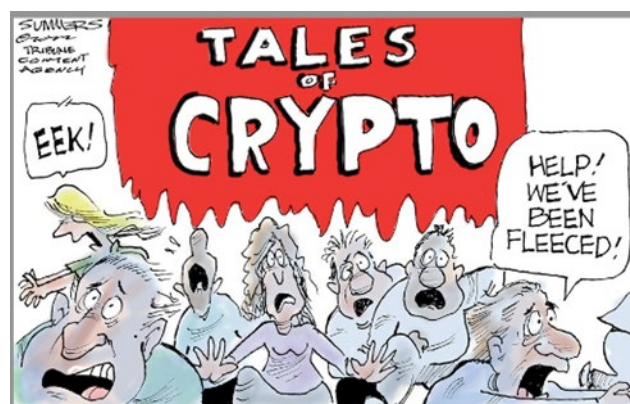


*Cheers to lost loved ones we'll always remember,
 Cheers to the close friends we'll see this December.
 Cheers to the beers, the bourbons, the rums,
 Cheers to antacids, Alka-Seltzer and Tums.
 Cheers to big causes and people who care,
 Cheers to cold places and long underwear.
 Cheers to the quiet, the awkward, the shy,
 Cheers to the extroverts, the braggarts, the pie.
 Cheers to all of us, our differences don't matter.
 Just accept and forgive – and please pass me that
 platter.*

-Chris Erskine



FIRM UPDATE

We are pleased to announce that Christina Hoffacker has joined our firm as an Office and Investor Relations Assistant. Christina was previously at Capital Group supporting several Portfolio Managers and Analysts within the Investment Group in downtown Los Angeles.

In the Spring of this year, we made an investment in an online nursery called Plants Express. Based in Westlake Village, CA, Plants Express is your one-stop-shop for your California plant and tree needs: indoor, outdoor, patio, drought tolerant, landscape, big or small. We are very excited about the new management team in place and the roll-out of our new website. We specialize in plants of all types, especially fruit trees. Order big and order often at www.plantsexpress.com



We are shifting our focus from one-off opportunities to platforms. We are actively seeking high quality managers with a track record interested in taking his/her business to the next level through affiliation with a family office such as ours. Preferred strategies include real estate, credit, private equity or infrastructure.

THE BIG PICTURE

Tales from the Crypt. THG strives to invest in things that we understand. One of the keys to superior investment results is to know what you know and know what you don't know. We realized (after some effort) that we don't know crypto, and probably never will. We never believed in the investment thesis, and thought it too complicated and opaque. In short, we never got it; probably enough said about that.

California is now facing a budget crisis. We are in the camp that the U.S. is headed toward a recession in 2023, albeit likely a mild one. Just recently, California's Legislative Analyst Office ("LAO") now predicts a \$25 billion shortfall in 2023-24. The deficit is due to a new revenue shortfall of \$41 billion from previous projections. The LAO also says inflation will make things worse. One would think the politicians would get out in front of this and begin corrective action now. Unfortunately, this seems highly unlikely as the State lacks the political will to make the tough choice to reduce spending and taxes that drive that spending. According to the Hoover Institute "In 2021, California business headquarters left the state at twice the rate of 2020 and 2019, and 3 times the rate of 2018. In the last 3 years, California lost eleven Fortune 1000 companies." In addition, there has been a massive collapse in share and option prices, particularly in technology, and a precipitous drop in IPOs. When, if ever, will our esteemed leaders wake up? Only time will tell. The good news: CA enjoys the lowest obesity and smoking rates in the country. Only if the budget was in such great shape.

New York, Tokyo and London Underwater – What will happen when the ice caps melt? Science Digest March 1976. For anyone that thinks climate change is a newly urgent issue, think again. I was looking through my library the other day and unearthed a Science Digest from 1976. "If we continue our furious consumption of energy, the ice caps will melt. If man continues his exponentially accelerating consumption of thermally polluting energy at increments of 4-6% per year, the final 90 percent of the Antarctic ice will melt within a few decades." This dire prediction was made almost 50 years ago! While we're very concerned about climate change at THG, we believe its effects are probably unfolding at a much slower pace than the media and politicians would have us believe.



INVESTMENT UPDATE

Real Estate


- In general, unless we find a special opportunity we are on the sidelines as prices reset. If we bid on an asset today, we strive for at least a 20% discount to asking price.
- Looking at new-build industrial development project in Henderson, NV

Public Securities

- Accumulating the shares of a company that provides innovative document and print solutions. It currently trades at about 4x EBITDA and pays an 8% dividend.
- Continue to focus on equities and bonds with high current yields

Funds, Private Equity and Venture Capital

- Exited a software company
- Added to a venture capital fund focused on the CalTech ecosystem.



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