



The 30-30 Club

In Major League Baseball (MLB), the 30-30 club is the group of batters who have collected thirty home runs and thirty stolen bases in a single season. In total, only forty-six players have reached this most celebrated feat in MLB history. **After December's +3% return, the Fund surpassed +30% returns in 2023.** With the front half of the 30-30 in the books, we are seeking our own version of the 30-30 club. **While difficult, the following factors could help us achieve +30% returns 2024.**

The macro backdrop has improved. Inflation is decelerating and interest rates have declined. The Federal Reserve has turned dovish. The global economy should improve in the second half of 2024. Finally, there is a US Federal election in November. It is for these reasons that the S&P500 should have a strong year in 2024. **In fact, over the past 100 years, the likelihood of +10% or better year following an up 20%+ year is 70%.**

Our technology holdings should continue to perform well. Despite their incredible performance in 2023, the bulk of these returns were simply a recovery from depressed 2022 closing prices. Amazon, as an example remains 20% below its all-time-high (ATH) set in 2021, despite its revenues increasing by \$100 billion, its EBITDA up 60% and its earnings up 55%. We expect further gains from Amazon and as such, it remains one of our largest positions. Additionally, we continue to hold positions in Apple, Microsoft, Alphabet, Meta and Nvidia. **After lightening up on Microsoft and Apple in December, our combined weight in these companies represents 45% of the portfolio.**

Berkshire Hathaway stock should catch up to its fundamentals. Berkshire is now our largest position, representing 10% of the portfolio. Berkshire stock did not have a great 2023, underperforming the Market by 10%. Despite its underperformance and the loss of Charlie Munger, Berkshire's portfolio of companies had a spectacular year. Berkshire's largest holding Apple gained 48%. Its insurance business experienced significant growth. BNSF (its railroad) continued to be the number one artery of American commerce. Its energy business furthered its plan to become a utility powerhouse. Finally, its portfolio of publicly listed equities ex Apple, performed well. **We estimate that Berkshire's Net Asset Value (NAV) increased by over 25%, making 2023 one of its best years on record.** It would not surprise us if Buffett used a portion of his \$160 billion in cash to repurchase a significant amount of Berkshire stock.

The non-MAAMA portion of the Market provides us with another source of opportunity. Excluding the MAAMAs, the remainder of the S&P500 trades at a very reasonable 14x EPS. With the MAAMAs, Nvidia, JP Morgan and Berkshire representing 60% of the portfolio, 27% is now deployed into companies with market capitalizations between \$20-\$100 billion. In December, we added three new holdings to the portfolio. All are excellent companies that were available at inexpensive valuations. We will report on these holdings in a future report. **The remaining 13% of the portfolio remains in cash.**

The 30-30 club would be a tremendous accomplishment. **While an ambitious goal, it is possible.** With a litany of favourable factors and 366 days to prove our mettle (it is a leap year!), we remain positive on our outlook for 2024. We thank you for your continued support, look forward to further communications and wish you all a Happy New Year!

Sincerely,

Steven Tuchner
Founder and CIO