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Economic & Market Commentary
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What's in this Edition?

- Bottom Line – The Oasis Growth Fund is #1
- Oh boy a titanic battle… Constitutional Upheaval vs the Capital Markets
- Upbeat Market Outlook 2025-26, including the rarely seen ZMB Indicator
- Secrets at the Oasis

Bottom Line

The 2nd quarter of 2025 marked a gain of +12.7% for the Oasis Growth Fund (OGF). And what is better than being Top Quartile (top 25% of your peers)? Being #1, of course! The OGF is the top performing North American equity hedge fund in Canada over the last 2 and 3 years at average annual returns of 22.75% and 24.25%, respectively (Table 1). The OGF performance consistency is founded on owning quality, visionary businesses and deploys 3 additional tiers of methodology to augment and defend these results.

Inception Return (December 31, 2019): 11.25%

	Return				Annualized Return								
	1 Mth	3 Mth	6 Mth	YTD	1 Yr	2 Yr	3 Yr	4 Yr	5 Yr	6 Yr	7 Yr	8 Yr	9 Yr
Fund	5.91%	12.72%	2.66%	2.66%	13.53%	22.75%	24.25%	8.23%	13.44%	-	-	-	-
Benchmark	3.56%	6.93%	5.39%	5.39%	20.56%	20.42%	19.13%	12.46%	15.94%	14.01%	12.96%	13.00%	13.20%
Category Average	3.54%	6.17%	2.51%	2.51%	10.92%	13.74%	14.14%	6.74%	11.81%	9.83%	9.17%	9.31%	9.57%
Category Rank	13 / 73	8 / 66	17 / 61	17 / 61	14 / 54	1 / 47	1 / 44	9 / 38	5 / 30	-	-	-	-
Quartile Ranking	1	1	2	2	2	1	1	1	1	-	-	-	-

Table 1 Source: Fund Library

Constitutional Upheaval vs the Capital Markets

A Republic for 249 Years

On July 4th, the US celebrated another year of independence from the monarchy of Great Britain. How ironic then is it that during the first 6 months of the new US Administration, all courses of action undertaken by the Oval Office were decreed by Executive Order essentially neutering the US Congress, while also blatantly ignoring orders by the Supreme Court. The US Constitution has essentially been reverted to a monarchy, or worse.

'Big Beautiful Bill'

This single, centrepiece legislation could also be the new Administration's last. To date, the preference has been to deploy top-down decisions, including the interpretation of laws, trade negotiations and revenue policies. This bill will invoke $4.5T of tax easements for the wealthy and large business incentives funded by spending cuts to the healthcare (Medicare and Medicaid) and cuts to school aid programs. Over the next few years, the ensuing budget deficits will add nearly $3T to the current $37 Trillion debt pile. Interest on the debt now accounts for 16% of the annual US budget (2nd largest budget allocation after Social Security). And if the US Administration prematurely ends Fed Chairman Powell's January 2026 contract, this would remove the last remaining 'adult' capable of countering these regressive policies. 10-year US Treasury Bond yields rising above 5% would be a clear signal of concern.

Market Resiliency

Despite starting the year firing on all cylinders, the US economy took a nose-dive in April amidst fears of stagnating global trade on the unveiling of America's "Liberation Day". It turned out that the steep US Trade Tariffs on 150 countries was essentially a thinly veiled shakedown of foreign governments. To be fair, the US currently imposes the least trade tariffs amongst all G20 countries, so some adjustments wouldn't be out of order.

In Figure 1, during the 77 days following the inauguration of the new US Administration the stock market slid 17% on nothing more than the threat of tariffs. A full market correction, but not quite a bear market (-20%). Yet, by June 30th, the market had fully recovered. The capital markets are proving to be resilient despite the ongoing assault on the US Constitution.

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Trade Tariff Turmoil

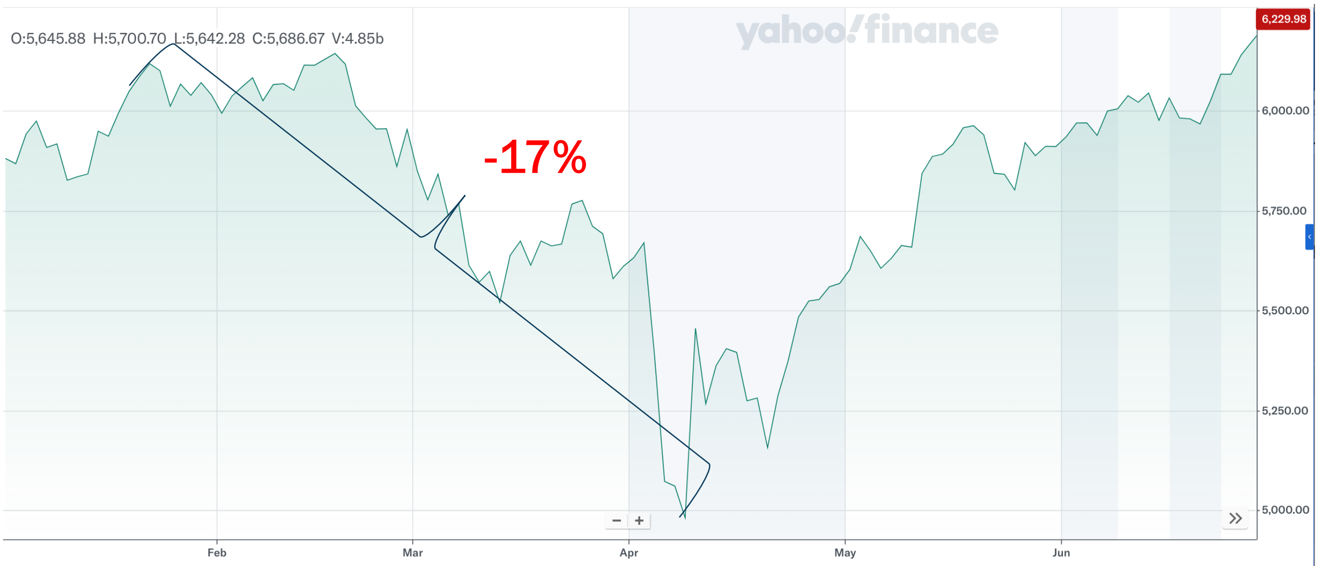

Figure 1 - S&P 500 as of June 30, 2025. Source: Yahoo.com

One Minute Us Economic Health Check-Up

US METRICS	Q2 2025 (ANNUALIZED)	SOURCE	TREND
GDP	+2.6%	Atlanta FED	Stable and healthy growth.
Corporate Earnings Outlook	7%	FACTSET	For calendar year 2025, analysts are projecting healthy corporate earnings growth of 9.1% and revenue growth of 5.0%. AI spending is expected to increase across all industries.
Inflation	2.4% (May)	Inflation Graph	Stable. Target is still 2-3%.
Shape of the US Yield Curve **(1mth/2yr/10yr)**	Unique “U-shaped”.	US Yield Curve Graph	Reflects higher 1-month yields (4.225%), lower 2-year yields (3.789%) and higher 10-year yields (4.295%). Fed is keeping monetary policy tight to curb inflation, yet medium- and longer-term yields are more normalized reflecting a healthy economy beyond the FED’s control.
Consumer Confidence	93.0 (100 is neutral)	Consumer Conference Index	Weak but could improve with corporate spending. Consumer activity tends to be a lagging indicator.
Unemployment Rate	4.1% (Full employment < 5%).	Bureau of Labor Stats	Stable.

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Favorable Market Forecast

H2 2025 Economic Outlook - Upbeat

As noted from the 1-minute economic health checkup above, the fundamentals look good:

- US Interest rates and inflation remain stable.
- Americans are working. But despite waning consumer confidence, US corporations are spending ‘bigly’ on AI and other infrastructure projects (Chip manufacturing, Robo taxis).
- On a positive note, the “Big Beautiful Bill” will shower the economy with ‘trickle-down’ capital through corporate incentives, tax reductions, and infrastructure projects.
- Weakness in the $USD is a ‘tailwind’ for the earnings of the US global corporations.
- Speculatively, a Bank Rate reduction is highly likely if Powell is replaced by a T-loyalist.
- Copper prices are at record highs. The building of data centers, electric vehicles, and power grids will require far more copper than can be delivered under existing contracts. Demand for copper is a strong indicator of global industrial expansion.
- And despite middle east tensions, oil prices remain stable. Summer driving should boost the American consumer spirits.

Market Momentum Indicator – 100% success rate

But just in case you’d like more proof, consider the history of the Zweig Breadth Thrust Indicator. It has a 100% success rate when the 10-day moving average of advancing stocks on an exchange (i.e., NYSE) rises from below 40% to above 61.5% within a 10-day period. This sudden surge in participation from advancing stocks has proven to be a strong bullish signal and has occurred only 18 times since 1945. During the ensuing 12 months, the market has risen on average by 24%. The most recent event was April 24th amid the Trade Tariff debacle (Fig 2).

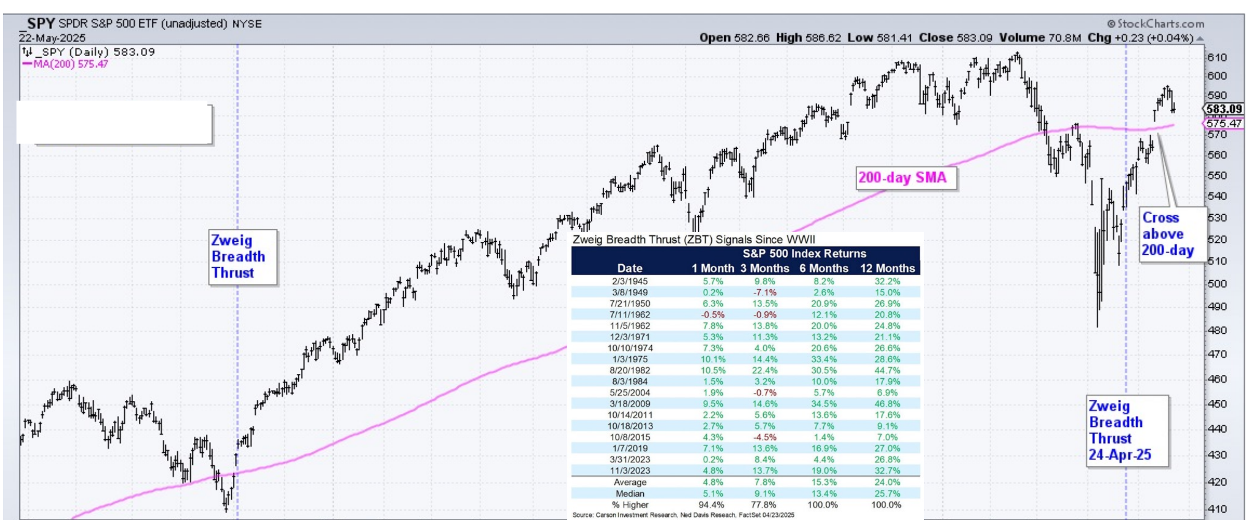

Figure 2 Source: trendinvestorpro

So, what could go wrong?

According to Warren: "**Be fearful when others are greedy, and greedy when others are fearful**."

The price we pay for that next stock might be too high. At 22x earnings, the S&P 500 forward PE ratio is 29% above it's long-term average (17x) (Figure 3). Either corporate earnings will accelerate into 2026 or the price we pay for that next stock might be too high. Current market optimism may be put to the test as we enter the next earnings report season.

S&P 500 Forward PE Ratio Index

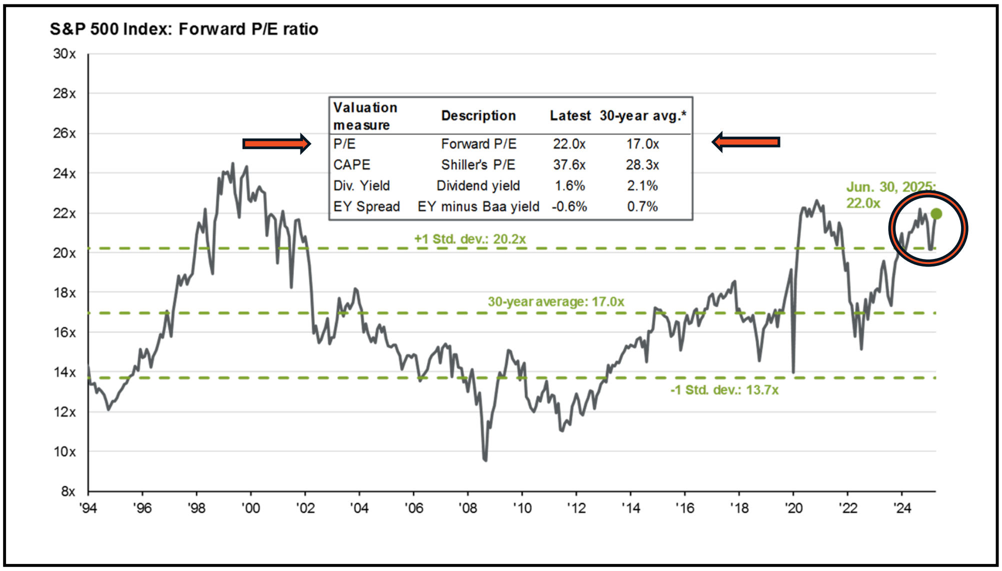

Figure 3 Source: [JP Morgan]

Secrets at the Oasis

Two major decisions were taken during H1 2025:

1. **80% of the $USD exposure was sold to reduce exposure to a weakening greenback**. This will likely be maintained while the current administration remains in office.
2. **For improved defensive purposes, the OGF now uses an equity swing trade.** April's Trade Tariff tantrum instigated the worst bout of market volatility since 1930. This, in turn, triggered defensive Stop Loss trades across the OGF portfolio. Yet, each downturn was followed by an immediate rebound in the market, requiring wholesale reinvestment of each position. Therefore, the decision was to liquidate 15% across all positions. This now provides an additional volatility buffer (supplementary to our time ladder of VIX Call hedges) and creates flexibility to periodically adjust the overall degree of equity exposure.

Building Wealth Can Be Mutually Rewarding

Investors have several convenient & effective choices to build and sustain their wealth:

- As a perennial top quartile, comprehensively managed fund comprised of 35 blue-chip, compounding growth stocks, the Oasis Growth Fund can be held in all investment accounts (RRSP, TFSA, RRIF, RESP, FHSA, RDSP) for as little as $2,000. Opening a new account is an entirely digital process where we do most of the legwork.
- Alternatively, an investor can contact their personal Financial Advisor to arrange for an allocation of cash into any of the Fieldhouse Pro Funds into any existing account. If required, have them contact me for more information.
- For more comprehensive wealth management services, I am also a Financial Advisor capable of providing holistic investment guidance and services incorporating a full range of 3rd party products.
- And if you would like to refer a family member, a friend, or a coworker, Fieldhouse offers a referral program with rewards.

Fieldhouse Pro Funds

Our four flagship funds cover several risk appetites and asset classes – from lower risk fixed income to high risk managed futures our goal is to have the right fund for any portfolio.

Enhanced Pension Plus Fund

For retirees and those planning for retirement, we focus on delivering peace of mind and consistent returns through our all-in-one balanced portfolio of traditional and alternative asset classes.

Strategic Income Fund

For investors who target consistent, lower risk sources of return from fixed income markets and products.

Oasis Growth Fund

For growth investors who want to minimize equity drawdowns targeting growth companies with high earnings quality and a North American focus.

Global Managed Futures Fund

An alternative solution for higher-risk investors seeking diversification in a product that targets alternative returns uncorrelated to traditional markets.

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Jay T. Mason – Portfolio Manager

- Manager of the Oasis Growth Fund since inception.
- 25+ years of progressive capital markets experience with major Canadian Wealth Management Institutions.
- Author of "*The Investing Oasis: Contrarian Treasures in the Capital Markets Desert*"*.
- Author of the Blog Series "Greater Buck for Your Bang"

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The return of the Oasis Growth Fund is based on monthly a time-weighted net of fees total return of the F Class of Fieldhouse Pro Funds Trust Series O fund. Returns for periods greater than one year are annualized.

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