Carrera Capital Advisors

MARCH NEWSLETTER

Cutting Through the Noise

The Discipline of Measured Profit-Taking: Silver is a Case Study

INSIDE, WE ALSO TALK ABOUT:

- Silver 5 Year Price Chart
- The Broader Principle
- Retirement Account Recovery Tool

One of the most difficult disciplines in investing is not buying — it's selling.

Over the past two years, silver provided a powerful example of why disciplined profit-taking matters.

We began accumulating silver in 2023 at prices near $20. As the thesis unfolded, the position appreciated dramatically — reaching a peak near $115. Along the way, we trimmed portions around $80 and again near $100, while retaining roughly half of the original position. Today, silver trades near $87.

This was not an all-in, all-out decision. It was deliberate scaling.

Silver – 5 Year Price Chart

Why Take Profits?

What began as a modest 2.5% allocation quietly grew to nearly 10% of portfolio weight due to price appreciation alone. In other words, one commodity — known for volatility — had quadrupled its influence on portfolio risk.

That concentration created three issues:

1. Position Size Risk – A single commodity at ~10% introduces disproportionate drawdown potential.
2. Volatility Profile – Silver historically experiences sharp corrections, even within strong secular uptrends.
3. Risk Discipline – Our process requires trimming outsized winners to prevent unintended concentration.

Profit-taking was not a change in conviction — it was a risk management decision.

Account-Type Strategy

We were intentional about where profits were realized.
- We harvested a larger portion of gains in qualified accounts, where tax deferral reduces friction.
- We also trimmed selectively in non-qualified accounts, recognizing that position size and portfolio risk take priority over tax avoidance.

Importantly, given silver's sharp January 2026 drawdown, a portion of the tax impact in non-qualified accounts has already been offset by subsequent price weakness relative to our highest sale levels.

Waiting to avoid taxes can sometimes result in giving back multiples of that tax savings in price declines. Discipline matters more than deferral.

Why Silver Rose — and Why It Corrected

Drivers of the move higher included:
- Renewed monetary easing expectations.
- Heightened geopolitical uncertainty.
- Increased investor demand for real assets.
- Strength in gold spilling over into silver via the gold/silver ratio compression.
- Industrial demand linked to electrification and solar applications.

The January drawdown likely reflected:
- A rapid unwinding of speculative positioning.
- Profit-taking after a parabolic advance.
- Short-term liquidity tightening and positioning resets.

The Benefit of Scaling, Not Exiting

We did not eliminate the position. We reduced it.
That distinction is important.
We continue to maintain a core allocation to precious metals as:
- A monetary hedge.
- A portfolio diversifier.
- A defense against policy error and currency debasement.
- A non-correlated asset relative to traditional equities.

However, the position is now sized appropriately relative to its risk profile.

The Broader Principle

Measured profit-taking:
- Reduces concentration risk.
- Systematically harvests gains.
- Protects capital from avoidable drawdowns.
- Allows redeployment into opportunities with more favorable forward risk/reward.
- Prevents emotion from driving allocation decisions.

In strong markets, trimming can feel uncomfortable. In volatile markets, it feels prudent. The key is having a process that operates independent of emotion. Silver rewarded patience and conviction. Discipline ensured that reward translated into durable portfolio progress.

Financial Planning Tidbit

Retirement Savings Lost and Found Database

Did you know you may have an old retirement account you forgot about?

Through the SECURE 2.0 Act, the U.S. Department of Labor created a Retirement Savings Lost and Found Database. It is managed by the Employee Benefits Security Administration (EBSA) and is designed to help workers and beneficiaries locate old or missing retirement benefits.

This database serves as a centralized place to search for, old 401(k) accounts, pension plans, profit-sharing plans, and other employer-sponsored retirement benefits

It can be especially helpful if you have changed jobs multiple times, worked for a company that merged or closed, or simply lost track of a small retirement balance over the years.

If you believe you may have an old retirement account from a previous employer, visit The "Opportunity Reserve" which could help you locate it and take the next steps toward recovering those funds.

If you would like assistance reviewing old accounts or consolidating retirement assets, we are happy to help guide you through the process!

Give us a follow!

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February 2026 Returns

S&P 500 -0.80% || Dow 30 +0.25% || Nasdaq 100 -2.34% || Aggregate Bonds +.1.6% || LT Treasuries +4.63%
T-Bills +0.27% || Int'l Developed +4.61% || Emerging Markets +5.89% || GSCI Commodity +1.88% || Real Estate +5.27%
|| U.S.D +0.86% ||

We use total returns that include the dividends and the expenses charged to investors for holding funds that track all corresponding benchmark indexes, so-called "Index Funds". Total returns use dividend-adjusted closing prices from Yahoo Finance as a raw input. Calculations are conducted in the R programming language by Carrera Capital Advisors.

The index returns for the month also utilize index funds that are designed to track an underlying index. Additional disclosures on each fund:

S&P 500 – iShares Core S&P 500 ETF ("IVV")

The Fund seeks to track the investment results of the S&P 500, which measures the performance of the large-capitalization sector of the U.S. equity market, as determined by S&P Dow Jones Indices LLC (the "Index Provider" or "SPDJI").

Dow 30 – SPDR Dow Jones Industrial Average ETF Trust ("DIA")

The Trust seeks to achieve its investment objective by holding a portfolio of the common stocks that are included in the Dow Jones Industrial Average (DJIA), with the weight of each stock in the portfolio substantially corresponding to the weight of such stock in the DJIA.

Aggregate Bonds – iShares Core U.S. Aggregate Bond ETF ("AGG")

The iShares Core U.S. Aggregate Bond ETF (the "Fund") seeks to track the investment results of an index composed of the total U.S. investment-grade bond market.

LT Treasuries – iShares 20+ Year Treasury Bond ETF ("TLT")

The iShares 20+ Year Treasury Bond ETF seeks to track the investment results of an index composed of U.S. Treasury bonds with remaining maturities greater than twenty years.

T-Bills – SPDR Bloomberg 1-3 Month T-Bill ETF ("BIL")

The SPDR Bloomberg 1-3 Month T-Bill ETF (the "Fund") seeks to provide investment results that, before fees and expenses, correspond generally to the price and yield performance of an index that tracks the 1-3 month sector of the United States Treasury Bill market.

Int'l Developed – iShares MSCI EAFE ETF ("EFA")

The iShares MSCI EAFE ETF (the "Fund") seeks to track the investment results of an index composed of large- and mid-capitalization developed market equities, excluding the U.S. and Canada.

Emerging Markets – iShares MSCI Emerging Markets ETF ("EEM")

The Fund seeks to track the investment results of the MSCI Emerging Markets Index, which is designed to measure equity market performance in the global emerging markets.

Commodities – iShares S&P Goldman Sachs Commodity Index Trust ("GSG")

The Trust seek to replicate the performance of the S&P GSCI Excess Return Index (S&P GSCI-ER), together with collateral assets consisting of cash, U.S. Treasury securities or other short-term securities that are eligible as margin deposits for index futures on the S&P GSCI-ER.

REITs – SPDR Dow Jones Global Real Estate ETF ("RWO")

The SPDR Dow Jones Global Real Estate ETF (the "Fund") seeks to provide investment results that, before fees and expenses, correspond generally to the total return performance of an index based upon the global real estate market

U.S.D. – Invesco DB US Dollar Bullish Fund ("UUP")

The Invesco DB US Dollar Index Bullish (Fund) seeks to track changes, whether positive or negative, in the level of the Deutsche Bank Long USD Currency Portfolio Index - Excess

ReturnTM (DB Long USD Currency Portfolio Index ER or Index) plus the interest income from the Fund's holdings of primarily US Treasury securities and money market income less the Fund's expenses