



February 2024

Dear friends and clients,

As we welcome the new year, it's a time for both reflection and anticipation. Gresham's journey, always guided by our founding principles, continues to be anchored by our most important value: independence. This principle extends beyond our ownership structure, embodying a mindset that empowers us to serve you, free from the typical conflicts of interest found in many wealth management institutions. We pride ourselves on not selling products or pushing proprietary strategies. While this approach might forego short-term profits, it fosters trust and builds long-term, meaningful relationships. It's a less-trodden path in the financial world, but one we firmly believe is crucial for sustained success and client satisfaction.

As we enter what I like to call the 'silly prediction season', many financial institutions roll out their market forecasts, presenting an illusion of certainty in an uncertain world. The historical inaccuracies of these predictions, combined with a lack of accountability, would put even the least accurate weather forecasts to shame. We take a different stance. We recognize the future's inherent unpredictability and that no one has a crystal ball. Instead, we recognize that our job is not to predict the future but to prepare for it by building resilience in our investment strategies.

The liberating realization that we cannot predict the future frees us from the delusions of attempting to time markets or possessing the ability to avoid unexpected market declines, which are simply the inevitable costs of long-term investing. Conversely, we relentlessly seek investment opportunities that, over a market cycle, should be accretive to our clients' long-term investment success. This pursuit, sometimes seen as excessive or even obsessive, leads us to places like Greece and India, the innovative world of micro-VCs, or the evolving landscape of micro-energy opportunities. Our enthusiasm for exploring and understanding these areas probably does not make us the life of a cocktail party, but we're always happy to join if invited!

Despite the value these explorations have added for our clients over the years, we've observed that individual investor behavior, even ours as professionals, can have a more significant, often negative, impact. To that end, we're excited to launch a behavioral finance series this year, designed to help us all identify and avoid the natural human tendencies that can be detrimental to long-term investment success. Understanding the psychological aspects of investing can be as important as the financial aspects. Internally, we've long focused on "checking our biases," and now we aim to offer practical insights and strategies to help all of us make more informed and rational investment decisions.

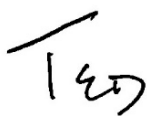
For those eager for a head start, I highly recommend reading Annie Duke's book "Thinking in Bets." Life is poker, not chess. Chess is deterministic; if you have perfect information, you can always make a perfect move. Life, like poker, involves hidden information and uncontrollable interventions, where outcomes are uncertain even with the best decisions. Duke encourages readers to become comfortable with uncertainty and to recognize luck's role in outcomes. Good decisions can lead to bad outcomes and vice versa, a natural part of navigating incomplete information. Sound familiar? This concept, though broadly written, is highly applicable to investing.

When the final tally is taken, 2023 will likely continue the string of poor outcomes for the active management industry. Outperforming, especially after fees, becomes increasingly difficult when market performance is driven by a narrow set of leaders. The so-called “Magnificent 7” stocks astoundingly accounted for roughly 60% of the S&P 500 Index's appreciation. However, we can proudly state that all four of Gresham's actively managed strategies outperformed their respective benchmarks\*. This is not the place for an in-depth discussion of our independent thinking and unconventional approach that led to these outcomes; such details are better suited for client-specific communications where we can discuss performance and specific managers. What I am most proud of, however, is our continuous evolution in both approaches and solutions for our clients, even when things are working well. In 2023, we implemented significant enhancements to our tax-managed core portfolio construction methodology, yielding outstanding results in its transition from theory to practice. Additionally, we restructured our Global Equity Strategies portfolio to increase concentration, boost active share, and enhance idiosyncratic risk while maintaining a balanced construct. We believe the combination of these two efforts will boost both pre-tax and after-tax results for clients in the future. If you are not moving forward, you are moving backward.

None of these achievements, from embracing our foundational principles to the continuous evolution of our strategies and services, would be possible without our team. Today, the Gresham team, comprising 75 people, has never been more capable. While there are many individual accomplishments to highlight, such as Kim Kamin's prestigious induction into the NAEPC Estate Planning Hall of Fame®, I am most proud of a team recognition. In 2023, Gresham was honored as a Top 50 Best Place to Work by Crain's Chicago. This recognition is particularly noteworthy given the limited representation of financial services firms. Our industry demands commitment, as the expectations are high and the expertise required to serve our clients takes years, even decades, to develop. This accolade is a testament to the dynamic and supportive work environment our entire team has nurtured.

The strength of our team and the trust placed in us by our clients and partners are our most valued assets. We look forward to navigating the opportunities and challenges ahead, hoping the new year is filled with growth, success, and strengthened relationships.

With warm regards,

A handwritten signature in black ink, appearing to read 'E. Neild' with a stylized flourish at the end.

Edward F. Neild IV  
Chief Executive and Chief Investment Officer

\*Gresham's actively managed access vehicle strategies (GES, GEMS, OG and LVHS) outperformed their respective benchmarks (MSCI World Index, MSCI Emerging Markets Index, HFRI Fund Weighted Composite Index and HFRI 500 Low Beta Index, respectively) by 200bp to 600bp for the calendar year 2023. Past performance is not necessarily indicative of future results.