



Mountain Jam

Taken home way too early at the age of 24, Howard Duane Allman blessed us with some incredible music during his short life. From his session playing days at FAME Studios in Muscle Shoals, AL to worldwide acclaim Duane was a rare talent. His work with Wilson Pickett on a version of “Hey Jude” caught the ear of Eric Clapton in 1968 and the two spent hours jamming in South FL. The Allman Brothers Band was born that same year. In 1972, the band released Eat a Peach. Some of the tracks were recorded live at The Fillmore East in NYC. On a beautiful Saturday morning, with a cup of hot coffee, there is nothing like enjoying a little “Mountain Jam”...no toast required.

I chose this song because the markets are speaking, but it can often be open to interpretation as to what they are saying. This 33-minute song is instrumental...sit back and enjoy it someday.



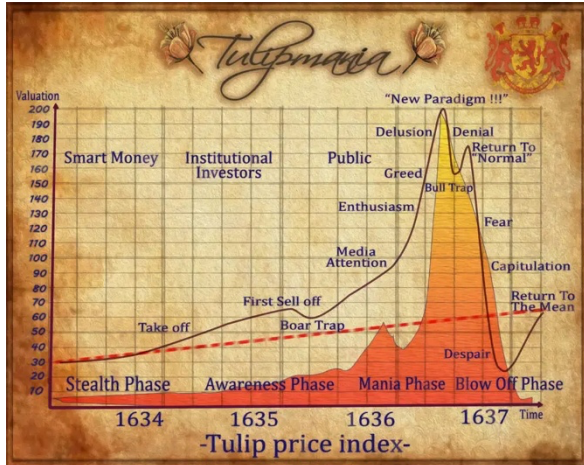
The world can seem upside down at times. Not to get political here but things are moving rapidly, and it is time for those of us saving for retirement to pay close attention. From the White House point of view there is a lot of “winning” going on...legislation, boarder, and the markets are often referenced.

Trust me! Smart money people are not casually listening to the music. There are many, many reasons for investors to tread lightly with their retirement nest egg. When the sun is out and the roads are dry, you can safely travel at a higher speed than would be advised during a cold snowy winter night. Let’s examine where we, at Patriot find Risk and Opportunity ... Tariffs and Beyond.

Risk	Opportunity
<ul style="list-style-type: none"> • Passive Investing • Concentration • P/E Ratio 	<ul style="list-style-type: none"> • Value • International • Metals

Passive Investing – Passive investing is the concept of buying a mutual fund that invests in a group of securities (Stocks or Bonds) solely based upon that basket of securities being in a particular index.

The birth of index investing began in 1976. Vanguard has built its reputation with inexpensive indexing funds. Indexing works well until it doesn't. Since 1981, the bond interest rates have fallen. That trend changed in 2022. That may be a sign that the index investor may want to heed.



In the 1630's, Tulip mania gripped the Dutch culture. Prices for Tulip Bulbs went parabolic. By 1637, Tulip prices dropped faster than "Siren's Curse", the newest rollercoaster at Cedar Point.

While the S&P 500 nor the US equity market have any correlation to the Dutch posy business, an argument can be made that investors in both markets are making investments regardless to the actual value of

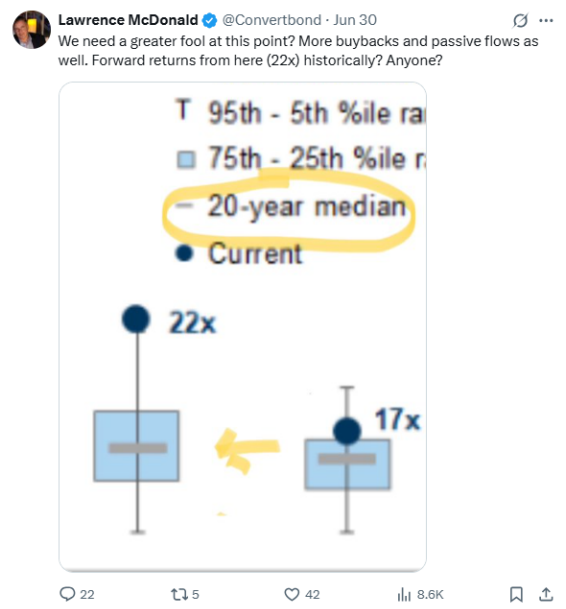
the specific company/product.

According to the Bear Traps Report, over 50% of investment dollars in the US go into passively managed investments. I can easily see why Wall Street creates such products. They get to charge management fees and have little time invested in analyzing the true value of a business.

It is this "Blind" investing that creates distortion and bubbles in the investment markets.

Recently, the 10 largest companies in the S&P 500 grew to represent 40% of the value in the S&P 500. While those ten firms may be great companies, they greatly increase the risk of investing in large US companies.

Consider this chart from Larry McDonald's twitter account from June 30, 2025. Larry is discussing the PE Ratio. This is the most common investment measure when evaluating securities. Historically, the markets, as a collective, trade around 17x earnings. Some industries, cheaper and others more expensive.



What is the PE Ratio. Let's say a company earns \$5 per share. Historically, that company should be valued at approximately \$85/share (17x). The majority of the time, that company

would trade within the blue box, 25th to 75th percentile. Today, the markets are so distorted that the S&P 500 is trading at 22X as of Jul 9th 2025 per Larry McDonald on Twitter. Can it go higher...sure. However, history has shown that buying stock at that level can be dangerous to your financial health.



Tariffs and government debt are leading toward changing investor habits as well. Foreign investors are looking at tariffs, our US Nat'l debt and market valuations as a sign to repatriate some of their investment capital back home. The international markets have underperformed the US markets by a wide margin over the past decade. Smart people are redeploying

money into companies domiciled outside of US markets as represented in this chart from Larry McDonald's Twitter account on July 9, 2025.

This is creating a bit of a dilemma for the US Treasury. We need to issue significant amounts of treasury bills, notes, and bonds...who will be there to buy them? As foreigners have begun to step away, conventional wisdom says that the government will "encourage" the biggest domestic banks to pick up the slack.

Over 2022 and 2023, I penned "How will ESG Impact Your Investments" & "Wind of Change". The discussion was how the solar and wind energy projects wouldn't provide sufficient power for the world's energy demands.

We invested client money to benefit from energy sources that will power the explosive demand we had forecasted. The Bear Traps Report on August 25, 2025, highlighted many market segments that have been positively impacted by the power grid. Through our managed account, PROP, we have participated in these gains.

Look at what is going on around us. If you live on the east side of Columbus, you see the massive data centers of Google, Facebook, Amazon, and Microsoft. These facilities require vast amounts of energy. The cryptocurrency miners are another industry that has placed stress on the grid. Add in the adoption of EVs and it is easy to see how power generation needs a comprehensive overhaul.

Commodities in 2025 YTD	
Jr Gold Miners GDXJ	+78%
Silver Miners SIL	+74%
Rare Earth Metals REMX	+50%
Nuclear NUKZ	+43%
Silver SLV	+34%
Copper Miners COPX	+25%
Steel SLX	+21%
Mag7 MAGZ	+10%

In The Energy Cooperative Times dated Aug 18, 2025, Licking Rural Electric reported they are building a huge 12” natural gas pipeline spanning about 5 miles to support the power generation facilities near the massive data center complex on Beech Road.

Harvard Magazine had an article on June 11, 2025 (How AI Could Be Raising Your Energy Bill). How the new power for AI could be supplied and who will foot the bill?

In our managed account program, Patriot Revere Opportunity Portfolio, we have been strategically investing in several companies that are positioned to benefit from the new world of power and rebuilding (think Ukraine, Gaza, and LA after the fires). For years, money managers and investors have neglected certain aspects of the energy complex as they chased the pipedream of the “Anti-Fossil Fuel” economy...not anymore.

Our program has enjoyed much success and with a much lower PE Ratio than the markets. We have been pounding the table on metals, mining, industrial and value investing. The markets are changing...don't become overwhelmed by the day-to-day noise. Listen to the music of the markets and Eat a Peach.

When you are in the Pataskala area, stop in and meet our Mr. Allman. Michael Allman recently joined Patriot Asset Advisors as a Financial Advisors. Welcome aboard Michael.

Harvard Magazine article

¹ “Research by the Environmental and Energy Law Program at Harvard Law School points to a troubling answer. The rush to build new data centers to meet growing AI demand risks shifting the infrastructure costs onto consumers in the form of increased electricity rates, effectively subsidizing the development of such facilities for trillion-dollar technology companies.”

“The costs of expanding and operating energy infrastructure have historically been socialized by utilities because it was recognized that increasing access to electricity was in the public interest,” says Ari Peskoe, who directs the Law School’s Electricity Law Initiative.

A century ago, policymakers decided to grant utility companies a monopoly on electricity distribution to offset the costs of operating and expanding energy infrastructure. “Data centers have been part of our internet infrastructure for decades,” Peskoe explains, “but now there is dramatic growth in data center energy use, driven by the world’s wealthiest corporations racing to develop AI, which raises the question of whether the socialization of those costs makes sense anymore.”

This model worked reasonably well when the demand for energy grew at a steady and predictable rate. But during the past few years, the race to build AI data centers has driven an unprecedented demand for power that has made the old way of doing business untenable. **In Texas alone, a single utility reported demand for 119 gigawatts of power from data centers, which is more than the current power generation capacity of the entire state.**

“It’s taken around 100 years to develop 82 gigawatts in Texas,” says Eliza Martin, a legal fellow at the Environmental and Energy Law Program who coauthored the paper on Big Tech’s energy demands with Peskoe. “It’s hard to fathom how we’re just going to double that in the next couple of decades. We’re talking about energy demand for entire cities regularly materializing out of thin air.”

¹ Daniel Oberhaus, “How AI Could Be Raising Your Energy Bill”, Harvard Magazine, June 11, 2025, <https://www.harvardmagazine.com/2025/07/harvard-ai-increasing-energy-costs>