



**Third Quarter 2025**

## **Performance**

In the quarter just ended, our Flagship's investments advanced by 4.30%, net of fees and the S&P 500 Index appreciated by 8.12%. Year-to-date, our Flagship investments have gained 4.27%, net of fees and S&P 500 Index advanced by 14.83%.

## **Review**

We are disappointed that we seriously underperformed the averages year-to-date.

What my colleagues and I *can* report is that in the past decade, we've exceeded our long-term goal of doubling our clients' money after fees every five years. In addition, in the three years ending September 30, 2025, our Flagship portfolio has gained 23.59%, net of fees exceeding the S&P 500 Index gains.

As stated before, about half of our underperformance this year is attributable to UnitedHealth, America's largest health insurance group. We held the shares for several years but have now liquidated the holding. Over the years, the company's earnings grew strongly, and their shares rose swiftly. More recently, the company was accused of overcharging for the medical services they provide to the Federal government.

Additionally, we held two smaller positions which declined due to decelerating earnings. We have also liquidated those investments.

Currently we believe your portfolios are in a good position to appreciate over the next half decade. We believe that your portfolio's Look-through Earnings power is likely to grow about twice as fast as the earnings of the S&P 500 Index over the next five years. The portfolios are invested in what we believe to be fifteen superb businesses that are global leaders. Among the larger holdings are Nvidia and Broadcom, widely recognized as the two leaders in supplying the "picks and shovels" for the AI revolution; Alphabet, which has several businesses all of which are benefitting from AI and provides AI services to individuals and corporate customers; and Parker-Hannifin, arguably one of the best industrial companies in the world whose aerospace business is growing nicely as the commercial aircraft cycle begins to accelerate. The portfolios also have a large investment in Amazon, whose retail, advertising and cloud service businesses are showing strong, sustainable earnings growth.

## **Prospects**

In our first quarter letter sent to you in early April, we referenced “Liberation Day” and the decline in share prices that accompanied those ructions. We wrote that the aftermath of that decline created attractive investible values. From that low point your portfolios’ investments have advanced strongly as has the market overall.

What now? We expect the economy will continue to grow. We expect that earnings power of the businesses you own will expand notably over the next few quarters. Our work also leads us to believe the portfolio’s Look-through Earnings will advance sharply next year and continue to grow thereafter. All the companies whose shares we own have reported healthy profits, other than UnitedHealth, which was sold last quarter. Almost all the companies whose shares we own anticipate continued strong growth for the remainder of the year and for the coming year.

## **Conclusion**

We are probably past the worst of the tariff wars, trade deals have been struck, the economy continues to expand, profit growth is substantial, and the banking system is sound. Many rightly point to a slowing job market, but our policymakers and central bankers seem to be aware of these near-term risks. Lastly, although we are not political pundits, we reckon the government shutdown will get fixed in a reasonable period of time. As you know, we take the long view and believe that we are well positioned to continue to achieve or exceed our long-term goal of doubling the value of your account, on average, after fees, every half decade.

My colleagues and I extend our very best wishes and thoughts to all of you for the remainder of the year.

Thomas M. Valenzuela  
Chief investment Officer

**\* Performance Disclosures**

The returns for the fourth quarter of 2025 is the performance of an account ("Flagship Portfolio") that the Firm believes fairly represents the performance of the Stewart Asset Management Team's ("SAM") strategy ("Strategy"). The "net" returns presented are after the deduction of management fees as well as other expenses, including costs associated with brokerage. The year to date return stated is based on performance of the Flagship Portfolio starting from January 1, 2025, to September 30, 2025.

SAM is a team at Ingalls & Snyder, LLC ("INGS"), an investment advisor registered with the Securities & Exchange Commission and a FINRA member broker dealer. SAM is not affiliated with W.P. Stewart & Co. ("WPS"). More information including the firm's Form ADV Brochure and Form CRS can be found at <https://www.ingalls.net/important-information>.

The information presented herein is for educational purposes only and is not intended to make an offer or solicitation for the sale of purchase of any specific securities, investments, or investment strategies. Investments involve risk and, unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial advisor and/or tax professional before implementing any strategy discussed herein. Net performance from 1/1/2019 onwards reflects a 1% annual client management fee. All performance numbers for SAM prior to 1/1/2019 are shown net of its 0.80% annual client management fee and transaction costs associated with the Flagship portfolio. The performance numbers reflect the transactions for certain Flagship accounts of SAM, representative client accounts from which other clients' accounts of SAM are modeled. The results for periods from inception of the SAM strategy until 12/31/2022 are the actual results for SAM's initial Flagship account, and results for periods since 1/1/2023 are the actual results for SAM's second Flagship account. Results presented during the periods shown were only adjusted for fees, and there were no other material additions or withdrawals from the Flagship accounts during the periods they were used for performance measurement. There are two Flagship accounts because the original Flagship account took on a margin loan during 2023, which no longer made its unadjusted performance results comparable to other client accounts thereafter. The stocks in the second Flagship account have been managed in a substantially identical manner to those in the original Flagship account during all relevant periods.

The comparison to the S&P is to provide a comparable large capitalization index to the SAM flagship accounts which are invested mainly in large capitalization equities. The SAM Flagship accounts are concentrated U.S. equity portfolios with less positions than the S&P 500 index. Performance charts in and of themselves cannot be the sole determinant in making an investment decision. Due to the timing of clients' investments in the SAM strategy, which is patterned after the model, clients' returns may be more or less than the actual performance of the flagship accounts. The performance of the Flagship accounts do not reflect actual client performance as fees and transactions costs may be higher. Past performance is not indicative of future performance.

The annualized returns for a 10-year period from October 1, 2015 to September 30, 2025, net of fees, and the performance for a 5-year period from October 1, 2020, to September 30, 2025, are 15.72% and 12.02%, respectively, net of fees. Annualized returns provided herein are based on performance of the Flagship Portfolio as described above. Performance returns reflect the average annual rates of return.

Performance from January 1, 2019, to March 14, 2024, reflects SAM's investment performance as a team at Stewart Asset Management, LLC, which was a period prior to SAM's move to and continued management of the Strategy at Ingalls & Snyder, LLC ("Ingalls"). Generally, the Strategy maintains an allocation ranging from 1% to 4% in cash.

Flagship Portfolio represents how SAM generally implements its investment process under normal market conditions. Past performance is not an indication of future results. The performance of each client's managed account may differ due to specific investment guidelines, restrictions and time period which the account has been open and under the management of SAM. Accordingly, individual results will vary.

**Additional Disclosures**

This Strategy are subject to market risk, which is the possibility that the market values of securities owned in an account will decline. Accordingly, you can lose money investing in this Strategy. Please be aware that this Strategy may be subject to certain additional risks. In general, equity securities' values also fluctuate in response to activities specific to a company. Investments in foreign markets entail special risks such as currency, political, economic, and market risks. American Depositary Receipts (ADRs) represent an ownership interest in securities of foreign companies and involve many of the same risks as those associated with direct investment in foreign securities, including currency, political, economic and market risks. The Strategy may, from time to time, invest in stocks of small- and medium-capitalization companies which entail special risks, such as limited product lines, markets and financial resources, and greater market volatility than securities of larger, more established companies.

The Flagship Portfolio has employed the investment strategy in a similar manner to that employed in the SAM's separately managed accounts ("SMAs"). However, portfolio management decisions made for the Flagship Portfolio may differ. The holdings and portfolio activity in the Flagship Portfolio may not be representative of some SMAs managed under this Strategy due to differing investment guidelines, client restrictions, and the time period the account was opened and managed by SAM.

There is no guarantee that any investment strategy will work under all market conditions, and each investor should evaluate their ability to invest for the long-term, especially during periods of downturn in the market. Please consider the investment objectives, risks and fees of the Strategy carefully before investing.