

MARKET COMMENTARY – January 1, 2025

*In life's small things be resolute and great
To keep thy muscle trained: know'st thou when Fate
Thy measure takes, or when she'll say to thee,
"I find thee worthy; do this deed for me." ~James Russell Lowell*

Truth be told, we had never before encountered Lowell until perusing our well-worn Bartlett's Familiar Quotations for something related to resolutions, fitting for our January commentary. It turns out Mr. Lowell was a nineteenth century poet, professor, editor, and diplomat. By his own admission, he "did nothing" during his four years at Harvard, spending much of his time in suspension. In spite of his antics and laziness, he was named as class poet and then admitted to Harvard Law School. Rather than practicing law after his admission to the bar, he accepted a professorship at Harvard, teaching languages. It was only after he was named ambassador to Spain and then England decades later that he left Harvard for good.

Somewhere in Mr. Lowell's life he must have dispelled with the wayward days of his youth. He became actively involved with the movement to eradicate slavery and wrote vociferously on the topic, eventually endorsing then-candidate, Abraham Lincoln, for president before the Civil War. These events led to a growing involvement in politics.

And so, back to resolutions. This time of year, it is wise to reflect on the things that helped or hindered us in the year past. Then, we often resolve to do more of the good and less of the bad. We attempt to firm our minds by declaring these resolutions. Unfortunately, New Year's pronouncements suffer from a dreadfully low rate of adherence. Despite noble intentions, most folks forget to set up the proper parameters for success – precise written goals, precise written steps, accountability partners, et cetera. And all-to-often the goals themselves are too much of an about face or departure from existing habits to lend themselves to triumph. We find incrementalism helps.

What Mr. Lowell's suggestion above lacks in grand scale, it achieves in simplicity and achievability. It can also be applied to what we do at Stirling Bridge as well as what our clients do in their own financial lives.

Instead of resolving to lose 25 pounds, which requires lots of disparate inputs to be achieved, it is better to resolve to do something specific. For example, one could decide to walk two miles, five mornings a week. Similarly, resolving to have a million dollars requires lots of things to work out. However, resolving to turn two restaurant trips per

month into free alternatives might set someone up to save more. Alternatively, resolving to stay on plan regardless of the daily news or market price turmoil has a much better chance of getting someone to their next million dollars than simply loading up on today's hottest trend.

And speaking of trends, AI spending appears to be here to stay for at least several more quarters, perhaps a few more years. Open AI, the largest AI-centered firm and partially owned by Microsoft, confessed last week that they had underestimated the amount of capital needed to properly build out these AI use cases. And so, as Open AI, Microsoft, Google, Amazon, Meta, and dozens of other companies invest in their models, demand for AI infrastructure from electricity to chips will continue to grow. We plan to continue to play in these arenas.

However, please keep in mind another aspect of Mr. Lowell's quotation above. The lady Fate appears at her whims, not ours. The returns of 2023 and 2024 might make us consider abandoning other investments entirely in order to focus on AI-related themes. That works until it doesn't. And when it doesn't, when clients abandon proper equity diversification in favor of the glamor stocks of the day, when the shine of those stocks looks just a shade foggy, they will get a heavy dose of reality. Painful reality.

That is why we counsel folks to own some real estate, some "boring" utilities, some property and casualty insurance companies along the way. We are not in any way suggesting technology themes aren't real and lasting. Rather, we merely propose none of us has perfect foreknowledge. We ought to invest that way.

With ample humility, we resolve to do the small things well for our clients. In 2025 we aim to align portfolios with client needs and goals, limited by their real-life constraints. We aim to take advantage of these global technological trends reshaping our world. Lastly, we resolve to keep our muscles trained for the inevitable day when the Fates will pause their spinning and call upon us to take our measure.

Stirling Bridge Wealth Partners, LLC is fortunate to count many of you as clients. In the good times and bad, we remain committed to providing customized investment solutions and robust financial planning wrapped in a package of exceptional service. We thank each of you for your dedication to us and for your trust.

Sincerely
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