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Top Five Most Memorable Trades of 2024

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As we close out 2024, investors have plenty to be thankful for this holiday season. The traditional 60/40 portfolio is up over 15% and the economy continues to stand on solid footing. Looking back at the year, it's hard not to recall the exuberance of 2021. Much like that period, "the Magnificent Seven" has played an outsized role on equity performance in 2024. These stocks are up 67% year-to-date, while the broader S&P 500 has risen 25%. In 2021, post-COVID digital adoption fueled the boom; in 2024, hype around artificial intelligence took center stage. We can only imagine what 2025 will bring.

Here are what we believe to be the top five most memorable trades of the market this year:

- 1. Carvana:** While the Magnificent Seven command most of the headlines, Carvana—a 2021 high-flyer that teetered on the edge of bankruptcy in 2022—quietly delivered a 340% return this year and an astounding 5172% over the past two years. CEO Ernie Garcia brought the company back from the brink by shifting from a 'growth at all costs' mindset to establishing a profitable business model. Although new investors reaped substantial rewards, those who bought at the 2021 peak remain 23% underwater.
- 2. Bitcoin:** Bitcoin earns a spot on our list for the second year in a row. It was up a measly 51% through September 30, but its price skyrocketed after the Presidential election and the expectation that the new Trump administration will be more crypto-friendly. It is up 130% year to date. In addition, BlackRock's January 2024 launch of the iShares Bitcoin Trust ETF (IBIT) fueled additional interest in the space. IBIT has become the world's largest Bitcoin fund, surpassing the Grayscale Bitcoin Trust (with an expense ratio of 1.5%, the highest in the category) in May. IBIT has amassed \$58 billion in assets and BlackRock is (not surprisingly) rumored to add new crypto offerings to its platform in 2025.
- 3. Cocoa Beans:** Africa accounts for ~75% of the world's cocoa bean crop. Côte d'Ivoire alone, a country of 32 million people spanning 125,000 square miles, is responsible for 40% of global supply. Several factors including extreme weather, diseased trees, and poor infrastructure, led to a significant shortfall. The International Cocoa Organization estimates that global cocoa production will decline by 11% in 2024, while demand continues to climb. This dynamic pushed cocoa prices to \$11,984 / metric tonne in December, the highest level in decades, from \$4,200 at the beginning of the year. Chocolate producers have so far absorbed much of the cost, but consumers should brace for higher prices in 2025.

4. **Liquid Venture Capital:** The Destiny Tech 100 Fund (ticker: DXYZ) launched in March 2024 and it is the first public, exchange-listed fund to invest in private tech startups such as Stripe, SpaceX, OpenAI, and Instacart. But gaining daily access to pre-IPO tech companies comes at a price. The 2.5% management fee pales in comparison to DXYZ's 1061% premium to net asset value in which shares are currently trading. In other words, investors gain exposure to these startups at 10x their current valuation.

5. **Philadelphia Eagles:** Private equity's appetite for professional sports has intensified over the past five years. After Major League Baseball opened the door to private equity investments in 2019—soon followed by the National Basketball Association (NBA) and Major League Soccer (MLS)—the National Football League (NFL) remained the last holdout. In August, however, team owners voted to allow private equity funds to acquire minority stakes of up to 10%. Deals quickly followed, with Ares, Sixth Street, Arctos, and others buying stakes. In November, Philadelphia Eagles owner Jeffrey Lurie sold an 8% stake, valuing the team at \$8.3 billion. It is the highest known valuation for any US sports franchise, a record that will likely be surpassed in the foreseeable future.

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