

October 9, 2025

Dear Investors,

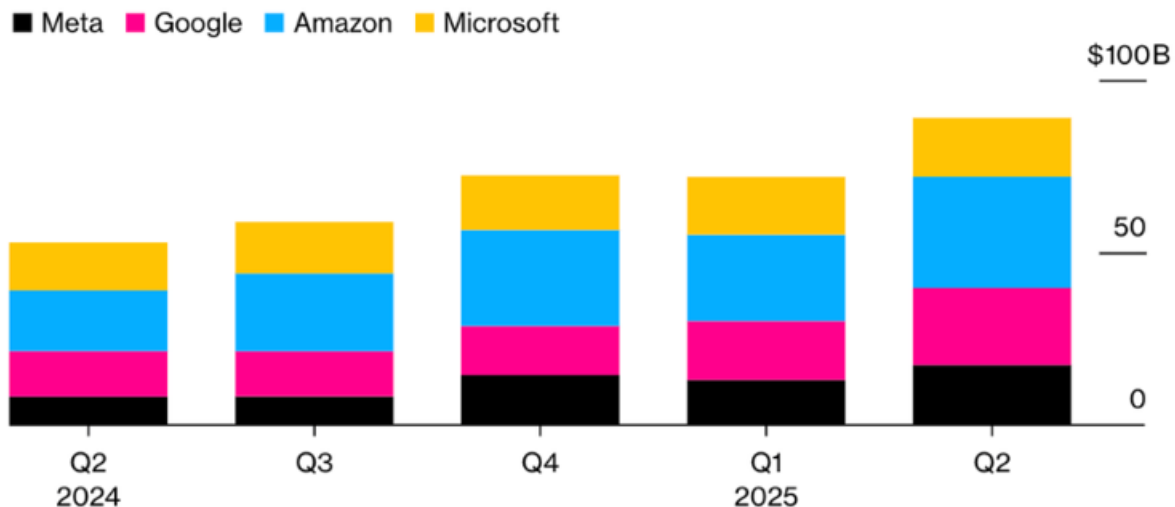
Party time is on, and everyone is rocking like it is 1999 with US GDP surging 3.8% in Q2! It is official, market exuberance is rampant, and everyone in the market made money in Q3 this year. Standard Wealth investors certainly made money as our trailing twelve month return to investors after fees and expenses was 24.9%.

“It’s fair to say that you’ve never been paid less to take risk. It’s not like this is specific to any particular asset class. Every price seems to be indicating perfection.”

Jamie Patton

The continuing steady stream of investment into data centers is forecasted to continue unabated as computing power has become the new lubricant for the stock market. Rarely in the history of the stock market has a level of capital expenditures to GDP been so high for a particular industry. According to JPMorgan, the four biggest hyperscalers aim to spend \$315 billion on capital expenditures in 2025. Wow! Let that sink in for a moment while making sense of this chart:

Big Tech Boosts Capex to \$89 Billion in Second Quarter



Source: Company Filings, Bloomberg

Bloomberg

The explanation from these management teams and boards of directors is that this is a “winner take all” prize from those who can make these investments today. The thinking is that stakeholders will enjoy the benefits far into the future. So far, the market is agreeing with these

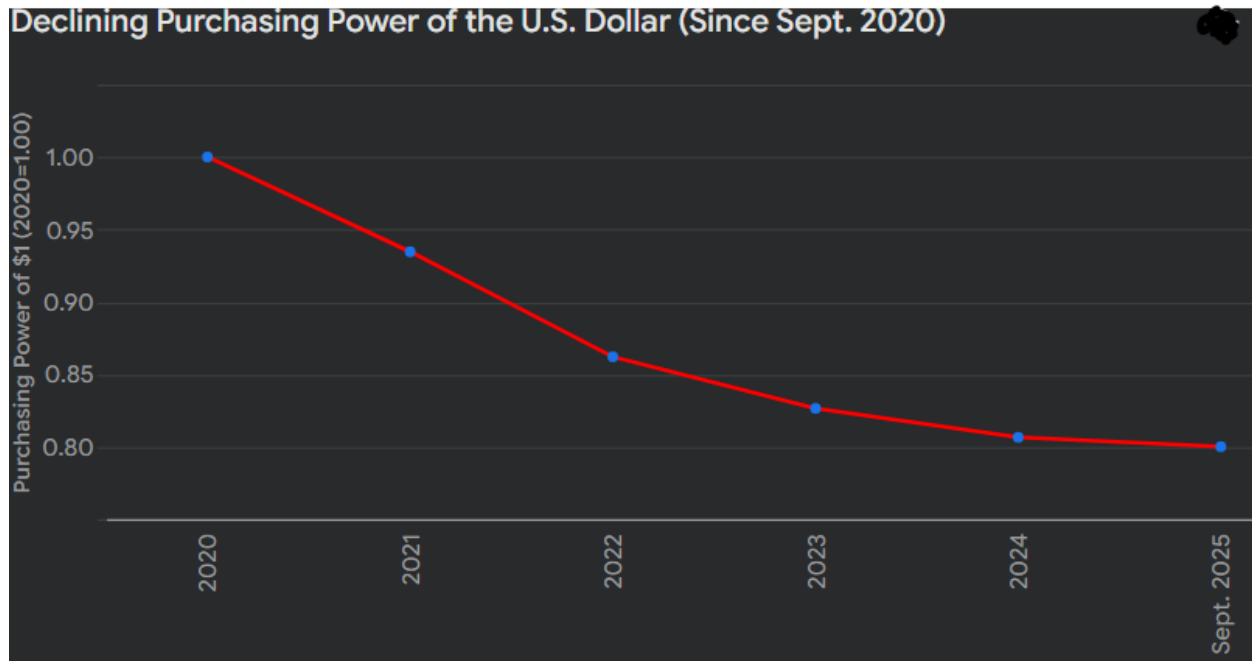
management teams as Meta, Google, Amazon and Microsoft have all seen their share prices rise, with double-digit percentage gains over the last twelve months.

We believe that the most likely outcome in the datacenter space will be a combination of the largest tech companies providing large language models (LLM) and artificial intelligence applications to a wide range of customers across our diversified economy. Smaller players in the space can't possibly compete with the low cost of capital enjoyed by these four behemoths, which will impose large barriers to entry for new competitors. For example, a competitive advantage for Meta is its 3.9% cost of debt capital, as showcased by a recent bond offering. I am almost certain that Mark Zuckerberg and his team will find investment opportunities within the Meta ecosystem that produce a return on capital higher than their borrowing rate over the next five years.

The access to easy credit is just as apparent on the other end of the investment grade credit rating spectrum, where you have credit spreads above the risk-free rate of a paltry 1.67% for Baa corporate bonds. This segment of the bond market is just one notch above junk bonds and in my opinion, does not provide investors with adequate compensation for taking on elevated default risk. Once again without trying to sound like a broken record, if you are a taxable entity, making an investment in the fixed income space today is as challenging as ever when factoring a 2.9% Consumer Price Inflation rate for the trailing twelve months and then taxes to be paid on interest income. Here is the quick math for a fixed income investor contemplating buying bonds from Meta's latest offering:

On August 15th of this year, Meta issued the bond, **META 4.3% 08/15/2029**, which is trading today at \$101.49 and yields 3.88% to maturity.

After taxes of up to 50% on interest income and inflation of 2.9%, your real return is around -1%. It makes no sense for investors to take on default risk in a corporate entity, when inflation is running around 3% to earn interest income of around 4%. You are guaranteed to lose money on a real return basis in taxable accounts. For those invested in bonds, my question to you is, are you satisfied with your rate of return and purchasing power after factoring in inflation, which has remained above the central bank's 2% target for nearly five years? A quick check of your purchasing power being eroded over the last five years should give investors pause when considering allocations to fixed income investments.



Gold has seen its price rise 41% year-to-date as a direct consequence of the deterioration of the U.S. dollar, which is down 9.79% this year. Gold has other factors at play that drive its price higher, but a key component to understand is that gold is priced in U.S. dollars. As the dollar continues to lose its purchasing power, assets priced in U.S. dollars should continue to rise in value.

With continuously high U.S. federal deficits along with the expected continued devaluation of the U.S. dollar, this leads us to hypothesize that taxable investors understand their purchasing power will continue to be eroded and will search for higher returns than are offered in the \$7.7 trillion of money market funds maturing in the next year.

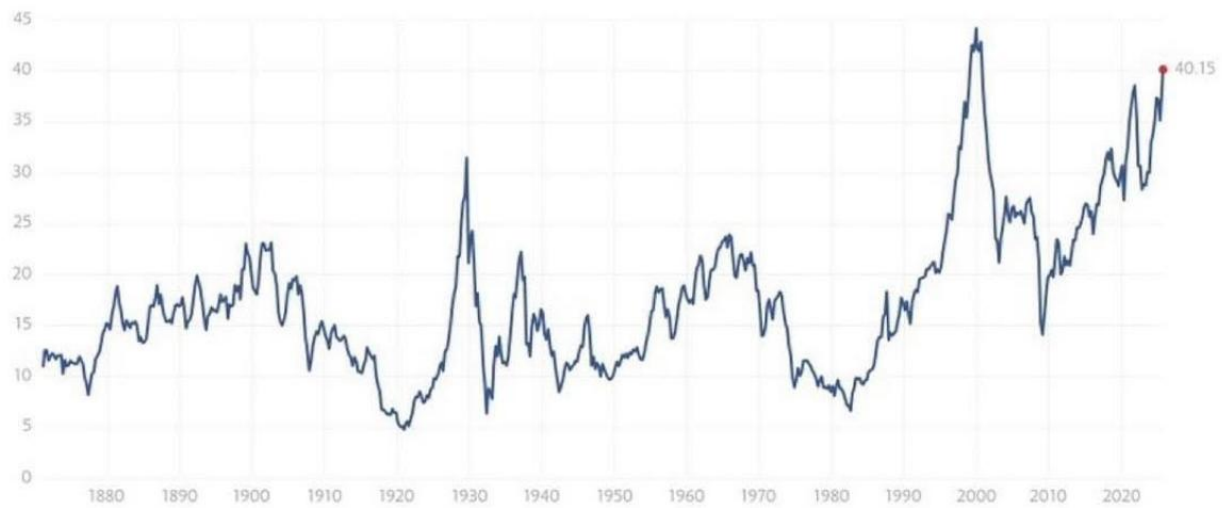
“Printing money means that U.S. debt is devalued so foreign creditors get paid back in cheaper dollars... From its creation in 1913, the most important Fed mandate has been to maintain the purchasing power of the dollar; however, since 1913 the dollar has lost over 95 percent of its value.”

James Rickards

We expect a portion of this cash from money market funds to be allocated towards the equity markets as yields trend lower, resulting from declining interest rates and the dollar devaluation due to inflation. Our thesis is further supported by Goldman Sachs, who expects positive equity performance to continue based on 2026 earnings projections for the S&P 500 of \$280 and the S&P 500 ending the year at 7,200.



We agree that the continued strength of the American business environment is expected to translate into higher earnings, however at some point, stock prices will reach an apex of extreme overvaluation, and no more buyers will be ready to participate. We caution investors today, as rarely in the history of the market have equities been as expensive as seen by the Shiller Price to Earnings Ratio. The riskiest part of any economic cycle is when securities are overbought and priced too richly. All investors should agree that at some price, any investment becomes a poor investment if you pay too much to participate.



[Chart](#) | [Table](#) | [FAQ](#)

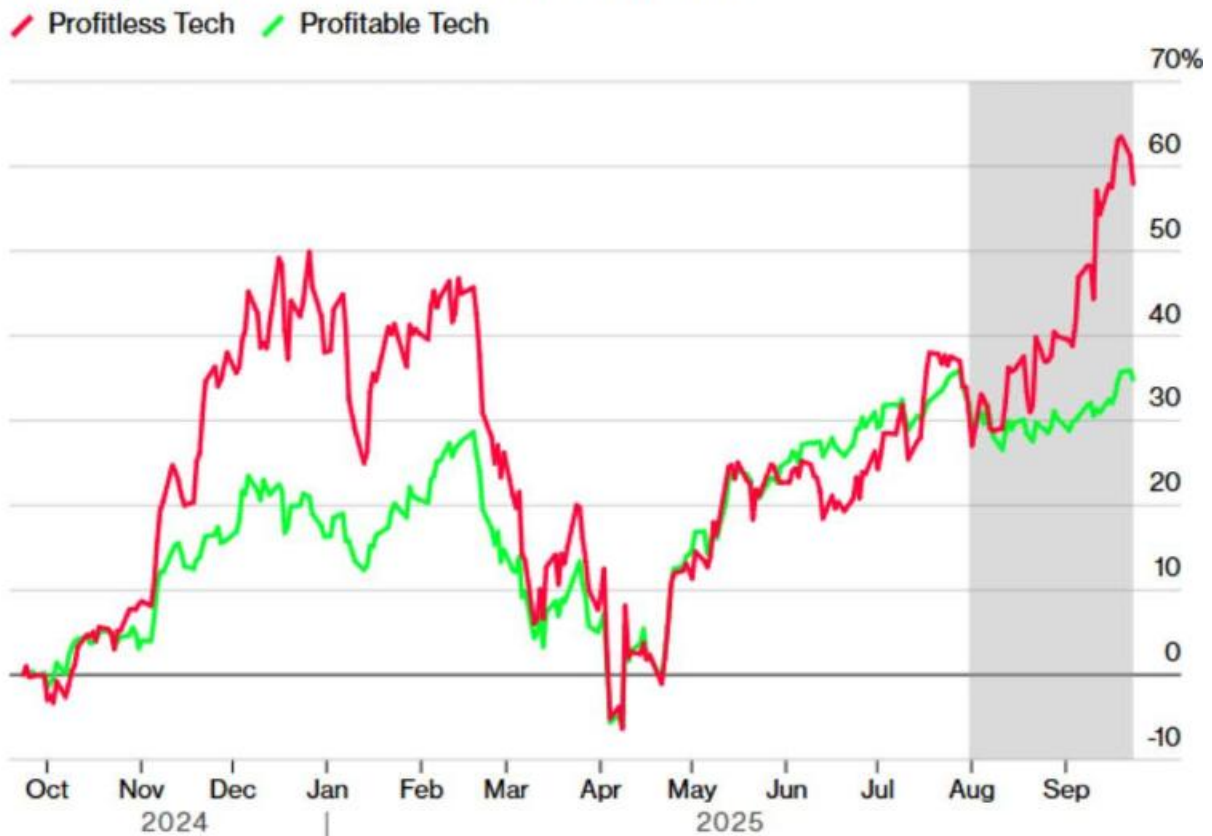
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Current Shiller PE Ratio: 40.15 +0.19 (0.49%)

4:00 PM EDT, Mon Sep 22

For further emphasis on this point, investors have pushed up the prices of unprofitable, cashflow negative and share dilutive companies as can be seen from the chart below:

Money Losers Are Tech-Sector Winners



Source: Bloomberg
Data is normalized with percentage appreciation as of September 23, 2024.

Bloomberg

It is no wonder that everyone is feeling pretty good about their portfolio when such speculative investments turn into winning positions.

What should an investor do with historical market valuations stretched, bonds not offering adequate compensation and a wall of cash maturing daily? We lack a crystal ball, but we rest calmly as our defensive positioning in the Standard Wealth portfolio has us ready to protect our clients' capital. We believe that this time is not different and markets will revert to the mean as extreme valuations never last. With this amazing run from the equity markets expected to slow at some point and shift to a downturn, we have our favourite names ready to buy when the market offers us more reasonably priced companies that will be then on sale. The number one rule for a value investor is to protect our clients' capital, and we must stay true to our principles of buying right and being patient as we wait for those opportunities to appear. A clear example of this discipline within Standard Wealth was when we increased our exposure to four companies within the Standard Wealth portfolio during market lows earlier this year on April 7th. The timing was almost perfect as many investors soured on the market after President

Trump's Liberation Day tariff announcements, which resulted in a sharp correction in the equity markets.

"Crowds chase comfort, not value"

Bob Farrell

As we enter the final quarter of the year, if you are not seeing the results you expected in your portfolio, it may be time to consider whether Standard Wealth is the right partner for you and your family. Unlike many large institutions where clients can feel like just another account number, our clients benefit from direct access, transparent portfolio construction, and a performance-driven culture.

As of September 30, 2025, the Standard Wealth strategy has a dividend yield of 3.3%, with a current portfolio price to earnings ratio of 17.5. In addition, the strategy has a trailing twelve-month return, net of fees, of 24.9%.

Wishing all investors a fantastic finish to the year. It is shaping up to be another year of double-digit gains for equity investors.

Fred Mannix

Fund Performance NET

1 Year Return 24.9%, Net Dividend Yield 3.3% and P/E of 17.5

2025 YTD	14.7%
1 Yr	24.9%
3 Yr	22.5%
5 Yr	20.1%
Since Inception	15.2%

* Inception Date: Feb 29, 2020

- all returns are net of fees

- returns for periods greater than 1 year are annualized

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Sources:

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James Rickards, Currency Wars: The Making of the Next Global Crisis