

# Gryphon Insights

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EXECUTIVE SUMMARY





## EXECUTIVE SUMMARY

# A Publication for Gryphon Wealth Clients

Welcome to the second edition of Gryphon Insights—our publication designed to keep you informed, empowered, and connected to the thinking behind your portfolio. Each issue distills what we’re seeing in the economy, how we’re positioning your investments, and the big ideas shaping the future.

We created this resource to offer more than just updates; it’s a window into our process, our people, and our long-term perspective. Whether you read it cover to cover or just skim the highlights, our goal is the same: to equip you with clarity, confidence, and a deeper understanding of how we’re working to grow and preserve your wealth.

## ECONOMIC UPDATE

### HOW TO THINK ABOUT TARIFFS

A new wave of U.S. tariffs has added uncertainty to global markets, sparking concerns about higher prices and slower growth. While headlines focus on the risks, the reality is more nuanced. The proposed tariffs—ranging from a general 10% on most imports to sharply higher rates on goods from China, Canada, and Mexico—could raise prices for consumers and pressure companies with global supply chains. That said, not all tariffs are harmful. Limited, well-targeted tariffs can help address long-standing trade imbalances, strengthen national security in key industries, and potentially generate government revenue without raising income taxes. Our investment team remains focused on resilient businesses with strong cash flow potential over time. This means that while volatility may rise in the near term, disciplined investing remains the best response to uncertainty.

### INFLATION IS COOLING

Inflation in the U.S. has been trending downward, giving consumers and businesses a bit more breathing room. In March, the annual inflation rate fell to 2.4%—the lowest level in over a year—thanks in large part to lower gas prices. Some real-time data, including rental trends tracked by major investors like Blackstone, suggest that inflation may already be running even lower than official figures show. Despite these encouraging signs, the Federal Reserve is keeping interest rates steady for now, wary of the uncertain economic impact of new tariffs. While the markets are hoping for rate cuts later this year, the Fed has made it clear it will wait for more definitive data before making any moves.

### THE PUSH FOR FISCAL DISCIPLINE PICKS UP SPEED

After years of rising deficits and emergency spending, the U.S. government is starting to take steps toward more disciplined budgeting. A newly formed agency—the Department of Government Efficiency—has begun reviewing federal programs, with early proposals identifying \$150 billion in potential cuts for 2026. While no major spending reductions have been implemented yet, the shift in tone marks a significant change. Addressing this imbalance is necessary, but difficult. Cutting spending can help stabilize the economy over time and ease inflation pressures, yet the process is rarely smooth. Certain sectors and communities may feel the effects more than others, and even well-meaning reforms can spark pushback. As the process unfolds, we’ll be watching closely to see how these changes are implemented and where they land.



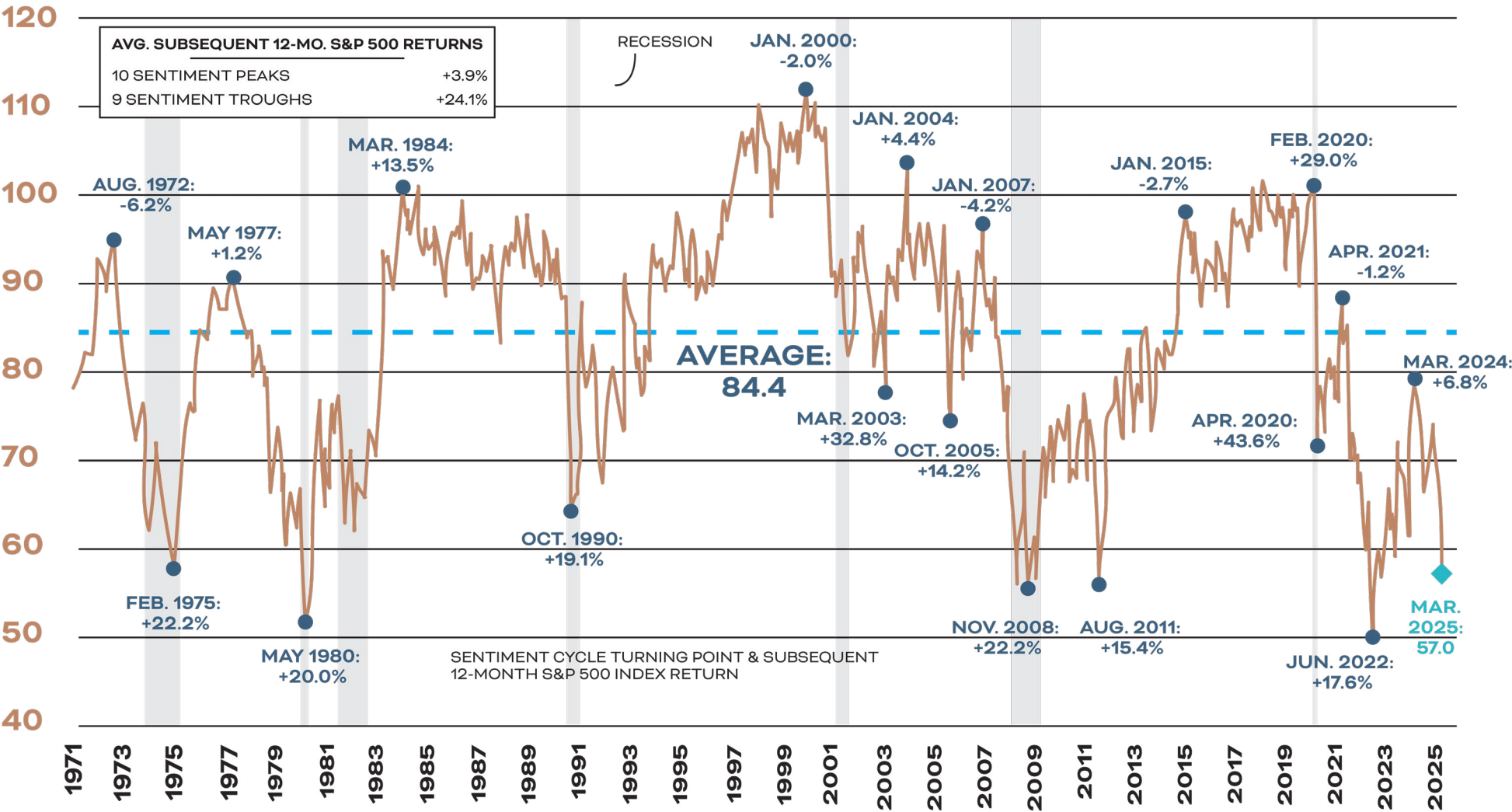
MARKET COMMENTARY: EQUITIES

Markets have had a turbulent stretch to digest the implications of rising global trade tariffs. Yet history offers perspective: nearly every sharp drop like this has been followed by strong rebounds. What’s more, moments of historic lows in consumer sentiment have historically marked the beginning of strong recoveries. On average, market returns in the year following such pessimism have been substantially higher than those that followed peaks in confidence.

At Gryphon Wealth, we don’t view market corrections as a reason to panic—we view them as a chance to be selective and opportunistic. While we’ve seen short-term pressures from tariffs and policy shifts, our focus remains on high-quality companies with long-term staying power. Periods like this test discipline, but our portfolios are designed to weather them. The strategy remains the same: don’t react emotionally, stay invested, and focus on fundamentals.

CONSUMER SENTIMENT INDEX & SUBSEQUENT 12-MONTH RETURNS

S&P 500 Index: The S&P 500 Index consists of 500 stocks chosen for market size, liquidity, and industry group representation. It is a market value weighted index with each stock’s weight in the Index proportionate to its market value.



Source: Gryphon Wealth, FactSet, Standard & Poor’s, University of Michigan, J.P. Morgan Asset Management



## MARKET COMMENTARY: FIXED INCOME

For the first time in over a decade, fixed income investments now offer attractive yields for investors. The 10-year U.S. Treasury yield has settled in the 4.0% to 4.5% range—far above the near-zero levels seen not long ago. That matters, because in bond investing, your starting yield is one of the strongest predictors of future returns. With today’s elevated yields, investors are earning meaningful income and facing less risk from rising interest rates. While holding cash might feel comfortable, bonds offer the ability to lock in today’s higher yields and benefit if rates decline. At Gryphon Wealth, we view this as a turning point. Bonds are once again playing their intended role in portfolios: generating income, reducing volatility, and offering upside potential if economic conditions shift.

## PORTFOLIO UPDATES

Since the start of the year, we have made several portfolio changes (see the summary table for a quick snapshot). These weren’t reactions to headlines or short-term noise. Instead, each move reflects our long-standing investment discipline: focus on fundamentals, weigh valuation carefully, and seek the best long-term outcomes for your capital.

In this edition, we also introduced a new framework to help clarify the kinds of opportunities we pursue. This framework splits companies into one of three Gryphon Wealth categories:

- **Quality Compounds:** Businesses we aim to hold for the long-term because of their growth, efficiency, and durable advantages
- **Discounted Stalwart:** Cash-generating firms that may lack long-term growth but offer shorter-term upside
- **Special Situations:** Events like spin-offs or restructurings that create temporary mispricings

Each of these categories plays a different role in your portfolio, but all are rooted in the same principles: careful research, clear reasoning, and ongoing monitoring. As always, we remain focused on preserving and growing your wealth through a combination of resilience, selectivity, and long-term thinking.

ADDITIONS	EXITS	TRIMS
CATERPILLAR D.R. HORTON DOLLAR GENERAL IQVIA LENNAR LVMH META MICRON NVIDIA QXO US BANK	EURONET GOLDMAN SACHS TRUIST	APPLE BERKSHIRE HATHAWAY CAPITAL ONE J.P. MORGAN RTX CORPORATION

Source: Gryphon Wealth





## READINGS & MUSINGS: QUANTUM COMPUTING MOVES CLOSER TO REALITY

Quantum computing is no longer just a science fiction concept. Recent breakthroughs from large tech companies suggest that practical, utility-scale quantum computers could arrive within the next 3 to 5 years. That's a dramatic acceleration from previous estimates that placed commercialization decades away.

What's changed is that there has been a historic discovery by successfully engineering a rare quantum particle—long considered purely theoretical—that enables stable, scalable computing. They've already begun building a chip around it. Meanwhile, their competitor's latest quantum processor completed in minutes what would theoretically take a classical supercomputer longer than the age of the universe<sup>1</sup>.

This matters because the combination of quantum computing and AI could transform nearly every major industry—from drug discovery and materials science to logistics and national security. It opens the door to solving problems today's machines simply can't handle. But it also raises urgent questions about cybersecurity, privacy, and global power dynamics. Quantum computing represents more than the next chapter in technology—it could be a whole new book. We're entering a new era, and it's unfolding faster than anyone expected.

## EDUCATIONAL CORNER: WHAT MAKES A GREAT BUSINESS?

It's easy to get caught up in the excitement of growth—but smart investing is about more than just getting bigger. One of the best ways to identify great businesses is by measuring how efficiently they turn investment into profit. That's where a concept called return on invested capital (ROIC) comes in.

ROIC helps answer a simple question: for every dollar a company invests, how much does it earn in return? Over time, firms with consistently high ROIC tend to outperform because they grow value efficiently and withstand economic bumps better. For us, ROIC isn't just a number—it's a key part of how we assess business quality. We dig deeper than surface-level figures to understand a company's sustainable return potential. That focus on capital efficiency helps guide our investment decisions—and supports our goal of owning businesses that build lasting value over time.

<sup>1</sup>Source: Google

## HOW GRYPHON USES ROIC TO GUIDE INVESTMENT DECISIONS

### GRYPHON'S THREE INVESTMENT BUCKETS

1

#### QUALITY COMPOUNDERS

High ROIC, high reinvestment opportunity

Keep these businesses for the long run due to great growth prospects and capital efficiency

2

#### DISCOUNTED STALWARTS

Lower ROIC, trading at a steep discount

For shorter-term holdings - buy cheaply and sell when approaching fair value

3

#### SPECIAL SITUATIONS

Exception that does not initially include ROIC

Applied to spin-offs or restructurings to help us decide how long to keep

## THE RELATIONSHIP BETWEEN BUSINESS QUALITY AND PRICE PAID IS LINKED...



#### HIGH ROIC = ROOM FOR ERROR

Bucket #1: Willing to pay up

#### LOW ROIC = NO ROOM FOR ERROR

Bucket #2: Needs to be highly discounted

## ... AND HOW IT CHANGES OVER TIME IS JUST AS IMPORTANT



Can the company keep reinvesting at high ROIC?

Is the market saturated or still growing?

How is the company's growth funded?

Source: Gryphon Wealth





## CLIENT FAQs

In recent months, we tackled three of the most common—and important—questions we hear from clients:

- Should I sell as I get older and can't afford to lose money?
- What do you do when a stock in the portfolio is down—hold, sell, or add?
- Is there a place for gold in a long-term investment strategy?

Each of these questions touches on deeper themes: how to manage risk over time, how we think about long-term value, and what role (if any) non-productive assets like gold should play in a portfolio. Our full answers aim to provide clarity and context—not just about what we do, but why we do it. For the full discussion, see the Client FAQs section of the full version of *Gryphon Insights*.

## GRYPHON WEALTH UPDATE

The start of the year brought meaningful milestones across the Gryphon Wealth team. We celebrated the well-earned retirement of Judy Root, whose 50-year career left a lasting mark on the firm's culture and client experience. We also saw continued professional growth within the team, including new roles, certifications, and deepened trading capabilities—all reinforcing our commitment to alignment and excellence. This season also marked anniversaries across the team and external recognition of our collective work, with Gryphon once again named to Forbes' Best-In-State list.



Behind the scenes, we've been codifying The Gryphon Way—a set of internal standards that ensure we deliver consistent, thoughtful service as we grow. Through client meetings, team retreats, and partnerships with industry leaders, we're investing in the next generation of advisors and raising the bar for what great client service looks like.

*2025 Forbes Best-in-State Wealth Management Teams: Awarded January 2025; Data compiled by SHOOK Research LLC based on the time period from 3/31/23 - 3/31/24 (Source: Forbes.com). The Forbes Best-in-State Wealth Management Teams rating algorithm is based on the previous year's industry experience, interviews, compliance records, assets under management, revenue and other criteria by SHOOK Research, LLC. Investment performance is not a criterion. Self-completed survey was used for rating. This rating is not related to the quality of the investment advice and based solely on the disclosed criteria. 11,674 wealth management teams were considered for the rating; 5,331 (45.66% of candidates) were named 2025 Forbes Best-in-State Wealth Management Teams.*



# And finally...

As we conclude this edition of Gryphon Insights, we want to express our sincere gratitude for the trust you place in us. Your confidence inspires us to provide thoughtful insights, transparent updates, and unwavering support for your financial journey. We remain committed to helping you navigate the path ahead with clarity, purpose, and success.

As always, we’re grateful for the opportunity to serve you and remain focused on building something enduring—together.



*Wells Fargo Advisors Financial Network did not assist in the preparation of this report, and its accuracy and completeness are not guaranteed. The report herein is not a complete analysis of every material fact in respect to any company, industry or security. The opinions expressed here reflect the judgment of the author as of the date of the report and are subject to change without notice. Any market prices are only indications of market values and are subject to change. The material has been prepared or is distributed solely for information purposes and is not a solicitation or an offer to buy any security or instrument or to participate in any trading strategy. Additional information is available upon request.*





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