

## "Santa Claus Rally" Delivers

The so-called "Santa Claus Rally" generally occurs in the last week of the year. However, we are more than thankful for this year's early delivery. The incredible surge we have seen in our equities is stunning and unprecedented. November is not over yet and we don't officially track monthly performance, but it is likely to be the best month we've had in 30 years. While it is far too early to celebrate and we are not out of the woods, this value-based surge is a welcome relief after a difficult year.

Our holdings are gaining traction relative to other areas as investors are starting to move their focus to value, earnings, and other traditional metrics. Several of the high-priced sectors that have defied logical analysis are showing signs of cracking - which supports the market's growing emphasis on sustainable profits. This rationalization seemed inevitable to experienced market analysts as it seems every twenty years or so that cash flows and intrinsic values take a back seat to sentiment and stories. As those cycles have not ended well for investors and we have remained disciplined, we welcome the greater focus on sustainable cash flows, improving operational earnings, and growing private market values.

We've mentioned that our companies, for the most part, have booked solid operational earnings in the recent quarter. Some of these improvements have had delayed responses, but we believe we are seeing this reflected in November's rally. Time will determine how things develop, but we like our holdings and feel we are well positioned to grow for many years to come. Even with this optimism, we believe it is best to remain cautious - especially given the future and a full recovery are still uncertain. For now, and in the meantime, we can all enjoy our early holiday gifts.

Happy Thanksgiving and we want to give our thanks to all our friends and clients for trusting us and allowing our firm to serve you and your families. Especially after this year, we are truly humbled and thankful indeed.

***As always, it is a pleasure and a privilege to service your portfolio needs,  
and we thank you for your trust and business.***



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