January 3, 2025

the Prudent Speculator

699

Established in March 1977 · 20 Enterprise, Suite 305 · Aliso Viejo, California 92656 · 800.258.7786

The equity markets followed up a terrific November with a dismal December, providing another reminder that downside volatility is always part of the investment equation. The Dow Jones Industrial Average closed out 2024 with a final-month loss of more than 5%, the second monthly decline of that magnitude or greater of the year and the 125th time the popular market gauge has suffered a similar or larger skid dating back to 1928. Of course, given that the Dow has risen from a reading of 200 nearly a century ago to more than 42000 today, there have been lots of winning months along the way, with 167 of them over the last 97 years enjoying returns above 5%.

"It's not unlike driving on a foggy night or walking into a dark room full of furniture. You just slow down." — Jerome H. Powell

Obviously, equities have proved very rewarding over the long term, as those Dow numbers do not include dividends or their reinvestment, while Value Stocks have returned 13.1% and Dividend Payers 10.8% per annum since 1927. However, it has never been easy for many investors to stick with stocks during the inevitable trips south.

No doubt, there have been numerous disconcerting headlines on the global stage through the years and it isn't as if it has been a pleasure to read the newspapers in recent weeks, but the December downturn hit without a clear catalyst. True, the markets had posted sensational gains since the Q3 2022 lows, so a round or two of profit-taking was not surprising, but we would argue that nothing much changed on the economic front in December.

In fact, several of the key stats (albeit for November) released during the month topped expectations with the critical monthly labor report showing 227,000 new payrolls created and retail sales climbing 0.7%, ahead of the 0.4% estimated increase. We also learned that the economy was even stronger than thought in Q3, with real (inflation-adjusted) GDP growth revised up to 3.1% from 2.8%, while the odds of recession in the next 12 months as tabulated by data provider *Bloomberg* declined from 25% to 20%. And the Federal Reserve's preferred measure of inflation, the Core Personal Consumption Expenditure (PCE) Price Index rose a less-than-forecast 2.8% on a year-over-year basis during November.

Stock prices gyrate for many reasons, but most market watchers would cite the Fed as the culprit for last month's swoon. As widely expected, the FOMC at its December meeting lowered its target for the Fed Funds rate by another 25 basis points to a range of 4.25% to 4.50% BUT the updated quarterly economic projections from Jerome H. Powell & Co. had a sizable jump in the year-end 2025 and 2026 expectations for the benchmark lending rate. The Fed now estimates a Fed Funds rate at the end of this year of 3.9%, up from 3.4% in the September forecast, and 3.4% in 2026, up from the prior 2.9%.

Interestingly, those forecasts were roughly in line with market expectations ahead of the Dec. 18 decision on interest rates, while the Fed Chair was relatively upbeat in his comments: "The economy is strong overall and has made significant progress toward our goals over the past two years. The labor market has cooled from its formerly overheated state and remains solid. Inflation has moved much closer to our 2 percent longer-run goal."

We find it hard to be unhappy about an economy on sound footing, especially as corporate profits are likely to show healthy growth this year, even if it means the data-dependent Fed might be more patient in any further easing of monetary policy. After all, decades of market history reveal that stocks have performed fine whether the Fed is lifting or lowering its lending rate or whether interest rates in general are rising or falling.

Yes, geopolitical events always are a wildcard, while there is plenty of uncertainty emanating from Washington, but we retain our optimism for the long-term prospects of our broadly diversified portfolios of what we believe to be undervalued stocks, with the recent dip adding to the upside potential going forward.

Editor
Principal, Portfolio Manager - Kovitz

Graphic Detail

Sector and Industry Group Weightings

Time again to compare the current sector and industry group weightings of our four newsletter portfolios to those of the broad-based Russell 3000 and Russell 3000 Value indexes, noting that our valuation metrics more closely resemble (and are even more attractive) than those of Value-oriented gauges. While we very much remain bottom-up stock pickers focused on the merits of individual companies, we also keep an eye on the composition of the indexes in order to ensure that we are comfortable in the over- or under-weighting of a particular sector or industry group. As such, we are able to better focus our subjective reviews on the output of the objective new-idea generation screens that we run every day on areas in which we might desire additional exposure, be it to augment a sector with minimal ownership or to add to a particularly undervalued industry.

There is a great deal of art accompanying the science of portfolio construction and sector and industry group weightings are always used as a guide and not as the gospel. Over time, the gaps have narrowed, as we have often added to existing positions in addition to picking up new stocks, but inevitably there will be dispersion across the newsletter portfolios due to the timing of purchases and modest differences in the names held. Still, the same desire for broad diversification, which we think is an important risk mitigation tool, has always been pervasive.

PORTFOLIO WEIGHTINGS

Sector	Industry Group	Russell 3K	Russell 3K Value	TPS	Buckingham	PruFolio	Millennium	Mean
Communication Services		**4.2**	**8.9**	**7.5**	**6.8**	**6.6**	**7.1**	**7.0**
	Media & Entertainment	2.4	8.0	6.8	6.1	5.9	6.3	6.3
	Telecom Services	1.8	0.8	0.7	0.8	0.7	0.8	0.8
Consumer Discretionary		**6.3**	**11.3**	**6.0**	**7.0**	**6.3**	**7.1**	**6.6**
	Autos & Components	0.6	2.3	1.7	2.8	1.7	1.9	2.0
	Discretionary Distribution	2.2	5.8	1.6	0.8	2.3	2.8	1.9
	Durables & Apparel	1.3	0.9	2.7	3.3	2.3	2.4	2.7
	Consumer Services	2.1	2.2	0.0	0.0	0.0	0.0	0.0
Consumer Staples		**5.2**	**7.4**	**4.5**	**5.8**	**5.6**	**5.2**	**5.3**
	Cons. Staples	1.9	2.4	2.9	3.6	3.1	2.6	3.0
	Food, Bev & Tobacco	2.2	3.4	1.7	2.2	2.5	2.5	2.2
	Household Products	1.1	1.6	0.0	0.0	0.0	0.0	0.0
Energy		**10.8**	**8.0**	**5.4**	**5.7**	**4.7**	**5.6**	**5.4**
Financials		**13.9**	**22.9**	**19.5**	**19.2**	**19.2**	**19.3**	**19.3**
	Banks	3.7	8.1	8.4	9.2	9.9	9.2	9.2
	Diversified Financials	8.0	10.8	5.4	5.7	4.7	5.6	5.4
	Insurance	2.2	4.0	5.7	4.3	4.5	4.5	4.7
Health Care		**10.2**	**13.8**	**9.6**	**10.1**	**9.9**	**8.9**	**9.6**
	Health Care Equip/Srvcs	4.2	6.8	3.7	4.2	5.4	4.0	4.3
	Pharma, Biotech & Life Sci	6.0	7.0	5.8	5.9	4.5	5.0	5.3
Industrials		**9.1**	**14.1**	**13.2**	**12.5**	**14.6**	**13.0**	**13.3**
	Capital Goods	6.1	10.6	8.7	9.7	11.3	8.6	9.6
	Commercial Services	1.5	1.4	2.0	0.7	1.3	1.5	1.4
	Transportation	1.5	2.2	2.5	2.1	2.1	2.9	2.4
Information Technology		**29.9**	**9.1**	**22.4**	**21.8**	**21.3**	**22.4**	**22.0**
	Semis & Cap Equipment	10.1	3.0	6.2	6.2	5.8	5.6	5.9
	Software	11.6	3.4	4.6	4.5	5.5	5.5	5.0
	Technology Hardware	8.2	2.8	11.5	11.1	10.0	11.4	11.0
Materials		**4.6**	**2.3**	**3.3**	**3.8**	**5.1**	**4.3**	**4.1**
Real Estate		**2.5**	**4.9**	**3.3**	**3.8**	**5.1**	**4.3**	**4.1**
Utilities		**4.6**	**2.2**	**1.1**	**0.9**	**0.8**	**0.9**	**0.9**
Cash		**0.0**	**0.0**	**3.3**	**1.9**	**0.4**	**1.5**	**1.8**

As of 12.31.2024. Numbers may not sum due to rounding. SOURCE: Kovitz using data from Bloomberg Finance L.P.

Graphic Detail

Value vs. Growth Sector Attribution

The following two paragraphs hardly do the subject justice, but the simple attribution displayed below helps to better understand which market sectors contributed the most (or least) to index returns. Given our willingness to buy stocks of any market capitalization, we look at the large-cap Russell 1000, the small-cap Russell 2000 and the all-cap Russell 3000 indexes, as well as the Value and Growth versions of each benchmark. We note that our portfolios, with what we believe to be their inexpensive valuations, have long resembled the Value indexes in terms of their financial metrics, even as our sector weightings have more often than not been lighter in Financials and heavier in Information Technology stocks.

There was another large return chasm in favor of Growth for the non-Value large-cap Russell indexes in 2024, thanks mainly to exposure to six (Alphabet, Amazon, Apple, Meta Platforms, Nvidia & Tesla) of the Magnificent Seven. Happily, the large-cap Value indexes posted solid annual returns, in line with their historical norm, led by gains in the Financial and Industrial sectors. The Russell 2000 indexes had weaker relative performance as small-cap stocks lagged their larger cousins pretty much all the way around. The Health Care and Materials sectors generally were poor performers across the indexes, while the Info Tech, Financial and Communication Services sectors fueled the full Russell 1000 and 3000 indexes. ■

2024 INDEX ATTRIBUTION

	Russell 1000 Value			**Russell 1000**			**Russell 1000 Growth**		
Sector	**Average Weight**	**Total Return**	**Contribution To Return**	**Average Weight**	**Total Return**	**Contribution To Return**	**Average Weight**	**Total Return**	**Contribution To Return**
Communication Services	4.4	15.1	0.7	8.8	39.7	3.3	12.5	48.2	5.6
Consumer Discretionary	5.6	8.0	0.5	10.4	28.6	2.9	14.6	36.0	5.1
Consumer Staples	7.9	16.0	1.3	5.7	14.6	0.9	3.8	11.5	0.5
Energy	7.5	6.0	0.5	3.7	7.4	0.3	0.5	29.1	0.1
Financials	22.2	32.1	6.5	13.6	31.4	4.1	6.3	29.3	1.9
Health Care	14.8	-0.8	0.0	11.7	2.9	0.6	9.1	5.6	1.0
Industrials	14.4	19.3	2.7	9.4	17.1	1.7	5.1	12.4	0.7
Information Technology	9.3	9.7	0.9	29.5	35.8	10.0	46.7	40.7	18.1
Materials	4.6	-1.0	0.0	2.5	0.4	0.0	0.7	9.4	0.1
Real Estate	4.7	6.2	0.3	2.5	5.1	0.1	0.7	-2.3	0.0
Utilities	4.8	22.8	1.0	2.3	24.7	0.6	0.1	98.9	0.1
	Total:		**14.4**	**Total:**		**24.5**	**Total:**		**33.4**

	Russell 2000 Value			**Russell 2000**			**Russell 2000 Growth**		
Sector	**Average Weight**	**Total Return**	**Contribution To Return**	**Average Weight**	**Total Return**	**Contribution To Return**	**Average Weight**	**Total Return**	**Contribution To Return**
Communication Services	2.8	12.8	0.4	2.4	11.7	0.3	2.0	9.7	0.2
Consumer Discretionary	10.3	-0.4	-0.1	10.3	6.8	0.7	10.3	14.1	1.4
Consumer Staples	2.3	11.8	0.2	3.1	24.3	0.7	3.9	30.6	1.1
Energy	8.7	-3.1	-0.1	6.4	-3.0	0.0	4.0	-2.7	0.0
Financials	27.4	14.3	3.8	17.3	15.1	2.7	7.3	18.3	1.5
Health Care	9.1	-1.4	-0.1	16.3	1.6	0.5	23.5	3.1	1.1
Industrials	13.4	12.0	1.5	17.3	17.7	2.9	21.1	21.1	4.4
Information Technology	6.1	13.7	0.8	13.9	25.2	3.2	21.5	28.8	5.6
Materials	5.1	5.1	0.3	4.5	2.3	0.1	4.0	-0.8	-0.1
Real Estate	10.3	6.5	0.7	5.9	6.0	0.4	1.5	2.8	0.0
Utilities	4.5	6.3	0.3	2.7	3.8	0.1	0.9	-6.3	-0.1
	Total:		**8.0**	**Total:**		**11.5**	**Total:**		**15.1**

	Russell 3000 Value			**Russell 3000**			**Russell 3000 Growth**		
Sector	**Average Weight**	**Total Return**	**Contribution To Return**	**Average Weight**	**Total Return**	**Contribution To Return**	**Average Weight**	**Total Return**	**Contribution To Return**
Communication Services	4.3	15.0	0.6	8.5	39.3	3.1	12.1	47.8	5.3
Consumer Discretionary	5.8	7.3	0.5	10.4	27.5	2.8	14.4	35.3	5.0
Consumer Staples	7.6	15.9	1.2	5.6	14.8	0.9	3.8	12.3	0.6
Energy	7.5	5.5	0.5	3.8	6.5	0.3	0.6	18.9	0.1
Financials	22.4	30.8	6.4	13.8	30.3	4.0	6.4	28.8	1.9
Health Care	14.5	-0.9	0.0	12.0	2.9	0.6	9.7	5.8	1.0
Industrials	14.3	18.8	2.6	9.8	17.1	1.7	5.8	14.0	0.9
Information Technology	9.1	9.8	0.9	28.7	35.4	9.7	45.6	40.4	17.5
Materials	4.6	-0.6	0.0	2.6	0.6	0.0	0.8	6.9	0.1
Real Estate	5.0	6.2	0.3	2.7	5.2	0.2	0.7	-1.6	0.0
	Total:		**14.0**	**Total:**		**23.8**	**Total:**		**32.5**

As of 12.31.2024. Numbers may not sum due to rounding. SOURCE: Kovitz using data from Bloomberg Finance L.P.

All Recommended Stocks

In this space, we list all of the stocks we own across our multi-cap-value managed account strategies and in our four newsletter portfolios. See the last page for pertinent information on our flagship TPS strategy, which has been in existence since the launch of *The Prudent Speculator* in March 1977.

Readers are likely aware that TPS has long been monitored by *The Hulbert Financial Digest* ("*Hulbert*"). As industry watchdog Mark Hulbert states, "*Hulbert* was founded in 1980 with the goal of tracking investment advisory newsletters. Ever since it has been the premiere source of objective and independent performance ratings for the industry." For info on the newsletters tracked by *Hulbert*, visit: http://hulbertratings.com/since-inception/

Keeping in mind that all stocks are rated as "Buys" until such time as we issue an official Sales Alert, we believe that all companies in the tables on these pages trade for significant discounts to our determination of long-term fair value and/or offer favorable risk/reward profiles. While we always seek substantial capital gains, we require lower appreciation potential for stocks that we deem to have more stable earnings streams, more diversified businesses and stronger balance sheets. The natural corollary is that riskier companies must offer far greater upside to warrant a recommendation. Further, as total return is how performance is ultimately judged, we explicitly factor dividend payments into our analytical work.

While we often state that we like all of our children equally, meaning that we would be fine in purchasing any of the 100+ stocks, we remind subscribers that we very much advocate broad portfolio diversification with TPS Portfolio holding more than eighty of these companies. We respect that some may prefer a more concentrated portfolio, however our minimum comfort level of holdings in a broadly diversified portfolio is at least thirty!

TPS rankings and performance are derived from hypothetical transactions "entered" by *Hulbert* based on recommendations provided within TPS, and according to *Hulbert's* own procedures, irrespective of specific prices shown within TPS, where applicable. Such performance does not reflect the actual experience of any TPS subscriber. *Hulbert* applies a hypothetical commission to all "transactions" based on an average rate that is charged by the largest discount brokers in the U.S., and which rate is solely determined by *Hulbert*. *Hulbert's* performance calculations do not incorporate the effects of taxes, fees or other expenses. TPS pays an annual fee to be monitored and ranked by *Hulbert*. With respect to "since inception" performance, *Hulbert* has most recently compared TPS to 15 other newsletters across 30 strategies (as of the date of this publication). Past performance is not an indication of future results. For additional information about *Hulbert's* methodology, visit: http://hulbertratings.com/methodology/. ■

Industry Group	Ticker[1]	Company	Price	Target Price	Price Multiples EPS[2]	Sales	TBV[3]	ROCE[4]	EV/ EBITDA[5]	FCF Yield[6]	Debt/ TE[7]	Div Yield	Mkt Cap
Technology Hardware	AAPL	Apple	250.42	260.91	37.1	9.7	66.5	157.4	27.8	2.8	170%	0.4%	3,785,304
Health Care Equip/Srvcs	ABT	Abbott Labs	113.11	148.50	25.0	4.8	22.3	14.9	20.5	3.3	146%	2.1%	196,184
Food, Bev & Tobacco	ADM	Archer-Daniels	50.52	70.39	10.2	0.3	1.6	7.6	12.2	13.6	57%	4.0%	24,176
Materials	ALB	Albemarle	86.08	180.16	nmf	1.6	1.7	nmf	-7.3	-14.0	61%	1.9%	10,118
Insurance	ALIZY	Allianz SE	30.54	39.06	11.9	nmf	nmf	16.9	nmf	nmf	nmf	3.4%	117,935
Insurance	ALL	Allstate	192.79	216.91	11.7	nmf	3.3	26.2	nmf	nmf	nmf	1.9%	51,051
Pharma/Biotech/Life Sci	AMGN	Amgen	260.64	366.50	13.6	4.3	nmf	55.7	16.2	4.5	nmf	3.7%	140,103
Real Estate	AMT	American Tower	183.41	248.34	19.5	nmf	nmf	27.2	nmf	nmf	nmf	3.5%	85,706
Materials	APD	Air Products & Chemicals	290.04	351.68	23.3	5.3	4.1	24.4	13.2	-4.9	90%	2.4%	64,499
Real Estate	ARE	Alexandria Real Estate	97.55	187.03	10.4	nmf	0.9	1.5	nmf	nmf	nmf	5.4%	17,048
Semis & Cap Equipment	AVGO	Broadcom	231.84	254.22	47.8	21.1	nmf	12.9	48.8	1.8	nmf	1.0%	1,086,717
Insurance	AXAHY	AXA SA	35.58	43.03	9.8	nmf	nmf	18.0	nmf	nmf	nmf	4.9%	78,643
Banks	BAC	Bank of America	43.95	50.06	16.0	nmf	1.7	8.3	nmf	nmf	nmf	2.4%	337,223
Technology Hardware	BHE	Benchmark Electronics	45.40	53.99	20.0	0.6	1.9	5.8	9.5	15.3	45%	1.5%	1,634
Diversified Financials	BK	Bank of New York	76.83	85.15	13.7	nmf	3.0	9.1	nmf	nmf	nmf	2.4%	55,861
Diversified Financials	BLK	Blackrock	1025.11	1120.96	24.8	nmf	21.5	15.2	nmf	nmf	nmf	2.0%	158,768
Pharma/Biotech/Life Sci	BMY	Bristol-Myers Squibb	56.56	85.34	7.6	2.4	nmf	nmf	44.8	12.0	nmf	4.4%	114,714

As of 12.31.2024. nmf=Not meaningful. [1] •=First-time recommendation. [2]Trailing 12-month earnings. [3]Tangible book value. [4]Return on common equity. [5]Enterprise value-to-earnings before interest taxes depreciation and amortization. [6]Free cash flow yield. [7]Tangible equity. SOURCE: Kovitz using data from Bloomberg Finance L.P.

Industry Group	Ticker[1]	Company	Price	Target Price	Price Multiples EPS[2]	Sales	TBV[3]	ROCE[4]	EV/ EBITDA[5]	FCF Yield[6]	Debt/ TE[7]	Div Yield	Mkt Cap
Banks	C	Citigroup	70.39	83.96	19.3	nmf	0.8	3.5	nmf	nmf	nmf	3.2%	133,126
Health Care Equip/Srvcs	CAH	Cardinal Health	118.27	130.21	15.5	0.1	nmf	nmf	12.1	3.7	nmf	1.7%	28,623
Capital Goods	CAT	Caterpillar	362.76	429.98	16.5	2.7	12.8	53.5	11.6	5.4	189%	1.6%	175,141
Materials	CE	Celanese	69.21	122.38	10.3	0.7	nmf	15.8	11.4	11.2	nmf	0.2%	7,565
Banks	CFG	Citizens Financial Group	43.76	54.14	18.2	nmf	1.3	5.3	nmf	nmf	nmf	3.8%	19,285
Energy	CIVI	Civitas Resources	45.87	94.14	5.1	0.9	0.7	15.6	2.7	10.7	73%	4.4%	4,427
Banks	CMA	Comerica	61.85	75.42	10.9	nmf	1.3	9.3	nmf	nmf	nmf	4.6%	8,134
Media & Entertainment	CMCSA	Comcast	37.53	62.16	8.9	1.2	nmf	17.4	6.4	9.4	nmf	3.3%	143,610
Capital Goods	CMI	Cummins	348.60	399.24	17.1	1.4	8.8	20.0	19.1	0.6	96%	2.1%	47,822
Diversified Financials	COF	Capital One Fin'l	178.32	210.45	13.6	nmf	1.6	7.6	nmf	nmf	nmf	1.3%	68,031
Semis & Cap Equipment	COHU	Cohu	26.70	35.04	nmf	2.8	2.4	nmf	62.1	-0.3	4%	0.0%	1,245
Technology Hardware	CSCO	Cisco Systems	59.20	73.31	16.8	4.5	nmf	20.8	18.4	4.8	nmf	2.7%	235,779
Health Care Equip/Srvcs	CVS	CVS Health	44.89	83.34	7.1	0.2	nmf	6.7	9.2	3.1	nmf	5.9%	56,490
Energy	CVX	Chevron	144.84	187.21	12.7	1.3	1.7	10.4	7.0	7.1	14%	4.5%	260,291
Capital Goods	DE	Deere & Co	423.70	510.59	16.6	2.2	6.4	31.8	8.0	3.9	242%	1.5%	115,066
Energy	DINO	HF Sinclair	35.05	66.12	12.2	0.2	1.2	3.3	6.8	15.8	46%	5.7%	6,595
Media & Entertainment	DIS	Walt Disney	111.35	135.59	22.4	2.2	12.1	5.0	18.9	4.2	252%	0.9%	201,648
Retailing	DKS	Dick's Sporting Goods	228.84	258.21	16.0	1.4	6.8	42.6	11.6	3.8	144%	1.9%	18,645
Real Estate	DLR	Digital Realty	177.33	200.77	26.9	nmf	5.4	2.1	nmf	nmf	nmf	2.8%	59,991
Real Estate	DOC	Healthpeak Properties	20.27	27.24	11.1	nmf	1.8	4.1	nmf	nmf	nmf	5.9%	14,178
Energy	DVN	Devon Energy	32.73	68.08	6.4	1.4	1.6	26.3	4.0	-2.9	68%	2.7%	21,500
Health Care Equip/Srvcs	ELV	Elevance Health	368.90	634.51	10.6	0.5	11.4	15.6	6.9	1.1	330%	1.8%	85,556
Capital Goods	ENS	EnerSys	92.43	148.90	13.7	1.0	5.2	16.5	9.8	5.4	171%	1.0%	3,681
Energy	EOG	EOG Resources	122.58	160.20	10.3	2.9	2.3	24.9	5.1	8.3	13%	3.2%	68,945
Capital Goods	ETN	Eaton Corp PLC	331.87	388.94	31.5	5.3	nmf	20.1	25.8	2.4	nmf	1.1%	131,155
Food, Bev & Tobacco	FDP	Fresh Del Monte	33.21	41.21	13.7	0.4	1.0	0.8	15.2	8.4	26%	3.0%	1,592
Transportation	FDX	FedEx	281.33	352.96	16.6	0.8	3.4	14.6	10.8	3.8	169%	2.0%	67,759
Banks	FITB	Fifth Third Bancorp	42.28	51.96	13.7	nmf	2.1	12.5	nmf	nmf	nmf	3.5%	28,351
Retailing	FL	Foot Locker	21.76	30.01	24.7	0.3	1.2	nmf	18.2	1.2	134%	0.0%	2,065
Banks	FLG	Flagstar Financial	9.33	14.15	nmf	nmf	0.5	nmf	nmf	nmf	nmf	0.4%	3,873
Capital Goods	GBX	Greenbrier	60.99	69.87	12.3	0.5	1.9	12.2	7.7	-3.6	140%	2.0%	1,913
Capital Goods	GD	General Dynamics	263.49	342.16	20.1	1.6	114.5	17.0	14.7	3.2	1396%	2.2%	72,451
Software & Services	GEN	Gen Digital	27.38	35.44	13.1	4.4	nmf	29.3	12.3	12.3	nmf	1.8%	16,874
Pharma/Biotech/Life Sci	GILD	Gilead Sciences	92.37	107.05	20.9	4.1	nmf	0.6	37.2	8.2	nmf	3.3%	115,118
Technology Hardware	GLW	Corning	47.52	55.33	26.7	3.2	5.2	1.4	21.9	2.6	100%	2.4%	40,687
Autos & Components	GM	General Motors	53.27	70.24	5.4	0.3	0.9	15.1	2.1	13.9	139%	0.9%	58,575
Media & Entertainment	GOOG	Alphabet	190.44	208.65	25.1	6.8	8.2	32.1	18.4	2.4	8%	0.4%	2,324,023
Diversified Financials	GS	Goldman Sachs	572.62	622.42	16.8	nmf	1.8	10.7	nmf	nmf	nmf	2.1%	186,366
Autos & Components	GT	Goodyear Tire	9.00	16.90	8.0	0.1	0.8	nmf	8.8	-19.6	260%	0.0%	2,564
Consumer Durables	HAS	Hasbro	55.91	78.77	14.2	1.8	nmf	nmf	-33.1	10.1	nmf	5.0%	7,800
Autos & Components	HMC	Honda Motor	28.55	35.84	7.1	0.3	nmf	8.0	6.3	0.1	55%	4.1%	50,248
Technology Hardware	HPE	Hewlett Packard Enterprise	21.35	28.37	10.8	0.9	4.5	11.1	7.0	7.0	238%	2.4%	28,082
Software & Services	IBM	Int'l Business Machines	219.83	244.38	21.4	3.2	nmf	26.9	18.9	6.2	nmf	3.0%	203,265
Semis & Cap Equipment	INTC	Intel	20.05	36.33	71.6	1.6	1.2	nmf	64.6	-17.7	66%	0.0%	86,476
Materials	IP	Int'l Paper	53.82	64.82	34.3	1.0	3.4	4.8	13.7	4.3	103%	3.4%	18,698
Technology Hardware	JBL	Jabil	143.90	167.74	18.3	0.6	21.3	62.7	6.7	5.9	422%	0.2%	16,073
Pharma/Biotech/Life Sci	JNJ	Johnson & Johnson	144.62	208.83	14.1	4.0	nmf	20.8	12.6	5.9	nmf	3.4%	348,190
Technology Hardware	JNPR	Juniper Networks	37.45	39.70	22.2	2.5	14.5	5.6	31.0	3.2	205%	2.3%	12,399
Banks	JPM	JPMorgan Chase	239.71	263.49	12.7	nmf	2.5	17.0	nmf	nmf	nmf	2.1%	674,865
Retailing	JWN	Nordstrom	24.15	26.20	12.3	0.3	5.4	30.7	7.2	9.4	551%	3.1%	3,986
Banks	KEY	KeyCorp	17.14	21.76	17.1	nmf	1.5	0.0	nmf	nmf	nmf	4.8%	16,991
Real Estate	KIM	Kimco Realty	23.43	29.74	14.5	nmf	1.6	3.7	nmf	nmf	nmf	4.3%	15,795
Semis & Cap Equipment	KLIC	Kulicke & Soffa	46.66	53.25	nmf	3.6	3.0	nmf	-34.2	0.6	4%	1.8%	2,514
Food & Staples Retailing	KR	Kroger Co	61.15	73.61	13.1	0.3	4.7	23.0	8.3	4.9	309%	2.1%	44,249
Retailing	KSS	Kohl's	14.04	22.23	25.5	0.1	0.4	6.5	6.4	25.6	171%	14.2%	1,563
Technology Hardware	LITE	Lumentum Holdings	83.95	102.40	nmf	4.2	nmf	nmf	-56.7	-1.5	nmf	0.0%	5,767
Capital Goods	LMT	Lockheed Martin	485.94	614.42	17.2	1.6	nmf	81.0	13.0	5.6	nmf	2.7%	115,185

As of 12.31.2024. nmf=Not meaningful. [1].=First-time recommendation. [2]Trailing 12-month earnings. [3]Tangible book value. [4]Return on common equity. [5]Enterprise value-to-earnings before interest taxes depreciation and amortization. [6]Free cash flow yield. [7]Tangible equity. SOURCE: Kovitz using data from Bloomberg Finance L.P.

Industry Group	Ticker[1]	Company	Price	Target Price	Price Multiples EPS[2]	Sales	TBV[3]	ROCE[4]	EV/ EBITDA[5]	FCF Yield[6]	Debt/ TE[7]	Div Yield	Mkt Cap
Retailing	LOW	Lowe's Cos	246.80	293.88	20.9	1.7	nmf	nmf	14.3	5.6	nmf	1.9%	139,356
Semis & Cap Equipment	LRCX	Lam Research	72.23	109.58	22.5	6.0	13.8	49.1	18.9	5.1	67%	1.3%	92,937
Commerical Services	MAN	ManpowerGroup	57.72	98.94	11.7	0.1	32.3	1.7	6.5	3.9	358%	5.3%	2,709
Health Care Equip/Srvcs	MDT	Medtronic PLC	79.88	126.77	20.2	3.1	nmf	8.6	15.3	5.2	nmf	3.5%	102,429
Insurance	MET	MetLife	81.88	99.16	10.4	nmf	3.2	14.6	nmf	nmf	nmf	2.7%	56,695
Media & Entertainment	META	Meta Platforms	585.51	644.00	27.6	9.5	10.3	36.1	18.5	3.5	33%	0.3%	1,478,643
Capital Goods	MMM	3M Co	129.09	143.37	19.2	2.5	nmf	94.3	11.1	1.0	nmf	2.2%	70,297
Materials	MOS	Mosaic Co	24.58	41.06	11.0	0.7	0.7	3.1	6.6	3.8	31%	3.4%	7,808
Pharma/Biotech/Life Sci	MRK	Merck & Co	99.48	142.69	16.7	4.0	43.4	28.3	15.4	5.9	604%	3.3%	251,648
Diversified Financials	MS	Morgan Stanley	125.72	139.47	19.1	nmf	2.9	11.5	nmf	nmf	nmf	2.9%	202,539
Software & Services	MSFT	Microsoft	421.50	497.36	34.8	12.3	22.1	35.6	22.1	2.3	62%	0.8%	3,133,802
Semis & Cap Equipment	MU	Micron Tech	84.16	154.85	21.0	3.2	2.1	8.7	7.9	0.6	31%	0.5%	93,769
Materials	NEM	Newmont	37.22	59.06	14.4	2.5	1.6	nmf	20.9	2.3	33%	2.7%	42,373
Transportation	NSC	Norfolk Southern	234.70	314.76	20.8	4.4	3.9	18.3	13.6	2.3	121%	2.3%	53,098
Technology Hardware	NTAP	NetApp	116.08	150.12	16.2	3.6	nmf	138.5	14.2	5.8	nmf	1.8%	23,600
Materials	NTR	Nutrien Ltd	44.75	73.24	12.6	0.8	2.0	2.9	8.3	nmf	95%	4.8%	22,035
Media & Entertainment	OMC	Omnicom Group	86.04	119.27	11.0	1.1	nmf	40.6	8.9	8.8	nmf	3.3%	16,786
Software & Services	ORCL	Oracle	166.64	200.29	28.2	8.5	nmf	132.0	24.0	2.1	nmf	1.0%	466,085
Banks	OZK	Bank OZK	44.53	66.85	7.3	nmf	1.1	14.1	nmf	nmf	nmf	3.7%	5,051
Pharma/Biotech/Life Sci	PFE	Pfizer	26.53	40.06	10.3	2.5	nmf	4.5	16.9	5.5	nmf	6.5%	150,345
Health Care Equip/Srvcs	PHG	Koninklijke Philips NVR	25.32	34.16	19.2	1.3	nmf	nmf	19.1	5.9	nmf	0.0%	23,799
Banks	PNC	PNC Financial	192.85	228.16	19.8	nmf	2.0	10.4	nmf	nmf	nmf	3.3%	76,520
Utilities	PNW	Pinnacle West Capital	84.77	98.44	16.1	1.9	1.6	9.5	10.2	-7.3	159%	4.2%	9,638
Materials	• PPG	PPG Industries	119.45	197.90	14.9	1.5	nmf	19.1	11.7	4.6	nmf	2.3%	27,712
Insurance	PRU	Prudential Fin'l	118.53	145.13	9.4	nmf	1.4	14.3	nmf	nmf	nmf	4.4%	42,197
Financial Services	PYPL	PayPal	85.35	109.97	17.2	nmf	9.7	22.2	nmf	nmf	nmf	0.0%	85,567
Semis & Cap Equipment	QCOM	Qualcomm	153.62	236.49	15.0	4.4	12.0	42.4	14.7	6.5	98%	2.2%	170,672
Real Estate	REG	Regency Centers	73.93	86.00	17.5	nmf	2.2	5.8	nmf	nmf	nmf	3.8%	13,835
Capital Goods	SIEGY	Siemens AG	96.68	110.89	16.0	1.9	nmf	16.8	15.1	5.5	405%	1.9%	154,688
Capital Goods	SNA	Snap-On Inc	339.48	379.51	17.5	3.5	4.3	20.2	12.4	6.3	30%	2.5%	17,825
Pharma/Biotech/Life Sci	SNY	Sanofi	48.23	63.79	11.7	5.3	nmf	5.8	14.5	3.5	nmf	3.5%	121,841
Pharma/Biotech/Life Sci	SOLV	Solventum	66.06	81.06	12.5	1.4	nmf	nmf	nmf	nmf	nmf	0.0%	11,412
Technology Hardware	STX	Seagate Tech	86.31	127.08	28.0	2.5	nmf	nmf	18.4	3.5	nmf	3.3%	18,257
Materials	SW	Smurfit Westrock	53.86	64.62	nmf	1.2	2.9	nmf	nmf	nmf	136%	2.2%	28,020
Diversified Financials	SYF	Synchrony Fin'l	65.00	72.25	8.5	nmf	2.0	22.4	nmf	nmf	nmf	1.5%	25,307
Food, Bev & Tobacco	TAP	Molson Coors	57.32	82.94	9.8	1.0	nmf	7.1	7.8	9.6	nmf	3.1%	11,808
Banks	TFC	Truist Financial	43.38	54.94	13.1	nmf	1.4	nmf	nmf	nmf	nmf	4.8%	57,588
Retailing	TGT	Target	135.18	198.88	17.8	0.6	4.5	32.4	8.3	7.3	128%	3.3%	61,941
Capital Goods	TKR	Timken	71.37	100.79	13.3	1.1	12.3	12.6	8.5	5.1	555%	1.9%	5,004
Consumer Durables	TPR	Tapestry	65.33	67.80	16.6	2.3	38.3	29.9	12.8	7.9	2062%	2.1%	15,224
Food, Bev & Tobacco	TSN	Tyson Foods	57.44	75.80	18.5	0.4	7.6	4.4	10.4	7.2	380%	3.5%	20,459
Energy	TTE	TotalEnergies SE	54.50	91.71	7.2	0.7	1.6	14.5	4.0	13.7	50%	5.3%	130,674
Transportation	UPS	United Parcel Service	126.10	198.37	16.9	1.2	11.5	31.5	9.8	4.0	256%	5.2%	107,610
Autos & Components	VWAPY	Volkswagen AG Preference	9.12	15.16	3.1	0.1	nmf	7.6	0.9	-17.4	181%	7.2%	18,806
Telecom Services	VZ	Verizon	39.99	56.12	8.8	1.3	nmf	10.1	8.5	11.0	nmf	6.8%	168,343
Consumer Durables	WHR	Whirlpool	114.48	176.80	10.0	0.4	nmf	21.9	13.0	6.9	nmf	6.1%	6,312
Energy	WKC	World Kinect	27.51	35.93	27.8	0.0	2.7	6.7	7.9	4.3	134%	2.5%	1,598
Commerical Services	WM	Waste Management	201.79	243.00	27.8	3.8	nmf	35.4	16.0	2.6	nmf	1.5%	80,992
Food & Staples Retailing	WMT	Walmart	90.35	97.98	36.9	1.1	12.1	23.5	18.9	2.3	87%	0.9%	725,816
Energy	XOM	Exxon Mobil	107.57	142.09	12.5	1.4	1.8	14.4	7.7	7.3	14%	3.7%	472,780
Health Care Equip/Srvcs	ZBH	Zimmer Biomet	105.63	165.78	13.4	2.8	nmf	8.7	12.1	5.1	nmf	0.9%	21,028

As of 12.31.2024. nmf=Not meaningful. [1] •=First-time recommendation. [2]Trailing 12-month earnings. [3]Tangible book value. [4]Return on common equity. [5]Enterprise value-to-earnings before interest taxes depreciation and amortization. [6]Free cash flow yield. [7]Tangible equity. SOURCE: Kovitz using data from Bloomberg Finance L.P.

Portfolio Builder

Research Team Highlights

The Prudent Speculator follows an approach to investing that focuses on ***broadly diversified*** investments in ***undervalued*** stocks for their ***long-term*** appreciation potential. Does that mean we build portfolios of 20 stocks…30…? More like 50 and up. We like stocks. And we like a lot of 'em. We don't rely nearly as much on "how many" as we do "in which," but we tend to invest in far more names than most. This expansive diversification, we find, potentially serves us well in two ways: we can further minimize the risk of individual stock ownership, while maximizing the likelihood of finding the truly big winners among the undervalued masses.

As for the "in which" part, readers should know we discriminate among potential investments primarily by their relative valuation metrics and our assessments of stock-specific risk. We buy only those stocks we find to be undervalued along several lines relative to their own trading history, those of their peers or that of the market in general. Our Target Prices incorporate a range of fundamental risks (e.g. credit, customer and competitive dynamic) that we believe the companies may face over our normal three-to-five-year investing time horizon.

Each month in this column, we highlight 10 stocks with which readers might populate their portfolios. The list is not selected based on performance, as the following methodological hierarchy is utilized: 1) First time recommendations; 2) Stocks that are unowned or under-owned in one of our four newsletter portfolios; 3) Companies that have not been highlighted in the prior five monthly editions of *The Prudent Speculator*; 4) Editor's choice. Note that we are in no way suggesting that these stocks replace those featured in prior months as we will always issue a *Sales Alert* should we choose to exit a position.

Portfolio Builder Notes

This month, we will take the ownership of **Celanese**, **HF Sinclair** and **Healthpeak Properties** up to $50,000 in TPS Portfolio, while we will buy $14,000 of **PPG Industries** in Buckingham Portfolio and raise the stake in **Comerica** to that level. In our hypothetical accounts, we will add $24,000 of **EnerSys** and hike the weight of **Amgen** to that amount in Millennium Portfolio, while we will boost to $40,000 the positions in **Cohu**, **Omnicom Group** and **Whirlpool** in PruFolio. We will wait our usual two trading days until Tuesday, January 7, to transact.

THIS MONTH'S 10-STOCK SELECTION

Ticker	Company	Sector	Price	Target Price
AMGN	Amgen	Health Care	260.64	366.50
CE	Celanese	Materials	69.21	122.38
CMA	Comerica	Financials	61.85	75.42
COHU	Cohu	Information Technology	26.70	35.04
DINO	HF Sinclair	Energy	35.05	66.12
DOC	Healthpeak	Real Estate	20.27	27.24
ENS	EnerSys	Industrials	92.43	148.90
OMC	Omnicom Group	Communication Services	86.04	119.27
PPG	PPG Industries	Materials	119.45	197.90
WHR	Whirlpool	Consumer Discretionary	114.48	176.80

As of 12.31.2024. SOURCE: Kovitz using data from Bloomberg Finance L.P.

Amgen (AMGN)

Amgen, one of the world's largest biotech companies is engaged in the discovery, development and delivery of human therapeutics. The firm has a global presence, and its medicines treat cancer, kidney disease, rheumatoid arthritis, bone disease and other serious illnesses. AMGN continues to work to fend off competition and generics for some of its leading drugs, and was enjoying some momentum in early 2024 because of its potential once-a-month injectable obesity drug (MariTide). Shares have fallen more than 20% over the last two months as traders seemed to think data Amgen released did not do enough to differentiate MariTide from Eli Lilly and Novo Nordisk's rock-star GLP-1 drugs. We question the negative reaction to the data as MariTide demonstrated up to 20% average weight loss at 52 weeks without a weight loss plateau in people with obesity or who were overweight. In people with the same conditions but also living with Type 2 diabetes, MariTide demonstrated up to 17% average weight loss without a plateau, and it also showed an average reduction of the participants HbA1c by up to 2.2%. While there are headwinds for both the pharma/biotech industry and for Amgen, we think the overdone pullback has created a solid long-term entry point as AMGN trades for 13 times NTM adjusted EPS expectations and yields 3.7%.

Celanese (CE)

Celanese, a global value-added industrial chemicals company, is one of the world's largest producers of acetyls and a top producer of polymers used in auto, consumer and industrial products. Shares have nearly been cut in half since the company released a rough Q3 financial report and a 95% reduction of the dividend in early November. Prolonged demand weakness across key segments, including automotive and industrial, especially in the Western Hemisphere and Europe have the company prioritizing cash preservation and debt repayment. On top of it all, the company's Chairman and CEO put in her two-weeks notice mid-December. Former COO & CFO Scott Richardson, a Celanese veteran of nearly 20 years, will take her spot. We have come to terms with how volatile CE's end markets can be despite the efforts management has been making to move further into higher-value products. For those with the stomach to handle, we view the stock's plummet as an appealing opportunity given that even the lowest of the 60 analyst EPS estimates for any of the next three years is above $8.00.

Comerica (CMA)

Comerica is a financial services company with three core business segments: The Commercial Bank, The Retail Bank and Wealth Management. CMA has operations in Texas, Arizona, California, Florida and Michigan. Given hedges on its loan portfolio out to 2026, Comerica has transformed itself into drastically different exposure than in pre-pandemic form with its modest net liability sensitivity. The stock has shed over 15% since late-November on remarks about tepid loan growth, declining non-interest-bearing deposits amid a "higher for longer" rate environment and litigation with the CFPB over its Direct Express program. With loan growth slowing, the bank had recently expressed interest in paying down higher-cost deposits. Of course, interest rate cuts by the Federal Reserve should help on that front, while the stock's latest slide ought to support management's plans to initiate buybacks. We expect EPS projections for the next couple of years to prove overly pessimistic, which would add appeal to the 11 P/E multiple and 4.6% dividend yield.

Cohu (COHU)

Cohu is a global leader in test and handling equipment, thermal subsystems, interface solutions, vision inspection and MEMS test solutions supplying the semiconductor industry. COHU shares fell in 2024 as bookings and revenue struggled to keep pace with analyst estimates. Fiscal Q4, which ended on Halloween, seemed to be a turning point. CEO Luis Muller said bookings across all market segments had a sequential gain and management is "a little bit more optimistic now as we head into 2025." Shares rose on the quarterly report, but that was not nearly enough to dig COHU out of the performance hole for the year. Analysts seem hesitant to bake the revised guidance into their models, at least as evidenced by subdued 2025 revenue and EPS estimates, but COHU has protected its terrific balance sheet, and an upside top- or bottom-line surprise could send shares soaring.

HF Sinclair (DINO)

HF Sinclair operates refineries across Kansas, Oklahoma, New Mexico, Utah, Washington and Wyoming, complemented by a marketing network of over 1,500 Sinclair-branded gas stations in 30 states. While refining profits can be volatile, as evidenced by a nearly 400-basis-point compression in gross margin in Q3 2024 compared to a year ago, DINO has improved its earnings generation potential in our view through refining purchases in the northwest and adding the Sinclair brand to its portfolio. DINO has repurchased 71% of the shares issued in the Sinclair and HEP acquisitions, and recently reiterated its commitment to returning approximately 50% of adjusted net income through buybacks and dividends. As of the end of Q3, the company had $800 million remaining of its share repurchase authorization. So, we welcome all the buybacks we can get with shares at current levels, off more than a third over the past 12 months. We also like the 5.7% dividend yield as management expects refining crack spreads to firm up starting this year. DINO trades for under 10 times the Street's 2026 EPS forecast.

Healthpeak Properties (DOC)

Following its merger with Physicians Realty, Healthpeak owns, leases and manages a 59 million square-foot real estate portfolio, with about 38 million square feet of outpatient medical properties and 10 million square feet of Lab properties concentrated in high-growth markets like Dallas, Houston, Nashville, Phoenix and Denver. More than half of Healthpeak's annual rents come from tenants involved with different aspects of the life sciences space (biotech, medical device and pharma companies), with the remainder made up of outpatient medical facilities mostly on the same site with or adjacent to hospital campuses and most are affiliated with a top regional health system. DOC expects to grow funds from operations (FFO) in the 4% to 5% each of the next three years and has about 1 million square feet under development (63% of which is already leased). Debt is spread out through 2032 at a 3.5% weighted-average fixed coupon, which is easily covered. We like the diversification and view regional health system affiliations as large positives.

EnerSys (ENS)

EnerSys is major provider of energy storage solutions, billing itself as the global leader in batteries, chargers and accessories for motive (electric forklifts), reserve (uninterrupted power systems), aerospace (satellites) and defense applications. EnerSys has completed more than a dozen acquisitions over the past two decades and offers different battery types, ranging from Flooded Lead Acid (FLA) to Thin Plate Pure Lead (TPPL) and Lithium-ion (Li-ion) for various needs and applications. Shares retreated 8% in 2024 as tailwinds that propelled the stock higher in 2023 did not continue to blow, but we think ENS should have earned more time in the sun given the megatrends the company can benefit from, such as 5G, the electrification of mobility solutions and grid modernization. Shares change hands for less than 10 times fiscal 2025 estimated earnings with revenue expected to grow at a stable 2% to 4% annual clip for the next four years.

Omnicom Group (OMC)

Omnicom Group provides advertising, marketing and corporate communications services. The company's agencies offer traditional media advertising, customer relationship management (CRM), public relations and specialty communications. Last month, Omnicom announced that it entered an agreement to merge with fellow advertising titan The Interpublic Group (IPG). The news did not go over well with shareholders as the OMC price has fallen 16% since December 6 and analysts have not given the combined company much credit in their pro-forma models, warning that despite the strategic merits, IPG's recent growth challenges and concern about what are offensive moves versus defensive, there's an unwillingness to use higher multiples when calculating target prices. One big bank noted that a "merged-company top-line acceleration could potentially drive a future rerating." Indeed, we did not edit our Target Price for OMC after the announcement, weighing equally the upside potential and downside risk, but IPG scored well in our proprietary valuation algorithm, so the price tag on the deal was reasonable. OMC has a good balance sheet and a 3.2% yield, and we are excited to see what management can do when the companies start integrating.

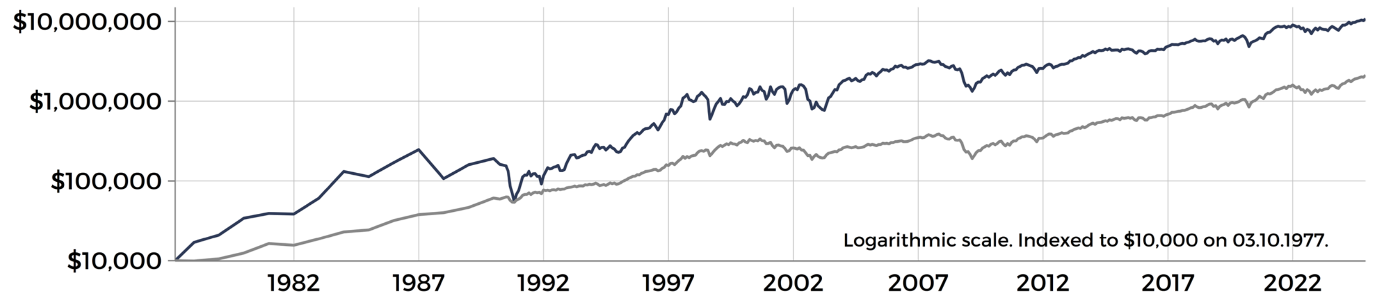
PPG Industries (PPG)

PPG is a global supplier of industrial and performance coatings with last-12-month revenue near $18 billion. PPG operates in more than 70 countries serving customers in construction, consumer products, industrial and transportation markets and aftermarkets. The company is the second largest coatings firm in the world and holds top-two positions in the majority of its diverse end markets, ranging from branded house paint to sophisticated aerospace and electric automobile battery coatings, where PPG is a technology leader. Shares are down more than 20% over the past year, and markets were unmoved by the company showing growth in 7 of its 10 businesses last quarter. We think PPG offers attractive long-term upside with appealing organic growth opportunities, especially internationally in emerging and developing countries. Despite the ongoing headwinds in residential and do-it-yourself markets amid higher mortgage rates, we think there is opportunity given the average age of U.S. housing supply. We are also constructive on the potential for aerospace and protective marine coatings. It is worth noting PPG is selling two underperforming businesses (architectural and silicas) for a combined $860 million which should help strengthen the balance sheet, support improved margins and enhance shareholder return opportunities. PPG shares trade at 13.5 times NTM adjusted EPS and have a current dividend yield of 2.4%.

Whirlpool (WHR)

Whirlpool is the top major appliance manufacturer in the world, with multiple brands each having more than $1 billion in sales. Shares have nearly doubled off the 2024 low but remain well below the levels from a couple years ago amid higher interest rates and a more cautious consumer. The company also has a large portion of its debt due this year ($1.8 billion), although CFO Jim Peters seemed to have confidence in his ability to make that payment. At the release of Q3 financial results, he suggested that "we have ample space in our flexible debt ladder to optimize our refinancing plans." While we aren't expecting a return to 3% mortgages, we also don't find low rates necessary for WHR's success. Shares trade below 10 times forward earnings expectations, which are expected to bottom next year, with solid growth resuming in 2026. Management has taken care to control costs where possible, which should prove doubly beneficial as consumer confidence eventually recovers. In the meantime, shareholders enjoy a 6%+dividend yield. ■

THE PRUDENT SPECULATOR (TPS) PORTFOLIO STANDARDIZED PERFORMANCE



The Prudent Speculator (net), Latest Value: $10,765,283 S&P 500 Total Return Index, Latest Value: $2,115,730

As of 11.30.2024	QTD	YTD	1-Year	3-Year	5-Year	7-Year	10-Year	15-Year	20-Year	25-Year	Inception
TPS Portfolio (gross)	3.79	21.15	29.94	9.29	11.89	10.72	10.52	12.63	9.57	11.03	16.90
TPS Portfolio (net)	3.63	20.06	28.68	8.21	10.79	9.62	9.42	11.52	8.49	9.93	15.77
S&P 500	4.90	28.07	33.88	11.43	15.76	14.41	13.35	14.21	10.67	8.05	11.89
Russell 3000 Value	5.36	22.45	29.71	10.12	10.77	9.57	9.26	11.35	8.39	7.82	NA

Year	Total Assets[1]	Composite Firm Assets[1]	# Total Accounts	Composite Gross Return (%)	Composite Net Return (%)	Bench Return (%)	Bench 2 Return (%)	Composite 3-Yr STD (%)	Bench 3-Yr STD (%)	Bench 2 3-Yr STD (%)	Composite Dispersion (%)	Wrap-Fee Paying (%)	Non-Fee (%)
2023	7,684	28.4	32	16.15	15.01	26.27	11.63	18.64	17.67	17.55	0.31	21.70	<1
2022	6,767	25.6	33	-12.68	-13.56	-18.11	-7.98	21.12	19.91	20.56	0.32	21.00	<1
2021	7,465	30.9	38	25.48	24.25	28.72	25.36	19.88	17.17	19.34	0.35	<1	<1
2020	5,990	20.7	38	10.52	9.46	18.40	2.87	20.70	18.53	19.96	0.74	4.80	<1
2019	5,061	22.2	47	28.29	26.99	31.49	26.26	13.19	11.94	9.42	0.32	5.00	16.20
2018	3,674	18.5	51	-8.46	-9.42	-4.38	-8.57	11.28	10.80	11.06	0.25	4.11	14.31
2017	946	18.9	42	19.78	18.61	21.84	13.20	9.03	9.92	10.33	0.34	6.93	24.69
2016	711	7.0	10	18.51	17.36	11.98	18.42	11.66	10.59	10.97	N/A	5.60	39.89
2015	701	2.5	<6	-4.23	-5.18	1.41	-4.13	12.01	10.62	10.90	N/A	<1	100.00
2014	827	2.6	<6	5.35	4.30	13.69	12.69	11.36	9.10	9.49	N/A	<1	100.00

IMPORTANT INFORMATION

[1]Presented in millions. Kovitz Investment Group Partners, LLC ("KIG") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. KIG has been independently verified by The Spaulding Group for the periods January 1, 1997 through December 31, 2023. The verification report(s) is/are available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.s

Kovitz Investment Group, LLC underwent an organizational change effective January 1, 2016, and is now Kovitz Investment Group Partners, LLC. The previous manager of the strategy, AFAM Capital, Inc. (AFAM) underwent an organizational change effective October 1, 2018, and is now a division of KIG (AFAM Division). AFAM claimed compliance with GIPS® and had been independently verified for the periods January 1, 1996 through December 31, 2017. The staff of the AFAM Division have provided the same services throughout the entire period, and the persons currently responsible for managing Composite portfolios have been primarily responsible for portfolio management throughout the entire period shown. KIG, an investment adviser registered under the Investment Advisers Act of 1940, manages equity, fixed income, and hedged equity portfolios for its clients.

The Composite was created December 31, 2015, and the inception date for portfolio performance was March 10, 1977. The Composite includes all discretionary portfolios managed according to the TPS strategy (Strategy). From March 10, 1977 through December 31, 2015, the Composite consisted of 1 portfolio managed according to the Strategy. The portfolios eligible for the Composite must follow the Strategy. The minimum account size for inclusion in the Composite is $50,000. Composite policy originally required the temporary removal of any portfolio incurring an aggregate net cash flow of at least 25% of portfolio assets. On July 1, 2016, the cash flow policy was updated to reflect the temporary removal of any portfolio incurring cash inflow or outflow of 25% or more during the month – "net" and "aggregate" are no longer applicable. The removal of such a portfolio occurs at the beginning of the month in which the significant cash flow occurs, and the portfolio re-enters the Composite at the beginning of the month after the cash flow. This policy is reviewed and maintained monthly. The Composite includes portfolios that utilize margin. The firm maintains a complete list and description of Composites, which is available upon request.

The U.S. Dollar is the currency used to express performance. The composite may include portfolios charged bundled or wrap fees, which typically consists of a single fee representing the advisor's fee, investment management fees, trading expenses, and portfolio monitoring. Gross-of-fee returns are shown as supplemental information and incorporate the effects of all realized and unrealized gains and losses, the receipt, though not necessarily the direct reinvestment, of all dividends and income, and trading expenses, where explicitly charged. Net-of-fee returns are calculated using model management fees charged to each portfolio and are presented net of the entire bundled or wrap fee, where applicable. Actual investment management fees will vary, beginning at 1.00% per annum. The current management fee schedule is as follows: 1.25% on assets below $1 million, 1.0% per annum for assets from $1 million to $5 million, 0.85% per annum on assets from $5 million to $10 million, 0.75% per annum for assets from $10 million to $20 million, 0.65% per annum for assets from $20 million to $35 million, 0.55% per annum for assets from $35 million to $50 million, and 0.50% per annum for assets over $50 million. Such fees are negotiable. Where applicable, the total bundled or wrap fee charged to each portfolio is dependent on the end client's financial advisor and wrap sponsor. The composite includes accounts that do not pay trading fees. The measure of internal dispersion presented above is an asset-weighted standard deviation. The 3-year standard deviation presented above is calculated using monthly gross-of-fees returns. The 3-year standard deviation is not presented when less than 36 months of returns are available.

For comparison purposes, the composite is measured against the S&P 500 Index, a broad market sample based on the market capitalizations of 500 large companies having common stock listed on the NYSE or NASDAQ. The secondary benchmark is the Russell 3000 Value Index, which measures the performance of the value sector (lower price- to-book ratios and lower expected growth rates) of the Russell 3000 Index. The third benchmark is the Russell 3000 Index, which measures the performance of the value sector (lower price-to-book ratios and lower expected growth rates) of the Russell 3000 Index, which measures the performance of the largest 3,000 US companies and represents approximately 98% of the investable US equity market. On September 30, 2023, the manager discontinued usage of the tertiary benchmark, the Russell 3000. It is not possible to invest directly in an index.

Nothing presented herein is, or is intended to constitute, specific investment advice or marketing material. Information provided reflects the views of KIG as of a particular time. Such views are subject to change at any point and KIG shall not be obligated to provide notice of any change. Any securities information regarding holdings, allocations and other characteristics are presented to illustrate examples of the types of investments or allocations that KIG or AFAM may have bought or pursued as of a particular date. It may not be representative of any current or future investments or allocations and nothing should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While KIG has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in securities. Past performance is not a guarantee of future performance.