

November 30, 2025

Megacap Tech Top

Has Nvidia, along with the rest of the “Magnificent 7,” the Nasdaq 100, and the S&P 500, already peaked for the current business cycle? It’s a bold proposition, but certainly possible in our view. October 29 of this year may well mark that turning point. Nvidia’s cash flow disappointment relative to analyst expectations in its earnings release on November 19 may have sealed the deal.

Stock market bulls, don’t despair. We think there are plenty of value and growth stocks to buy for the shifting macro climate. More on that further below.

In recent weeks, Michael Burry and Jim Chanos have been sounding alarms about aggressive accounting changes with respect to useful lives of Nvidia GPUs, likely having the effect of understating depreciation expense at its megacap tech customers. Meanwhile, several major financial outlets, including *The Wall Street Journal*, *Bloomberg*, and the *Financial Times*, have highlighted circular deals among AI “hyperscalers” and their #1 supplier, Nvidia, reminiscent of vendor financing excesses of the 2000 internet and telecom bubble.

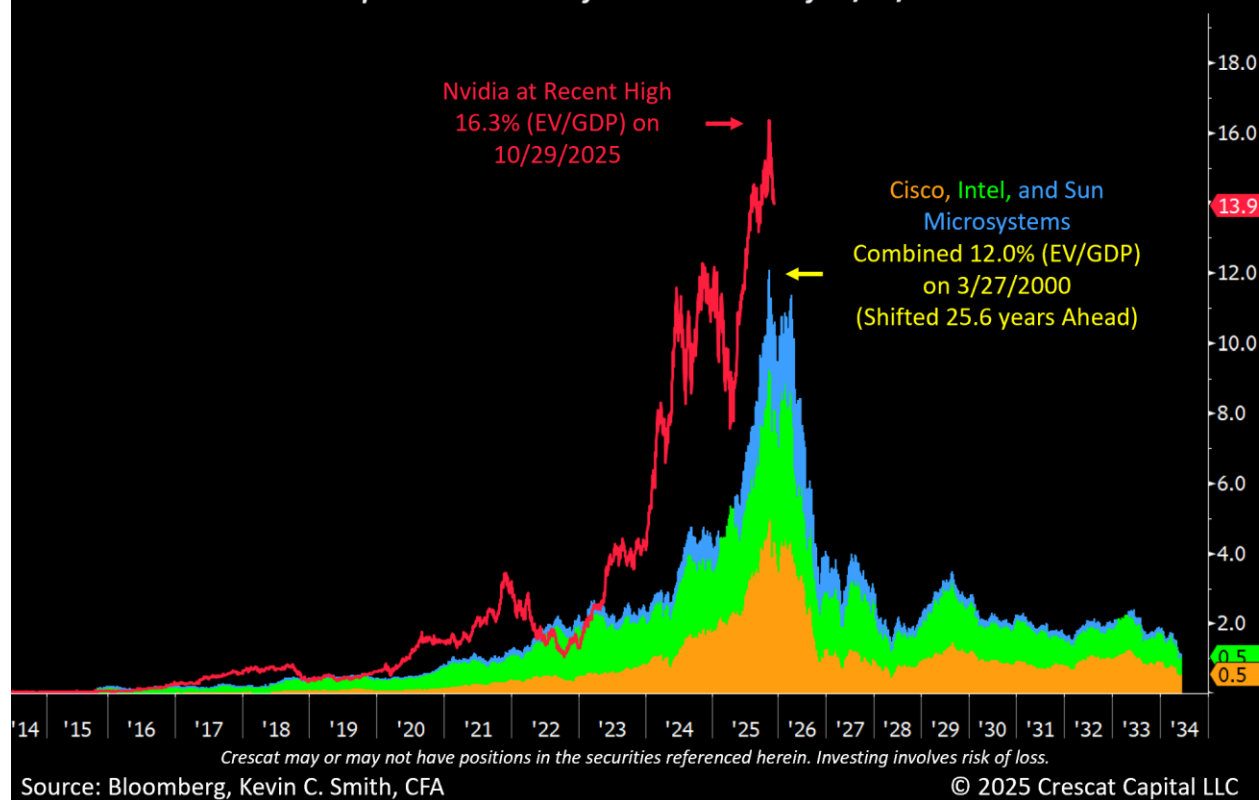
We trust our investors and readers will recall where they first encountered the boom-and-bust theory of the capital expenditure cycle as it applies to today’s megacap tech stocks. We began discussing it, well ahead of the curve, with supporting fundamental charts and historical analogs in August of last year: [Asset Bubbles and Inflation](#). Warnings of late-cycle excesses are now coming to light in the financial analyst community and media, and we think it is important to be on alert for potential downside risk in megacap tech and large cap index funds.

Comparisons with the tech mania that peaked on March 27, 2000 when Cisco Systems held the world’s largest market capitalization are warranted. Nvidia’s recent enterprise value reached almost three times Cisco’s at that time when normalized for U.S. GDP.

Indeed, as of October 29, Nvidia’s enterprise value relative to GDP was 36% higher than the EV to GDP of the three biggest internet hardware leaders of 2000 combined: Cisco, Intel, and Sun Microsystems.

Nvidia vs. Top Internet Hardware Vendors in 2000

Enterprise Value as % of GDP – Chart as of 11/28/2025



Nvidia, the company that invented the graphics processors that have been key to the recent AI breakthroughs, has delivered phenomenal growth, but in our analysis, it is in a cyclical business, and it will not be able to sustain a future growth rate high enough to justify its current market cap, just like its internet hardware forebearers at the peak of the 2000 bubble. After conquering the world in brute force computing for the training and inferencing of AI models, we think the company is now poised to be a victim of its own success due to the reflexive nature of the capex cycle. The problem is that its clients will be hard-pressed to get an acceptable return on their invested capital in the current frenzied capex race. Furthermore, while Nvidia has enjoyed near-monopoly pricing power to date, it is now facing serious competition, not just from Advanced Micro, Intel, Broadcom, Samsung, Huawei, and various Silicon Valley upstarts, but also from its own largest customers who have been developing their own AI inferencing chips. Also, as Michael Burry has pointed out, it is important to remember that in prior capex boom cycles, stocks peak first, well before the capital spending cycle peaks, and it should be no different this time.

The Capital Spending Divide

We are witnessing a pronounced structural divide in the trend of capital spending: technology companies now command the overwhelming share of new investment, while the broader real economy struggles to gain traction. This imbalance is evident in the fact that capital expenditures among S&P 500 mid-cap companies remain roughly 30 percent below their pre-pandemic levels, even as nominal GDP has expanded by about 40 percent — an increase of nearly \$8.5 trillion — since late 2019. Much of that

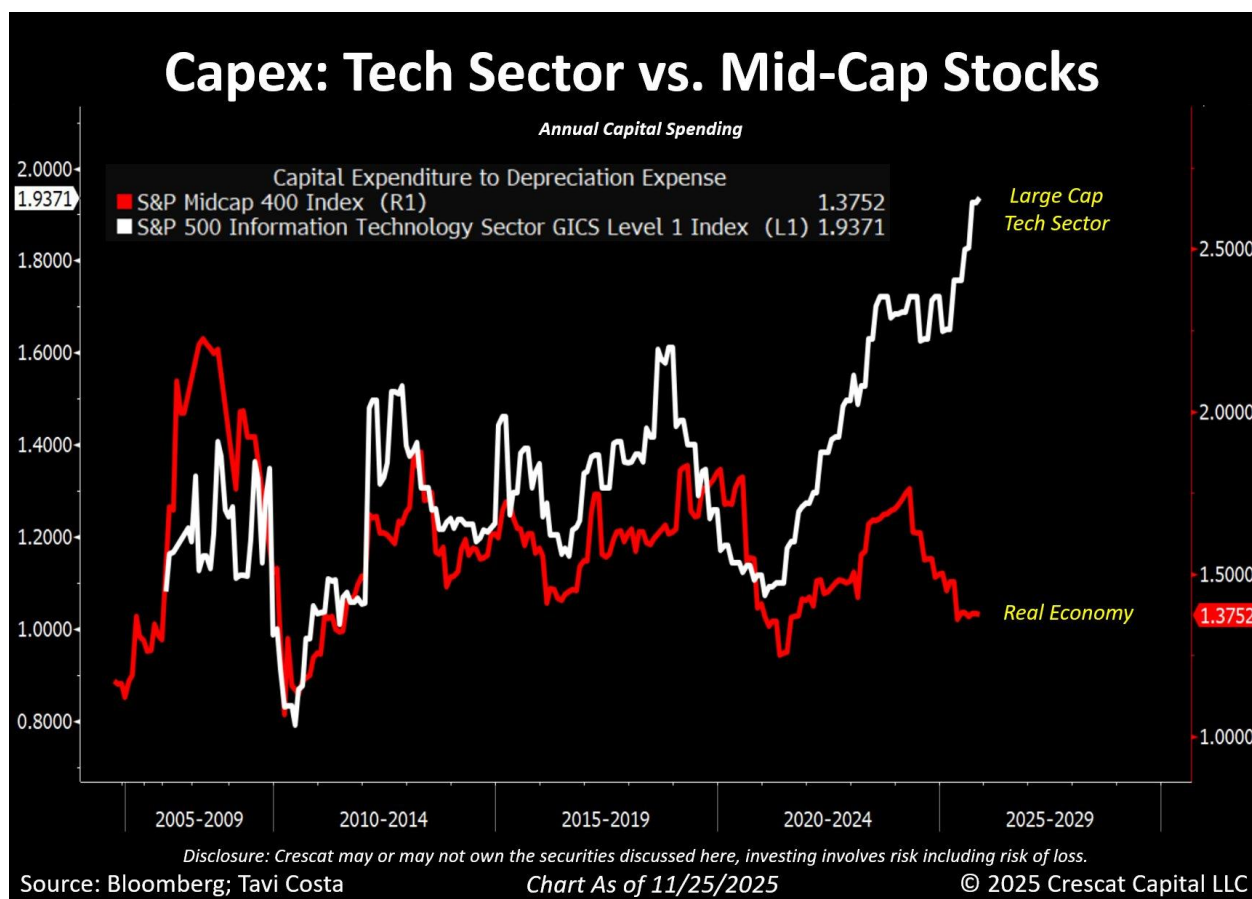
economic growth has been driven by the tech sector's concentration of capex, extraordinary fiscal outlays, and, ironically, a weakening production-oriented economy.

We believe this divergence presents one of the strongest macro arguments for a significant rotation of capital. We expect the next major shift may favor sectors positioned to benefit from the intense competition in the AI-driven technology race and from the geopolitical push to reduce industrial and manufacturing dependencies. Only now are policymakers, investors, and the public beginning to recognize how deeply certain domestic industries have been overlooked and underfunded for decades.

In our view, capital is likely to move toward four key sectors: energy, industrials, financials, and materials, especially metals and mining. The coming transition may resemble the post-tech-bubble period, when the dramatic repricing of fast-growing technology firms redirected attention and capital toward more traditional industries that led the economy out of the 2001 recession and over the entire next business cycle.

Today's macro environment appears to be setting up a similar shift. Persistent pro-growth fiscal policy, the political pressure to lower the cost of servicing public debt, and a likely move toward deregulation and targeted industrial support all point to a reorientation of capital toward long-neglected but strategically essential sectors.

We see this as an important moment to focus on the companies and industries poised to benefit from this realignment — businesses that have operated for years without meaningful capital inflows but now stand to gain as the economic pendulum swings back in their direction.

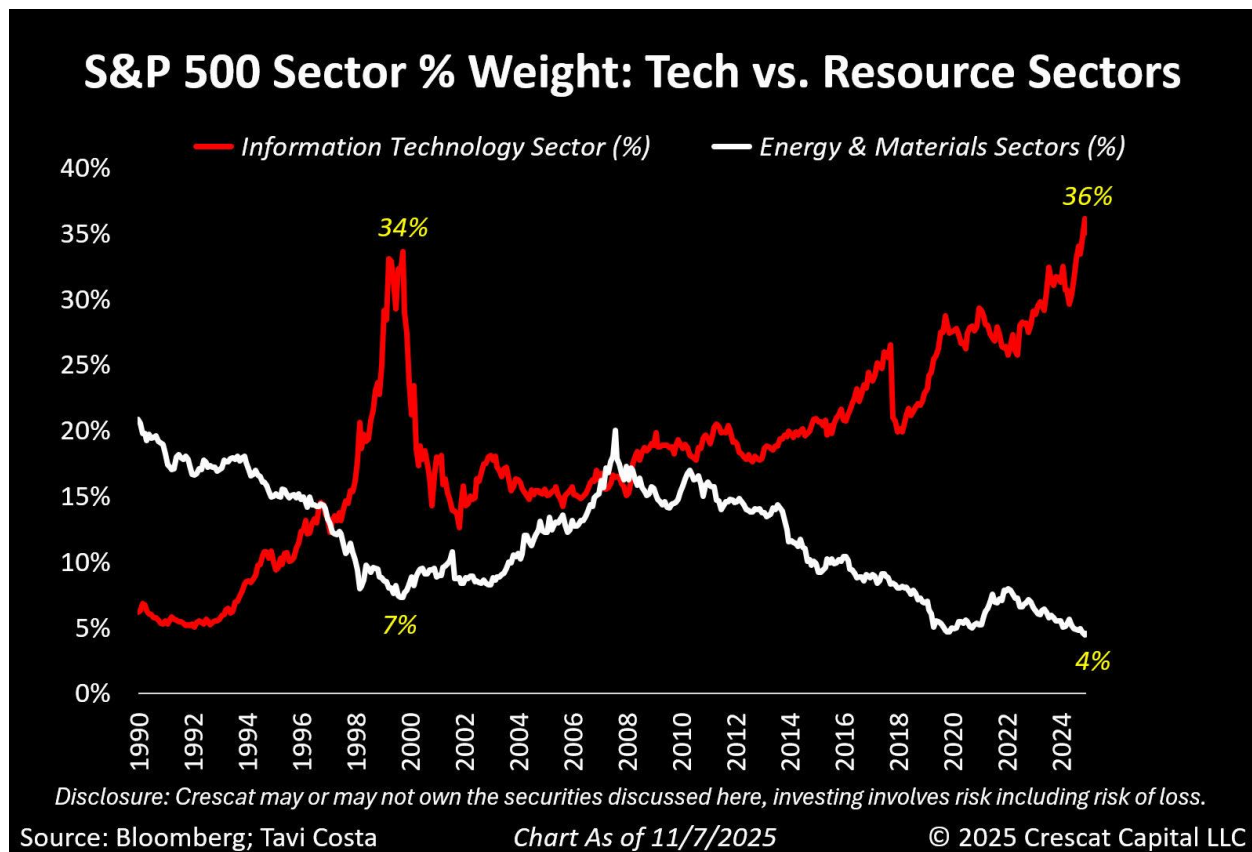


The Case for a Resource Rotation

Resource availability continues to be a critical driver of technological innovation and the broader revival of manufacturing. At the peak of the tech bubble in 2000, technology made up roughly 34% of the overall index; today, that figure has risen to approximately 36%. Notably, this calculation excludes major companies such as Amazon, Meta, Tesla, and Alphabet, further highlighting the extreme concentration within the tech sector.

At the same time, resource sectors have lost much of their former prominence. They once made up around 7% of the economy at the bottom of the commodities cycle in the early 2000s, rising to roughly 20% at the peak of the previous bull market. Today, the energy and materials sectors account for only 4% of the overall index, widening the gap between tech and resource sectors and underscoring the underrepresentation of industries that are critical to long-term innovation and industrial growth.

Given the strong macro tailwinds for resource demand today, persistent supply constraints, and the critical role of commodities in supporting technological progress, in our view, this imbalance is more pronounced than in previous cycles. Resource sectors appear well-positioned for a meaningful rebound, offering both structural and strategic potential for investors as the economy shifts toward renewed industrial activity.

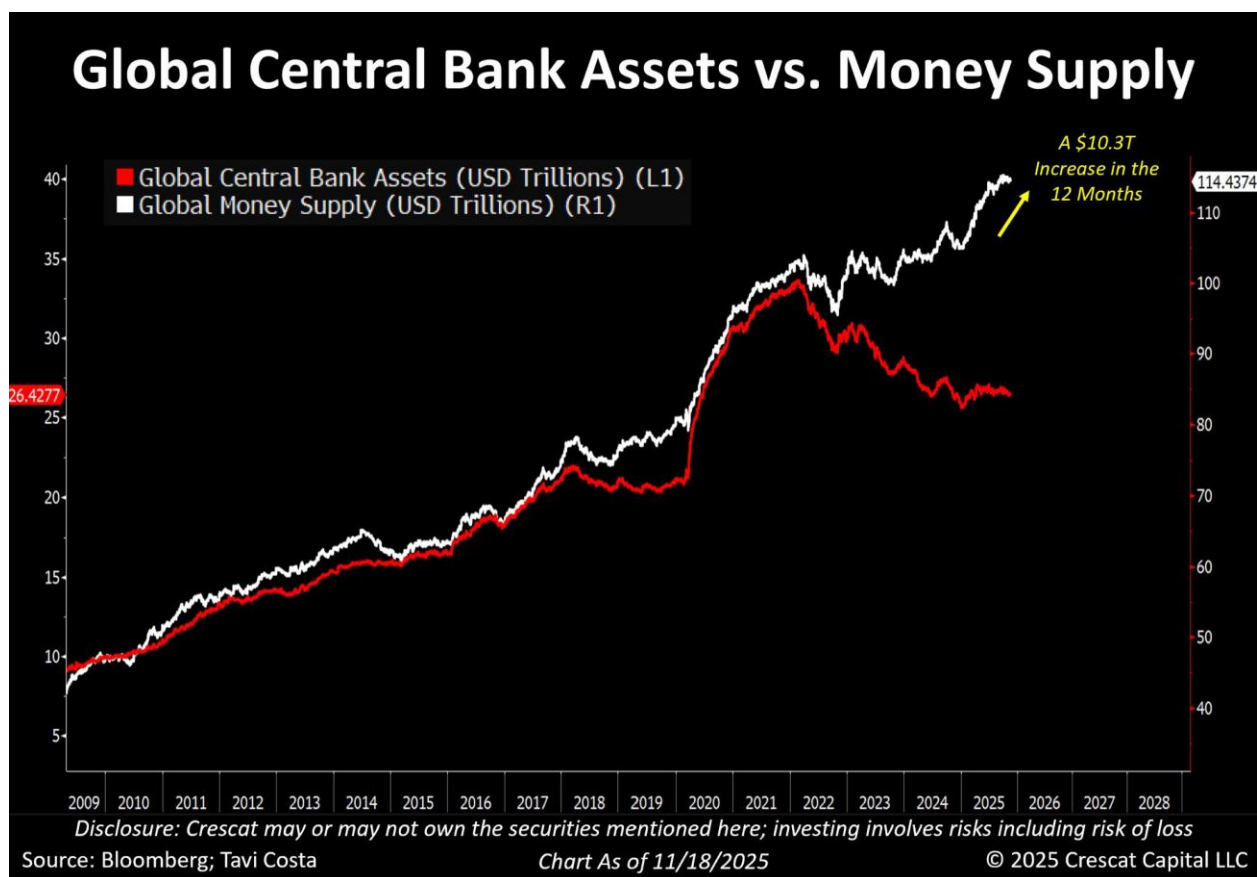


The Liquidity Paradox

It's remarkable to see global money supply surging at the same time as major central banks are shrinking their balance sheets. Over the past year, roughly \$10 trillion has been added to global liquidity. It naturally raises the question of what happens once central banks are forced—inevitably, in our view—to expand their balance sheets again.

A big part of what's driving this latest jump in money supply is the deregulatory push moving through the financial sector in the U.S. Liquidity typically enters the system through three channels: central bank asset purchases, fiscal spending, and commercial bank credit creation. While the current U.S. administration is trying to avoid outright quantitative easing in favor of commercial bank asset expansion, all three drivers are present on a global basis, and this is unmistakably dilutive for fiat currencies, which we believe will continue to lose ground to hard assets. That shift, in our view, is the core opportunity in the current macro backdrop.

For investors, the challenge is to tune out the short-term noise around natural resource volatility. Those swings distract from the broader and far more important trend—the liquidity cycle itself, the over-riding force that, in our analysis, will drive the rotation out of overvalued tech and into undervalued energy and materials, the next predominant macro phase of the economy.



Commodities and the Inevitable Rate Cut Cycle

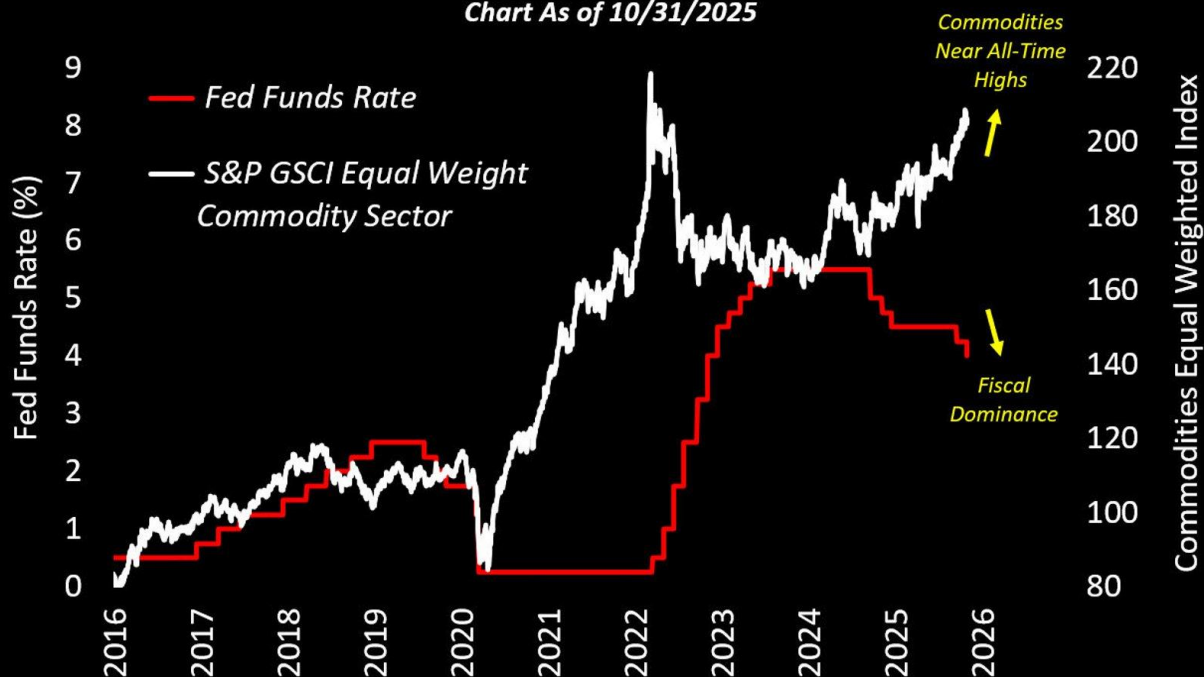
We're seeing a very unusual macro divergence right now. The GSCI Equal-Weighted Commodities Index is up roughly 25% year-over-year, even as the Fed is actively cutting rates. That's a stark contrast to the last time commodity prices surged — back then, prices peaked just as the Fed was launching one of the most aggressive tightening cycles in history.

Today, the situation is completely different. Neither the Fed nor the government can sustain high rates. Instead, the U.S. is being forced to cut rates quickly to manage its growing debt burden. All of this makes for one of the most bullish environments for mining and metals in financial history in our view. It is both a significant risk to investors in overvalued technology assets and an opportunity for gold, silver, copper, zinc, and other critical metals mining investors.

If the overall stock market falls and economic conditions weaken, we believe lower interest rates are inevitable, strengthening the case for hard assets all the more.

Commodities vs. Fed Funds Rate

Chart As of 10/31/2025



Disclosure: Crescat may or may not own the securities discussed here, investing involves risk including risk of loss.

Source: Bloomberg; Tavi Costa

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All Crescat Funds and SMA Composites vs. Benchmarks Performance

Crescat Strategies Net Return Through October 31, 2025

CRESCAT STRATEGIES VS. BENCHMARK (Inception Date)	OCTOBER	YTD	ANNUALIZED TRAILING				SINCE INCEPTION	CUMULATIVE SINCE INCEPTION	YEARS SINCE INCEPTION
			1-YEAR	3-YEAR	5-YEAR	10-YEAR			
Global Macro Hedge Fund (Jan. 1, 2006)	-7.88%	77.3%	53.9%	0.5%	5.4%	5.3%	10.6%	633.5%	19.8
Excluding SCM SP ² (Jan. 1, 2006)	-12.71%	97.0%	50.4%	-1.2%	4.3%	4.7%	10.3%	595.8%	19.8
Benchmark: HFRX Global Hedge Fund Index	0.68%	6.4%	7.3%	4.9%	3.8%	2.8%	1.5%	35.2%	
Institutional Macro Hedge Fund (July 1, 2023)	-7.86%	65.5%	44.7%	-	-	-	7.9%	19.5%	2.3
Excluding SCM SP ² (July 1, 2023)	-13.16%	84.4%	39.4%	-	-	-	4.8%	11.5%	2.3
Benchmark: HFRX Global Hedge Fund Index	0.68%	6.4%	7.3%				6.1%	14.7%	
Long/Short Hedge Fund (May 1, 2000)	-6.88%	77.8%	54.5%	3.0%	3.8%	4.5%	7.0%	466.9%	25.5
Excluding SCM SP ² (May 1, 2000)	-11.33%	99.5%	51.8%	1.4%	2.8%	4.0%	6.8%	439.7%	25.5
Benchmark: HFRX Equity Hedge Index	0.68%	9.0%	10.1%	8.1%	8.1%	4.5%	3.2%	120.7%	
Precious Metals Hedge Fund (August 1, 2020)	-5.39%	76.8%	57.9%	19.8%	16.0%	-	30.2%	299.2%	5.3
Excluding SCM SP ² (August 1, 2020)	-8.80%	105.3%	62.7%	19.7%	16.0%	-	30.1%	298.5%	5.3
Benchmark: Philadelphia Gold and Silver Index	-6.98%	106.1%	75.8%	41.6%	16.7%		13.8%	97.0%	
Institutional Commodity Hedge Fund (July 1, 2023)	-5.69%	70.6%	54.2%	-	-	-	21.8%	58.4%	2.3
Excluding SCM SP ² (July 1, 2023)	-9.12%	94.7%	58.5%	-	-	-	22.1%	59.5%	2.3
Benchmark: Philadelphia Gold and Silver Index	-6.98%	106.1%	75.8%				45.7%	141.4%	
Large Cap SMA (Jan. 1, 1999)	0.66%	75.6%	58.9%	22.0%	12.3%	11.1%	10.9%	1514.3%	26.8
Benchmark: S&P 500 Index	1.99%	17.5%	21.4%	22.6%	17.6%	14.6%	8.6%	806.9%	
Precious Metals SMA (June 1, 2019)	-8.39%	81.6%	53.8%	4.7%	-0.6%	-	15.9%	157.8%	6.4
Benchmark: Philadelphia Gold and Silver Index	-6.98%	106.1%	75.8%	41.6%	16.7%		25.9%	338.8%	

Past performance does not guarantee future results. Investing involves risk including risk of loss. See additional important disclosures below.

Preqin Rankings for 2025

While Crescat's hedge funds were down in October, primarily due to the pullback in precious metals mining stocks, it is important to note that Crescat still had 5 of the top 15 performing hedge funds through October 31st year to date, according to the Preqin database.

Crescat Achieves 5 of the Top 15 Hedge Funds YTD Through October 31st

Source: All 1,397 Hedge Funds Globally in the Preqin Database that have reported as of 11/21/2025

Crescat Hedge Funds vs. Benchmarks	YTD Through 10/31/2025	Preqin Rank
Crescat Global Macro Fund	97.0%	#12
Crescat Institutional Macro Fund	84.4%	#14
HFRX Global Hedge Fund Index	6.4%	
Crescat Long/Short Fund	99.5%	#11
HFRX Equity Hedge Index	9.0%	
Crescat Precious Metals Fund	105.3%	#8
Crescat Institutional Commodity Fund	94.7%	#13
Philadelphia Gold and Silver Index	106.1%	
S&P 500 Index	17.5%	

Performance data represents past performance, and past performance does not guarantee future results. Performance data is subject to revision following each monthly reconciliation and/or annual audit. Performance figures presented Excluding SCM SP represent the fund's net returns calculated without the impact of the San Cristobal Mining, Inc. side pocket that was designated on July 1st, 2024. The side pocket includes a private equity asset that is not available to new investors in the funds on or after July 1, 2024. Excluding these assets provides a clearer view of the performance to investors coming into the funds after that date. New investors cannot participate in the SCM Side Pocket and will not share in its potential gains or losses. Investors should consider both the overall performance and the performance excluding the side pocket when evaluating the fund's returns. Net returns reflect the performance of an investor who invested from inception and is eligible to participate in new issues and side pocket investments. Net returns reflect the reinvestment of dividends and earnings and the deduction of all expenses and fees (including the highest management fee and incentive allocation charged, where applicable). An actual client's results may vary due to the timing of capital transactions, high watermarks, and performance. Data shown is generated by Preqin, a leading provider of data and intelligence for the alternative assets industry. Fund managers, including Crescat, report their performance information to Preqin. Crescat pays an annual fee to Preqin to have access to the database, which gives us the ability to generate this report. The rankings are versus all 1,397 hedge funds in the Preqin database and YTD performance updated through October 2025 as of 11/21/2025. No award or ranking should be construed as a guarantee that you will experience a certain level of results, nor should it be construed as a current or past endorsement of Crescat. Additional performance information can be found on Crescat's website here: <https://www.crescat.net/performance/>

November 2025 Performance

Net performance was positive across all five Crescat Hedge Funds in a volatile overall market for November. We will have November and year-to-date performance estimates available on Monday for all who inquire.

We encourage you to reach out to Marek Iwahashi, Head of Investor Relations, via email at miwahashi@crescat.net or by phone at (720) 323-2995 if you are interested in getting positioned in our funds for the current monthly window.

Sincerely,

Kevin C. Smith, CFA
Founding Member & Chief Investment Officer

Tavi Costa
Member & Macro Strategist

Quinton T. Hennigh, PhD
Member & Geologic and Technical Advisor

For more information, including how to invest, please contact:

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Most recent month's performance is based on preliminary estimates. Performance data represents past performance, and past performance does not guarantee future results. Performance data is subject to revision following each monthly reconciliation and/or annual audit. Performance figures presented Excluding SCM SP represent the fund's net returns calculated without the impact of the San Cristobal Mining, Inc. side pocket that was designated on July 1st, 2024. The side pocket includes a private equity asset that is not available to new investors in the funds on or after July 1, 2024. Excluding these assets provides a clearer view of the performance to investors coming into the funds after that date. New investors cannot participate in the SCM Side Pocket and will not share in its potential gains or losses. Investors should consider both the overall performance and the performance excluding the side pocket when evaluating the fund's returns. Net returns reflect the performance of an investor who invested from inception and is eligible to participate in new issues and side pocket investments. Net returns reflect the reinvestment of dividends and earnings and the deduction of all expenses and fees (including the highest management fee and incentive allocation charged, where applicable). An actual client's results may vary due to the timing of capital transactions, high watermarks, and performance. Data shown is generated by Preqin, a leading provider of data and intelligence for the alternative assets industry. Fund managers, including Crescat, report their performance information to Preqin. Crescat pays an annual fee to Preqin to have access to the database, which gives us the ability to generate this report. The rankings are versus all 1,397 hedge funds in the Preqin database and YTD performance updated through October 2025 as of 11/21/2025. No award or ranking should be construed as a guarantee that you will experience a certain level of results, nor should it be construed as a current or past endorsement of Crescat. Additional performance information can be found on Crescat's website here: <https://www.crescat.net/performance/>

Performance figures for the SMA composites have been restated and may differ from performance previously presented in Crescat materials for these strategies. *Please see important disclosures regarding this table below.*

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Performance

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*Performance figures presented represent the fund's net returns calculated without the impact of the San Cristobal Mining, Inc. (SCM) Side Pocket that was designated on July 1st, 2024. The SCM Side Pocket includes a private equity asset that is not available to new investors in the funds on or after July 1, 2024. This asset was included in the fund performance prior to that date. Excluding the SCM Side Pocket after that date provides a clearer view of the performance to investors coming into the funds after July 1, 2024. New investors cannot participate in the SCM Side Pocket and will not share in its potential gains or losses. Investors should consider both the overall performance and the performance excluding the side pocket when evaluating the fund's returns.

Benchmarks

PHILADELPHIA STOCK EXCHANGE GOLD AND SILVER INDEX. The PHLX Gold/Silver Sector Index (XAU) is a capitalization-weighted index composed of companies involved in the gold or silver mining industry. The Index began on January 19, 1979.

S&P 500 INDEX. The S&P 500® is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

S&P Select Industry Indices are designed to measure the performance of narrow GICS® sub-industries. The Metals and Mining Select Industry Index comprises stocks in the S&P Total Market Index that are classified in the GICS Aluminum, Coal & Consumable Fuels, Copper, Diversified Metals & Mining, Gold, Precious Metals & Mining, Silver and Steel sub-industries.

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