

# Alpha Wealth Funds, LLC

“the opportunities never stop”

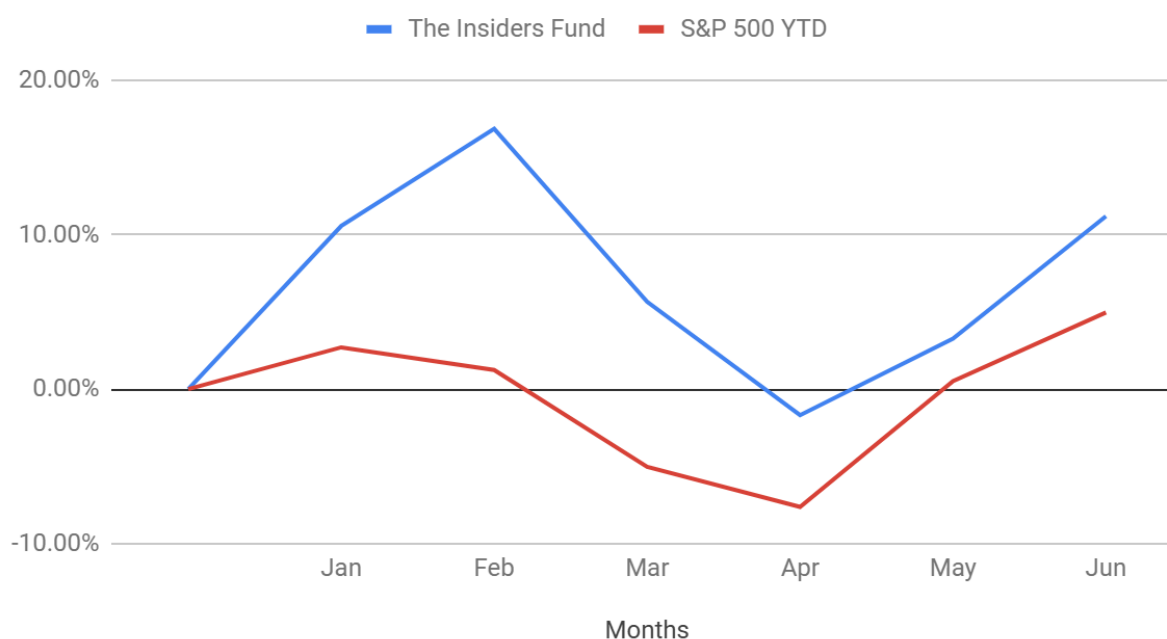
July 2025

## The Insiders Fund, LP 2nd Quarter 2025 Partner Letter

### Never a Dull Moment

**The Insiders Fund** finished the month of June up ~**5.27%** bringing year to date returns to ~**8-9%**. The **S&P 500** saw its best month this year with a return of **5.20%** in **June 2025**. Its **year-to-date return through June 30, 2025**, was **5.5%**. Your returns will vary slightly from this based on the date of your investment and fee arrangements. NAV Consulting provides the official results for the Fund.

### The Insiders Fund and S&P 500 YTD



## Winners and Losers:

This letter is our report card to you. 2025 started with significant volatility. At its lowest point, around April 8th, the S&P 500 was down about **15% year-to-date**. However, it has since surged **24%** from that low point. *The Insiders Fund was never down more than 8%, significantly outperforming the S&P 500 both on upside and downside.*

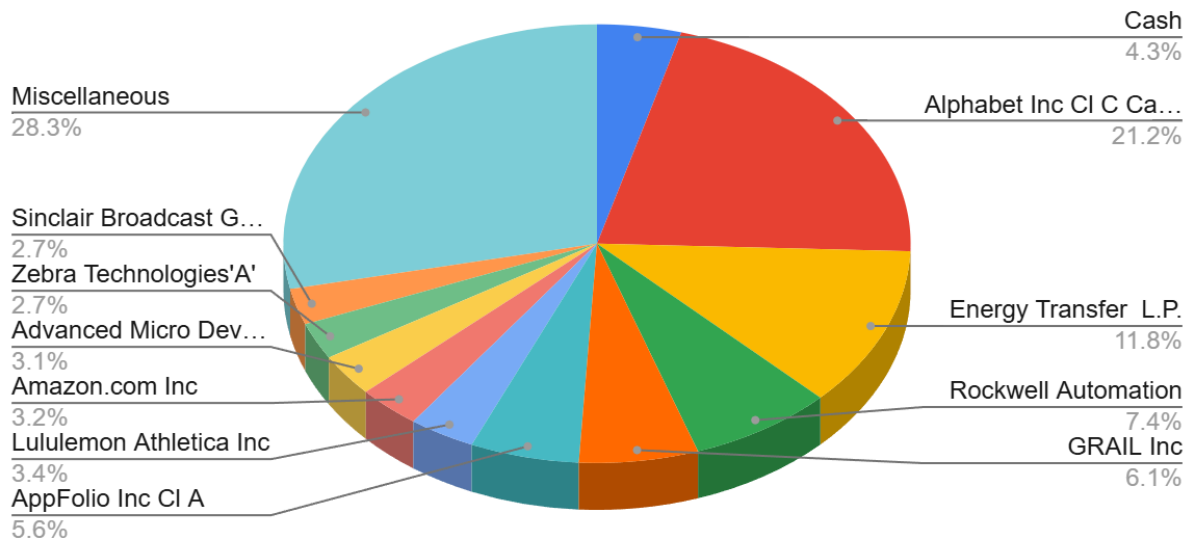
*The Insiders Fund aims to deliver excellent risk and tax-adjusted returns, investing exclusively in liquid stocks priced on national bulletin boards. With no lock-ups and just a 30-day notice period, the Fund prioritizes liquidity, a quality most appreciated when the market is illiquid. For many investors, their taxable return last year was approximately half of their economic (real) return.*

Our best performer for the quarter was Grail (GRAL), outperforming the S&P 500 by 60%. It has been a rollercoaster though. You may recall we sold enough of Grail in the low \$50's to reduce our cost basis to zero. The next best performer was Rockwell Automation (ROK) which has been on a tear recently. We are now up 21% on the position, reversing significant losses. We made money on Amazon Both of these positions in our long term holding portfolio in keeping with our desire to create both favorable *risk and tax* adjusted returns.

Moderna, Maravai Lifesciences (MRVI), Bruker Corp (BRKR), and Inhibrx (INBX) were our biggest healthcare sector losers this quarter, despite insider buying in all of them.. We reduced exposure as healthcare stocks have been punished, with the notable exception of Grail. Research budget cuts by DOGE and the Administration, and RFK Jr. leading HHS while attacking conventional science, suggest a prolonged biotech downturn.

The biggest portfolio move in the quarter has been our heavy concentration in technology, both buttressed by conviction with insiders buying in Advanced Micro Devices (AMD) and Applied Materials (AMAT). We lost patience with Adobe. Unlike Adobe, Google is embracing disruption. Our highest conviction purchase, Alphabet, also reflects our contrarian view that the market is overly concerned about ChatGPT and Generative AI disrupting the search cash cow businesses.

## Portfolio Holdings June 29th 2025



## Portfolio Holdings:

### 1. GOOG (Alphabet)

**Business:** Google's dominant market share and broad scope are often underestimated. We're detailing this new, sizable position.

**Where Google has a near-monopoly or significant majority:**

- Search Engine Market Share:** This is Google's core business and where they hold overwhelming dominance, around **89-90%** (as of May 2025, according to Statcounter Global Stats). While there's been some slight fluctuation and the rise of AI-powered search tools, Google remains the undisputed leader.
- Web Browser Market Share (Chrome):** Google Chrome consistently holds the largest share, typically around **66%** of the web browser market (as of February 2025).

3. **Mobile Operating Systems (Android):** Android dominates the mobile OS market, with a market share often exceeding **70%**.
4. **Video Platform (YouTube):** YouTube, owned by Google, is the leading video-sharing platform globally, with a very large market share in online video consumption.
5. **Maps (Google Maps):** Google Maps is the most widely used mapping service, with a dominant share.
6. **Website Analytics (Google Analytics):** Google Analytics is the most popular web analytics service, used by a vast majority of websites.
7. **Where Google has a strong presence, but faces more competition:**
8. **Online Advertising:** While a massive portion of Google's revenue comes from advertising (**over 80%**), they compete with other major platforms like Meta (Facebook/Instagram), Amazon, and other ad networks.
9. **Cloud Computing (Google Cloud):** Google Cloud Platform (GCP) is a major player in the cloud computing market, but it trails behind Amazon Web Services (AWS) and Microsoft Azure. They are a strong contender and continue to grow, but not as dominant as their search business.
10. **Smart Home Devices (Google Nest):** Google has a significant presence in smart home devices with their Nest line, but they compete with Amazon (Echo) and other smart home brands.
11. **Hardware (Pixel phones, other devices):** Google produces its own smartphones (Pixel), smart speakers, and other hardware, but they face intense competition from established electronics manufacturers like Apple, Samsung, etc.
12. **AI (Artificial Intelligence):** Google is a leading force in AI research and development (e.g., Google Gemini), but this is a rapidly evolving field with many competitors, including OpenAI (ChatGPT), Microsoft, and numerous startups.
13. **Email (Gmail):** Gmail is a leading email service, competing with Outlook, Yahoo

**Insider Buying/Selling:** No insider buying

**Recent News:**

- a. \$80 Billion buyback

- b. Q1 Earnings & Free Cash Flow Beat
- c. AI Innovation Highlighted at Google I/O
- d. Waymo launched its autonomous ride-hailing service in Atlanta in partnership with Uber
- e. OpenAI inked a deal with Google Cloud, enabling OpenAI to leverage Google's AI chips.
- f. Apple's challenge to Google's default search position—and lingering antitrust scrutiny—pose notable risks.

**Our Thesis:** Alphabet's valuation isn't as stunningly low as Sinclair's, but at 17 times estimated 2025 earnings, according to FactSet, it is lower than the S&P 500's multiple of almost 21 times. The rest of the Magnificent Seven, excluding [Tesla](#), trade for an average of 26 times.

Another sign that the stock is cheap is the amount of free cash flow Alphabet generates relative to its market cap. With about \$76 billion in free cash flow expected in 2025, the free cash flow yield is about 4%. Not counting Tesla, the rest of the Mag Seven have an average yield of about 3%. Tesla yields about 0.4%. The average yield for nonfinancial companies in the S&P is less than 4%.

Google boasts significant investments, including 10% of Starlink and 80% of Waymo, which is expanding autonomous vehicle services nationwide. Their venture capital arms include GV (over \$10B AUM, early-stage tech), CapitalG (over \$7B AUM, later-stage growth equity), and Gradient Ventures (over \$1B AUM, AI-focused).

But perhaps the most salient point is that Google for more than two decades hired the smartest people in the world, regardless of any project or monetization plan. Last year it had three Nobel Laureates. Half of the founders of OpenAI came from Google. In a recent podcast, co-founder Sergey Brin, said he was back to work everyday at Google as this was the most exciting time in his career.

Their latest LLM outperformed OpenAI's ChatGPT on several benchmarks.

**“AI-first”** is a phrase Google started using around **2016**, especially after Sundar Pichai became CEO of Google (and later Alphabet). The fears about search getting disrupted by ChatGPT are overblown, creating this value discount, as Google is disrupting themselves. Google's **new approach to search** revolves around a fundamental shift—even a “total reimagining” as CEO Sundar Pichai described—pivoting from traditional link-based results toward an **AI-powered, conversational, and multimodal experience**.

## 2. Energy Transport (ET)

- **Business:** ET is a diversified energy company with operations in pipelines, storage, processing, and distribution of natural gas, natural gas liquids, crude oil, and refined products. Their network spans across the U.S. and Canada. Based on Energy Transfer's last quarterly dividend the current dividend yield is 7.2%.
- **Insider Buying/Selling:** Although there has been significant insider buying in the past, there have been no recent purchases.
- **Recent News:** Just a few days ago, on June 25, 2025, Energy Transfer announced an incremental Sale and Purchase Agreement (SPA) with Chevron U.S.A. Inc. for an additional 1.0 million tonnes per annum (mtpa) of LNG supply from its Lake Charles LNG export facility. In late May 2025, Energy Transfer also signed a 20-year SPA with **Kyushu Electric Power Company** for up to 1.0 mtpa of LNG from the Lake Charles project. This marks Kyushu's first long-term LNG procurement contract from the U.S. Earlier in April 2025, Energy Transfer entered into a Heads of Agreement (HOA) with **MidOcean Energy** for approximately 5.0 mtpa from Lake Charles
- **Our Thesis:** Energy Transfer is growing its LNG export market and midstream infrastructure. While Chinese firms have many U.S. LNG contracts, including with Energy Transfer projects, actual LNG flow is affected by tariffs, geopolitics, and market conditions. Chinese buyers may resell or divert cargoes due to tariffs or high spot prices. ET may wind up as a pawn in the trade war limiting our potential upside. This might be a source of funds in the future.

### 3. Rockwell Automation (ROK)

- **Business:** Rockwell Automation (NYSE: ROK) is a leading provider of industrial automation and digital transformation solutions. The company operates through three segments: Intelligent Devices, Software & Control, and Lifecycle Services. These segments offer a range of products and services, including control systems, software, and consulting, aimed at enhancing manufacturing efficiency and productivity.
- **Insider Buying:** No buying since CFO Rothee bought 7,273 at \$275.11 on 11/12/24. Insiders have stepped up their selling as expected with recent strong stock performance.
- **Recent News:** Rockwell Automation's recent news reflects a strong push into advanced technologies like AI and digital twins, a focus on cloud-based solutions and cybersecurity, and continued commitment to expanding its product portfolio and global partnerships to drive digital transformation in manufacturing. Raised guidance range to \$9.20 - \$10.20 per share, up from the previous range of \$8.60 - \$9.80. This reflects the benefits from cost reduction and margin expansion actions.
- **Our Thesis:** The only way companies can bring industrial production back to the United States is through factory automation and robots. Rockwell Automation's competitive advantage lies in its extensive installed base of programmable logic controllers (PLCs) and its comprehensive suite of automation solutions. This positions the company to benefit from ongoing trends in industrial automation and reshoring, as manufacturers seek to enhance efficiency and reduce reliance on foreign production.

### 4. Grail Inc (GRAL)

**Business:** The Galleri® test based on GRAIL's methylation technology is recommended for adults at elevated risk for cancer (such as those aged 50 or older). The Galleri test screens for a signal shared by over 50 cancer types, most lacking recommended screening tests. This test screens for a shared

signal present in over 50 cancer types, many of which lack established screening protocols. The test is undergoing further population scale testing under Pathfinder II and with the NHS, the United Kingdom's national healthcare system.

**Insider Buying/Selling:** The CEO and CFO have sold about \$5 Million worth of stock this year. Management still owns amounts.

**Recent News:** GRAIL announced positive top-line results from its PATHFINDER 2 registrational study. This study, involving over 25,500 participants aged 50 and older with no prior cancer suspicion, showed "substantially higher cancer detection rates and positive predictive value" compared to the earlier PATHFINDER study.

**Thesis:** Cash burn will decrease as sunk costs are mostly behind them. Management's large RSU incentives ensure cost sensitivity and alignment with shareholders.

This new cancer test's public awareness is growing. As cancer becomes the leading cause of death, and age the biggest risk factor, early detection is key to better outcomes.

We sold enough Grail in the low \$50s to zero out our cost basis. Once FDA approved or adopted by the NHS, the test will generate billions in annual recurring revenue.

## 5. AppFolio, Inc. (APPF)

- **Business:** AppFolio is a leading provider of cloud-based business management solutions tailored primarily for the real estate sector. Their platform offers property managers a comprehensive suite of tools, including tenant screening, electronic payment processing, and management services. It primarily caters to multi tenant residential properties. It is the category leader with near 20% market share.



- **Insider Buying/Selling:** Dir Bliss bought 22,000 shares at \$217.18 and another director purchased 4000 shares at \$217.73 on 6/6/25
- **Recent News:** AppFolio's Q1 2025 revenue grew 16% year-over-year to \$218 million, driven by a 6% increase in "units under management" (8.8 million) and higher adoption of value-added services. Non-GAAP operating margins improved to 24.3% (up 4 percentage points from 2023) due to operational efficiencies and AI tools. Non-GAAP diluted EPS reached \$5.46 over the last 12 months (up 156%), though Q1 2025 EPS (\$0.86 GAAP, \$1.21 non-GAAP) slightly missed analyst consensus.

For the full year 2025, AppFolio expects revenue in the range of **\$920 million to \$940 million**, implying 17%-20% growth over 2024. They also project non-GAAP operating margin to be between 24.5% and 26.5%.

- **Our Thesis:** Tariff immune AppFolio is not particularly cheap but great companies with 20% market share and plenty of room to grow with wind at their back with strong recurring revenues are rarely bargains.

## 6. Lululemon\_Athletica (LULU)

- **Business:** Lululemon is known for its vertically integrated, high-quality, stylish workout clothes and accessories. Founded in 1998 by Chip Wilson, the company has grown significantly and is now the category killer in the activewear market.
- **Insider Buying/Selling:** There has been no insider buying or selling this year.
- **Recent News:** Lululemon's Q1 2025 results met or slightly exceeded analyst expectations, yet the stock fell significantly (around 20%). This drop was mainly due to lowered full-year operating margin guidance, driven by anticipated tariffs and a cautious consumer environment in the Americas.
- **Our Thesis:** LULU has spawned successful imitators, including Vouri and high-end yoga wear vendors. Lulu has a bulletproof balance sheet, double-digit growth in male clothing, and a rapidly expanding international presence, particularly in the Chinese market. Former Sephora CEO, McDonald, took over the reins in 2018. He has been instrumental in driving the company's growth and expanding its international presence. We nailed

Lululemon the last time it sold off. The market looks like it's giving us a chance to reload on this category killer but only time will tell.

## 7. Amazon (AMZN)

- **Business:** Amazon, at its core, is a multinational technology company with a vast and diverse business portfolio. It's known for its relentless focus on customer obsession and innovation.

**E-commerce** ([Amazon.com](https://www.amazon.com))

**Marketplace:** More than half of all units sold on Amazon are from third-party sellers.

**Prime Membership:** A cornerstone, offering benefits like fast, free shipping, streaming services (Prime Video, Music), and exclusive deals, driving customer loyalty.

**Logistics and Fulfillment:** Amazon's massive network of warehouses, delivery drivers, and advanced logistics are crucial to its promise of fast and reliable delivery. They are heavily investing in expanding same-day and next-day delivery, even in rural areas.

**Amazon Web Services (AWS):** This is Amazon's highly profitable cloud computing arm, providing on-demand cloud computing platforms and APIs to individuals, companies, and governments. AWS is a dominant player in the cloud market, offering a wide range of services including computing power, storage, databases, analytics, machine learning, and more. It's a significant driver of Amazon's overall profitability.

- **Insider Buying/Selling:** Insiders have been consistent sellers of Amazon. This year hasn't had any Bezos sales to date unlike last year.
- **Recent News:** AI Investment and Strategy: Amazon is heavily investing in its in-house AI stack, including foundation models like Titan, and has a multi-billion dollar investment in Anthropic. They are integrating AI into various consumer-facing services (e.g., Ring's AI-powered alerts). There's a "fierce

talent war" for top AI talent, with some high-level departures from AWS's generative AI teams.

**Strong Net Income and EPS:** Net income increased to **\$17.1 billion**, or **\$1.59 per diluted share**, a substantial jump from \$10.4 billion, or \$0.98 per diluted share, in Q1 2024. This comfortably beat analyst estimates.

- **Our thesis:** Undoubtedly Amazon will feel the impact of tariffs but will probably have a more muted impact as it has a significant third party fulfillment business. It will likely pass any increased costs of goods along to consumers and vendors. AWS is the profit engine for the Company and the rush to incorporate AI has and will continue to boost its cloud business.

## 8. Advanced Micro Devices (AMD)

- **Business:** Advanced Micro Devices (AMD) is a prominent global semiconductor company that designs and develops a wide range of high-performance computing and visualization products. Under the leadership of CEO Lisa Su, AMD has transformed into a strong competitor in various segments, particularly in the booming AI and data center markets
- **Insider Buying/Selling:** Phillip Guido, EVP and Chief Commercial Officer purchased 8800 shares at \$113.56
- **Recent News:** AMD delivered a strong Q1 2025 performance, largely driven by its Data Center segment:

**Revenue:** \$7.44 billion, up 36% year-over-year, beating analyst estimates.

**Adjusted EPS:** \$0.96, exceeding expectations.

**Data Center Revenue:** Surged 57% year-over-year to \$3.67 billion, primarily due to strong sales of EPYC CPUs and Instinct GPUs. This segment is now AMD's largest revenue contributor.

**Client Revenue:** Increased 68% year-over-year to \$2.3 billion, driven by demand for the latest "Zen 5" AMD Ryzen™ processors.

- **Our Thesis:** Advanced Micro is the strong second place GPU processor behind Nvidia. GPU's are the center of the generative AI revolution in machine learning.

## 9. ZBRA Technology (ZBRA)

- **Business:** Zebra Technologies Corporation (NASDAQ: ZBRA) specializes in designing and manufacturing automatic identification and data capture products. Their offerings include mobile computers, barcode scanners, RFID readers, and specialty printers used across various industries such as retail, healthcare, manufacturing, and transportation.
- **Insider Buying/Selling:** Insiders have been enthusiastic buyers. Most recently Dir Gustafsson bought 3227 at \$309.96 on 2-24-25.
- **Recent News:** Zebra provided a positive outlook for Q2 and the full fiscal year 2025, forecasting continued sales growth and strong margins, though they do anticipate a gross profit impact from U.S. import tariffs
- **Our Thesis:** In a world where everything is digitized from the band on your arm during a hospital visit, to an item on Walmart's shelf or a pallet item in a Cosco shipping container, ZBRA looked like a good long term hold. We have reduced our concentration from Q1 weighting because of very poor price response, down 17% on Trump tariffs. We are awaiting further insider buying confirmation.

## 10. Sinclair Broadcasting (SBGI)

- **Business:** Sinclair Broadcast Group (SBGI) is a diversified media company and a leading provider of local news and sports content. Their core business revolves around owning and operating television stations, along with a growing presence in digital and other platforms.
- **Insider Buying/Selling:** Massive insider buying piqued our interest .David D. Smith, the Executive Chairman of Sinclair Broadcast Group and longtime CEO purchased nearly \$2 Million of stock in March and April. David Smith was instrumental in the formation of Sinclair in 1986. He is the son of Julian Sinclair Smith, who founded the company. He also founded Comark Communications, Inc., a company that manufactured high-power transmitters for UHF television stations.

- **Recent News:** CEO Chris Ripley acknowledged a "challenging first quarter environment" but noted that Adjusted EBITDA exceeded the high end of their guidance range. He also highlighted "significantly lower estimated full-year 2025 cash tax payments."
- **Our Thesis:** Sinclair is fundamentally cheap trading at a 6.83 P.E based on TTM and with a price to cash flow of 2.02 (TTM).

NEXT GEN TV (ATSC 3.0) can deliver more channels and services over the same spectrum. Sinclair will be able to monetize new interactive ads and datacasting (e.g., software updates, e-learning). They can reach mobile devices natively—like in-car receivers and smartphones. This is a big reason Sinclair invested heavily: They see Next Gen TV as a bridge to modern, internet-style revenue streams without giving up traditional over-the-air reach. A less regulated FTC will allow Sinclair to buy and divest assets radio, TV, and other media properties.

The large insider purchase by the former CEO and founder's son intrigues us. Sinclair's 7.41% dividend yield provides some income and pays us while we wait to see if these larger insider purchases herald something significant.

## Our Outlook:

With the exception of a brief flurry of buying shortly after the "Liberation Day", insider buying has been anemic. There are many periods where the strategy of following insiders underperforms the market. As we have maintained, insider buying is only one of the steps we use in our stock selection. We would always prefer to have insiders validate our decision making process, but we recognize that many of the best performing stocks rarely have any insiders buying, particularly in tech where so much of the compensation is already tied to the stock price.

The sharp 'liberation day' sell off seems to have flushed out the over exuberance the market had for the new Administration. We ended the second quarter near fully (95%)

invested. Much of the risks associated with the Trump induced tariff volatility have been priced in. The temporary truce between Israel and Iran has lowered the geopolitical temperature. Interest rates are headed lower. *For the moment it's a goldilocks market with the S&P 500 making new all time highs at the end of June.*

There are always some things to worry about and this has certainly been your classic wall of worry bullish trend. There has been a pickup in SPAC issuance which last time was an early indicator of a stretched market. With rates headed lower, the market making new highs, and the broader market participating, it makes sense for us to be fully invested.

### Housekeeping:

The Insiders Fund 2024 financial audit has been completed with no issues reported by our audit firm, Berkower. A copy has been placed on our [website](#).

Again let me thank you for the trust and confidence you have shown by allowing me to manage some of your investments. Due to the Summer holiday season, we will not do a video conference this quarter. You can of course always contact me with any questions, thoughts, or just to say hello.

Sincerely yours,



**Harvey Warren Sax**