

Elm Wealth Q4 2025 Investor Letter

for

Elm Market Navigator (ELM) ETF Investors¹

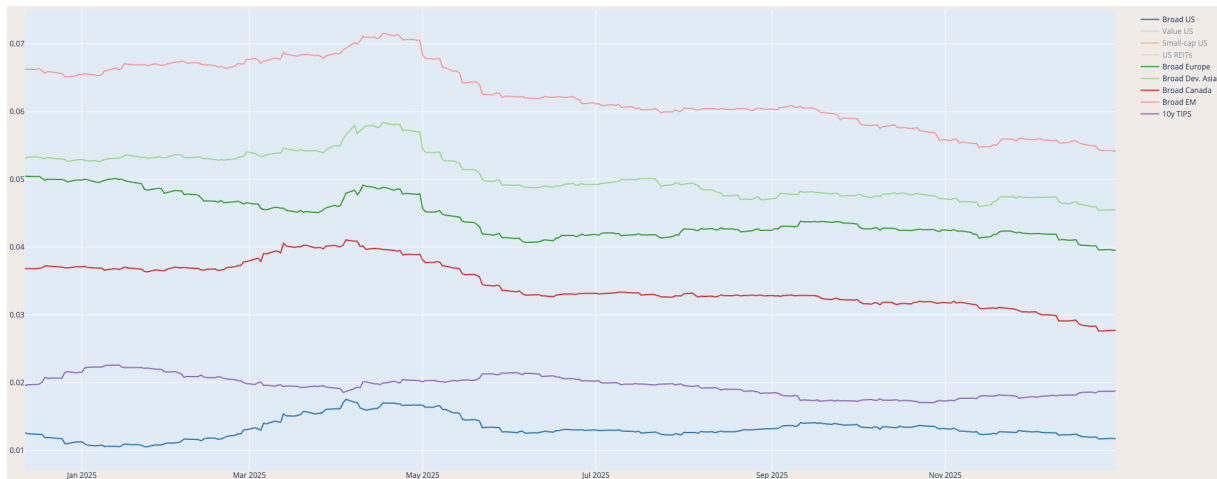
Helping you and your families comfortably and efficiently maintain a significant long-term equity allocation

2025 Review and Asset Allocation

2025 saw Elm's AUM rise to just above \$3 billion, and we'd like to sincerely thank both our long-time and new clients for their trust in us.

The year was remarkably quiet on the asset allocation front, with one very notable exception in the second quarter around 'Liberation Day'.

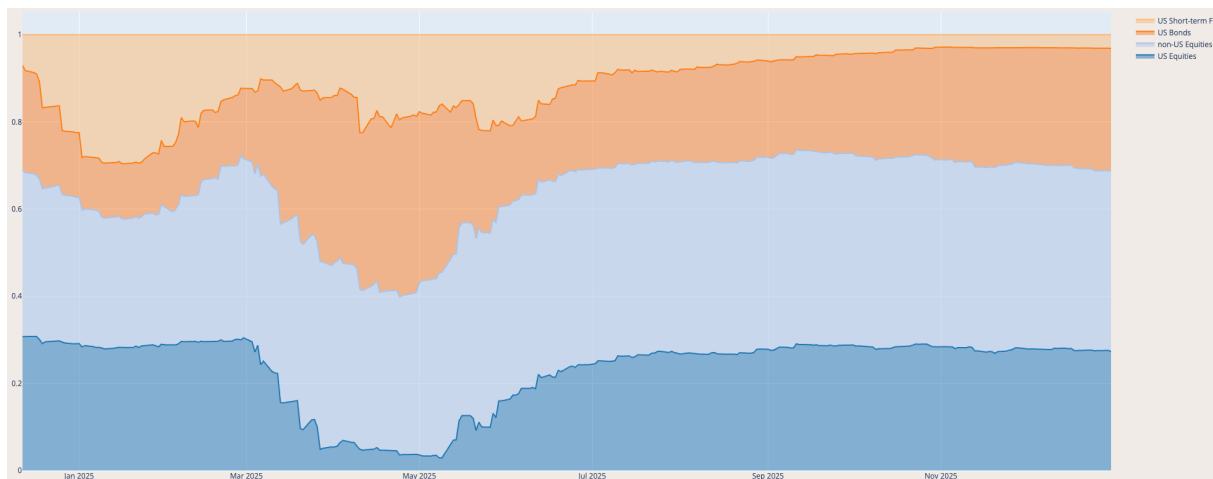
Here we see the risk premia throughout the year - pretty stable, and with the continuing pattern of tight US risk premia balanced by attractive non-US risk premia:



Our proxy for near-term market risk level is momentum (positive momentum = low risk, negative momentum = high risk), and we began the year with the US having strong positive momentum, with the other markets pretty moderate and mixed. All markets entered negative momentum territory during the 'Liberation Day' mini-crisis, then turned strongly positive following it, remaining in strongly positive momentum territory throughout for the remainder of the year.

The confluence of these risk premia and momentum/risk level signals resulted in the following asset allocation over the year:

¹ This quarterly letter and related materials are not intended to solicit future investment, but rather to elicit discussion and exploration of better ways to invest. Please see elmwealth.com for supporting research. This is a preliminary "flash" return estimate, net of fees; the official source of returns is your brokerage statement. **Past performance is not necessarily indicative of future results.**



We can see that overall equity allocations were in the ballpark of the baseline allocation for most of the year, with a significant excursion underweight in Q2. Throughout the year ELM remained underweight US equities and overweight non-US equities to varying degrees, driven by the significant risk premia differentials.

In the latter half of the year, a number of clients expressed surprise that asset allocations weren't materially underweight relative to baseline, generally due to concerns about extremely stretched valuations. As we've seen above, the reason is that tight risk premia are limited to the US, with non-US markets offering a significant valuation offset. Moderate total-world risk premia combined with positive momentum will result in pretty moderate overall equity allocations.

351 Exchange Opportunity

We're beginning work on a potential "351 exchange" fund, which would allow clients (and non-clients) to contribute legacy appreciated assets into a new ETF which would be similar, though not identical, in strategy and organization to ELM. Our goal would be to incur no (or de minimus) realized gains through the conversion, and clients would end up with ETF shares reflecting their original asset basis.

We need to receive around \$200mm in commitments for this procedure to be economical, and based on interest we've already received, we expect (but can't guarantee) we'll be able to meet this minimum pretty quickly. The earliest we'll be able to launch the fund will be in May or June 2026, and as such we'll be looking for firm commitments of interest in Q1. We think achieving this timing is reasonably likely, but launch may be delayed as needed to accommodate either procedural or commitment needs.

We believe this will be most attractive for investors holding highly appreciated and relatively undiversified assets outside of Elm, which they'd like to move to Elm's global, highly-diversified dynamic asset allocation framework.

Work on this is proceeding quickly, but is still at a relatively early stage (and thus subject to change), and we hope to be delivering updates with more specific information in the coming weeks.

ELM ETF Review

ELM launched in February and we've been extremely pleased with how it's developed throughout the year. We've added \$101mm in new assets, and buyers have reported generally good liquidity through major broker platforms when placing limit orders in the vicinity of mid-market.

Since launch, ELM has been predominately trading at a small premium to NAV, in the range of 2-3 cents, in line with expectations for a new ETF with consistent buying interest. Average daily volume is about \$800k, but ‘true’ liquidity is much deeper than the volume alone might indicate, owing to the high liquidity of the underlying ETF assets.

At launch, ELM had an ‘official’ expense ratio of 0.26% (including underlying ETF expense ratios), with a one-year fee waiver taking the expense ratio down to 0.24%. Owing to the fund’s growth, we’ve decided to make the fee waiver permanent, and going forward the official expense ratio will be 0.24%, or about 0.2% above the weighted-average expense ratio of the ETFs the ELM ETF holds.

ELISA (Elm Lifetime Investment and Spending Analysis)

In 2025, we began offering a formal lifetime investing and spending analysis to existing and prospective clients for a one-time \$5k fee. We’ve had a very good takeup and reception to the process so far, from recent and long-time clients alike, and like any new product we hope to continue refining and improving it. You can learn more about the ELISA process in this note: [Riding the Wheel of Fortune](#), or feel free to discuss with us anytime.

Annual Methodology Review

As always around this time of year, we consider potential methodology changes, though at the moment there aren’t any that we’re planning to implement.

One quite significant operational change which we discussed earlier in the year and have implemented involves taking in large portfolios of appreciated single-names stocks and other assets, which can be incorporated into an Elm SMA portfolio with a desired degree of tax sensitivity. We’ve had very significant take-up of this new feature, with many new and existing clients transitioning legacy portfolios of hundreds or thousands of stocks to Elm, and benefitting both from Elm’s low management fee and from having these portfolios consistently integrated into their Elm asset allocation. If you’re interested in discussing how this works in more detail, please let us know.

Around mid-year, we removed ELM’s US Municipal Bond allocation (keeping the overall fixed-income baseline constant), to make the ETF more efficient for non-taxable investors.

Basics & Beyond

In November, we held a seminar in NYC we called “Financial Decision Making: Basics & Beyond” which was designed with younger investors in mind. The event was well-attended (over-subscribed in fact), and we’ve heard positive reports from attendees which is encouraging us to do it regularly. We expect we’ll hold the next one in San Francisco sometime in 2026. Let us know if you’d like to see a recording of it, and also we have a limited number of hard-copy booklets from the event in case you’d prefer that format.

Q4 Research Roundup

- In [The Impact of U.S. Stock Buybacks: Theory vs Practice](#), we dug into how stock buybacks influence market prices and expected returns – and why different types of investors should care about these impacts.
- A recent piece in *The Economist* focused on the “Permanent Portfolio” – a simple 25/25/25/25 split across stocks, bonds, gold, and cash that’s been beating traditional portfolios lately. We explore the issues with strategies based on past performance in [The Permanent Portfolio’s Temporary Appeal](#)

- In [Essential Wisdom from Twenty Personal Investing Classics](#), we revisited twenty investing classics to see which simple, enduring principles emerge. The review resulted in one of our most widely read pieces of all-time.
- We explore how return-chasing investors can become money pumps – someone who can be systematically drained of wealth – especially in assets without cash flows where past performance is the only guide in [Extrapolators Beware the Money Pump](#)
- Our deep dive on leverage, [Leverage: Sense and Non-Sense](#), posed and answered the question: when does it actually make sense to borrow to buy more stocks?
- At the end of the year, we published a two part series first evaluating a few different approaches to determine the likelihood of a stock market crash ([How Likely is a Stock Market Crash?](#)) and then discussing what we learned from our reader’s survey responses ([Our Readers’ Expectations of a Stock Market Crash](#))

Housekeeping

Comprehensive information about the ELM ETF can be found at elmfunds.com.

As always, please don’t hesitate to get in touch with us for any questions or suggestions, or just to say hello.

Wishing you a happy and healthy 2026 -

[Victor](#), [James](#), & [Jerry](#)

Important Note: All returns prior to February 2025 reflect the returns of Elm Partners Portfolio LLC, which converted into ELM. February 2025 reflects a hybrid return (see footnote 4 below)

ELM Market Navigator ETF Return Summary ¹			
Period	Baseline ⁵	ELM NAV	ELM Market Price
Monthly			
Dec-25	0.55%	0.73%	0.94%
Nov-25	0.42%	0.19%	0.16%
Oct-25	1.22%	1.27%	1.30%
Sep-25	2.54%	2.72%	2.69%
Aug-25	2.62%	2.75%	2.78%
Jul-25	0.69%	0.23%	0.00%
Jun-25	3.44%	3.14%	3.27%
May-25	3.80%	1.68%	1.74%
Apr-25	0.27%	0.44%	0.08%
Mar-25	-2.23%	-1.44%	-0.97%
Feb-25 ⁴	0.33%	0.23%	0.20%
Jan-25	2.47%	2.01%	2.01%
Dec-24	-2.70%	-2.63%	-2.63%
Quarterly			
Q4 2025	2.21%	2.20%	2.41%
Q3 2025	5.95%	5.79%	5.55%
Q2 2025	7.66%	5.32%	5.16%
Q1 2025	0.51%	0.77%	1.22%
Historical			
1 year	17.19%	14.75%	15.05%
5 Year	7.69%	6.87%	6.93%
10 Year	8.38%	8.08%	8.11%
Annual			
2025 (YTD) ²	17.19%	14.75%	15.05%
2024	10.95%	8.00%	8.00%
2023	14.15%	8.82%	8.82%
2022	-12.97%	-10.20%	-10.20%
2021	12.03%	15.11%	15.11%
2020	9.86%	11.98%	11.98%
2019	19.30%	15.46%	15.46%
2018	-7.33%	-4.59%	-4.59%
2017	15.97%	18.38%	18.38%
2016	7.22%	6.84%	6.84%
2015	-3.17%	-3.62%	-3.62%
2014	2.48%	1.71%	1.71%
2013	10.10%	13.12%	13.12%
2012	12.72%	11.38%	11.38%
Fund Life-to-Date			
Return ³	7.33%	7.31%	7.33%
StdDev	9.90%	9.08%	9.08%
Fund Expense Ratio			
Gross	0.26%		
Net ⁶	0.24%		
¹ All returns in this table are nominal (not inflation adjusted). Past performance is not necessarily indicative of future performance. ² This is an unannualized return ³ Returns representing a start date of Jan 2012 ⁴ Elm Partners Portfolio LLC (EPP LLC) converted to ETF (ticker ELM) on 2/11/2025. Reflects a combined NAV return of EPP LLC's 0.71% from 1/30/2025 to 2/11/2025 and ELM's -0.47% from 2/11/2025 to 2/28/2025. All subsequent returns are based on ELM's month end closing price. ⁵ The Baseline returns represent historically simulated returns, not actual returns. They use the most current model's Baseline weights, which represent the target allocation in a hypothetical Baseline environment (see the Asset Allocation table for the Baseline weights and more on the Baseline environment, as well as important definitions and disclosures), and are subject to all the many limitations that are known to limit the predictive power of historical simulations. These historical return figures do not include transactions costs, but they do include an estimate of the average expense ratio of the ETFs that would be used to build the Fund's portfolio. ⁶ The ETF has a 0.24% net expense ratio (0.26% gross), including a contractually agreed upon 0.02% fee waiver through February 10, 2026			

The performance data quoted above represents past performance.

Past performance is no guarantee of future results. Current performance may be lower or higher than the performance data quoted above. Investment return and principal value will fluctuate, so that shares, when redeemed, may be worth more or less than their original cost. For performance data current to the most recent month end, please call toll-free 1-800-617-0004.

The Fund has adopted the performance history of the Predecessor Fund beginning 12/30/2011, which operated as a private fund using substantially similar investment strategies. The Predecessor Fund's past performance, before and after taxes, does not necessarily indicate how the Fund will perform in the future. The fund is a newly registered ETF that commenced operations on 2/10/2025 by acquiring substantially all of the assets and liabilities of the Predecessor Fund.

ELM Asset Allocation

	Elm Baseline Weights	Baseline Deviation: Risk Premium	Baseline Deviation: Risk Level	Current Target Weights		Risk Premium	Risk Level
				2025-12-31			
US Equity Assets	45.1%	-29.8%	12.0%	27.3%			
US Broad Equities	35.6%	-23.7%	11.9%	23.7%		1.2%	Low
US Real Estate (REITs)	5.0%	-3.1%	-1.4%	0.5%		1.6%	High
US Value Equities	2.3%	-1.5%	0.8%	1.5%		1.2%	Low
US Small-Cap Equities	2.3%	-1.5%	0.8%	1.5%		1.2%	Low
Non-US Equity Assets	29.9%	1.6%	10.0%	41.5%			
Europe Broad Equities	11.4%	-1.4%	3.8%	13.8%		4.0%	Low
Asia Pacific Broad Equities	4.5%	1.1%	1.5%	7.1%		4.6%	Low
Canada Broad Equities	1.9%	-0.6%	0.6%	2.0%		2.8%	Low
Emerging Market Broad Equities	12.0%	2.5%	4.0%	18.5%		5.4%	Low
Fixed Income	25.0%			31.3%			
US Treasury Bills	10.0%			3.6%			
US 10yr TIPS (Real Yield = 1.88%)	10.0%			18.3%			Low
US Aggregate Bonds	5.0%			9.4%			Low
Total:	100.00%			100.00%			

Baseline Weights: The Elm Baseline Weights represents what the portfolio’s target allocations would be in the Baseline Environment, a hypothetical environment used for calibration purposes where every major equity market has about a 4% Risk Premium above Safe Assets and a “neutral” risk level. Elm considers 10 Year TIPS as the “safe asset” in our model.

Baseline Deviation Due to Risk Premium: The Target Weight’s deviation from the Baseline Weights based on current Risk Premia. The maximum deviation due to Risk Premium is 2/3 of the Baseline Weight.

Baseline Deviation Due to Risk Level: The Target Weight’s deviation from the Baseline Weights based on current Risk Level. The maximum deviation due to Risk Premium is 1/3 of the Baseline Weight.

ELM Instrument Table

Description	Ticker	Market	% Weight	Annual Fees	Fund Size (\$BB)	ETF or Fund	Fund Manager	Change on Month ¹	Change on Year ¹
			100.00%	0.05%					
US Equity Assets			27.2%						
Vanguard Total Stock Market ETF	VTI	US	22.06%	0.03%	580.13	ETF	Vanguard	-0.03%	17.10%
Schwab US Broad Market ETF	SCHB	US	1.39%	0.03%	38.72	ETF	Schwab	-0.03%	16.94%
Vanguard Value ETF	VTV	US	1.64%	0.04%	161.47	ETF	Vanguard	0.78%	15.26%
Vanguard Small-Cap ETF	VB	US	1.59%	0.05%	71.84	ETF	Vanguard	0.04%	8.87%
Schwab U.S. REIT ETF	SCHH	US	0.48%	0.07%	8.86	ETF	Schwab	-2.12%	2.22%
Non-US Equity Assets			42.0%						
iShares Core MSCI Europe ETF	IEUR	US	6.71%	0.10%	7.14	ETF	iShares	3.34%	35.67%
JPMorgan BetaBuilders Europe ETF	BBEU	US	6.18%	0.09%	8.80	ETF	JP Morgan	3.61%	36.34%
Vanguard FTSE Europe ETF	VGK	US	0.80%	0.06%	30.00	ETF	Vanguard	3.52%	35.85%
Vanguard FTSE Pacific ETF	VPL	US	7.05%	0.07%	8.59	ETF	Vanguard	2.22%	32.64%
JPMorgan BetaBuilders Canada ETF	BBCA	US	2.32%	0.19%	9.55	ETF	JP Morgan	3.59%	34.40%
Vanguard FTSE Emerging Markets ETF	VWO	US	18.90%	0.07%	108.19	ETF	Vanguard	0.93%	25.58%
Fixed Income			30.9%						
Schwab US TIPS ETF	SCHP	US	17.98%	0.03%	14.54	ETF	Schwab	-0.56%	6.77%
Vanguard Total Bond Market ETF	BND	US	6.34%	0.03%	147.01	ETF	Vanguard	-0.30%	7.08%
iShares Core U.S. Aggregate Bond ETF	AGG	US	2.55%	0.03%	136.42	ETF	iShares	-0.28%	7.19%
Vanguard 0-3 Month Treasury Bill ETF	VBIL	US	2.67%	0.07%	4.80	ETF	Vanguard	0.35%	3.34%
First American Government Obligations Fund	FGXXX	—	1.34%	—	—	Fund	US Bank	—	—
1. Total return including dividends									

Important Risk Disclosures

Before you invest in the Elm ETF, please refer to and carefully consider the summary or statutory prospectus for important information about the investment company, including investment objectives, risks, charges and expenses. You may obtain a hard copy of the prospectus by calling 1-800-617-0004. The prospectus or summary prospectus should be read carefully before investing.

As with any fund, there are risks to investing. An investment in the Fund is not a deposit of a bank and is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. In addition to possibly not achieving your investment goals, you could lose all or a portion of your investment in the Fund over short- or long periods of time. Because the Fund is a Fund of Funds, the Fund is subject to the risks associated with the Underlying Funds in which it invests.

Newer Adviser Risk. The Adviser has not previously served as an adviser to a registered investment company. As a result, there is no long-term track record of the Adviser serving as an adviser to a registered investment company against which an investor may judge the Adviser and it is possible the Adviser may not achieve the Fund's intended investment objective.

Fund of Funds Risk. The Fund is a "fund of funds." The term "fund of funds" is typically used to describe investment companies, such as the Fund, whose principal investment strategy involves investing in other investment companies (funds), rather than directly in securities of individual companies. An investment in the Fund will be subject to substantially the same risks as those associated with the Underlying Funds in proportion to the Fund's allocation to those Underlying Funds, and the value of the Fund's investment in Underlying Funds will fluctuate in response to the performance of the portfolios of the Underlying Funds. In addition, at times, certain of the segments of the market represented by Underlying Funds in which the Fund invests may be out of favor and underperform other segments.

Asset Allocation Risk. The Fund, through its investments in Underlying Funds, may allocate its investments among various asset classes.

Common Stock Risk. While common stocks have historically generated higher average returns than fixed income securities over the long-term, common stock has also experienced significantly more volatility in those returns, although under certain market conditions, fixed-income investments may have comparable or greater price volatility.

Large-Cap Companies Risk. Larger, more established companies may be unable to respond quickly to new competitive challenges such as changes in technology and consumer tastes. Large companies also may not be able to attain the high growth rates of successful smaller companies.

Small- and Mid-Cap Companies Risk. There may be less trading in the stocks of small- and mid-cap companies, which means that buy and sell transactions in that stock could have a larger impact on the stock's price than is the case with larger company stocks.

Real Estate Investment Trust ("REIT") Risk. The Fund's investment in REITs will subject the Fund to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses.

Foreign Investments and Emerging Markets Risk. Securities of non-U.S. issuers, including those located in foreign countries, may involve special risks caused by foreign political, social and

economic factors, including exposure to currency fluctuations, less liquidity, less developed and less efficient trading markets, political instability and less developed legal and auditing standards.

Municipal Securities Risk. The municipal market is volatile and can be significantly affected by adverse tax, legislative or political changes and the financial condition of the issuers of municipal securities.

Interest Rate Risk. Changes in interest rates will affect the value of the Fund's investments.

Credit Risk. An issuer of debt securities may not make timely payments of principal and interest and may default entirely in its obligations. A decrease in the issuer's credit rating may lower the value of debt securities.

Debt Securities Risk. Increases in interest rates typically lower the value of debt securities held by the Fund. Investments in debt securities include credit risk. There is also the risk that a bond issuer may "call," or repay its high yielding bonds before their maturity dates.

High Yield Debt Securities ("Junk" Bond) Risk. Below investment-grade debt securities (also referred to as high yield debt securities or "junk" bonds) involve greater risk of default or price changes due to changes in the credit quality of the issuer.

Cash Position Risk. The ability of the Fund to meet its investment objective may be limited to the extent it holds its assets in cash (or cash equivalents) or is otherwise uninvested.

U.S. Government Obligations Risk. The Fund will invest in securities issued by the U.S. government.

Market Risk. The NAV of the Fund will change with changes in the market value of its portfolio securities. Investors may lose money.

High Portfolio Turnover Risk. A high portfolio turnover rate (400% or more) has the potential to result in the realization and distribution to shareholders of higher capital gains, which may subject you to a higher tax liability. High portfolio turnover also necessarily results in greater transaction costs which may reduce Fund performance.

Management Risk. The Fund is actively-managed and may not meet its investment objective based on the Adviser's success or failure to implement investment strategies for the Fund.

The Elm Market Navigator ETF is distributed by Quasar Distributors, LLC.