

Hillman Capital Management
3rd Quarter 2024
Market Commentary

At Hillman Capital Management (HCM), we strive to prudently add value for our clients over the long term. In doing so, we work hard to construct and maintain portfolios appropriate for the goals, risk tolerance and time horizon of each client. Within the equity component of our portfolios, we take a long-term approach, investing in companies that we believe enjoy sustainable competitive advantage. Our goal is to purchase securities of advantaged firms when they sell at a discount to estimates of fair market value. We believe that our approach may offer a prudent way to control risk, with the potential to outperform the market over time. Within that context, we offer a quarterly commentary.

After many years of accommodative monetary policy, the US Federal Reserve Bank's Open Market Committee changed course, lowering the target federal funds rate by 50 basis points. The Fed indicated that the range is now set at 4.75% to 5.00%, with a reasonable likelihood of future easing. U.S. Large Cap Equities rallied, with the Russell 1000 Value TR Index rising by 9.43% and the S&P 500 TR Index increasing 5.89%. U.S. Small Cap Stocks, as measured by the Russell 2000 TR Index, gained 9.27%. International equities, measured by the MSCI EAFE TR Index, returned 7.33%, and the MSCI Emerging Markets TR Index popped 8.88%.

U.S. bond yields followed the Fed's lead, as the yield on the Ten-Year US Treasury Note dropped significantly, from 4.36% to 3.81%. The German Ten-Year Government Bond yield and the Japanese Ten-Year Government Bond yield took a similar course, dropping from 2.605% to 2.040%, and from 1.063% to 0.849%, respectively.

International economic growth may be tempered by the war in Gaza, the ongoing confrontation in Ukraine, and labor actions. Developed economies and large companies are adept at navigating these types of disruptions, and we caution against investing based upon overly optimistic or unnecessarily dire scenarios. We implore investors to adhere to their long-term asset allocation programs.

We will continue to focus our energies on making prudent long-term investment decisions within the context of our clients' needs. Our equity strategies continue to be driven by our core belief that competitively advantaged companies will outperform their peers through economic cycles and market cycles. Our goal is to invest in great enterprises at attractive prices. We will continue to invest according to this precept for the long-term interests of our clients.

Regards,



Mark A. Hillman
CEO and Chief Investment Officer