

*"So you love contrarian thinking, right? But you probably need to remember that contrarian thinking most of the time is wrong. And once in a while, it's right. And that's when you get the big reward. But you have to say, most of the time, contrarian thinking is wrong. And the conventional thinking is right."* — Reed Hastings on *Invest Like the Best*, January 6, 2026

*"One can always create something trivially original on the grounds of trivial individualism. The challenge is to create something meaningful to others and true to oneself that manages to say something new, or at least newly, to infuse just enough individual creative spark as to manipulate the common pool of symbols and metaphors into a novel combination."* — Allen Farrington, *Bitcoin Is Venice*

*"You're never as good as you think you are when you win; and you're never as bad as you feel when you lose."* — Joe Paterno

January 2026

Dear Friends,

It is hard to imagine this now, but there was a time when the music of JOHN MAYER was new and novel. Even sort of contrarian, in its own way. This was the era of nu-metal ruling rock music (for a minute), Creed/Nickelback, the tail end of glossy '90s teen pop, and singer/songwriters were decidedly out of fashion. Then John showed up with an acoustic guitar and delivered an earnest, non-bombastic, surprise pop hit. It was radio-friendly, but also had these nifty add9 chords and suspended tones, atypical of that time. The song was intelligent but not pretentious. This was *No Such Thing*. I still remember seeing the premiere of the music video circa 2001. Truthfully (and I know some dear readers will find this hard to believe), at the time there was nothing like it.

To at least a few sensitive young men, it was a (sort of) *Smells Like Teen Spirit* moment.

There's something to Mayer's balance of pop sensibility and personal taste, reading where *the market* was headed while staying true to his own interests. He was willing to take a few risks, but also to use restraint. One can argue over matters of taste, but I don't think anyone argues with the greatness of Mayer's *virtuosity* today (although this would have been a contrarian opinion maybe 15 years ago). I know diehard Grateful Dead fans who have nothing but praise for him. Rick Beato dubbed him "the last guitar hero."<sup>1</sup> He's elevated his career from tabloid curiosity to a likely shoo-in for the Rock and Roll Hall of Fame.<sup>1</sup>

Look at the best selling artists of that time; you may be surprised that he stands as one of the few who is still relevant a quarter century later.<sup>2</sup>

*"I always loved pop music, and I always loved Huey Lewis and the News. Huey Lewis and the News is a blues band! Phil Collins is an R&B freak. There was a strain of musicality of a heritage R&B, blues—really a strong presence there. Then when I picked up the blues this sort of became the big quest in my life, and the answer is to put them both together. That's when I'm the happiest."* —John Mayer, Oxford Union Interview, 10/25/2013

How does this relate to investing? My personal views and tastes don't really matter when the goal is compounding wealth for clients over the long term while minimizing the risk of permanent loss of capital.

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<sup>1</sup> To the extent this will even matter when it happens, alas..

<sup>2</sup> Recall Avril Lavigne, Staind, 3 Doors Down, Shaggy, etc, etc..

Not trying to be right all the time, but to increase the odds of being right.

As a former mentor used to say, 'Our job is to make money for our clients.'

The connection should be clear. Too avant-garde, and you end up in obscurity, smug, the proverbial starving artist. Too pop, and it's a rat race to keep up with the latest hype, always reinventing yourself, chasing trends, both insecure and insincere. Ideally, you thread the needle, grounded in quality and fundamentals while having conviction to bet on underappreciated opportunities when it makes sense. Not contrarian to assuage our own egos, but deliberate enough to look beyond the index when we think we can add value.

## Markets in 2025

*"There's a weird reality out there right now, and this could end if ever a bubble has popped or whatever, but the institutional investors have zero interest in non-AI deals. Zero."* - Bill Gurley on The Tim Ferriss Show, December 17, 2025

The S&P 500 was up 18% in 2025, its third straight year above 15%. Big tech and AI names drove most of this. Bitcoin, after two strong years, took 2025 off and finished down 6.36%. Meanwhile, gold (which most people forgot about) surged 65%, its best year since 1979. Bonds even showed up with a respectable 7.19% return.

Against this backdrop, our portfolios had a forgettable year. The Core Individual Stock portfolio squeaked out 1.54%. The Growth ETF portfolio was actually negative, down 1.8%. The Aggressive Balanced portfolio, which includes the precious metals allocation, managed 3.65%<sup>3</sup>.

The biggest culprit for this lackluster result in 2025 was our high conviction bitcoin exposure. But even stripping this allocation out, the remainder of the core portfolio returned just around 9% against the S&P 500's 18%. This is a more conservative approach taken in this bucket with several (typically) reliable names. And in 2025, secure/boring was not the topic du jour on Wall Street. Ferrari and Hermès had issues. Copart's 32% decline stands out as painful given its usual reliability. Garmin and Deere treaded water as the market wanted AI momentum and not our names.

Casey's 40% gain, the home run swing in ASTS, and Seaboard's 83% return helped, but not enough. The lesson? Sometimes the market just doesn't care what you own.

**Back to Mayer.** He didn't reject pop music. He infused it with enough blues authenticity and jazz sophistication to stand out without alienating his audience. Dare I suggest we try to have some version of this in our portfolio? The bitcoin position is our largest contrarian bet, perhaps like Mayer's guitar, lyrical virtuosity, and more complex chord shapes in an era of overproduced pop. We've paired this with quality names that represent 'pop sensibility,' that is profitable, well-managed businesses with some durable advantages.

What's interesting is watching contrarian ideas become consensus. Bitcoin spot ETFs now trade alongside traditional assets, corporate treasures are accumulating, and what once seemed fringe has entered the mainstream. To belabor my analogy, Mayer went from an MTV2 curiosity to playing with the Grateful Dead. The *frat guy slapping the acoustic guitar* archetype went from unappreciated to a millennial trope.

So after 2025, we should be aware of the risks, the egg on the face, in diverging from the index. But the

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<sup>3</sup> Your individual results vary based on your risk tolerance, timing, tax situation, and so forth.

goal is to combine just enough idiosyncratic thinking with the status quo to generate good long-term results.

## The Search for Everything (100 Baggers)

*“The most successful investors I worked with, those who made the most money, all had one thing in common: the presence of a couple of big winners in their portfolios. Any approach that does not embrace the possibility of winning big is doomed.”* – Lee Freeman-Shor

In the spirit of Chris Mayer's book *100 Baggers*, I started tracking our multi-bagger investments in last year's letter. This exercise is fun, builds conviction during inevitable drawdowns, and, at least in my view, represents a more legitimate path to outsized returns than short-term trading, leverage, or financial engineering. It's about patient ownership of exceptional businesses.

The Flattery Wealth portfolios themselves now claim at least the bare minimum of multi-bagger status, that is, a '2-bagger.' As of the writing of this letter, the Core Individual Stock portfolio is up 113.8% from its inception on 1/27/21, while the Growth ETF portfolio is up 122.8% since its inception on 10/15/2018.

Here is the current scorecard of multi-baggers held based on where we first started purchasing shares until this letter:

Name	Symbol	Results Since 1st Buy	Price (1/9/2026)	Purchase Price	Purchase Date
<b>Fidelity Origin Bitcoin Trust</b>	FBTC	111.50%	79.165	37.43	1/18/2024
<b>Solitron Devices</b>	SODI	134.57%	19	8.1	3/10/2021
<b>Heico</b>	HEI	198.21%	355.91	119.35	1/27/2021
<b>Sprott Gold &amp; Silver</b>	CEF	215.01%	48.89	15.52	9/26/2022
<b>AST Spacemobile</b>	ASTS	232.73%	100.35	30.16	3/3/2025
<b>Strategy</b>	MSTR	856.01%	159.75	16.71	5/12/2022

Despite the overall mediocre portfolio results in 2025, a handful of our names continued to solidify themselves as buy-and-hold investments.

## Selected Positions

### MicroStrategy (MSTR)

If you've been with us for a while, you know Strategy (formerly MicroStrategy) has been a big part of the approach over the last few years. Our original cost basis is around \$17/share. To understand MSTR, you first have to grasp Bitcoin. Bitcoin functions as scarce, portable, *digital gold* that is now gaining some traction as an institutional hedge against currency debasement. If BTC fails, the MSTR thesis falls apart.

Likewise, owning MSTR means betting on Chairman Michael Saylor, the founder who has led the company since 1989. Saylor endured the dot-com bust, which included a high-profile corporate scandal. Through it all, he has survived many of his peers and has reinvented the company repeatedly. He still has skin in the game (around 10% ownership with strong voting control), which we like for the alignment with us as common stock shareholders.

In its current form, Strategy operates as the leader in pioneering corporate bitcoin strategy. The company holds the largest corporate bitcoin stash (by far). It monetizes this through fixed-income securities like

convertible notes and structured debt. These products appeal to institutions (i.e. pensions and insurers) seeking BTC exposure without owning the asset directly. The case for MSTR is leveraged bitcoin upside under proven capital allocators, with a steady software business on the side.

2025 was a tough year for MSTR. The stock declined 47.53% thanks to BTC volatility and market rotation away from high-conviction names<sup>4</sup>.

It was a year of what I have heard some call bitcoin's "IPO moment,"<sup>5</sup> where spot ETFs brought institutional liquidity to the market. Now with the benefit of hindsight, it seems this allowed early adopters and whale holders to exit positions they'd held for years, creating selling pressure. If it's any saving grace, this is also what happens when private investments go public. Founders and early angels cash out, the stock gets hammered, and everyone questions the thesis. It's painful, but maybe natural.

Because it is leveraged exposure, MSTR gets hit the hardest.

Putting the 'treasury company' hype aside, which now includes many MSTR copycats, I still think the core thesis holds. Certainly, the pullback improves valuations from here. With bitcoin's institutional narrative advancing through maturing spot ETFs and growing corporate interest, we will monitor to see if Saylor and CEO Phong Le can learn from a wild year and right the ship.

As always, my family's money sits right alongside yours through the ups and downs (this year the downs).

## **AST SpaceMobile (ASTS)**

If you've followed our emails, you'll recall we added ASTS in March 2025 around \$30 per share. It is a founder-led bet on eliminating cellular dead zones through space-based broadband to unmodified smartphones. Partnerships with major carriers like AT&T and Verizon, a wholesale revenue model with high margins, and some technical milestones made the case for our first 'space economy' investment interesting.

ASTS surged nearly 245% for the year, turning our position into a solid multi-bagger. Things accelerated in December with the successful launch of BlueBird 6, the largest commercial communications array ever deployed in low earth orbit. This is a next-gen satellite that enables peak speeds up to 120 Mbps, supporting full voice, data, and video. They're aiming for 45-60 satellites by late 2026.

We continue holding. Abel Avellan and his team are building what could become a massive subscription business. The 'data centers in space' narrative that Elon's been pushing and the eventual SpaceX IPO could bring more attention to the space economy, both of which might help ASTS.

This is a more volatile/speculative idea. Patience remains key as the satellite constellation builds out.

## **Heico (HEI)**

We've held HEI since early 2021. It's one of those quietly excellent family businesses. The Mendelsons have run it for decades, they own a meaningful stake, and they've built durable niches in aerospace parts and defense electronics.

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<sup>4</sup> I would argue it's not exactly 'meme stock' territory, but there is an element that resembles the hype. Of course, many of the large hedge fund traders are looking for quick wins and not long-term holders of the common stock.

<sup>5</sup> Read "Bitcoin's Silent IPO: Why This Consolidation Isn't What You Think" by Jordi Visser

HEI was up 36% in 2025, hitting new highs on strong results across both their Flight Support and Electronic Technologies divisions. They keep doing what they do: disciplined acquisitions, high returns on capital, strong cash generation. Nothing flashy, but they execute well.

The reliable compounder that keeps working while we take swings elsewhere. We're holding alongside the Mendelson family.

### **Sprott Physical Gold and Silver Trust (CEF)**

We added CEF to conservative portfolios back in 2022 around \$16 as a straightforward alternative to bonds. Unlike most precious metals ETFs that use derivatives or futures contracts, Sprott actually owns physical gold and silver bars sitting in a vault. No counterparty risk, no financial engineering, just METAL.

CEF's 90% surge in 2025 made this look prescient. It wasn't, we bought it as insurance. The fact that it worked this year is almost beside the point. CEF is there to provide ballast when fiat currencies do what they tend to do over long enough time horizons (e.g. inflate). We're holding.

### **A note on AI**



*The Hussite Wagenburg - a sketch from the 15th century*

It's the 1420s in Bohemia. Peasants are circling their wagons and mounting small cannons on top. Knights in armor are thundering towards on horseback. The peasants open fire. The knights get blasted apart before they can even close in for combat. This keeps happening, battle after battle. These mobile wagon forts called wagenburgs keep mowing down the force of western European chivalry.

I imagine this phenomenon was in a way quite sad, at least for one side. Knights represented something I still want to romanticize, male vitalism, a craft that was developed over centuries, honor codes, and so on. A knight trained from boyhood in horsemanship and swordplay. War had a face, you had to look your

enemy in the eye. Then along comes gunpowder from China and some peasant with a firearm can kill the greatest knight with a lucky shot. In Shakespeare's Henry IV, a character curses "this villainous saltpetre" and the "vile guns" that destroyed so many good fellows "so cowardly" who in earlier times would have proven themselves gallant soldiers.

But gunpowder also flattened the playing field.

Common infantry suddenly held power. Cities could defend themselves against feudal cavalry. A new class of engineers and gunners could rise on merit rather than birth. By the time Cervantes published Don Quixote in the early 1600s, chivalry had become the butt of the joke (a delusional man *tilting at windmills*, clinging to an obsolete code, yet the world had moved on).

AI seems like a gunpowder moment.

Yes, something beautiful is probably dying. Think about the craft of writing, the ability to think deeply, skills that took lifetimes to master. An MIT report suggests AI is making people dumber. We probably risk losing the habits of attention and slow learning that build understanding. A John Mayer, for example, could probably only have been formed in the more analog world of the '80s and '90s.

On the other hand, there's the excitement about what is possible. What if a solo entrepreneur can now do what once required a full team? What if small businesses can now compete with enterprises? It's probably natural and healthy that young people should want to tinker and try to find opportunities in the new paradigm.

I don't pretend to have the answers, but I think most of us should at least be playing with these tools. My friends at larger enterprises tell me they are being encouraged to use them. I am actively looking for ways to give my clients better results. Selfishly, I am hoping Flattery Wealth's annual software subscription bill will get 'disrupted.'

But it also makes me think we are going into a time where there will be some benefit to being slower and more deliberate. To connect in the real world. I want to lean more into the personal/real relationships that I have with so many of you.

The wagenburg peasants won the battle and gunpowder was the undoing of chivalry. But we still remember and admire the knights.

## Going Forward

Overall, I still like our investments. There are no long-term winners that don't also sell off on occasion. If you think about it, investments that *only go up* are basically the definition of a bubble (which we obviously would prefer to avoid). Drawdowns and periods of underperformance are features, not bugs, of any strategy that deviates from the index.

As for a 2026 forecast, most forecasts from Wall Street and big banks are sort of a waste of time. The talking heads will tell us where the S&P is headed with (unwarranted) precision. Where do they get this? I don't know, I think they're typically just anchoring to recent results with a veneer of sophistication. I think it's better to focus on what we can actually evaluate.

I expect our holdings will do well over the next 3-5 years. Not because I have any special insight into 2026 or 2027, but because we own companies with strong fundamentals, rational capital allocation, and the ability to compound value over time. The path won't be linear, but I think your patience will be

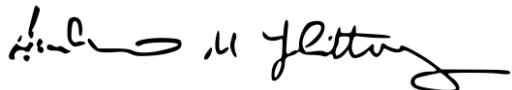
rewarded.

## My Appreciation

I appreciate your ongoing support. The firm continues to grow through deepening relationships and your referrals. The Flattery household is growing too—kid #5 arrives in April.

Let me know your thoughts and questions. Looking forward to supporting you in building family wealth in 2026.

Sincerely,



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