

<p>Fourth Quarter</p> <p>2024</p>	<h1>Quarter In Review</h1>
<p>Jensen Private Client</p>	

## Firm Update

Happy New Year! We hope you had a lovely holiday season with family and friends, and as we look ahead to the year before us, we would like to remind you of several important dates:

**January 31:** Your account custodian will distribute tax documents to clients with accounts that hold securities such as stocks and bonds.

**February 14:** Tax documents will be distributed to clients who also own mutual funds, real estate investment trusts (REITs) and similar investments.

**March 14:** All remaining tax documents will be distributed.

**April 15:** Tax Day.

Most clients have their IRA accounts custodied at Pershing, LLC and we are pleased to report that the Required Minimum Distributions (RMDs) for 2025 have been calculated. Please reach out to any of our team members if you would like to process your 2025 RMD earlier than usual.

On a personal note, Philomena Ferree welcomed a new member to her family! Her daughter was born in November and Philomena and baby are happy and healthy - we were lucky to see them both at the Jensen holiday party last month. Philomena remains on maternity leave until March, and we look forward to welcoming her back.

## Fourth Quarter 2024 in Review

The fourth quarter of 2024 marked a period of continued market resilience despite persistent economic uncertainties. The S&P 500 advanced through Q4, building on the year's earlier momentum. The largest tech stocks maintained their market leadership, though with more modest gains compared to earlier quarters. From a macroeconomic perspective, market growth was further fueled by continued GDP growth, cooling inflation, low unemployment, and the expectation of more Fed rate cuts into 2025. This combination of factors led to the S&P 500 Index posting its best back-to-back returns since 1998.

## Looking Ahead

After the second consecutive year of strong double-digit stock market returns, we maintain a neutral near-term outlook for market returns for 2025.

The S&P 500 Index has advanced at a faster rate than earnings over the past 2 years, implying that multiple expansion (when a company's valuation increases without a proportional increase in its earnings or revenue) was responsible for a significant portion of its gains. In our view, higher multiples reflect investor optimism about future growth from AI development and expectations for further reductions of the Federal funds rate. For the second consecutive year,



strong market performance was led by a narrow group of stocks with the five largest companies in the S&P 500 Index — Microsoft, Apple, Amazon, Nvidia and Meta —accounting for approximately 45% of the Index’s total return.

We also acknowledge the secular growth prospects from novel technology investments and that 2025 will be the first year of a new political landscape which could support economically favorable policy changes. From our vantage point, it is difficult to predict a near-term resolution to potentially competing forces. Technology advances and beneficial policy changes could support continued multiple expansion and market concentration, but should this optimism begin to fade, these factors could exacerbate downside market volatility. In our experience, changes in market sentiment often occur capriciously and without warning.

Notwithstanding the current uncertainties, many of which have been unresolved for the past two years despite the stock market gains, we remain confident that unpredictable markets can create opportunities for long-term investors focused on high-quality companies. High-quality businesses that Jensen favors typically benefit from durable competitive advantages, steady free cash flow generation and attractive long-term growth opportunities. In an environment characterized by an uncertain macroeconomic outlook, we believe these high-quality attributes can provide resiliency via pricing power and financial flexibility.

## Connect With Us

Thank you for your continued confidence in Jensen and we look forward to serving you in 2025. We are tremendously grateful for your ongoing support and, as always, please do not hesitate to contact us with any questions you may have. Happy New Year!

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S&P 500 Index: Is a market value weighted index consisting of 500 stocks chosen for market size, liquidity and industry group representation. The Index is unmanaged, and one cannot invest directly in the Index.

Free Cash Flow: Is equal to the cash from operations of a company less capital expenditures.



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