Performance Update

June 30, 2024

The Boyar Value Fund

A Multi-Cap Value Fund Seeking Long-Term Capital Appreciation

BOYAX

Overall

The Boyar Value Fund is a Lipper leader in tax efficiency for the 3-year period (out of 601 funds), the 5-year period (out of 563 funds), the 10-year period (out of 418 funds) and the overall period (out of 601 funds).

The Lipper ratings are subject to change every month and are based on an equal-weighted average of percentile ranks for the Tax Efficiency metrics over three-, five-, and ten-year periods (if applicable). The highest 20% of funds in each peer group are named Lipper Leaders, the next 20% receive a score of 4, the middle 20% are scored 3, the next 20% are scored 2, and the lowest 20% are scored 1.

Lipper Leader ratings are not intended to predict future results and Lipper does not guarantee the accuracy of this information.

Lipper ratings for Tax Efficiency reflect a fund's historical success in postponing taxable distributions relative to peers, as of 6/30/2024. Tax Efficiency offers no benefit to investors in tax-sheltered accounts such as 401(k) plans.

Every investment carries some market risk. Fund will fluctuate over time. An investment in the Fund should be part of an overall investment strategy. Before investing, please consider the following special risks in determining the appropriateness of an investment in the Fund. We cannot give you any assurance that the Adviser's investment strategy will succeed.

The Boyar Value Fund received the following ratings for Tax Efficiency in the 3-year, 5-year, 10-year, and Overall period 5/5/98-6/30/24 (number of funds rated): 5 (601), 5 (563), 5 (418), and 5 (601).

More information is available at www.lipperleaders.com. Lipper Leader ratings © 2024 Reuters, All Rights Reserved.

Portfolio Manager: *Mark Boyar, President, Boyar Asset Management*
Jonathan Boyar, Principal, Boyar Asset Management

Investment Objective: *Long-term capital appreciation by primarily investing in multi-cap stocks that Mr. Boyar perceives to be undervalued relative to their intrinsic value*

Inception Date: *5/5/98*

Minimum Investment: *$5,000 ($3,000 for IRAs)*

Nasdaq Symbol: *BOYAX*

Historical Competitive Returns

Share price and investment return will fluctuate such that an investor's shares may be worth more or less than their original cost upon redemption. Performance data quoted represents past performance. The S&P Composite 1500 Value index was launched after the fund was started and therefore a since inception date is not available.

Average Annual Returns

(periods ended 6/30/24)

	1 Year	5 Year	10 Year	Since Inception*
At NAV	10.75%	4.47%	5.96%	6.21%
Inclusive of sales charges	5.22%	3.41%	5.41%	6.00%
After taxes on distribution	5.10%	3.05%	4.90%	5.47%
After taxes on distribution and the sale of shares	3.17%	2.58%	4.22%	4.88%
S&P Composite 1500 Value Index TR	14.56%	11.65%	9.71%	N/A

*(5/5/98)

The performance data quoted represents past performance. Current performance may be lower or higher than the performance data quoted above. Past performance is no guarantee of future results. The investment return and principal value of an investment will fluctuate so that investor's shares, when redeemed, may be worth more or less than their original cost. For performance information current to the most recent month-end, please call toll-free 1-800-266-5566.

The Boyar Value Fund has a maximum sales charge of 5.00%. The total annual fund operating expense is 1.72%. After-tax returns are calculated using the highest historical individual federal income tax rate and do not reflect the additional impact of state and local taxes. Actual after-tax returns depend on a shareholder's tax situation and may differ from those shown. After-tax returns are not relevant for shareholders who hold fund shares in tax-deferred accounts or to shares held by non-taxable entities. It is important to note that the Fund is currently waiving a portion of fees and at such time as the fee waiver is no longer in place, future returns may be lower than past returns. The value of the portfolio will fluctuate as the underlying securities move in response to overall market movements and other factors beyond the control of the advisor, and investments in the fund may result in the loss of principal. The fund may invest in stocks of several different capitalization levels and it is important to note that historically, small- and mid-cap stocks have experienced greater volatility than stocks of larger, more established companies. The S&P 1500 Value Index is an unmanaged index of stocks trading in the United States. Index performance illustrated is hypothetical and is not indicative of any mutual fund investment. Investors cannot invest in an index.

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Mark Boyar

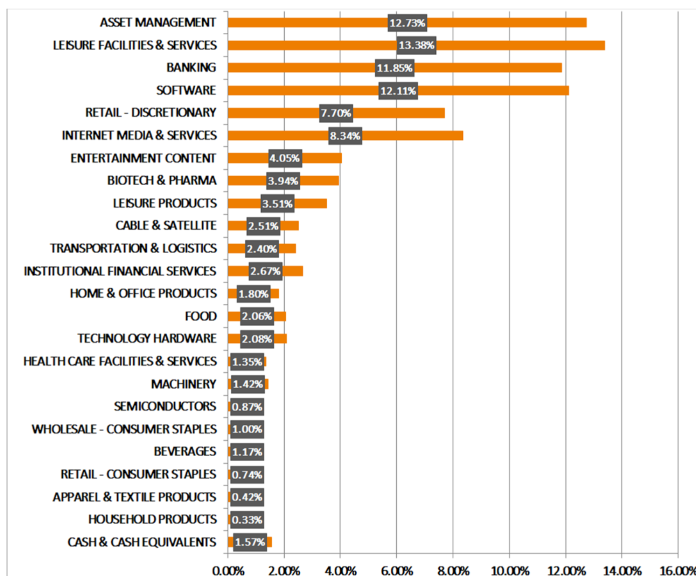
Mark began his career as a securities analyst in 1968. In 1975, he founded Asset Analysis Focus, a subscription-based, institutional research service focused on value investing. He quickly began managing money for high net worth clients and later formed Boyar Asset Management, a registered investment advisor, in 1983. He began managing the Boyar Value Fund in 1998. His opinions are often sought by such media outlets as *Barron's*, *Business Week*, CNBC, *Forbes*, *Financial World*, the *New York Times*, and the *Wall Street Journal*.

Top Ten Equity Holdings *(As of 6/30/24)*

Holdings		
× 1.	Ameriprise Financial, Inc.	12.73%
2.	Microsoft Corporation	12.11%
3.	Home Depot, Inc. (The)	7.70%
4.	JPMorgan Chase & Company	6.49%
5.	Uber Technologies, Inc.	5.16%
6.	Bank of America Corporation	4.38%
7.	Atlanta Braves Holdings, Inc.	3.69%
8.	Walt Disney Co.	3.31%
9.	Madison Square Garden Sports Corporation	3.25%
10.	McDonald's Corporation	2.68%
Total		61.50%

The above illustrates the Fund's ten largest equity holdings, as a percentage of total assets, as of 6/30/24 and are subject to change.

Industry Weightings *(As of 6/30/24)*



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S&P 500 Rallies 15% in the First Half of 2024, Led by AI Heavyweights

The first half of 2024 brought a robust 15% surge in the S&P 500, fueled mostly by a handful of stocks that investors see as the prime beneficiaries of artificial intelligence (AI). Meanwhile, the broader market, as reflected by the S&P 500 Equal Weighted Index, posted a modest gain of 5%—the third-largest gap between the two indices since 1989. In fact, nearly 40% of the S&P 500 (roughly 200 stocks) actually declined in the first half of the year.

The Nasdaq Market Intelligence Desk neatly summed up the current state of affairs: "Q1 was a rising tide that lifted all boats, but Q2 revealed a tale of two tapes with poor market breadth and selective gains among large-cap growth stocks."

This technology-driven advance isn't a recent phenomenon. Over the past 3 years, the S&P 500 Equal Weighted Index has risen by a cumulative 8% even as the tech-heavy market-cap-weighted index has gained 27% (through June 30). Such subpar performance by the Equal Weighted Index is a far cry from its historical average gain of about 33% over all rolling 3-year periods since 1980.

Index concentration plays a big role in this divergence. As of June 30, the 25 largest components of the S&P 500 had a market cap equal to the rest of the index combined, with the top 10 stocks alone accounting for 37% of the S&P 500's total market cap—a level of concentration we haven't seen since the dotcom bubble. Jason Zweig of the *Wall Street Journal* notes that such high levels of concentration have historically been unsustainable, and although only time will tell whether history will once again repeat itself, we're betting it will.

The period leading up to the dotcom crash, when we saw similar divergences, suggests other parallels as well. Following the crash, for example, growth stocks lagged, and value stocks experienced a catch-up phase after prolonged underperformance.

The Magnificent Seven's Dominance

Seven tech titans, popularly called the "Magnificent Seven," were the stars of the show in 1H 2024, contributing ~61% of the S&P 500's gains. (Nvidia alone accounted for 31% of the index's rise.) In 2Q gains were even more concentrated, with Nvidia, Apple, and Microsoft alone accounting for over 90% of the S&P 500's price appreciation amid continued enthusiasm about AI. According to the *Wall Street Journal*, AI companies soared an average of 14.7%, while non-AI firms saw a 1.2% decline during 2Q. But Magnificent Seven stocks are far from cheap, trading at an average of 37x their forward earnings versus the S&P 500's 21x.

The Magnificent Seven have significantly influenced S&P 500 returns since 2021, contributing 33% in 2021, 56% in 2022, 63% in 2023, and 61% so far in 2024 (as of June 30). But their performance

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has varied widely. In 2021, the worst-performing member advanced by a modest 2%, while the best-performing stock surged by an impressive 125%. In 2022, they weren't so magnificent at all, with a performance range that spanned from -27% to -65%, and a median decline of 44%. Then in 2023, not a single Magnificent Seven constituent was left out of the rebound rally, as they posted a range of returns from +48% to +239%. And this year the volatile trend continues, with year-to-date performances varying from -20% to +149% through June 30.

Performance of "Magnificent 7" stocks in S&P 500

Returns	'21	'22	'23	YTD '24
Magnificent 7	**40%**	**-40%**	**76%**	**33%**
***Share of returns*	*33%*	*56%*	*63%*	*61%*
S&P 500 ex-Mag 7	**17%**	**-8%**	**8%**	**5%**
***Share of returns*	*67%*	*44%*	*37%*	*39%*

Source: JP Morgan Guide to the Markets.

Performance

The Boyar Value Fund lost 4.46% for Q2 2024 versus a 2.25% loss for the S&P 1500 Value Index.

Sector Performance

In 1H 2024, Technology led all market sectors with a +28.2% gain, closely followed by Communication Services at +26.7%. By contrast, Real Estate shares underperformed, losing 2.4%, and Materials saw a modest +4.1% gain. Interestingly, normally sleepy Utilities had a good showing, advancing +9.4% for the first half. But even this advance had an AI component, with investors wagering that the massive electricity demand needed for AI computing would be good for certain utilities.

Small-Cap Underperformance

Small-cap stocks continued their underperformance, and as of June 30 they still sell ~17% below their all-time highs. Without the standout performance of Super Micro Computers, which gained 188%, the Russell 2000 would have posted a negative return for the first half of 2024, a lag largely explained by the small-cap universe's lack of AI exposure.

A Shift in Market Leadership, or Another Head Fake?

The July 11 CPI report, which showed easing inflation, sparked optimism among investors for a September rate cut. On the day of the report's release, the Russell 2000 surged by 3.6%, benefiting from lower interest rate expectations—a logical advance since small-cap companies, being more reliant on floating rate debt, stand to benefit from a lower-interest-rate environment.

In contrast, the tech-heavy Magnificent Seven saw significant losses, collectively shedding $597 billion in market value in a single day. While the knee-jerk rotation out of some high-flying names and into these forgotten small-caps makes sense, the magnitude of the reaction is puzzling—after all, technology stocks should still be beneficiaries of lower interest rates. This divergence, though only recent, has continued. Could it signal the beginning of a broader rotation out of the Magnificent Seven and into smaller company stocks, or is it merely a temporary pause in large-cap dominance? Time will tell—*and it's worth remembering that there have been numerous false starts for small-cap stocks in recent memory.*

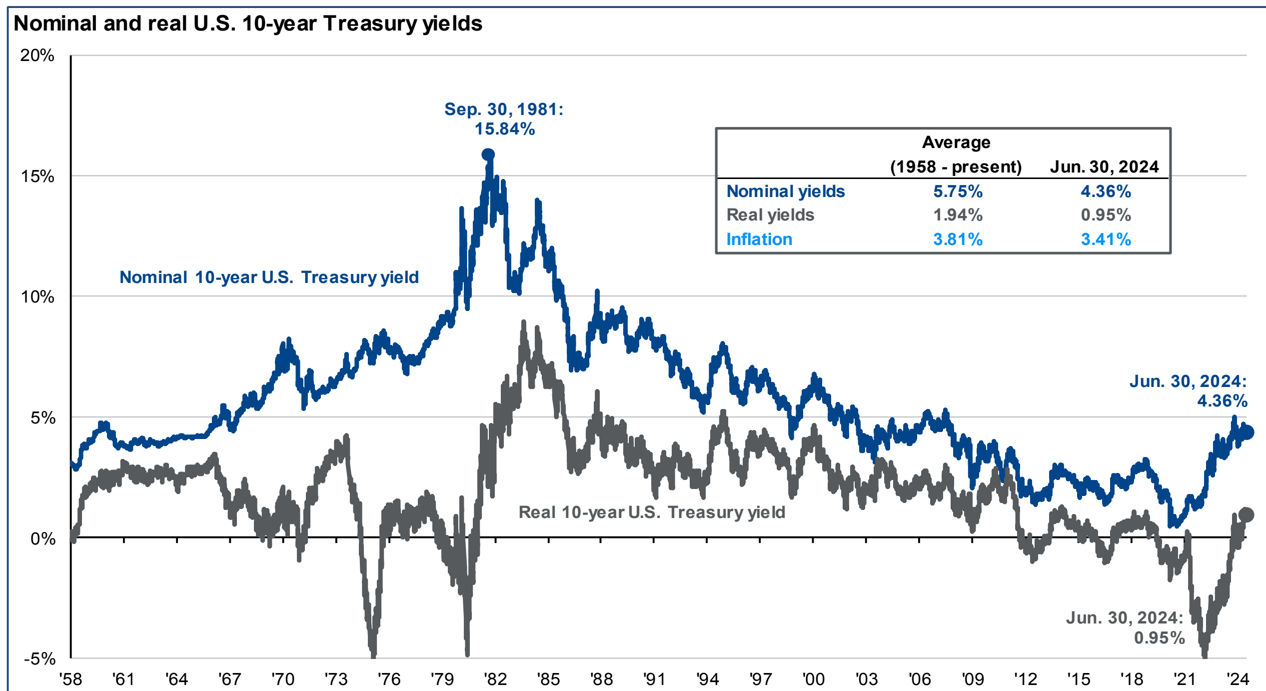
History does provide some hope for small-cap investors, however. During the 1994-1999 tech boom, the S&P 500 outpaced the Russell 2000 by 93%. After the bubble, small-caps significantly outperformed the S&P 500 by 114% through 2014, according to Spencer Jakab of the *Wall Street Journal* (although whether history will repeat remains to be seen). The current market environment, characterized by high valuations and concentrated gains in a few large-cap stocks, may provide an opportunity for small-caps to shine once more.

Market Valuations and the Fed

The S&P 500 index level (5,460 as of June 30, 2024) has advanced ~14% since January 3, 2022 (the previous market peak), when it stood at 4,797, but it currently trades at a similar 21.0x (fwd.) multiple of earnings. While that is an elevated multiple historically speaking (the 30-year average is 16.7x), back in March 2000 the S&P 500 traded for 25.2x (before losing 49% of its value over the following 2 calendar years). It is worth noting that the S&P 500 equal-weighted index currently sells for a more modest (but far from cheap) 16x (fwd.).

The Fed started 2Q 2024 signaling three rate cuts for the year but in the face of stubbornly high inflation is now predicting just one or two cuts, although recent inflation data have convinced the market that a September rate cut is almost an absolute certainty. We do note just how badly both the Federal Reserve (which started 2024 predicting three rate cuts) and the bond market (which began the year forecasting six to seven rate cuts) have failed at predicting both the direction and the magnitude of interest rates. In our opinion, investors are better off not trying to forecast when the Fed will cut rates (which even the Fed itself seems unable to do!) and instead concentrating on finding businesses that will perform well regardless of where interest rates stand.

At the risk of echoing our last quarterly letter, whether the Fed reduces interest rates twice this year or only once, investors should view current interest rates in their proper historical perspective. At 4.36% and 0.95% (as of June 30, 2024), respectively, nominal and real yields are still low, historically speaking. The economy can function—and has repeatedly functioned—with rates at these levels or even higher. If today's figures seem high, they are high only relative to recent history.



Source: JP Morgan Guide to the Markets.

Presidential Election Year Dynamics

Many investors are concerned about investing in a market that has seen one of the strongest first-half performances since the dotcom bubble. However, Bank of America research suggests that a large first-half advance has historically been bullish for stocks, noting that the S&P 500 has advanced 10%-20% in the first half of the year 26 times. In 88% of these instances, the index saw further gains in the 2H, with a median return of 10.1%. Even so, as we've already mentioned, we believe—and have believed for some time—that the best values are in the small-cap arena, not the S&P 500.

Another concern for investors is the upcoming presidential election. Historically, presidential election years have been positive for stocks, especially when a clear winner emerges before the election. However, as Jack Hough of *Barron's* points out, 46 presidents is a relatively small sample size, so statistics regarding presidential election years and stock market performance should be taken with a grain of salt.

According to Ed Clissold, chief strategist at Ned Davis Research, since 1950 the S&P 500 has risen from April 30 to October 31 during 77.8% of election years, with a 3.3% median advance from May to November. He cautions that years with a close presidential contest have seen the worst stock market performance, whereas landslides tend to produce the best.

We think that staying the course and not adjusting your portfolio based on which party holds the White House is the wisest strategy, and history bears us out. According to Charles Schwab, an investor who put $10,000 in the S&P 500 in 1961 and held only when Republicans were president would have made $102,293 by the end of last year, versus $500,476 for Democrats—but one who stayed in the index no matter which party held the White House would have made $5,119,510!

Investor Sentiment

2024 has been highly unusual in its lack of major market pullbacks. According to JP Morgan, since 1980 the average intra-year pullback has been 14.2%. The biggest S&P pullback thus far in 2024 has been a mere 5.5%, a figure that is particularly remarkable amid stubborn inflation, uncertainty surrounding interest rates, a wild presidential election contest, and significant geopolitical tensions.

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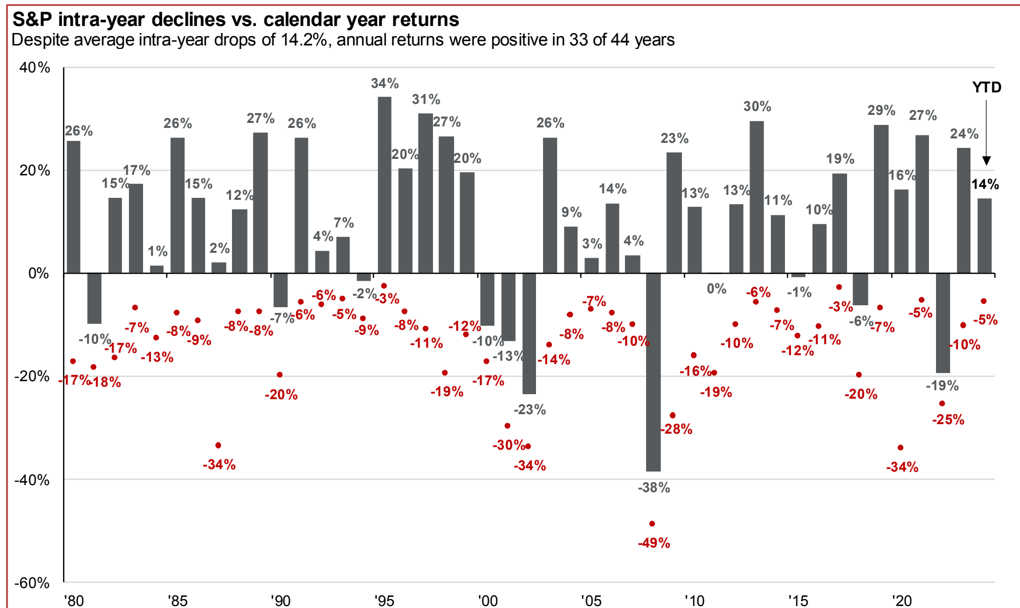


Source: JP Morgan Guide to the Markets.

Financial advisor Edward Jones Investments notes that the intrayear pullback was smaller in only 4 years (1993, 1995, 2017, 2021) out of the past 4 decades. Moreover, the stock market has been relatively calm on a day-to-day basis, with only one daily 2% move in the S&P 500 thus far this year, versus an average of 21 occurrences per year since 2015. This extended period of minimal downturns has naturally fueled bullish sentiment among both professional and amateur investors alike.

According to the latest Investor's Intelligence survey, the number of bullish investors has increased to the highest level since 2021 (when the S&P 500 ended up *declining* by 18% the following year). What's more, bearish investors have declined to the lowest level since late March. As contrarians, we are somewhat concerned by this widespread bullishness.

Interestingly, despite the overall bullish sentiment, investors have not been voting with their wallets. According to the Investment Company Institute, investors withdrew a net $9.3 billion from U.S. stock funds in the quarter and invested $81.1 billion into bond funds.

How Can I Invest in a Market That Is Selling at All-Time Highs?

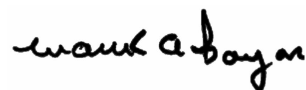
As value investors with a contrarian streak, we like to invest when no one else wants to buy, so investing while the market is at or near all-time highs naturally feels uncomfortable to us. Historically, however, not investing simply because the market is at (or near) an all-time high has been a mistake. Trying to time the market is extremely difficult, and the pitfalls of doing so are well documented. Since 1950, the S&P 500 has closed at an all-time high in 6.6% of trading sessions, making today's situation less rare than it might seem. And historically there hasn't been a significant difference in future returns between investing on a random day versus investing on days when the S&P 500 was at an all-time high.

Most important, we invest in stocks, not markets. Although the major indices are arguably overextended at present, we are still finding stocks that we believe are intrinsically undervalued (particularly among small and mid-cap shares).

As always, we're available to answer any questions you might have. We can be reached at info@boyarvaluegroup.com or (212) 995-8300.

Best regards,

Mark A. Boyar



Jonathan I. Boyar

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Past performance is no guarantee of future results. Investing in equities and fixed income involves risk, including the possible loss of principal. *Investments in equity securities are subject to inherent market risks, such as a rapid increase or decrease in value or liquidity, fluctuations due to a company's earnings, economic conditions, a decline in the market generally, and other factors beyond the control of the Adviser. Accordingly, the value of an investment in the Fund will fluctuate over time. An investment in the Fund should be part of an overall investment strategy. Before investing, please consider the following special risks in determining the appropriateness of an investment in the Fund. We cannot give you any assurance that the Adviser's investment strategy will succeed.*

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