

*INVESTMENT STRATEGY*

April 1, 2024

It has certainly been a wonderful quarter in the markets; in fact, it has been a very nice six months as the equity market has moved (nearly) vertically higher since having corrective action last summer. As you may imagine, this upward lift makes these strategy letters much more fun to write.

Life is a funny old dog and if you happen to forget it, the one thing you can be sure of is some old dog will remind you. Such is the way of politics, dogs, and the upcoming presidential election in this country. Clients and friends will recall that I remain consistent to my position of being politically agnostic in navigating the work that we do on behalf of clients. So, in turn, I do not have a dog in this race, but I would be remiss if I did not mention that the dogs will be barking at each other with increasing volume and bite as we draw closer to the presidential election.

The reason this matters in the name of the work, is that I believe the conversation will become edgy, the television advertisements more than edgy, and this will probably make for increasing volatility in the financial markets as we head towards November. It is worth noting on this point that during the recent quarter the irrepressible Carl Weathers died. Mr. Weathers was an extraordinary athlete, who actually became a critically acclaimed actor and will be best remembered for the role of *Apollo Creed* in the *Rocky* series. They may have uttered one of the greatest last lines of a movie in the original *Rocky*, although you really had to concentrate to hear what they were saying in the ring melee as the epic, original title match ended: *Not gonna be a rematch. I don't want one.*

I was told as a young man that the market would normally do everything it would need to do to confuse the most number of people, and I must tell you that today's market is no exception. It is continuing to arch higher; it has now gotten into the rarified air where one may think it is harder to breathe; however, sentiment remains stubbornly negative, and I am reminded that market tops in everything from stocks to tulips have been accompanied by a

sense of full-blown over-optimism (euphoria!). So, I remain encouraged. I am especially encouraged by the most recent earnings season. Quite frankly, the operating performance of most of our core holdings has been pleasantly affirming that the internal economics continue to deliver sustainable results, and these have been reflected in appreciating valuations. Saint Jerome (Powell) looks to be coming through on the highly anticipated easing in interest rates, which is also providing lift to the equity market. In any event, it's not a bad time to clink a toast and take a moment to enjoy the heights.

This does make one wonder about the frenzy in the current housing market, from the high-end mansions to even the middle market, the latter now where \$2 million is the new \$750,000; this has made a lot of people 'house rich' and partially explains spending\buying behavior in expensive items, such as cars and hotel rooms.

Again, perhaps worth repeating, I feel pretty good about the economic engine of our individual holdings and the intrinsic company operating performance.

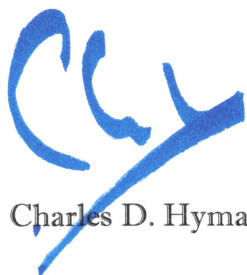
The theme of this next paragraph may fall under the heading of the elegance of simplicity; or, alternatively, some things I have learned in thirty years of running the shop. Quite Buffetesque in nature, I remain committed to the enduring strategy of knowing what it is you own, minimizing outside incentives in conflict with your interests, and avoiding the murky shadows of a sales process and the unwholesome of behaviors that go with it.

I hope you will kindly forgive me for repeating common themes that we continue to tap upon. I do this to underscore the importance\emphasis to our core values of how we run the shop and care about treasured client interests. We continue to lean heavily upon the wholesome and true themes that we can control, such as fiduciary stewardship for the interest of our clients and friends (simply putting your interest first and above our own), transparency, full disclosure, alignment and our best energy and effort on your behalf.

So, I have learned to avoid the croupiers who rake the chips, avoid the fortunetellers and the mystics and the Carneys. Make sure you get a straight count and you'll be well ahead of the game. Do not take the bet that a monkey will shoot water through a carnation in his jacket lapel, and it will hit you in the eye, while he is whistling a show tune, because just as I sit here that monkey is on his way to your table to do just that. Just a subtle reminder that there is no black box magic out there, only the lying mistress of greed.

In closing, we have had a very good six months in the equity markets. Truth be told, it just feels good to have had such a nice tailwind moving us higher in portfolio values. There will no doubt come a time when the markets correct a bit, but for now I think it is okay to

simply take a breath and enjoy it. All of us here at the shop feel very fortunate, daily, for the gift of your precious trust and the opportunity to work on your behalf.



Charles D. Hyman

*In Memoriam*

**Murphy (2015-2024)**

True and loyal friend. Spiritual Advisor.

**Note:** Please know we are always available to discuss your portfolio and any of the issues that may be taking place within the fabric of your life that would influence our strategic design, your liquidity needs/reserves, or really anything else orbiting the life financial.

*This letter is confidential and intended solely for the information of the person to whom it has been delivered. Recipients may not reproduce this letter or transmit any of its contents to third parties. This letter does not constitute any recommendation of any particular investment, security, portfolio of securities, transaction or investment strategy. The discussion of specific holdings (i) are included merely to illustrate certain investment processes and strategies utilized by CDH, (ii) are not intended to indicate overall performance that has been or may be expected to be achieved, and (iii) should not be considered a recommendation to purchase or sell a particular security. There can be no assurance that any securities discussed herein that were a part of the reader's portfolio will remain a part of the reader's portfolio. The exposures discussed herein should not be viewed as an indication that future exposures will remain the same.*