

FIRST LONG ISLAND INVESTORS, LLC

FOURTH QUARTER 2021 REPORT

INVESTMENT PERSPECTIVE



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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.

December 31, 2021

“There are two times in a man’s life when he should not speculate: when he can’t afford it and when he can.” -Mark Twain

The fourth quarter and the year 2021 represented another year (and quarter) of growing wealth for our clients. All of our traditional and defensive strategies were positive in the fourth quarter and for the full year. In fact, each of our defensive and traditional strategies returned double digit gains for the year. This follows similar robust gains in each of 2020 and 2019.

As our thought piece indicated, the period from 2010 to 2021 provided significant compounded gains in wealth for our clients. The S&P 500 Index actually grew at a very significant clip of 15.2% annualized. We attribute these gains to the following:

- Growing corporate earnings
- Growth in domestic GDP
- A significant increase in both monetary growth and fiscal stimulus
- Extremely low interest rates beginning with the financial crisis and following the government imposed economic shutdown after the onset of the pandemic
- A very strong consumer
- Following the near collapse of our banking system in 2008/2009, large money center and regional banks became very strong with all major banks passing stringent federal stress tests
- High levels of employment prior to the pandemic and gains in total employed since the pandemic lows now achieving near pre-pandemic employment levels

However, despite all of the positives mentioned above, many of which should continue to benefit us in 2022, we as investors are confronted with the following challenges:

- Record national debt
- The highest inflation rate in 39 years
- The Federal Reserve indicating that it will start tapering and concluding asset purchases in advance of raising short-term interest rates in 2022
- Financially strained safety nets of both Social Security and Medicare
- Climate change
- Geopolitical challenges with oppressive regimes in China, Russia, and Iran
- Our government paralyzed by extremism on both sides of the aisle

Thus, we do not believe, after leading our clients to significant wealth accumulation, that speculation should be considered rather than prudent asset allocation with a goal of growing wealth on a real basis after inflation and taxes. This is especially so when considering the “wall of worry” that we must scale in the years ahead (including learning to live with the coronavirus, which we believe will become endemic).

PLEASE SEE IMPORTANT INFORMATION AT THE END OF THIS REPORT

I urge you to read our thought piece which was recently sent to you if you have not already digested it, and consider that we believe the next several years of investing will probably not be as robust as the last decade.

We are delighted to have helped our clients achieve great gains in 2021 and look forward to continuing working on your behalf in 2022!

Wishing you a healthy, safe, happy and prosperous New Year.

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 27, 2022, 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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