

Q1 2026 Investor Letter

Apr 20 2026 By The Nightview Team

Dear Partners,

I. THE WORLD AS WE FOUND IT

The first quarter of 2026 will be remembered for two things.

The first was geopolitical: U.S. and Israeli forces launched coordinated strikes on Iran in late February, killing the Supreme Leader and introducing an extreme level of instability into global markets.

The second was structural: the software sector experienced a broad and, in our view, largely indiscriminate repricing. The market's implicit thesis was sweeping: that AI would erode the margins of every software business, that large enterprises would simply build their own tools, and that the moats investors had spent years paying premiums for would be rendered obsolete overnight.

Some of that fear is not wholly unreasonable, and yes, there will be casualties. Businesses selling shallow, easily replicable products are right to be worried. But the market seemed to apply this logic like a paint roller when it required a scalpel.

This is also a function of how, in the short term, markets have become increasingly beta-driven. Selling across sectors has grown more indiscriminate as passive holdings and algo-driven orders now dominate flows. For us, this is ultimately a positive — it creates additional inefficiencies, and inefficiencies can create opportunity.

The software businesses with deep workflow integration, proprietary data, and switching costs embedded in the daily operations of their customers are, in many cases, actually made stronger.

For these firms, AI will become another layer of capability they can offer or a way to improve their own processes and expand their customer value proposition.

Taken together, these two forces produced one of the more disorienting macro environments in recent memory. They also produced, in our view, one of the more compelling buying opportunities we have seen in some time.

There is also a third story hiding in plain sight, and one that is necessary for long-term investors to grapple with: the concentration of the S&P 500.

II. THE CONCENTRATION DILEMMA

There is a peculiar irony at the heart of modern index investing today.

The S&P 500 is commonly presented as a diversified vehicle — a way to own “the market” without taking meaningful single-stock risk. And yet, as of this writing, the ten largest constituents of the S&P 500 represent close to 40% of its total weight.

The top five alone account for roughly a quarter of the index. The truth is, an investor in a passive S&P 500 fund does not own a diversified slice of the American economy. In fact, they own a concentrated bet on a small cluster of mega-cap technology companies.

This matters enormously in the current environment.

The Nightview Fund (NITE) runs a deliberately concentrated portfolio of twenty positions.

We want to be clear about what this means and what it does not mean. Concentration, in our view, is not a synonym for risk but rather a proxy for conviction. We believe risk is not in the number of positions; it is in the quality of the thinking behind each one. We would argue that a portfolio of twenty deeply understood businesses, selected for their ability to compound capital over a five-to-ten-year horizon, is in many important respects less risky than a passive allocation that's overly weighted to today's Mega-cap companies.

To be clear: we are not opposed to the technology companies that dominate the indices. In fact, we own several of them. Given the structural concentration already embedded in today's markets, we would much rather determine for ourselves where that concentration sits — and why.

III. PORTFOLIO OVERVIEW

The Nightview Fund navigated the first quarter with a level of activity that reflects both the magnitude of the opportunities we identified and our conviction in acting on them.

We entered the year with a portfolio balanced across technology, financial services, and hospitality and gaming — the last category a final vestige of our thesis on the post-pandemic travel recovery, which had largely played out by late 2025.

As the quarter progressed, and as market volatility created dislocations in the software sector, we rotated aggressively toward what we believe is one of the more compelling setups we have seen in enterprise and platform software in several years.

The broad strokes: we exited our remaining positions in casino and hospitality names — MGM Resorts, Las Vegas Sands, and Hyatt Hotels — as well as trimming our China exposure through Alibaba and exiting Alphabet.

We also exited Vail Resorts, Accenture, Costco, Intel, and Taiwan Semiconductor at various points during the quarter as we became increasingly convinced that the better opportunity was in domestic technology names that the market was mispricing.

In their place, we built new positions in ServiceNow, Shopify, Autodesk, Axon Enterprise, Salesforce, Intuitive Surgical, Brookfield Renewable Partners, and Charles Schwab.

The result is a portfolio that, as of this writing, we believe is well-positioned for when current mispricings normalize. The businesses we own — concentrated in AI-enabled software, mission-critical enterprise infrastructure, and a handful of companies with genuinely durable competitive moats — have not changed. Their prices have. That gap, we believe, could be temporary.

The twenty names we hold today are, we believe, among the highest-quality businesses available to us at reasonable prices anywhere in the investable universe.

IV. THE SOFTWARE

OPPORTUNITY: TOO MUCH

FEAR, NOT ENOUGH THINKING

Over the past several months, a legitimate debate has emerged about AI business models.

If the cost of training and running AI falls dramatically — if “intelligence becomes a commodity,” as some have declared — then what happens to the companies that have been charging for it? This is a reasonable question.

The market’s answer, when that fear took hold, was to sell everything software-adjacent and ask questions later.

We think that reaction was both understandable and wrong for a reason that is easy to miss: the best software companies are not primarily selling AI. They are selling workflows, integrations, data networks, and the organizational infrastructure that modern enterprises cannot function without. AI makes these businesses more valuable, not less, because it accelerates the rate at which their platforms become indispensable.

Large enterprises have little incentive to rebuild software infrastructure for non-core functions, and the bar for displacing an entrenched incumbent is extraordinarily high. Switching costs, compliance requirements, and organizational inertia all conspire against it. Disruption will happen at the margins, but for the truly embedded software businesses, AI is less a threat than potentially a tailwind.

Axon Enterprise (AXON)

Axon is not a software company in the way most people use that term, which is precisely why we think it is one of the most underappreciated businesses in our portfolio.

It is the operating system of public safety in America and, increasingly, around the world. The company sells Tasers, body cameras, in-car cameras, and — this is the key — a cloud-based evidence management platform called Axon Evidence, which

has become the de facto system of record for law enforcement agencies across the country.

The software business alone is impressive: high recurring revenue, long contract durations, minimal churn, and a customer base — police departments and government agencies — that, once converted, essentially never leaves. The hardware serves as a distribution mechanism for the software. As Axon expands into records management, computer-aided dispatch, and AI-powered video analysis, the addressable market expands dramatically.

We initiated our position in Axon in late February as the stock corrected sharply in the broader software selloff. At the prices we paid, we were acquiring a business with roughly 30% annual revenue growth, expanding margins, and a near-monopoly position in its core market — for a valuation that reflected significant investor skepticism.

ServiceNow (NOW)

If you want to understand why we are bullish on enterprise software despite the AI-disruption narrative, ServiceNow is the clearest expression of our thesis.

The platform is, in the most literal sense, the workflow engine of large enterprises. It manages IT service requests, HR processes, legal requests, facilities management, and, increasingly, the cross-departmental orchestration that large organizations require to function. Roughly 85% of the Fortune 500 uses ServiceNow in some capacity. The average customer has expanded their usage year over year, a pattern that has persisted for years running.

Our view is that AI does not threaten this business so much as it accelerates it.

ServiceNow has been embedding AI capabilities — including agentic automation that can resolve IT tickets without human intervention — directly into its platform. Each AI feature gives customers more reason to deepen their reliance on the platform. The result is a flywheel: more AI features drive more workflow

automation, which drives more data into ServiceNow's systems, which makes the AI smarter, which drives more expansion.

We added ServiceNow to the portfolio in mid-March after the stock had sold off more than 20% from its highs on fears that AI would enable customers to build their own workflow tools. We find this thesis unpersuasive. The switching costs are enormous, the ecosystem deep, and the platform increasingly central to how enterprises operate. The selloff was, in our view, a gift.

Shopify (SHOP)

Shopify is a business that the market has consistently struggled to value, and for understandable reasons: it does not fit neatly into a single category. It is part payments company, part software platform, part logistics network, and part financial services provider. The revenue mix has evolved steadily.

Margins compress and expand as the company invests in new capabilities. For investors who want a clean, simple model, Shopify is frustrating. For investors who can look past the quarterly noise and see what the business is actually building, it remains exciting.

The core thesis is simple: Shopify is becoming a commerce infrastructure layer for the modern internet. When a merchant starts a Shopify store, they are plugging into a system that handles payments, inventory management, fulfillment logistics, customer data, marketing automation, and increasingly, cross-border commerce. The platform is deeply sticky.

The AI story at Shopify is also compelling. The company has been building AI-powered tools for merchants — product descriptions, ad copy, customer service automation, pricing optimization — that are genuinely useful, not just marketing. As AI capabilities become part of the core platform, Shopify becomes more valuable to more merchants, which expands the addressable market and deepens the moat. We added Shopify to the portfolio in mid-March and see it as a long-term compounder.

Autodesk (ADSK)

Autodesk is the kind of business that gets less credit than it deserves because it is not flashy. It makes software for architects, engineers, and construction professionals. It has been in the business for over forty years. It is not, on the surface, a headline-grabbing story. But underneath the surface, Autodesk is one of the most durable software franchises in existence, and its transition over the past several years from a perpetual-license model to a subscription-based cloud platform has dramatically improved the predictability and quality of its earnings.

We initiated our Autodesk position in late February when the stock was trading at a meaningful discount to our estimate of intrinsic value, driven by broader software sector weakness. The subscription transition is essentially complete. Free cash flow is growing. The company is beginning to layer AI capabilities — particularly in generative design and automated compliance checking — that should drive further expansion in average revenue per user. This is a classic Nightview holding: durable competitive moat, recurring revenue, and a long compounding runway.

V. OTHER NOTABLE POSITIONS

Tesla (TSLA) — Largest Position

Tesla remains our largest single holding, representing approximately 13% of the portfolio as of this writing.

We are aware that this is a concentration that invites questions, and we welcome them. Our conviction in Tesla is not a function of its near-term automotive results, which remain subject to meaningful cyclical and competitive pressures. It is a function of what we believe Tesla is actually building: an AI and robotics company that happens to currently generate most of its revenue from selling cars. The energy business, the Full Self-Driving platform, and the emerging Optimus humanoid robot program represent option value that, in our view, the market continues to dramatically underprice. We are long-term holders.

NVIDIA (NVDA)

The AI efficiency selloff in NVIDIA earlier this year gave us an opportunity to add to our position.

Our view: the demand for AI compute is not declining; the efficiency of that compute is improving. These are not contradictory trends. Jevons' Paradox is real and relevant here — as the cost per unit of AI output falls, the total demand for AI output rises. More compute gets consumed, not less. NVIDIA's H100 and Blackwell architectures remain the preferred infrastructure for training and inference at scale. The company's software ecosystem, from CUDA, cuDNN, to the broader developer platform, represents a switching cost that is rarely fully appreciated in market discussions.

VI. WHAT WE DID AND WHY

The story of the first quarter, from a portfolio management perspective, is one of deliberate and accelerating rotation: away from the cyclical and geographic exposures we had carried into the year, and toward a more concentrated software and technology thesis that forms the core of what we want to own for the next several years.

Here is how it unfolded.

Early in the quarter, we began trimming positions that had served us well but where the forward risk-reward had become less compelling. We exited Taiwan Semiconductor and began reducing Alibaba — a position we had built with real conviction, but one where the combination of geopolitical risk, regulatory uncertainty, and a more attractive domestic opportunity set made trimming prudent.

Through February, the market's broad-based selloff in growth and software names accelerated our thinking. We exited our remaining consumer and hospitality positions — Costco, Hyatt, Vail Resorts — and began building our software thesis

in earnest. Axon Enterprise was the first major addition, initiated in late February at what we considered an exceptional entry point for a business with Axon's durability. Autodesk followed shortly thereafter. We also exited Alphabet — not because we think it is a bad business, but because we found more attractive deployment opportunities in names with higher growth rates and, we believe, better long-term compounding profiles.

In mid-March, we completed the rotation with a significant restructuring. We fully exited our remaining casino and gaming positions — Las Vegas Sands, MGM Resorts — as well as Hyatt and Intel. The hospitality recovery thesis had largely run its course, and the capital was better deployed in our software names. In a single rebalancing, we added ServiceNow, Shopify, Salesforce, Intuitive Surgical, Brookfield Renewable Partners, and Charles Schwab. We also added significantly to our Axon, Autodesk, NVIDIA, Goldman Sachs, Morgan Stanley, and Netflix positions. The portfolio that emerged from that restructuring is, we believe, the highest-quality collection of businesses we have held since the fund's inception.

What we sold: the common thread was businesses where the near-term narrative was clear and largely priced in, or where geopolitical and macro headwinds presented structural risk to the long-term thesis.

What we bought: businesses where the market was applying short-term fear to long-term compounders — often because the word “software” was sufficient to trigger selling regardless of the specific business model.

VII. LOOKING FORWARD

We are bullish about the next few years.

We are not in the business of pretending that geopolitical risk, inflationary pressure, and AI disruption are not real. They are real, and they matter. But we have been in this business long enough to know that the moments that feel most

frightening are frequently the ones that, in retrospect, offered the most attractive entry points. The first quarter of 2026 had several of those moments. We tried to be buyers, not sellers, at each of them.

This is worth saying plainly: long-term investing is not the same as doing nothing.

The job is to stay oriented across time but also to rotate aggressively when the market hands you an opportunity it will not offer twice. That is what we did this quarter. And as the geopolitical situation continues to evolve, as AI reshapes competitive landscapes in ways that are still becoming clear, we expect to remain active. There will likely be further changes to the portfolio in the months ahead.

The most important quality a long-term investor can possess is not conviction alone, but rather the flexibility to act on it when the moment arrives.

Markets reward flexibility. The investor who defines himself primarily by a style box (e.g. growth, value, technology, income) risks becoming a prisoner of his own doctrine, rotating past opportunity because it doesn't fit the label. We have always believed that the best investments don't ask for permission from a mandate. They simply present themselves, and the only question is whether you are positioned to act.

The portfolio we hold today is built around a set of ideas that we believe are durable across a wide range of macro scenarios. Software with deep switching costs compounds in good economies and bad ones. Mission-critical platforms get more valuable as enterprises become more complex. Companies that are building the infrastructure of the AI age — the platforms on which AI will run, be deployed, and eventually create value — are not rendered obsolete by AI. They are amplified by it.

We also want to return to the concentration theme with which we opened.

Twenty positions, held with conviction, researched deeply, and managed patiently — this is, and will remain, the Nightview approach. We are not trying to track an

index. We are not trying to be the index. We are trying to find the best businesses in the world and own them for a long time. In a market where passive investing has created a new form of concentrated risk, we think there has rarely been a better argument for the kind of active, concentrated, high-conviction portfolio management that Nightview practices.

The businesses we own today are, in aggregate, growing revenue at double-digit rates, generating substantial free cash flow, expanding their competitive positions, and trading at prices that, in our view, do not adequately reflect their long-term earning power. That is the setup we have been building toward. We will be back next quarter.

We are grateful for your continued partnership.

With gratitude and conviction,

Arne Alsin

Nightview Capital

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Investors should carefully consider the investment objectives, risks, charges and expenses of the NITE ETF. This and other important information about the Fund is contained in the prospectus, which can be obtained at www.nightviewfund.com or by calling (866) 666-7156. The prospectus should be read carefully before investing.

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NITE Holdings as of April 10, 2026

Symbol	Name	% Weight
TSLA	Tesla Inc ORD	12.50%
NVDA	NVIDIA Corp ORD	9.07%
AMZN	Amazon.com Inc ORD	8.77%
SATS	EchoStar Corp ORD	6.47%

NFLX	Netflix Inc ORD	5.33%
MS	Morgan Stanley ORD	5.20%
GS	Goldman Sachs Group Inc ORD	4.99%
BEP	Brookfield Renewable Partners LP	4.95%
AXON	Axon Enterprise Inc ORD	4.95%
ADSK	Autodesk Inc ORD	4.24%
AMD	Advanced Micro Devices Inc ORD	4.18%
ISRG	Intuitive Surgical Inc ORD	4.00%
ORCL	Oracle Corp ORD	3.73%
SHOP	Shopify Inc ORD	3.72%
CRM	Salesforce Inc ORD	3.36%
WYNN	Wynn Resorts Ltd ORD	3.20%
NOW	ServiceNow Inc ORD	3.07%
SCHW	Charles Schwab Corp ORD	3.06%
META	Meta Platforms Inc ORD	2.98%
BLK	BlackRock Inc ORD	2.16%

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