

MAR VISTA

U.S. Quality Premier

Portfolio Commentary | March 31, 2026

Summary

- U.S. equities entered 2026 with continued momentum, although market leadership began to evolve meaningfully over the first quarter. While the Federal Reserve's easing bias and resilient corporate earnings initially supported equity prices, the environment became increasingly differentiated beneath the surface. Markets were challenged by tariff-related uncertainty, renewed scrutiny around the sustainability of AI-driven growth, and emerging concerns within private credit, before geopolitical developments became the dominant driver of returns.
- With the escalation of conflict in the Middle East, rising oil prices, and changes to inflation and interest rate expectations, U.S. equities experienced elevated volatility and delivered their weakest quarterly performance in nearly four years. The S&P500® Index declined -4.33%, while the Nasdaq Composite fell -6.96%, entering correction territory during March.
- Mar Vista's U.S. Quality Premier strategy returned -10.17% net-of-fees in the first quarter of 2026. The Russell 1000® Index and the S&P 500® Index returned -4.18% and -4.33%, respectively. Stock selection within materials positively impacted performance, while stocks in industrials and information technology detracted most from performance during Q1.
- The first quarter's top portfolio contributors were Johnson & Johnson (JNJ), Taiwan Semiconductor (TSM) and Analog Devices (ADI). Top detractors were Microsoft (MSFT), SAP ADR (SAP) and Meta Platforms (META).
- During the quarter, we initiated new investments in Ecolab (ECL), GE Vernova (GEV) and QXO Inc (QXO). We also exited our positions in Salesforce (CRM) and SAP ADR (SAP). During the quarter-end rebalance of the Quality Premier strategy, we added to our holdings in Danaher (DHR), Netflix (NFLX) and Linde plc (LIN), and trimmed Intuit (INTU) and Meta Platforms (META).
- We believe the market is transitioning into a more fundamentally-driven environment where returns could be more closely tied to earnings durability, free cash flow generation, and capital discipline. While near term volatility is likely to persist, particularly given geopolitical risks and policy uncertainty, we believe this environment should ultimately favor high-quality businesses with durable competitive advantages.

Commentary

U.S. equities entered 2026 with continued momentum, although market leadership began to evolve meaningfully over the first quarter. While the Federal Reserve's easing bias and resilient corporate earnings initially supported the equity market, the environment became increasingly differentiated beneath the surface. Markets were challenged by tariff-related uncertainty, renewed scrutiny around the sustainability of AI-driven growth, and emerging concerns within private credit, before geopolitical developments became the dominant driver of returns.

The escalation of conflict in the Middle East in late February marked a clear inflection point. Oil prices surged more than 50% during the quarter as disruptions centered around the Strait of Hormuz reverberated across global markets. The resulting energy shock pushed inflation expectations higher and led to a meaningful repricing of interest rate expectations. The equity markets began the year expecting multiple rate cuts. However, the outlook has shifted towards concerns about a prolonged period of restrictive policy, tightening financial conditions, and increased pressure on risk assets.

Against this backdrop, U.S. equities experienced elevated volatility and delivered their weakest quarterly performance in nearly four years. The S&P 500® Index declined -4.33%, while the Nasdaq Composite fell -6.96%, entering correction territory during March. Smaller capitalization equities were relatively more resilient, though the observed broadening of market participation remained selective rather than structural.

Importantly, the AI investment cycle is entering a more disciplined phase. While the long-term opportunity remains compelling, investor focus is shifting from the scale of investment toward the return generated on that capital. We are seeing a clear separation between companies already translating AI investment into tangible revenue and cash flow growth, and those where returns remain further out on the horizon. This dynamic reinforces our emphasis on owning businesses with proven monetization models, strong competitive positioning, and the ability to generate attractive returns on invested capital.

Geopolitical developments added further complexity late in the quarter, while also reinforcing the sensitivity of markets to external shocks. Reports suggesting a potential de-escalation in the Iran conflict triggered a sharp one-day rally, underscoring how quickly sentiment can shift in a headline-driven environment. However, the path of energy prices remains central to both inflation and growth expectations, and we believe continued volatility in this area is likely to influence market direction.

Performance Review

Mar Vista's U.S. Quality Premier strategy returned -10.17% net-of-fees in the first quarter of 2026. The Russell 1000® Index and the S&P 500® Index returned -4.18% and -4.33%, respectively. Stock selection within materials positively impacted performance, while stock selection in industrials and information technology detracted the most from performance during the quarter.

Johnson & Johnson, Taiwan Semiconductor and **Analog Devices** were among the portfolio's top contributors for the quarter, appreciating +18.74%, +11.45%, and +17.69%, respectively. Alternatively, **Microsoft, SAP** and **Meta Platforms** detracted from performance, declining -23.28%, -30.74% and -13.25%, respectively.

Johnson & Johnson (JNJ) appreciated 18.74% during the first quarter driven by strong Innovative Medicine growth, improved outlook for the medical device segment, and management's comment that there is a "line of sight" to double-digit revenue growth by the end of the decade. JNJ's Innovative Medicine segment continues to provide results that exceed expectations. Rapidly growing products in oncology and immunology, combined with a solid pipeline of new candidates, has changed investors' narrative on JNJ's pharma business from one of patent risk to pipeline durability. In MedTech, the company is reallocating capital from low-growth businesses, like Orthopaedics, and toward higher-growth segments, particularly cardiovascular and electrophysiology. Enthusiasm is

also rising for JNJ's imminent entry into the robotic surgery market. Despite the stock's appreciation over the last year, JNJ remains one of the few large-cap healthcare stocks offering a combination of defensive characteristics, accelerating growth and consensus expectations that are still below management's long-term guidance.

Taiwan Semiconductor Manufacturing (TSM) reported a strong quarter and raised its outlook, as it continues to benefit from robust demand for leading-edge semiconductors. TSM's technological leadership, which is underpinned by its scale advantages, proprietary process expertise, and decades of manufacturing experience, was evident in its strong revenue growth and expanding gross margins during the quarter. The company also increased its long-term revenue outlook, which is supported by its dominant position as a leading manufacturer of cutting-edge chips that are powering the AI revolution.

As the share price appreciated and the margin of safety narrowed, we reduced our position to an average portfolio weight and reallocated capital to opportunities with a more favorable risk-reward profile. We continue to believe TSM is well positioned to compound returns above market rates and therefore maintain a position in the stock.

Analog Devices (ADI) reported a strong quarter, with an improving outlook driven by a cyclical recovery in its core industrial and automotive markets, as well as solid demand for its AI-enabled solutions. The industrial and automotive segments, which together account for approximately 70% of revenue, are rebounding following an inventory correction stemming from the pandemic-induced supply crunch. Management believes excess inventory has largely been worked down, with the industrial customers now ordering in line with end demand. The automotive segment is benefiting from share gains, which is driving growth for Analog Devices in an otherwise anemic end market. This, combined with increasing exposure to the AI infrastructure build-out, is driving a healthy recovery in demand across ADI's product portfolio.

Microsoft's (MSFT) stock came under pressure in Q1 as investors grew concerned about the rising costs required to fund its accelerating AI infrastructure build-out in 2026. This, combined with heightened expectations for Azure growth, led to a sell-off following the December quarter earnings report, when Azure revenue grew "only" 39% year over year.

Investors have increasingly questioned the return on investment associated with Microsoft's large and rapidly expanding capital expenditures tied to AI infrastructure. While these investments are substantial, we believe Microsoft is well positioned to support this growth through its strong and expanding operating cash flows. Although the company has meaningful exposure to OpenAI, OpenAI's ability to raise over \$100 billion should help alleviate investor concerns regarding its capacity to meet large contractual commitments.

Microsoft remains a top portfolio holding, supported by its financial strength, diversified revenue streams, and broad customer base, all of which provide resilience. The company is experiencing strong growth in Azure, its hyperscale cloud platform, which is capacity constrained, alongside increasing adoption of its Copilot offerings across its extensive enterprise customer base. We believe Microsoft should be well positioned to generate attractive long-term returns from its partnership with OpenAI and to effectively monetize generative AI capabilities across its global enterprise IT footprint through its expanding suite of Copilot and AI-enabled products.

SAP ADV (SAP) experienced share price pressure during the quarter, and we decided to exit our position in the stock as the range of outcomes expanded amid growing perceived risk of disruption to traditional software from AI. Solutions enabled by large language models, such as Anthropic's Claude Code, are introducing new economic models that challenge the durability of software-as-a-service (SaaS) incumbents like SAP.

We believe that as enterprises continue to adopt generative AI solutions, including agentic computing, traditional SaaS revenue models will shift from a per-seat pricing structure to a consumption-based model. This transition is likely to introduce greater volatility in out-year revenue streams, potentially pressure gross margins, and shift the user interface from the application layer (controlled by SaaS providers) to the agentic layer, which may be supported by third-party vendors, including large language model providers. Given these dynamics, we exited our remaining stub position and redeployed the capital into opportunities with a more attractive risk-reward profile.

Meta Platforms (META) underperformed during the first quarter of 2026 as a combination of legal, fundamental, and sentiment-driven factors weighed on the stock. The primary catalyst was a landmark Los Angeles jury verdict against Meta and Alphabet, which established a new legal pathway targeting product design features such as algorithmic feeds, autoplay, and infinite scroll. This introduced a meaningful litigation overhang and, more importantly, raised concerns that potential algorithmic changes could reduce engagement. Given the direct link between user time spent and revenue, investors reassessed forward growth assumptions, driving multiple compression alongside broader concerns around AI investment intensity and market volatility.

We believe the selloff is overdone. The market is discounting worst case legal and engagement outcomes that remain uncertain and likely to unfold over several years, particularly as Meta is expected to appeal. Core fundamentals remain intact, with strong advertiser demand supported by continued AI-driven improvements in targeting and conversion, as well as expanding monetization across Reels. Importantly, the stock is now trading near trough valuation levels (16x), which we view as disconnected from Meta's long-term earnings power and ability to compound free cash flow as investment moderates. That said, we recognize that long term liabilities could ultimately be significant and difficult to forecast, and we will manage this risk through disciplined position sizing while maintaining exposure to the company's structural growth opportunity.

Portfolio Activity

During the quarter, we initiated new investments in **Ecolab Inc (ECL)**, **GE Vernova Inc (GEV)** and **QXO Incorporated (QXO)**. We also exited our positions in **Salesforce (CRM)** and **SAP ADR (SAP)**. During the quarter-end rebalance of the Quality Premier strategy, we added to our holdings in Danaher (DHR), Netflix (NFLX) and Linde plc (LIN), and trimmed Intuit (INTU) and Meta Platforms (META).

Ecolab (ECL) provides water, hygiene, and infection prevention solutions across industrial, healthcare, and institutional end markets. Its offerings are embedded in customer operations and often linked to regulatory requirements, safety standards, and efficiency objectives. Delivered through a global service network, these solutions contribute to high customer retention and a recurring revenue profile. We believe the company's scale, technical capabilities, and long-standing customer relationships support a durable competitive position.

The company's model combines consumable products with service and monitoring, which contributes to revenue visibility and resilience. Because its solutions are integral to maintaining uptime and compliance, demand tends to be less discretionary. Ecolab has also expanded its capabilities through digital tools and analytics, which we believe can enhance customer outcomes and deepen integration within client operations. These factors may support pricing and reinforce its role as a value-added partner.

Ecolab continues to invest in areas such as water management, energy efficiency, and sustainability, which we believe extend its growth opportunities while leveraging its existing platform. The company has demonstrated a history of operational discipline and capital allocation, contributing to attractive returns on invested capital. While macro and execution risks remain, we believe long-term demand drivers, including water scarcity and regulatory requirements, support the durability of the business model and may contribute to steady growth and margin improvement over time.

GE Vernova (GEV) is a global leader in the electric power industry, providing products and services across the electricity value chain. Following its April 2024 spin-off from General Electric (GE), GE Vernova operates as an independent company focused on power, wind and electrification. GEV's installed base helps generate approximately 25% of the world's electricity. The company maintains one of the largest installed fleets of heavy-duty gas turbines globally. GEV's combination of equipment sales and high-margin service revenue creates a robust backlog and long-term earnings visibility. We believe GEV possesses a durable competitive moat driven by its scale, technological leadership and deep relationships with governments, utilities and industrial customers.

Artificial intelligence and data center growth are key demand drivers. The projected energy required to enable this growth is significant, with the International Energy Agency expecting global data center electricity consumption to double by 2030 and triple by 2035 compared to 2024. This dynamic is driving significant investment in reliable power generation and grid modernization, areas where GEV is well positioned to benefit.

Although power equipment markets are cyclical and capital intensive, we believe these characteristics favor scaled incumbents. The magnitude of required investment, long project cycles and technical complexity create high barriers to entry. As legacy offshore wind projects roll off in 2027 and global energy demand rises, we see an opportunity for margin expansion driven by improved execution and operating leverage. We believe GEV is well-positioned to continue generating strong returns on invested capital and remain a critical player in the global electricity value chain.

QXO Incorporated (QXO) is a building products distribution platform pursuing a consolidation strategy within a highly fragmented, ~\$200 billion addressable market. The industry remains predominantly local and operationally fragmented, with many subscale distributors lacking purchasing power, logistics scale, and technological capabilities. QXO's strategy is to aggregate these assets into a national platform through acquisitions and operational standardization. We believe the size of the market and the company's acquisition pipeline provide a meaningful opportunity to build a scaled operator over time.

In parallel, the industry is undergoing a gradual shift toward more digital and data-driven operations. As QXO invests in systems, data analytics, and pricing tools, we believe there is potential to improve pricing consistency, inventory management, and service levels. These capabilities may enhance efficiency while strengthening customer relationships, particularly as workflows become more

integrated. In an environment where reliability and product availability are critical, scaled operators may be better positioned to compete with smaller peers.

As the platform expands, we believe these operational and data advantages could become more pronounced. The investment case is further supported by a capital allocation strategy led by Brad Jacobs, focused on acquiring subscale businesses and seeking to improve performance through procurement, logistics, and technology initiatives. While execution risk is inherent in any consolidation strategy, particularly at scale, we believe QXO operates in a target-rich environment with a potential runway for growth. Over time, we believe the combination of scale, operational improvement, and end-market demand may support revenue growth, margin expansion, and attractive returns on invested capital.

We sold our remaining stub position in **Salesforce.com (CRM)**, as the range of potential outcomes has widened due to the growing risk that AI will disrupt the traditional seat-based software revenue model, despite Salesforce's efforts to aggressively build an agentic enterprise platform. We believe the shift from a seat-based to a consumption-based model may limit long-term revenue growth, as seat-based attrition is likely to partially cannibalize the incremental revenue opportunity from consumption-based pricing. In addition, the consumption model is likely to carry a higher cost of goods sold, which could pressure margins over time. Given the uncertainty around the company's future revenue and margin profile during this transition, we chose to exit the remaining position.

As mentioned above, we exited our remaining position in **SAP ADR (SAP)** during the quarter, as the range of outcomes expanded amid growing perceived risk of disruption to traditional software from AI. We redeployed the capital into opportunities with a more attractive risk-reward profile.

Outlook

We believe the market is transitioning into a more fundamentally-driven environment where returns could be more closely tied to earnings durability, free cash flow generation, and capital discipline. In this context, elevated energy prices and a more restrictive policy backdrop introduce additional uncertainty, particularly for businesses with more cyclical or capital-intensive models.

At the same time, the evolution of AI reinforces a core tenet of our investment philosophy: not all growth is created equal. Within our portfolios, we are focused on seeking to identify companies that are not only investing in AI, but are doing so in a way that enhances their competitive advantages and drives measurable improvements in revenue growth, margins, and return on capital. We continue to see this most clearly among select platform companies and infrastructure providers that benefit from scale, data advantages, and embedded customer relationships.

Prior to the Iran war, rising dispersion across sectors and individual securities was creating a more favorable backdrop for active management. While certain areas of the market continue to reflect elevated expectations, we are identifying a growing opportunity set in high-quality businesses that combine durable competitive advantages with attractive long term growth prospects and more reasonable valuations.

Within U.S. Quality Premier, our focus remains consistent with that of our U.S Quality strategy: we seek to own a concentrated portfolio of businesses we believe are capable of compounding intrinsic value over time, supported by strong balance sheets, high returns on invested capital, and resilient

free cash flow generation. While Quality Premier holds the same businesses as U.S. Quality, the strategy differs in position sizes to optimize exposure to high returns on invested capital. Our largest positions continue to reflect this discipline, with exposure to companies that are leaders in their respective industries and are well positioned to benefit from long duration structural growth trends, including the continued buildout and monetization of AI.

While near term volatility is likely to persist, particularly given geopolitical risks and policy uncertainty, we believe this environment should ultimately favor high-quality businesses with durable competitive advantages. Periods of dislocation often create opportunities to increase exposure to these companies at more attractive valuations. We remain disciplined in our approach, focused on long-term value creation, and confident in the ability of our portfolio companies to navigate an increasingly complex macroeconomic backdrop.

As always, the investment team appreciates the trust you have instilled in us as stewards of your capital. We take our role as fiduciary seriously and open communication about how we are managing your capital is an important part of that responsibility. Please don't hesitate to let us know of any questions, comments or concerns you may have. We look forward to the opportunity to discuss our investment philosophy and thoughts through these quarterly updates, conference calls, and personal meetings with you.

All the best,

The Mar Vista Investment Team

U.S. Quality Premier Annualized Returns as of March 31, 2026

	Gross	Net*	R1000® Index	S&P 500® Index
1 Year	11.94	11.39	17.75	17.80
Since Inception	4.82	4.30	10.11	10.07

**As of January 1, 2025, the firm began presenting net of a model fee for all historical periods, calculated using 1/12th of the highest annual fee schedule applied to the monthly gross returns of the composite. Inception date: 09/30/2024.*

Investors in Mar Vista's U.S. Quality Premier strategy acknowledge and agree that (I) any information provided by the Firm is not a recommendation to invest in the strategy and that the Firm is not undertaking to provide any investment advice to the investor (impartial or otherwise), or to give advice to the investor in a fiduciary capacity in connection with an investment in the strategy and, accordingly, no part of any compensation received by the Firm is for the provision of investment advice to the investor and (II) Mar Vista has a financial interest in the investor's investment in the strategy on account of the fees and other compensation the Firm expects to receive from the client.

Mar Vista Investment Partners, LLC, a Delaware limited liability company, is a registered investment adviser under the Investment Advisers Act of 1940. The Firm offers investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, corporations, as well as other institutional clients. For purposes of compliance with GIPS®, Mar Vista has defined itself to include bundled/wrap fee accounts in the Firm's assets. Prior to January 1, 2018, Mar Vista defined itself to not include bundled/wrap fee accounts in the Firm's assets. Mar Vista maintains a complete list and description of Firm composites, which is available upon request.

On 7/12/07, Silas Myers and Brian Massey formed Mar Vista to manage various large-cap equity strategies. On 12/1/07, all of the assets under their management at Roxbury Capital Management, LLC transitioned to Mar Vista through a sub-advisory arrangement. Information provided for the period from January 2004 through November 2007 represents the performance of portfolios managed by Mr. Myers and Mr. Massey while employed by Roxbury Capital Management. On 1/25/15, Mar Vista finalized an agreement whereby the preferred share class that was owned by Roxbury was extinguished. All assets under management are managed by Mar Vista. Mar Vista claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Benchmark returns are not covered by the report of independent verifiers. For the entire period presented, Mr. Myers and Mr. Massey have been substantially responsible for the all the investment decisions of the large-cap equity strategies. Performance prior to 12/01/07 meets GIPS® portability requirements. ACA served as the verifier, conducted a verification and examined the composite's performance history that was ported over to Mar Vista prior to 12/01/07.

The U.S. Quality Premier Composite was created in 2024, with an inception date of 9/30/24. All returns are based in U.S. dollars and are computed using a time-weighted total rate of return. The composite is defined to include all fully discretionary portfolios with no minimum or maximum account value, managed in accordance with Mar Vista's U.S. Quality Premier strategy, and that paid for execution on a transaction basis.

The primary benchmark is the Russell 1000® Index, defined as an unmanaged, capitalization weighted index of those Russell 3000 companies with larger capitalizations. Index returns include dividends and/or interest income, and do not reflect fees or expenses. In addition, the Russell 1000® Index is fully invested. Investors cannot directly invest in an index. The secondary benchmark is the S&P 500® Index, defined as an unmanaged, capitalization weighted index of the common stocks of 500 major U.S. corporations. Index returns include dividends and/or interest income and, unlike composite returns, do not reflect fees or expenses. In addition, unlike the composite, which periodically maintains a significant cash position, the S&P 500® Index is fully invested. Investors cannot directly invest in an index.

The dispersion in gross-of-fee composite returns shown herein was measured using an asset-weighted standard deviation formula. Performance results presented reflect the reinvestment of dividends and other earnings. Gross performance is net of all transaction costs, and as of 1/1/25, net returns for all periods are calculated using a model fee, by deducting 1/12th of 0.50% from monthly gross returns and does not include any custodial fees. All returns are calculated net of withholding taxes on dividends and interest. Actual results may differ from composite results depending upon the size of the portfolio, investment objectives and restrictions, the amount of transaction and related costs, the inception date of the portfolio and other factors. Policies for valuing portfolios, calculating performance, and preparing GIPS® composite reports are available upon request. Past performance is no guarantee of future results. Not FDIC insured, no bank guarantee, may lose value. The Firm's U.S. Quality Premier fee schedule is as follows: First \$25 million – 0.50%; Next \$25 million - 0.40%; Next \$50 million – 0.35%; Over \$100 million - Negotiable. Special circumstances may cause fees to vary from this schedule and Mar Vista reserves the right to negotiate fees with clients. Fees are payable quarterly in arrears or advance based on 1/4th of the annual rate. On April 14, 2026, Q1 2026 performance was revised by 14 basis points due to a pricing update not reflected in preliminary returns. The corrected return has been applied to all quarterly material and composite reports.

A complete list of portfolio holdings and specific securities transactions for the investment strategy during the preceding 12 months, the top contributors and underperformers calculation methodology and a list of every holding's contribution to the overall performance during the period is available upon request. The sector performance and securities mentioned in this letter were held in the account of a U.S. Quality Premier client that Mar Vista believes to be representative of the accounts that Mar Vista manages for this investment strategy during the period from December 31, 2025-March 31, 2026. Other Mar Vista clients managed with different investment objectives may hold different securities than those listed. The securities listed in this letter should not be considered a recommendation to purchase or sell any particular security. The reader should not assume that investments in the specific securities identified herein were or will be profitable. A U.S. Quality Premier GIPS® Composite Report is available upon request by contacting Mar Vista directly at (800) 993-1070 or via email at info@marvistainvestments.com. Past performance is no guarantee of future results. Not FDIC insured, no bank guarantee, may lose value.