



TIMBER POINT
CAPITAL MANAGEMENT

POWERED BY  FORTIS CAPITAL ADVISORS

The Timber Log – What We Are Thinking About

January 23, 2026

Periodic Market Returns

Asset Class Summary								1/22/26
Asset Class	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	
U.S. Stock	0.01%	0.95%	3.91%	1.66%	14.71%	21.34%	12.82%	
Global Stock Ex U.S.	0.20%	4.98%	7.79%	4.18%	34.68%	16.14%	7.91%	
U.S. Bond	-0.24%	0.23%	-0.23%	0.00%	7.16%	3.67%	-0.21%	
Global Bond	0.15%	0.31%	-0.17%	-0.02%	7.98%	2.84%	-2.01%	
U.S. Real Estate	-0.66%	2.32%	-1.48%	1.98%	4.79%	5.43%	5.22%	

Region Summary								1/22/26
Region	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	
U.S. Stock	0.01%	0.95%	3.91%	1.66%	14.71%	21.34%	12.82%	
Global Stock Ex U.S.	0.20%	4.98%	7.79%	4.18%	34.68%	16.14%	7.91%	
Emerging Markets	1.15%	8.13%	8.75%	6.50%	41.20%	15.72%	3.93%	
Europe Stock	0.10%	3.43%	7.46%	2.63%	32.59%	16.18%	10.43%	
Asia Pacific Stock	-0.12%	6.36%	6.30%	5.18%	34.68%	15.30%	4.70%	
Latin America Stock	6.10%	14.32%	24.59%	12.55%	64.30%	16.74%	12.01%	

Equity Style Summary								1/22/26
Region	1 Week	1 Month	3 Month	YTD	1 Year	3 Year	5 Year	
Large Growth	-0.82%	-1.96%	0.14%	-1.40%	13.85%	29.17%	13.78%	
Large Blend	-0.26%	0.36%	3.13%	0.83%	14.88%	22.34%	13.58%	
Large Value	0.57%	3.63%	7.07%	4.08%	15.43%	14.63%	12.98%	
Mid Growth	-0.60%	-0.48%	-1.87%	1.64%	5.18%	15.25%	6.07%	
Mid Blend	0.04%	1.98%	3.41%	3.45%	10.24%	13.88%	8.65%	
Mid Value	0.49%	3.77%	7.34%	4.74%	14.00%	12.30%	11.03%	
Small Growth	1.70%	5.02%	9.61%	8.43%	11.74%	15.62%	3.10%	
Small Blend	1.72%	5.16%	9.75%	7.72%	12.09%	14.22%	7.41%	
Small Value	1.73%	5.26%	9.86%	7.18%	12.34%	13.17%	10.68%	

Source: Y Charts

Global stock markets pick up right where they left on in 2025 – leading the US market.

APAC, led by S. Korea's 16% gain, and LAM, led by Colombia and Peru's greater than 20% gains, surge higher.

Back in the US, value stocks outperform growth in the large cap space. But large cap is being swamped by down market action in mid and small caps.

Less regulation, lower interest rates, and improving relative earnings power are all reasons to favor down cap.

Dollar, Earnings, Value all Contributing to Banner Year

International Returns broken down by source

As of 12/31/2025

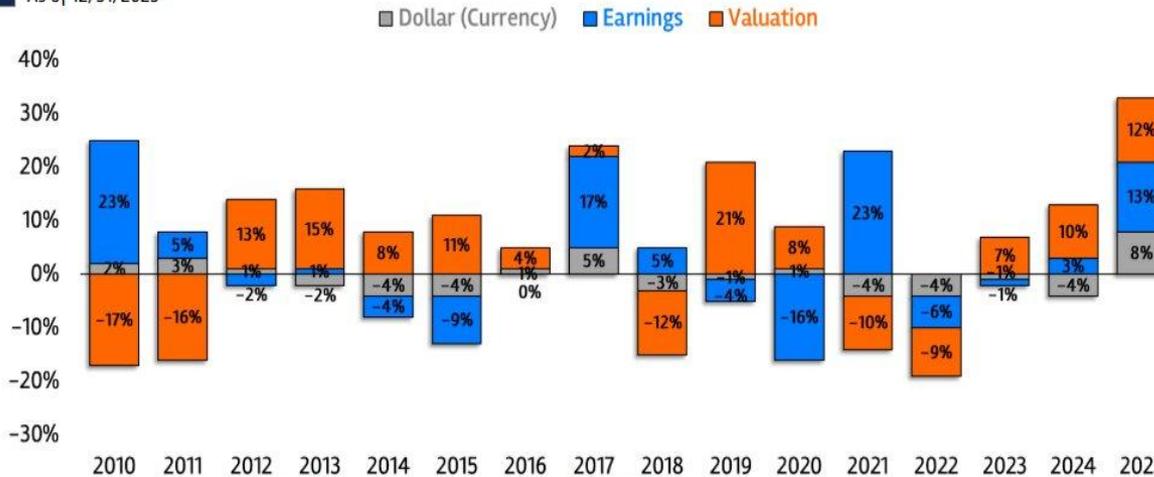


Chart: Total annual returns broken down by return contribution in 2025 by currency, earnings and valuation

Source: Ritholtz Wealth Management, MSCI, data via Bloomberg L.P., International stocks are represented by the MSCI-All Country World Index ex-US. Earnings estimates compiled by Bloomberg.

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Many want to believe that the dollar debasement trade was the sole driver of the international performance in 2025.

In reality, the USD declined only 10% during 2025 and trailed behind earnings and valuation as factors driving returns.

The USD remains in a long-term uptrend and could surprise investors given the strength of the US economy and IF the US deficit picture continues to improve. Valuation still favors int'l; earnings growth remains a question.

FRED Nominal Broad U.S. Dollar Index



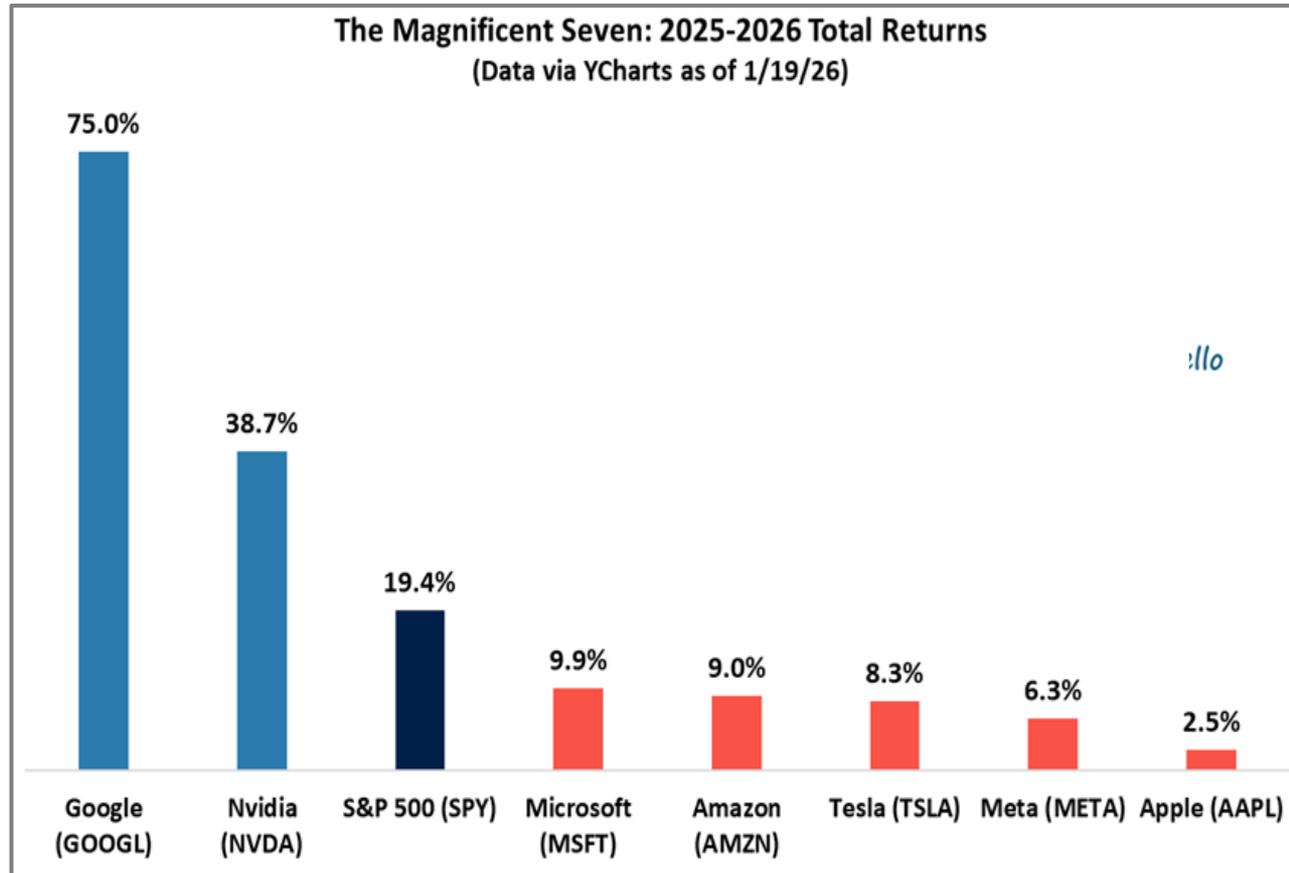
Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.



Buyer beware in Europe where stock performance has resulted in an overbought position.

Euro economies are talking a big game around increased spending to finance growth initiatives but regulatory morass and climate directed policies have resulted will likely continue to hamper innovation – or at least make this a much longer term turnaround.

The MSCI Europe index has only 7% weighting in Info Tech...



Source: Creative Planning

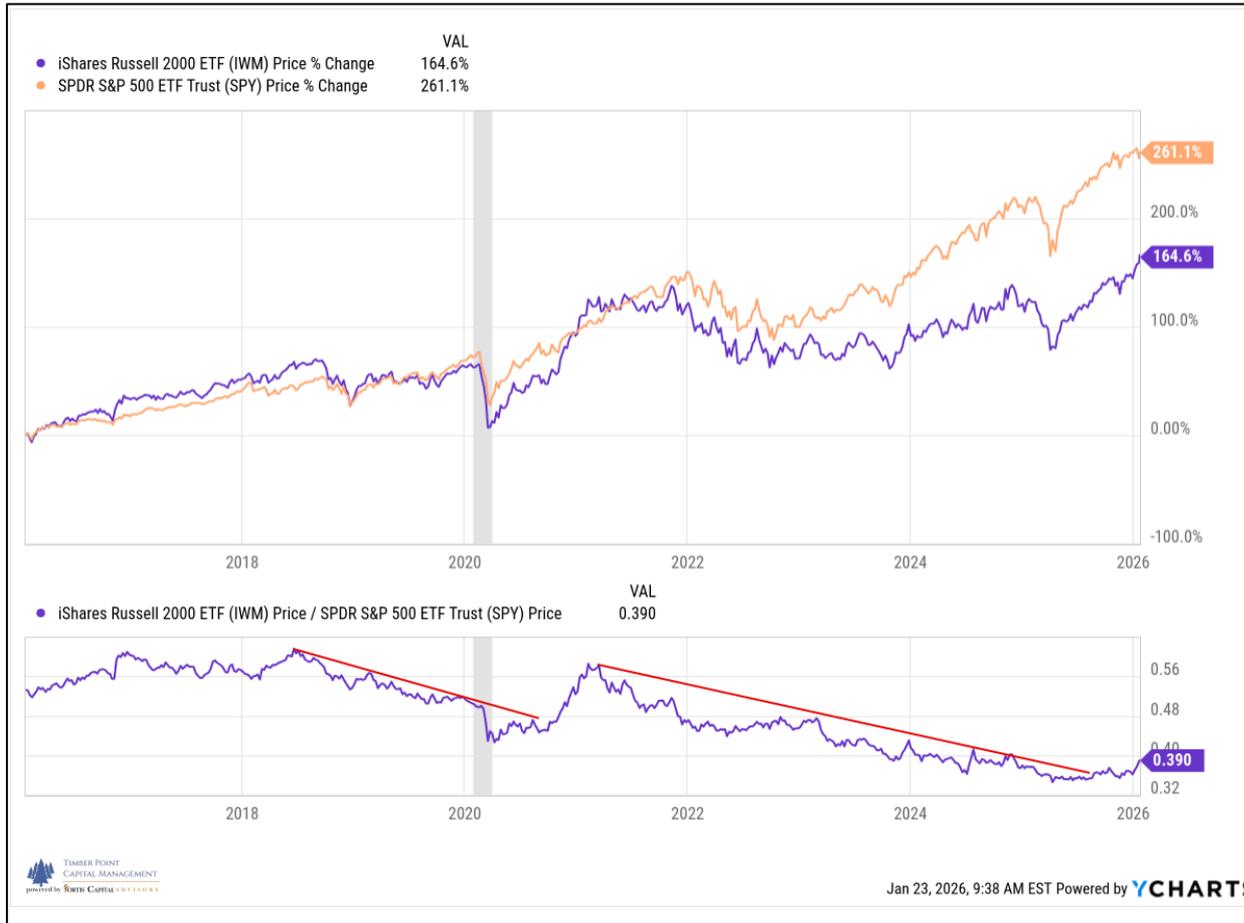
Using the SPY as a marker, the Mag 7 has not been so “mag” over the past 12+ months.

Only NVDA and GOOGL have managed to outpace the SPY as others have been laid low by concerns over growing capex plans funded by OpenA. Not to mention the circular spending from NVDA that gives pause.

1Q26 earnings will tell the story for '26 in terms of future capex plans, with any moderation and hint of early ROI much welcomed by the market.

Small Caps – Room To Run?

Down Cap Resurgence



Source: YCharts

Relative performance of small vs. large has been weak since 2021, with only a recent uptick.

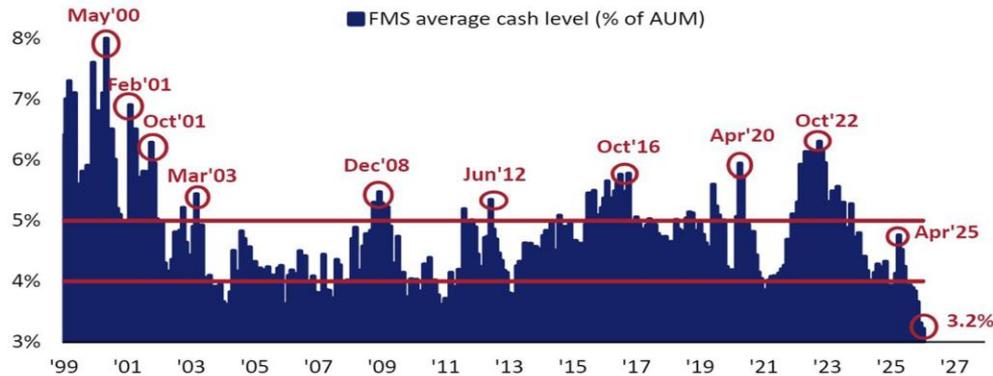
Will this be a short-lived spell of performance like we saw back in 2020 when day traders with Covid funds propelled small caps higher?

We know the IWM has ~ 30% money losers...but, the index also has big exposure to Industrials, its largest sector, at 19%, and Financials at 17% - two sectors that are benefitting from deregulation as well as AI-related spend.

Given the severe underperformance, we are willing to bet small caps have room to run.

Chart 3: FMS cash level drops further to record-low 3.2%

BofA FMS average cash level (% of AUM)

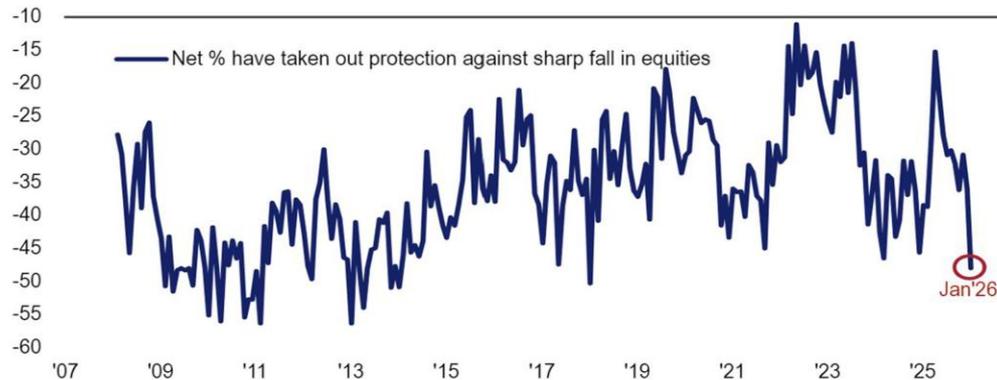


Source: BofA Global Fund Manager Survey

BofA GLOBAL RESEARCH

Chart 9: A large majority has not taken out protection against a big stock price drawdown

Net % say they have taken out protection against sharp fall in equities in the next 3 months



Source: BofA Global Fund Manager Survey.

BofA GLOBAL RESEARCH

Investors remain fully invested despite the potential for geopolitical unrest – cash levels are at multi-decade lows according to BofA.

After three consecutive years of double digit gains in the US and even more spectacular returns in 2025 for international stocks, investors likely have recency bias.

What could derail the good times is important to ask at times like this... Trump, Taiwan, Iran, AI overbuild, credit quality concerns – none are able to knock the market for too long. Earnings continue to surprise to the upside – keep your eye on that ball...

Capital Wars...over Greenland?



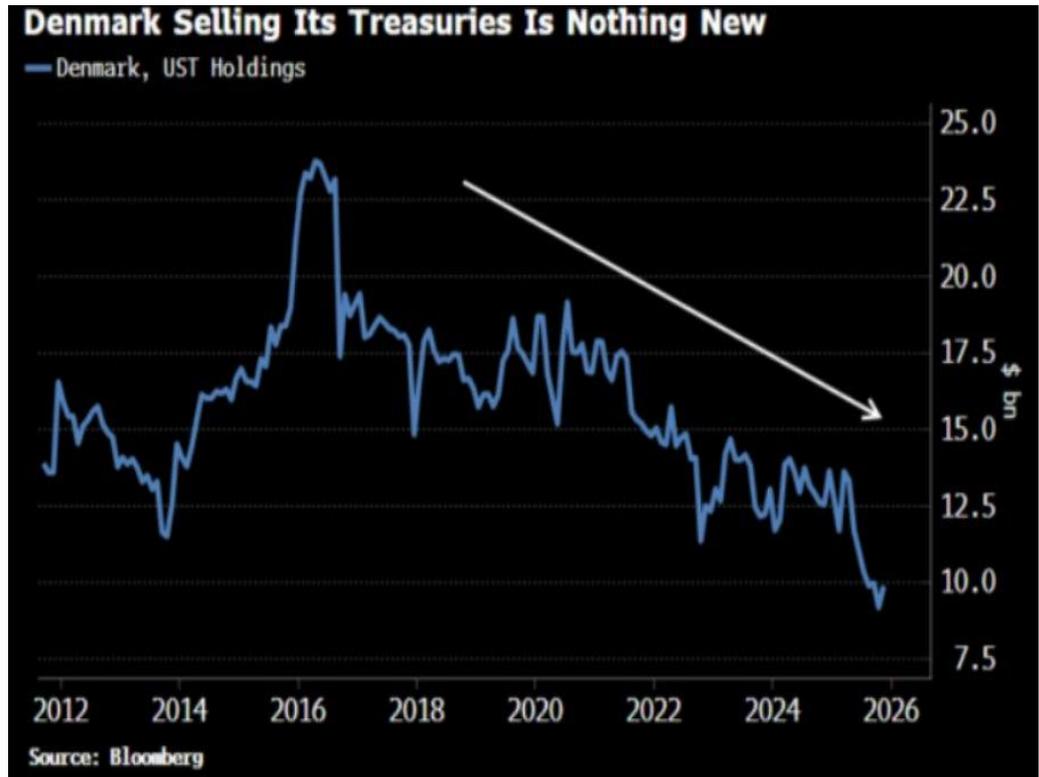
Danish pension fund to sell \$100 million in Treasuries, citing 'poor' U.S. government finances

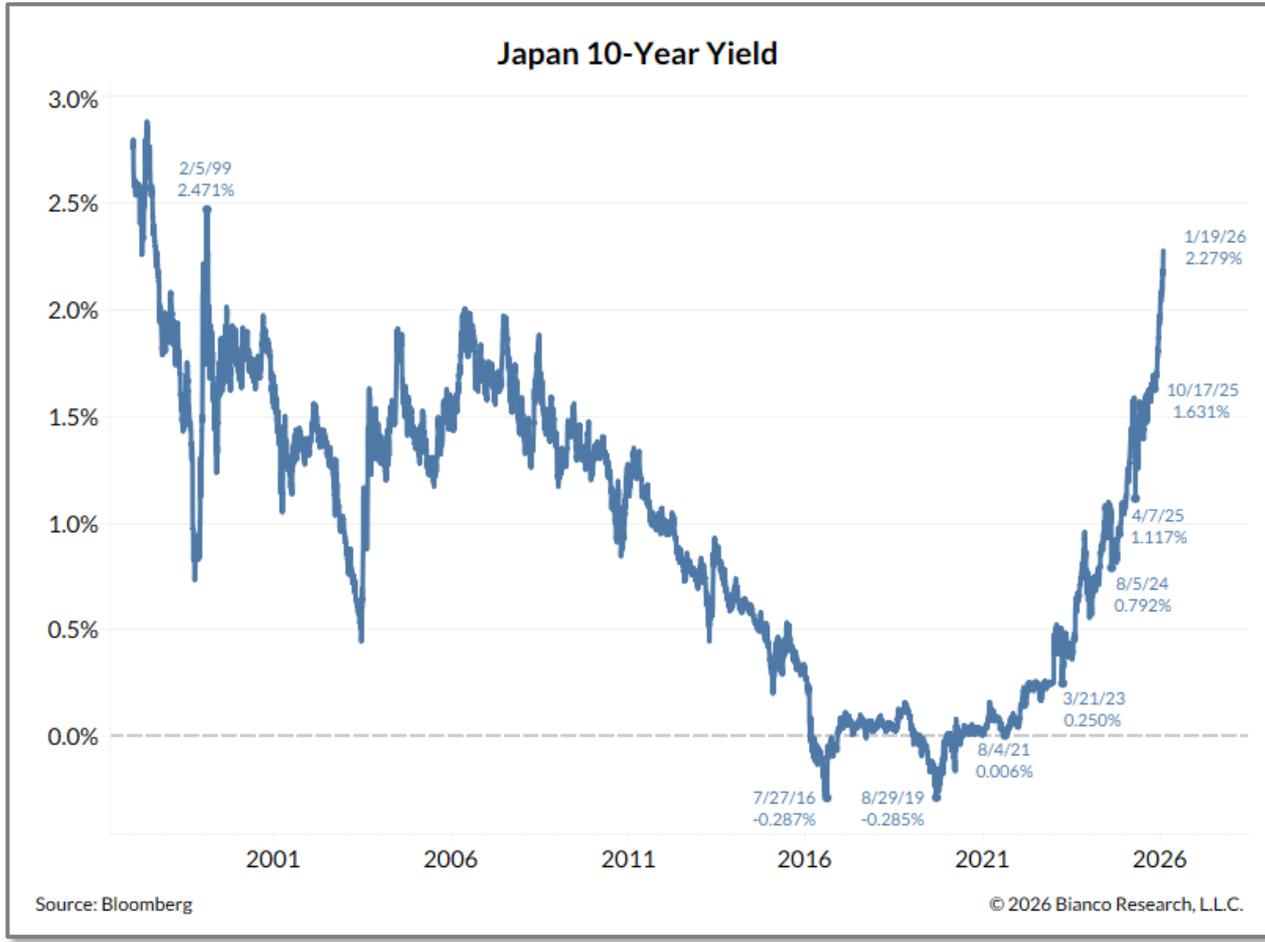
'This is sell America' — U.S. dollar, Treasury prices tumble, gold spikes as globe flees U.S. assets

Ray Dalio warns that 'capital wars' could follow Trump's actions

- Japan: ~\$1.20 trillion → ~3.2% of total U.S. debt
- China: ~\$0.68 trillion → ~1.8% of total U.S. debt
- India: ~\$0.19 trillion → ~0.5% of total us debt
- **Denmark:** \$9.9 billion → ~0.03% of total U.S. debt

Denmark selling \$100M of Treasury's...not impactful, and not new...Will capital wars occur from new sources (ex China and Russia) as a result of NATO fracturing? Unlikely. The new "framework" agreement for Greenland appears to be an extension of a 1951 agreement to operate military bases in Greenland under US control...there is more to be learned but the trade deal with Europe appears back on with no new tariffs.





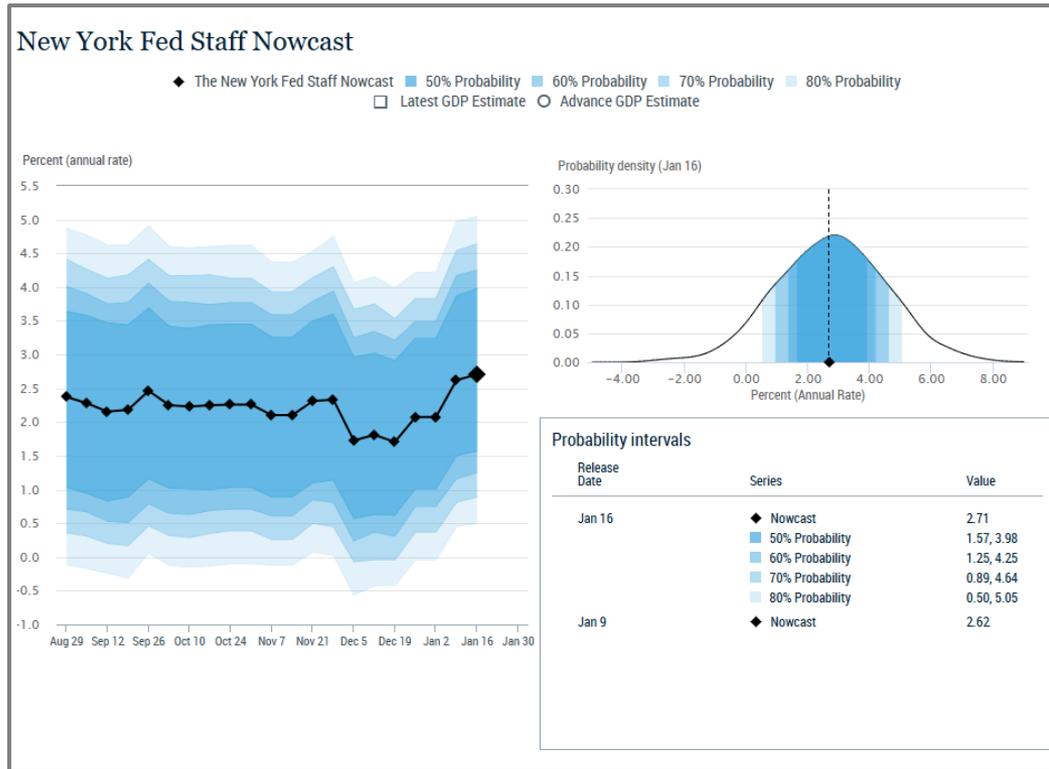
An acceleration to the upside for JGB yields...

A function of a return to Abe-nomics with new PM Takaichi... recent calls for snap elections have fueled fears of even more government stimulus if LDP is able to regain lost ground.

Japan has not had to worry about inflation for decades and investors are betting the focus is not there.

The yen carry trade appears over given the lack of turmoil in global equity markets... or perhaps that is why crypto has been so weak.

GDP and the Labor Market

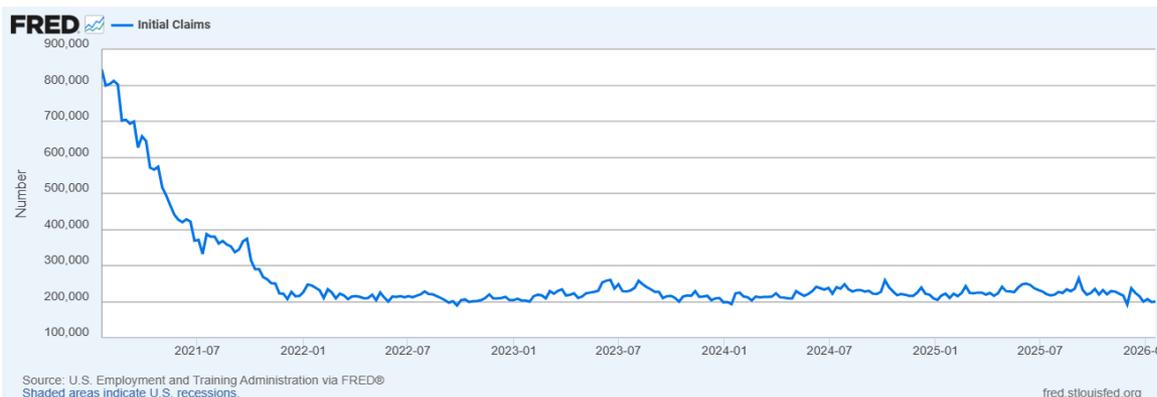


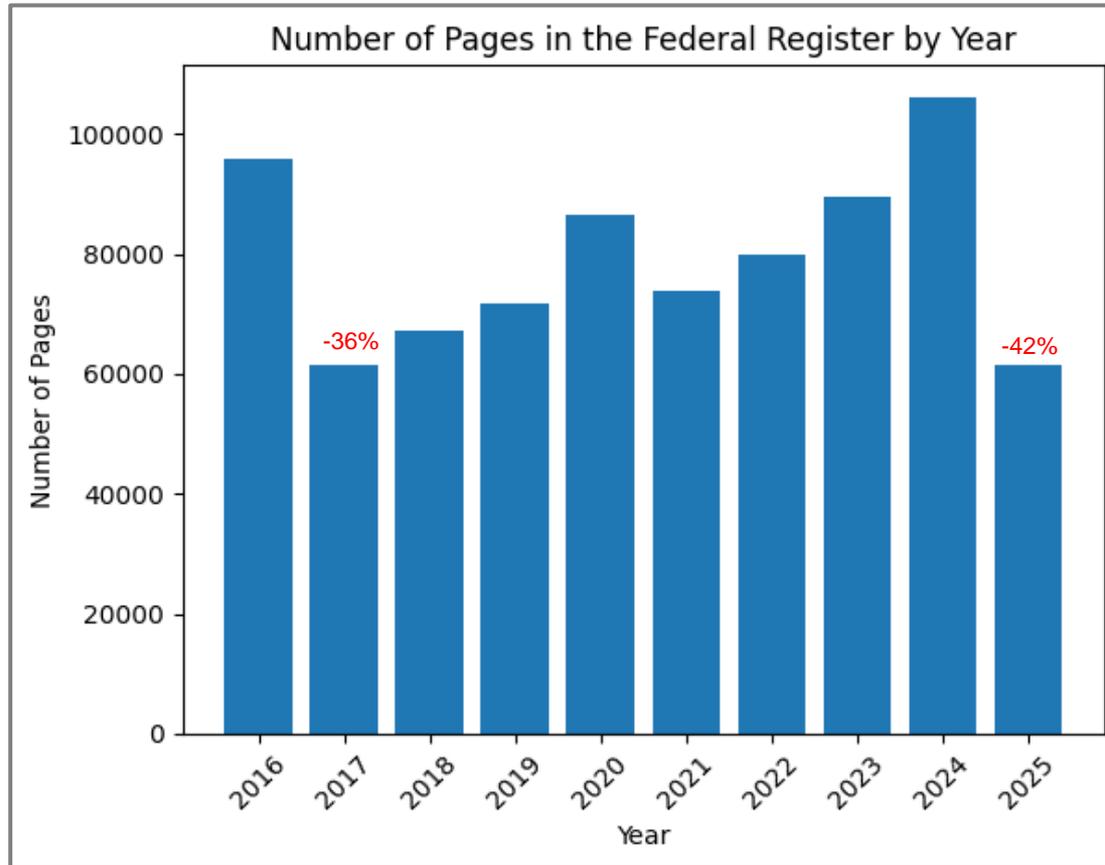
Not quite the 5% estimate that the [Atlanta Fed GDPNow](#) is pushing...

The NY Fed NowCast has moved considerably higher over the past few weeks as data continues to remain robust. The Trump administration continues to talk up economic growth in '26.

Initial unemployment claims dispel fears of dislocations in the labor market

[JOLTS data](#) indicates a return to normal job openings levels after the Covid influence spike.





Source: La Jolla Economics

[The Federal Register](#) is a daily publication that provides public notice of new rules, proposed regulations, executive orders and agency notices.

After significant climb in the number of pages in 2016 and 2017, Trump 45 and 47 made drastic reductions in the regulatory bureaucracy.

Does this filter through to the economy? We think it eventually does as business owners feel more confident in pursuing new investments...

Don't believe us...listen to Ken Griffin at Davos [World Economic Forum](#) ...

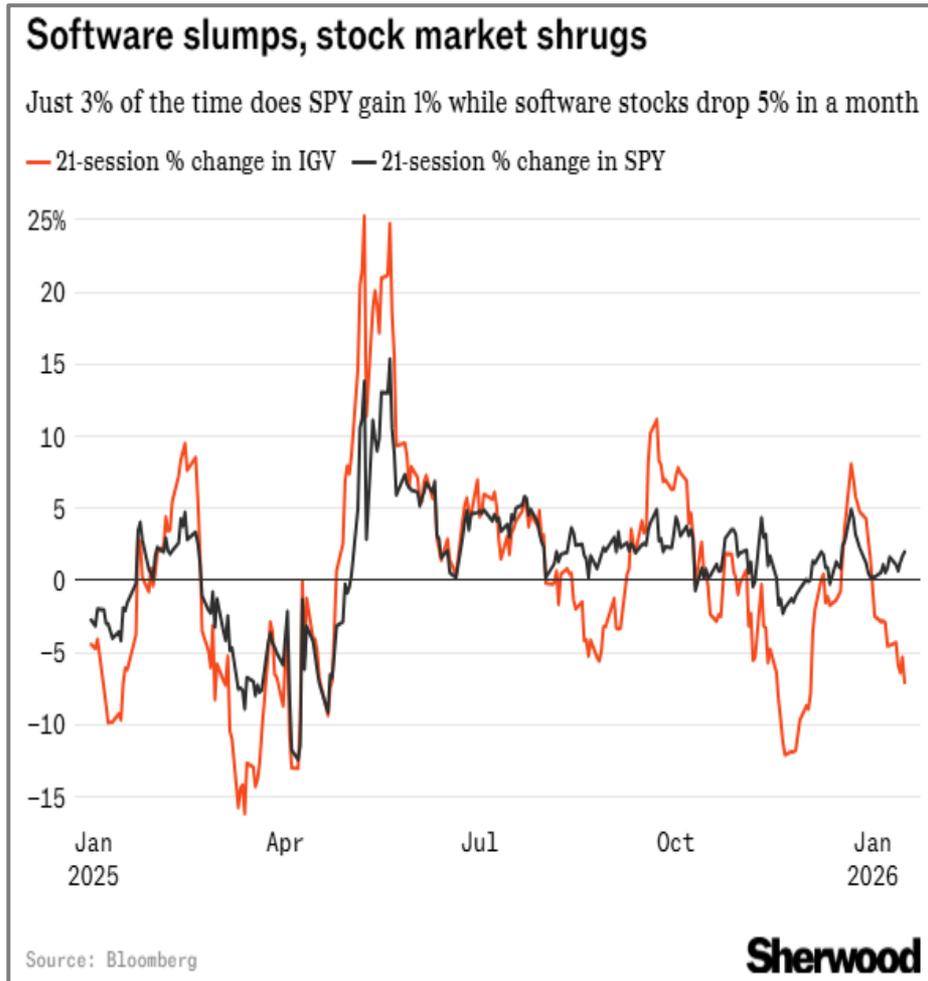
Proposed Housing Initiatives

Affordability – that is the theme for Republicans as they move toward the mid-term elections. And housing is ground zero for lack of affordability. While mortgage rates have declined by 100bps or so, housing prices have remained stubborn and builders are cautious about adding new inventory. Peak selling season is around the corner, but [pending home sales](#) continue to suggest a soft market.



- GSEs expanding their balance sheets by ~\$200B
- Ban on institutional buyers of single-family homes
- Portable mortgages
- 50-year mortgages
- Regulatory relief

How Claude Code launch “is the ChatGPT moment repeated” — and why that’s awful news for software stocks



The death of software stocks as Claude Code takes over and SAAS equities are indicating that the results could be durable as AI agents and autonomous software tools gain traction.

This at the same time that growth has become more challenged as new hiring has restricted seat growth, a primary driver of revenue growth.

Claude Code was a threat for coders...Claude CoWork is a tool for all the non-coders out there...as enterprise begins to see the results, expect pricing to be the next lever that software companies need to pull to drive sales...and those incredible software margins – not so much anymore...

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