

Commentary:

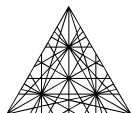
U.S. stocks finished higher in November, with the S&P 500 marking its ninth monthly gain of the year. Small-cap stocks led the way with the Russell 2000 posting its biggest monthly gain since December 2023. The swift and decisive election outcome, combined with a supportive macroeconomic environment, served as the primary tailwind for equities. However, investors remain vigilant, focusing on challenges such as elevated stock valuations, the implications of Trump tariffs, the expanding U.S. deficit and ongoing geopolitical tensions.

On November 7, the Fed lowered interest rates by 25 basis points, bringing the target rate range to 4.50% to 4.75%. Fed Chair Jerome Powell emphasized the economy's resilience, citing robust GDP growth, a strong labor market and moderating inflation. With these dynamics in place, the Fed signals patience on further rate cuts and tempers expectations for a December cut. The next FOMC meeting is set for December 17–18.

Former President Donald Trump surpassed the 270 Electoral College votes needed to secure the presidency. The GOP's sweeping victories are expected to pave the way for corporate tax cuts and deregulation, creating a potentially favorable backdrop for business investment and deal activity.

Small-cap stocks were a standout performer, benefiting from their positioning in key post-election trades. As interest rates trend lower, we believe small to mid-sized companies are well-positioned to capitalize on these dynamics through 2025. Declining rates typically act as a catalyst for equities, reducing borrowing costs, fostering robust M&A, increasing consumer spending and leading to higher valuation multiples.

The valuation of the Russell 2000 Value remains compelling, which currently trades at ~15x estimated earnings for the next twelve months versus ~25x for the S&P 500. This attractive valuation differential underscores the importance of valuations as a strong determinant of long-term performance.



November 2024 Performance

<i>(November 30, 2024)</i>	<u>Growth</u>	<u>Core</u>	<u>Value</u>
Russell 1000 (Large Cap)	6.5%	6.4%	6.4%
" 3000 (All Cap)	6.8	6.7	6.6
" 2000 (Small Cap)	12.3	11.0	9.7

As value-oriented stock pickers, we find the current market conditions exceptionally favorable for our methodology. Our focus remains steadfast on identifying exceptional businesses trading at a discount to Private Market Value, with catalysts to surface value. We will continue to use the volatility provided by Mr. Market to increase our stakes in great companies at attractive prices.

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Important Disclosures

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