

# MAR VISTA

## U.S. Quality

Portfolio Commentary | June 30, 2026

### Summary

- U.S. equities advanced during the second quarter despite an increasingly complex macroeconomic backdrop. With economic growth remaining resilient and the market's gradual broadening in leadership, the quarter concluded with the S&P 500<sup>®</sup> and Nasdaq recording their strongest quarterly gains since 2020, while the Dow reached new record highs, reflecting renewed investor confidence despite ongoing uncertainty.
- Artificial intelligence remained the dominant investment theme throughout the quarter, but investor focus shifted from simply funding AI infrastructure toward identifying businesses capable of converting those investments into durable earnings growth and competitive advantages.
- Mar Vista's U.S. Quality strategy returned +12.71% net-of-fees in the second quarter of 2026. The Russell 1000<sup>®</sup> Index and the S&P 500<sup>®</sup> Index returned +15.14% and +15.20%, respectively. Stock selection within industrials and consumer discretionary positively impacted performance, while stocks in information technology and healthcare detracted most from performance during the quarter.
- Top Q2 portfolio contributors were GE Aerospace (GE), Amphenol (APH) and Taiwan Semiconductor Manufacturing (TSM). Top detractors were Netflix (NFLX), Intuit (INTU) and QXO (QXO).
- During the quarter, we initiated new investments in ASML Holding (ASML) and StandardAero (SARO). We also exited our positions in Intuit (INTU). We added to our holdings in Netflix (NFLX) and trimmed Alphabet (GOOG), Amazon (AMZN), Analog Devices (ADI), and TransDigm (TDG).
- Looking ahead, we believe the investment environment is becoming increasingly differentiated. While geopolitical uncertainty, inflation, and evolving monetary policy remain potential sources of volatility, we expect earnings growth, disciplined capital allocation, and business execution to become the primary drivers of long-term investment returns.

### Commentary

U.S. equities advanced during the second quarter despite an increasingly complex macroeconomic backdrop. Economic growth remained resilient, supported by healthy consumer spending, stable labor markets, and continued corporate earnings growth. Although inflation remained more persistent than many investors anticipated, corporate fundamentals continued to exceed expectations, reinforcing the market's focus on earnings growth and business quality rather than macroeconomic headlines alone. As the quarter concluded, the S&P 500<sup>®</sup> and Nasdaq recorded their strongest quarterly gains since 2020, while the Dow reached new record highs, reflecting renewed investor confidence despite ongoing uncertainty.

Geopolitical developments nevertheless introduced periods of heightened volatility. The escalating Iran conflict temporarily drove energy prices sharply higher, creating renewed concerns around inflation and the potential for monetary policy to remain restrictive for longer than previously expected. While these events increased uncertainty, markets demonstrated resilience as investors looked through near-term disruptions and refocused on corporate fundamentals.

Artificial intelligence remained the dominant investment theme throughout the quarter, but investor focus continued to evolve. Rather than rewarding AI participation alone, markets increasingly favored companies demonstrating measurable commercial adoption, accelerating revenue growth, expanding margins, and attractive returns on invested capital. The conversation shifted from simply funding AI infrastructure toward identifying businesses capable of converting those investments into durable earnings growth and competitive advantages. We believe this reflects a healthier investment environment where execution, rather than excitement, increasingly drives shareholder returns.

Another encouraging development was the gradual broadening of market leadership. While technology and semiconductor companies continued to generate exceptional returns, performance increasingly expanded into financials, industrials, healthcare, and smaller capitalization companies as investors gained confidence in the durability of the economic expansion and earnings outlook. Performance became increasingly driven by company-specific execution, earnings revisions, capital allocation, and competitive positioning rather than valuation expansion alone, creating a more favorable backdrop for active management. We believe this environment should continue to reward disciplined investors focused on business quality, competitive advantages, and long-term intrinsic value rather than short-term market sentiment.

## Performance Review

Mar Vista's U.S. Quality strategy returned +12.71% net-of-fees in the second quarter of 2026. The Russell 1000® Index and the S&P 500® Index returned +15.14% and +15.20%, respectively. Stock selection within industrials and consumer discretionary positively impacted performance, while stock selection in information technology and healthcare detracted the most from performance during the quarter.

**GE Aerospace (GE), Amphenol Corporation (APH) and Taiwan Semiconductor Manufacturing (TSM)** were among the portfolio's top contributors for the quarter, appreciating +31.70%, + 39.77%, and + 41.57%, respectively. Alternatively, **Netflix (NFLX), Intuit (INTU) and QXO (QXO)** detracted from performance, declining – 25.74%, - 25.76% and – 11.02%, respectively.

**GE Aerospace (GE)** was a significant contributor during the second quarter as investors gained confidence that its multi-year earnings trajectory remains intact despite geopolitical uncertainty and ongoing supply chain constraints. Strong execution, continued strength in the commercial aerospace aftermarket, and improving defense demand more than offset concerns surrounding the brief U.S.-Iran conflict. While the conflict initially raised fears of higher fuel prices and weaker international air travel, it ultimately underscored the resilience of the aftermarket, as airlines continued prioritizing fleet availability over new aircraft deliveries amid persistent global aircraft shortages. Elevated fleet utilization drove increased demand for maintenance, repair, and overhaul (MRO) services, spare parts, and engine shop visits, supporting GE Aerospace's highest-margin

businesses, while heightened geopolitical tensions also supported expectations for stronger global defense spending and increased demand for the company's military propulsion systems.

The quarter further reinforced that commercial aerospace remains in the early-to-middle stages of a multi-year aftermarket upcycle. Production constraints at Boeing, Airbus, and across the supply chain continue to keep aircraft supply well below demand, extending the lives of older fleets while driving historically high utilization of newer aircraft. This dynamic is fueling elevated engine flight hours, record shop visit demand, and robust spare parts consumption, with LEAP engines now entering heavier maintenance cycles that should provide a long-duration growth opportunity throughout the decade. Combined with a growing services backlog, recurring long-term service agreements, expanding MRO capacity, and improving LEAP profitability as the installed base matures, we continue to view GE Aerospace as a high-quality industrial business positioned to deliver sustained revenue growth, margin expansion, and free cash flow.

**Amphenol Corporation (APH)** delivered a strong first quarter, reporting a book-to-bill ratio of 1.24x, driven by a 78% year-over-year increase in orders. Order strength was led by IT datacom, commercial aerospace, and industrial end markets, although every end market posted a book-to-bill ratio above 1.0x. Management characterized demand as broad-based across both end markets and geographies.

Entering Q2 of 2026, investors fretted that AI data center connectivity would transition from copper-based interconnects to optical solutions over the intermediate term, creating a potential headwind for Amphenol. We believe those concerns were misplaced, as a meaningful transition is unlikely to occur before the end of the decade. Furthermore, Amphenol maintains exposure to the optical opportunity through its acquisition of CommScope's Connectivity Solutions (CCS) business.

Amphenol's shares recovered during the quarter as investors gained confidence that demand for copper interconnect solutions will remain durable for years to come, reinforced by the company's strong bookings growth and improving demand outlook provided during its second quarter earnings call. We continue to view Amphenol as a differentiated, high-quality asset that should be well positioned to gain share in the global connector market, supported by its entrepreneurial culture, disciplined capital allocation, and leading competitive position.

**Taiwan Semiconductor Manufacturing (TSM)** delivered a strong quarter and raised its full-year outlook, reflecting continued robust demand for leading-edge semiconductors. The company's technological leadership, which is underpinned by unmatched scale, proprietary process technology, and decades of manufacturing excellence, was evident in its strong revenue growth and expanding gross margins during the quarter. TSM continues to benefit from its dominant position as the world's leading manufacturer of advanced logic chips, which are at the heart of the AI infrastructure buildout.

We continue to believe TSM is well positioned to capitalize on the sustained wave of AI infrastructure investment. As hyperscale cloud providers and enterprises continue to expand capital spending, we believe demand for leading-edge semiconductors should remain robust, supporting above-market revenue growth and attractive long-term shareholder returns.

**Netflix (NFLX)** underperformed during the second quarter as shares retraced a portion of their strong first quarter gains following an extended period of outperformance. The selloff was primarily driven

by profit-taking and valuation compression rather than any meaningful deterioration in the company's underlying fundamentals. Investors also weighed the potential impact of a more cautious consumer environment and elevated market volatility on subscriber growth expectations, despite continued confidence in Netflix's industry-leading engagement and pricing power.

We believe the weakness reflects a normalization in valuation following exceptional performance rather than a change in the company's long-term outlook. Netflix should remain well positioned to compound earnings through continued subscriber growth, expanding advertising monetization, and disciplined capital allocation.

**Intuit (INTU)** shares came under pressure amid growing investor concerns that emerging AI-native companies could disrupt the economics of the TurboTax business, particularly at the lower end of the market. While we continue to hold Intuit's management team in high regard, and the company has a long track record of successfully adapting to technological change, we believe the range of potential outcomes has widened as software increasingly transitions toward autonomous AI agents. Accordingly, we exited our remaining stub position and reallocated the capital to a business where we see stronger long-term secular tailwinds and a more attractive risk-reward profile, consistent with our disciplined capital allocation process.

**QXO (QXO)** shares underperformed during the period as investors remained focused on near-term macroeconomic headwinds, including a sluggish U.S. housing market and persistently elevated interest rates, which continued to pressure residential construction activity and sentiment across the building products sector. The company also announced its transformative acquisition of TopBuild, the leading U.S. installer and specialty distributor of insulation and other building products. While the market initially focused on integration risk and the cyclical backdrop, we believe the acquisition significantly strengthens QXO's long-term competitive position.

TopBuild expands QXO's scale, broadens its product and service offering, and adds a highly complementary installation platform with deep customer relationships across residential and commercial construction. We believe management can leverage AI, data analytics, and technology to optimize inventory management, improve pricing and procurement, strengthen customer relationship management, and enhance route density and labor productivity across the combined business. In addition, the larger purchasing footprint should improve supplier economics, while operational best practices and procurement synergies provide meaningful opportunities for margin expansion. Over time, we believe these initiatives may drive stronger free cash flow generation, higher returns on invested capital, and reinforce QXO's strategy of building a technology-enabled leader in the highly fragmented building products distribution industry.

## Portfolio Activity

During the quarter, we initiated positions in **ASML Holding (ASML)** and **StandardAero (SARO)** and exited our investment in **Intuit (INTU)**. We added to our holdings in Netflix (NFLX) and trimmed Alphabet (GOOG), Amazon (AMZN), Analog Devices (ADI), and TransDigm (TDG).

Our purchase of **ASML** reflects our conviction that the long-term demand for advanced semiconductor manufacturing remains firmly intact. As the sole provider of extreme ultraviolet (EUV) lithography systems, ASML occupies one of the most strategically important positions within the global semiconductor ecosystem. While investor attention has focused on AI chip designers, we

believe enabling technologies such as advanced lithography represent an equally critical and often underappreciated component of the AI value chain. ASML's technological leadership, substantial switching costs, and indispensable role in semiconductor manufacturing create one of the strongest competitive advantages in our investment universe.

We also established a position in **StandardAero**, a leading provider of maintenance, repair, and overhaul services for commercial, business aviation, and military aircraft engines. The company benefits from recurring revenue, long-duration customer relationships, high regulatory barriers to entry, and a growing installed base of aircraft requiring ongoing service. As global travel continues to recover and defense spending remains elevated, we believe StandardAero is well positioned to generate durable free cash flow and compound intrinsic value over time.

As previously mentioned, we exited our position in **Intuit** during the quarter. Intuit remains an exceptional business with attractive competitive advantages and a proven management team. However, we believed the prospective risk-adjusted return became less compelling relative to new opportunities within our investment universe. Consistent with our disciplined capital allocation process, we recycled capital into businesses where we see greater upside potential, stronger long-term secular tailwinds, and more attractive valuations.

These transactions reflect our ongoing commitment to maintaining a concentrated portfolio of high-quality businesses with durable competitive advantages, strong returns on invested capital, and long-term opportunities to compound shareholder value. We continue to actively reallocate capital when market pricing creates more attractive opportunities while remaining disciplined in our assessment of intrinsic value.

## Outlook

Looking ahead, we believe the investment environment is becoming increasingly differentiated. While geopolitical uncertainty, inflation, and evolving monetary policy remain potential sources of volatility, we expect earnings growth, disciplined capital allocation, and business execution to become the primary drivers of long-term investment returns. Companies with durable competitive advantages, pricing power, recurring revenue, strong balance sheets, and the ability to reinvest capital at attractive rates of return should continue to distinguish themselves from more cyclical competitors.

We also believe artificial intelligence is entering a more productive phase. As investors increasingly evaluate returns on AI investments rather than infrastructure spending alone, companies capable of translating technology investments into sustainable revenue growth, higher productivity, and expanding profitability should emerge as the long-term winners. We expect this transition to create greater differentiation across businesses and an increasingly attractive opportunity set for active investors.

Although valuations remain elevated in certain areas of the market, improving earnings breadth and expanding market participation provide reasons for optimism. Periods of uncertainty often create disconnects between price and intrinsic value, allowing disciplined investors to selectively allocate capital into exceptional businesses when market sentiment becomes overly pessimistic. Our investment philosophy remains unchanged. We continue to focus on seeking to identify high-quality

companies with durable competitive advantages, exceptional management teams, and the ability to compound intrinsic value over many years while maintaining discipline around valuation and risk.

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 do not 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 Annualized Returns as of June 30, 2026**

	<b>Gross</b>	<b>Net*</b>	<b>R1000® Index</b>	<b>S&amp;P 500® Index</b>
<b>1 Year</b>	8.91	8.10	22.03	22.32
<b>3 Years</b>	13.65	12.81	20.47	20.61
<b>5 Years</b>	7.88	7.07	12.66	13.40
<b>10 Years</b>	12.99	12.16	15.30	15.51
<b>Since Inception</b>	10.19	9.41	10.48	10.45

*\*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.*

*Investors in Mar Vista's U.S. Quality 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 07/12/07, Silas Myers and Brian Massey formed Mar Vista to manage various large-cap equity strategies. On 12/01/07, 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 01/25/15, 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 Composite was created 12/01/07, with an inception date of 12/31/03. On 12/01/2024 the name of the composite changed from Strategic Growth to U.S. Quality. 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 strategy, and that paid for execution on a transaction basis. Prior to 01/01/06, the composite was defined to include only taxable portfolios with no minimum or maximum value. The results in the column marked Net of Fees for the periods 8/01/08 through the present, include a standard management fee applied to any non-fee-paying portfolio for performance calculation purposes.

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. Investors cannot directly invest in an index. On 12/01/24, the primary benchmark changed from the Russell 1000® Growth Index to the Russell 1000® Index. The benchmark changed for all historical periods.

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-fees 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 1/12<sup>th</sup> of 0.75% from monthly gross returns. 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 compliant presentations are available upon request. The firm's U.S. Quality fee schedule is as follows: First \$25 million – 0.75%; Next \$25 million - 0.60%; Next \$50 million – 0.50%; 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 1/4<sup>th</sup> of the annual rate. On April 14, 2026, Q1 2026 performance was revised by 8 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 client that Mar Vista believes to be representative of the accounts that Mar Vista manages for this investment strategy during the period from March 31, 2026-June 30, 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 GIPS® Composite Report is available upon request by contacting Mar Vista directly at (800) 993-1070 or via email at [info@marvistainvestments.com](mailto:info@marvistainvestments.com). Past performance is no guarantee of future results. Not FDIC insured, no bank guarantee, may lose value.