



FOR IMMEDIATE RELEASE

# DOMO Capital Announces First Half 2018 Results

Germantown, WI – July 10, 2018

## DOMO Capital returns 9.2% through first half of 2018, net of fees.

DOMO Capital Management, LLC (“DOMO”) is pleased to provide a mid-year 2018 performance update.

Since 2015, DOMO has nearly quadrupled assets under management to better than \$10.3 million across over 50 clients. The *Concordian* recently published the addition of the Concordia University Wisconsin Foundation as our first Institutional client (Concordia became a client in November of 2017).

The S&P 500 Total Return index returned 2.7% YTD through the second quarter of 2018 while the DOMO Concentrated All Cap Value composite returned 9.2% YTD, net of fees. Since inception (October 8, 2008) DOMO has averaged 19% per year, also net of fees. We will comment in-depth at the 10<sup>th</sup> anniversary date, but it may be interesting to note that these results were achieved:

- A) **Fairly routinely:** Out of 36 quarters, the portfolio out-performed 55% of the time. This is important for at least two reasons. First, it demonstrates that we did not just get lucky with a couple trades, and second, it is easier for clients when results are consistent relative to the benchmark.
- B) **Often, by protecting to the downside:** In up markets over this period (defined as three-month periods during which the market was positive), the portfolio more than held its own by earning on average 111% of the market’s quarterly return. But, in down markets, the portfolio protected principal by doing less poorly than the market, earning only 61% of the benchmark’s quarterly return.

DOMO carried several retail stocks into 2018 that performed well before they were sold on January 19<sup>th</sup>, when we raised a 40+% cash position just before the S&P 500 sold-off (over 9%) from January 25<sup>th</sup> to February 8<sup>th</sup>. Our concern was that the government shut-down would last for an extended period of time due to the historic divide between Republicans and Democrats; while lasting only a few days, it did bring a degree of uncertainty to the markets. We made purchases on February 5<sup>th</sup>, 6<sup>th</sup>, and 8<sup>th</sup>, during the depths of the sell-off, reducing cash to less than 1%. Despite this timing, the first quarter closed on a weak note for us as the new holdings just weren’t (yet) recognized by the broader market.

The second quarter was full of sensational headlines, typically without lasting impact. The barrage of media commentary regarding tariffs and trade did not cause much more than a slow day or two, and the new glimmer of hope for a solution to Korea’s decades of tension was similarly inconsequential. Merger news and economic performance did move stocks; it made a significant difference during this period to be in those few stocks whose unfolding stories were well-received by the markets, as DOMO’s second quarter and first half performance demonstrates. More broadly, economic growth continues to be strong with many indicators pointing towards GDP growth of around 4%, giving us confidence at this time in our fully-invested position. That said, we remain vigilant with regard to market dynamics, and pledge to keep a committed and disciplined hand on the tiller as this long-lived bull market forges on.



## About DOMO Capital Management, LLC

DOMO Capital Management, LLC (“DOMO”) is a Wisconsin-registered investment advisor, founded in 2007 by Justin Dopierala and headquartered in Germantown, Wisconsin. DOMO is the portfolio manager of the DOMO Concentrated All Cap Value composite – a composite of separately managed accounts utilizing the DOMO Concentrated All Cap Value strategy with an inception date of October 8, 2008. DOMO firmly believes that investing in a concentrated portfolio of securities through a bottom-up methodology, focused on undervalued and out of favor stocks with solid fundamentals, leads to a repeatable process to provide superior, risk-adjusted returns over the long-term.

## Disclaimer

Additional information about DOMO is disclosed in our Form ADV, which is available upon request. All information contained herein is for general informational purposes only and does not constitute a solicitation or an offer to provide investment advisory services in any jurisdiction. The investment strategy discussed herein may not be suitable for everyone. Investors need to review an investment strategy for their own particular situation before making any investment decision. We believe any information obtained from any third-party resources to be reliable, but we do not guarantee its accuracy, timeliness or completeness. Any opinions, estimates, projections, comments on financial market trends and other information contained herein constitute our judgment and are as of the date of the material, are subject to change without notice at any time in reaction to shifting market conditions and other factors and should not be construed as personalized investment advice. DOMO has no obligation to provide any updates or changes to such information. Past performance is not indicative of future results. It should not be assumed that investments made in the future will be profitable or will equal any performance represented herein. The benchmark index reflected herein, the S&P 500 Total Return Index, is a capitalization-weighted index of 500 stocks from a broad range of industries. The benchmark index is shown for comparative purposes only. Investors cannot invest directly in an index. Any references to specific securities is intended to illustrate our investment style, should not be viewed as representative of an entire portfolio, and does not constitute, and should not be construed as, a recommendation to buy or sell specific securities.

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