

FIRST LONG ISLAND INVESTORS, LLC

FOURTH QUARTER 2020 REPORT

INVESTMENT PERSPECTIVE



December 31, 2020

“Invest for the long haul. Don’t get too greedy and don’t get too scared.”

-Shelby M.C. Davis

We achieved strong performance in the fourth quarter and for the years 2019 and 2020. Our thought piece, which was recently issued, described many of the factors that contributed to our performance. These include substantially increased liquidity from both the Fed and Congress; closure on an election met with much anticipation; the early but inadequate distribution of two efficacious vaccines; a strong rebound in the economy; and continued low interest rates and low inflation—all of which gave investors cause for optimism. At the same time, concerns still abound from the ravages of the spreading coronavirus, the upcoming legislative and regulatory changes from the new administration, the recent attack on the Capitol and the impeachment of President Trump, as well as somewhat stretched equity valuations in general (as well as some valuations for IPO’s and Bitcoin that do not make sense to us).

Our quote puts in perspective the view we believe investors should have looking forward. “Don’t get too greedy” suggests to us that returns could be muted in the near future recognizing that substantial gains have already been made in anticipation of a growing economy coming out of the pandemic. If hyper stimulus is achieved by the Biden administration it is possible that equity gains can continue. However, valuations, which have been somewhat dependent on low interest rates, could see pressure if rates were to go up from all of the stimulus and inflation that is likely to result therefrom, as well as the heavy debt burden the country faces.

Our quote also reminds us to not be too afraid. As we invest in select high-quality companies with either substantially growing earnings or growing dividends from solid business models, time is on our side. Even if the pandemic delays some improving results for our companies, we believe our investments have the ability to continue to make progress over time. We believe we will achieve reasonable returns or even better over time.

Maintaining a prudent and diversified asset allocation with the primary focus on our defensive and traditional strategies remains a prescription for long-term success, in our opinion. Patience has always been required for successful investors. Additionally, given the stated concerns, both economic and political, we continue to urge all clients to retain a buffer of cash or very short-term high-quality bonds to give comfort if there is a bump in the road. Investment history suggests that the patient investor reaps rewards while being pretty much fully invested if they can give their advisor, First Long Island Investors, the gift of time.

INVESTMENT COMMITTEE

Robert D. Rosenthal, Chief Investment Officer

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For FLI clients, this investment perspective is accompanied by a detailed review of each investment strategy inclusive of performance, holdings and/or managers added to or removed from the strategy, insight, and investment themes.

PLEASE SEE IMPORTANT INFORMATION AT THE END OF THIS REPORT

We continue to be cautiously optimistic as we await new policies from the Biden administration and the defeat of the COVID-19 pandemic with ramped up vaccinations from two vaccines with more on the immediate horizon. As we have said many times in the past, never bet against America!

Best regards,



Robert D. Rosenthal
Chairman, Chief Executive Officer,
and Chief Investment Officer

*The forecast provided above is based on the reasonable beliefs of First Long Island Investors, LLC and is not a guarantee of future performance. Actual results may differ materially. Past performance statistics may not be indicative of future results. Partnership returns are estimated and are subject to change without notice. Performance information for Dividend Growth, FLI Core and AB Concentrated US Growth strategies represent the performance of their respective composites. FLI average performance figures are dollar weighted based on assets.

The views expressed are the views of Robert D. Rosenthal through the period ending January 29, 2021, and are subject to change at any time based on market and other conditions. This is not an offer or solicitation for the purchase or sale of any security and should not be construed as such.

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