MID-YEAR OUTLOOK

JUNE 30, 2023

If there was any doubt regarding the ideological battle occurring among stock and bond investors this year as to what the future holds for the balance of 2023 and beyond, the last week of June certainly confirmed the debate. One day Jay Powell is discussing the need for future rate increases, the next, the final GDP print for the first quarter of 2023 is revised upward to 2%, inflation as measured by the PCE index continues to trend down, and the stock market marches forward. Are equity investors correct in their belief that stock prices will continue to bleed up assuming the U.S. Federal Reserve (Fed) is done raising rates despite its public commentary, consumers continue working and spending, corporate profits are maintained as companies pass on inflationary pressures to consumers through price increases, and inflation continues to trend down becoming less of a risk factor (a soft landing scenario) — or are bond investors the longer term winners as the steep inversion of the yield curve would indicate, based on the likelihood of higher inflation for longer resulting in still more Fed action, continued tightening financial conditions, rising defaults, probable demand destruction and a recession, possibly a deep and prolonged one, all in order to get inflation back to the Fed's target of 2%. This push/pull dynamic, which began last fall, has been the investment story of the year thus far, and looks to continue until enough data is available to declare the winner. In the meantime, while we expect more volatility in the coming months and a recession of some sort down the road, we make no predictions, but rather prepare for either scenario, or anything in-between. As always, our approach is to drive down the middle of this proverbial highway, ready to change lanes, depending on driving and road conditions.

Here's our thoughts on some of the more significant issues to keep an eye on during the dog days of summer.

Inflation — the impact of the Fed's aggressive interest rate increases over the last year have begun to be felt on Main Street and Wall Street, as we knew they always would — witness the bank runs of this spring and the collapse of some weak and over-leveraged regional bank business models. There is likely more pain to come, for example in the commercial real estate sector, if the Fed is serious about its longer-term inflationary target and impatient about how long it takes to get there, resulting in a terminal rate of closer to 6% than 5%. Combined with the reduction of the Fed's balance sheet and more restrictive lending, these factors have dramatically reduced liquidity and increased the likelihood of a recession of some sort, or at best, a soft landing. Offsetting these risks, however, is the continued strong employment picture, the stimulative potential impact of the Inflation Reduction Act, the federal government's recent actions to support bank deposits (moral hazards notwithstanding) and other recently passed federal spending bills, not to mention heading into a presidential election year. As a result, inflation continues to decline but appears stubborn. It is becoming apparent that the Fed's 2% target may be more elusive over the next few years than originally thought, resulting in interest rates probably staying higher for longer. In fact, we believe that the upward surprise in Q1 GDP growth and the Fed's comments on interest rates this past week represent the impact on the economy of the larger than necessary federal stimulus enacted, and higher for longer interest rates being the price we paid for that extra stimulus. Whether this cost was worth the benefit versus what the private sector could have done without the extra stimulus, and the lower cost of capital (interest rates) and volatility that would have likely resulted, will take a while to understand. As a result, we expect inflation to gradually decline over the balance of the year, with some possible lumpy surprises, especially if energy prices increase from current levels, and eventually plateau in the 3% to 4% range, remaining sticky for some time.

As shown below, for periods of 5.5% or higher Consumer Price Index (CPI), it can sometimes take quite a while for the CPI to retrace to the historical average of 3.25%, and more importantly, always lead to a recession.

Periods of 5.5% or Higher CPI	Total Months to Retrace to Historical Average CPI	Did Recession Occur During or After?
March 31, 1916 - December 31, 1920	45	Yes
June 30, 1941 - December 31, 1943	30	Yes
June 30, 1948 - December 31, 1948	30	Yes
December 29, 1950 - March 31, 1952	15	Yes
June 30, 1969 - March 31, 1972	33	Yes
June 29, 1973 - March 31, 1983	105	Yes
June 29, 1990 - December 31, 1991	18	Yes
Average Number of Months to Retrace to Historical CPI is 39.4.		

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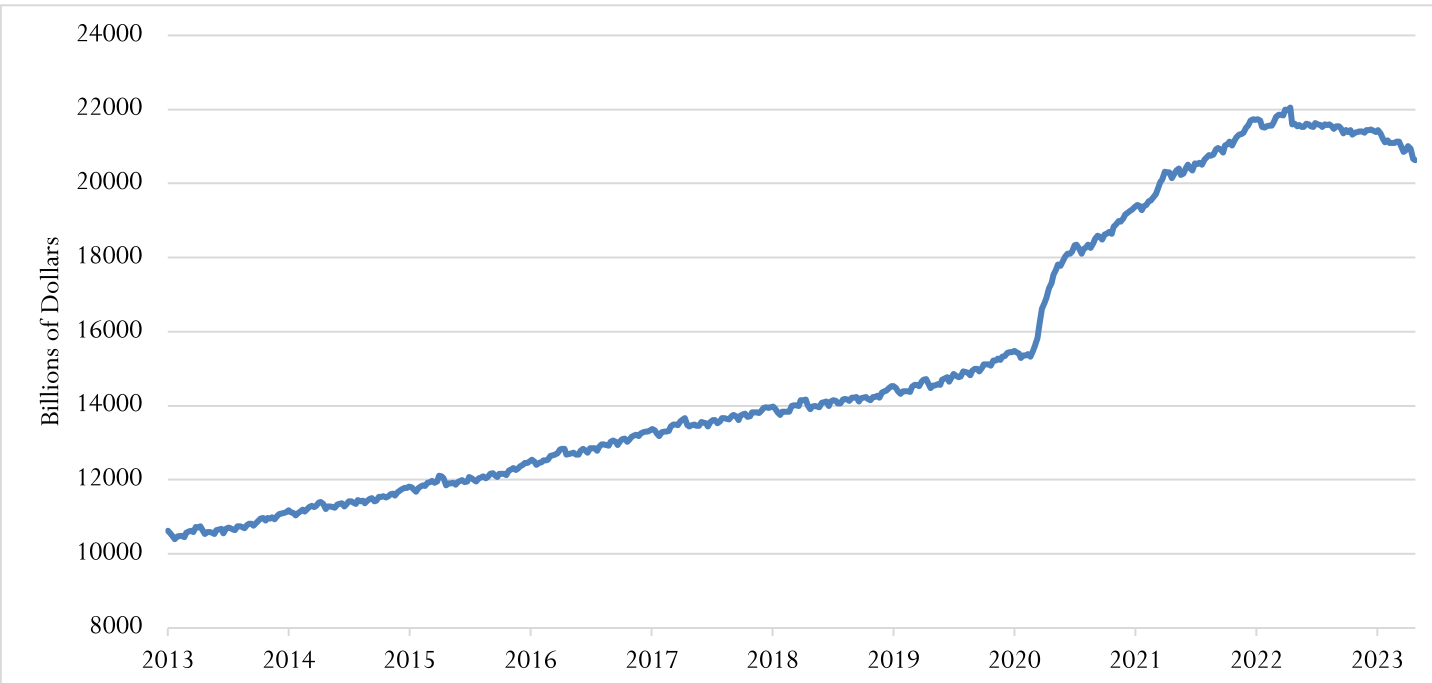
Tightening Financial Conditions — as indicated below, the Fed continues to reduce its balance sheet and the M2 money supply, resulting in ongoing tightening financial conditions. A significant unknown at this point is the impact this may have on credit availability to consumers and businesses going forward, especially in light of expected debt maturities and refinancings in certain parts of the economy and given recent regional banking risks. On that front, we continue to see a gradual improvement and a reduction in the amount of scared money leaving the regional banks. And, as the Fed's most recent stress tests indicated, recent events have served to create an even wider moat around the national and super regional banks. If these banks can effectively manage their balance sheets and smartly navigate rising or higher for longer rates, we could see some big winners in the banking sector over the next 18 to 24 months, lessening the chances of a deep or prolonged recession, and providing profitable merger and acquisition opportunities as stronger banks acquire weaker ones.

M2

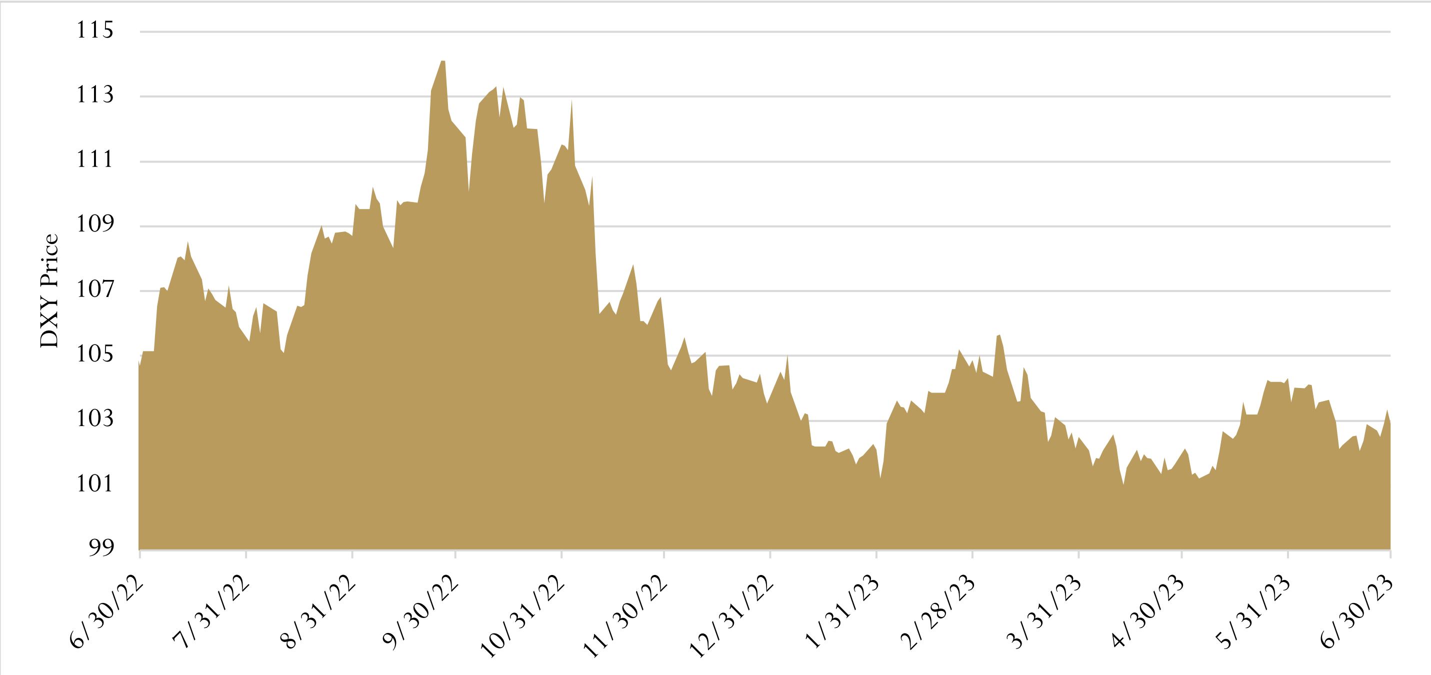


Equities — the defining characteristics of our equity investments include a growth at reasonable cost (GARP) bias with companies that can control their cost structure, possess pricing power, and have reasonable and/or an expectation of growing dividends and share buybacks, all in a variety of different industry groups. Current areas we believe have significant long term price appreciation include commodities, energy, materials, certain technology subsectors such as artificial intelligence, manufacturing, and financial services.

Bonds — in the aggregate, our bond holdings consist of U.S. Treasuries, Swiss government bonds, investment grade and non-investment grade corporate bonds, and preferred stocks. We continue to invest opportunistically, focusing on high-quality balance sheets as well as on competitive yields. Our overall duration requirements are generally flexible; however, given the unsettled interest rate environment, we believe a current overall duration of approximately three years represents the proper balance between risk and reward. We expect to maintain this positioning until we have more clarity regarding the Fed's future actions and the overall interest rate environment.

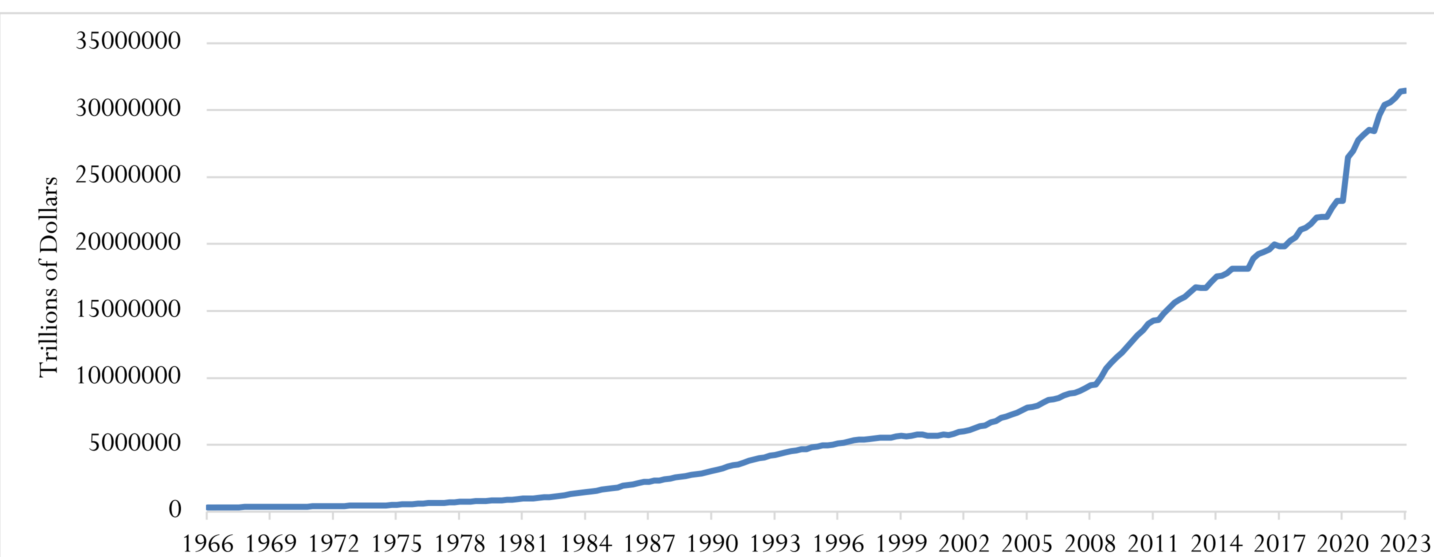
Precious and Base Metals — we continue to believe gold and silver are a sound offset to real or perceived inflation risk, supply demand inputs, deflation or recession risk, uncertainty in the financial system, geopolitical risks, and the continued decline in the unit value of the U.S. dollar caused by inflation. Additionally, we believe the multi-year and multi-decade highs in the U.S. dollar last year are unsustainable over the long term, providing some tailwind to the precious metals complex going forward. Further, industrial and base metals have been the victims of under investment and under supply due to weak global growth over the last ten years. This factor, when coupled with the emergence of global stimulus programs that benefit industries that are or will be heavily reliant on base metals and a weakening U.S. dollar, you have the makings of a long-term bullish case for another strong commodity cycle which should benefit patient investors.

U.S. Dollar Index Over 1 Year



Gold — another reason to own gold as a long-term investment regards an emerging global macro-risk factor to the U.S. dollar that requires some mention, and it is not a direct U.S. monetary or domestic policy issue — it is the advent of a full-fledged effort to replace the U.S. dollar as the world's reserve currency. We believe this longer-term risk is underappreciated by the markets. Certain countries either hostile, frenemies or fair-weather friends of the United States, such as China, Russia, India, Brazil, Saudi Arabia, and South Africa, have been making noise about, or actively settling transactions in, something other than the U.S. dollar. Many have also been active buyers of gold. Such efforts if successful would likely cause the demand for U.S. Treasury securities to plummet and U.S. interest rates to increase substantially, among other unintended consequences such as U.S. ability to continue its levels of deficit spending, which as shown below, continues unabated. While it may seem far off, the adjustments the U.S. and its markets may have to make in advance of such efforts could occur much sooner than expected. Not surprisingly, the Ukraine's conflict with Russia has provided a glimpse of what these efforts could look like with Russian energy transactions with India being settled in non-U.S. currency and increasing use of the Chinese Yuan recently in Russian-Sino transactions.

U.S. Federal Debt



The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The Prospectus contains this and other important information. It may be obtained by calling (800) 531-5142 or by visiting permanentportfoliofunds.com. Read carefully before investing.

As of June 30, 2023, Permanent Portfolio held 21.18% in gold bullion and gold coins, as a percentage of net assets. Fund holdings are subject to change at any time and should not be considered recommendations to buy or sell any security.

Opinions expressed are those of Pacific Heights Asset Management, LLC ("Pacific Heights"). They are subject to change at any time, are not guaranteed, and should not be considered investment advice. Any forward-looking statements speak only as of the date they are made and the Fund assumes no duty to and does not undertake to update forward-looking statements. Forward-looking statements are subject to numerous assumptions, risks and uncertainties, which change over time. Actual results could differ materially from those anticipated in forward-looking statements. Gold generates no interest or dividends, and the return from investments in gold will be derived solely from the gains and losses realized by the Portfolio upon sale. Prices of gold may fluctuate, sharply or gradually, and over short or long periods of time. The prices of gold and silver have fluctuated widely over the past several years. Stocks are generally perceived to have more financial risk than bonds in that bond holders have a claim on firm operations or assets that is senior to that of equity holders. In addition, stock prices are generally more volatile than bond prices. Investments in debt securities typically decrease in value when interest rates rise. This risk is usually greater for longer-term debt securities. Depending on the entity issuing the bond, it may or may or may not afford additional protections to the investor, such as a guarantee of return of principal by a government or bond insurance company. There is typically no guarantee of any kind associated with the purchase of an individual stock. Bonds are often owned by individuals interested in current income while stocks are generally owned by individuals seeking price appreciation with income a secondary concern. M2 is a measure of the U.S. money stock that includes M1 (currency and coins held by the non-bank public, checkable deposits, and travelers' checks) plus savings deposits (including money market deposit accounts), small time deposits under $100,000, and shares in retail money market mutual funds. Personal Consumption Expenditures Price Index (PCE Index) is known for capturing inflation (or deflation) across a wide range of consumer expenses and reflecting changes in consumer behavior. Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services.

Mutual fund investing involves risk; loss of principal is possible. Not FDIC Insured. No Bank Guarantee. May Lose Value.

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