SUMMARY & OVERVIEW

This note examines "investment" made by publicly traded companies ("PubCo's"). Investment is perhaps the most important thing in an economy, as it not only gives us a quantitative sense of businesses' confidence in the future, but it also gives us a sense of our actual growth prospects in the future as well. While not all investment is fruitful investment, the degree and breadth of investment are at least directionally significant indicators for economic prospects in the time ahead. It's not surprising then that "Investment" is one of the four components of how we calculate Gross Domestic Product (Consumption + Investment + Government Spending + Net Exports, or C+I+G+NX), and it's for all these reasons that we track what our publicly traded companies are doing on the investment front.

This is the first iteration of this note, so we're going to keep it simple for Round 1. While we'll likely add things like changes in inventories and other possible measures of "investment" that one could deduce from a company's financial statements in future editions, for now, we're going to just look at capital expenditures ("capex"). This is the best and clearest indicator of real, fixed investment from a company's financial statements.

Our investment database at this point stands at over 2,300 companies, with a median market cap of $2.5B and an average market cap of $70.0B. About 270 companies have market caps of less than $250M and 86 are below $100M, so we've got a good sample size of both large and small firms.

Notably, however, unlike with our Gross National Income ("GNI") model, we can't carve out the US portion of these companies' capital expenditures the way we can with revenues, simply because the SEC doesn't (generally) require capex to be disclosed on a geographic basis. We consequently use a larger sample to try and compensate for this, and particularly a larger sample size of smaller companies, which tend to be more domestic focused. We could try and just look at firms that have domestic operations almost solely in the US, but that would exclude a significant number of large firms that are still investing significantly in the U.S. (like Amazon for example). A large, broad sample then, where we cut the data in a variety of ways, is probably our best bet at ascertaining investment in the U.S. economy using publicly traded companies as a proxy.

We'll use several principal metrics in trying to ascertain "investment" for purposes of this note:

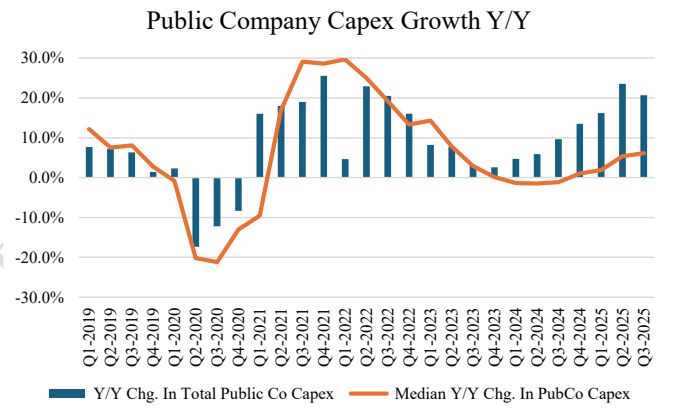
- Aggregate year-over-year change in capex for our entire sample. *Note: similar to our GNI model, we will only include companies for which we have values for both this year and last year, so as to keep things apples-to-apples.* This will allow us to make comparisons as earnings season progresses each quarter instead of having to wait for our entire sample to report to draw any conclusions.
- Second, we'll look at median yearly capex growth as well. This helps eliminate the bias of larger firms spending more money (as is the case now with larger firms and AI), and also gives us a better sense of what the "typical" firm is doing with investment
- Third, we'll also look at capex growth by sector, which will allow us to create a Diffusion Index in turn. This will help us look at "capex breadth" across the economy using different industry verticals and being agnostic of company size. We can also then look at median and average sector growth rates as well.
- Lastly, we'll look at capex growth by company size, both in terms of market cap, as well as in terms of overall capex dollar budgets.

Bottom line takeaways from 3Q25:

1) Investment in the economy grew by almost 21% year-over-year in the third quarter on a cumulative basis. This was driven by outsized contributions from larger firms making AI infrastructure investments, but in no way was this entirely the case. This was slightly lower than last quarter's ~24% growth, but generally speaking this is extraordinary levels of investment.
2) The median firm's capex grew by 6.2% year-over-year, which was above last quarter's 5.4%. Here we remain below pre-COVID levels but the trend is getting better.
3) The average sector saw their capex grow by 15% in the third quarter, and the median sector grew capex by almost 12% as well. This is well above pre-COVID levels.
4) Our Diffusion Index was 58%, above the historical average for the 4th straight quarter.

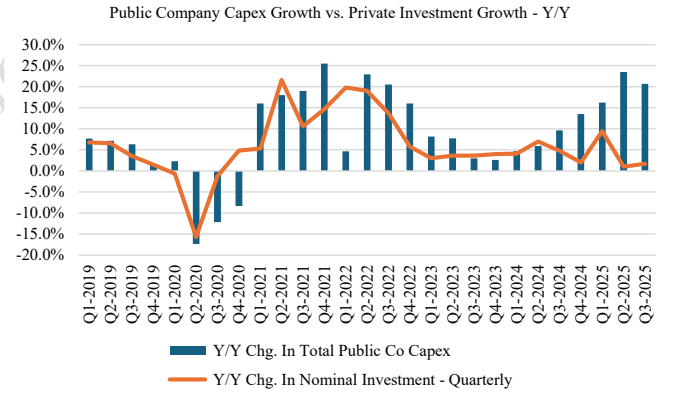
KEY CHARTS

As noted above, investment in the U.S. economy reached an extremely impressive 21% year-over-year growth in the third quarter. Second only to last quarter, this was the highest since 4Q21, which was aided by an easy comparison from depressed activity in 4Q20 due to COVID. As the chart below shows, this is also well above pre-COVID levels.



Source: SEC Filings, *The Curb Economist*

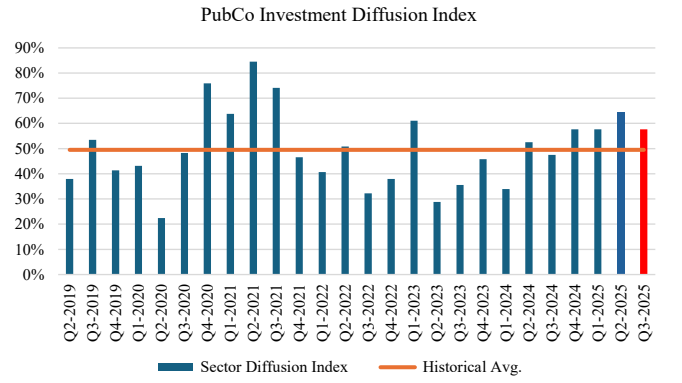
The next chart compares US public company capex to Gross Private Domestic Investment from the government data. As you can see from the chart, our data shows significantly greater investment than the U.S. government data does. While this could partially be because of larger firms investing more globally, at the present moment, this is probably not the case (AI investment seems to be happening in the US to a larger extent than these companies' revenue bases would otherwise predict). Our dataset's significantly greater level of investment compared to the government investment data also helps explain why our GDP / GNI estimates for 3Q25 are so much higher than even the latest revised government figures as well (we estimate the economy grew closer to 6% in the third quarter compared to more like 5.4% Y/Y in the gov't data).



Source: SEC Filings, *The Curb Economist*

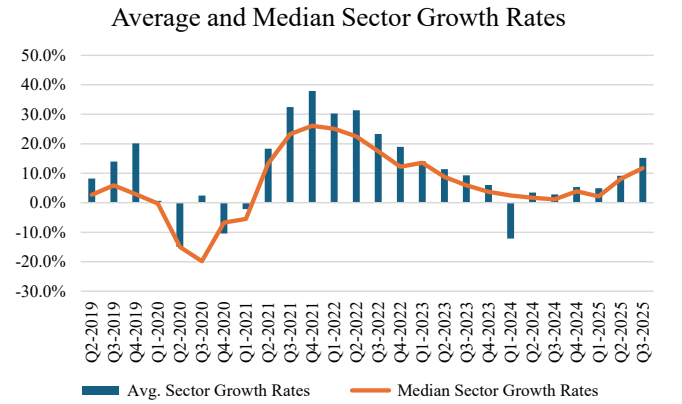
The next chart looks at capex growth by sector through a Diffusion Index. This looks at the percentage of sectors who are seeing capex growth accelerate in a given quarter relative to the previous quarter. Despite the last three quarters all being above the historical average, robust investment growth and expanding breadth have resulted in a fourth straight quarter above the historical average of our dataset. This quarter, 34 of 59 sectors saw accelerating weighted-average growth rates (58%), which was above the historical average of 50% for the fourth consecutive quarter. After last quarter's remarkable level of investment, the fact that the

Diffusion Index was again above the historical average this quarter is quite impressive.



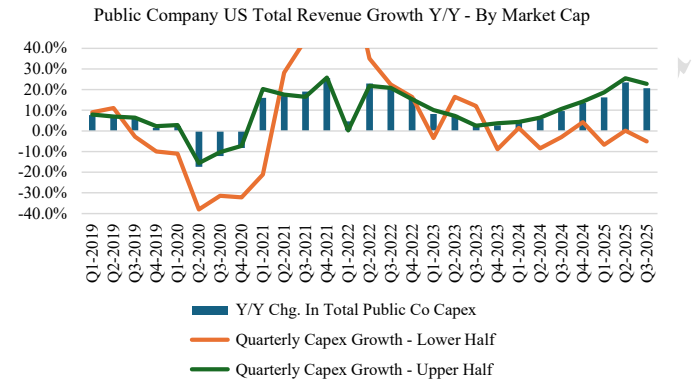
Source: SEC Filings, *The Curb Economist*

The next chart then shows the average and median sector growth rates over time as well. Here you can see improvement in both metrics again this quarter, with the median now well above where we were pre-COVID as well. This metric in particular suggests high levels of investment in the U.S. economy is not being solely driven by large companies spending on AI.

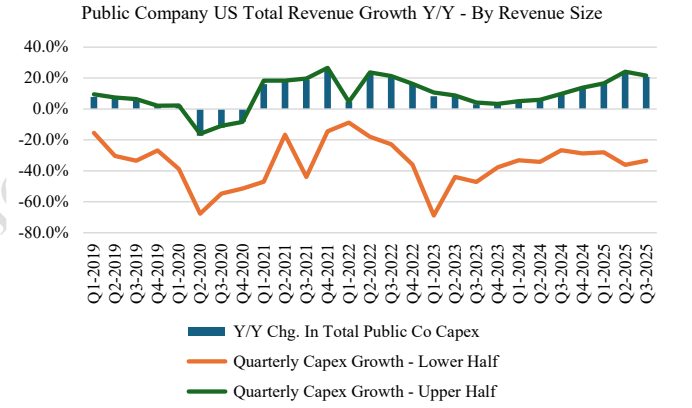


Source: SEC Filings, *The Curb Economist*

Our last two charts look at capex by both market cap as well as by capex dollar budgets. This quarter (which was similar to recent quarters), the average company in our dataset spent about $134M in capex on a quarterly basis. The *median* firm, however, spent only $7M. Our next charts bifurcate between small and large firms based on their being above or below the median in each instance.



Source: SEC Filings, *The Curb Economist*



Source: SEC Filings, *The Curb Economist*

As you can clearly see from the charts, capex growth at smaller firms (those below the median) continues to materially lag capex growth at larger firms. Using market capitalization as a proxy for firm size, the spread between the two isn't necessarily getting larger (though it has in recent quarters), but using actual dollar capex budgets, that spread is widening (which you can see in the second chart). Also note the general divergences between large firms and small firms post COVID as well. Here we saw small firm capex spike in 2021 (after pulling back significantly in 2020), only to see that growth slow significantly as the Fed started raising interest rates beginning in 2022. While large firms also saw their capex growth slow during that period,

it has since accelerated significantly while smaller firm capex remains firmly in negative territory.

CONCLUSION

In conclusion, we can say the following about investment in the U.S. economy:

- First, aggregate investment remains extremely robust in the U.S. economy, and at levels we haven't seen in a long time. A key driver for this is large companies investing in AI.
- Importantly, however, it is not *only* that. Median investment (capex) growth rates, as well as average and median sector capex growth rates, are all generally accelerating as well. This suggests expanding breadth in investment in the economy beyond just AI.