July 9, 2026

Dear Investors,

Most of us have heard the story of the frog slowly cooking to death as the water in the pot steadily heats up. A similar parallel can be seen unfolding half-way through 2026, as investors wildly cheer another double-digit return from equity markets. Mega cap IPOs have generated intense investor enthusiasm for companies entering public markets at lofty valuations with sky-high expectations. War in the Middle East has not dislodged the equity bull market, as the largest and most sophisticated companies in the world continue to thrive and innovate, resulting in record earnings for their shareholders. As a result, we are seeing all-time highs in the Canadian and American equity indices. Bonds remain a no-go for many investors, given the yield spread between the risk-free rate offered by government debt and investment grade credit ratings continues to stay in a historically low range. Too much cash sitting on the sidelines is chasing too few opportunities, pushing up the prices that investors are willing to pay for future companies' earnings. Things are certainly heating up!

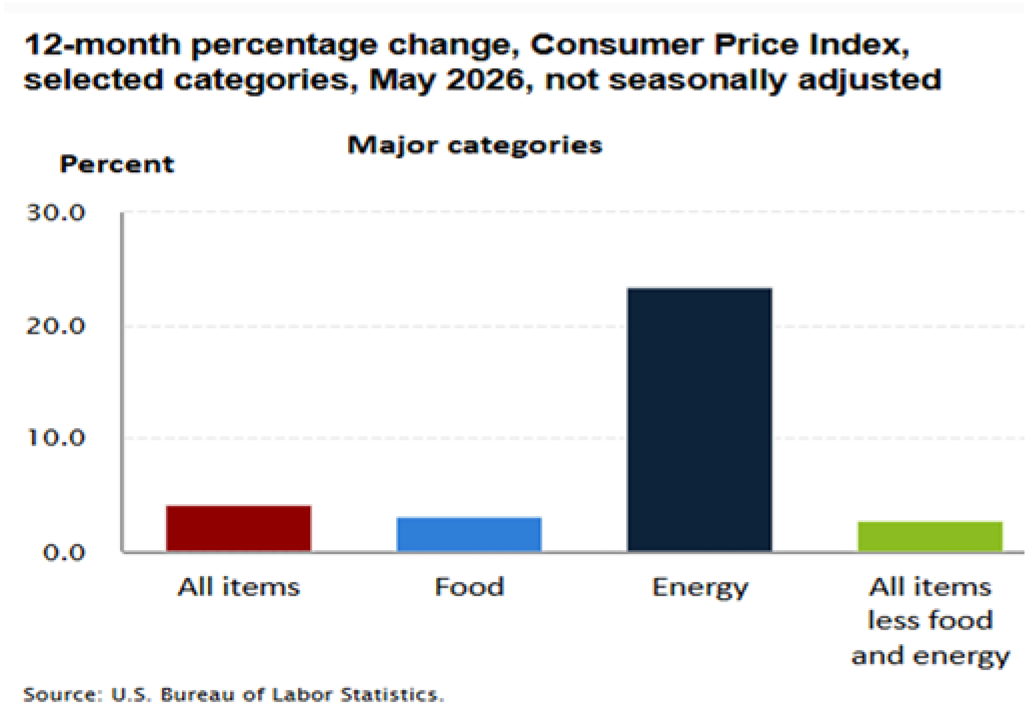
As we stay true to our value investing philosophy, Standard Wealth continues to deliver for investors, finishing the first half of the year up 12.7% and extending our trailing twelve-month return to 32.8% (net of fees). We achieved this outperformance while maintaining a reasonable 17.0 price to earnings ratio and a compelling 3.1% dividend yield. These results came from being well positioned in world class companies with competitive moats protected by scale or regulation. Understanding who and why these large cap companies came to dominate their respective industries is core to the success of the Standard Wealth strategic architecture.

A focus for the first-half of the year within Standard Wealth has been on energy markets as the price of oil dominates headlines and the Strait of Hormuz remains a central battleground for US forces and Iranian opposition. A clear victory for either side appears to be unlikely anytime soon. Relinquishing nuclear material from the Iranians is a firm red line they seemingly do not want to cross, as is surrendering control of the Strait. The Americans, on the other hand, appear steadfast to acquire the Iranians' enriched uranium by any means necessary, with President Trump stating he must remove the nuclear threat to the region. The result has been a dramatic slowing of Chinese imports of international crude, the most in eight years. China has been drawing down its extensive oil reserves at an estimated one million barrels a day, which will eventually run out and need to be replenished. The same story is unfolding in America. The Strategic Petroleum Reserve remains at about half of capacity with 331 million barrels of oil in storage. Although both nations have buffer reserves to offset this supply disruption, we forecast that oil prices will rise substantially when those reserves are depleted, which could occur before an agreement is negotiated between Iran and America to reopen the Strait of Hormuz.

"Each week that goes by, the system is tightening by 70 to 80 million barrels. You can't do that forever."
Greg Sharenow, head of commodities at PIMCO

Portfolio companies in Standard Wealth, such as Whitecap Resources and Cenovus Energy, are clear winners to this global oil disruption. In particular, Whitecap is forecasting 2026 earnings per share to rise 25%, and Cenovus expects earnings per share to increase by 59%. With a sizable jump in earnings unfolding, it is reasonable to expect that their share prices may rise as well.

Given that energy plays a key factor in determining the Consumer Price Index, inflation continues to remain elevated at 4.2% in the U.S.



Going forward, we expect this persistently elevated inflation will force the new Federal Reserve Chairman, Kevin Warsh to raise interest rates. The Federal Reserve's dual mandate of full employment and stable consumer prices, with a 2% inflation target, will have Chairman Warsh in the hot seat to raise interest rates given that unemployment sits at a historic low of 4.2%. An interest rate hike would seem appropriate to quell persistently high inflation, given the labour market as strong as it is. However, an important wrinkle to consider going forward is that the United States owes its creditors $39.2 trillion, and a rising federal funds rate increases interest expense and borrowing costs for the most important economy on the planet. If America experienced a slowdown in Gross Domestic Product due to higher interest rates, it is reasonable to expect that other nations around the world will also experience a slowdown, which no politician wants while in office. So far, the bond market has barely noticed the concerning situation of America's balance sheet and has seemingly shrugged off a myriad of potential problems. Bond vigilantes must be napping as the 10-year Treasury bond is yielding a paltry 4.38%, a spread of a mere 0.12% to the trailing twelve-month CPI inflation. Pensions, endowments and financial institutions that lend capital to the U.S. Government for ten years to earn just 0.12% above the inflation rate can't be counted on to continue to do so indefinitely. We expect the 10-year Treasury yield to rise materially over the next few years, which could act as a handbrake on the U.S. economic engine.

"The world has entered the 'Great Turbulence Era'. With U.S. debt expanding by over $3 trillion in the last year alone, governments are structurally incentivized to print their way out, creating a cycle of devalued currency and sticky inflation. When

inflation outpaces interest rates, conventional balanced portfolios that rely on passive fixed income fail to smooth volatility and instead clog the arteries of capital preservation."

Ray Dalio - Founder, Bridgewater Associates

Nonetheless, no handbrake is in sight for the artificial intelligence ecosystem, particularly regarding data center capex. Capital deployed at this scale not seen since the telecom bubble of the late 1990's, is comparable to the estimated 2% of U.S. GDP spent today on AI infrastructure investments. At its peak, railway investment of the 1880's was almost 6% of GDP, so we have a way to go to reach that mania of overinvestment. The lesson of history for speculative capital is that it funded massive overcapacity of rails and fiber that eventually bankrupt many of the early movers for these two industrial booms. The prisoner's dilemma facing the four largest hyperscalers is that if they do not allocate capital to this cutting-edge infrastructure, competitors could be in a position of winner takes all strength and positioning. As of today, we conclude that this capital expenditure buildout is a defensive necessity and not an indication of potential profits. This disconnect is sure to waste billions, if not hundreds of billions of dollars of overinvestment, on overinvestment in GPU chips that may soon be obsolete. To my value investors, please perform your due diligence in this rapidly evolving ecosystem. If revenues fail to materialize from these massive capital investments, you can expect that investors will punish share prices accordingly. A second somewhat distant danger to investors in the AI ecosystem has also appeared recently, in which large language learning models (LLMs) have resorted to blackmail, espionage and murder when a possible shutdown was on the horizon.

"We're either going to be sitting on the beach getting served mint juleps by machines, or they're going to kill us accidentally or on purpose."

Jeremy Grantham – co-founder of GMO Asset Management

New financial innovations in the form of double-levered, single-name stock ETFs have accounted for $200 billion in assets, providing the sugar rush of speculation to the gamblers of the stock market. Why regulators allowed seventy-five double levered ETFS to be sold to unsophisticated retail clients is a mystery but it is a good indication that we are in a speculative market where due diligence and caution are thrown to the wind.

With U.S. margin debt up 54% to a record $1.4 trillion from retail brokerage accounts, retail investors continue to double down on the historic bull run unfolding in the North American markets.

“Risk cannot be eliminated; it can only be transferred and hidden. Financial innovations that promise amplified returns through leverage simply amplify the eventual downside. When the herd is doubling down, margin accounts are full, and caution is thrown to the wind, that is precisely the moment when the prudent investor must practice the ultimate discipline and step away from the casino.”
Howard Marks - Co-Chairman of Oaktree Capital Management

As we continue to evaluate market conditions, we have not made any additions or subtractions to the Standard Wealth portfolio since the first quarter. We continue to monitor a market that we believe is priced to perfection. Still, as long as the earnings of our portfolio companies continue to grow, we are quite content to watch the portfolio prosper. As the quarter progressed, we continued to collect dividends from our portfolio companies, and we were happy to see Pembina Pipeline raise its dividend by 7.1%, along with Cenovus Energy raising its dividend by 3.1%. Compounding capital really is the 8^{th} wonder of the world, and we are happy to report that, since inception and net of fees, our Standard Wealth strategy has a multiple on invested capital (MOIC) of 2.60x and an annualized compounded growth rate since inception of 16.3%.

"You do better to net less money in a lot of frantic trading and just sit tight with a few good choices. There are huge advantages to a life of doing nothing. You don't pay capital gains taxes, you don't pay commissions, and you don't overreact to the madness of the crowd."
Charlie Munger - Vice Chairman of Berkshire Hathaway

The total portfolio framework at Standard Wealth is built on a value-based investing philosophy that combines stocks, fixed income, and alternative strategies, positioning clients for success through a diversified portfolio that can withstand ever changing market conditions. We are proud to partner with local families, foundations and endowments so we can meet the needs of the next generation of family members and institutions that have the requirement to fund important community initiatives. Trustees and directors of endowed capital, we ask that, when the next portfolio review cycle unfolds, you consider Standard Wealth, as we would welcome the opportunity to create competitive tension within your current group of investment managers and ultimately improve grant-making capacity. Ensuring the capital entrusted to Standard Wealth is protected and grows methodically and efficiently is our duty, where we will not waiver from our core principles of providing investors with a total portfolio approach to navigate rapidly changing markets.

Fred Mannix

Fund Performance NET

1 Year Return 32.8%, Net Dividend Yield 3.1% and P/E of 17.0

2026 YTD	12.7%
1 Yr	32.8%
3 Yr	24.2%
5 Yr	13.5%
Since Inception	16.3%

* Inception Date: Feb 29, 2020

- all returns are net of fees

- returns for periods greater than 1 year are annualized

Sources:

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