

Dear Client,

*"[Gold] gets dug out of the ground...then we melt it down, dig another hole, bury it again and pay people to stand around guarding it. **It has no utility.** Anyone watching from Mars would be scratching their head."*

-Warren Buffett

Gold's appeal as a store of value dates back thousands of years. The earliest uses of gold were not as currency, but as a symbol of wealth and power. Ancient Egyptians, Greeks, and Romans all used gold in the form of jewelry, coins, and religious artifacts. It was the Roman Empire that helped formalize gold as a standard of currency, which set the stage for its long-standing role in economies worldwide.

At risk of contradicting Warren Buffett, gold does have utility. It is highly conductive, corrosion resistant, malleable, ductile and non-reactive with other elements making it useful in electronic and medical applications. But at current prices it is prohibitively expensive to employ at scale. **No different from a crow's propensity to collect shiny things, gold is not valuable because it is useful, its value is a societal construct that is collectively and culturally agreed upon.**

By the 19th century, the global financial system was increasingly tied to the gold standard in which the value of paper money was directly linked to gold reserves. The gold standard ensured that governments could not simply print money without a corresponding amount of gold to back it. This system promoted stability in international trade and financial markets for many years. However, the gold standard was abandoned in 1971 by the U.S., ushering in an era of fiat currencies – money whose value is not backed by physical commodities but rather the trust and stability of governments, **yet another societal construct.**

Despite the move away from the gold standard, gold has continued to serve as a hedge against economic instability, inflation, and currency fluctuations. Gold is often viewed as a "safe haven" asset, one that preserves or increases in value during periods of economic and financial market uncertainty and political unrest.

This longstanding history gives gold a unique place in any well-diversified portfolio. During the global financial crisis of 2008, gold's value rose as stock markets plunged blunting some of the downturn. Similarly, throughout the COVID-19 pandemic, when global markets experienced massive volatility, gold rallied once again, confirming its role as a stabilizing force.

Looking forward, there are several factors that support the long-term prospects of gold. Global debt levels are rising to unprecedented levels. According to the Institute of International Finance, global debt surpassed \$325 trillion in the first quarter of 2025. The US accounts for \$37.5 trillion and is projected to add another \$1.6 trillion to the tab by the end of 2025. As governments and central banks continue to issue new debt to stimulate economies and fund existing deficits, the potential for inflation increases and fiat currencies become less attractive as long term stores of value.

The increasing global interest in gold, particularly from emerging markets like China and India, also bodes well for its future. Central banks around the world, especially in developing economies, have been increasing their gold reserves as a means of diversifying away from the influence of the U.S. dollar as a reserve currency. This demand is expected to continue as global economic dynamics shift, reinforcing gold's long-term role as a store of value.

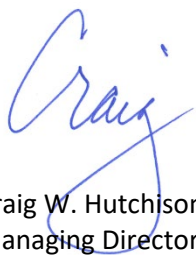
We have long believed that gold, and its less precious younger sibling silver – owned in the form of bullion, mining companies, or royalty streaming companies – play a crucial role in a diversified investment portfolio. **But we don't view them as investments, instead as hedges (insurance policies) against the world getting wackier than it already is. Like any other form of insurance, we think it should be held through thick and thin, after all you cannot get a new policy when your roof is already on fire.**

Gold and silver have had banner years, up roughly 45% and 60% respectively year-to-date, fueled by tariff uncertainty and geopolitical tensions. **We believe a 5-7% overall allocation is appropriate;** too much and the position becomes a speculation, too little and the impact could be muted when needed the most. **When allocations exceed that range, as we have experienced lately, profit taking is warranted since historically, the panic du jour eventually subsides, and periods of strong appreciation are often followed by consolidation.**

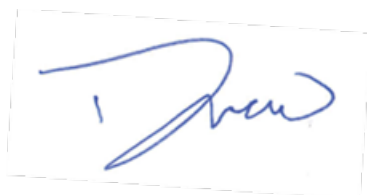
On another note, please join us in congratulating Cecilia as she approaches retirement at the end of October. She has been a valuable member of our operations team for almost 28 years and her positive attitude and acute attention to detail will be missed. We are grateful for her contributions and loyalty over the years but we also know that her skills will not go to waste as she eases into her new, arguably much more important, role as a first time GRANDMOTHER!

Fall is here and we look forward to the changing leaves and cooler nights in front of a warm fire. Thank you for trusting us with your investment journey, we look forward to continuing to guide you toward a balanced, diversified, and resilient investment strategy.

Sincerely,



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Senior Portfolio Manager



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