



October 27, 2025



“Gold is the money of kings; silver is the money of gentlemen; barter is the money of peasants; but debt is the money of slaves.”

- William McFee, early 20th Century author

Dear Client,

The Grey Owl All-Season Strategy’s objectives are minimizing drawdowns, outperforming short-term bonds by several hundred basis points each year, and participating meaningfully in risk-on rallies. Through the first three quarters, this year has been successful on all fronts. While the popular “Magnificent 7” group of stocks fell by 30% from their December 17, 2024 peak to the April 8, 2025 low, the Grey Owl All-Season (GOAS) portfolio was down less than 3% at its worst point in early April.

The strategy’s resilience during the four-month correction at the beginning of the year didn’t come at the expense of missing out on gains during stronger markets. Through the end of the third quarter of 2025, GOAS is up +8.7%. Returns continued to grow during October. Through October 24th, GOAS is +10.5% year-to-date.

A few specifics below on the present environment and our current positioning, but first a more detailed review of the performance of the “primary” asset classes¹ after three quarters of 2025.

¹ We refer to US equities, long-dated US Treasury bonds, gold, and commodities as “primary” asset classes borrowing the language of HCWE & Company. These four assets best capture two variables that explain a significant amount of asset price movement: global growth and inflation. This framework is the basis for a permanent portfolio, an “all-season” portfolio, risk-parity, etc. US equities and commodities are “risk” assets, while US Treasury bonds and gold are “haven” assets. Returns are measured on a total return basis using index exchange traded funds (ETFs): SPY for the S&P 500, ACWI for the MSCI All-Country World Index, GSG for the S&P GSCI Commodity Index, TLT for 20+ Year Treasury Bond index (i.e. “long-dated” US Treasury bonds), and GLD for gold.

During the third quarter, all primary asset classes provided positive returns, but gold surged +18.01. US equities were +8.6% with global equities following closely at +8%. Commodities gained 3.9%. In a world of “risk-on,” even the foremost “risk-off” asset, long-dated US Treasury bonds, performed well at +3.4%. During this period, GOAS provided a respectable +4.3% return.

Year-to-date through September 30, 2025, gold is up 47.7%, global equities gained 18.2%, US equities were just behind at +14.3%, commodities increased 6.1%, and long-dated US Treasury bonds added 4.8%.

In short, our diversified, risk-managed approach delivered solid double-digit returns while avoiding major drawdowns during volatility earlier in the year. We remain positioned for a balanced opportunity set as the economy transitions from mild deceleration to moderate growth.

Economic Growth

Hedgeye’s Real GDP projections model shows the mild growth deceleration of the last few quarters now coming to an end. It is important to highlight that the deceleration that did occur was mild and real GDP remained positive. Further, nominal GDP already began reaccelerating as inflation picked back up during the recent few months. Stagflation creates an environment more favorable to specific risk-on assets, especially precious metals. This phenomenon was evidenced by the year-to-date surge in gold.

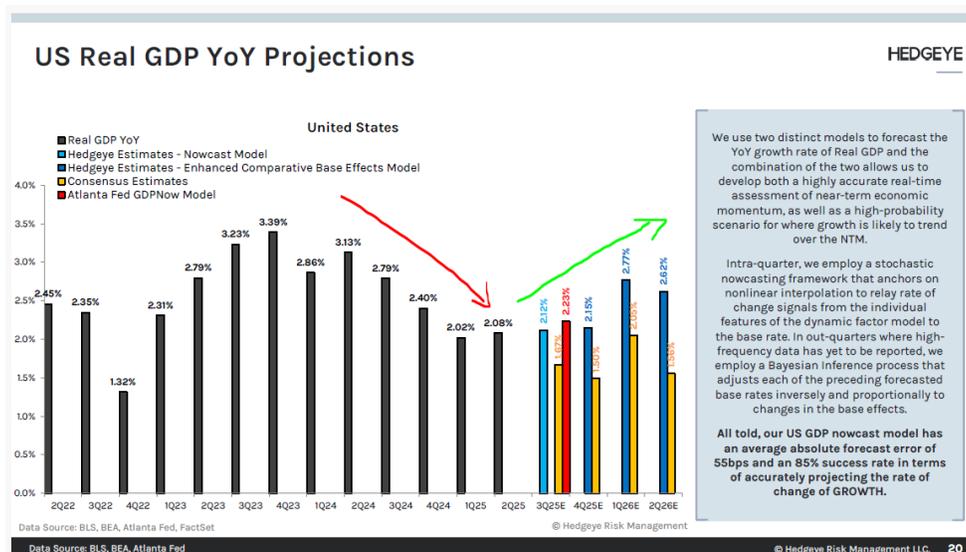


Figure 1 – GDP Projections (www.hedgeye.com)

If the economic backdrop does shift to a growthier environment, we should expect to see a change in the assets that outperform. A broadening set of US equity market capitalizations and factors should do well. Markets are telling us this is already beginning to take place: small capitalization US equities² rose +12.6% in the third quarter outperforming the broad US equity market's +8.6% return.

Inflation

In our earlier 2025 communications, we highlighted the February to April drop in measured inflation and inflation expectations. Then, we pointed out that inflation was likely to reaccelerate. It did. Now, for the past several months, inflation expectations are trending sideways.



Figure 2 -5-Year Breakeven www.tradingview.com

² We use the ETF IWM to represent the US small capitalization index.

This is corroborated by Hedgeye’s CPI model. It projects inflation in the high 2s with no meaningful acceleration or deceleration for the next four quarters.

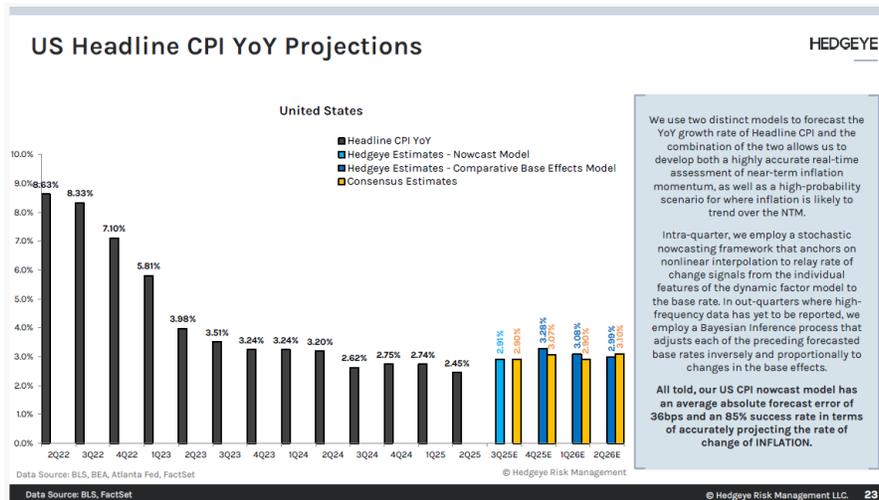


Figure 3 – Inflation Projections (www.hedgeye.com)

A significant cause of lower inflation is the price of oil.



Figure 4 -US Crude Oil Spot www.tradingview.com

As inflation stabilized, market internals began to shift as well. Meanwhile, within equity markets, breadth and sentiment indicators are signaling rotation.

Market Signals

Market internals also point to change beneath the surface. While large-cap indices hit new highs in the third quarter, participation was narrow—signs of enthusiasm were limited. In October, that pattern began to broaden as Buying Power improved and Selling Pressure eased. With Buying Power still stronger overall, we do not see a shift toward a risk-off environment. Instead, the data suggest equity markets are transitioning as investors respond to—and anticipate—changes in growth and inflation, opening the door for new leadership among sectors and styles.

After Buying Power resumed its lead in late April (following the significant, tariff-induced correction), both Buying Power and Selling Pressure have moved sideways for most of the last six months.

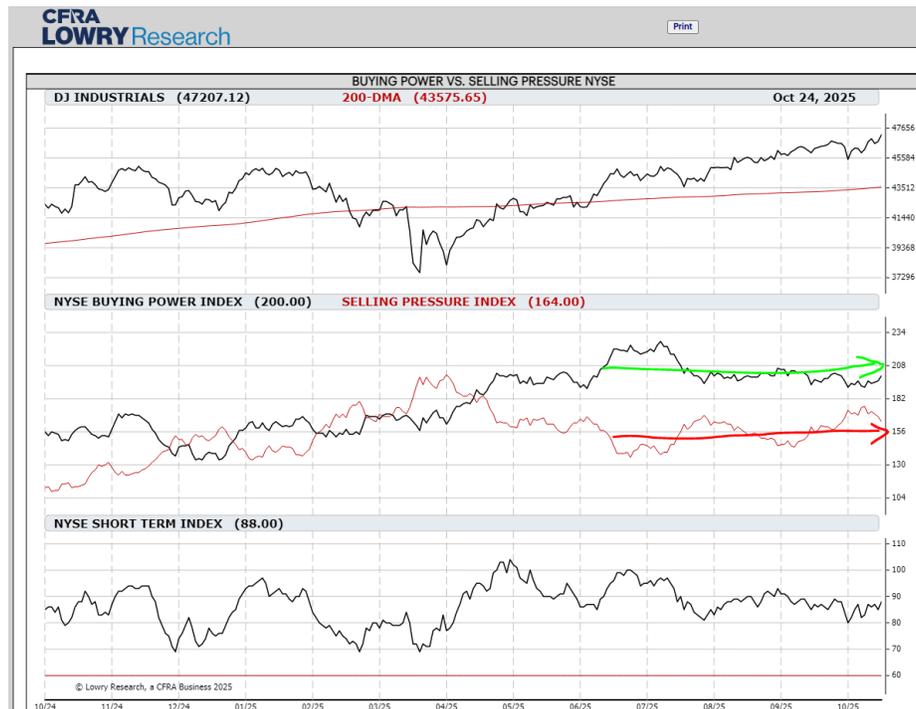


Figure 4 – <https://www2.lowryondemand.com/members/markets/marketchart.cfm>

King Gold

Amid these evolving dynamics, one asset has stood apart this year — gold. Gold may be the money of kings and debt the money of slaves, but if a *country* becomes increasingly indebted, the price of gold has historically increased as the country's currency stealthily loses value.

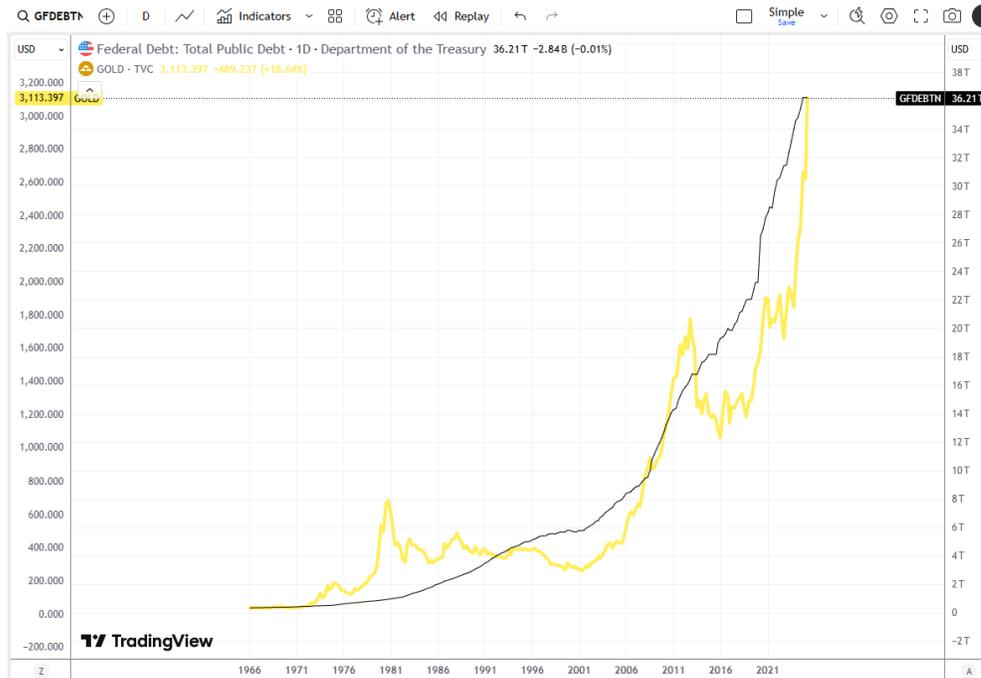


Figure 5 -US Federal Debt and Gold www.tradingview.com

While the chart shows the positive relationship between government debt and the price of gold to be empirically true over the very long term, note the fits and starts in gold's price. It is very possible that the recent gold run abates as growth accelerates and inflation moderates. We are watching and will adjust as necessary.

Current Positioning

Our current portfolio composition is very balanced (i.e. “all-season”). The biggest changes since last quarter are: we introduced a meaningful position in US small capitalization equities, Global Equity exposure added Asia and decreased Europe, and Commodities expanded to include industrial base metals.

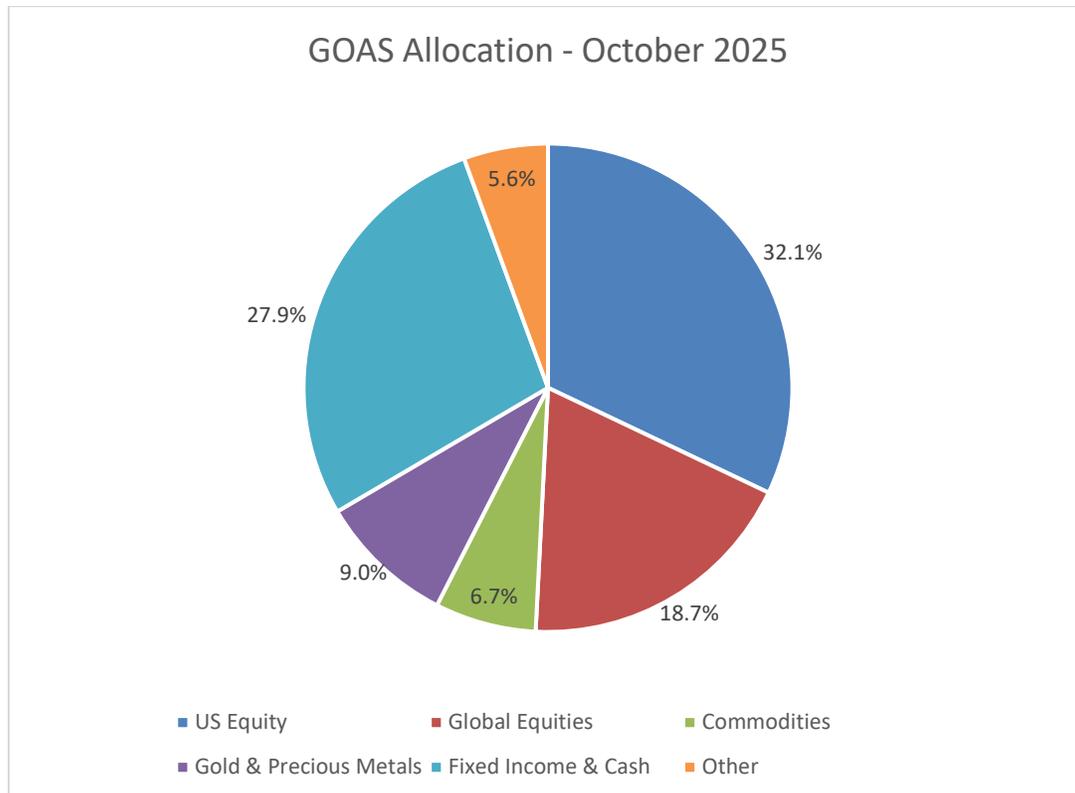


Figure 6 – GOAS Allocation

Our current positioning reflects a classic “all-season” balance—roughly half in growth-oriented equities (U.S. and global), one-third in defensive income and cash, and the remainder in real assets such as gold, precious metals, and commodities. This mix enables participation in growth while maintaining meaningful protection against inflation or market stress.

This balance—rooted in our all-season framework and adjusted for the realities of today—embodies our core belief: don't try to predict the future, position to enable success across many possible futures.

As always, if you have any thoughts regarding the above ideas or your specific portfolio that you would like to discuss, please feel free to call us at 1-888-GREY-OWL.

Sincerely,

Grey Owl Capital Management

Grey Owl Capital Management, LLC

This newsletter contains general information that is not suitable for everyone. The information contained herein should not be construed as personalized investment advice. Past performance is no guarantee of future results. There is no guarantee that the views and opinions expressed in this newsletter will come to pass. Investing in the stock market involves the potential for gains and the risk of losses and may not be suitable for all investors. Information presented herein is subject to change without notice and should not be considered as a solicitation to buy or sell any security. Any information prepared by any unaffiliated third party, whether linked to this newsletter or incorporated herein, is included for informational purposes only, and no representation is made as to the accuracy, timeliness, suitability, completeness, or relevance of that information.

The stocks we elect to highlight each quarter will not always be the highest performing stocks in the portfolio, but rather will have had some reported news or event of significance or are either new purchases or significant holdings (relative to position size) for which we choose to discuss our investment tactics. They do not necessarily represent all of the securities purchased, sold or recommended by the adviser, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. A complete list of recommendations by Grey Owl Capital Management, LLC may be obtained by contacting the adviser at 1-888-473-9695.

Grey Owl Capital Management, LLC ("Grey Owl") is a Virginia registered investment adviser with its principal place of business in the Commonwealth of Virginia. Grey Owl and its representatives are in compliance with the current notice filing requirements imposed upon registered investment advisers by those states in which Grey Owl maintains clients. Grey Owl may only transact business in those states in which it is notice filed or qualifies for an exemption or exclusion from notice filing requirements. This newsletter is limited to the dissemination of general information pertaining to its investment advisory services. Any subsequent, direct communication by Grey Owl with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For information pertaining to the registration status of Grey Owl, please contact Grey Owl or refer to the Investment Adviser Public Disclosure web site (www.adviserinfo.sec.gov).

For additional information about Grey Owl, including fees and services, send for our disclosure statement as set forth on Form ADV using the contact information herein. Please read the disclosure statement carefully before you invest or send money.