AAG Quarterly Investment Update

Quarter ending June 30, 2026

Introduction

To be blunt, I'm grateful the quarter is over. While semiconductors continued to race ahead and buoy markets, the Mag 7 stocks, other than Apple, was unloved along with most of the remaining stock market. The war's starts and stops along with the start of new head of the Federal Reserve (and his new leadership approach) have markets in a bit of disarray.

Income assets were steady while equity investments' performance was dramatically dependent on sector and size. Alternatives remained strong, and while private credit stole the headlines, in the end, there was nothing to report. Defaults remain few and far between in both the public and private markets, and our specific allocations performed well.

Economic highlights

War, war, war…or maybe just a "conflict"

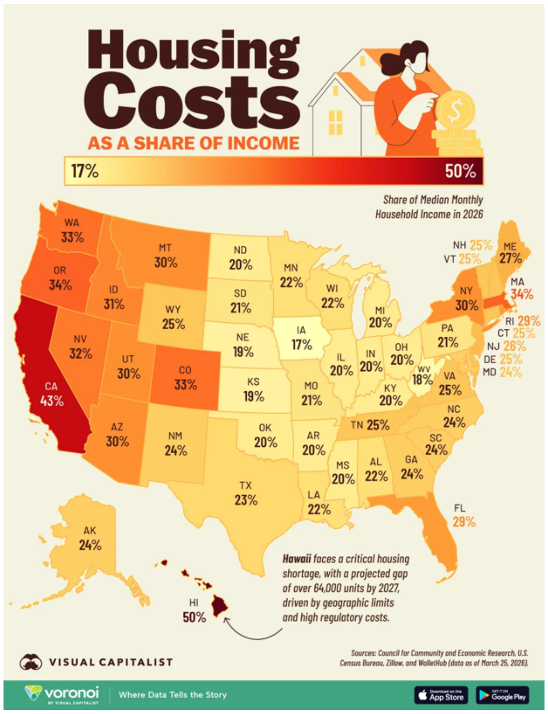
The on again, off again "war" or "conflict" with Iran continues to cause angst among the public and uncertainty in financial markets. With oil averaging over $80/bbl during the quarter, downward pressure was seen in precious metals while the financial markets are trying to navigate its affect on inflationary pressures globally. The much-hoped for "longer term" pause/ceasefire has recently (as of this writing at the end of July) ended with renewed attacks from both sides. Here we go again….

Semiconductors, memory chip makers, and "Value" oh my! (AI investment's next wave)

Intel, AMD, Micron, Sandisk, Western Digital, Broadcom, SK Hynix, Samsung (where is Nvidia you might ask?) all screamed higher during the quarter. And not just a little. We are talking 50-200%. This is an effect of AI's next wave. Demand for chips and memory from the Hyperscaler buildout (data centers), has resulted in significantly demand and therefore higher prices. What's funny is that many of these companies have been languishing for the past few years with steady growth but decreasing margins. If you look closely, you will find many of them classified as "Value" stocks. Most of us think of anything tech related as "growth", but we stand corrected!

Housing & Affordability

With interest rates persisting higher, mortgage rates continue to stress the pockets of anyone seeking a new mortgage. 30-year rates are now over 6.5% and inching towards 7%. Coupled with the boom in home prices since COVID, it is a wonder that anyone under the age of 50 can afford to purchase a house. Some major housing markets have recently seen some much needed price declines (Austin, Houston, Orlando, Miami, Dallas - recognize a theme? The south!), but the national median home price just hit another record: $440,000. In case you were wondering, with a 10% down payment, your new mortgage is $2,578/mo not including property taxes or insurance. The national median household income is $7,000/mo. So all in, to buy a median house with median income and include insurance, taxes and utilities, you would need to use 50% of your GROSS pay. That is not good. The takeaway – have compassion on the next generations. It is an uphill climb to homeownership.



Kevin Warsh & the new Federal Reserve

On May 22, Kevin Warsh became the newest Chairman of the Federal Reserve, and in June, he led his first Fed governors meeting – setting a new path for how and what the Fed communicates to the public. For years, starting with Bernanke, the Fed began "overcommunicating" their thought process, leaving little to the imagination when it came to short-term rate change expectations. That era is over. Mr. Warsh has decided to say less and be even ambiguous with what he does say. I like it. It's going to take Wall Street a bit to adapt, but at the end of the day, they can no longer pre-determine the Fed's course of action. In an age of information overload, I welcome less information to digest. Markets will now need to act and react based on many data points not just the whims and opinions of the Federal Reserve Board.

More Specific Market Updates

- Semiconductors
- South Korea Market on fire
- Private credit worries overblown

Winners & Losers (performance thru 6-30-26)

AAG's portfolios experienced downward pressure due to overweight holdings in precious metals and nuclear sectors. While income related holdings kept accounts steady and traditional equities rebounded strongly from the March lows, many sectors outside of semiconductors and AI investment themes remain oversold. It is curious that uranium and nuclear related stocks sold off strongly despite oil's rise in price and the world's growing awareness and need to diversify its energy sources. Our largest holding, Alphamin Resources continues to perform well, growing revenues and earnings as well as recently paying its 10% semi-annual dividend.

Once again, diversification remains paramount to long term investing success.

Below are some of the notable positions in AAG portfolios and their performance for the quarter:

Winners	**Losers**
Alphamin Resources (AFMJF) +24%	Energy Fuels (UUUU) -22.5%
Vanguard Growth Index (VUG) +17%	Van Eck Gold Miners (GDX/INIYX) -21%
Vanguard Total Stock Mkt (VTI) +14%	Global X Silver Miners (SIL) -17.6%
FT Smart Grid Infrastr. ETF (GRID) +12.6%	Sprott Uranium Miners (URNM) -15.4%
Eaton Vance Emg Mkts Inc (EIDOX) +5%	Trilogy Metals Inc (TMQ) -6.7%

Let me know how I can help you!

We are growing and looking for 3-4 new relationships this year. Is there one person who you think could use our help? A relative, friend or colleague? Please send me their name and let me know how best to communicate with them and.

I look forward to seeing you soon.
God bless,

Josh