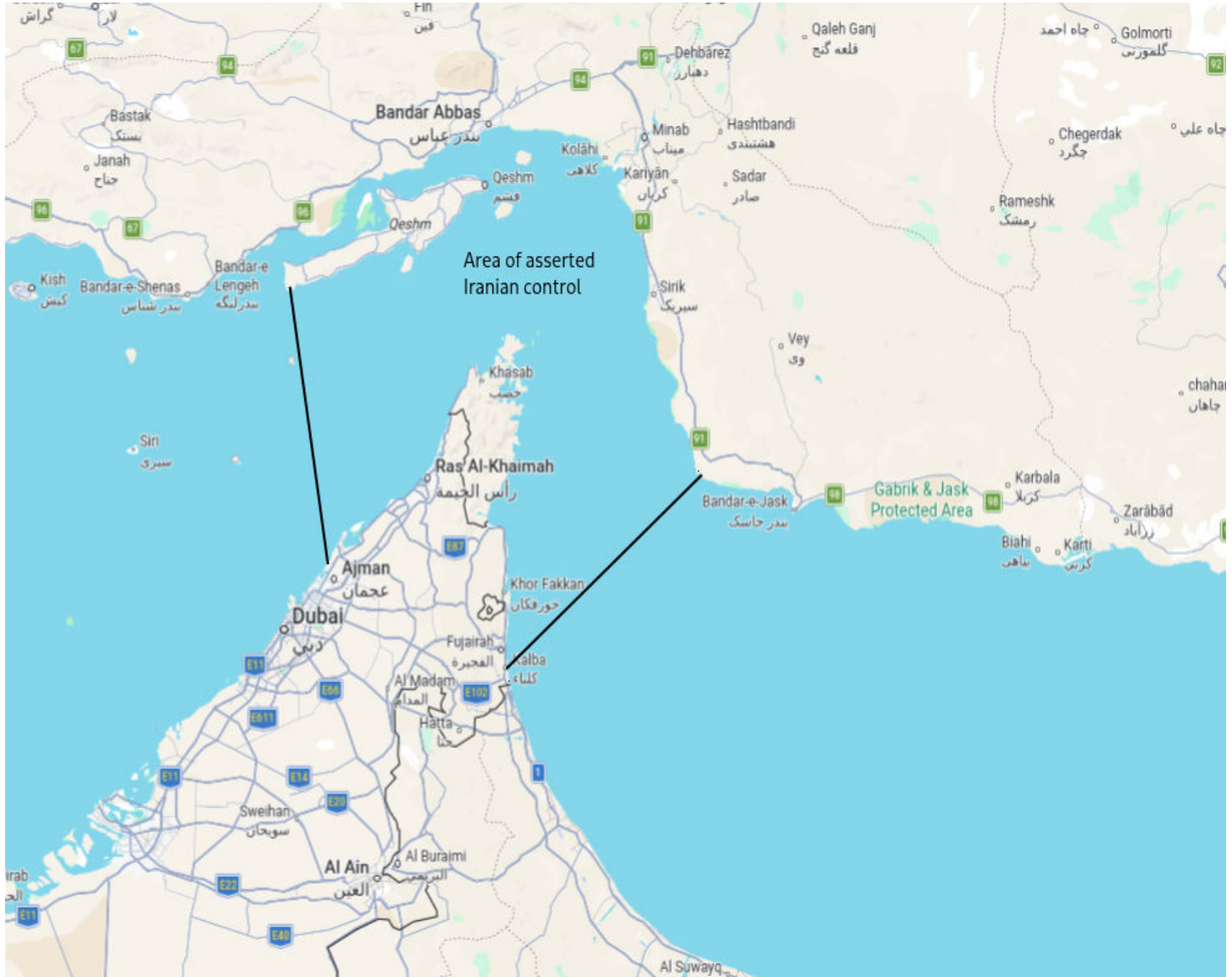




LLOYD TEVIS
INVESTMENTS, LLC

Securing your future through Precision Investing™



The Market Commentary

June 2026

1 Executive Summary

Drone technology appears to be shaping three wars: Russia-Ukraine, US-Iran and Israel-Hezbollah. Drones initially help the weaker but more flexible party (listed second) in each conflict. However, the technology is malleable and the more bureaucratic military powers are learning how to use it effectively.

AI technology is driving a capital investment boom and may be beginning to deliver real productivity gains. Its impact is currently limited to narrow, but important, sectors of the economy. However we expect it will gradually broaden out into an economy wide force.

The overall picture is mixed with both bullish and bearish trends present. This is a normal situation and our normal response to it would be a guardedly bullish stance. At present our assessment is neutral, which is one notch more cautious than the default position. An overall lack of confidence in the Administration's handling of the long term strategic issues accounts for that assessment.

2 Geopolitics

2.1 Iran War

The Iranians are conducting themselves as if they have won the war. They are attempting to annex an international waterway - the Straits of Hormuz. They are trying to extort payments from ships and undersea cables passing through the Straits. They have basically refused US peace demands and instead are seeking reparations, recognition of their annexation and international guarantees against future attack. Trump's pause of military operations for talks has clearly been interpreted by them as a white flag. It is the loser of a conflict that asks for talks - not the winner. Trump has repeatedly engaged in a public diplomacy in which he asserts that a "deal" is almost at hand. Meanwhile actual negotiations have appeared frozen over fundamental conflicts for a month. This public diplomacy creates the impression Trump is desperately seeking an exit from the war. So too does his repeated unilateral extensions of the ceasefire for further negotiations.

So far the US has spent about \$29 billion on military operations. That is a little less than 2% of the peacetime military budget. It has so far suffered 13 fatal casualties over the two month duration of active hostilities. During peacetime the average rate of US military being killed in accidents is 20 per month. By contrast, Iran estimates it has absorbed \$300B in war damage and suffered thousands of personnel killed - mostly concentrated in executive and operational leadership positions. Its Navy is

mostly destroyed other than small boats. Its airfields are nonfunctional and much of its aircraft destroyed. Its nuclear weapon program is buried in deep rubble and the industrial complex which supports its strategic and tactical missile program is shattered. It is likely its government and military remain heavily penetrated by Mossad agents. Perhaps most worrisome to the regime, a good part of its internal control structures are destroyed.

In part the Iranians are posing. They probably fear their own population more than they fear the US. Maintaining a victorious stance is a domestic necessity. In part also the Iranian regime is evolving from a clerical led constitutional government into a state led by a military junta. As that internal power struggle plays out, the negotiations move in a zig-zag. But in part also the Iranian perception that Trump is weak is correct.

Trump's difficulties are entirely of his own making. He launched the war with no effort to explain it to either the public or the Congress, let alone to stir them to action. He has conducted the war under incompetent and controversial political leadership in the defense establishment. And he has engaged in inconsistent public messaging which cumulatively has created the impression he has no idea what he is doing. Trump now faces the need to negotiate with Congress over continuing war powers and budget. Mainstream political opposition is openly rooting for Trump to lose his war as if a defeat for Trump would not in fact be a massive blow to the US. Trump's own base is deeply fractured over the war, with even his Vice President telegraphing dismay at the policy. In short the US is losing a war won on the battlefield due to Trump's arrogant mishandling of domestic politics.

As we have noted before this is a must win war for the US. It is useful to compare this war to the Vietnam War. In the Vietnam War the US absorbed more than 50,000 combat death and costs which ultimately destabilized its currency. Incorrectly as it turns out, it concluded it could not prevail on the battlefield and it began withdrawing under intense domestic political pressure. The ultimate consequence was the defeat of everything it had fought for and the empowerment of a genocidal regime in Cambodia - officially a nonbelligerent country which the US had destabilized. In the aftermath the US domestic political scene remained fractured for about five years and an intense inflation ravaged both capital markets and the domestic economy. It was not until the first Gulf War, 15 years after the fall of Saigon, that the US could be said to have recovered its nerve. In the interval the USSR followed heavily interventionist policies in places as far apart as Angola and Afghanistan. But the defeat in Vietnam did not fundamentally shake the US security architecture. Rather it showed the US so committed to that architecture that it would incur heavy costs for tertiary objectives.

The stakes are very different this time. If the US fails to secure a victory in this war it will be seen to have failed to protect vital national interests and to have abandoned faithful allies on the field of battle. Its reliability as a security partner will be exposed as nonexistent and that will shake the US security architecture to its core. Likely consequences are several. First, important US allies such as Saudi Arabia, Turkey and South Korea will conclude they must be self-reliant in security. They will launch nuclear weapon programs that ultimately make such weapons broadly held among second-tier powers. Second, they will raise their conventional military budgets. Third, they will become less willing to coordinate national policies with the US. In short, the existing US-led alliance structure will dissolve into an armed camp. In the power vacuum, China will likely extend its influence and footprint much as the USSR did after the Vietnam War. Second-tier players are likely to seize local economic prizes - for instance, setting up toll booths along other straits than Hormuz.

To us, this does not look like a good environment for US capital, and we are putting our capital market assumptions on watch for possible negative action.

2.2 Israel and its Enemies

Israel's war with Hezbollah is continuing and escalating. Initially, Israel defined a "yellow line" at a depth of about 20 miles from Lebanon's border with Israel. Israel has sought to occupy the territory militarily to exclude Hezbollah from the vicinity of the border. Israel hoped thereby to relieve its northern towns from harassing fire by Hezbollah. However, Hezbollah has upgraded its capability - primarily by adopting advanced drones from the Ukrainian theater. Israel has been scrambling to catch up. It has also begun pressing northward to expand the area of military control and create a deeper buffer for its northern territory. In parts, it has reached the Litani river and even moved north of the Litani. It has been making leadership strikes as far north as Beirut. Hezbollah, for its part, is playing the asymmetric warfare book - pulling Israel into deeper and deeper commitment without exposing a decisive nerve center and seeking thereby to win a war of exhaustion.

2.3 Russo-Ukrainian War

Russia's offensive campaign appears to have culminated. Losses are running ahead of replenishment, but forward progress has ground to a halt. Ukraine also is exhausted - its front-line troops beyond sustainable levels of battle fatigue. Somehow, it still manages to mount local ground counter-offensives. But its real blows are being struck with missiles and drones that reach deep into Russia. Ukraine has destroyed

more than 30% of Russia's refining capacity. As a result Russia has had to shutter oil wells, forego export revenues and ration domestic supplies. On the front drones are inflicting about 80% of casualties, drone spotted artillery is delivering 15% of casualties and mine fields and infantry fire are delivering the remainder. Drone over watch of minefields has made the always hazardous task of clearing such fields basically impossible. Both sides are pushing drone activities up to 50 miles beyond the front striking at logistical operations and transport lines in the support zone for the front. While these attacks hit both sides. Russia as the attacker has the greater logistical need and so is more impaired by such operations. The infantryman's only friend is seasonally lush forest foliage which hides him from over watch and blocks low flying drones. Russia started the war with a superiority in conventional weapons, but found them unexpectedly negated by Ukraine's drone prowess. Russia has made good advances in drones, but Ukraine still has some edge here. In conventional weaponry Russia has made no real advance, while Ukraine has the advantage of observing which weapons matter on the current battlefield and has concentrated on closing the gap here. As a result, Russia is denied any technical edge and really has no advantage other than mass. But for that mass to be effective the terrain must be supportive and usually it is not. It is time for the Russian Army to go home.

2.4 China

Trump paid a visit to China accompanied by an entourage of Cabinet officers and business executives. The trip was long planned and once delayed by the Iran war. Trump came not as a war winner, but as a jet lagged combatant in an uncertain conflict. Xi may have offered Trump assistance with Iran in return for Trump green lighting an invasion of Taiwan. If so, Trump turned that deal down. Xi may have conveyed proposals from Putin to Trump. If so, only a hint was shared with the press. Various minor deals were made - nothing to justify the journey by the big entourage. Depending on who you asked, Xi either snubbed Trump while remaining within the bounds of diplomatic correctness, or else Xi simply walked through the formalities of a necessary state visit which was occurring at an unfavorable time for any substantial progress.

A week latter Putin dropped in to Beijing. China no doubt would like to buy more Russian oil given the problems with its Iranian supplier. And Russia no doubt would like to sell more. Who will pay for the needed infrastructure additions and how quickly they might get built undoubtedly would be topics for conversation. Meditations on the geopolitical situation also must engage them. Although checked for the moment in Iran, Trump continues aggressive against Cuba and Russia's position in

Africa is weakening. The Beijing-Moscow alliance must observe their proxies being rolled up with some degree of dismay.

China identified drone technology fairly early on as important. Its R&D effort initially focused on expensive high capability systems and drone swarms. So far battlefield developments have gone in a different direction - saturating the battlespace with inexpensive expendable drones. Drone swarms have not yet appeared on the battlefield. China's interest in swarms derives from an effort to counter high capability US systems. This is a different military problem than is faced in current warfare employing drones. China's very top down politically driven military decision making sits poorly with the rapid innovation cycles that have characterized drone warfare to date.

2.5 Cuba

US pressure and Cuban defiance continue. Raoul Castro, Fidel's brother, is 95 and nominally retired. In fact he remains a power center. Will his henchman retire him in reality or will he hold the revolution together until death intervenes? Will the US attempt another daring leadership snatch? It has indicted Castro, but snatching a very elderly person decades after a supposed offense is not a good look. Seemingly anything could happen and not many seem to care. If Trump loses in Iran he will likely try to cover it up by a victory in Cuba. But while Iran remains the principal *plat de jour* Cuba is likely to linger as it is.

2.6 Other Notes

It appears the Biden administration sank a Russian freighter that was conveying nuclear propulsion reactors to North Korea for the submarine it is building. Despite appearances, there actually is a bipartisan consensus against proliferation of strategic arms to minor powers.

The Trump administration appears to have unleashed CIA assassination squads on Mexican drug cartel leaders and senior management. The Mexican government is aware, officially displeased, but practically motionless.

3 Domestic Politics

3.1 The President's Cabinet

The Director of National Intelligence, Tulsi Gabbard, had her office raided by a team from the CIA. Shortly thereafter she tendered her resignation, saying she needed to care for her husband who has bone cancer. Gabbard's political opponents have long accused her of being a Russian asset - either a fellow traveler or an agent of influence. It does seem Gabbard is a committed non-interventionist as a consequence of her disillusioning military service in Iraq. Although she has been a loyal political operative for Trump, Gabbard has been openly at odds with the President's Iran policy. Her departure, for whatever reason, is not unexpected.

3.2 The Endless Scandal

The Epstein scandal was relatively quiet this month. We await the Inspector General's report. We expect a whitewash job that no one believes, but perhaps we will be surprised.

3.3 1776 Fund

Trump sued the IRS in a private capacity for not adequately protecting his privacy. Although his suit was barred by the statute of limitations, the Justice Department - led by Trump's former personal attorney - agreed to set up a \$1.775 billion dollar fund to compensate persons prosecuted by the Biden administration for political offenses such as rioting on the steps of Congress in an effort to negate the 2020 election. Many of those persons were in fact not merely indicted but actually convicted and jailed for their activities. The United States has set up compensation funds for misprosecutions in the past. Generally those funds have been much smaller, set up by political leadership less personally involved in the the events and more convincingly expressions of national contrition. Importantly such funds have always involved Acts of Congress and not administrative legerdemain.

Former Republican Senate Leader Mitch McConnell commented "So the nation's top law enforcement official is asking for a slush fund to pay people who assault cops? Utterly stupid, morally wrong -Take your pick." Senator Tillis more succinctly echoed this sentiment, saying the fund "is just stupid on stilts." Both Senators are retiring this year and no longer feel obliged to be circumspect in commenting on Trump. Indeed between those retiring voluntarily and those pushed from office by

Trump there is now a large enough group of Republican dissenters to block bills in both houses of Congress.

3.4 The Midterms

The Supreme Court has been doing whatever it can to get the Republicans re-elected. It better hope it succeeds because the wrath it is building towards itself on the other side of the aisle is without precedent in living memory. In fact, state level gerrymandering has perhaps netted the Republicans a gain of 10 seats.

The President successfully torpedoed two Republican senators - Cassidy of Louisiana and Cornyn in Texas - in their primary elections. Cassidy was a principled independent thinking conservative. Cornyn is head of the Senate committees with oversight over Finance, Intelligence, Foreign Relations and Judiciary. He will continue in those roles until this session of Congress ends in December. Antagonizing such a powerful Senator in the middle of a war is another example of Trump's political recklessness.

3.5 MAGA

Even as Trump strengthens MAGA's hold on office, the movement continues to fray. Megyn Kelly is a Fox news journalist. Formerly she was one of Trump's favorite journalists and "blondies." However she has broken with him. Kelly has given a speech attacking Trump's intemperate rhetoric, low personal character, and profiteering in office. Of course none of this is new. Dismay with his Iran policy appears to be the actual issue swinging Kelly against Trump. She joins Tucker Carlson and Marjorie Taylor Greene in the camp of one time fans who finally had enough of Trump.

3.6 The Department of Health

Kennedy's administrative chaos and eccentric policies are beginning to look like liabilities. Trump is understood to be edging away from him. But Kennedy has his own base - unlike the rest of the Administration. Trump will be unlikely to part ways before the November election. Meanwhile the Department is in chaos. With epidemic outbreaks of Ebola and Hantavirus active offshore, US health scientists have been ordered to not communicate with the World Health Organisation on these topics. Open leadership positions in the department include the the Surgeon General, Head of the Center For Disease Control and Prevention, Head of the Food and Drug Administration, and Deputy Health Secretary.

3.7 Industrial Accidents

There has been a sudden rash of news stories about accidents at industrial sites. It is hard to say if this is a real cluster or just a currently popular journalist story at present. However, we are concerned that weakening government inspections and regulations may be behind it. We are also concerned about similar costs showing up in health and finance as the government deliberately takes its eye off those balls.

4 The War On Science

In 2016 the United States installed a network of 900 observational systems on the Atlantic seabed. Their purpose is to monitor and gather data on the deep ocean to understand the contributions of deep currents to the distribution of global heat. The cost of the system was \$ 368 million and its planned operational life was 25 years. Less than half way through its lifespan the Trump Administration has decided to incur the expense of dismantling the system. It would appear the expense of destroying a national asset is being incurred out of a general hostility to climate science.

Historically research grants have been distributed through a formal peer review process. The Administration is proposing that political appointees distribute the funds. We cannot think of any reason Congress would want this change in process.

4.1 Terrorists

The US has captured a prominent Iranian sponsored terrorist active in Iraq. He is alleged to have been planning assassination attempts on members of Trump's family in revenge for US targeted killings.

The Red Army Faction ("Baader-Meinhoff Gang") was a terrorist group active in West Germany from 1972-1990. It was sponsored by East Germany and made a name for itself for high levels of violence and political killings. Its founding leadership was captured early in its history and most of them committed suicide in prison in 1977. However, followers maintained the group's activity after the founders's demise. Most members have been fugitives for the past thirty years. One was recently captured and has been sentenced to 13 years for economic crimes committed during the fugitive period. Prosecution for terrorist activities is ongoing.

5 The Economy

Inflation has gone up to 3.8% on higher gas prices. It will likely go higher as secondary effects start to push prices. The previous quarters GDP growth initially came in surprisingly hot but revisions have reduced it to a more soggy figure. Unemployment remains low overall at 4.4%, but certain sectors remain difficult - software engineering, first jobs after college, administrative executives displaced by business process administration. AI forges ahead and merits an extended discussion below. It has started creating new job definitions and pushing for additional staff hires. This development is likely to reduce fear of massive near term labor market disruption from AI. Also supporting the more sanguine view, extensive AI adoption is currently limited to software and some professional/financial services. Although jobs in these areas are relatively well paid, they are not a large percentage of national employment.

The US is fighting a war, running a substantial federal deficit and engaging in a capital intensive investment boom. All three stimulate the economy. Where the economy will be when these stimulants are removed is a good question. Hopefully on track for a virtuous cycle of growth and reinvestment driven by continuous productivity improvement. But possibly not.

6 AI: A Perspective On Where We Are and Where We Are Going

In the US OpenAI and Anthropic are the leading independent AI companies, while Microsoft, Alphabet, Meta, xAI, and Amazon also have stakes. Among the major tech companies, Apple is going less whole heartily into this technology. Rather it is incorporating AI where additive to existing product lines. OpenAI initially caught the public's eye with its ChatGPT offering. This service demonstrated the fluency large language models could achieve and shook Alphabet's hold on search. But Anthropic has for the moment pulled ahead of OpenAI. Their traction comes not from a better language model, but from attention to task automation and building bridges between LLM based AI and legacy software systems. These make AI more immediately useful - especially in business settings where there are a large number of repeatedly performed tasks than can benefit from user led automation. Anthropic's Claude product is specifically designed both for this application and for revenue extraction from corporate businesses.

Of course the underlying technology remains probabilistic pattern matching. It has gained some rudimentary abilities to decompose large tasks into subtasks, to

orchestrate subtasks and to push towards goals. These can in proper settings exhibit high levels of performance. However higher cognitive tasks, such as understanding intent or weighing evidence remain challenges to be addressed. To us it appears that a true facility with manipulating ideas as opposed to words remains a distant aspiration. Vigorously disagreeing is noted AI investor Mark Andreessen. He sees the level of AI achieved at the end of the first quarter as marking the emergence of artificial general intelligence (AGI.) His viewpoint is comprehensible. Some achievements are indeed impressive. A nuclear magnetic resonance spectrum is a record of how a molecular sample hums when bombarded by radio waves in a magnetic field. Trained chemists can use the spectrum to elucidate molecular structure. Now Anthropic AI can do so also, at least for not too complex molecules in particular solvents. Work is needed to extend this first effort, but a valuable addition to chemical research is clearly on its way.

The easiest application of the technology is the copilot setting. Here a human performed workflow is decomposed into a series of tasks, some of which are handed to the AI. The human, however, remains fully incorporated into the workflow - both to catch AI errors and to perform tasks which are currently beyond it. This approach can produce productivity gain, but it also gives intellectual work some of the driven character of assembly line work. AI burn out is a new form of work fatigue that appears to afflict the heaviest adopters.

We view copilots as a way station to a fuller AI automation. In this automation primary responsibility for production results is transferred to the AI. Human involvement continues - mainly at a supervisory level through tools which give the human supervisor the mechanical advantage required to effectively control an automated process. Humans also have a continuing role in exception handling, although this contribution naturally diminishes over time.

We would characterize the current environment by saying we are living in the era of domain specific artificial intelligence (DSAI.) By fusing AI with traditional software tools, by redistributing objectives and by adding purpose built non-AI software it is possible to engineer systems for a particular application domain which match or surpass human performance with higher reliability and sharply lower operating cost. In appropriate domains, these systems will produce 10x, 100x or even 1000x returns on the lifetime cost of construction, maintenance and operation. In exceptional settings returns as high as 10,000x may be possible (e.g. drug discovery.)

One can draw a certain analogy between domain specific AI and the early generation of computers. In the 1920s and 1930s the dominant type of computer was the analog computer. These were electromechanical devices which automated solving particular problems - for instance solving electrical engineering problems. They

reached advanced levels of performance in their problem domains but were eventually retired by digital computers which provided a general computational capacity.

Extending the analogy, one can ask what it is which would replace the domain specific systems that are the cutting edge of the art and whether that thing is Artificial General Intelligence (AGI.) AGI refers to an as yet hypothetical computer system which can replicate all aspects of human intelligence to at least a human level of performance. While AGI should be able to replace domain specific intelligence, it is possible that something of an intermediate character might also do so. For instance, more reliable LLM models might make a difference. But perhaps not. When we examine the natural world we find many examples of domain specific intelligence. For instance, some birds have highly tuned long range navigational capabilities operating under requirements for minimal mass and energy consumption. These bird intelligences are domain specific capabilities rather than specializations of general intelligence. Performance requirements can create application domains where AGI may not be able to displace DSAI.

So to summarize: we see a succession from co-pilots, to DSAI and then to AGI. Co-pilots are currently dominant with DSAI emerging and AGI too far off at present to estimate either arrival date or ultimate impact. We think the potential returns to DSAI will drive vigorous investment and that as solutions are delivered co-pilot activities will cease to be the focus of attention. From this perspective, we agree the AI boom is still in its early days.

Huge sums of capital are fueling the AI boom. In the first quarter of 2026 VC capital raises amounted to \$297 billion. Corporate allocation of R&D funds to AI is hard to track, but likely is at the \$100 billion level. Overall at least a half trillion dollars has flowed into AI investment so far this year. Most of that investment is going into physical infrastructure (power plants, data centers, servers and related equipment.) Companies receiving that flow have seen their profits and stock prices explode. For instance the storage provider SanDisk has seen a 30x run-up in price even as its forward looking P/E has dropped from 20 to 8. Some capital is flowing into software tools. Corporate investment in copilots is heavy. Investment into DSAI is just beginning. In part this is because the VC community is capacity constrained. It simply lacks the expertise and manpower to sort through the flood of projects seeking capital. This creates opportunities for corporate AI investment and for entrepreneurial efforts that can self fund to at least early operations.

Andreesen Horowitz is the VC firm most closely associated with the AI boom. Their publications track its development in interesting ways but may reflect the firm's strong convictions about the future. A recent piece of theirs claimed that most of the productivity improvement in the US in the past quarter was due to industries

which are heavy early adopters of AI. If accurate, the implication would be that AI has established itself as the dominant growth engine in the economy.

Opinions about AI are all over the place from deeply worried to highly optimistic. We do not think things are different this time. Like previous applications of mechanical power some humans will be displaced, others will see substantial salary gains, overall the economic pie will grow, the process will not be smooth, life disruption will be unwelcome, but adoption and adaption is inevitable. Our observation over a career is that software always takes longer than expected. We particularly do not expect that reality to change.

We think it not impossible that over the two year horizon AI might raise the GDP growth rate 1%. It is also possible it has no impact at that highly aggregated level or that its impact is even temporarily negative at the 0.1% level. By contrast, prominent optimists think the GDP growth rate will double or treble as a result of AI adoption. Prominent pessimists expect civilization to collapse. We would not bet on either of those outcomes and we are inclined to question how in touch with ground reality are the voices taking those stands. In a rapidly moving field only those still involved day to day on the cutting edge are likely to be reliable voices.

7 The Capital Markets

The equity sector continued higher led by the US Large Cap Growth group. Upcoming IPOs by SpaceX, Anthropic and OpenAI are drawing much attention to the sector and commentary (mostly skeptical) about the rather fine prices these properties are being offered to the public at. We expect the IPOs will place considerable liquidity in the hands of the VC firms which have backed these ventures. That money will be returned to the VC firm's own investors but inevitably much of it will flow back to the VC for reinvestment. We expect that investment to flow to the AI application layer which has been relatively less well nourished by capital in this go around which focused on foundation models and other infrastructure. Strength in the international emerging market group is also notable. This group is being driven by rising commodity prices. Bonds have been weak and continued so, with just modest shuffling of relative values. REITs however exhibit strength. The Euro was flat and gold eased slightly. The Indian government is discouraging purchase by its public - normally one of the most devoted of gold buyers. Oil fell on hopes the Iranian war situation is resolving. It will continue volatile and driven by war news until the conflict is resolved.

Table 1: Market Performance to May 29, 2026

Asset Group	Asset Class	6-month trend	3-month return	1-month return
Equity	US Large Cap	rising	10.4%	5.16%
	...Large Cap Growth	rising	17.52%	7.97%
	...Large Cap Value	rising	2.63%	1.90%
	...Growth – Value	falling	14.89%	6.07%
	US Mid/Small Cap	rising	6.79%	3.35%
	Intl Developed	rising	-0.45%	2.34%
	Intl Emerging	rising	9.99%	7.20%
Fixed Income	Treasury 3-7 year	flat	-2.52%	-0.46%
	Treasury 7-10 year	flat	-4.42%	-1.48%
	TIPS	flat	-0.6%	-0.34%
	Municipal	flat	-1.61%	0.04%
	Investment Grade	flat	-2.13%	0.26%
	Medium Grade	flat	-0.45%	-0.09%
	Preferred	flat	0.25%	0.51%
	REIT	rising	4.10%	1.38%
Commodity	Euro	rising	-0.85%	0.0%
	Gold	rising	-13.22%	-1.19%
	Crude Oil	flat	16.01%	-24.31%

8 Advice

The AI revolution is a genuine long term growth force. The economy is currently expanding in the face of inflationary challenges but some of that expansion is stimulus driven rather than self sustaining. The Administration is a well-spring of bold projects, but our confidence is the Administration's capacity to achieve lasting results is low. The domestic political scene will be volatile until the November midterms. Over all our position is neutral. That is more guarded than the moderately growth oriented stance which we consider our normal default. But it is not strongly defensive.

9 About Our Cover

The map shows Iran's claimed zone of control in the Straits of Hormuz. This zone extends far beyond the three mile limit from its coast which Iran can claim under international law. Notably it extends out into the Gulf of Oman to include the UAE's oil port at Fujairah. As this makes clear, Iran's true goal is to control the Gulf oil trade and thereby the economies of the Arab states. The frank impingement on the territorial waters of the UAE and of Oman is undisguised. The basic map is supplied by Google while the lines bounding the control region were added by us based on press reporting.

10 About Lloyd Tevis Investments, LLC

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In evaluating political and social developments our perspective is that of long term

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