



The S&P 500 Index retrenched in the first quarter of 2026, reflecting a more cautious market tone amid rising uncertainty. Geopolitical risk escalated following U.S. and Israeli strikes on Iran and subsequent Iranian retaliation that included actions against several Gulf Cooperation Council (GCC) members. Iran's further disruptions to the shipping lanes off the Strait of Hormuz, along with the heightened risk of a much broader conflict across the region, placed significant upward pressure on oil prices that prompted the market to reassess both its inflation and global growth expectations. Against this backdrop, the Federal Reserve held the federal funds rate steady.

STRATEGY PERFORMANCE

The top 5 contributors to performance were Vertiv Holdings Company (VRT), Element Solutions Inc. (ESI), SLB Limited (SLB), Diamondback Energy Inc. (FANG), and Lam Research Corporation (LRCX).

AI data center growth and energy related stocks drove performance this quarter. Vertiv is well positioned in the AI infrastructure ecosystem, specializing in liquid cooling, power management, and the design/building of data centers. The company reported exceptionally strong numbers, with backlog doubling, resulting in significant increases in expected earnings and sales for 2026. Additionally, VRT was added to the S&P 500 Index which triggered mandatory buying from passive funds, causing a further uplift in the shares. Element Solutions is a specialty chemicals company supplying the electronics manufacturing supply chain, along with a smaller portfolio of industrial specialty products. ESI reported strong organic sales growth in 2025, led by its Electronics segment. Demand from data centers, high-performance computing, advanced packaging, and new customer wins drove the results. Lam Research is leading semiconductor manufacturer that develops wafer fabrication equipment with advanced technologies for global chip production. Lam reported strong results in its December 2025 quarter with record revenue. The company is benefiting from AI-driven demand across foundry/logic, high-bandwidth memory, advanced packaging, and next-generation chip architectures. The company raised its 2026 industry spending outlook and expects to continue outgrowing the market.

SLB, one of the world's premier oilfield services companies, supplies advanced technology and expertise essential to oil and gas exploration and production worldwide. The entrenched view of abundant, low-cost oil has been sharply reversed by the Iran conflict, which dramatically tightened global supply dynamics. In response, nations are now racing to diversify their energy sources away from the Middle East. SLB stands to benefit significantly, with its services remaining in strong demand even if oil prices moderate, creating a compelling multi-year growth opportunity. Oil producer, Diamondback Energy, directly benefits from rising oil prices. The company delivered solid fourth-quarter and full-year 2025 results, with production beating guidance. The company is expanding its high-quality inventory by developing deeper zones where early wells have shown robust performance. It kept capital spending disciplined and generated healthy free cash flow that supports returning at least 50% of free cash flow to shareholders each quarter through its dividend and share repurchases.

The largest 5 detractors from performance were Microsoft Corporation (MSFT), Alphabet Inc. (GOOGL), NVIDIA Corporation (NVDA), Adobe Inc. (ADBE), and Apple Inc. (AAPL).

Microsoft was not immune to disruption fears in software, with products spanning operating systems, database management, web hosting, and security management. Despite AI disruption fears, AI is currently driving growth, with the company's cloud computing platform (Azure) growing 40%. Microsoft should be uniquely positioned with proprietary data on their clients including how specific companies operate and their workflow patterns, allowing their AI to be trained on proprietary data rather than generic data on the public internet.

NVIDIA delivered strong first-quarter results, with sales growing ~70% and earnings climbing ~80%, handily beating expectations. Momentum is poised to continue over the next four quarters, propelled by demand for its groundbreaking

Rubin platform—purpose-built for agentic AI, the next leap in autonomous systems that can reason, plan, and act independently across complex workflows. After a pause in recent quarters, the stock now trades below the broader market multiple. We believe NVIDIA offers compelling upside potential from current levels. Alphabet has seen sentiment improve over the past year as the company grew search volumes. AI has led to more searches rather than the declines many had feared. The company also advanced its AI models faster than peers and expectations. This helped the stock roughly double over the prior three quarters, while the most recent quarter saw the stock pause after a strong run. With the stock trading at a P/E in the low 20s, it appears attractive.

Adobe provides digital media and marketing software solutions. The company reported fine first-quarter results that beat expectations. However, several concerns weighed on sentiment: the surprise announcement of long-time CEO Shantanu Narayen’s impending departure, a slowdown in the amount of new yearly subscription revenue added, and clear AI-driven pressure in the Stock business where generative AI images are displacing traditional stock content. The combination of leadership uncertainty and ongoing AI disruption risks has kept investors cautious. Lastly, Apple’s expanded ecosystem of digital offerings delivered strong first-quarter results that included iPhone demand and revenue growth for the latest models as well as record performance in China. Apple delivered all-time high gross margins across products and services. Management also issued an upbeat revenue outlook for the March quarter. However, the stock reacted relatively weakly as investors zeroed in on the emerging pressure from rising memory costs, which are expected to weigh on product gross margins starting in Q2 with limited offsets visible for the second half. A durable installed base, recurring Services growth, and potential from AI features reinforce long-term ecosystem strength.

STRATEGY ACTIVITY

The Strategy added CSX Corporation (CSX) and Wintrust Financial Corporation (WFC).

CSX is a premier railroad. It operates an extensive freight network across 23 eastern U.S. states, transporting commodities including coal, chemicals, intermodal containers, and automotive goods. Rising e-commerce and nearshoring trends boost intermodal demand, while industrial development pipelines and potential rail consolidations enhance scale and efficiency. The company's focus on safety, sustainability, and technology-driven productivity supports margin expansion toward best-in-class levels, with projected mid-teens EPS CAGR through 2028. The new CEO is emphasizing execution, pricing discipline, and a high-performance culture, building on stable operations and recent service improvements. Completion of key infrastructure projects unlocks capacity for accelerated growth, with resilient volumes and intermodal partnerships driving momentum.

Wintrust is a Chicago-based regional bank offering commercial banking, wealth management, and specialty finance services. Wintrust continued to deliver above-peer organic loan growth while maintaining a stable net interest margin near 3.50%. The bank is gaining deposit market share and expanding fee income. Its diversified and lower-risk lending platform, disciplined expense control, and positive operating leverage outlook position it well for revenue growth outpacing expense increases into 2026. Capital levels are building, providing flexibility for deployment. We like the company and stock for its superior growth record, credit quality, and strong positioning in an attractive regional market.

| Top 5 Performance Contributors ^a as of 03/31/2026 | |
|--|------|
| Quarter Return (%) (gross of fees) | |
| Vertiv Holdings Company (VRT) | 54.7 |
| Element Solutions Inc (ESI) | 36.9 |
| SLB Limited (SLB) | 34.7 |
| Diamondback Energy Inc (FANG) | 32.3 |
| Lam Research Corporation (LRCX) | 25.0 |

| Bottom 5 Performance Detractors ^a as of 03/31/2026 | |
|---|-------|
| Quarter Return (%) (gross of fees) | |
| Adobe Inc (ADBE) | -30.5 |
| Microsoft Corporation (MSFT) | -23.3 |
| Alphabet Inc (GOOGL) | -8.1 |
| Apple Inc (AAPL) | -6.6 |
| NVIDIA Corporation (NVDA) | -6.5 |

As measured by contribution to return, the top contributors and bottom detractors represent the best and worst performing securities held by the Strategy based on the position weight and total return of each Strategy holding. Securities are ranked by each position’s Individual Performance impact on the Strategy’s return for the analysis period. The contributors and detractors are listed in the order of their non-weighted total return.

The Strategy sold Norfolk Southern Corporation (NSC), Gaming and Leisure Properties Inc. (GLPI), Fiserv Inc. (FISV), and PayPal Holdings (PYPL).

Norfolk Southern (NSC), a leading railroad, operates an extensive freight network across 22 eastern U.S. states and the District of Columbia, hauling commodities like intermodal containers, coal, chemicals, and merchandise. Recent challenges amid "deal purgatory" from the pending UNP merger have created uncertainty, prompting our decision to exit the position. We see better risk/reward in CSX. Gaming and Leisure Properties is a triple-net lease REIT that owns and finances gaming and leisure real estate properties leased primarily to regional casino operators. We sold the stock to consolidate the REIT holdings into a single company as the sector weight declined, and we saw better risk/reward in the alternative. We like the company's attractive dividend yield, disciplined capital deployment, and visible AFFO growth. That said, key debates centered on meaningful single tenant concentration and its large-scale Chicago, New York, and Las Vegas developments.

Payment processing companies have been weak. Fiserv is a leading financial technology provider offering payment processing, banking software, and merchant solutions. This detractor sold off on a meaningful reset to growth expectations. Management openly acknowledged structural slowdowns in the business and the drawbacks of years of relying on short-term revenue tactics that prioritized immediate results over building sustainable client relationships. Competitive gaps and deferred investments finally caught up, prompting lowered guidance and framing 2026 as a low-single-digit growth "investment year." Given the persistent execution challenges, extended turnaround timeline, and lack of near-term momentum, we exited the position. PayPal Holdings is a leading digital payments platform providing online checkout, peer-to-peer payments via Venmo, and merchant processing solutions. Core Branded checkout growth continued to decelerate, driven by U.S. retail softness among lower- and middle-income consumers and competitive pressures. Management also cited internal execution shortfalls. In response, the board announced the departure of CEO Alex Chriss and appointed HP CEO Enrique Loes (current PayPal board chair) as the new President and CEO effective March 1. With persistent core business weakness, lowered 2026 guidance, and added leadership uncertainty, we exited the position.

OUTLOOK

Despite the significant supply shock that resulted from Iran closing the Strait of Hormuz, the market's reaction to the recent conflict in the Middle East has thus far been rather muted. If a negotiated settlement is reached, and the Strait is reopened in the very near future, the greatest negative economic impacts may yet be avoided. Until then, we remain focused on analyzing underlying stock fundamentals and adhering to our risk managed portfolio construction discipline.

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Source: Dana Investment Advisors; (a) FactSet Research Systems; (b) Morningstar Direct.