

ACCOMPANY

WEALTH PARTNERS

Friday Note – December 13, 2024

Knowledge is knowing that a tomato is a fruit; Wisdom is knowing not to put it in a fruit salad.

- Brian O'Driscoll, Retired Irish Rugby Player
Recently inducted into the World Rugby Hall of Fame

Hi everyone and Welcome to our December Monthly Note!!

Wow, hard to believe this is our last note of the year!! Time seems to go faster and faster the older I become; I am guessing we all feel that way.

In thinking about today's note, I went back to look at my 2024 New Year's Resolutions, which I shared with you all a year ago. Back then, I ended up printing my list out and have kept it on the bulletin board next to my desk the whole year. I am happy to say that overall I feel that I did pretty well, and I am excited to put together a new list for 2025. Of the 9 I listed, I can say I made good progress on most, but 3 are staying on 2025's list!

As I reflect on 2024, besides being a whirlwind, I got a lot accomplished both personally and professionally. The year began with us working tons of long hours getting our clients settled with our new business, and learning how this whole independence thing was going to work. Sitting here today in the middle of December, I am so happy we decided to establish Accompany Wealth Partners and can only say I wish we had done it sooner. We feel very much in control of our practice and have grown our resources in ways I could not imagine even a year ago. Kate and I are working hard getting end of year tasks completed here in the office, as this historically a very busy time for us. But we have also been available to work on our plans for 2025 and are excited to be rolling them out throughout the year.

From an investment perspective, I believe we have navigated the markets very well this past year and I am grateful as always for the trust and confidence you all place in me. I do set aside time at the end of every year to review the larger decisions I made and try to incorporate this self-reflection in my future decision-making processes.

To that end, I decided to share the quote at the top of this note because there is an important distinction between Knowledge and Wisdom, particularly in the financial markets. It is one thing to have knowledge of the markets, how they work, understand the numbers, etc. It is entirely another to bring wisdom to bear as we navigate these markets, and that is what I always want to get better at as I manage my clients' portfolios. For those of you who have been reading these notes for a while now, you know that I spend little time predicting what will happen next. Rather, I want to be a keen observer

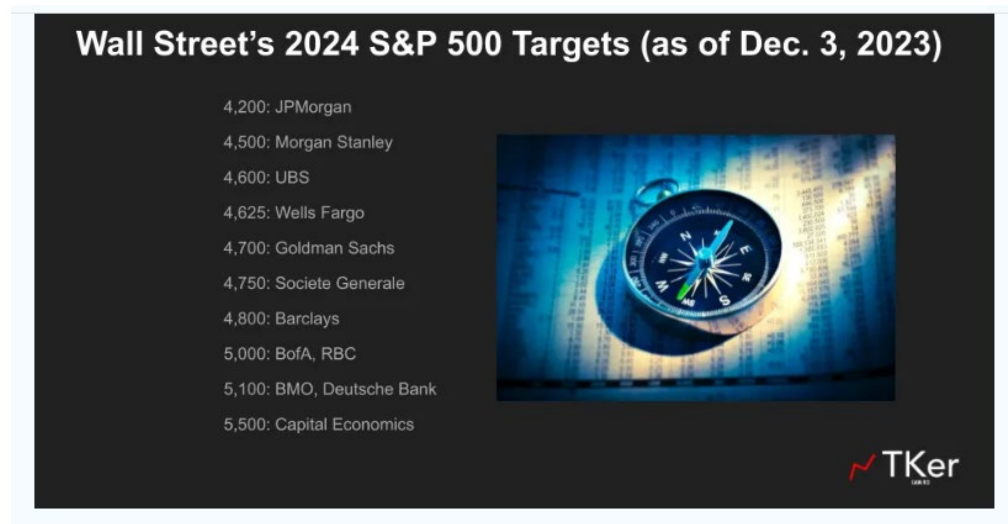
of what is happening now, reflect on historical lessons, keep emotions to the side, and always use common sense.

And right now I recognize a few things that I feel are important to share today with you. First, if the stock market stays steady until the year end, we will have experienced two consecutive years of 20% plus returns in the S&P 500, which does not happen very often. Using history as a guide, I must acknowledge that we are unlikely to experience this again in 2025 (happy to be wrong on this one!). Second, by most traditional valuation measures the S&P 500 is at the high end of its historical ranges. Third, the strong rally of the past 45 days has been driven by a small number of high-profile, high growth companies which is very similar to the late 1990s.

Putting these things together, I need to be prepared for a market downturn, which will inevitably come sooner or later. Wisdom tells me that I may want to take more partial profits in some of the more aggressive positions in our portfolios to lock in gains in those high-profile stocks. Next, I may want to expand our holdings to areas that have historically demonstrated resilience in past similar scenarios. During the downturn of 1999-2002 for example, these included small company stocks, mid-size company stocks, and international holdings. It is wise to consider them again to some degree. I am also grateful to have discovered buffered investment solutions that are newer to the marketplace. They come with some form of downside protection without giving up on upside participation. Adding more of these into portfolios after the strong past two years seems like common sense to me and I hope to you too!

To end today's note, I thought I would share some insights from an interesting article that I came across earlier this week. This time of year most investment firms publish their market strategist's estimates of how the year ahead will look. They each publish a projection of what level they believe the S&P 500 will be trading at in December of next year. This article talked about these firms' predictions for 2024, and compared them to what really happened. You might not be surprised to learn that no one came even close to an accurate prediction!!

Here is a summary of the largest firms' predictions as of December 3, 2023, when the S&P 500 Index was trading at \$4,569.78.



As of today, the S&P 500 was trading at 6,073!!

Hard to believe that two of the most highly regarded firms in the industry predicted that the index would be trading lower and that even the most optimistic projection was a full 500 points short!

I do enjoy when the so-called experts are wrong and wonder why they do not use their wisdom to give up on this silly effort!!

OK, enough for today.

We hope you enjoy the rest of this holiday season with the family and friends and wish you a very Happy 2025!!

With Kind Regards as Always!

Chris and Kate

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