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Cadence *clips*

FOCUSED ON WHAT MATTERS MOST.

A Year for the Non-Conformists

By Casey Clarke

“Twice two times four is not life. It is the beginning of death.” - Fyodor Dostoyevsky, Notes From The Underground

Cadence was founded with the philosophy that cycles, valuations, and the sentiment of crowds matter far more than mainstream financial services and media would have you believe. Not necessarily at first, or even for most of the time, but eventually with rather abrupt suddenness, they matter supremely. It's not lost on our clients that we are still in the midst of the biggest stock bull market in history as measured by time and gain – we've been guarding them from the inevitable consequences of this for years. We are now at the steepest valuations in history by most measures, which has driven investor sentiment to a deadly mix of greed and complacency. This is the basic anatomy of a cycle – prices go up, valuations get stretched, people don't care because nothing bad has happened in a while. What most people may not realize though, is that most participants in a bull cycle weren't there in the beginning, but rather, joined later after it felt safer to do so. It turns out, when it comes to investing, driving through the rear-view mirror is easier than through the windshield, since after all, objects in the rear-view

mirror are crystal clear while those through the windshield can appear dark or foggy. An interesting thing happens when it comes to sentiment however - most investors tend to equate a clear rear-view with a clear windshield. This isn't the case, because cycles don't go on forever. So, if an investor's going to survive a major cycle transition, she'd better grab all her maps and tap that deep well of driving know-how as she looks diligently out that forward-facing glass.

Primed to Conform

Here's the thing, and this is what makes investing so difficult: At precisely the time when we should be looking through the windshield, the machine—the players most intricately involved in and who benefited from the very cycle in question—are trying to convince you not to. At the very least, they will try to shape your perception of the road ahead, despite the objective reality, if you insist on doing so. If you're like most people, decent and trusting, you might be asking; why would they do this? Quite simply, because it suits them. Those benefiting from a cycle don't want it to end. I'm not just talking about corporate conflicts of interest here either, but investors too. Sometimes

people would rather be lied to if it means believing the good times can continue. For the record, we won't satisfy that request. The point here is that cycles can last quite some time if its players are adequately incentivized and if the road ahead doesn't get sufficiently difficult to derail it, and it's very easy to ignore our better judgement along the way. As humans, we are wired to go along to get along. To successfully navigate major cycle transitions requires the ability to think individually and objectively regardless of where the crowd stands. If the process aligns us with the crowd, great. If not, also great. Being aligned with the crowd isn't anywhere a part of our identity, purpose, or objective.

Not Easy

Leaving a bull cycle early, although typically better than leaving late, is never easy. As we've written about before, and for the reasons stated above, one typically has to do this alone, metaphorically speaking. It's hard, it feels wrong, it is fully non-conformist. The reason for doing it isn't for the sole purpose of being an anti-social, rebellious contrarian, but because we've calculated the risk/reward of doing so. If we stay too long, the next 10% correction could turn into 20% or 30% rather than bouncing back. Eventually this will happen and it presents an impossible decision: Sell after a 20% loss and watch the market bounce back, or hang in there waiting for the bounce? Those who would have chosen the former would already be out of the market, which means for those still in, they'd likely ride the next bear market all the way down. On the other hand, if we leave the bull cycle early in pursuit of a better opportunity, we can feel more confident that that same 10% correction won't turn into a full-fledged bear market, because the better opportunity likely already recently went through one. On the flip side, a quick 10% gain for an investment early in its cycle is only the beginning and so we wouldn't feel that same urge to pocket profits and run before everything falls apart. All that said, the short-term is always chaotic near turning points despite the longer-term cycle dynamics, so there's plenty to confuse those lacking perspective; and there won't be many other investors to discuss things with, because they're still conforming to the machine, with all its incentives to keep the popular cycle chugging along, of which they are a part. A non-conformist must be comfortable with her process, her principles, and her solitude as she executes her investment game plan and waits. She who was able to do that over the last few years has seen one heck of a payoff in 2025 as a result.

The Results

Clients of ours are well aware that these better, early cycle opportunities, in our opinion, have been and continue to be natural resources. Most of them ended their bull markets in 2011 and saw heavy price drops into 2016 through 2019; a reasonable set of parameters for a bear market. Since then, it's been touch and go for most natural resource investments up until recently when gold, silver, and related metals and miners have quite literally taken off. Investors who weren't early to this space have been left behind, while those who were, and remained patient, have seen multiple years-worth of gains within a very short period of time. In 2025 alone, gold is up 66%, silver 168%, and miners via the XAU index, 155%. The non-monetary metals have also performed well this year with copper up 38%, platinum up 136%, and palladium up 84%. Energy-related commodities have lagged behind with crude oil down -17%, natural gas up 9%, and explorers and producers down -1%. By comparison, traditional stock market indexes, mainly driven by big tech, are up this year with the S&P 500 up 17% and the Nasdaq 21%.

Staggered Start

In the commodity space, it's been a bit of a mixed bag, but there is ample evidence to suggest that the bear market across the board is over. It's always messy at the turns, with sectors popping off at different times, but it wouldn't surprise us at all to see those that lagged behind this year make up lost ground in 2026. Agricultural and traditional energy-related sectors are among those that seem to have quietly entered bull markets some time ago, but have taken a back seat to the precious and even not-so-precious metals in 2025. Whether gold, silver, platinum, palladi-

um, or copper, metals and the companies that deal in them have gone ballistic. As to why, the most sensible explanation to us is that gold set the whole complex in motion after it began its ascent from a bear market low in 2015-2016 in very stealthy fashion. At the time, and really ever since, the stock market was still doing very well, so not many took note; they didn't have to. Nothing was obviously wrong with "Plan A" in 2016. The stock market continued to receive its rocket fuel refills that kept it bouncing back from every little sputter - continued passive flows, Federal Reserve low interest rates, endless government spending. These things went a long way toward keeping investor sentiment positive and pacified any skepticism. Normally, we don't get a commodity cycle accelerating upward until investors run from stocks in search of a better alternative, but this time, the persistent, reflexive stock market fillips have created a financial system and economy loaded with imbalances. Asset inflation across all those that easy money touches from real estate to stocks and bonds, has put a Grand Canyon between the haves and have-nots. This, of course, has played into much of the political drama we've all seen ramp up in recent years. Consumer price inflation also stepped up dramatically throughout the Covid-response fiasco, and although it's slowed since then, prices haven't retreated. They stepped up double digits in 2021, and have risen from there. Inflation coming down is not the same thing as prices coming down. Millions without ownership stakes in financial assets are much worse off financially than they were before 2020, but the band plays on. We would argue, and this is probably THE salient point, that the western world and its financial markets are beyond the point of no return and that this realization has motivated the endless bailouts to keep things held together until groundwork can be laid for some new railroad tracks. Western debt can't be repaid without tremendous retrenchment in government spending (what's kept economies from receding), pensions are underfunded and will get much worse if/when financial markets retreat back to sustainable levels, and more locally, most municipalities depend on increasingly unaffordable tax levies on its residents' property to keep services going. In short, it's all completely unsustainable, and although the gold market has known this since 2016, urgency across the precious metals complex has stepped up an order of magnitude over the last few quarters. Big investors want real assets, and they're willing to pay a lot more for them. That urgency speaks volumes as to what might be lying ahead.

What Lies Ahead?

And what exactly is the gold market suggesting might happen in 2026 and beyond? It likely doesn't exactly know, and it won't serve much purpose to guess. What gold (and related investments) typically responds to is tremendous uncertainty pertaining to the financial system and corresponding government monetary actions. When you look back at the last three big bull markets in gold, the 1930s, 1970s, and 2000s, all three periods were similar in that they experienced tremendous shocks to their respective financial systems. Stock market bubbles popped, banks got into trouble, and times got tougher for many. Things were also very active in terms of monetary and currency policy. In the 1930s, the FDR administration introduced the Gold Act of 1933 via executive order, banning private gold ownership, ending currency/gold convertibility for most, and halting gold exports among other things. Congress formalized this action in 1934 with the Gold Reserve Act which put a nice cherry on top of the whole package in revaluing the newly centralized government gold hoard from \$20.67 per ounce up to \$35 per ounce. This effectively gave the federal government 69% more money with which to centrally plan its way out of the Great Depression than it had the night before. Of course, this was plunder, but the folks in charge at the time viewed it as the necessary course to keep their personal financial worlds from blowing up; excuse me, I mean, to keep the financial lives of their constituents from blowing up. To save the people, we must take their only stable possession, declare it worth more once in our possession, and carry on endeavoring to make the cost of goods more expensive as opposed to less. Yes, that's right, a clear policy for the people. Of course, I'm being sarcastic and cheeky, but it's to make this point: When times get tough and governments' backs are put toward a wall, big changes often happen.

The second bull market in gold was set into motion in 1971 when Nixon and company felt they had their backs against the wall and proceeded to take us off the gold standard by announcing the U.S. would no longer convert

foreign held dollars to gold. Similar to the FDR administration, the U.S. government found that the current “gold-limited” system could no longer support all its spending on “Great Society” social programs and the Vietnam War with gold being valued at a fixed \$35 per ounce. The market mechanism that indicated this government spending to gold imbalance was the waning confidence foreign governments had that the dollars they held would still be worth the same value in gold tomorrow as they were today. France and Britain dollar conversion requests, given their lack of confidence in the greenback, were happening at a rate that threatened to drain the Treasury’s gold supply. As opposed to reducing spending, Nixon, like FDR four decades before him, changed the rules to maintain the status quo. Of course, this devalued the dollar, was inflationary, and caused gold to adjust much, much higher in price over the ensuing 10 years.

Just prior to the 2000s gold bull market, there was a major currency crisis in Asia. Although there were a lot of factors that contributed to the situation, the central issue was that a handful of currencies in developing countries were pegged to the U.S. dollar, which meant that when the dollar was strengthening, so too were those emerging market currencies. This hit those pegged countries, namely Thailand, very hard as exported goods became much more expensive and thus, less competitive. In addition, since many loans taken in those emerging market economies were in U.S. dollars (from U.S. banks), when the currency pegs broke and local currencies depreciated rapidly against the dollar, many banks and institutions were left with debt that couldn’t be repaid. This led to massive IMF bailouts and restructurings that ended up being very favorable for western institutions and not so beneficial to the populace. Of course, this Asian currency crisis had ripple effects that led to the collapse of the Russian ruble, which in turn, toppled the giant U.S. hedge fund Long Term Capital Management in 1998, which in turn, led to one of the largest Fed-orchestrated bailouts of Wall Street in history. It would have been fair to say that with all of this monetary chaos, a stock market bubble just getting ready to pop, and gold at historically cheap prices relative to just about everything after an almost two-decade bear market, that gold once again, was primed to move higher in the late 1990’s. It did just that when the stock market started to roll over in 2021.

The Fourth Turning?

And here we are once again, witnessing in real time the Federal Government’s unwillingness to get spending under control (both sides of the aisle), actions being taken to preserve the status quo via bailouts, forced interest rate reductions, fiscal stimulus, the largest stock market bubble in history, the largest under-funded pension obligations in history, geopolitical struggles over trade and resources, and inflation that is systematically impoverishing those reliant on income more than assets. This setup has been in place for years, and so it makes sense to us that gold has been moving higher since 2016, but the dramatic acceleration this year suggests we are nearing a tipping point with respect to broader financial and monetary system. We would expect this run higher to continue through major change and thereafter, until nerves are calmed, uncertainty has waned, and there is some visibility out into the future. We would also expect those subjective observations to be supported by more objective valuation measures of gold and related real assets relative to stocks, money supply, etc. We’re still a good deal away from what we’d consider to be “expensive” levels. Of course, there will be price drops and corrections along the way, but we expect a higher path for real assets in 2026 and beyond.

Best Guess for 2026

We have no way of knowing details. We live in a complex system, so even when outcomes look certain, a breeze alters the flight of a dragonfly which somehow sees to it that the assured course of events doesn’t play out. What we feel has reasonable odds of occurring, however, is the broad theme of real assets being in higher demand than financial assets. This assumption is based on all the context discussed above, and we’re likely just getting into the meat of the transition. Here are the highlights:

- More room to run in the monetary metals: gold, silver, and miners. There will likely be large pullbacks along the way. Counter-cyclical pullbacks are always part of larger cyclical moves. Things will be volatile, but likely higher over the course of the year.
- The stock market is primed to roll over. As we discussed above, historical bubbles have always popped as part of real assets beginning their bull cycles. Of course there's a first time for everything, and stocks could continue to defy logic in 2026, but we're thinking gold just got out in front this time around. Big money may know something the average investor doesn't about what's in store for stocks.
- Treasury bonds are a wild card. We think they deserve a place in a diversified portfolio to offset risk in real assets, but any number of scenarios could play out here. Again, it's a terribly complex system out there. That said, there's a reasonable case to be made that if asset markets roll over, the financial system takes a hit, and chaos ensues – all the things that typically correspond with gold moving dramatically higher – that there will at least be a short period of time where investors seek out the security of U.S. government bonds. These periods typically see interest rates fall and prices rise. However, the subsequent government reaction to this scenario could well take interest rates higher. This is something we are well aware of. At the moment, we think the odds are that rates move lower before higher. This gives treasuries the potential to contribute to portfolio performance in addition to providing diversification.
- International stocks, although less expensive than U.S. stocks, would likely be caught up in whatever financial or economic crisis unfolds over the duration of 2026. In addition, European economies are in very bad shape fiscally, justifying their lower valuations. Emerging markets seem to offer more potential over the long term for fiscal and demographic reasons, but would also be at risk of general stock market contagion over 2026.
- Corporate bonds, like treasuries, would be dependent on the direction of interest rates. Lower quality issues would present greater default risks consistent with the magnitude of economic decline. Given that most corporate bond spreads over treasuries are historically narrow, we would much prefer treasuries at this point in the cycle.
- Real estate prices will likely be under pressure in 2026 assuming this baton continues to be passed from financial assets to real assets. To the extent real estate is tangible, it will hold up. The problem comes from it being so tethered to, and dependent on, financial markets for purchases. Low interest rates and availability of credit have pushed values far higher than they ordinarily would be, and so when those levers get flipped the other way, prices will necessarily have to come back down. The fact they are real will always keep them from going to zero, but it won't keep them from falling. 2026 could be a rough year for real estate.
- Bitcoin? We don't know. All we can offer here is that it's correlated much more closely with the Nasdaq and tech stocks than it has gold. That suggests it's not a store of value or real asset. We'll leave the rest to you.

In an effort to land this thing, I'll wrap with this: 2025 has been a fantastic year for those who positioned into precious metals early. It took a little time to reach full boil, but the kettle was whistling like a steam engine by year-end. Congratulations to those who had the willingness, discipline of process, and fortitude to leave the conformity of the crowd and embrace the less popular. It has paid tremendous dividends in 2025, which was likely only phase one of this broader transition we've been talking about. Phase two will likely begin in 2026, and if history is any guide, non-conformity could prove even more important than it has up until now. Chaotic times generally demand more conformity of people, but (financial) freedom requires the opposite. Thank you for the trust and confidence you have placed in us as a client and/or Clips reader in 2025, for thinking about things differently, and being willing to chart a different course. Everything we think about, analyze, scrutinize, and challenge the norm on is for you. We serve no other. Here's to a fantastic 2026!

Let's Get Our Finances Organized in 2026

By Steve DeBoth

It's resolution season once again! Wanting to be better is a worthwhile pursuit, but actually finding and maintaining the energy to change in the ways needed to permanently improve oneself is frequently not easy. We are creatures of habit, and if you already habitually did the things needed to be better, you wouldn't need a resolution, so it's going to take some effort and dedication to make it happen. Two of the most popular areas targeted by New Year's resolutions are to improve one's health, and to improve one's finances. While we at Cadence can certainly take a stab at helping people improve their health, we are obviously much more knowledgeable on how to help someone improve their finances.

In that spirit, let's consider one of the most popular financial resolutions every year: to get better organized. One of the hurdles in starting and maintaining a New Year's resolution is how much work it requires, and how often that work is required. If you vow to finally keep track of everything you spend, can you do it long enough for it to become a habit, or will the amount of new work you have to do overwhelm you quickly? While I believe there is much to be learned from tracking your spending to that level of detail, I know that is not for everyone, so I'm not going to ask you to do that. In fact, what I am going to ask you to do, if you have not already done this on your own, is something that will definitely make you better organized financially, as well as not require you to spend much time creating and maintaining something.

Here's the gist: if someone other than you had to access your accounts, pay all the bills, and generally step in and manage all your household finances, could they do it? Would they know where everything is, how to access it, whom to call, and how to pay what needs to get paid? If the answer to that is "no", then consider resolving to fix that, and consider using the worksheets that follow this article as either your model for how you want to organize things, or the actual documents you will use to capture enough information for someone else to step in and manage the most important parts of your household finances. The financial categories we are focusing on include banking and investment accounts, insurances, loans, and utilities. You can go further if you would like, but at the very least capturing that important information for someone else to easily identify how to maintain these financial items should not take long to create, and should be easy to maintain over time.

Everyone has their own level of need for privacy and security. Some people are comfortable sharing usernames and passwords, and others are not. I am not advocating committing to sharing every last scrap of information, so much as just making sure someone else knows where everything is, and at the very least, whom to contact to find out more information if they need to and how to keep paying the bills. You can decide beyond that what level of access to grant; if you want to give someone else the full account numbers or usernames and passwords, or no specific information at all. At the very least, let someone else know that accounts exist, and debts and utilities have to be paid and how to do so.

There are additional important items you can share, such as where your wills, trusts and deeds are, how to access social media accounts, and many, many other items. If all you do is take the 30 – 45 minutes to fill these sheets out, or create your own documents with these as a model, then you are already able to cross off one of the most popular New Year's resolutions out there: to get more financially organized. You may have to contact people at work to get some of the information for things like workplace retirement accounts and insurances you pay through your paycheck. Otherwise, the rest of the information is probably pretty close at hand - it just needs someplace centralized to live.

Get better organized this year. Start with this. Complete it, feel good about it, and then decide what to tackle next. Cadence advisors are here to help you improve your finances in any way we can. Here's to a prosperous and financially organized 2026!

Examples on how to complete the documents are:

BANKING & INVESTING

Financial Institution	Account Type	Owner(s)	Acct #	Balance	Contact Name	Phone	Email
BANK OF AM.	CHECKING	JOINT	1234-5678	-		508-366-1280	
Notes: WEST BOROUGHS BRANCH							

CADENCE	IRA	JANE	9876-5432	\$250,000	MIKE DOWNEY	508-898-0400	MIKE@CADENCEWM.COM
Notes: CAN CALL OFFICE AND ANYONE CAN HELP							

LOANS

Type	Payment	Payment Frequency	How Paid	Balance	Borrower(s)	Company	Contact Name	Phone	Email
MORTGAGE	\$2,060	MONTHLY	PHONE APP	\$200K	JOINT	QUICKEN LOANS		800-251-9080	
Notes: PAY VIA QUICKEN LOANS APP ON 1ST OF MONTH									

LIFE INSURANCE

Insurance Type	Insured	Death Benefit	Owner	Expiration	Premium \$	Frequency	How Paid	Company	Contact Name	Phone	Email
TERM	JOHN	\$500K	JOHN	2040	\$25	MO.	CHECKING	PRINCIPAL	LISA ANDERSON	508-173-4567	
Notes: PREMIUM AUTO DRAFTED FROM CHECKING ON 1ST OF THE MONTH											
WHOLE	JANE	\$150K	JANE	AGE 100	\$25	MO.	CHECKING	M.O. OMAHA	STEVE JOHNSON	508-982-6543	STEVE@MAO.COM
Notes:											

DISABILITY INSURANCE

Short or Long	Insured	Benefit \$	Benefit Frequency	Premium \$	Frequency	How Paid	Company	Contact Name	Phone	Email
SHORT	JANE	\$980	WEEKLY	\$12	BI-WK	PAYCHECK	-	-	-	-
Notes: 90-DAY ELIMINATION - CALL HR @ WORK										
LONG	JANE	\$3,000	MONTHLY	\$50	BI-WK	PAYCHECK				
Notes: TO AGE 65, OWN OCCUPATION - CALL HR @ WORK										

LONG-TERM CARE INSURANCE

Insured	Benefit \$	Benefit Frequency	Inflation %	Premium \$	Frequency	How Paid	Company	Contact Name	Phone	Email
JOHN	\$8,000	MONTHLY	5%	\$4,000	YRLY	MAIL CHECK	GENWORTH	JIM NELSON	508-898-9999	JIM@GENWORTH.COM
Notes: BILL COMES VIA MAIL; CHECK SENT VIA MAIL										

UTILITIES

Utility	Payment	Payment Frequency	How Paid	Company	Contact Name	Phone	Email
ELECTRIC	VARIES	MONTHLY	INTERNET	NATIONAL GRID	-	800-322-3223	
Notes: BILL COMES VIA EMAIL; LINK IS IN EMAIL							
INTERNET	\$89.99	MONTHLY	CHECKING	VERIZON	-	800-837-9966	
Notes:							

CREDIT CARDS

Card Company	Card Type	How Paid
CHASE	UNITED EXPLORER	PHONE APP
Notes:		

Card Company	Card Type	How Paid
AMEX	GOLD	PHONE APP
Notes:		

BANKING & INVESTING

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LIFE INSURANCE

Insurance Type	Insured	Death Benefit	Owner	Expiration	Premium \$	Frequency	How Paid	Company	Contact Name	Phone	Email
Notes:											
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DISABILITY INSURANCE

Short or Long	Insured	Benefit \$	Benefit Frequency	Premium \$	Frequency	How Paid	Company	Contact Name	Phone	Email
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LONG-TERM CARE INSURANCE

Insured	Benefit \$	Benefit Frequency	Inflation %	Premium \$	Frequency	How Paid	Company	Contact Name	Phone	Email
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LOANS

Type	Payment	Payment Frequency	How Paid	Balance	Borrower(s)	Company	Contact Name	Phone	Email
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UTILITIES

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CREDIT CARDS

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Examples provided are for illustrative purposes only and not intended to be reflective of results you can expect to achieve.