



September 2024

This quarter, we played our usual game of “tag” with the broader stock indexes. While investing is no game, there are times when the movement of the market seems especially reminiscent of the random lurching and swerving of pin the tail on the donkey: certain stocks may move up one day (as others move down) and then retreat the following day (as others regain ground), with no discernible pattern across either industry or sector. We are, of course, fine with that, as such randomness can yield—and, for us, has often yielded—good opportunities.

Earnings in general this quarter have been fine, but with so much up in the air with respect to issues of consequence both nationally and internationally, it does surprise us somewhat that the perennial game of keep away the market plays with investors continues to lift stock prices largely out of reach for those of us looking for a good bargain. While some of the more tenacious themes of the times remain in play, as demonstrated by the Twister-like contortions around Artificial Intelligence, other narratives are receding, as it becomes more apparent that the economy is in fine shape, with inflation pulling back and companies regaining their post-pandemic equilibrium. The good news is that we’ve been able to capture some of the buoyancy by selling positions or parts of positions in stocks we believe to be excessively priced; the bad news is that as far as buys are concerned, we are like the kid jumping rope, still waiting for the right entry point(s) to hop in.

Meanwhile, we at Marshfield continue to talk to companies and to update our “shopping list”, ready at a moment’s notice to dive back in to pick off a name or three if the market provides the chance. We have learned from long experience that being the last one standing in dodgeball yields a satisfaction well worth both the wait and the avoidance of headshots.