THE ASCENSION JOURNAL

The Business Behind the Ticker

On the difference between a price and the thing it describes

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Avesta Wealth Ascension Growth Portfolio
AVESTA WEALTH

FROM THE PORTFOLIO MANAGER

Three Different Things

In our first issue this summer, I wrote about a sentiment many of you had shared with me: that the world seemed to be coming apart while markets kept climbing. This quarter, the question has changed shape, but not substance. In conversation after conversation, I've heard the economy, world events, and the stock market spoken of as though they were one melded thing.

They're related. But they aren't the same, and they often don't move together.

The economy is everything a country produces and earns. Geopolitics is the shifting relationship among nations. The stock market is narrower than either: the going price of ownership in a few thousand companies; set on a second-to-second basis by people's changing opinions about what those companies will earn over many years.

It tends to look ahead, it reacts to surprises more than to the news everyone already expects, and it has a long history of ignoring what seemed obvious at the time.

If the link between headlines and markets were reliable, forecasting would be easy. It isn't. Those of us who manage money for a living have the track record to prove that it isn't.

This issue goes one step further, because there's a distinction that matters even more than the one between the economy and the market. It's the distinction between the market and the businesses themselves. A stock price is the market's opinion of a business. The business is what's actually happening under the hood: customers served, products delivered, decisions made by the people running it… Over short periods, opinion and reality can drift apart. Over longer periods, reality has tended to win.

That's why, when the world feels loud, we do our best to listen more closely to the businesses we own rather than to the headlines. That doesn't mean ignoring the world. Economies and politics shape the conditions every company operates in, and we pay attention. But the question we keep returning to is narrower and more useful: is this business still doing what we own it to do?

This edition follows explores that idea, and why keeping it in view is one of the most valuable habits an investor can build.

Thank you, as always, for your trust.

Adam Schacter
Portfolio Manager, Avesta Wealth

FEATURE ESSAY

The Business Behind the Ticker

On a screen, Canadian National Railway is three letters and a number. The number changes every second during market hours. Most days it moves a little; on a handful of days each year it moves enough to make the evening news.

Meanwhile, somewhere in Saskatchewan, a train more than two kilometres long is carrying grain toward the Port of Vancouver. Its crew neither knows nor cares what the number did today.

Both of those things are CN. Only one of them is the business.

The gap between the two — between the price of a company and the company itself — explains more about investor behaviour than almost anything else we know.

What a price actually is

A share price feels like a measurement. It arrives with decimals, updates constantly, and comes in green or red. Everything about how it's presented suggests precision.

But a price isn't a measurement of a business. It's the most recent agreement between someone willing to sell a small piece of a company and someone willing to buy it. Their reasons can be anything: careful study of the company's prospects, a need to fund a home renovation, a headline, an instruction in a computer program, or a vague feeling on a Tuesday afternoon.

Over long periods, those opinions tend to average out into something sensible. Over short periods, they often don't. A company's sales, profits and competitive position usually change over quarters and years. Its share price can swing ten or twenty per cent in a few weeks, even while nothing within the underlying business changes at all.

Benjamin Graham, who taught Warren Buffett, described the market as a moody business partner who shows up every day offering to buy your share or sell you his, at a price that depends more on his temperament than on the business. You're free to ignore him. Most of us find that harder than it sounds.

A brutal year, a better business

The clearest example we know comes from the end of the dot-com era.

In December 1999, Amazon's shares traded above US$100. Over the following twenty-one months they fell below US$6 — a decline of more than 90 per cent. Anyone watching only the ticker would have concluded that something catastrophic had happened to the company.

Here is what actually happened to the company. Revenue grew from about US$1.6 billion in 1999 to about US$2.8 billion in 2000, and kept growing through 2001. Its customer base grew from roughly 14 million to 20 million in a single year. It was spending heavily and wasn't yet profitable, and the risks were real. But at the bottom of its share price, the business was larger and more established than it had been at the top.

Jeff Bezos opened his letter to shareholders that year with one word: "Ouch." He then laid out how, by nearly every operating measure, the business was stronger than it had ever been — and argued that over time a stock price follows the value of the business, just not on any particular schedule.

Jeff Bezos'm 2001 letter to Amazon Shareholders can be found HERE.

It would be easy, and dishonest, to tell this story as a lesson in simply holding on. Plenty of companies saw their shares fall just as far in those same months, and many never recovered, because their businesses were failing too. Pets.com's share price and its business went to zero together.

This is the real lesson here. The ticker couldn't tell you which was which. On a screen, the two declines looked the same. The only way to tell them apart was to look past the price at the business itself: its customers, its revenue, its finances, and whether the reasons for owning it were still true.

Why the ticker wins our attention

If prices are mostly noise in the short run, why do they hold so much of our attention?

Partly because the price is available and the business isn't. A price arrives instantly on your phone. The real state of a business arrives slowly in quarterly reports, annual results and the accumulation of small decisions over years. One is easy to check and hard to interpret. The other is hard to check and actually tells you something.

A price sometimes feels like a verdict. When a stock falls, it's difficult not to hear the market announcing that you were wrong. Sometimes it is. More often, it has simply changed its mind about what it wants to pay this week.

Modern investing is partly built this way. Apps, alerts and scrolling tickers all present investing as a stream of prices. None of them show you a train leaving the terminal.

None of this makes investors foolish; it makes them human. But it does mean that the investors who do best over time are usually the ones who have found ways to keep their attention on the business rather than its quote.

What we look at instead

When we review a holding, the share price is one of the last things we consider, not the first. The questions we ask are about the business. Is it still doing what we expected? Is it still well-run? Is its position against competitors as strong as it was? Is it financially sound? Are the reasons we bought it still true?

If the answers are yes, a falling price isn't, on its own, a reason to act. If the answers are no, a rising price isn't a reason to stay.

Consider what owning Canadian National Railway actually means: roughly 30,000 kilometres of track, and the only rail network in North America that reaches the Atlantic, the Pacific and the Gulf of Mexico. Replicating it today would be extraordinarily difficult. That physical reality changes very slowly. The share price changes constantly.

Brookfield is similar. Behind its single quoted price sit hydroelectric dams, ports, pipelines, data centres and office towers in dozens of countries. What they're worth depends on the contracts they hold, the cash they produce and how well they're managed — none of which changes because the share price did.

Then there's Intercontinental Exchange, which owns the New York Stock Exchange. There is something ironic about owning the company that manufactures the very prices we're currently encouraging you not to watch. But it makes the point well. ICE earns its living from the activity around prices — trading, data, the infrastructure markets run on, whether those prices are rising or falling. Its business is the system that turns companies into tickers, and it's a good business precisely because so many people are watching.

Where price does matter

None of this means price is irrelevant. It matters a great deal at two moments: when you buy, and when you sell. Paying too much for even an excellent business can produce poor results for years. And occasionally a falling price reflects something real - a business genuinely deteriorating - before the reports catch up.

So we try to pay close attention to valuations when we make decisions. What we try not to do is let the daily movement of a price make decisions for us. A price tells us what others think a business is worth. Our job is to form our own view from what the business is actually doing, and to act only when the two have meaningfully parted ways.

What you actually own

Your portfolio holds a list of names and numbers. It's useful, but it's a strange way to describe what you own.

What you own is a share of trains crossing the Prairies, dams generating power, exchanges processing millions of trades, and the people who run them: people making decisions about the next ten years, not the next ten minutes.

The numbers will keep moving, as they always have. The businesses behind them move more slowly. In the end, the business determines how investors are rewarded. Keeping that in view doesn't require knowing anything special. It mostly requires remembering what was true all along.

That is most of what we mean when we say we own businesses, not tickers.

PORTFOLIO PERSPECTIVE

Refinement, Not Construction

The Avesta Wealth Ascension Growth Portfolio you're invested in today isn't the one we originally launch. Legacy positions needed to be unwound and the intended allocation built out deliberately, rather than all at once — a process that wasn't complete until June 15th, 2026. Before that date, comparing this portfolio to anything, including itself, was really measuring a construction process rather than a strategy.

Since the portfolio reached its complete designed allocation, performance has been encouraging, and it reinforces our confidence in how it's built. We're not going to put a number on that here as the sample is still too short to mean much on its own, and we'd rather be right about the next five years than persuasive about the last three months. But we wanted you to know where things stand plainly, rather than not at all.

When we last wrote, roughly 8.75 per cent of the portfolio was still held in cash, waiting to be invested on our schedule rather than the calendar's. Most of that has since been put to work, including in the two new positions described below. With the portfolio fully built, the work since has been refinement rather than construction. A few decisions are worth explaining.

In our international and emerging markets holdings, we replaced two funds with lower-cost alternatives pursuing essentially the same passive exposure. Cost is one of the few things in investing you can control with certainty, and when a cheaper option does the same job, taking it isn't a strategy shift. It's a simple discipline.

We added a new position in Cymbria, a global actively invested portfolio with a meaningful allocation to private businesses. Most of what we own trades on public markets every day, with a price attached to every tick. Private ownership behaves differently. It isn't priced by the minute, and its managers can make decisions on a longer clock than public markets typically allow. We think that's a useful complement to the rest of the portfolio, not a replacement for any part of it.

We also introduced a small position in real return bonds, whose payments are explicitly linked to inflation. Most of what protects a portfolio from inflation is implicit: the pricing power of the businesses we own. This is one of the few tools that protects against it explicitly, and we think a modest allocation earns its place.

Finally, we consolidated two short-term cash management positions into one. No change in purpose; simply one fewer moving part.

None of these were reactions to anything in particular. They're the kind of ongoing refinement a fully built portfolio should get: a periodic, honest look at whether each piece is still doing its job as well as it could.

The portfolio (as at September 15th, 2026)

Holding	Symbol	Weight
Global Businesses		**31.93%**
Alphabet	GOOG	3.14%
Amazon	AMZN	3.00%
Berkshire Hathaway	BRK.B	7.76%
Brookfield Corporation	BN	3.04%
Canadian National Railway	CNR	2.19%
Intercontinental Exchange	ICE	1.00%
Microsoft	MSFT	4.01%
Stryker	SYK	2.25%
Visa	V	3.13%
Zoetis	ZTS	2.41%
North American Equity		**18.47%**
Vanguard S&P 500 Index ETF	VFV	9.05%
CI Invesco S&P 500 Equal Weight ETF	EQL	5.90%
Vanguard FTSE Canada Index ETF	VCE	3.52%
International & Emerging Markets		**23.80%**
Franklin International Equity Index ETF	FLUR	7.45%
Fidelity International High Quality ETF	FCIQ	6.96%
Franklin Emerging Markets Equity Index ETF	FLEM	5.43%
Fidelity International Value ETF	FCIV	3.96%
Real Assets & Alternatives		**13.24%**
Mackenzie Global Infrastructure Index ETF	QINF	3.50%
Sprott Physical Gold and Silver Trust	CEF	2.69%
Cymbria Corporation	CYB	2.45%
Purpose Core Bitcoin ETF	BTCO.B	1.51%
BMO Equal Weight Oil & Gas Index ETF	ZEO	1.07%
iShares Global Agriculture Index ETF	COW	1.01%
iShares S&P/TSX Energy Transition Materials ETF	XETM	1.01%
Income		**8.64%**
Brompton Wellington Square AAA CLO ETF	BAAA	3.06%
Brompton Split Corp. Preferred Share ETF	SPLT	3.05%
BMO Real Return Bond Index ETF	ZRR	2.53%
Cash & Equivalents		**3.91%**
BMO Money Market Fund ETF	ZMMK	2.12%
Cash	—	1.79%

Allocation as of September 10, 2026. Weights may not sum to 100% due to rounding. The current allocation is also available at avestawealth.ca/growthportfolio, updated each quarter alongside the Journal.

WHAT WE'RE WATCHING

Three Observations

These are things we're paying attention to, not predictions about where they lead.

What owners are building with their profits.

Several of the largest businesses we own, including Microsoft, Alphabet and Amazon, are spending on data centres and computing capacity at a scale with little precedent. From the outside, this mostly shows up as debate about their share prices. From the inside, it's a capital allocation decision: money that could have been returned to shareholders today is being reinvested in the belief that it will earn more in the future. Nobody knows yet whether it will. What we're watching is the evidence as it arrives — whether the spending turns into revenue, and whether the returns justify the cost. That's a question about businesses, and it's likely to be answered slowly.

Pricing power.

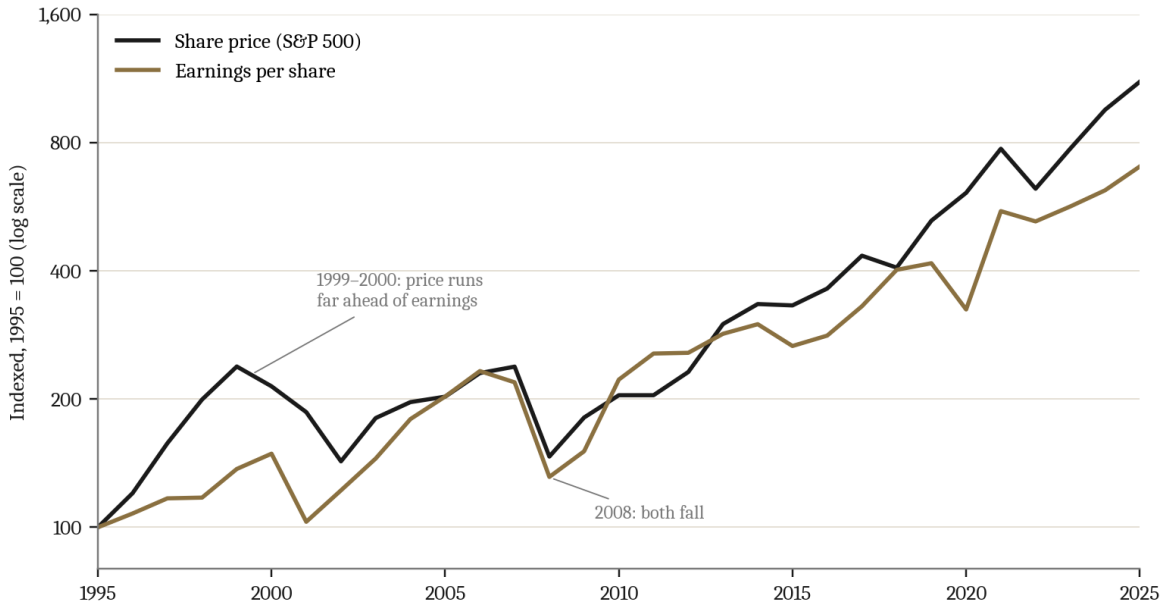
Inflation tests businesses quietly. A company that can raise its prices without losing customers protects its owners; one that can't do so risks absorbing the cost itself. Our new real return bond position is an explicit hedge, but most of the portfolio's inflation protection still comes from the businesses we own. Visa earns a small share of the value of each transaction, so its revenue tends to rise with prices. CN's pricing reflects how hard it is to move goods across a continent any other way. We watch for signs that this kind of power is either holding or fading.

The reaction versus the report.

Each quarter, thousands of companies report their results, and the market reacts within seconds. Often the reaction says more about expectations than about the business: a company can report a strong quarter and see its shares fall because the market had hoped for stronger. We find it useful to read the report first and the reaction later. It's remarkable how often the reaction turns out to be the less interesting of the two.

ONE CHART WORTH WATCHING

The Price and the Business



Source: S&P Dow Jones Indices. APPROXIMATE DATA — TO BE VERIFIED BEFORE PUBLICATION.

This chart shows two lines over three decades: the level of the S&P 500 and the earnings of the companies in it, both starting from the same point in 1995.

In the short run, they wander apart. In 1999 and 2000, prices raced far ahead of earnings and then fell back to meet them. In 2008, both fell together. In 2020, earnings dropped sharply while prices recovered within months, looking past a year everyone knew was unusual.

Over the full period, though, the two lines travel in the same direction. Prices rose roughly elevenfold; earnings rose roughly sevenfold. The gap between them is the part investors pay for optimism, a reminder that price matters when you buy. But the direction of travel was set by the businesses.

This is the essay in a single picture. The price line is the one on every screen. The earnings line is the one doing the work under the hood.

CLOSING THOUGHT

Every price on a screen is someone's guess about the future. The business beneath it isn't a guess. It is people at work, serving customers, building something that will either earn its keep over the years or won't.

Prices are how the market argues about which. Time is how the argument gets settled.

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