

TCW Concentrated Large Cap Growth

Second Quarter 2026 Commentary

Managed Accounts Division

Investment Environment

AI monetization, a fragile Middle East ceasefire, and a Federal Reserve leadership transition were all key events during the second quarter. Ultimately, all three major indices ended the quarter higher (NASDAQ +21.6%, S&P 500 +15.2%, and DJIA +12.9%), supported by resilient economic growth and exceptionally strong corporate earnings. The price of crude oil (-15.1%), heating oil (-1.4%), and unleaded gasoline (-5.3%) all ended the quarter lower as the U.S.-Iran ceasefire reduced the war-related premium in energy markets. Gold declined approximately -12.1% and the 10yr UST finished the quarter yielding approximately 4.44%, creeping higher as inflation remained stubbornly above the Federal Reserve's 2% target.

April marked a powerful reversal as stocks rebounded sharply from the March lows. The strength carried into May, with the S&P 500 posting a nine-week gain into month end before setting a record high in early June. The primary catalyst was a robust corporate earnings season that confirmed AI-related capital spending is translating into real profit growth. Hyperscalers continue to spend at a rapid pace, with the combined total set to top \$800b in 2026 and approaching \$1 Trillion in 2027. Q2 earnings growth estimates for the S&P 500 rose from 18.8% at the start of the quarter to 23.1% by quarter end, the second consecutive quarter with above 20% YoY growth. Market leadership remained most pronounced in AI-related infrastructure beneficiaries, though earnings growth became incredibly broad based as the quarter progressed. The quarter also saw the annual Russell reconstitution, one of the most significant portfolio events of the calendar year with more than \$12 trillion in assets benchmarked to these indices. This cycle was far from routine, as meaningful shifts in the style classification of several of the market's largest hyperscalers blurred the traditional line between growth and value.

Newly confirmed Fed Chair Kevin Warsh held overnight rates steady at 3.50%-3.75% at his Second FOMC meeting in June, pledging to deliver price stability. Warsh communicated several initiatives during his Second press conference to improve the process of the Fed, including assigning a task force to his five-key initiatives. Inflation remained one of the quarter's defining themes, with CPI for May indicating a 4.2% annual inflation rate, reinforcing a higher-for-longer interest-rate environment. Higher rates created a more challenging backdrop for equity valuations, particularly as long-duration yields reached cycle highs and tightened financial conditions. Nevertheless, the equity market demonstrated considerable resilience, and the AI investment cycle continues to broaden.

Sector Weightings

Including the contribution of sector allocation and security selection, our healthcare and financials weightings hurt relative results most, and our information technology and consumer discretionary weightings most positively impacted relative performance during the quarter.

Security Selection

Our weakest relative performance during the quarter came from the healthcare sector. Shares of Boston Scientific Corporation (BSX) moved lower after quarterly results and the CHAMPION AF data results. While results modestly beat expectations, two key franchises (U.S. Electrophysiology and Watchman) missed consensus and management lowered 2026 organic sales growth guidance to 10–11%. The durability and growth trajectory for WATCHMAN is a focus for investors, and although CHAMPION-AF data released at the end of March hit all endpoints, they failed to act as a positive catalyst for BSX shares. Though we recognize the timing and magnitude of WATCHMAN contribution may not be resolved in the near-term, we believe current valuation may have overly discounted the company's long-term earnings growth profile. Shares remain under review. Also in the healthcare sector, shares of Intuitive Surgical, Inc. (ISRG) moved lower despite releasing solid quarterly results. Revenue and Da Vinci procedure growth topped consensus estimates, but China and Japan system placements continue to disappoint, however. ISRG repurchased 2.3M shares of its common stock (for \$1.1B) in 1Q26 and management raised 2026 guidance. Shares have been challenged YTD due to increasing negative investor sentiment in healthcare medtech stocks, as well as the fact that ISRG is a high-growth, high multiple security. We note that we are still relatively early in the launch of Da Vinci 5, which we believe will drive further penetration (both into new hospitals and into new procedure categories) and further establish ISRG's lead in robotic-assisted surgery. ISRG has a 20-year lead on competitors, a strong competitive moat, and we remain constructive on shares.

Our strongest performance during the quarter came from the information technology sector. Shares of Palo Alto Networks, Inc. (PANW) moved higher during the period after the company reported strong quarterly results that included accelerating organic growth driven by AI, CyberArk integration running ahead of plan, and 4Q/FY26 guidance raise above consensus expectations. We believe AI may be a multi-year tailwind, particularly in terms of firewall demand, that can drive an acceleration in bookings growth for PANW. Shares of CrowdStrike Holdings, Inc. (CRWD) also positively contributed to relative performance after posting solid quarterly results which included NNARR (Net New Annual Recurring Revenue) of \$256M (+32% YoY), non-GAAP operating margin of 24% (+6% YoY), and FCF of \$469M (+67% YoY). Management also raised forward guidance driven by strong module adoption, solid retention rates and a record 2Q pipeline. Both CRWD and PANW sold off earlier in the year as some investors feared cybersecurity LLMs would disrupt incumbent cybersecurity players. In April Anthropic released its Mythos model, and Anthropic granted early access to Mythos to several large cybersecurity companies and other institutions allowing them to use the LLM to detect vulnerabilities before a broader release. CRWD CEO George Kurtz referred to this as an "inflection moment", and rather than a risk for the company, it underscored the importance of a cybersecurity ecosystem. As the use of AI agents proliferates, the risk of breaches and cybersecurity attacks increases, necessitating increased cybersecurity spend. We remain constructive on shares of both PANW and CRWD.

Buys¹

Micron Technology, Inc. (MU; Information Technology)

Micron Technology is one of the world's leading manufacturers of memory technologies specializing in DRAM, NAND flash and NOR flash memory products. We believe the company is a clear beneficiary of the AI infrastructure buildout as the rapid expansion of AI workloads has shifted memory from a historically commodity component to a mission-critical strategic asset. The global semiconductor market is highly oligopolistic, with Micron (sole U.S. manufacturer), Samsung Electronics and SK Hynix holding over 90% market share. Driven by the AI infrastructure buildout, industry demand currently exceeds supply, and we believe this will persist for the foreseeable future. Longer-term customer supply agreements provide earnings visibility across Micron's highest-value products and reduce spot-market exposure. We are attracted to Micron's competitive position in a secularly growing market, and we believe the current price understates the long-term cash flow and earnings power of the business.

KLA Corporation (KLAC; Information Technology)

KLA Corporation develops and manufactures advanced process control solutions for semiconductor chip manufacturing. KLA provides defect inspection, review and metrology tools used throughout the semiconductor chip fabrication process. The company's products help semiconductor chip manufacturers accelerate their development and product ramp cycles, achieve higher yields, improve semiconductor chip quality, and increase overall profitability in the manufacturing process. Semiconductor chip complexity is driving accelerating demand for more advanced inspection systems, and we believe KLA is poised to benefit. We are attracted to the company's competitive position, industry-leading margins, pricing power, and strong record of returning cash to shareholders via dividends and share buybacks. We believe the current share price does not adequately reflect the longer-term cash flow generation potential of the business.

Sells¹

There were no complete sells during the quarter.

Market Outlook

As we enter the second half of 2026, the investment backdrop remains largely constructive. Corporate earnings continue to benefit from productivity gains, U.S. consumer net worth is near all-time highs due to a booming stock market, unemployment remains low, credit spreads remain tight, and inflationary pressures are easing in part due to lower oil prices and the disinflationary nature of AI. S&P 500 earnings are estimated to grow nearly 30% in 2Q2026, and S&P 500 earnings revisions are the third strongest in the past 29 years. Economic growth remains resilient.

Encouragingly, YTD performance for the equal-weighted S&P 500 tops that of the market-cap weighted S&P 500 through 2Q2026, but concentration (stock performance and earnings) remains a key sticking point for investors. S&P 500 market breadth remains extremely narrow, however, particularly within the information technology and energy sectors. According to Strategas, two companies (Micron and NVIDIA) are expected to be the largest contributors to S&P 500 net income growth for 2Q, combining for over 40% total growth, and the top 20 companies are estimated to account for 95%.

AI capital spending has engendered an investment boom, with capital spending estimates now approaching \$1 trillion for 2027. Thus far, we believe hyperscalers are seeing a return on investment. Amazon, Microsoft, Alphabet and Oracle now have a combined \$2 trillion revenue backlog, up from \$550 billion only two years ago. As NVDA CEO Jensen Huang says, *"In this new world of AI, compute equals revenues. Compute is profit."*

With hyperscalers' infrastructure buildout on a multi-trillion dollar spending path, it is important to consider the relative health of hyperscaler balance sheets and access to capital. Thus far, a wide majority of the buildout has been financed with existing operating cash flows, but many players have begun to tap both the equity and debt markets. Public and private markets are arguably as deep as they have ever been, and while debt is rising to fund AI investments (and spending and returns may grow greater than free cash flow this year and next), many of these companies have substantial balance sheet capacity and credit spreads remain tight. Thus far, the capital markets appear willing to fund these investments, and we'd argue with leverage below 1x, there is ample capacity to add debt.

¹ Reflects up to the three largest buys (new buys) and up to the three largest sells (complete sells) for the quarter. There is no assurance that any securities discussed herein will remain in an account; be purchased in the portfolio at the time this report is received or that securities sold have not been repurchased. It should not be assumed that an investment in the securities listed was, or will be, profitable. No discussion with respect to specific companies should be considered a recommendation to purchase or sell any particular investment. The companies discussed do not represent all past investments.

Market Outlook (cont'd)

So, what could derail the current boom? Besides the aforementioned financing risk, we are closely monitoring whether AI meaningfully boosts economy-wide productivity (early case studies are positive and we are bullish on agentic AI), pricing power of vendors as costs rise, regulatory shocks/risks given the national importance of AI, potential power bottlenecks, and semiconductor chip supply balance (currently demand outstrips supply for the foreseeable future).

Though we are bullish and firmly levered to the AI infrastructure buildout, we are also maintaining exposure to other attractive secular themes and closely monitoring our factor exposures. Our long-held balanced playbook (~2/3 offensive, ~1/3 defensive/uncorrelated growth) remains in place, and we believe is prudent given our belief that we cannot predict near-term market gyrations. The primary driver of our portfolio returns has always been the micro fundamentals of each business we own, and the long-term potential of these businesses is more important than how they may perform over the next quarter or two. Notably, the earnings estimates for our portfolio of quality companies has increased since the beginning of the year, while portfolio returns have been trailing earnings growth. In previous commentaries, we have referred to this phenomenon as a “coiled spring,” and we believe this exists as we head to the back half of the year. We remain confident in the embedded long-term growth and value that we believe exists across our well-balanced portfolio.

As always, we remain truly grateful for your trust and support.

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Performance (%)

	2Q 2026	Year-to-Date	1 Year	Annualized			
				3 Year	5 Year	10 Year	ITD 10/1/1987
TCW Concentrated Large Cap Growth (Pure Gross) ¹	15.33	1.73	4.58	18.97	8.69	16.47	14.67
TCW Concentrated Large Cap Growth (Net) ²	14.45	0.19	1.44	15.40	5.43	12.97	11.23
Russell 1000® Growth Index	16.74	5.33	17.71	22.58	13.71	18.58	11.15
S&P 500 Index	15.20	10.21	22.33	20.61	13.41	15.51	10.77

Characteristics:

Top Ten Securities	Ending Weight (%)	Sector Weightings	Ending Weight (%)
NVIDIA Corporation	15.81	Information Technology	54.00
Alphabet Inc. Class C	9.94	Communication Services	14.91
Broadcom Inc.	6.31	Financials	7.80
Microsoft Corporation	5.36	Industrials	6.85
ASML Holding N.V., ADR	4.08	Healthcare	5.28
Micron Technology, Inc.	3.91	Consumer Discretionary	3.84
Visa Inc. Class A	3.53	Consumer Staples	2.80
Meta Platforms, Inc. Class A	3.52	Real Estate	2.56
Palo Alto Networks, Inc.	3.33	Energy	0.00
CrowdStrike Holdings, Inc. Class A	3.22	Materials	0.00
		Utilities	0.00
		Cash	1.97

Contributing Securities:

Top Ten	Average Weight (%)	Total Effect (%) ³	Bottom Ten	Average Weight (%)	Total Effect (%) ³
Palo Alto Networks, Inc.	2.36	1.37	Boston Scientific Corporation	1.52	-0.93
CrowdStrike Holdings, Inc. Class A	2.58	1.35	Intuitive Surgical, Inc.	2.12	-0.59
ASML Holding N.V., ADR	3.41	1.07	Costco Wholesale Corporation	3.05	-0.47
KLA Corporation	0.82	0.39	ServiceNow, Inc.	1.93	-0.46
Cadence Design Systems, Inc.	2.27	0.32	Shopify, Inc. Class A	1.48	-0.40
Arista Networks Inc.	2.16	0.31	S&P Global, Inc.	1.63	-0.40
Alphabet Inc. Class C	9.01	0.24	Spotify Technology S.A.	1.54	-0.33
GE Aerospace	2.39	0.21	O'Reilly Automotive, Inc.	1.85	-0.32
Eaton Corporation plc	2.44	0.06	IDEXX Laboratories, Inc.	1.26	-0.29
Broadcom Inc.	6.80	0.06	McKesson Corporation	0.98	-0.26

Source: TCW Portfolio Analytics, Factset.

Based on a managed account model portfolio. Portfolio characteristics and securities are subject to change at any time. It should not be assumed that an investment in the securities listed was, or will be, profitable. No discussion with respect to specific companies should be considered a recommendation to purchase or sell any particular investment. The companies discussed do not represent all past investments. Security percentages are calculated on the total market value, including cash and cash equivalents. The securities identified do not represent all of the securities purchased, sold or recommended for advisory clients. To obtain the calculation's methodology and a list showing every holding's contribution to the overall account's performance during the period, contact your TCW client service representative or e-mail your request to PortfolioAnalytics.Group@tcw.com.

1 Pure gross-of-fees returns, presented as supplemental information, from November 1, 2018 through the present, do not reflect the deduction of any expenses including transaction costs, management fees, administrative fees, and other custodial fees and costs. Gross returns prior to November 1, 2018 is the gross performance from the TCW Concentrated Large Cap Growth Marketable Securities Division Composite which reflect the deduction of transaction costs but do not reflect the deduction of management fees and other custodial fees.

2 Net-of-fees returns are calculated by reducing monthly pure gross composite returns using a factor of 0.997465. This equates to a model annual wrap fee of 3.00%. Certain clients could pay a lower fee which would result in different net returns.

3 Total attribution effect relative to the Russell 1000 Growth. Performance information is represented on a gross basis unless otherwise stated. Characteristics on this page were calculated without the deduction of fees and expenses.

Disclosure regarding performance and the Index appears on the final page and is an integral and important part of this document. Individual results may vary. Past performance is no guarantee of future results.

Important Disclosure**STRATEGY SPECIFIC**

The TCW Concentrated Large Cap Growth composite is comprised of large capitalization equity accounts with a highly focused approach targeting high-quality, large cap companies with strong and enduring business models and unique business franchise characteristics. The strategy utilizes proprietary fundamental research and focuses on the improving operating prospects of each company.

A WORD ABOUT RISK

Investing in any strategy has risks. An account is subject to price volatility. The value of an account's portfolio will change as the prices of its investments go up or down. Because this is a concentrated strategy, it may have greater price volatility than a more diversified account. Equity investments entail equity risk and price volatility risk. The value of stocks and other equity securities will change based on changes in a company's financial condition and in overall market and economic conditions. Before embarking on the described investment program, an investor should carefully consider the risks and suitability of the described strategy based on their own investment objectives and financial position. Strategies investing in mid and small cap companies involve special risks including higher volatility and lower liquidity. The strategy will not invest in initial public offerings. All investing involves risk including the potential loss of principal. Market volatility may significantly impact the value of your investments. Recent tariff announcements may add to this volatility, creating additional economic uncertainty and potentially affecting the value of certain investments. Tariffs can impact various sectors differently, leading to changes in market dynamics and investment performance.

GENERAL

The TCW Group is divided into three divisions: the Marketable Securities Division, the Alternative Products Division, and the Managed Accounts Division. The Managed Accounts Division has prepared this report using composite performance from the Marketable Securities Division prior to 11/1/2018 and composite performance from the Managed Accounts Division from 11/1/2018 to present. The Managed Accounts Division claims compliance with the Global Investment Performance Standards (GIPS®) from 11/1/2018 to present. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. To receive a complete list and description of TCW's composites, a list of TCW's pooled funds, or a presentation that adheres to the GIPS® standards contact Client Services at 213.244.0000 or contact us by e-mail at PortfolioAnalytics.Group@tcw.com. TCW manages many strategies and the composites for those strategies are available upon request. From January 2010 onward, results are for accounts present for an entire month. Prior to 2010, results were calculated using accounts present for an entire quarter (regardless of the TCW entity involved). TCW makes no representation that future investment performance will conform to past performance and it should never be assumed that past performance foretells future performance. Investment return will fluctuate with market conditions. Actual individual account results may have differed from the composite performance shown herein. The performance of the Concentrated Large Cap Growth composite for the period from inception to March 1998 reflects performance of accounts managed by the manager, Glen Bickerstaff, while at Transamerica Investment Services that are greater than \$5,000,000. Thereafter, it represents the performance while at TCW.

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Results reflect all items of income, gain and loss. Asset-weighted results use beginning of period market values. Results are based on the accrual method of accounting as well as trade date valuation. Results are time-weighted and geometrically linked to yield quarterly returns. Because managed accounts will not invest in initial public offerings, performance results may be less than the return of the Marketable Securities Division composite shown for the period prior to 11/1/2018. Unless stated otherwise, asset-weighted results are shown from January 1994 to the present. Pure gross-of-fees returns, presented as supplemental information, from November 1, 2018 through the present, do not reflect the deduction of any expenses including transaction costs, management fees, administrative fees, and other custodial fees and costs. Gross returns prior to November 1, 2018 is the gross performance from the TCW Concentrated Large Cap Growth Marketable Securities Division Composite which reflect the deduction of transaction costs but do not reflect the deduction of management fees and other custodial fees. Including these costs would reduce the shown returns. Net results reflect the deduction of the maximum 3.0% annual fee charged managed account clients by the wrap program sponsor. The net effect of the deduction of fees will reduce a client's return. Certain clients could pay a lower fee which would result in different net returns. You should refer to the managed account sponsor's Wrap Fee Program Brochure for the program's fee schedule. Advisory fees are described in Part 2A of TCW Investment Management Company LLC's (TIMCO's) Form ADV. The unmanaged indices shown for comparative purposes, if any, do not reflect the subtraction of any fees. While TIMCO's objective is to outperform the stated index, it does not imply that this strategy shall share, or attempt to share, the same or similar characteristics of the index or attempt to track the index.

ABOUT THE INDEX

The index is not available for direct investment; therefore its performance does not reflect a reduction for fees or expenses incurred in managing a portfolio. The securities in the index may be substantially different from those in the strategy.

Russell 1000® Growth: The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

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