

CONTRA THE HEARD

(Last update Oct 10, 2022 – Quarterly Verification Email)

UPDATE Oct. 30, 2022

VICE-PRESIDENT'S PORTFOLIO

NASDAQ Sell: Bel Fuse Inc. "B Shares" (BELFB)

Purchase Price	\$11.96
Shares Purchased	2,000
Buy Limit	\$14.00
Sell Target	\$22.50 - \$26.50
First Sale Price	\$24.50
First Shares Sold	1,000
Second Sale Price	\$27.59
Second Shares Sold	500
Third Sale Price	\$33.59
Third Shares Sold	500
Current Price	\$34.52

On Friday, the final tranche of Bel Fuse was sold at \$33.59. As with Cameco, Bel Fuse was sold in three stages to take advantage of momentum and improving business prospects. Moreover, the final sale for both stocks occurred significantly above the sell range which highlights the importance of allowing powerful stocks room to run. These sales resulted in gains of 106.9 percent, 130.7 percent, and 180.9 percent respectively, plus dividends along the way. This return is exceptional given it was purchased less than 11 months ago.

The latest earnings were strong and provided the fuel for the recent spurt. Sales increased from \$147 million to \$177.7 million, the backlog hit a new record high, and the bottom line grew from \$5.7 million to \$16.5 million. Management continues to sound optimistic regarding the corporation's prospects and this might be a reason to continue holding. Unlike most companies, Bel Fuse's net margins have steadily grown and inflation has not eroded profitability. Given that the market has been in a funk, it is plausible that Bel Fuse will scale new heights if general conditions turn positive.

At this point, closing the position looked like the most sensible option. The stock certainly isn't cheap and if earnings and cash flows should contract, the stock could revalue lower quickly. Insiders have been selling and started to do so around the \$25.00 level. Finally, with the market so beaten up, we are seeing a lot of interesting prospects elsewhere, which we hope to take a run at during tax loss selling season this December.

The year end transition is near at hand. At the end of the year Phil will be taking over, Contra will be going down to one portfolio, and Ben/Benj will be stepping back to a support, analysis, and mentorship role. This transaction once again illustrates Phil's handiwork as well as Ben/Benj's guidance.

Phil was responsible for Bel Fuse's thesis, position sizing, and sell rationale – just as he was with other big winners this year including Century Aluminum and Cameco. In all three cases, Ben and Benj were there to look over Phil's work, double check his reasoning, and provide input when it came to buying and selling. In short, Ben and Benj were involved in these choices, but Phil has continued to demonstrate he can successfully steer the ship. We hope this arrangement continues to generate profitable results in the future.