

Alpha Wealth Funds, LLC

“the opportunities never stop”

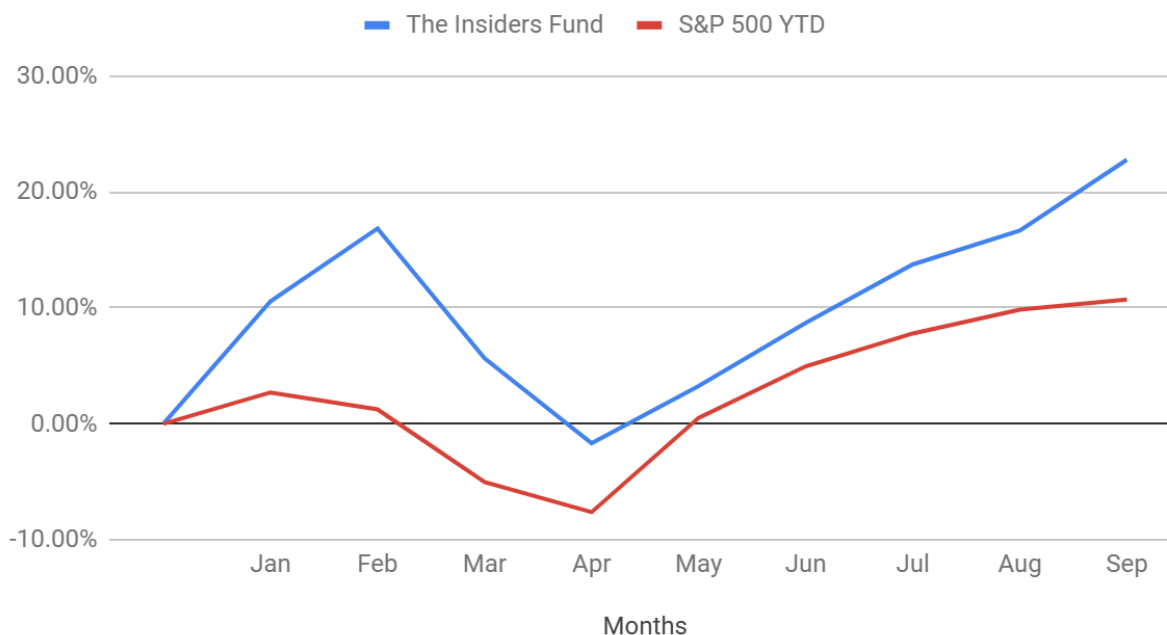
October 2025

The Insiders Fund, LP 3rd Quarter 2025 Partner Letter

Never a Dull Moment Climbing the Proverbial Wall of Worry

The Insiders Fund finished the month of September up **4.96%** after fees bringing its year to date returns to **21.37%** significantly outperforming its benchmark, the **S&P 500** total return. September's S&P 500 return of **3.65%**. This was the Index's second-best in 27 years and the best in 15 years. Its year-to-date return through September 30, 2025, was **14.83%**. The Insiders Fund outperformed the index by a large margin. Your own 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:

The third quarter brought a mix of strong performers and very few underperformers. Alphabet, our largest holding, led the way with a 28% outperformance against the benchmark. Our timing was perfect as we just initiated an outsized position in the name. It just had its **best quarterly stock performance in 20 years**. Don't expect us to follow up with another hat trick like that anytime soon.

Intel followed closely, validating our long-held belief that its national importance would prevent its demise, a view further reinforced by the U.S. Government's "golden share investment." We did well with App Folio and still own a significant position. Lam Research also contributed positively (up 44%), though we ended up getting called away on a significant portion of our investment.

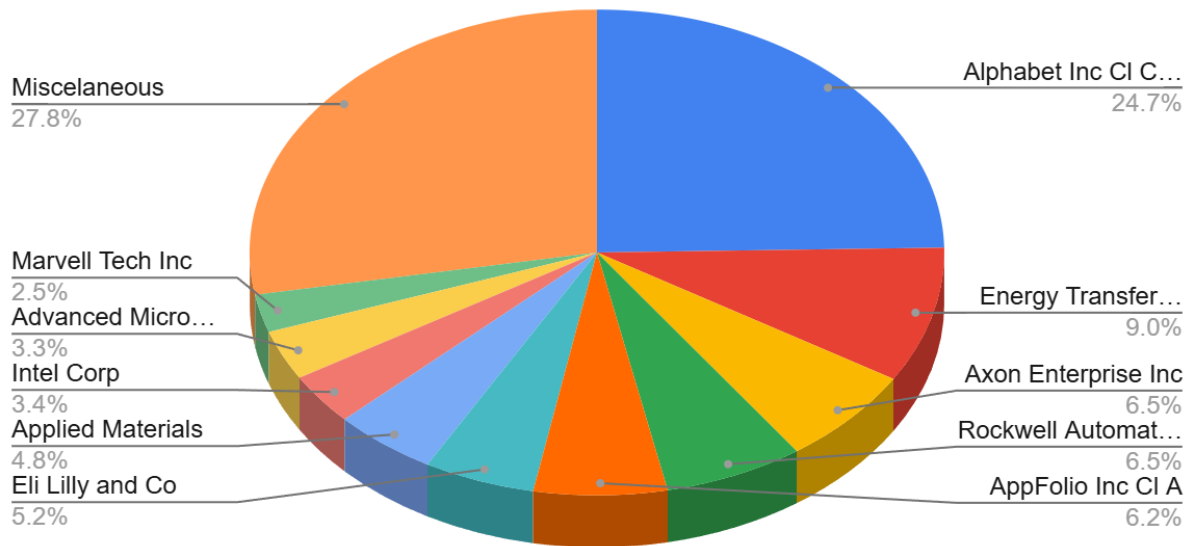
Selling covered calls has to be the stupidest strategy investment advisors ever recommend. Why give away your upside for a few pennies through covered calls? This often leads to self-reproach, as I consistently struggle with the urge to write covered calls as a defensive strategy, despite knowing I cannot reliably predict short-term stock

movements. On the other hand, Energy Transfer, our second-largest holding, lagged behind the market by 10%. Axon Enterprises, among our top ten holdings, was the worst performer of the quarter, down ~3% on our last purchase.

You may recall we sold enough of Grail in the low \$50's to reduce our cost basis to zero. For a well that seemed clever but the remainder we have is soaring up 148%. You never go broke taking a profit but the big money is always made in the holding. The next best performer was Rockwell Automation (ROK) which has been on a tear recently. We are now up 29% on the position, reversing significant losses.

Medical science research budget cuts by DOGE and RFK Jr. attacking conventional science, provided a good trading opportunity as the entire health care sector slumped.. Insiders jumped on Eli Lilly after the stock had its biggest one day drop in decades. We followed suit and have nice unrealized profits, up around 28%.

The biggest gains in the quarter are attributed to our heavy concentration in the AI technology investment boom. Several of our key positions were buttressed by conviction from insiders buying in Advanced Micro Devices (AMD), Applied Materials (AMAT), and Marvel Technologies (MRVL). Our highest conviction purchase, Alphabet, reflected our contrarian view that the market was overly concerned about ChatGPT and Generative AI disrupting the search cash cow businesses.



Portfolio Holdings:

I like to share as much information about our holdings as feasible since I'm convinced I'm a better portfolio manager because of my informed partners. We traditionally review our top 10 holdings but 27% of our portfolio is in smaller bets; exciting growth opportunities and large insider purchases that are hard for us to rationalize buying other than corporate insiders may know things that "the efficient market hypothesis" didn't quite price in.

1. GOOG (Alphabet)

Business: Google's dominant market share and broad scope are often underestimated. They are intent on being the disrupter, not the disrupted. Their Gemini Chatbot LLM scores high on all comparative rankings

Where Google has a near-monopoly or significant majority:

1. **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.

2. **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 court ruling spared it a forced breakup, and analysts are raising price targets on strong ad, cloud, and AI momentum.

Our Thesis: We leave our thesis unchanged. Alphabet is up 34% plus from where we initiated our purchase at the beginning of last quarter. Alphabet aka Google is a fortress of recurring revenue: 90%+ gross margins in Search, unmatched AI/ML scale, and YouTube/TikTok-level engagement at half the valuation. Cloud is finally profitable, advertising spend rebounds with GDP, and AI agents will supercharge monetization. Regulatory headwinds are loud but toothless—meanwhile, Google’s balance sheet is bulletproof with \$100B cash and relentless buybacks. It’s the cheapest “AI monopoly” on the market, hiding in plain sight.

2. Energy Transfer (ET)

- **Business:** Energy Transfer (ET) is a U.S. midstream giant. It owns and operates pipelines, storage, and terminals moving natural gas, crude oil, and NGLs across the country. They’re in the business of transporting, processing, and exporting hydrocarbons—basically the toll collector of America’s energy highways, making money off volume flows, not commodity prices. Based on Energy Transfer’s recent closing price, the current dividend yield is 7.7%.
- **Insider Buying/Selling:** One of the biggest recent moves: **Kelcy L. Warren (Director/Chairman)** purchased **1,350,000 shares on August 20, 2025** at ~\$17.36 per share. He also bought **650,000 shares on August 19, 2025** at ~\$17.30/share
- **Recent News:** U.S. ethane export curbs earlier this year have strained trust with Chinese buyers, potentially scarring future deals. Its Transwestern subsidiary is launching a Desert Southwest pipeline expansion (1.5 Bcf/d) to service New Mexico/Arizona markets. During the recent earnings call, management said they have been inundated with new customer interest from

the tech world planning AI data centers. They didn't have anything to announce at this time but I would be shocked if we don't hear news on this in the near future.

- **Our Thesis:** Energy Transport is a tollbooth on the energy highway—mission-critical pipelines moving natural gas to power-hungry regions. With regulated contracts, inflation-protected cash flows, and a yield north of 8%, it offers steady income while the world scrambles for reliable energy infrastructure. In a market chasing tech momentum, ET is the boring cash machine nobody wants until they realize utilities can't run without it.

3. Axon Enterprises

- **Business:** Axon Enterprise (AXON), formerly TASER International, makes conducted-energy devices, body cameras, and cloud software for law enforcement and public safety. Its ecosystem—devices, sensors, Evidence.com, and AI tools—drives strong recurring revenue. Strengths include brand leadership and integrated platforms, while risks involve ethics, regulation, and reliance on government budgets. Expanding into retail, healthcare, and smart-city surveillance, Axon projects \$2.55–2.65B revenue for 2025.
- **Insider Buying:** there has been *some* insider buying in **Axon**. In August 2025, Director **Hadi Partovi** purchased 1,358 shares (~US\$1.0 million) at ~\$740 per share. However, insider activity is overwhelmingly dominated by **selling**, with only 1 insider buy vs ~49 insider sells over the past year.
- **Recent News:** To bolster its “call to closure” safety stack, Axon is acquiring Prepared, an AI-powered 911 communications company. [Axon+2Axon+2](#)
This aligns with Axon's vision of owning the public safety workflow end-to-end.

Blowout Q2 2025 Results + Raised Guidance

- **Our Thesis:** Axon isn't just tasers—it's a monopoly on public safety tech. The real play is its SaaS cloud empire (Evidence.com), locking in police with recurring revenue, AI video tools, and sky-high switching costs. Government budgets make it recession-proof, and global + enterprise expansion adds a decades-long runway. Think "AWS for law enforcement data" with a razor-and-blades model. Owning Axon is betting on mandatory tech, sticky contracts, and unstoppable growth in transparency and accountability.

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:** Rockwell Automation is the pure-play bet on factory digitization. Its moat is sticky, mission-critical automation software and hardware that enable manufacturers to boost efficiency, safety, and uptime. Secular tailwinds—reshoring, labor shortages, electrification, and AI-driven industrial automation—give it years of demand runway. With recurring revenue growth, strong pricing power, and capital-light margins, ROK is a high-quality compounder in a world where industrial efficiency is gold. It's the picks-and-shovels play for the smart factory revolution and riding the wave of U.S. industrial policy "build it here."

4. 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:** On June 5, 2025, Timothy K. Bliss (a Director) purchased 22,000 shares at about \$217.18 per share (total ~ \$4.78 million).
- **Also on June 6, 2025, Robert Donald Casey III (Director) bought 4,000 shares at around \$217.73 per share (≈ \$870,920)** A spike in a lot of insider selling and settling
- **Recent News:**In **Q2 2025**, AppFolio reported **\$235.6 million in revenue**, up ~19% year-over-year. [AppFolio+1](#)
 - GAAP operating income was ~\$41 million (17.2% of revenue) [AppFolio](#)
 - Non-GAAP operating income was \$62 million (26.2% margin) [AppFolio](#)
 - They projected full-year 2025 revenue in the range of **\$935 M to \$945 M** and non-GAAP operating margins in the 24.5%–26.5% range. [AppFolio](#)
 - AppFolio indicated that **96% of its customers** used at least one of its AI-powered products, signaling strong adoption of its new AI suites. [AppFolio+1](#)
- **Our Thesis:** AppFolio is a stealth fintech wrapped in boring property management software. Sticky SaaS base, expanding payments, AI-powered workflow automation, and a landlord class that can't function without it. The Street still values it like a mid-tier vertical SaaS, but it's morphing into the Stripe of rental cash flow. Every rent check, every late fee, every maintenance

payment—skim, scale, repeat. Margin expansion is baked in; the multiple isn't.

5. Eli Lilly And Co

- **Business:** Eli Lilly is a pharma powerhouse: maker of Mounjaro and Zepbound in weight-loss/diabetes, blockbuster cancer and immunology drugs, and a booming Alzheimer's pipeline. Its stock rides the GLP-1 wave, fueling massive growth and market-cap dominance.
- **Insider Buying/Selling:** On Aug 12, 2025, insiders made several purchases:
 - David A. Ricks (CEO) bought 1,632 shares at \$644.77 (\$1.05M)
 - J. Erik Fyrwald (Director) bought 1,565 shares at \$642.33 (\$1.005M)
 - Daniel Skovronsky (EVP) bought 1,000 shares at \$634.40 (\$634.4k)
 - Gabrielle Sulzberger (Director) bought 117 shares at \$641.18 (\$75k)
 - Jamere Jackson (Director) bought 200 shares at ~\$639.56 (~\$127.9k)

Over the past 12 months, insiders have bought a total of ~\$2.89M worth of Lilly shares.

- **Recent News:** FDA approves Eli Lilly's **Inluriyo** for advanced breast cancer — cuts progression/death risk by 38%. ([Reuters](#))
- Lilly halts trial of muscle-preserving drug combo with Zepbound. ([Reuters](#))
- Plans announced for \$6.5B Texas facility to produce active ingredients domestically aligning itself with the Administration ([Lilly Investor Relations](#))
- **Our Thesis:** It's the undisputed king of GLP-1 weight loss/diabetes drugs with Mounjaro and Zepbound, creating a multi-hundred-billion market. Alzheimer's drug donanemab adds a second blockbuster growth engine. Strong IP, manufacturing scale, and payer adoption build a moat. Risks—pricing pressure, competition (Novo Nordisk), and trial setbacks—are

dwarfed by secular tailwinds in obesity and aging demographics. In short: Lilly is a generational growth story worth owning despite nosebleed valuation.

7. Applied Materials (AMAT)

- **Business:** Applied Materials (AMAT) is a leading semiconductor-equipment and materials engineering company. It supplies the machines and processes for chip fabs, display tech, and advanced packaging. Heavy China exposure and new U.S. export curbs is mitigated by the need and rush to move investment in chip manufacturing back to the U.S.
- **Insider Buying/Selling:** Gary E. Dickerson (CEO) purchased 50,000 shares on April 3, 2025, at about \$137.30/share.
- **Recent News:** Here are some recent developments around AMAT that could move the stock — take these as tactical inputs, not gospel:

1. Export control hit on China exposure

New U.S. export rules (extending to subsidiaries of blacklisted firms) are expected to shave ~\$600 M off AMAT's fiscal 2026 revenue, plus ~\$110 M in Q4 FY25. ([Reuters](#))

Shares dropped ~3% on that warning. ([Reuters](#))

2. Strategic stake in BESI (advanced packaging)

AMAT acquired a 9% stake in BESI, making it the largest shareholder. That signals interest in hybrid bonding and packaging — areas adjacent to its core equipment business. ([Reuters](#))

3. Legal risk in China

Beijing E-Town (a state-owned firm) sued AMAT alleging trade secret theft tied to wafer treatment and plasma tech. Claims are for ~\$14 M. ([Reuters](#))

That introduces both headline risk and operational uncertainty in China

operations.

4. Analyst upgrades / sentiment swings

Morgan Stanley recently upgraded AMAT to “Overweight,” raising its price target on expectations of renewed capital expense in memory & WFE (wafer fab equipment). ([Barron's](#))

Meanwhile, macro / policy uncertainty is pressuring guidance and investor confidence. ([Investopedia](#))

- **Our thesis:** Applied Materials (AMAT) is the *arms dealer* of the semiconductor revolution. It dominates wafer fabrication equipment just as AI, advanced packaging, and memory capex ramp globally. Secular demand for AI chips, 3D NAND, and foundry upgrades offsets near-term export-control noise. Insiders are buying, margins are expanding, and free cash flow is explosive. It's the quiet engine behind every chip cycle — cyclical, yes, but structurally indispensable.

8. Intel (INTC)

- **Business:** Intel is a global semiconductor leader designing and manufacturing CPUs, GPUs, and AI accelerators that power PCs, data centers, and edge devices. Under CEO Lip-Bu Tan, Intel is refocusing on its core chip business while expanding its foundry operations to produce chips for other companies. The company is restructuring, spinning off non-core units, and pursuing government-backed initiatives to restore U.S. semiconductor leadership and long-term competitiveness against NVIDIA, AMD, and TSMC.
- **Insider Buying/Selling:** In March 2025, Intel's new CEO Lip-Bu Tan bought 1,043,406 shares for ~\$25 million, per his commitment to invest in the company. [Barron's](#). Here's what I found: In **August 2025**, the U.S. government struck a deal to convert roughly **\$11.1 billion** in CHIPS Act and defense-oriented grants into a **9.9 % equity stake** in Intel (~433.3 million shares at \$20.47 each). ([Intel Corporation](#))

Beyond the U.S. government, **SoftBank** announced a \$2 billion strategic investment in Intel at around \$23 per share.

- **Recent News:** Intel is reportedly in early talks to use rival AMD's business as a foundry customer, signaling bold strategic shifts. However, other reports, specifically from the publication SemiAccurate, claimed to have spoken with multiple sources on both sides who flatly denied any such arrangement was in the works. This led to market volatility, but AMD's official position remains the standard "no comment" on speculation. Finally, its \$28 billion "Ohio One" fab project faces delays and scrutiny, but Intel remains committed.
- **Our Thesis:** We are up 32% on Intel since the Trump announcement of a golden share investment in Intel. Intel is a deep-value turnaround with asymmetric upside. The new CEO, Lip-Bu Tan, and a 10% U.S. government stake create political and strategic tailwinds. Foundry restructuring, AI chip bets, and cost-cutting could re-rate margins if execution improves. The stock trades at depressed multiples versus peers, offering leveraged exposure to a U.S. semiconductor resurgence — but execution and capital-intensity risks remain high.

9. 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 in May. Since then there have been significant insider sales as the stock has risen dramatically. Guido has not sold stock as he would also be subject to short swing profit taking.
- **Recent News:** In Q2 2025, AMD posted record revenue of ~\$7.7B (+32% YoY) with net income of \$872M, but a GAAP operating loss of \$134M due to a \$800M MI308 inventory write-down tied to U.S. export controls. ([Advanced Micro Devices, Inc.](#))

Since then, AMD agreed to sell ZT Systems' server manufacturing arm for \$3B to Sanmina ([Reuters](#)), and is reportedly in early talks with Intel to use its foundry services ([Reuters](#)). Also, AMD is developing Fluid Motion Frames 3 in upcoming GPU driver updates. (tomshardware.com)

- **Our Thesis:** AMD is a secular winner in AI and datacenter compute, with GPUs gaining traction against Nvidia, CPUs cementing share in cloud/enterprise, and Xilinx/embedded rounding out growth vectors. The company is levered to the explosion in AI training/inference demand, with improving software ecosystem support. Margins expand as mix shifts to higher-value datacenter products, and valuation remains attractive relative to Nvidia. Execution risk exists, but AMD offers asymmetric upside as the credible #2 in the AI computer arms race. We are up 48% on our holdings.

10. Marvel Technologies (MRVL)

- **Business:** Marvell Technology is a fabless semiconductor company that develops chips and systems for data infrastructure—networking, storage, security, and AI. Its platform targets cloud, carrier, enterprise, and automotive markets, aiming to capitalize on AI and data center growth
- **Insider Buying/Selling:** Recently, several Marvell insiders made notable purchases:
 - **CEO Matthew J. Murphy** bought 13,600 shares at \$77.09 on Sept 25, 2025
 - **COO Chris Koopmans** acquired 6,800 shares at \$78.03 the same day
 - **CFO Willem Meintjes** also bought 3,400 shares at \$78.03 on Sept 25, 2025
- **Recent News:** Marvell launched a \$5 billion stock buyback and accelerated \$1 billion repurchase program. TD Cowen downgraded the stock to “Hold,” citing uncertainty in its AI custom-chip deals with Amazon and Microsoft. [Barron's](#)
- **Our Thesis:** Marvell (MRVL) is a leveraged play on the AI and data-center supercycle without NVIDIA-level valuation risk. Custom silicon demand from

hyperscalers (Amazon, Microsoft) and its expanding optical and Ethernet footprint offer asymmetric upside. Gross margins are improving as legacy storage fades. Insider buying and a \$5 B buyback underscore confidence. Short-term noise from delayed AI orders is our entry point; long-term, this is a stealth infrastructure winner in the AI arms race.

Our Outlook:

It's been a quarter where almost everything we sold for handsome profits is now appreciably higher. That alone is the most worrisome part of my outlook. The market's riding high, but don't mistake momentum for safety. The Fed's easing path gives bulls cover, yet valuations are stretched thin and earnings growth will need to do some heavy lifting. Expect two cuts before year-end, but don't expect them to be a magic wand — inflation isn't fully dead, just sleeping.

Equities likely grind higher, but the upside is modest and fragile. Leadership remains narrow — big tech, AI plays, and selective energy/industrial names still carry the torch. Defensive sectors and quality balance sheets should be favored as volatility spikes around macro data and politics.

Bottom line: **late-cycle vibes**. The rest of 2025 is a trader's market, not a buy-and-forget playground. Ride the waves, keep stops tight, and focus on insider conviction and strong fundamentals. The wall of worry isn't coming down — it's just getting taller.

The Insiders Fund aims to deliver excellent risk and after tax 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.

Housekeeping:

The Insiders Fund Not So Daily Blog will soon be replicated on another website, insomniachedge.com. There is no change in style or investment. I plan on managing the Insiders Fund for the foreseeable future. It's a great privilege and lots of fun having such low maintenance partners. I've hired an analyst/assistant, Dmitry Polkihilko. Dmitry is a recent graduate from Berkeley with an economics degree and a healthy appetite for work.

In addition to the blog posts, we have been hosting a [podcast](#) on recent insider buying. I wouldn't do this if I didn't have Jayden Thomas as my cohost on the podcast. We are still feeling our way. We're not quitting our day jobs anytime soon to be podcasters. Give it a try at <https://www.theinsidersfund.com/podcast/> If you like it please refer it to somebody, anybody please.

Again let me thank you for the trust and confidence you have shown by allowing me to manage some of your investments. You can of course always call me or email with any questions, thoughts, or just to say hello.

The Insiders Fund 3rd Quarter Partner Meeting

Thursday, October 9 · 4:00 – 5:00pm

Please join using this link:

<https://v.ringcentral.com/join/669933950>

We will be sending you via a separate email a calendar link as well.

Sincerely yours,



Harvey Warren Sax
Insomniac Hedge Fund Guy

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