

# CM LEGACY FUND

July, 2024

Dear

Equity markets in the U.S. traded sideways during the 2nd quarter of 2024. Your investment in CM Legacy Partners LLC had a slight net loss of -0.45%. Year-to-date through June 30, the Fund advanced +18.1% vs. the S&P 500 +14.5%, DJIA +3.8% and Russell 2000 (small caps) +1.0%. For the trailing one year the Fund returned +36.2% which compares favorably to the S&P 500 +22.7%.

Our best performing stocks during the quarter were: Costco Wholesalers +16.1%, Cameco Uranium Corp +15.2%, Agnico Eagle Mining +13.1%, Novo-Nordisk +11.5% and Amazon +7.5%. Bitcoin corrected during the quarter and was down -12.9% but it is still up +53.8% year-to-date.

We are quite optimistic for equity markets in the 2nd half of 2024 for the following three reasons:

- Although it might feel like the market is very strong and in a “bubble” near all-time highs, the last three years have delivered only modest, below trend returns. The annualized return of the S&P 500 was +8.3% and the DJIA +4.3% for the trailing three years. The market has been negatively impacted by higher interest rates, inflation, banking stress and slow GDP growth.
- It is likely that the Federal Reserve will cut interest rates one or two times in the next six months. This will provide relief to borrowers and banks as well as improving valuations with a lower discount rate on future earnings.
- It is likely that a Republican administration will regain control of Washington D.C. in 2025. This will take higher corporate taxes and higher capital gains taxes off the table. The “war on fossil fuels” will be reined in, increasing the supply of energy and reducing costs that will ease inflation throughout the economy. Also, there will be a rollback of government agency regulations that act as a “wet blanket” on growth, mergers and innovation in private markets. A less intrusive, more “pro-business” administration historically releases the “animal spirits” in U.S. equity markets as it did in 2016-2020 pre-covid.

Of course, there probably will be surprises during the rest of 2024, but as of July 1st the set up looks quite positive for our investment portfolio. Our biggest concern remains the \$35 trillion national debt and excessive government spending. As a hedge against fiat currency depreciation or a debt crisis, we have exposure to both gold and bitcoin.

If you have any questions, please do not hesitate to contact me at 917-225-6002 or [cam@kcorba.com](mailto:cam@kcorba.com). You can also review our website at [www.cmlegacy.com](http://www.cmlegacy.com).

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