

January 7, 2026

Dear Investors,

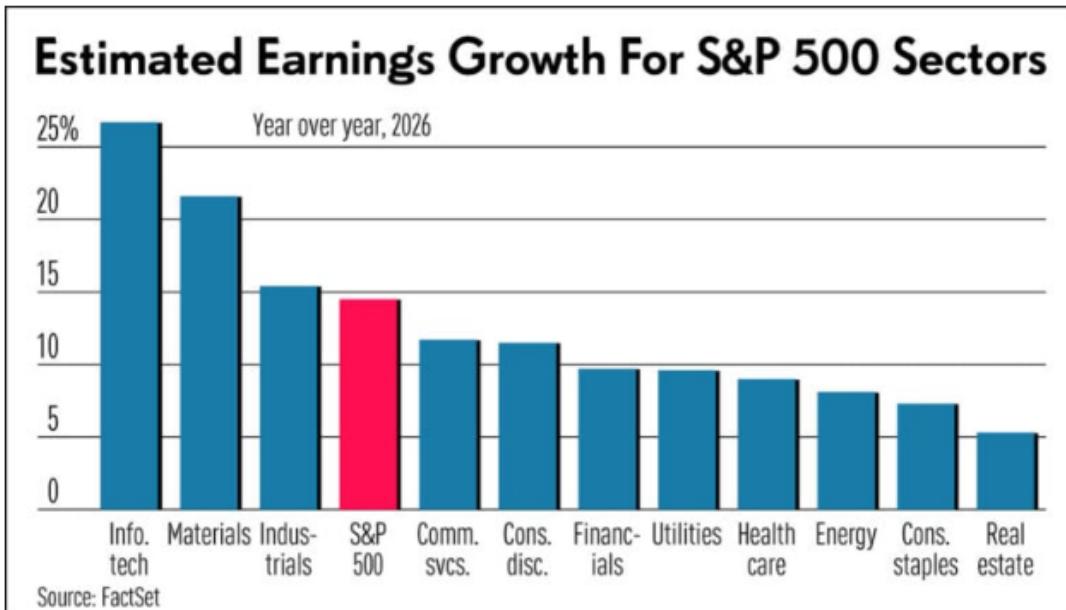
It was an incredibly rewarding year for equity investors as markets surged globally on the back of record earnings from technology companies. Investors who had the timeline and fortitude to stay invested in the market after a fantastic year in 2024 and a brief drawdown on Liberation Day, enjoyed a significant wealth-building year in 2025. The general trend of higher equity markets was music to our ears, as clients participating in [Standard Wealth](#) finished 2025 with a 20.3% gain. We are incredibly grateful to the families who have decided to partner with us, entrusting us with the responsibility of stewarding future generational wealth. Thank you for choosing our Accelerate team and the Standard Wealth strategy.

Looking ahead, investors have every reason to be cautious after three consecutive years of double-digit gains, which have led to historically high valuations in the equity markets. Seasoned and experienced investors know that markets ebb and flow, often exhibiting signs of despair to irrational exuberance. The trick is to understand where we are in the current cycle and allocate accordingly. With our value investing mantra remaining steadfast, we must maintain our discipline of allocating capital to new opportunities only when we are being sufficiently rewarded for the risks taken. Unfortunately, new opportunities are few and far between today due to the continued march higher in the equity markets. We must be cautious as markets move higher, given that risks increase as our margin of safety erodes. When everything is priced to perfection, we require perfect results in our underlying businesses to keep earnings per share rising and, in turn, have the stock continue to rise.

World famous investor Peter Lynch once gave a speech to the National Press Club about how long-term market returns are driven by corporate profits, providing investors comfort that over the long term, the stock market will rise in a somewhat predictable long-term trend.

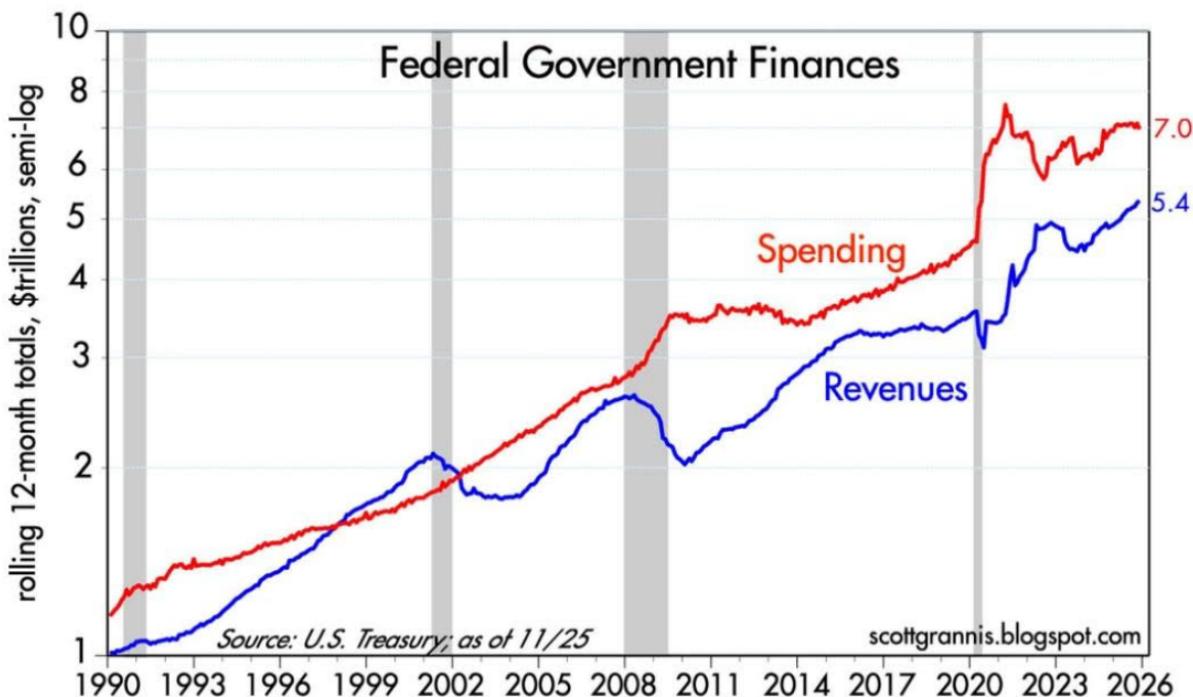
*"Basic corporate profits have grown about 8% a year historically. So, corporate profits double about every nine years. The stock market ought to double about every nine years too ... Because profits go up 8% a year, and stocks will follow. That's all there is to it."*

**Peter Lynch**



Fast forward to today. S&P 500 companies saw their collective earnings rise 12% year-over-year in 2025, while the S&P 500 rose 19.3%. The S&P 500's trailing 12-month P/E ratio is around 31.3, trading above the 10-year average of 21.6, which clearly shows the market is enthusiastically paying more today for each future dollar of earnings than in years prior. These expanded earnings multiples should give investors pause when considering the long-term average growth rate of corporate profits and the resulting share price performance. Have companies' future prospects improved so much that investors should be willing to pay more today than historically for those future earnings? I doubt it, and would highly recommend a defensive posture in your equity portfolios.

In case you have been living in a cave, inflation has remained above the Federal Reserve's targeted 2% range for over 5 years in a row! Some government officials have openly opined that the targeted range should be raised to 3%, which clearly benefits debtors such as the U.S. government, which owes \$38 trillion in debt. The bloated U.S. Federal deficit is a ticking time bomb that will eventually have to be balanced, but for now, the market continues to play nice as the 10-year Treasury yield hovers around 4%. A word of caution for bond investors, watch out if inflation remains elevated and the ten-year Treasury yield creeps higher, this will send bond prices crashing. Nobody likes seeing red ink on investment statements, especially in the "safe" part of the portfolio designated for fixed income.



Factors that contributed to U.S. equity performance include the debasement trade and the weakening of the U.S. dollar, which were in full swing during 2025. The dollar fell 9% against a basket of major currencies. As the purchasing power of the U.S. dollar erodes, economies using local currencies will experience a boost in their local purchasing power and in turn demand for U.S. equities and commodities should increase. In 2025, gold rallied 67%, silver gained 49%, copper increased 42% and platinum jumped 124%. The trend for commodities has been higher prices with further gains projected heading into 2026.

Predicting the short-term is not our area of expertise but if you need a quick fix from the talking heads, many pundits on the 24 hours news networks can offer predictions of where the market is headed. We stay away from the fast-paced news of TV networks and stay close to earnings call transcripts and analyst reports from Wall Street and Bay Street. These reports help us stay informed about what is happening in the market, so we can form a hypothesis about what is likely to unfold in the future. As Peter Lynch famously said, observe where corporate profits are headed, and the stock market will likely follow.

*"People should be highly skeptical of anyone's including their own, ability to predict the future, and instead pursue strategies that can survive whatever may occur."*

**Seth Klarman**

Our guiding principle is to protect our investors across a range of possible market scenarios, which is why we have been successful. Allocations to gold, arbitrage and hedged strategies within Standard Wealth have our clients well-positioned to weather economic turmoil and stock

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market volatility. We have built a portfolio of securities and complementary strategies that can excel and prosper in the best of times while withstanding the market shocks that will inevitably appear along your investing journey.

*"We have to practice defensive investing since many of the outcomes are likely to go against us. It's more important to ensure survival under negative outcomes than it is to guarantee maximum returns under favorable ones."*

### Howard Marks

This is the key to long term prosperity: surviving the unexpected black swans of the markets and capitalizing on the volatility offered by panicked or forced sellers. Legendary value investor Warren Buffett had an iron grip on his own emotions and did not fear market panics. In fact, he often welcomed them.

*"Stock market volatility is actually the friend of the long-term investor. It gives you the opportunity to buy wonderful businesses at temporarily depressed prices."*

### Warren Buffett

A theory of where we might see future stock market volatility lies in the artificial intelligence industry, where vast sums of capital are being allocated to the buildout of AI infrastructure. So far, most of this capital has come from the balance sheets of the largest technology companies. However, recently, these capital-intensive infrastructure projects have been accessing the debt markets, which should give investors caution going forward. As earnings attributed to the AI buildout have been relatively small compared to the capital expended, we hypothesize that Mr. Market will be quite disappointed if these large sums of capital are not allocated efficiently. Here is some quick math to consider:

The Magnificent 7 have a capital expenditure program related to AI in 2026 of \$520 billion. These technology companies are expected to grow earnings at 20% year-over-year, while maintaining average net margins of 26%. To generate a return on capital of 26%, the market will expect future earnings of \$135 billion tied to the 2026 capital program.

We are skeptical that the required earnings will materialize from the AI buildout in a linear fashion and in turn would expect Mr. Market to punish share prices accordingly. Our theory is that if we are wrong about our hypothesis and the AI buildout goes according to plan with these future earnings materializing, the bullish stock market trajectory will remain intact. This will be perfectly acceptable to our investors in Standard Wealth, as we are fully invested. However, if future earnings fail to materialize at the rate expected by Mr. Market, our defensive positioning in Standard Wealth may allow us to sidestep some of the brunt from a market correction. With allocations to uncorrelated portfolio solutions within the Standard Wealth strategy, this pool of capital can be quickly monetized, allowing us to add new positions that were previously too expensive or increase our positions in current companies at reduced prices.

We are not alone in our thinking that building a portfolio of uncorrelated return streams is the holy grail of investing. Legendary investor Ray Dalio summed it up perfectly:

*"If you have 15 or more good, uncorrelated return streams ... you will reduce your risk by about 80% ... if you follow that first principle, you'll improve your return to your risk by a factor of 5. That means 5 times the return for the same amount of risk. That's just a principle; that's a reality"*

**Ray Dalio**

This is the secret sauce of Standard Wealth, where we have incorporated strategies and asset classes that move independently of one another as the return drivers are drawn on different market inputs. To put it simply, when the equity market zigs, we want to have strategies in our portfolio that zag.

One of the questions we ask when onboarding new families is what is your “magic number”. If you could have a net worth of X in 10, 15 or 20 years, what would that be? Here is a [link](#) to three questions that will help illuminate your investing path forward. Feel free to play around with it and of course, your information will be kept confidential.

As of December 31, 2025, the Standard Wealth strategy has a dividend yield of 3.4%, with a current portfolio price to earnings ratio of 17.8. In addition, the strategy has a trailing twelve-month return, net of fees, of 20.3%.

Wishing all investors a fantastic start to the year.

Fred Mannix

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## Fund Performance NET

**1 Year Return 20.3%, Net Dividend Yield 3.4% and P/E of 17.8**

|                 |       |
|-----------------|-------|
| 2025 YTD        | 20.3% |
| 1 Yr            | 20.3% |
| 3 Yr            | 21.6% |
| 5 Yr            | 16.2% |
| Since Inception | 15.4% |

\* Inception Date: Feb 29, 2020

- all returns are net of fees

- returns for periods greater than 1 year are annualized

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