

"The big money is not in the buying or selling, but in the waiting."
– Charlie Munger

First Quarter 2023 Commentary

Good Opportunities Fund

Dear Valued Unitholder,

While the economic uncertainty of last year has carried into 2023, the Good Opportunities Fund gained 9.8% during the first quarter.

Nearing quarter-end, we sold Alphabet Inc., the parent company of Google. As you are aware, our plan when purchasing a security is to be shareholders for the long term. Over five years is a typical holding period for us. That said, we bought Alphabet in January of 2022, and have already sold the holding. What happened?

Our strategy is to own growing businesses with high returns on capital that operate in industries in which we can predict the next five to 10 years with reasonable certainty. Up until last fall, Alphabet, which is dominated by the Google search engine, fit our criteria. Last fall, however, OpenAI introduced ChatGPT, an artificial intelligence chatbot that you have likely heard of. While it is not assured that Google will be impacted by the capabilities of ChatGPT, we can no longer predict Alphabet's future with reasonable certainty.

As investors, we have to be prepared to alter our opinion when facts change and, in this case, the introduction of a potential competitor is too material to ignore. While Alphabet has already rolled out its own similar chatbot, ChatGPT has quickly gained mindshare. For the first time in Google's existence, it likely has legitimate competition, and we are concerned by the potential for ChatGPT to completely upend Google's dominance. For example, Expedia already introduced a plugin that lets ChatGPT users book vacations directly from their ChatGPT query. We are certain many advertisers will be thrilled to have a competitive platform to Google on which to market their goods and services.



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In our view, the risk of a material industry change has increased substantially, and we would rather earn a similar or better return with a business that has fewer competitive threats. Quite often, the competitive landscape shifts slowly over time. In this case, it is possible we have seen the catalyst quite clearly and now must wait to see the repercussions. While we recognize Alphabet will compete vigorously, we no longer believe the risk is worth the reward. We will be watching from the sidelines without a horse in the race.

Our research has uncovered two new securities that we have introduced to the portfolio this quarter. We look forward to discussing their characteristics in future quarterly updates.

Thank you for continuing to trust us with your assets. We ask, as always, that you please give us a call if you have any questions or concerns that you would like to discuss.

Daniel Goodman, CFA
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