

Pathfinder Investment Outlook

For the week ending November 14th, 2025

K Shaped Quotes

The US economy has been a talking point at the office for some time now. We had determined many months ago that there was a disconnect between those that were doing well and those that were struggling. Part of the economy is booming while the majority (probably) is struggling with high prices, poor job prospects and high housing costs. This has impacted consumers at different levels, depending on where the consumption was happening. With US government services shut down, there has not been a lot of data to confirm this, and even if we had the data, averages and indices tend to hide what is happening underneath at deeper levels. We are currently in earnings season and there are lots of transcripts to review. We present quotes of those related to the “K-Shaped US Economy” below:

“In the U.S., we continue to see a bifurcated consumer base with QSR **traffic** from **lower income consumers declining** nearly double digits in the third quarter, a trend that’s persisted for nearly 2 years. In contrast, QSR traffic growth among **higher income consumers** remained **strong**, increasing nearly double digits in the quarter.” — *McDonald’s (MCD) CEO Christopher Kempczinski*

“It’s a **K-shaped** economy **without question**. You’re seeing significant stability and growth in the high end and some moderate signs of stress in the low end.” — *Citizens Financial Group (CFG) President Brendan Coughlin*

“But from our standpoint, what we don’t see talked about much is the fact that we’ve had kind of this **rolling recession** dynamic **in the U.S.** ... We’ve seen it in manufacturing. We’re now seeing it in building products, maybe parts of chemicals, parts of leisure. And the public markets are also obviously **seeing dispersion**, very different performance if you look **by sector**.” — *KKR (KKR) Co-CEO Scott Nuttall*

“We do see more **pressure** on the **lower-income consumer**. We continue to see that in the third quarter, and we expect that to continue into the fourth.” — *The Wendy’s (WEN) CFO Ken Cook*

“In the past few months, almost **all** range **model** in production were **substantially sold out**... Indeed, the order book extends well into 2027.” — *Ferrari (RACE) CEO Benedetto Vigna*

“So as we look into those customer bases today, we see the U.S. economy **continue to grow**, largely driven by the **resilient consumer**. Consumers remain **active**.” — *Bank of America (BAC) CEO Brian Moynihan*

“**This means that**” this is a real medium to long term issue for the US government. Increasing rates to fight inflation will slow the economy, helping one group that clearly needs it, while at the same time creating the risk of recession and potentially hurting the same group. This is something that we will watch closely and with keen interest.

Michael Rudd, CFA | President, CEO & Portfolio Manager



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Sources: Bloomberg, Pathfinder Asset Management Limited

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Changes in Leverage. We are increasing the asset ceiling to 2.0 times the market value of equity for [Pathfinder International Fund](#) and [Pathfinder Conviction Fund](#) to be consistent with [Pathfinder Partners' Fund](#) and [Pathfinder Resource Fund](#).

For more information, please follow the links above to review the fund term sheets.

*All returns are time weighted and net of investment management fees. Returns from the Pathfinder Partners' Fund and Pathfinder Conviction Fund are presented based on the master's series of each fund. The Pathfinder North American Equity Portfolio and The Pathfinder North American Income Portfolio are live accounts. These are actual accounts owned by the Pathfinder Chairman (Equity) and client (High Income) which contain no legacy positions, cash flows or other Pathfinder investment mandates or products. Monthly inception dates for each fund and portfolio are as follows: Pathfinder North American Equity Portfolio (January 2011), Pathfinder North American High-Income Portfolio (October 2012) Pathfinder Partners' Fund (April 2011), Pathfinder Conviction Fund (April 2013), and Pathfinder International Fund (November 2014).

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