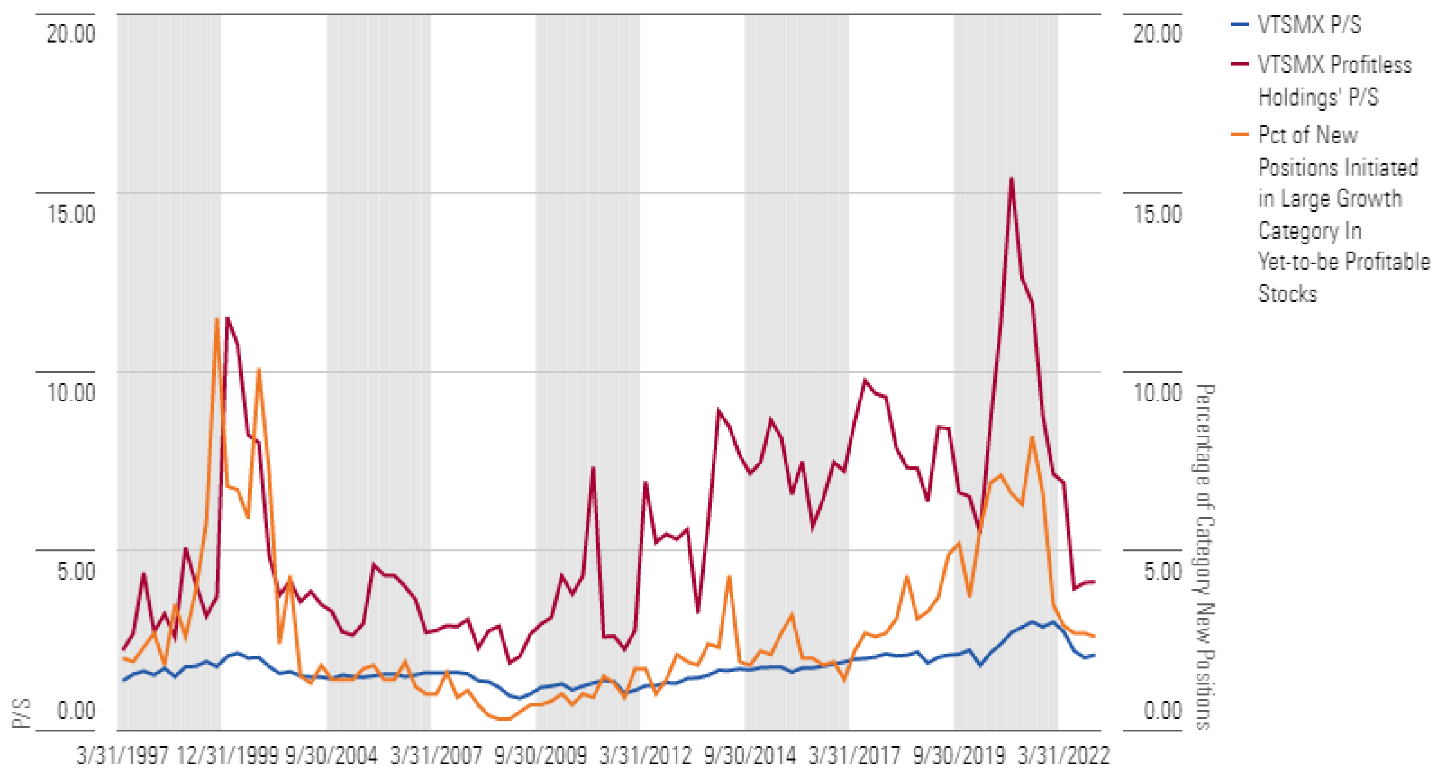
FOMO

Fund managers are like everyone else: They are vulnerable to behavioral biases and fear missing out on major trends. Watching peers who have gorged on profitless fare put up eye-popping returns tempts them to follow suit. They have career and reputational incentives to do so. If they jump on board the speculative rally and it proves fleeting, everyone goes down together and they can blame the losses on unexpected, exogenous shocks, like a war, interest rates, or inflation. But if they sit out and the trend persists, they might lag their peers, lose assets (and potentially compensation), and be forced to explain to clients how they missed a major market upswing.

The problem is, by the time most managers arrive at the party, it is usually wrapping up. In both the dot-com bubble and the rally after the pandemic lockdown, by the time most managers began buying the highflyers, their valuations were already through the roof. Exhibit 3 shows that, in both periods, large-growth managers bought unprofitable stocks most often right as their valuations spiked or shortly after. In September 1998, roughly 3.5%

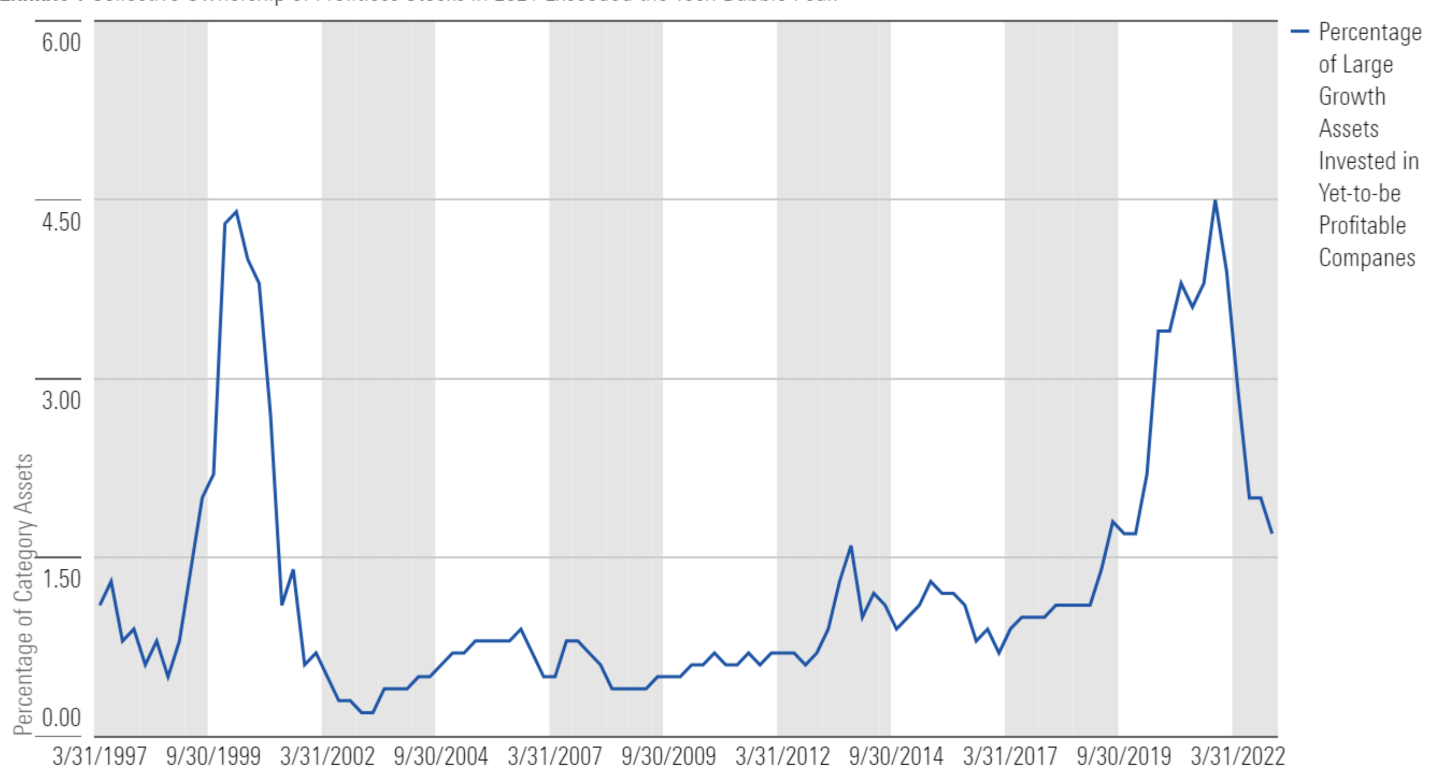
of all new stocks in large-growth funds were those of unprofitable companies, which was already above historic norms. But by September 2000, roughly one in every 10 new positions in those portfolios were in profitless companies, that, on average, were trading at nearly 4 times the levels of their profitable peers.

Exhibit 3 Growth Managers' Appetite for Profitless Businesses Peak at the Worst Possible Times



The pattern repeated in 2020 and 2021. The valuations of yet-to-be-profitable companies increased throughout the 2010s but spiked in 2020. By the end of the year, the U.S. stock market's profitless companies were even

Exhibit 4 Collective Ownership of Profitless Stocks in 2021 Exceeded the Tech Bubble Peak



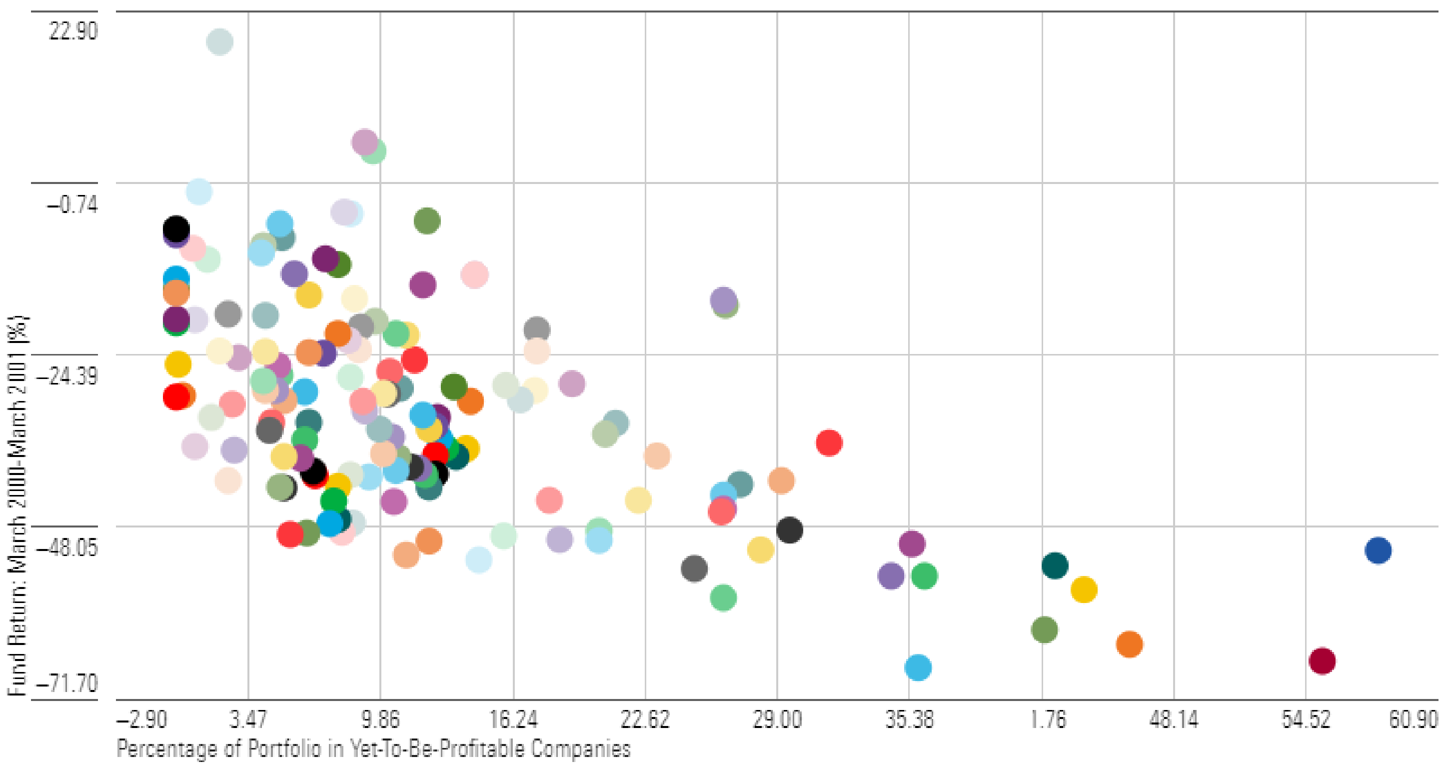
more expensive than at the tech bubble’s peak and more than 8 times as pricey as their profitable peers. Yet growth managers still bought them. About one of every 12 new large-growth positions in June 2021 were in unprofitable stocks. So, while managers were perhaps slightly more disciplined in 2021 than their early 2000s’ investing ancestors, it wasn’t by much.

These were not small, immaterial portfolio holdings, either. As shown in Exhibit 4, by September 2021, nearly 4.5% of all large-growth category assets were invested in companies that had never turned a profit, up from 1.7% just two years prior. At the peak of the dot-com bubble, 4.4% of category assets were in yet-to-be-profitable companies.

The Hangover

In both periods, the market meted out the harshest punishment on managers who binged the most on speculative companies. As seen in Exhibit 5, in the dot-com bubble crash, funds holding the most profitless stocks fell much more than their peers who avoided them. Every one of the managers who avoided unprofitable stocks lost less than the Russell 1000 Growth Index’s 42% drop in that period However, nearly two thirds of the funds that put more than 15% of their assets in yet-to-be-profitable companies lost more than the index, with the largest imbibers being smacked the hardest.

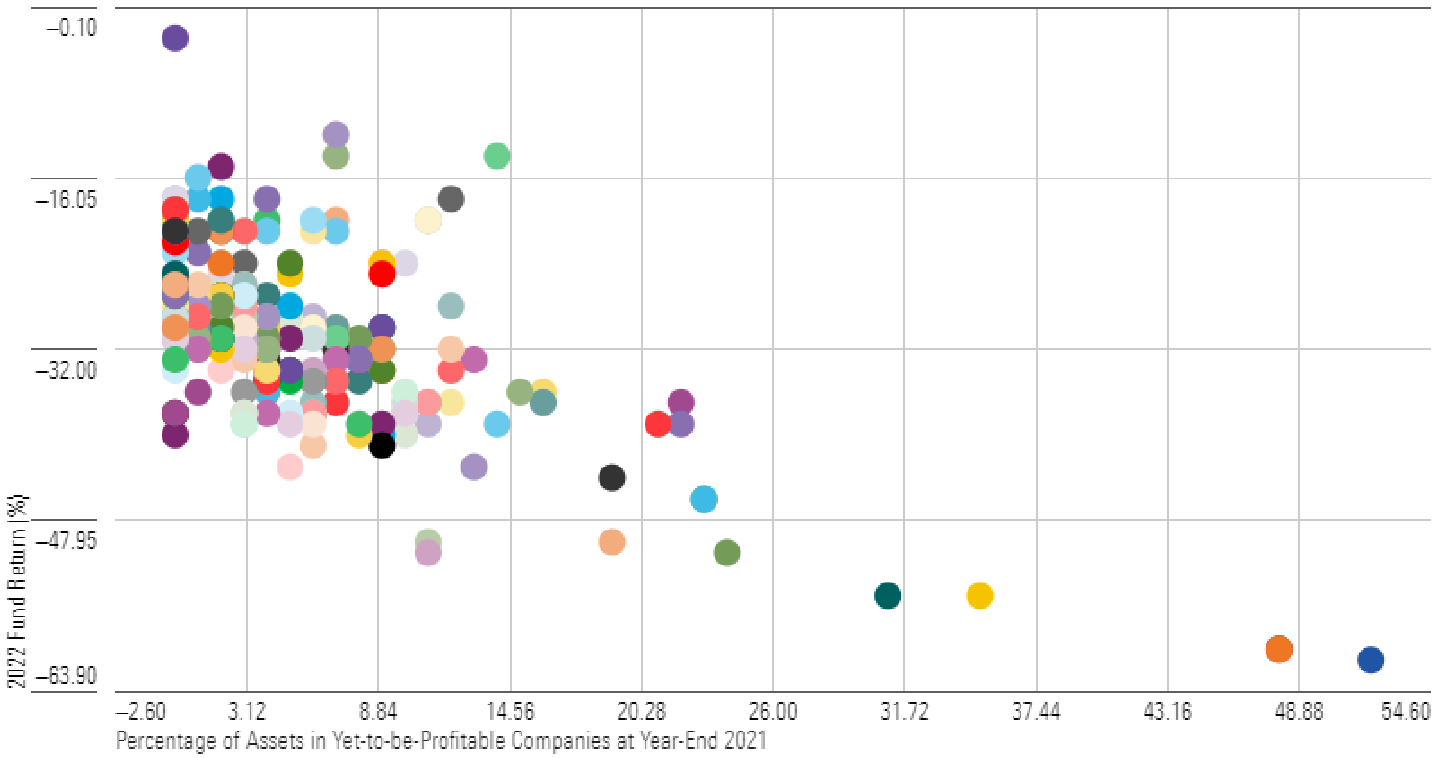
Exhibit 5 Large Growth Returns from March 2000-March 2001 by Percentage of Portfolio Held in Profitless Stocks



Source: Morningstar Direct Data as of February 28, 2023.

The results were extremely similar in 2022. Of the 210 large-growth funds in the study that entered 2022 without any exposure to yet-to-be-profitable stocks, none of the funds with more than 15% of their portfolios in unprofitable stocks topped the index. And 89% of the funds with 10% or more in profitless stocks lost more than the benchmark.

Exhibit 6 Large Growth Returns in 2022 by Percentage of Portfolio in Profitless Stocks



Source: Morningstar Direct. Data as of February 28, 2023.

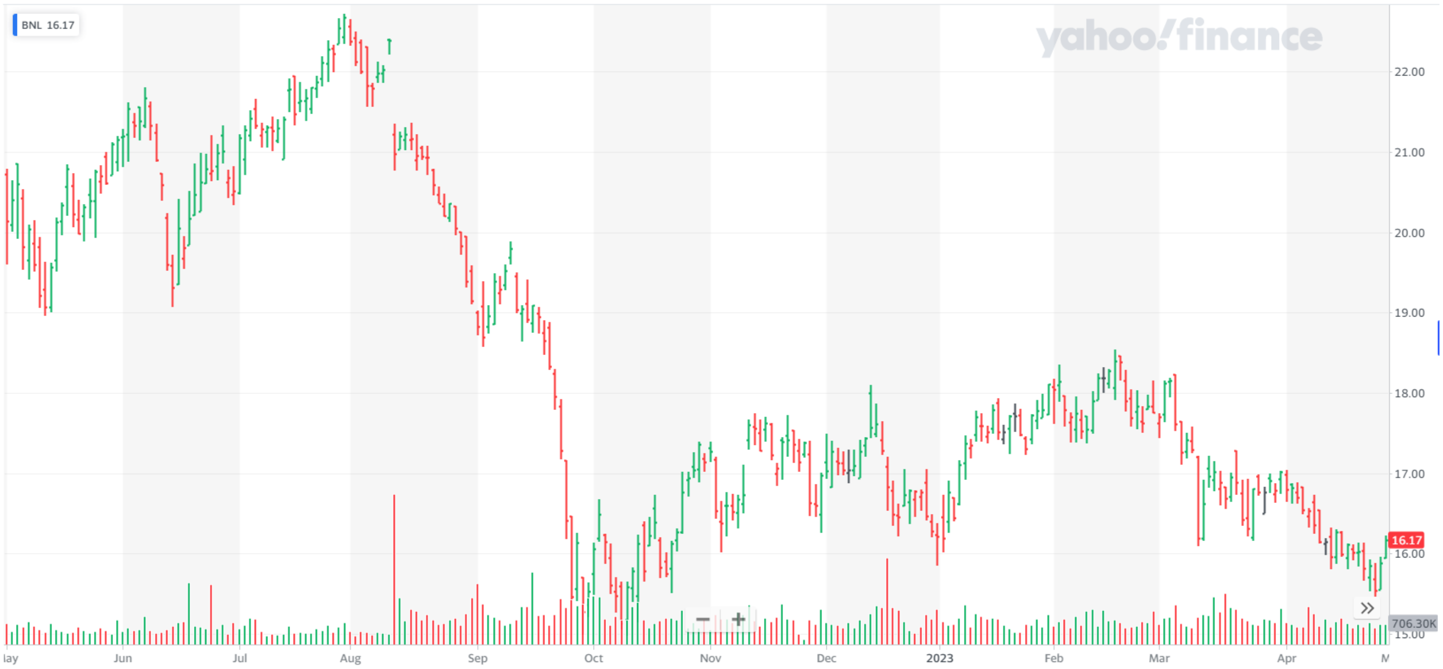
To be fair to 2020′s and 2021′s investors, low interest rates at the time arguably made them look relatively more rational than their late '90s counterparts, who operated in a higher interest-rate environment. Low rates, after all, made the present value of companies' future earnings—even if they were far, far in the future—more valuable and, thus, their shares more attractive at higher prices. While theoretically true, valuations are not solely driven by discount rates. Earnings and growth projections are what really matter, and a discount rate can't be blamed when investors are way off on growth assumptions to begin with.

Rather than trying to use interest rates as a crutch, perhaps a simpler explanation for managers' behavior makes the most sense. Mutual fund managers play a relative game versus their peers and benchmarks and have strong incentives and face heavy pressure to chase trends, even when it makes little fundamental sense, lest they look out of step or fall behind.

Positions

At the time an existing client added significant funds to their account, HCM's Buy/Watch list contained 18 individual stocks that met our buy criteria, but were not already held by any clients, including 10 REITs. We added positions in 4 of those REITs:

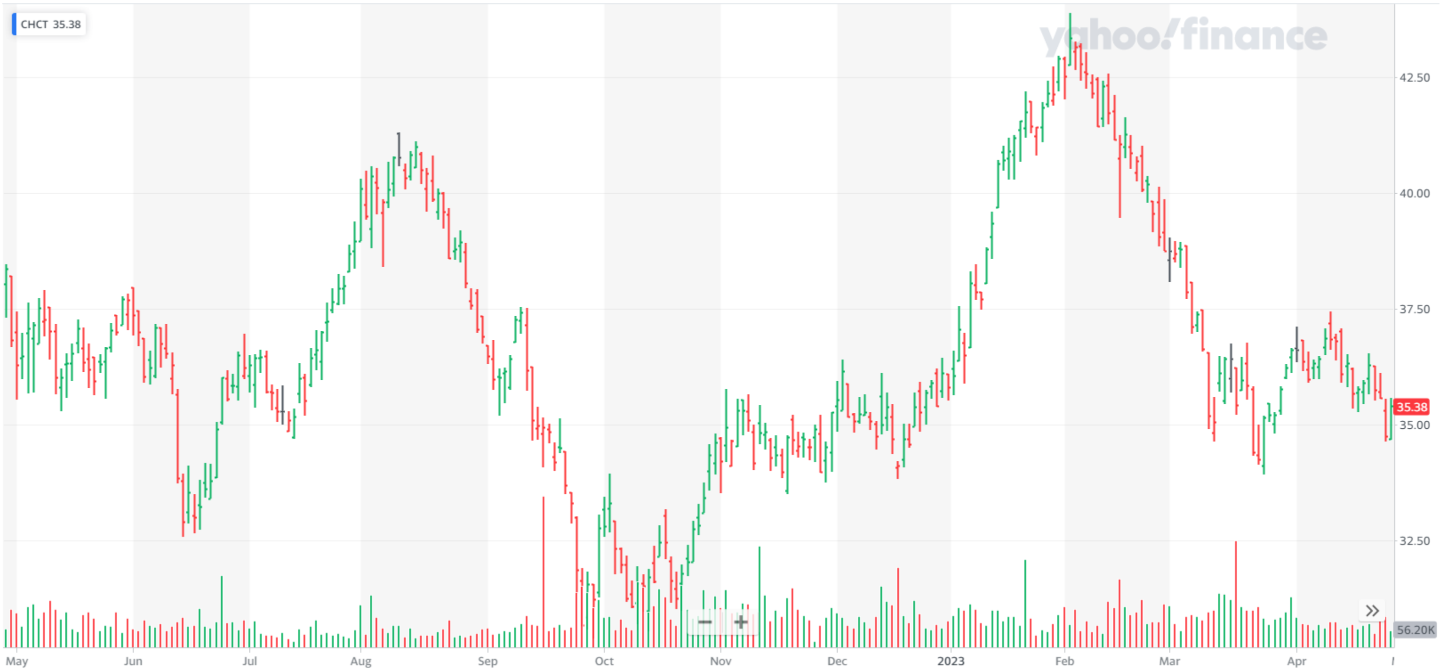
BNL - A Net Lease REIT rated a Speculative Buy under 23.75 by Forbes Real Estate Investor. Since Earnings were released on 5/3, 4 analysts have updated their Recommendations, with 2 Buys, 2 Holds, and a 20.25 average Target Price. Bought on 4/28 @ 16.17:



Insider Buying:

Trade Date	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)
03/17/2023	2	Albano Ryan, Moragne John		12,182
03/10/2023	2	Fennell Kevin, B Caruso Michael		4,250

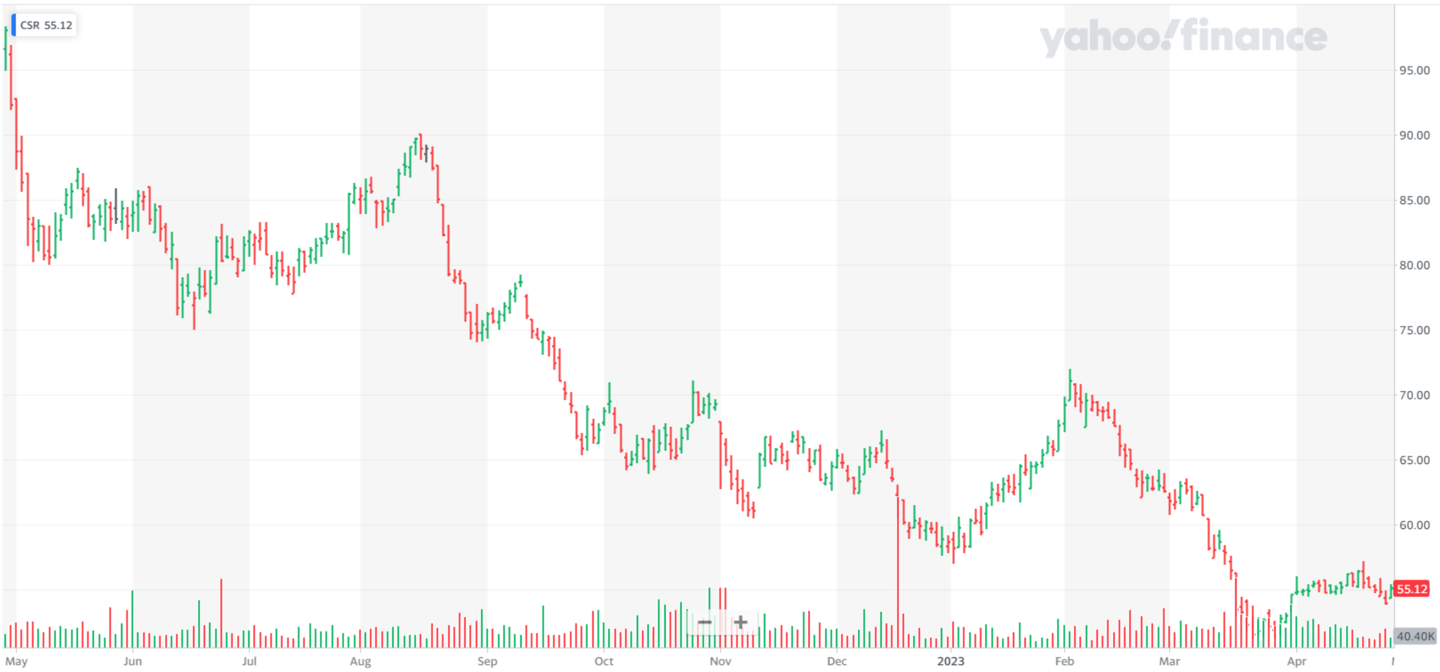
CHCT - A Health Care REIT rated a Speculative Buy under 47 by Forbes Real Estate Investor. All 4 analysts that have updated their Recommendations since Earnings were released on 5/2 rate CHCT a Buy, with an average Target Price of 42.25. Bought on 4/27 @ 35.355:



Insider Buying:

Trade Date	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)
03/10/2023	2	Van Horn R, Cotman Cathrine		962
03/09/2023	2	Gardner Alan, Gulmi Claire		4,742

CSR - An Apartment REIT rated a Speculative Buy under 75 by Forbes Real Estate Investor. Since Earnings were released on 5/1, 1 analyst raised their Recommendation to Buy, while 5 others maintained their Hold ratings, with the average Target Price of the 6 analysts being 64.83. Bought on 4/27 @ 55.1999:



Insider Buying:

Trade Date	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)
05/16/2022	1	Jones-Tyson Rodney		595
05/06/2022	1	Schissel John		100
05/05/2022	2	Dance Michael, Schissel John		1,200

CTO - A Shopping Center REIT rated a Strong Buy under 24.66 by Forbes Real Estate Investor. All 7 analysts that follow CTO have updated their Recommendations since Earnings were released on 4/27, with 6 Buys, 1 Hold, and an average Target Price of 20.93. Bought on 4/27 @ 16.78:

Insider Buying:

Trade Date↑	No. Part	Participants	Net Sell (Shares)	Net Buy (Shares)
03/10/2023	3	Partridge Matthew, Albright John...		5,255
03/08/2023	2	Albright John, Greathouse Steven		7,382
03/01/2023	1	Smith Daniel		1,890
02/28/2023	1	Smith Daniel		2,000