



# TRIUMPH

## ASSET MANAGEMENT

### TYC 7037-89-1: Let The Suns Shine In!

The name of this letter, TYC 7037-89-1, refers to an exceptionally rare sextuple star system—six "suns" locked in a gravitational dance. Much like these stars dictate their system, ***a handful of tech behemoths are establishing themselves as the "Suns" of the AI universe.*** We believe this gravitational pull will continue to funnel capital and innovation, allowing their market capitalization to triple (in our judgment) over the next decade.

This concentration of power is staggering. Since 2019, the top 10 companies (including our other core names, JP Morgan and Berkshire) in the S&P 500 have almost tripled in value, while the remaining 490 companies are up only 25%. ***This dramatic performance disparity underscores that a select few are not just leading the market—they are the market.***

#### Fund Performance & Strategic Imperative

Our strategic focus has paid significant dividends. ***The Fund was up approximately 3% in July, outpacing the broader market and extending our year-to-date gains to a remarkable +6.5%.*** This performance is amplified for our Canadian investors, as we have successfully hedged against currency movements, further enhancing our returns. We note that while the SP500 is up 7% YTD, in Canadian dollars, it is up +3%.

After the latest quarterly earnings reports from our MAMAANs (Microsoft, Alphabet, Meta, Apple, Amazon and Nvidia), we are doubling down on our conviction by looking for opportunities to spend some of our 10% cash holding by adding more weight to these AI powerhouses. ***We believe their gravitational pull will continue to drive superior returns.***

#### The Suns of AI: Quarterly Highlights

These six companies represent a staggering economic force, with a total market capitalization approaching \$18 trillion, and a combined annual capex spend that rivals the budget of the Government of Canada (\$700 B). ***Further, unlike the Canadian Government, our holdings use cash from Fort Knox balance sheets and free cash flows, to pay for their budget!*** Despite their immense size, their growth continues at a formidable pace, and many trade at surprisingly modest forward P/E ratios given their dominance and growth profiles.

\* ***Google (Alphabet): The all-encompassing AI sun.*** Reported 14% year-over-year revenue growth to \$96.43 billion, with Google Cloud surging 32%. This growth is driven by their deep investments in AI infrastructure. Their forward P/E of approximately 20.8x makes this a compelling value proposition.

\* ***Microsoft: The expanding AI sun.*** Reported \$76.4 billion in revenue, up 18% year-over-year, with Azure accelerating to an impressive 39% growth. Their strategic partnership with OpenAI and their

AI-powered Copilot are driving this expansion, all while trading at a forward P/E of approximately 28.3x.

\* **Meta: The social & open-source AI sun.** Their Q2 results showcased \$47.52 billion in revenue, up 22% year-over-year. By open-sourcing models like Llama, they are fostering a developer ecosystem that accelerates their own platform growth. Trading at a forward P/E of approximately 21.5x makes their growth profile particularly attractive.

\* **Amazon: The cloud & commerce AI sun.** Reported \$167.7 billion in revenue, up 13% year-over-year, with AWS sales growing by 17.5% to \$30.9 billion. Their foundational role in cloud computing gives them an unparalleled vantage point in the AI ecosystem. Their forward P/E of approximately 27.2x reflects this strength.

\* **Apple: The device-centric AI sun.** Reported a record \$94.0 billion in revenue, up 10% year-over-year, with iPhone revenue growing 13%. Their privacy-first, on-device AI approach, powered by their custom silicon chips, reinforces a powerful, high-margin ecosystem. They currently trade at a forward P/E of approximately 27.3x.

\* **Nvidia: The core of the AI sun** is the last that will be reporting-specifically on August 28th. Last quarter, Nvidia reported \$44.1 billion in revenue, representing an astounding 69% year-over-year growth, fueled by insatiable demand for its GPUs. Their robust CUDA platform gives them an irreplaceable position. Their forward P/E of approximately 31.6x appears reasonable when accounting for their indispensable role and explosive growth.

***In conclusion, the powerful gravitational forces of these six AI "suns" are reshaping the entire economic universe. They are not merely participants in the AI revolution; they are its central engines, pulling in innovation, talent, and capital on an unprecedented scale.*** Our fund's strategy is not just to observe this phenomenon but to position ourselves at the very heart of this stellar system, harnessing its immense power for your benefit. ***We have seen evidence of this strategy in our strong long and short-term performance, and we firmly believe that this is only the beginning.*** The path to long-term wealth creation in this new era lies in understanding and owning these dominant forces. As we look to deploy our cash holdings, we invite you to join us in seizing this generational opportunity and adding more to your allocation, allowing you to ride the powerful and predictable tide of AI's future.

We thank you for your continued support, look forward to next month's communication, and hope the sunny skies of August remind you of our celestial holdings!

Steven Tuchner

Founder & CIO

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