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BIG GAIN FOR GLOBAL PORTFOLIO

By Gordon Pape, Editor and Publisher

Most investors tend to have a home bias when constructing their portfolios. Canada represents only about 3% of global markets, but most people hold a much higher percentage of domestic stocks. The reason is simple: the companies are more familiar.

When we do range farther afield, the focus is almost always on the US. There are compelling reasons for this. American companies are almost as familiar as our own, US stocks are easy to buy, and Wall Street has generated some excellent results in recent years.

So, it comes as no surprise that most portfolios are underrepresented when it comes to Europe, Asia, Africa, and South America. That's an opportunity missed. Some of these markets are doing well these days, even outperforming the TSX.

As a result, the investments in our Global Portfolio scored a big gain in the six-month period from March to September.

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The total return for the period was 18.1%, making it one of the best performances since the portfolio was launched in March 2012.

This portfolio invests in passive ETFs that cover most of the world's markets. There is a heavy weighting to Canada and the US, but it also offers exposure to geographic areas that many investors miss.

This portfolio is designed to provide an international model for growth-oriented investors, with the diversification and low costs that ETFs offer. The target annual rate of return was set at 8-10%.

Investors should only emulate this portfolio if they are willing to accept stock market risk. There are no bonds and little cash.

Here's a look at how our ETFs have performed since the last update in March. Results are as of Sept. 24.

IWB GLOBAL PORTFOLIO HOLDINGS

iShares Core S&P/TSX Capped Composite Index ETF (TSX: XIC). This ETF tracks the performance of the S&P/TSX Composite Index. The TSX set a new record last week so it's not surprising the ETF has had a good run, with a gain of \$7.34 in the latest period. We received three quarterly distributions for a total of \$0.846 per unit.

iShares S&P/TSX Small Cap Index ETF (TSX: XCS). This ETF tracks Canadian small cap stocks. They continued their hot streak in the latest period, with these units up \$6.38 or 30%. We received three quarterly distributions of \$0.459 per unit.

iShares US Small Cap Index ETF (CAD-Hedged) (TSX: XSU). US small cap stocks recovered after fears eased of the potential damage caused by the Trump tariffs. The units rallied by \$6.16, a gain of 15% in six months. We received a semi-annual distribution of \$0.155 in June.

iShares Core S&P 500 Index ETF (CAD-Hedged) (TSX: XSP). This ETF tracks the performance of the S&P 500. It took a hit in April after President Trump unveiled his tariff program but has since rallied strongly, gaining \$9.37 in the latest period. We received a mid-year distribution of \$0.30 in June.

BMO Nasdaq 100 Equity Hedged to CAD Index ETF (TSX: ZQQ). This fund provides exposure to the top 100 stocks on the Nasdaq exchange. The tech sector did well over the summer, and this ETF gained \$31.56 per unit in the six-month period. There were no distributions.

iShares MSCI EAFE Index ETF (CAD-Hedged) (TSX: XIN). This ETF tracks markets in Europe, Australasia, and the Far East. Many stock markets in those countries posted positive returns during the period and these units gained \$1.55. We received a semi-annual distribution of \$0.523 per unit in June.

iShares MSCI Emerging Markets ETF (NYSE: EEM). After a long losing streak, emerging markets are on a run. These units added \$7.92 between March and September. We received a mid-year distribution of \$0.452 per unit.

We had cash and retained income of \$2,018.78, which we kept in the EQ Financial 30 Day Notice Savings Account, which was paying 3%. We received interest of \$30.28.

Here's a look at how the portfolio stood at on Sept. 24. The Canadian and US dollars are treated at par, and commissions are not considered. The percentage in the Gain/Loss column

represents the cumulative return since the portfolio was launched or since the security was added. The initial book value was \$20,002.30.

IWB Global Portfolio (a/o Sept. 24/25)

Security	Weight	Total Shares	Avg. Price	Book Value	Current Price	Market Value	Retained Income	Gain/Loss %
XIC	19.9	310	\$23.04	\$7,143.25	\$47.40	\$14,694.00	\$580.72	+113.8
XCS	6.3	170	\$16.28	\$2,767.20	\$27.53	\$4,680.10	\$215.96	+76.9
XSU	11.6	185	\$17.96	\$3,527.35	\$46.16	\$8,539.60	\$256.74	+149.4
XSP	21.3	230	\$18.29	\$4,206.10	\$68.15	\$15,674.50	\$504.05	+284.6
ZQQ	25.2	110	\$21.44	\$2,358.40	\$168.66	\$18,552.60	\$381.26	+702.08
XIN	9.3	170	\$21.76	\$3,698.75	\$40.12	\$6,820.40	\$475.92	+96.8
EEM	6.1	85	\$43.97	\$3,737.80	\$53.12	\$4,515.20	\$38.42	+21.8
Cash	0.3			\$211.97		\$242.25		
Total	100.0			\$27,650.82		\$73,718.65	\$2,453.07	+175.5
Inception				\$20,002.30				+280.8
Inception				\$10,000.00				+1,925.8

Comments: Despite all the concerns about tariffs and the slowing global economy, the portfolio posted a strong gain of 18.1% during the latest period. Every security ended up on the plus side.

The total value as of Sept. 24 was \$76,171.72, up from \$64,496.84 at the March review.

As a result, our cumulative gain since inception improved to 280.8%. That works out to a compound average annual growth rate of 10.41%. That's ahead of our original target range.

Changes: We'll use some of our retained earnings to add to our holdings as follows.

XIC – We'll buy 10 units at \$47.40, for an outlay of \$474. We now own 320 units, with retained earnings of \$106.72.

XSU – We'll add five units at \$46.16 for a cost of \$230.80. That brings out total to 190 units, with \$25.94 in reserve.

XIN – We have enough cash to buy another 10 units at \$40.12, for a total cost of \$401.20. Our retained earnings drop to \$74.72.

We will put our cash and retained income of \$1,589.32 in a new promotional savings account with Tangerine Bank, which is paying 4.5% for five months.

Here is the revised portfolio. I'll review it again in March.

IWB Global Portfolio (revised Sept. 24/25)

Security	Weight	Total Shares	Average Price	Book Value	Current Price	Market Value	Retained Income
XIC	20.3	320	\$23.80	\$7,617.25	\$47.40	\$15,168.00	\$106.72
XCS	6.3	170	\$16.28	\$2,767.20	\$27.53	\$4,680.10	\$215.96
XSU	11.7	190	\$19.78	\$3,758.15	\$46.16	\$8,770.40	\$25.94
XSP	20.9	230	\$18.29	\$4,206.10	\$68.15	\$15,674.50	\$504.05
ZQQ	24.8	110	\$21.44	\$2,358.40	\$168.66	\$18,552.60	\$381.26
XIN	9.7	180	\$22.78	\$3,698.75	\$40.12	\$7,221.60	\$74.72
EEM	6.0	85	\$43.97	\$3,737.80	\$53.12	\$4,515.20	\$38.42
Cash	0.3			\$242.25		\$242.25	
Total	100.0			\$28,385.90		\$74,824.65	\$1,347.07
Inception				\$20,002.30			

THE WEEK

Indexes

S&P/TSX Composite

29,761.28 (-0.0%)

S&P 500

6,643.70 (-0.3%)

Dow Jones Industrials

45,247.29 (-0.1%)

Nasdaq

22,484.07 (-0.7%)

All markets lost ground as Trump imposed new tariffs.

Noteworthy

Costco Wholesale (NDQ: COST). Costco surpassed fiscal Q4 earnings and revenue estimates, with both earnings per share and revenue modestly above consensus. Membership income jumped about 14%, and e-commerce sales rose 13.5% from the year-ago period. Comparable sales for the quarter increased 6.4%. The company expanded its warehouse footprint and continued to attract younger members, while offsetting tariff impacts through merchandise adjustments. The shares closed Friday at US\$915.95, down US\$35.21 for the week.

Nvidia (NDQ: NVDA). The company announced that it has reached a strategic partnership with OpenAI to deploy at least 10 gigawatts of Nvidia systems for OpenAI's AI infrastructure to train and run its next generation models. NVDA also plans to invest up to US\$100 billion in OpenAI as the new Nvidia systems are

deployed. The stock closed the week at US\$178.19, up US\$1.52.

Pfizer (NYSE: PFE). Pfizer announced it will acquire Metsera for US\$47.50 per share in cash with a further US\$22.50 per share contingent on certain performance milestones. The deal is valued at US\$7.3 billion, including the contingent payments. MTSR is a clinical-stage biopharma company that is developing several weight-loss treatments. Pfizer shares closed Friday at US\$23.76, off US\$0.27 for the week.

Power Corp. (TSX: POW). Power announced that its alternative asset manager, Sagard, is buying the private equity platform, Unigestion for an undisclosed amount. Unigestion manages about US\$12.5 billion in its platform, which would double Sagard's private equity assets and expand its geographic reach. POW shares ended the week at \$58.49, down \$0.25.

Source: CIBC

SMALL CAP DIVIDEND GROWERS: A HYBRID APPROACH

By Ryan Irvine, Contributing Editor

At KeyStone, we have four core areas of research. Two are highlighted by growth stocks and dividend stocks. Some of our clients, and many more in the investment world at large, tend to mentally put each investment into a specific category to fill differing portfolio needs.

So, dividends for income, growth stocks for capital gains. Similarly, investors tend to associate dividends with larger stocks and ignore smaller cap dividend stocks.

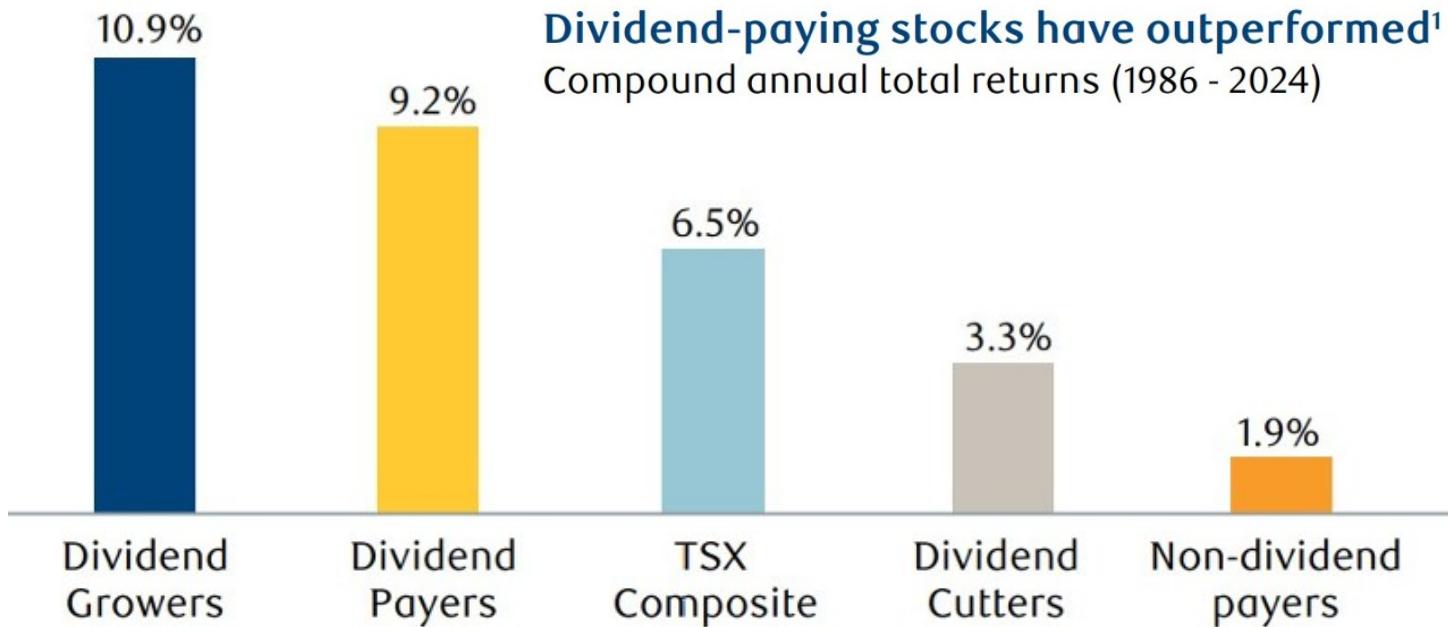
To a degree, this is reasonable, but over the years we have found that the best dividend stocks are dividend growers, and many of the best growth stocks pay growing dividends. There must be a way to combine the two.

There is. We have found that a unique hybrid approach to investing promises the best long-term returns. Let's look at the data for this hybrid approach involving small cap dividend growth stocks. To start, do dividend stocks outperform?

Here is some great research from RBC on that subject, showing significant outperformance of dividend growth stocks long-term. Let me provide a brief explanation of this graph.

The chart below clearly displays that dividend paying stocks significantly outperformed the TSX Composite Index from 1986 to 2024. But dividend *growth* stocks handsomely outperformed all categories, with a 10.9% annual return vs. 6.5% on the overall index, or 68% higher.

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Hybrid approach—continued from page 6...

There's more. Dividend growth stocks generated over 5-1/2 times the annual performance of non-dividend payors on the TSX – a shocking outperformance.

Moreover, dividend growers not only outperformed, they did so with far less volatility.

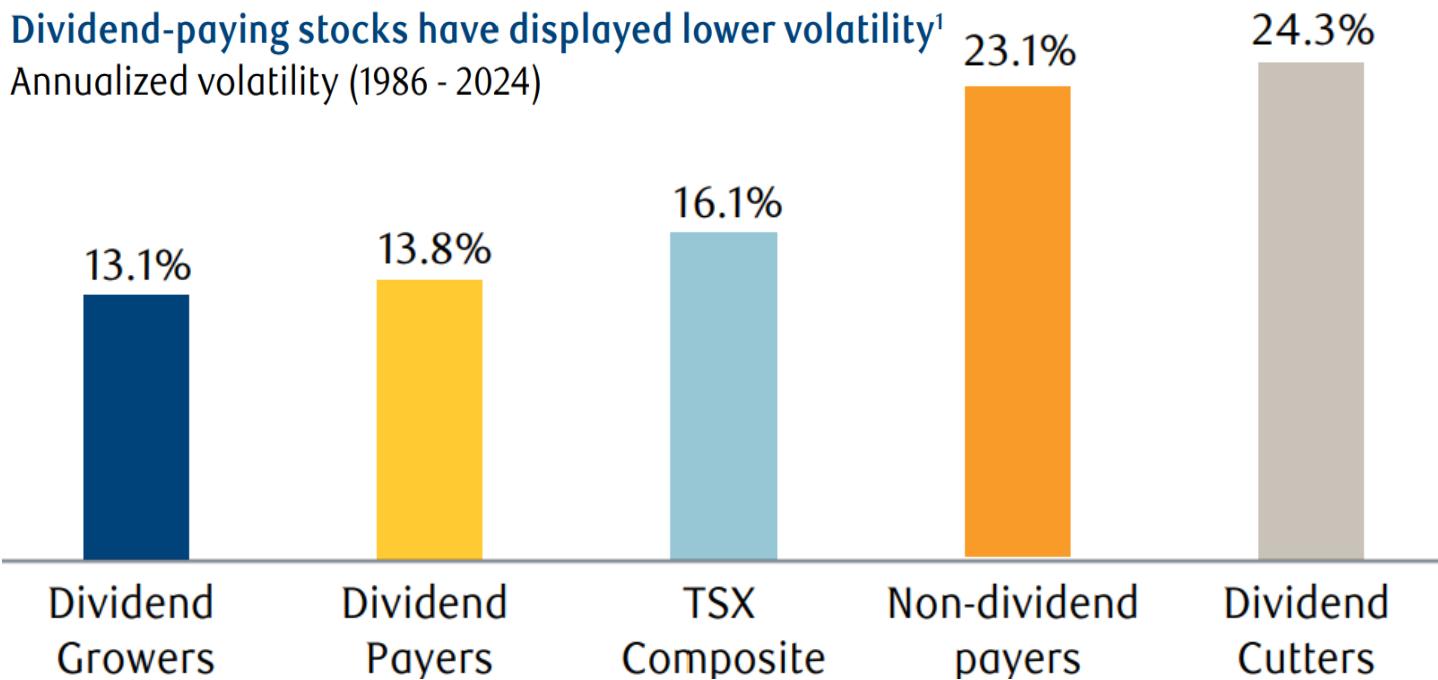
So, we have proof that dividend growth stocks outperform. Now let's look at a universe of profitable small-caps and see if they can give us the tremendous growth we all crave from an equity investment.

From a recent global study of all stocks that gained 1,000% or more over the last 10 years (done by Jenga Partners), the following two commonalities were uncovered:

- 87% of all global equities that went up 1,000% (10x) or more over the past ten years started as micro/small-caps.
- 82% of those were profitable at the start of their ascent, and 91% had some history of profitability.

Dividend-paying stocks have displayed lower volatility¹

Annualized volatility (1986 - 2024)



Clearly for high growth stocks, the key to success is that it be small, profitable, and unknown – ignored by most analysts and investors. This is why we at KeyStone focus on profitable small-caps.

We have now established two areas where we see long-term outperformance: dividend growth stocks and profitable small-cap stocks. The question now becomes: can we create a “best of both worlds investment?” Of course we can, and we have been utilizing this strategy for clients and IWB readers for decades.

Small Cap Dividend Growth Stocks

The theory behind this strategy is best illustrated through real-world examples. Two case studies demonstrating how patient investments in two small-cap dividend growth stocks have generated extraordinary returns over the long term.

Hammond Power Solutions (TSX: HPS.A) is a prime example – even if we

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Hybrid approach—continued from page 7...

just look back five years. Hammond is a business that, while not flashy, operates in an essential and foundational industry.

As a leading manufacturer of dry-type transformers, the company's products are critical for electrical grids, data centres, manufacturing, and the rapidly growing renewable energy sector. This vital role has made it a resilient and enduring business.

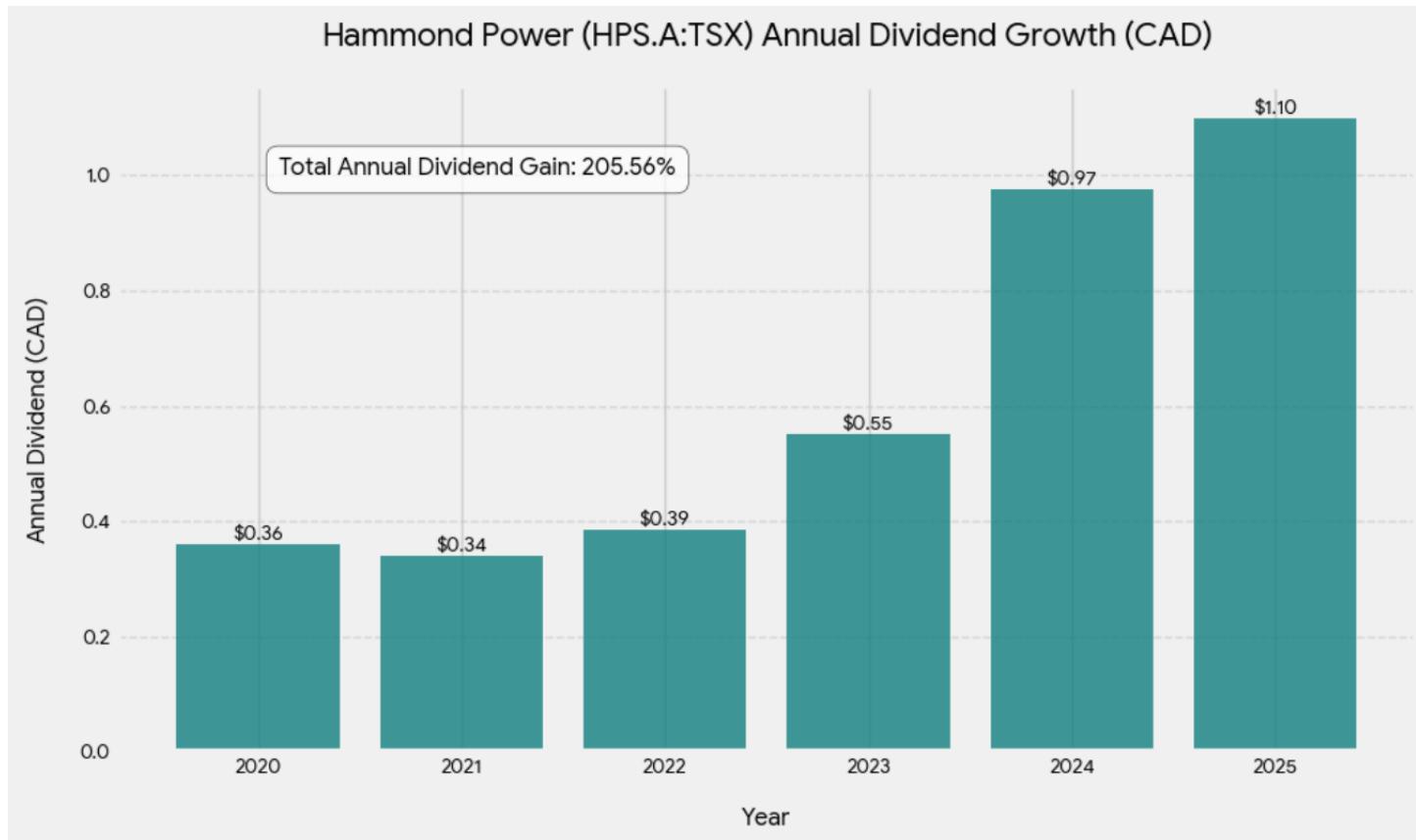
For investors who followed KeyStone's initial recommendation to buy the stock over two decades ago at \$0.60, the total return has exceeded 20,000%. Even for those who came to the stock more recently, the results have been extraordinary. Since KeyStone's re-recommendation in March 2020, the company's dividend has grown by

223.5%, culminating in a total return of 1,930% for investors who bought at that time.

Another example is Boyd Group Services (TSX: BYD). It is an auto body repair consolidator; its growth story is driven by a relentless expansion strategy. Since 2008, the company has grown from approximately 250 locations to over 1,000 across North America, fueling a phenomenal total return for long-term shareholders.

For KeyStone clients who purchased this boring business on our Buy recommendation in November 2008 at a price of just \$2.30, the returns have been remarkable. Since that initial purchase, shareholders have received a total of \$8.69 in dividends. That's a return of 3.78x the original investment from income

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RYAN IRVINE'S UPDATES

Recommendations are colour-coded:
Green indicates Buy
Yellow indicates Hold
Red indicates Sell

Dynacor Gold Mines Inc.

TSX: DNG, OTC: DNGDF *Originally recommended on*

Feb. 12/18 (#21807) at C\$1.93, US\$1.56. Closed Friday at C\$4.55, US\$3.19. (All figures in US dollars unless otherwise stated.)

BUY

Background: Headquartered in Montreal, Dynacor is a dividend-growth industrial gold ore processor engaged in gold production through the processing of ore purchased from the ASM (artisanal and small-scale mining) industry. Dynacor operates in Peru, where its management and processing teams have decades of experience working with ASM miners. The company has a strong net-cash balance sheet to execute on its goal of developing four new mills in the next 4-5 years.

Dynacor has a very simple business model. Profitability largely depends on two factors:

- The margin between the price of ore purchased and the market price of gold – the higher the margin, the better.
- Throughput (the amount of processed ore) – again, the higher, the better.

Performance: Although gold has been hitting record highs, the shares are down

about 20% year-to-date. I'll explain why in a moment.

Growth initiatives: Dynacor previously announced plans to open four new processing plants in Senegal, Cote d'Ivoire, Ghana, and Latin America. The goal is to increase gold milling capacity to a range of 500,000 AuEq (gold equivalent) ounces (4x to 5x current levels) and to produce \$1 billion in sales by 2030.

Over the last two-plus years, the company has been laying the foundation for these plans, including meeting with government representatives, suppliers, and ASMs as well as conducting extensive geological sampling in each country.

Dynacor is now on track to start a pilot plant in Senegal by the first quarter of 2026. After the completion of an Environmental Impact Assessment (EIA), the company launched calls for tenders for the initial 50 tpd (tonnes per day) pilot

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Dynacor—continued from page 9...

plant on its Senegal mining concession. Management expects the plant to cost between \$4-\$6 million, excluding supporting infrastructure. Delivery of the modular pilot plant is expected in the fourth quarter, and first ore processing is expected in the first quarter of 2026.

As for Côte d'Ivoire and Ghana, Dynacor plans to begin initial work, including the relevant EIA, at one if not both sites, before the end of 2025.

On March 31st, Dynacor announced that it reached a deal to acquire 100% of the shares of Arkham Metals SAS (Ecuador) for a purchase price of \$9.75 million. The assets consist of a permitted carbon-in-pulp processing plant, situated on a 36.5-hectare land concession in Portovelo, El Oro in southern Ecuador, with permitting for up to 1,500 tpd.

Starting over a year ago (we believe a potential deal has been in various stages for well over a year), Dynacor has carried out multiple visits, an in-house technical evaluation, and mandated an external audit by an engineering consultancy firm. Dynacor estimates refurbishing costs of between \$6 to \$8 million to bring the plant into operation and an initial \$8 million in ore inventory for plant start-up.

Management expects initial production from a 300-350 tpd processing plant as of 12 months from the closing of the transaction. We expect a ramp-up period of at least 12 months. In sum, Dynacor estimates \$25 million in total project costs over the coming 12 months,

comprising capex, plant refurbishing, and working capital investment. In January, the company closed a \$22.1 million financing (C\$31.6 million), with proceeds to be used to forward this project, Senegal, and those in other jurisdictions.

Outlook: Second quarter results were impacted by temporary ore supply disruptions, and Dynacor remains focused on delivering a stronger second half to 2025. Updated 2025 guidance now calls for 105-110,000 oz (prev. 120-130,000 oz) of gold production and \$340-\$350 million (prev. \$345-\$375 million) in sales, with net income guidance unchanged at \$14-\$17 million.

Valuation: The company has a strong balance sheet with about US\$58 million (C\$1.93 per share) in cash and zero debt. Dynacor continues to trade at a low valuation, including a forward p/e of 8.74x and a 4.7x TTM earnings ex-cash. We expect Dynacor to earn C\$0.52 per share in fiscal 2025. By applying a multiple of 10 to our 2025 expected EPS figure and adding back the net cash on hand, we arrive at a fair value of \$7.15. There remains meaningful upside to this number two to five years forward if the company executes on its new mill expansion initiatives.

Conclusion: Dynacor has a proven track record and growth catalysts – a 9% compound annual growth rate (CAGR) for ore processed, 12% CAGR for sales, and 10% CAGR for operating cash flow over the last decade. With planned and funded expansion, growth can accelerate

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Dynacor—continued from page 10...

near the end of FY 2026 to the end of the decade as mill expansion extends into Senegal, Ecuador, and other countries.

Dynacor has maintained profitability for 14 consecutive years, consistently raising operating income from \$6.5 million to \$26.1 million during this period.

The company has a strong balance sheet and capital structure. It finished the latest quarter with \$58.4 million in cash and equivalents and \$0.7 million in debt.

The stock pays a dividend of 1.3 cents a month (\$0.16 a year). The payout shows a 23.3% CAGR over the past six years and will grow with cash flow moving forward.

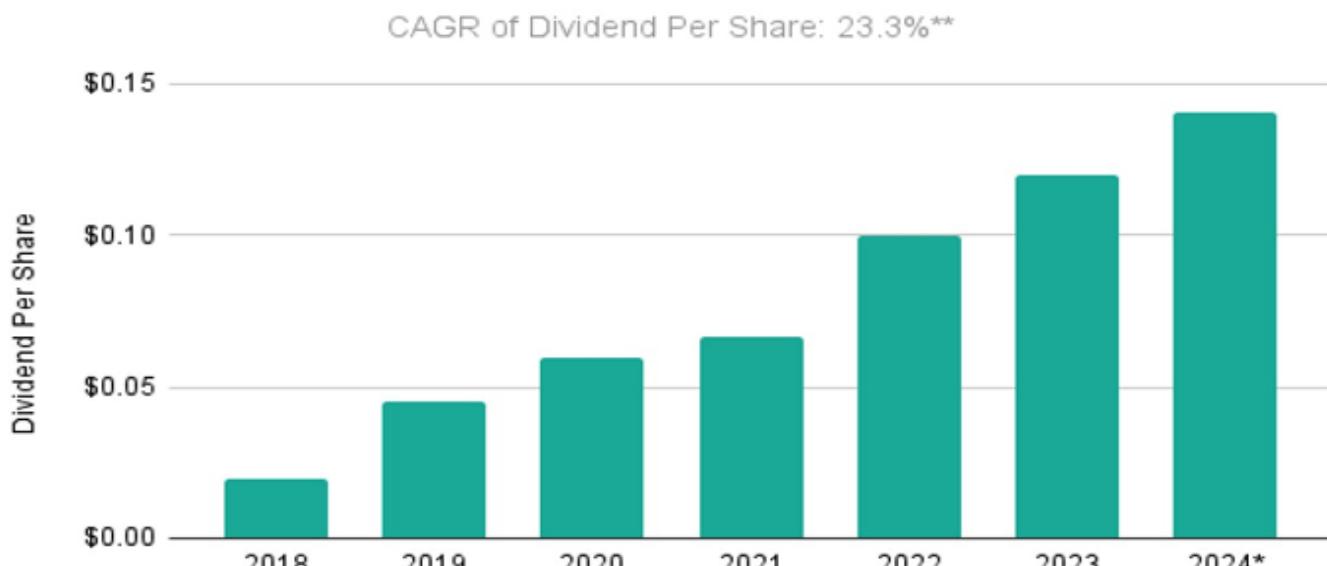
Dynacor and the price of gold

Dynacor is not a traditional gold producer. In fact, it is not a producer at all, it is a miller or industrial ore processor. As such, it has not participated in the gold boom in 2025 and we do not expect the price increase to benefit the company. But we also do not expect a decline in gold to

significantly affect the business. The beauty of the model is that Dynacor can be profitable in up and down gold environments – it has been profitable for 14 consecutive years. The current share price slump appears to be an opportunity if management can deliver on its growth and expansion plans to the end of this decade.

We expect 2025 and 2026 to be periods of significant expansion with higher capex, which will cut into earnings near term. On a per-share basis, earnings will be lower in 2025 ahead of meaningful new capacity coming online in the latter half of 2026. These are necessary investments for long-term growth and should be viewed positively. By applying a multiple of 10 to our 2025 expected EPS figure and adding back the net cash on hand, we arrive at a fair value of \$7.15.

Action now: We maintain our Spec Buy rating in the current range and will continue to be opportune buyers on pullbacks. The recommended holding range is 2-5 years.



*2024 results annualized, 2018-2023 realized **Uses annualized results for 2024 and 2018

Polaris Infrastructure Inc. TSX: PIF

*Originally recommended on Sept. 9/19 (#21932) at \$13.50.
Closed Friday at \$13.65.*

BUY

Background: Polaris Renewable Energy is a renewable power producer focused on Latin America. The company operates in five Latin American countries, with assets that include a geothermal plant (approximately 82 MW), four run-of-river hydroelectric plants (approximately 39 MW), three solar (photovoltaic) projects (approximately 35 MW), and an onshore wind park (26 MW). PIF's most significant asset is the San Jacinto geothermal facility in Nicaragua.

Performance: The stock dipped briefly below \$11 in April but has since rallied and is up marginally year to date.

Recent financials: Second quarter energy production was 215,797 MWhs., 15% higher than the production in the same period of 2024. Revenue totaled \$21.6 million, an increase of 15% compared to \$18.7 million last year. Adjusted EBITDA was \$15.4 million, an increase of 16% compared to \$13.3 million in Q2 2024. Net cash flow from operations was \$4.8 million, a decline of 42% compared to \$8.3 million a year ago. Net earnings attributable to shareholders were \$2.2 million (\$0.10 per share), compared to \$985,000 (\$0.05 per share) from the same period of 2024.

As of the end of this year's second quarter, Polaris maintained a balance

sheet with \$86.1 million in cash and debt and leases of \$220.2 million, providing a net debt position of \$134.1 million and a trailing net debt-to-EBITDA multiple of 2.4 times. The company successfully executed a comprehensive debt restructuring strategy during the first quarter, settling four outstanding credit facilities in January 2025 using proceeds from the \$175 million green bond issuance completed in December 2024. This strategic initiative resulted in significant balance sheet improvements, with total debt reduced by 33.3%.

Dividend: The stock pays a quarterly dividend of \$0.21 a share (\$0.86 a year) to yield 6.3%.

Conclusion: Polaris remains well-positioned financially, with strong cash flow, a healthy balance sheet with fixed rate debt and a low net debt-to-EBITDA ratio, as well as significant liquidity to advance its organic and acquisitive growth opportunities.

The company's organic growth plan remains compelling, including its ASAP I battery project in Puerto Rico with final approval expected soon. The project has a commercial operational date of Q3 2026 and a potential EBITDA uplift of approximately \$15M.

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GORDON PAPE'S UPDATES

Recommendations are colour-coded:
 Green indicates Buy
 Yellow indicates Hold
 Red indicates Sell

Constellation Software TSX: CSU

Recommended on Feb. 12/24 (#22406) at \$3,732.08.

Closed Friday at \$3,660.

SELL

Background: Constellation is a large tech company by Canadian standards with a market cap of about \$77.6 billion, which is well down after the recent stock sell-off. It was founded in 1995 to assemble a portfolio of vertical market software companies that had the potential to be leaders in their areas of expertise. The company has grown through a combination of acquisitions and organic growth and continues to apply the same formula.

Performance: The shares hit an all-time high of \$5,300 in May but went into a deep dive in August as investors began to worry about the impact that artificial intelligence would have on the company. September was a disaster. The stock touched an intraday high of \$4,629.53 on Sept. 3, then fell off a cliff, losing almost \$1,000 since.

Recent developments: The company, which normally takes an under-the-radar approach, felt the steep drop in the share price warranted a conference call with advisors to clarify its position. From my perspective, it did not go well.

Founder and president Mark Leonard moderated a panel that included four employees he identified only by their first names “to ensure they won’t be overwhelmed by questions from shareholders or competitors”. Listeners weren’t even provided with their titles.

The content was equally ambivalent, with Mr. Leonard commenting at one point that it’s hard to know if the effect of AI will be “a renaissance or a recession”.

At the end of it all, investors weren’t much wiser about the effect AI will have on Constellation’s share price. Then came the real cruncher. Two days after the conference call, Mr. Leonard announced he is stepping down as CEO for health reasons. The market sell-off continued.

In a note to clients following the conference call, Paul Treiber and his team at RBC Capital Markets expressed the view that Constellation’s vertical market approach “suggests more opportunity than risk” for its underlying business.

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Constellation—continued from page 13...

“Constellation outlined several examples of where its subsidiaries are already using AI internally, including customer support, sales & marketing, and R&D,” the RBC team wrote.

“Improved R&D productivity will allow Constellation's businesses to build more software and address more use cases. Customer needs, customer feedback, and best practice sharing will help guide Constellation's new product roadmap. While AI will allow some customers to accelerate in-house software development, there has always been a mix in the market between customers that build custom software and those that purchase software.”

RBC maintained its “Outperform” rating, with a share price target of \$6,000. Its downside scenario pegs the floor at \$4,000. But then came the news that Mr. Leonard was stepping down and the share price plunged through RBC's floor.

Recent financials: Second quarter results showed an increase of 15% in revenue to \$2.8 billion, compared to \$2.5 billion in the same period last year (the company reports in US dollars). Net income attributable to shareholders was down 68% from last year to \$56 million (\$2.66 per diluted share), from \$177 million (\$8.35 per share). Free cash flow was \$220

million, up from \$182 million in the same quarter last year.

For the first six months of the fiscal year, revenue was \$5.5 billion, up 14% from \$4.8 billion in the same quarter of 2024. Net income for the six months was \$192 million (\$9.07 per share), compared to \$282 million (\$13.31 per share) in 2024.

Free cash flow for the six-month period was \$730 million, up from \$628 million last year.

Outlook: Hard to say. The RBC analysis is bullish overall but the company's opaque approach to conveying useful information is a concern and Mr. Leonard's resignation leaves a huge gap.

Action now: I think it will take a long time for investor confidence to return after these turbulent events. Sell.

Questions?

We have answers!

Send your questions to
gordonpape@hotmail.com

FINANCIAL FACTOIDS: NINTENDO

Did you know that long before Nintendo became a household name in gaming, it produced Hanafuda playing cards, traditional Japanese cards used for gambling and entertainment?

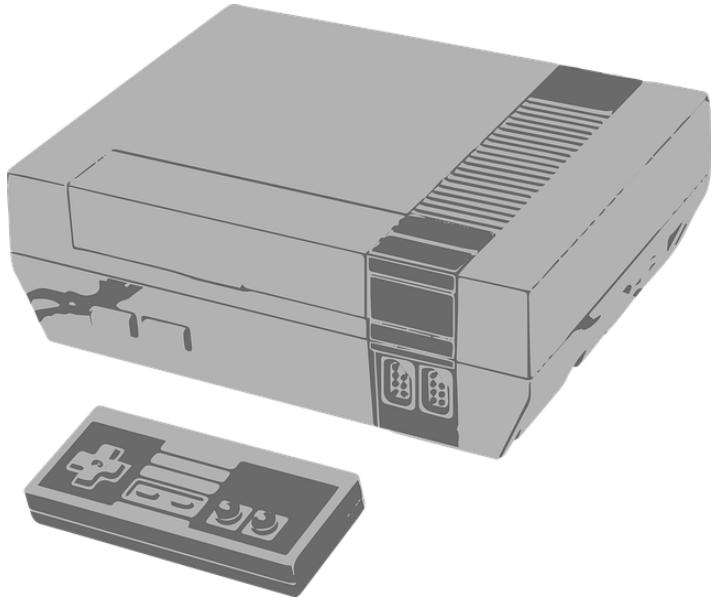
Here's more on the evolution of Nintendo from playing cards to global gaming powerhouse.

Nintendo was founded in 1889 in Kyoto, Japan, by Fusajiro Yamauchi.

Originally, the company produced Hanafuda playing cards, traditional Japanese cards used for gambling and entertainment. For decades, Nintendo operated as a small, regional business, experimenting with different card designs and slowly building a reputation for quality and creativity.

In the mid-20th century, under the leadership of Hiroshi Yamauchi, Nintendo began to explore new business avenues. The 1960s and 1970s saw experiments in various industries, including taxi services, love hotels, and instant rice, but none proved sustainable. It was during this period that Nintendo realized it needed to focus on entertainment.

By the 1970s, the company had entered the electronic game market, producing arcade machines and early video game consoles. Nintendo's first major hit came with *Donkey Kong* in 1981, which



introduced the world to the character Mario and established Nintendo as a serious player in video games. This success allowed the company to invest in home console development.

In 1983, Nintendo released the Nintendo Entertainment System (NES) in Japan (and later in North America as the NES in 1985). This console revitalized the home gaming industry after the 1983 video game crash, and iconic franchises like *Super Mario Bros.*, *The Legend of Zelda*, and *Metroid* began here, cementing Nintendo's legacy in gaming culture.

The 1990s and 2000s brought further innovation with consoles like the Super Nintendo (SNES), Nintendo 64, GameCube, and the handheld Game Boy series. Nintendo became known for

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Hybrid approach—continued from page 8...

alone. Including both price appreciation and dividends, the total gain has been a staggering 10,081%.

The compounding power of the dividend is further illustrated by the “effective yield,” which calculates the annual dividend paid relative to the original purchase price. For patient investors, the effective yield is now a remarkable 26.61% each year – a continuous stream of income that continues to grow regardless of the daily stock price.

Small cap dividend growth stock investing may seem boring, but it is not. It is a way to get rich, with less risk, and less volatility. Sign me up for that.

Polaris—continued from page 12...

Additionally, the Canoa 2 solar expansion in the Dominican Republic provides further organic growth opportunities longer term, despite being delayed. Near term, we estimate fair value to be approximately \$14.50 per share, but if the company can add on an additional \$15 million in Adj. EBITDA exiting 2026, we believe that fair value is likely closer to \$20 into 2027.

Action now: We believe that patient investors looking for an attractive dividend yield can add in the current range and hold for the next 2+ years, awaiting management’s execution on growth opportunities that are expected to begin coming online in 2027. We upgrade our Near-Term and Long-Term rating to Buy.

Nintendo—continued from page 15...

pioneering gameplay experiences, focusing on creativity and accessibility rather than just raw graphics power, which distinguished it from competitors like Sega and Sony.

Today, Nintendo is a US\$110 billion global gaming powerhouse, known for the Switch console, Nintendo Direct presentations, and beloved franchises like Mario, Pokémon, and Animal Crossing. From playing cards to arcade games to hybrid consoles, Nintendo has continuously evolved by blending innovation with a focus on fun, family-friendly entertainment, making it one of the most influential names in the history of gaming.