George McAuliffe – Fourth Quarter 2024 Commentary

Dear Clients,

The market in the fourth quarter of 2024 was volatile, but seemingly for a series of different reasons. October saw an up and down round-trip while leading up to the US election. However, once the election occurred, and the results were clear (obviating feared prolonged court battles and uncertainty over whom the winner might be), and the perceived more pro-business candidate emerged victorious, then November saw a mostly strong upwards rise. Then, once the post-election emotions cleared, December was decidedly more mixed, with the oft-occurring Santa Claus end-of-year rally being Scrooged as the debate returned more to the economy; was it or was it not okay, what rates might do, and what the incoming administration might do.

And there we have it. Another quarter in the history books. And it ended up being okay in our view, despite all the fear and uncertainty at the beginning. And as is most often the case, it worked out not so bad as some feared. Electoral uncertainty met a very clear resolution. The economy, although concerns persist, has mostly remained resilient. Interest rates saw a third cut but in fairly "hawk-ish" tones that pleased few, and creates a new nomenclature problem — if not quite "Higher for Longer" anymore, is it now "Paused for Longer"? And when discussing market or index skew, it is apparently no longer the FAANG, or MAG7, but now the BATMMAAN (thanks Broadcom, and I hope to rarely need to use this particular appellation).

But it's not just the end of a quarter. It's also the end of another year (which seems to have worked out well). It's also the end of a US Presidential term, and where the incoming administration appears constructive for long-paused (and needed) M&A facilitation and other deregulation and clarification. It's also the end of the first quarter-century of the 21st century — and while we do not yet have flying auto-taxis and Rosie the robot maid, the pace of advances in these and related fields over just the last two years has been astounding, creating and shaking up many investment categories, and giving me many reasons to be optimistic for the future. Finally, it's also the birth (literally) of a new generation, the "Betas" — where at last there is now a younger generation to talk back to my daughter the know-it-all "Alpha."

If we missed our traditional Santa Claus rally, it is understandable that the market, with everything cited above, has a lot to figure out. Much has seemingly changed in a short period, and while many concerns from last quarter have now passed, there are always,

always, always, a raft of new concerns. And besides seeing how the economy does, and how consumers are faring, and what potential tariffs and other policies the new US administration enacts, the market is also eagerly awaiting the current earnings period to see what actually happened during the last few months. It is thus not so surprising that, as of this writing, it seems the market cannot even make up its mind as to whether good news is good news, or whether good news is bad news.

In the short term, the market's willingness to buy or sell, and thus derived pricing, is just a very lightly held subjective opinion — as easily changeable as the weather — and not a final verdict steeped in truth. For that, one always has to take the longer view, and I consider myself very fortunate to have always been a long-term investor — and with thanks to my clients — able to take this longer approach, ignore the short-term noise, and see things through. With this approach, good products and good companies usually win out eventually and get rewarded, and so I will continue to vigilantly select and monitor investments worthy of the next quarter century. Thank you for your confidence.

As always, I would be happy to discuss further with anyone interested.

Thank you,

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