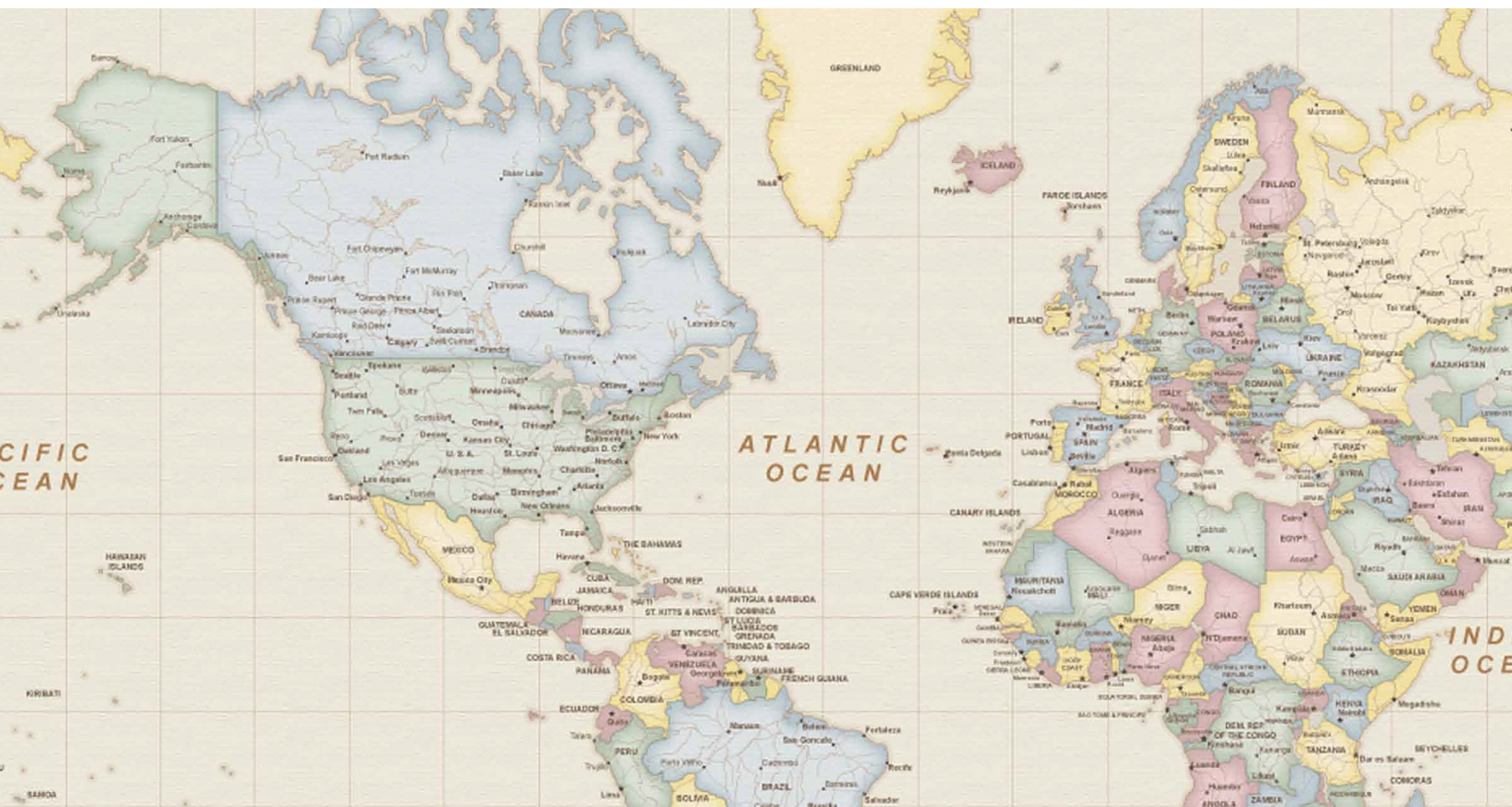


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QUARTERLY UPDATE



To Our Partners,

November 2025

Market Overview: Resilience Amid Headwinds

As the third quarter of 2025 concludes, U.S. equity markets have continued their impressive climb, extending the strength that propelled them through the record-setting highs of the previous quarter. Despite facing significant obstacles—including historic increases in tariffs, persistent inflation exceeding the Federal Reserve’s 2% target, and a labor market that has begun to show signs of weakness—investors maintained a focus on positive developments: robust economic growth, supportive fiscal measures, and corporate earnings that exceeded expectations. This ongoing ascent highlights the market’s resilience, but it also serves as a reminder of the importance of maintaining perspective during periods of exuberance.

Market Performance: The AI Boom and Sector Dynamics

During Q3, the stock market posted solid gains, with generative AI (Gen AI) remaining a central theme. The semiconductor sector led the rally, driven by unrelenting demand for AI infrastructure. Even as news headlines emphasized the highest tariff levels in nearly a century, ongoing inflation, and concerns about the Federal Reserve’s independence, the market largely dismissed these worries. Instead, attention turned to an unexpected rebound in GDP growth, the potential benefits of new fiscal policies, and corporate earnings that significantly surpassed projections.

Beneath these strong headline numbers, however, there are underlying concerns. While overall growth remains steady, the labor market is showing signs of deterioration, and a ‘K-shaped’ recovery pattern suggests that higher-income households are shouldering much of the burden in consumer spending. In response, the Federal Reserve implemented its first rate cut of the year—a 25 basis point reduction—and signaled an intention to further ease monetary policy through 2025 and into 2026. Meanwhile, major technology companies, known as hyperscalers, issued ambitious capital expenditure (CAPEX) guidance, indicating substantial investments in AI for the years ahead. This aggressive approach signals that demand for AI infrastructure is currently outpacing supply.

The surge in AI enthusiasm has created distinct winners and losers. Traditional defensive sectors such as healthcare, consumer staples, and real estate have significantly underperformed, as the market increasingly categorizes stocks as either “AI plays” or not. Our portfolio’s software holdings have faced similar challenges, with some investors concerned about the disruptive impact of Gen AI. Despite these headwinds, our confidence remains strong: the companies we hold have unique products, are actively integrating AI into their offerings, and benefit from high recurring revenues, strong margins, durable competitive advantages, and significant switching costs. These strengths position them to not only withstand current disruptions but also to achieve 10% earnings growth central to our investment strategy.

Our Investment Philosophy: Quality and Discipline

We have always avoided chasing the latest market fads. For more than two decades, our approach has been disciplined: we wait for clear evidence of sustainable revenues and earnings before making long-term investment commitments. This strategy has proven effective through both bull and bear markets. As we selectively add AI infrastructure leaders to the portfolio, we believe we are at the beginning of a multi-year investment cycle that could meaningfully enhance your portfolio’s earnings trajectory. Combined with our holdings in competitively advantaged businesses, our goal remains to achieve more than 10% long-term

earnings growth, with total returns expected to reflect this growth profile over time.

While our quality-focused approach has delivered consistent rewards throughout various market cycles, it can feel overlooked during narrow, enthusiasm-driven rallies dominated by a few mega-cap stocks. Nonetheless, our commitment remains unchanged: quality endures, even when market attention is elsewhere.

Your Brain vs Your Wealth: Mastering Behavioral Biases

While markets tend to behave rationally in the long term, investor behavior is often influenced by innate human biases. Our instincts, shaped for survival in environments of scarcity and threat, can conflict with the patience and discipline required for building lasting wealth. This quarter's mix of excitement and uncertainty has brought these tendencies to the forefront, sometimes prompting impulsive decisions that can undermine even well-constructed plans. Recognizing and managing these biases is essential for long-term success.

Common Behavioral Biases and How to Overcome Them

- **Loss Aversion – The Pain of Losing:**

Losses tend to feel twice as painful as equivalent gains feel rewarding, leading investors to sell winners too soon or hold onto losing positions, hoping for a turnaround. In a quarter marked by tariff and inflation fears, the temptation to retreat can be strong. Counteract this by focusing on your portfolio's long-term objectives and adhering to a disciplined rebalancing process, turning emotional reactions into systematic progress.

- **Confirmation Bias – The Comfort of Agreement:**

We naturally seek out information that supports our existing beliefs—such as highlighting AI success stories while ignoring labor market warnings. This can foster overconfidence and poor diversification. Combat this by seeking contrarian viewpoints, rigorously testing your assumptions, and following predetermined rules for selling investments, regardless of emotional attachment.

- **Present Bias – The Now vs Later Trap:**

Immediate rewards often take precedence over future gains, undermining savings habits in the face of present-day distractions. Automation is a valuable tool here: set up automatic contributions to ensure consistent progress toward your financial goals, even when motivation wanes.

- **Anchoring Bias – The Grip of the First Number:**

It's easy to fixate on initial reference points, such as the price paid for a stock, which can cloud judgment when circumstances change. Make decisions based on forward-looking fundamentals and opportunity costs, rather than sunk costs, to maintain clarity and objectivity.

- **Overconfidence Bias – The Illusion of Control:**

After a string of successes, it's tempting to believe in one's ability to predict the market, potentially leading to excessive trading and risk-taking. True expertise lies in humility: diversify broadly, rely on systematic strategies, and prioritize consistency over chasing the next big win.

Awareness of these behavioral traps is the first step, but lasting success requires structure—a “financial immune system” built on automated plans, clear rules, and regular reviews. These safeguards help keep emotions in check, ensuring your decisions are guided by evidence and aligned with your long-term objectives.

Looking Ahead: Entering Q4 With Optimism and Discipline

Q3 serves as a reminder that markets reward those who can distinguish meaningful trends from background noise. With AI's momentum persisting, monetary policy expected to remain accommodative, and our portfolios anchored in quality holdings, we enter the fourth quarter with measured optimism. We are here to support you—please reach out to schedule a review if you would like to discuss how current market dynamics may affect your specific situation.

In Closing

Thank you for your continued trust. Wishing you a prosperous conclusion to the year.

“Success in investing doesn’t correlate with I.Q. once you’re above the level of 125. Once you have ordinary intelligence, what you need is the temperament to control the urges that get other people into trouble in investing.”

— Warren Buffett

Respectfully,

A handwritten signature in black ink that reads "J. Dash". The signature is fluid and cursive, with the first name "J." and the last name "Dash" clearly visible.

Jonathan Dash
CEO & Chief Investment Officer

Forward-Looking Statement Disclosure

The discussion of our investments represents the views of the Company's portfolio manager at the time of this report and is subject to change without notice. References to individual securities are for informational purposes only and should not be construed as recommendations to purchase or sell individual securities. As portfolio managers, one of our responsibilities is to communicate with clients in an open and direct manner. Insofar as some of our opinions and comments in our letters to our partners are based on current management expectations, they are considered "forward-looking statements," which may or may not be accurate over the long term. While we believe we have a reasonable basis for our comments and we have confidence in our opinions, actual results may differ materially from those we anticipate. You can identify forward-looking statements by words such as "believe," "expect," "may," "anticipate," and other similar expressions when discussing prospects for particular portfolio holdings and/or the markets, generally. We cannot, however, assure future results and disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise. Further, information provided in this report should not be construed as a recommendation to purchase or sell any particular security.

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800.549.3227

www.dashinvestments.com

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