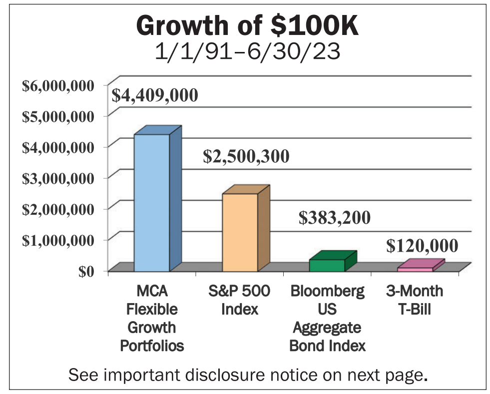
THE COMPASS

August 2023 — **A Quarterly Newsletter of Martin Capital Advisors, LLP**

INVESTMENT PERSPECTIVE by Paul Martin, Managing Partner



Still Bullish After All These Years

August 15, 2023

While most investment managers tend to focus on the short-term potential downside for stocks, I tend to focus on the long-term potential upside, and that is one of the primary reasons why the Martin Capital investment portfolios have beaten their benchmarks over the long run and most other firms have not. Since 1926 through 2022 the S&P 500 has averaged a total return, including dividends, of 12.0% per year; the 20-year Treasury bond has averaged 5.6%; the 30-day Treasury bill has averaged 3.3%; and the Consumer Price Index (CPI) has averaged 3.0% (source: Ibbotson and Associates). In other words, stocks have performed more than two times better than T- bonds, more than three times better than T-bills, and four times better than inflation. (Real estate has performed about in line with T-bonds, and commodities have performed about in line with T-bills.) (For more information, please see our annually updated presentation "Long-Term Performance of Stocks, Bonds, T-Bills, and Inflation – 1926 to 2022" on our website, www.martincapital.com.)

Following a fairly normal bear market (yet still frustrating) in 2022, the stock market has had a pretty good rebound so far this year, with the S&P 500 up over 20% through the end of July. Although it's always hard to say where stocks may be in the short-term, I remain confident that they will be higher in the long-term – still bullish after all these years. And with good reason: despite the two worst bear markets (2000 to 2002 and 2008) since 1929 to 1932, the S&P 500 from 01/01/1991 to 07/31/2023 is up 2,584% (10.62% annualized) and our MCA Flexible Growth Portfolio composite is up 4,539% (12.50% annualized). During this same period the Bloomberg U.S. Aggregate Bond Index was up 383% (4.97% annualized) and the 3-month T-bill was up 121% (2.46% annualized). Basically, the only reason to invest in other assets in addition to stocks is to reduce short-term portfolio volatility at the expense of long-term returns.

COMPARISON OF INVESTMENT RESULTS

January 1, 1991 to June 30, 2023

	Martin Capital Advisors[1]	S&P 500	Russell 3000	Bloomberg U.S. Aggregate Bond Index	3 Month T-Bill	Consumer Price Index
Total[2]	4409.0%	2500.3%	2538.9%	383.2%	120.0%	127.3%
Avg.[3]	12.4%	10.5%	10.6%	5.0%	2.5%	2.6%

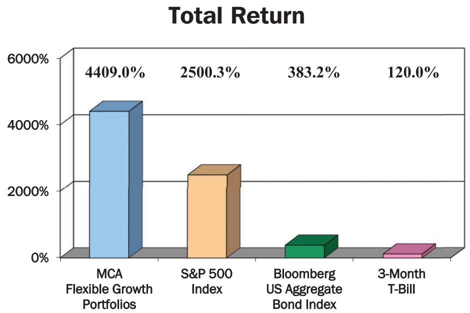
[1]Total performance, net of commissions, fees, and expenses of all Martin Capital Advisors' *Flexible Growth Portfolios.*

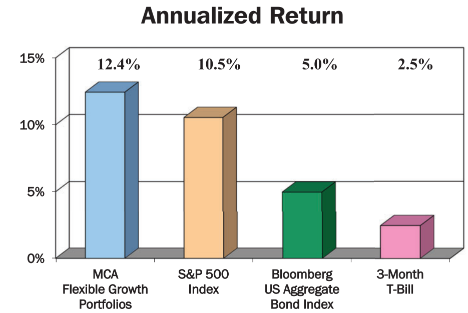
[2]Total compounded return, including reinvestment of dividends and interest. [3]1991-2023 annualized return.

—— See Important Disclosure Notice on last page. ——

RELATIVE LONG-TERM PERFORMANCE

January 1, 1991 to June 30, 2023





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MARTIN CAPITAL ADVISORS, LLP

1100 NE Loop 410, Suite 300
San Antonio, Texas 78209

210-694-2100

Martin Capital Advisors, LLP, is a registered investment advisor managing private and institutional investment portfolios.

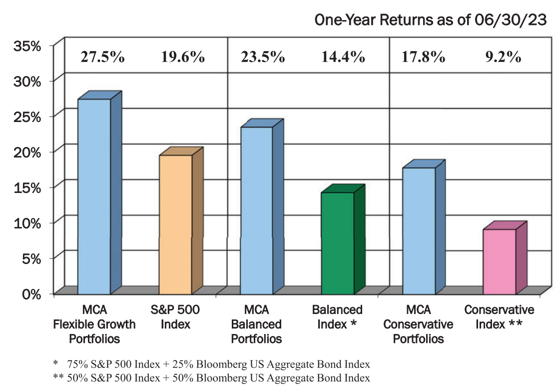
MCA FLEXIBLE GROWTH PORTFOLIOS TOP 25 STOCKS

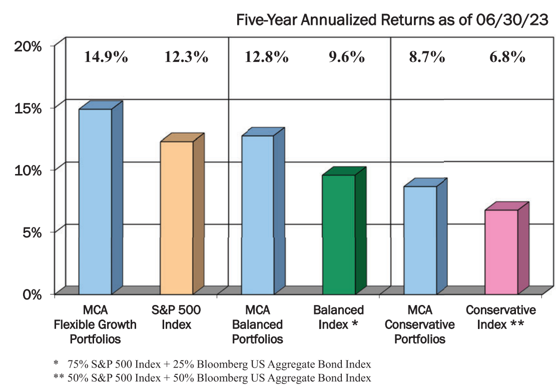
as of June 30, 2023

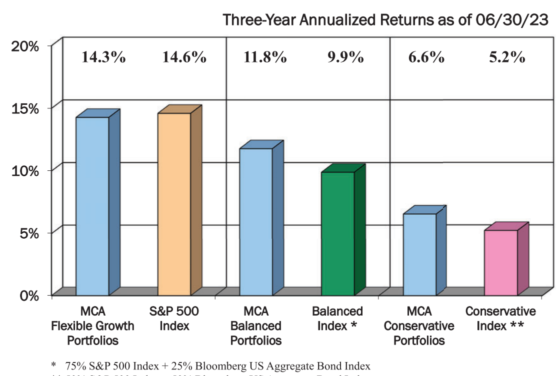
1 Apple	6 Nvidia	11 Edwards Lifesciences	16 Intuit	21 US Physical Therapy
2 Intuitive Surgical	7 IDEXX Laboratories	12 Visa	17 Alphabet Cl A	22 Adobe
3 Starbucks	8 Lam Research	13 Block	18 Williams-Sonoma	23 Tractor Supply
4 Mastercard	9 Oracle	14 Chipotle Mexican Grill	19 Blackrock	24 GoDaddy
5 Costco Wholesale	10 Texas Instruments	15 Charles Schwab	20 Trex	25 Cisco Systems

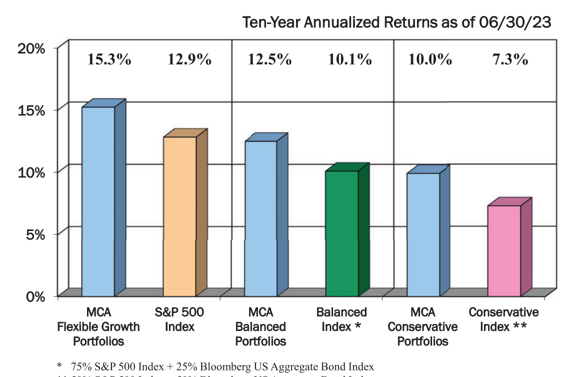
INVESTMENT RESULTS

Martin Capital Advisors' Investment Portfolios vs. S&P 500 and Barclays Aggregate Bond Indexes









IMPORTANT DISCLOSURE NOTICE

Past performance does not guarantee future results. Figures include the reinvestment of all dividends received and reflect cash and cash equivalents. Martin Capital Advisors, LLP (MCA) composite returns are net of all fees and expenses. From time to time, composite performance may reflect the use of margin investing and options, as well as material investments in bonds and cash, and volatility may differ from that of the benchmark. As of 06/30/2023, the *MCA Flexible Growth/Balanced/Conservative* portfolios' returns represent, respectively, 49/10/2 individual portfolios and 68%/27%/2% of all funds under management by MCA. Clients explicitly elect these management styles on their Personal Data Form. The *MCA Flexible Growth Portfolios* are managed for capital appreciation, and the *MCA Balanced and Conservative Portfolios* are managed for capital appreciation and income. Independent performance reporting is provided by CGM Investment Management.

MCA claims compliance with the Global Investment Performance Standards (GIPS®). MCA's GIPS® compliance has been independently verified for the periods January 1, 1991 to December 31, 2022 by Absolute Performance Verification LLC. The verification reports are available upon request. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. The reporting currency is U.S. dollars. Returns are net of fees. To receive a list of composite descriptions of MCA and/or a GIPS® Composite Report, contact Darby Ivins at (210) 694-2100, ext. 2, or darby@martincapital.com.

ADDITIONAL DISCLOSURE NOTICE

MARTIN CAPITAL ADVISORS, LLP (MCA) is a registered investment advisor based in San Antonio, Texas, founded in 1989. MCA specializes in managing customized equity and balanced investment portfolios with an all-cap equity strategy to grow capital, as well as balanced strategies to grow capital with less volatility.

MCA Flexible Growth Portfolios Composite consists of all fully discretionary portfolios that are invested in publicly traded companies with the goal of maximizing long-term returns. These portfolios are classified as an all-cap core strategy, but predominately invest in large and mid-cap stocks, blending the characteristics of both growth and value investing. Each portfolio typically invests in 30 to 40 stocks that are rigorously selected to meet our core philosophy of investing in companies with an enduring competitive advantage that offer growth at a reasonable price. These portfolios are for investors who are willing to accept significant short-term volatility in the pursuit of superior long-term returns. In addition, from time to time this strategy may utilize material amounts of leverage, options, bonds and strategic cash reserves. The benchmark for this composite is the S&P 500 Index, which is an index of the 500 leading companies in the U.S. and is designed to reflect the risk and return characteristics of the large-cap U.S. equities universe. An options hedging strategy is available for this portfolio.

MCA Balanced Portfolios Composite consists of all fully discretionary portfolios that are invested in equities and fixed income securities with a target asset allocation of 75% equities and 25% fixed income. These portfolios are for investors with a long-term investment horizon who seek to grow capital, but want to do so with less short-term volatility than the MCA Flexible Growth Portfolios. The equity investments in the portfolios are classified as an all-cap core strategy and are managed in the same way as the MCA Flexible Growth Portfolios. Fixed income investments include both individual and ETF fixed income securities. In addition, from time to time this strategy may utilize material amounts of leverage, options, bonds and strategic cash reserves. The benchmark for this composite is a blend of 75% S&P 500 Index and 25% Bloomberg U.S. Aggregate Bond Index, rebalanced monthly. The S&P 500 is an index of the 500 leading companies in the U.S. and is designed to reflect the risk and return characteristics of the large-cap U.S. equities universe. The Bloomberg U.S. Aggregate Bond index is made up of the Bloomberg U.S. Government/Corporate Bond Index, Mortgage-Back Securities Index, and Asset-Backed Securities Index, and only includes securities that are investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million. An options hedging strategy is available for this portfolio.

MCA Conservative Portfolios Composite consists of all fully discretionary portfolios that are invested in equities and fixed income securities with a target asset allocation of 50% equities and 50% fixed income. These portfolios are for investors who prefer to significantly reduce short-term volatility in their investments rather than maximize long-term returns. The equity investments in the portfolios are classified as an all-cap core strategy and are managed in the same way as the MCA Flexible Growth Portfolios. Fixed income investments include both individual and ETF fixed income securities. In addition, from time to time this strategy may utilize material amounts of leverage, options, bonds and strategic cash reserves. The benchmark for this composite is a blend of 50% S&P 500 Index and 50% Bloomberg U.S. Aggregate Bond Index, rebalanced monthly. The S&P 500 is an index of the 500 leading companies in the U.S. and is designed to reflect the risk and return characteristics of the large-cap U.S. equities universe. The Bloomberg U.S. Aggregate Bond index is made up of the Bloomberg U.S. Government/Corporate Bond Index, Mortgage-Back Securities Index, and Asset-Backed Securities Index, and only includes securities that are investment grade quality or better, have at least one year to maturity, and have an outstanding par value of at least $100 million. An options hedging strategy is available for this portfolio.

Past Performance does not guarantee future results.