



COOK CAPITAL MANAGEMENT  
9306 Vista Meadow Dr  
Verona, WI 53593  
(608)444-1066

January 2022

Greetings,

The end of 2021 marks the third straight year of double-digit returns for the S&P 500 index, which is dominated by some of America's largest tech firms. The index returned 26.9% in a year that was marked by the meme stock, SPAC, and cryptocurrency crazes. A highly speculative year, no doubt.

The fourth quarter introduced us to the Omnicom variant of COVID. Although, a much more contagious version of the virus, it is also a less dangerous version. That is likely why the stock market shrugged off a huge spike in cases.

International trade remains a question mark because the US and countries around the world have taken different approaches to battle the Omnicom strain and reopenings have evolved at different paces.

As countries react in their own ways, supply chain issues in the US have persisted. For instance, microchips for the US automobile industry are mostly imported from counties that have reinstated lockdowns. Auto production remains behind schedule until chips can be produced, delivered, and installed.

On the Brightside, demand remains brisk. Although the supply of cars and trucks is limited due to the chip shortage, consumers continue to buy new vehicles. This supply and demand imbalance means that prices have been rising dramatically. This situation has extended to the price of gas used to heat our homes and of food on our table.

All things considered; many forecasters have decreased their expectations for the economy for the next year. Even though expectations have come down, they remain optimistic. That optimism is shared by the Federal Reserve who has begun to reduce pandemic-related stimulus, which could set the table to increase interest rates multiple times in 2022.

Admittedly, the risky nature and the high-flying stock valuations of the overall market in 2021 were not conducive to our value-oriented investment approach. Our companies are strong, purchased at opportunistic prices, and will benefit from a return to a normal environment. Here's to a great 2022!

Please reach out at any time with any joys or concerns.

*"Be always at war with your vices, at peace with your neighbors, and let each year find you a better man."*

-Benjamin Franklin

Regards,

BJ Cook

608 444 1066

[bj@cookcapital.org](mailto:bj@cookcapital.org)

[cookcapital.org](http://cookcapital.org)