



Quarterly Commentary

September 2026
Third Quarter

“Having a long-term horizon does not exempt you from short-term chaos.”

Morgan Housel

Around 2010, I was invited to play a round of golf with the 43rd President of the United States, George W. Bush. Given the state of my golf game, I hesitated at first but then came to my senses. I was told the former President would have Secret Service agents monitoring us, which added another layer of anxiety to a once-in-a-lifetime outing.

Our fivesome, which included my father and another father-son duo, met on the first hole at a club in Dallas. President Bush couldn't have been more hospitable and friendly. He asked if we wanted a picture and then handed us each a golf ball with the presidential seal and a “43” inscribed on the side. He signed mine, and I still keep it on my desk.

Before we teed off, President Bush had nicknamed me “Little Nixon,” a moniker I was thankful did not stick after the round. He then explained the game, which included a friendly wager. As we drew teams, it was decided that the President would be my partner for the front nine.

Between taking it all in, trying to memorize his stories and one-liners, and keeping my golf game respectable, I struggled to focus. I played the first three holes like a hack. The President and I were getting our tails kicked. He was always joking, but his competitive juices were flowing and it's clear he doesn't like to lose.

As we reached the fourth tee, the President said to me, “Little Nixon, when do you think you are going to get your uniform dirty today?!” Once the laughter subsided, the message was clear that President Bush was asking me to step up my game in the politest way possible.

The first three quarters of the year have felt a lot like those first three holes: our results have fallen short of our expectations.

Our Scorecard This Year

Our year-to-date losses were driven largely by four of our five largest holdings at the start of 2026, which declined an average of 23% through September. We realized a loss on PayPal (PYPL), which we exited after our investment thesis broke down. A long-term perspective requires distinguishing between an investment that needs more time and one whose thesis no longer holds. We believe the investment theses for the remaining four holdings are intact and that their current valuations offer greater upside potential.

We regularly assess whether company fundamentals and the broader economic environment are working together or against one another. We seek investments where both support the thesis. This year, the macro environment proved less favorable than we expected.

The U.S. consumer has remained resilient in 2026, even as recent reports show sentiment [near record lows](#). However, a roughly 100-bps increase in U.S. 10-year Treasury yields and a more than 60% increase in oil prices year-to-date have created meaningful headwinds. This shift has been sharp as just a year ago expectations centered on a [global oil glut](#).

As it relates to getting back in sync, our response is not to take bigger swings to recover lost ground. It is to remain disciplined in what we own and what we pay. After seventeen years of investing, our objective



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remains the same: compounding wealth over the long term.

Maintaining a Long-Term Perspective

It's only appropriate to recognize that our investment hero, Mr. Warren Buffett, has recently stepped down as Chairman of Berkshire Hathaway. He built a trillion-dollar company and generated an unrepeatable track record over sixty years. As he wrote in his [farewell letter](#), "From the beginning, Charlie and I looked for owners who thought in decades rather than quarters." Both he and Charlie knew all too well that compounding doesn't occur in a straight line up and to the right.

I went back and reviewed my notes from the time I was able to sit down with Mr. Buffett during the Great Financial Crisis. It's easy to forget how scary that time was; most investors were only thinking in hours and days. When asked, "Why do you think that despite making your methods publicly available that relatively few if any people have been able to emulate your success?" I recall him saying, "People want to make money fast and you can't predict how long it will take to make money. That doesn't get many people excited." Short-term results are difficult to look past, especially during periods of underperformance. But the value we see in an investment opportunity can take time to be reflected in its share price. There is no shortcut. Our process requires that we continually reassess the thesis, remain disciplined about valuation, and act when the facts change.

On that fourth hole with President Bush, I got up and down from a bunker to make par. It did not erase the first three holes, but it was a start. We cannot promise that our results will improve quickly. What we can promise is continued discipline: constant reevaluation of our investments, acting when the facts change, and keeping our focus on compounding your capital over time.

Sincerely,
Ryan Nixon

Nixon Capital

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