

MARKET REVIEW & OUTLOOK

Stocks Start Strong

The second half of 2023 started strong for stocks with the S&P 500 up over 3% in July and eclipsing 20% for the year. Some of those returns were given back in the next two months late-September pullback seemingly driven by fears that interest rates would remain “higher for longer” left stocks lower for the quarter. The markets’ returns for quarter including the Value and Growth indexes are highlighted in the table below.

Total Market Returns as of September 30, 2023 (annualized if greater than 1 year)

	1 quarter	YTD	1 year	3 years	5 years
S&P 500	-3.27%	13.07%	21.62%	10.15%	9.92%
Dow Jones Industrial Avg.	-2.10%	2.73%	19.18%	8.62%	7.14%
NASDAQ	-3.94%	27.11%	26.11%	6.60%	11.41%
Russell 1000 Value	-3.16%	1.79%	14.44%	11.05%	6.23%
Russell 1000 Growth	-3.13%	24.98%	27.72%	7.97%	12.42%
Russell 2000 (SMID)	-5.13%	2.54%	8.93%	7.16%	2.40%
MSCI EAFE Index	-4.05%	7.59%	26.31%	6.28%	3.74%
MSCI Emerging Markets	-2.79%	2.16%	12.17%	-1.34%	0.94%
Barclays Capital U.S. Aggregate	-3.23%	-1.21%	0.64%	-5.21%	0.10%
3-month T-bill	1.38%	3.80%	4.71%	1.78%	1.74%

The quarter’s economic signals generally surprised on the upside and arguably suggested that the economy might manage to skirt a recession in the coming months. The Commerce Department reported that the economy expanded at an annualized pace of 2.1% in the second quarter, marking only a modest slowdown since the start of the year. Several signs indicated that consumers continued to spend freely in July and August, especially on services.

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Dover’s Form ADV Part 2 is Available

(see page 2 for more info.)

Fall 2023

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Dover’s Investment Methodology

The foundation of Dover’s Investment philosophy is its disciplined approach to stock analysis, beginning with a quantitative analysis of companies based on strict fundamental criteria. This is followed by a more subjective evaluation of factors including portfolio diversification and individual company characteristics.

Large Cap Value Portfolio

Dover’s value philosophy bases its buy/sell decisions on four criteria: rising earnings expectations, low relative price to earnings (P/E) valuation, improving profitability, and low historical P/E valuation. Stocks passing all four screens are considered buy candidates and will be further evaluated to establish quality and appropriateness for the portfolio.

Large Cap Growth Portfolio

Dover’s growth philosophy begins by considering only large capitalization companies in the top 50% of earnings per share growth over the last three years. Dover then bases its buy/sell decisions on three criteria: return on investment (ROI), net sales growth, and free cash flow. Stocks passing these screens are considered buy candidates and will be further evaluated to establish quality and appropriateness for the portfolio.

Value/Growth (Core) Portfolio

Dover’s value/growth, or core portfolio utilizes a blend of the top buy ideas from both the pure growth and pure value philosophies. The intent behind this method is to maintain less volatile portfolio returns over the course of a market cycle. The portfolio is structured with an emphasis on diversification, utilizing a wide blend of high-quality holdings across the various economic sectors.

Businesses remained more cautious, but evidence suggested that the pullback in capital spending earlier in the year was easing. Orders for capital goods excluding aircraft and defense, a widely accepted proxy for business investment, fell 0.4% in July but bounced back by 0.9% in August. The Institute for Supply Management's (ISM's) gauge of activity in the services sector remained in expansion territory in July and hit its highest level in six months in August, while the ISM's manufacturing index moved to its highest level since November 2022, just below the threshold indicating expansion.

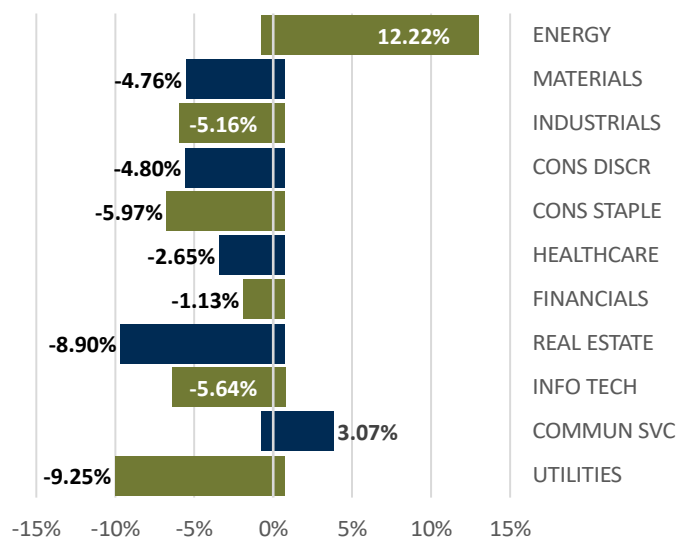
In spite of the significant actions to slow the economy by the Federal Reserve, preliminary GDP returns for the second quarter reached 4.9% - another surprise to the upside. The strong GDP release was followed quickly by a euphoria-sapping core inflation release of 3.7%, above the Fed's targeted 2% rate.

The one constant that has existed since the beginning of markets stays the same. There will be news, data, and results that imply up markets or down markets and in the short term the markets are merely taking a "random walk." Time in the markets, a long term perspective is the answer to consistently strong portfolios. It is this premise that keeps Dover saying that a balanced approach to the various news and data while staying in the markets makes successful investors.

S&P 500 ECONOMIC SECTOR PERFORMANCE

Three Months Ending 9/30/23

Source: S&P Index Services, J.P. Morgan



ADV PART 2 OFFER

READ ALL ABOUT US

Dover's 2023 Form ADV, Part 2 is now available. This document describes the products and services we offer, the fees we charge, and many other aspects of our business including key personnel information.

You are entitled to receive a copy of this form, which serves as Dover Partners' SEC disclosure brochure, at any time. If you would like a copy, please contact Josh Smittkamp at josh@doover-partners.com or (937) 299-4105 ext. 839.

*** WHAT'S NEW WITH YOU? ***

As your investment advisor, part of Dover Partners' fiduciary responsibility is to be aware of any changes in your financial needs or circumstances. We strive to make sure each client's assets are managed to best suit his or her unique situation.

To help us continue to manage your Dover Partners, Inc. account(s) in keeping with your financial needs, please take a moment to make us aware of any changes in your financial circumstances. This could include changes in employment or marital status, a change of residence, or a new addition to the family.

Also, please let us know at any time if you would like to set up an account review with a Dover representative. We would be happy to arrange a meeting. You can contact us by:

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 Dayton, OH 45459

PROXY NOTIFICATION

Clients for whom Dover votes proxies can request a copy of your account's voting record by calling (937) 299-4105 ext. 839 or sending an e-mail to josh@doover-partners.com.

If you would like Dover to begin voting proxies for your account, please contact your broker or custodian to arrange to have proxy materials forwarded to Dover Partners, Inc.

STOCK HIGHLIGHTS

Salesforce, Inc. (CRM) - CRM provides technology that brings companies and customers together worldwide. The company's service includes applications for data storage, lead monitoring and progress, forecasting opportunities, gaining insights through analytics and relationship intelligence, and deliver quotes, contracts, and invoices; and service that enables companies to deliver trusted and highly personalized customer service and support at scale. In addition, its platform offering comprise a flexible platform that enables companies of various sizes, locations, and industries to build business apps with drag-and-drop tools; online learning platform that allows anyone to learn in-demand Salesforce skills; and Slack, a system of engagement. Additionally, the company provides a customer data cloud, a hyperscale real-time service that powers the customer 360 platform; meeting the needs of customers in industries, such as financial services, healthcare and life sciences, manufacturing and others; and offers Salesforce Easy for small and medium-sized businesses.

CRM was founded in 1999. Headquarters: San Francisco, CA

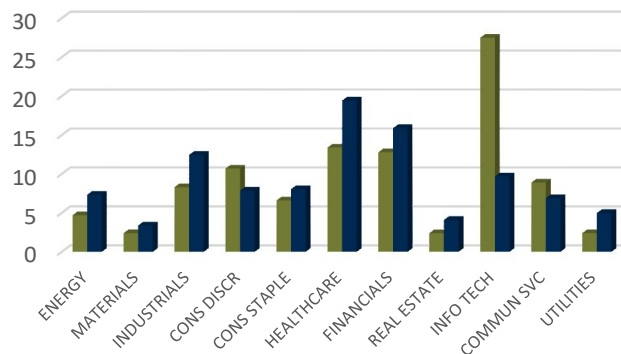
Enphase Energy, Inc. (ENPH) - together with its subsidiaries, designs, develops, manufactures, and sells home energy solutions for the solar photovoltaic industry in the United States and internationally. The company offers semiconductor-based microinverter, which converts energy at the individual solar module level, and combines with its proprietary networking and software technologies to provide energy monitoring and control services. It also provides microinverter units and related accessories. . The company sells its solutions to solar distributors; and directly to large installers, original equipment manufacturers, strategic partners, and homeowners, as well as through its legacy product upgrade program or online store.

ENPH was founded in 2006. Headquarters: Fremont, CA

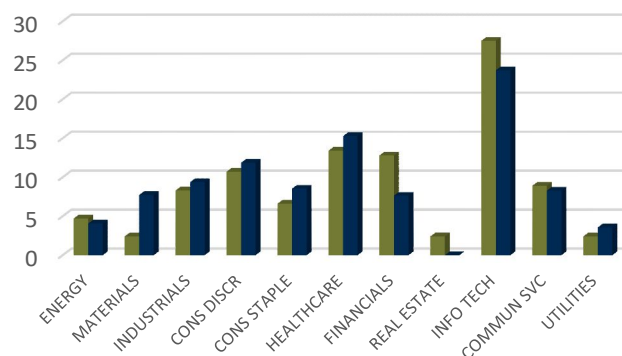
SECTOR DIVERSIFICATION

(as of 9/30/23)

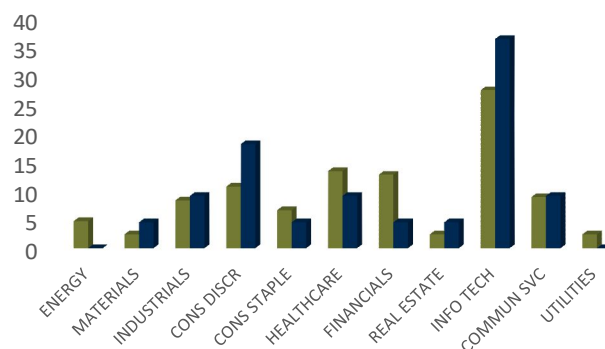
S&P 500 vs. VALUE PORTFOLIO



S&P 500 vs. CORE PORTFOLIO

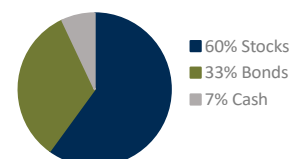
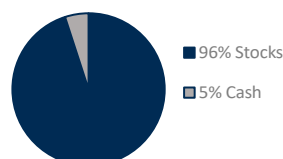


S&P 500 vs. GROWTH PORTFOLIO



ASSET ALLOCATION

Equity Accounts (as of 9/30/23) Balanced Accounts



These are guidelines only and accounts are not necessarily expected to reflect the exact weightings listed above.

MARKET MONITOR

An article recently published said “a recession doesn’t happen unless the Federal Reserve is in the process of cutting rates.” Unfortunately, the timing of the Fed is not particularly good and is too late to forestall a recession. Perhaps our global and domestic economies have become too complicated. Regardless of when interest rates peak; the economy keeps chugging along, consumers continue to spend, and supply chains are somewhat back to normal.

The third quarter was tough for equity investors with all stock categories reporting negative results. Large Cap companies lost less than Small Cap companies this quarter, and Value edged Growth. The best relative performing U.S. sectors for the quarter were Energy, Communications Services, and Financials. The worst performing were Real Estate, Utilities, and Consumer Staples.

The message from the Fed was they are continuing to hold rates high and probably longer than forecast. This caused yields to rise for the quarter as the ten-year US Treasury rate reached 4.57% and the thirty-year 4.70% compared to 3.84% and 3.86% in June. The best performing bond sectors for the quarter were U.S. High Yield Corporates, Asset-Backed Securities, and U. S. Agency. The worst performing was Taxable Municipal Bonds, U. S. Agency Residential Mortgage-Backed Securities and Municipal Bonds.

PERFORMANCE SCOREBOARD AS OF 9/30/23 (TOTAL RETURNS)

Periods over 1 year annualized	1 Quarter	YTD	1 Year	3 Years	5 Years
S&P 500 Index	-3.27%	13.07%	21.62%	10.15%	9.92%
Dow Jones Industrial Average	-2.10%	2.73%	19.18%	8.62%	7.14%
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Russell 1000 Growth	-3.13%	24.98%	27.72%	7.97%	12.42%
Barclays US Gov't/Credit Bond	-3.00%	-0.86%	0.93%	-5.32%	0.41%
Barclays US Municipal Bond	-3.95%	-1.38%	2.66%	-2.30%	1.05%
3-month T-bill	1.38%	3.80%	4.71%	1.78%	1.74%

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