

SYCAMORE MID CAP VALUE EQUITY QUARTERLY COMMENTARY



A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of June 30, 2026

EXECUTIVE SUMMARY

Sycamore Capital's Mid Cap Value investment team employs a disciplined, bottom-up, fundamental process to invest in what we believe are better businesses that trade at a discount to the team's estimate of intrinsic value and possess fundamental drivers that may narrow the valuation gap. By investing in businesses that exhibit these attributes, we seek to minimize downside risk without sacrificing the upside potential.

- The Sycamore Mid Cap Value Equity strategy underperformed the Russell Midcap® Value Index during the second quarter of 2026.
- During the quarter, stock selection and sector allocation both detracted from relative return, with stock selection having a larger impact on relative underperformance. Sector weighting is a by-product of the bottom-up stock selection process and not a result of top-down tactical decisions.

MARKET OVERVIEW

A.I. Spending Binge Continues

The major U.S. indices ended the second quarter notably higher fueled by continued A.I.-linked momentum. The S&P 500® Index rallied 15.2%, which was its best quarter since the second quarter of 2020 when the Index returned 20.5%. The NASDAQ Composite was also notably higher, posting a return of 21.6%. That was also the tech-centric benchmark's best quarterly return since the second quarter of 2020 when the Index returned 31.0%. Small-cap equities were slightly ahead, with the Russell 2000® Index posting a return of 21.5%, marking the best quarter for the often-forgotten small-cap stocks since the fourth quarter of 2020, when the index returned 31.4%. The Russell 2000® Index returned 22.6% for the first half of 2026 and the S&P 500® Index returned 10.2%. These returns marked the best first half for the Russell 2000® Index since 2001 on a relative basis when small-cap equities bested their larger brethren by 13.5% (compared with 12.4% in 1H26).

Small-cap's solid returns were chalked up to several tailwinds: 1) the resurgence of the A.I. trade, 2) a rebound in Biotechnology stocks, 3) a constructive economic backdrop, 4) the rotation away from the MAG-7 (which were collectively flat for the first half of the year) and 5) a meaningful decline in energy prices (WTI crude -31.4%) after a spike in the first quarter. Should the S&P 500® Index continue its current trajectory into year-end, it would mark the fourth consecutive year of double-digit returns for the index. That has only happened once since the benchmark's inception in 1957 when the Index posted five consecutive years of double-digit returns from 1995-1999.

While second-quarter returns were impressive by any measure, the anatomy of the rally told a different story. After a much-welcome broadening in the first quarter, the market reverted to its post-liberation day playbook from last year with the A.I. narrative becoming front-and-center again.

Market breadth narrowed meaningfully in April and May with a handful of stocks driving overall benchmark returns. The baton was handed over from the hyperscalers to the Semiconductor and Technology Hardware companies linked to the A.I.-infrastructure buildout. Nothing captured the euphoric response better than the PHLX Semiconductor Sector Index's (SOX) meteoric 88.0% rise in the second quarter. In fact, the two-month period (April-May) was the benchmark's best (two-month) performance since the peak of the Dot Com bubble in February 2000.

Extraordinary concentration, where a couple of groups were responsible for a significant portion of index returns (Illustration 1), created a challenging backdrop for active managers. While absolute performance for active managers across the market cap spectrum was favorable, relative performance suffered given the extreme concentration.

The market's rise since 2023 has surprised to the upside with momentum in the A.I. trade showing no signs of slowing. However, it would be prudent for market participants to recognize that the current dynamic is not without controversy. While the A.I. theme is likely here to stay, volatility surrounding the broader narrative has spiked. Furthermore, concerns pertaining to demonstrable ROI, elevated expectations, potential supply overcapacity, free cash flow erosion, nebulous funding arrangements, rising regulatory hurdles and historic retail investor participation have emerged. These concerns are valid and could ultimately lead to the unwinding of the A.I.-led momentum trade, which by historical standards appears to be long in the tooth. With risk appetite at a fever pitch coupled with elevated expectations, there is little wiggle room for disappointments in some corners of the market. Therefore, heading into the second half of the year, investors should brace for headline-driven volatility as scrutiny surrounding the broader A.I. narrative escalates.

Illustration 1: Impact of Technology Industry Groups on Index Returns

Index	Segment	Segment Return	Contribution to Return	% of Index Return
S&P 500® Index	Total Index	15.2%	15.2%	—
	Semiconductors	49.7%	7.0%	46.3%
	Tech Hardware	27.7%	1.9%	12.8%
	Combined		9.0%	59.1%
Russell Midcap® Index	Total Index	13.8%	13.8%	—
	Semiconductors	63.7%	1.7%	12.4%
	Tech Hardware	135.7%	2.9%	21.1%
	Combined		4.6%	33.5%
Russell 2000® Index	Total Index	21.5%	21.5%	—
	Semiconductors	104.4%	3.4%	15.6%
	Software	41.7%	1.8%	8.4%
	Tech Hardware	48.8%	0.3%	1.4%
	Combined		5.4%	25.3%

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Performance Attribution Relative to the Russell Midcap® Value Index – 2Q 2026

Positive Contributors

Stock Selection & Underweight in Real Estate

Stock Selection in Consumer Discretionary; *partially offset by overweight*

Stock Selection in Health Care

Stock Selection in Consumer Staples; *partially offset by overweight*

No exposure in Communication Services

Source: FactSet.

Negative Contributors

Stock Selection & Underweight in Information Technology

Stock Selection in Industrials; *partially offset by overweight*Stock Selection in Financials; *partially offset by underweight*Stock Selection in Energy; *partially offset by underweight*

Cash Position

PERFORMANCE BY SIZE AND STYLE

Small cap equities outpaced both large- and mid-cap equities during the second quarter of 2026. Small-cap equities, as measured by the Russell 2000® Index returned 21.49%, while large-cap stocks, as measured by the Russell 1000® Index and the S&P 500® Index, returned 15.14% and 15.20% respectively. Mid-cap equities, as measured by the Russell Midcap® Index, returned 13.83% during the quarter. Broken down by style, growth outpaced value within each of the three major size segments. Specifically, for mid-caps, the Russell Midcap® Growth Index returned 14.55%, outpacing its value counterpart, which returned 13.40%.

PORTFOLIO ATTRIBUTION – SECOND QUARTER

The Sycamore Mid Cap Value Equity strategy underperformed the Russell Midcap® Value Index (the “Index”) in the second quarter of 2026.

During the quarter, stock selection and sector allocation both detracted from relative return, with stock selection having a larger impact on relative underperformance for the period. Sector weighting is a by-product of the bottom-up stock selection process and not a result of top-down tactical decisions. Index returns were positive across 10 of the 11 major economic sectors, with only three sectors outpacing the broader Russell Midcap® Value Index. The dispersion in returns between sectors was noteworthy. The Information Technology sector dominated, posting an astounding return of 58.7%. That’s more than 4x the Index return and 3x the second-best sector’s return. The notable advance in the Information Technology sector was fueled by a meteoric rise in Technology Hardware (+144.5%), Electronic Equipment (+54.6%), and Semiconductors (+51.2%). Energy was the worst performing sector,

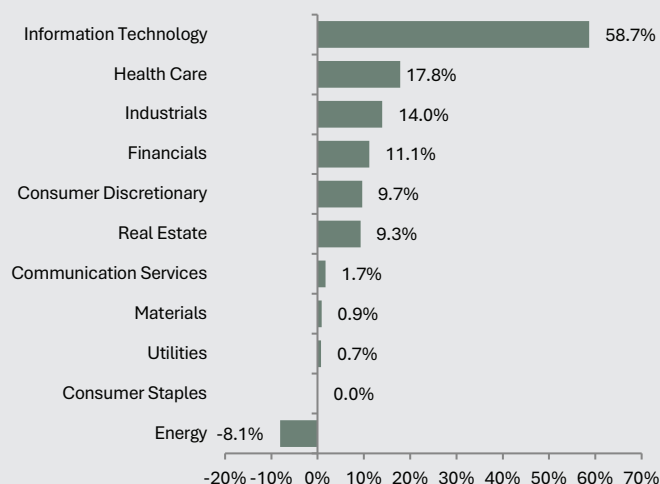
returning -8.1% and trailing the Information Technology sector by a whopping 66.8%.

Specifically, for the portfolio, stock selection in Information Technology (the top-performing sector), Industrials, Financials, and Energy detracted from relative return. However, an underweight in Financials and Energy, as well as an overweight in Industrials partially offset the unfavorable impact of selection in the sectors. An underweight in Information Technology was also a drag on performance. Additionally, the portfolio’s cash position had an adverse impact on performance for the quarter. Conversely, stock selection in Consumer Staples, Consumer Discretionary, Health Care, and Real Estate contributed to relative return. However, an overweight in both Consumer Staples and Consumer Discretionary partially offset the favorable impact of selection in the sectors. An underweight in Real Estate and no exposure in Communication Services was also beneficial. The second quarter performance was also meaningfully impacted by stocks and/or groups not owned. For example, not owning Technology Hardware (+144.5%) stocks explained approximately 85% of the relative underperformance for the period.

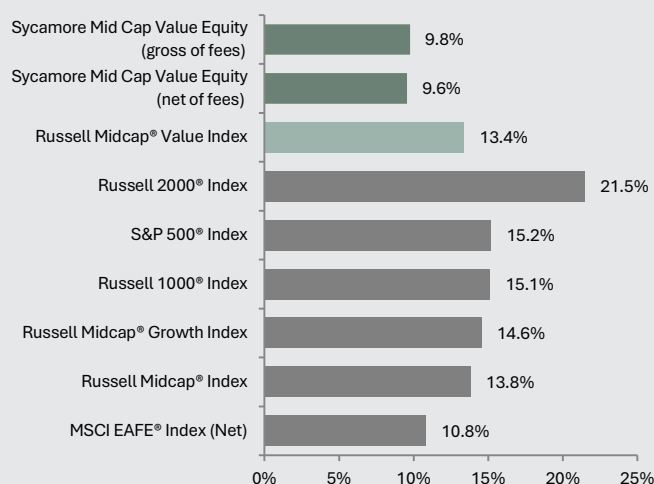
TOP CONTRIBUTORS – SECOND QUARTER

Molina Healthcare, Inc. (MOH), a U.S. managed care organization focused on government-sponsored health plans (Medicaid, Medicare, and Marketplace), was the quarter’s top contributor. Shares rallied after a strong 1Q26 earnings report refocused investor attention on MOH’s core government-sponsored plan business. After a challenging 2025, including a significant 3Q EPS miss, the results signaled that the worst of the medical cost ratio (MCR) deterioration was likely behind the company.

Russell Midcap® Value Index Sector Returns – 2Q 2026



Strategy and Market Performance – 2Q 2026



Past performance does not guarantee future results. See page 13 for standardized performance. Source: FactSet (left chart) & Zephyr (right chart).

Shares also benefitted as investors gained greater visibility into the timing and scale of Medicaid spending cuts under the “One Big Beautiful Bill Act.” Late in the quarter, shares got another lift when CMS released 2025 risk-adjustment transfer data that was viewed favorably for managed care companies. Our thesis for MOH remains intact. **Microchip Technology, Inc. (MCHP)**, a leading provider of microcontrollers, microprocessors, analog devices, and FPGAs in the analog/mixed-signal semiconductor space, was another top contributor. Shares rallied sharply after a strong fiscal 4Q26 earnings release, with revenue, margins, and 1Q27 guidance all ahead of expectations. Demand was broad across end markets and particularly strong in Aerospace and Defense, a relatively insulated, long-cycle business expected to provide a persistent growth anchor. Gross margins are also recovering faster than expected, as inventory reserve charges have normalized. Customer relationships are improving as MCHP holds pricing steady while peers push through aggressive increases. Taken together, the results signal a clear shift for MCHP from inventory destocking to cyclical recovery. Shares were trimmed on relative strength. **MKS, Inc. (MKS)**, a global provider of instruments and process-control solutions that measure, monitor, and analyze advanced manufacturing processes in the semiconductor industry, was a top contributor for the fifth straight quarter. MKS posted strong 1Q26 results, beating earnings and revenue expectations and raising guidance again. The company is benefiting from the accelerating AI logic and memory capex cycle, with wafer fab equipment and NAND memory demand continuing to grow. MKS also announced a \$25 million expansion of its Atotech manufacturing site in China, slated to come online in 2027 and strengthen its supply-chain positioning. Shares were trimmed on relative strength. **Knight-Swift Transportation Holdings, Inc. (KNX)**, a truckload and less-than-truckload carrier, was another top contributor. Shares benefitted from an improving freight cycle, as truckload spot rates and contract pricing tightened meaningfully after a multi-year downturn. The industry had just come through one of the longest freight recessions on record, driven by pull-forward demand during the COVID period. Spot rates are trending higher on tighter carrier capacity, enforcement of English-language proficiency requirements, and resilient consumer demand. Falling oil prices and progress toward a peaceful resolution of the U.S.-Iran conflict provided additional support, given KNX’s fuel-heavy cost structure. We trimmed KNX shares on relative strength. **Steel Dynamics, Inc. (STLD)**, a U.S. steel producer, rounded out the list of top contributors for the quarter. Steel prices rose during the quarter, widening metal spreads, while the 25% Section 232 tariff regime reduced import competition and let domestic producers hold pricing firm. The aluminum business also improved as STLD’s Mississippi facility added capacity into a domestic supply deficit widened by higher import tariffs. Management remains optimistic, pointing to secular tailwinds from data center construction, onshoring and reshoring by manufacturers, and non-residential infrastructure that together support a durable demand backdrop. Our thesis for STLD remains intact.

TOP DETRACTORS – SECOND QUARTER

Two Energy sector holdings, **Devon Energy Corp. (DVN)** and **Expand Energy Corp. (EXE)**, were the quarter’s top detractors. DVN, an oil and natural gas producer, came under pressure as crude oil prices declined and investors turned cautious after its acquisition of Coterra Energy. Despite management’s optimistic integration outlook, investors remain in “wait and see” mode pending the first post-merger earnings release in August 2026. Natural gas producer EXE came under pressure despite a solid 1Q26 release: revenue and earnings beat forecasts and the company repurchased \$150 million in shares, but management’s capex guide for the rest of 2026 came in below expectations. Sentiment was further weighed down by the controller’s resignation, which left the CFO covering dual accounting responsibilities in the interim. Despite the recent performance, our theses for both DVN and EXE remain intact. **FTI Consulting, Inc. (FCN)**, a global business advisory firm specializing in economic consulting, financial restructuring, strategic communications, and litigation support, was another top detractor. Shares traded lower after a disappointing 1Q26 release: revenue held up, but EPS came in well below analyst expectations on rising SG&A expenses expected to persist through the rest of 2026. The Economic Consulting segment lost market

share in U.S. antitrust consulting, and management indicated a recovery could take multiple quarters. On the positive side, the board authorized an additional \$307 million for the repurchase program and reaffirmed full-year 2026 guidance. Our thesis for FCN is under review. **Trimble, Inc. (TRMB)**, a provider of software, hardware, and cloud solutions across construction, geospatial, and transportation end markets, was another top detractor. TRMB reported strong 1Q26 results, with revenue and gross, operating, and EBITDA margins all up year-over-year, but full-year guidance implied deceleration for the rest of 2026. Management also flagged macro uncertainty weighing on visibility in its Field Systems hardware business and announced a transition to a consumption-based hybrid pricing model for its software products. Investors remain concerned about the shifting software landscape and AI disintermediation in the space, though management believes TRMB is insulated from these disruptions. Our thesis for TRMB remains intact. **L3Harris Technologies, Inc. (LHX)**, a defense contractor and IT services provider, rounded out the list of top detractors, with shares trading lower amid a broad defense sector derating. After several quarters of strong performance, the sector pulled back on concerns the proposed \$1.5 trillion defense budget would not pass Congress. Investors worry the \$350 billion reconciliation package inside that budget will face hurdles heading into the midterms. Though LHX has meaningful base-budget exposure, cutting or materially reducing the reconciliation package would weigh on projects expected to benefit the company, such as Golden Dome. Shares also came under pressure after LHX announced the spinoff of its missile solutions division, Axyv. That said, the company continues to see strong momentum across each of its segments and remains well-positioned for the Department of War’s long-term priorities. Our thesis for LHX remains intact.

A QUARTER IN REVIEW

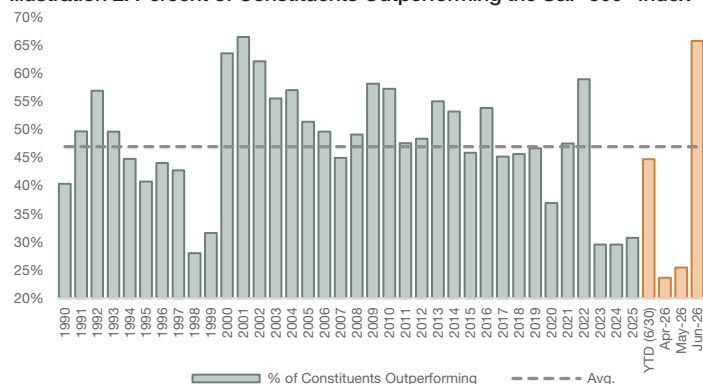
A FOMO Market

After a slight macro-induced pause in March, the market rose higher in the second quarter, driven by an insatiable appetite for risk. The pervasive FOMO mentality that persists in the market today has resulted in tail outcomes. Index concentrations are extreme with a handful of stocks driving overall benchmark returns. Factor performance has been lopsided with risk and momentum factors in the driver’s seat. Flows into speculative passive vehicles have ballooned, mainly due to record retail investor participation in the market. All of these market forces have conspired to once again put the fundamental (value) investor in a predicament. In such a narrow market, diversification has effectively evolved into a source of participation drag given that diversified portfolios are less likely to rival index returns. We will present a series of illustrations that we believe best capture the current market dynamics.

Breadth weakness that began in March 2026 persisted through April and May across all three major size segments, with the S&P 500® Index constituent outperformance falling to just 24-25% during those two months, well below the 47% historical average. The narrow market was not just a large-cap phenomenon, it trickled down the market cap spectrum as well with the percent of stocks outperforming the Russell Midcap® Index and the Russell 2000® Index well below historical levels. This created an extremely challenging backdrop for active managers. According to the Jefferies Global Research & Strategy team, only 30% of active managers outperformed their respective benchmarks quarter-to-date through May 2026.

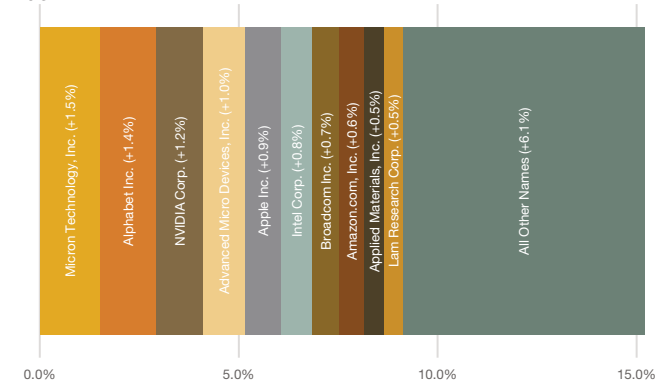
June marked a sharp reversal of the narrow-breadth backdrop that dominated April and May. S&P 500® Index breadth jumped to nearly 66%, topping any annual reading since 2001 and effectively erasing the Iran-conflict-driven pullback in a single month. Small-cap breadth also improved meaningfully in June, moving back to above its 45% long-term average for the first time in 2026. Mid-cap improvement was far more muted by comparison, edging up to 49%, only modestly above its 46% long-term average. The decidedly different market backdrop in June benefited active managers, with 70% outperforming their respective benchmarks for the month. Nevertheless, the broad participation into February, sharp narrowing through the Iran conflict and rapid June snapback raise the question of whether this reflects a durable resumption of the broadening trade or a shorter-term catch-up rally concentrated in a single month (Illustrations 2, 3 & 4).

Illustration 2: Percent of Constituents Outperforming the S&P 500® Index



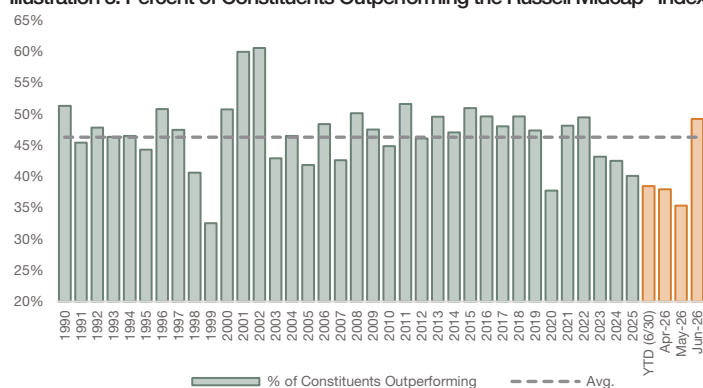
Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 5: Second Quarter Performance Breakdown of the S&P 500® Index



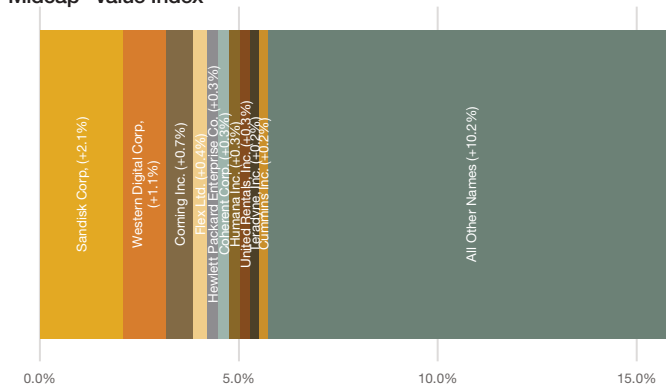
Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 3: Percent of Constituents Outperforming the Russell Midcap® Index



Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 6: Second Quarter Performance Breakdown of the Russell Midcap® Value Index



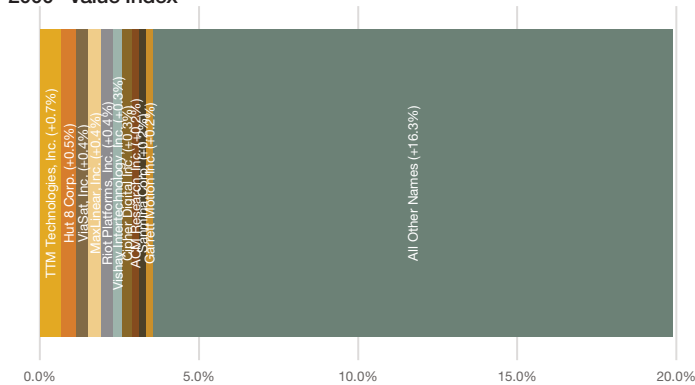
Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 4: Percent of Constituents Outperforming the Russell 2000® Index



Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 7: Second Quarter Performance Breakdown of the Russell 2000® Value Index



Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

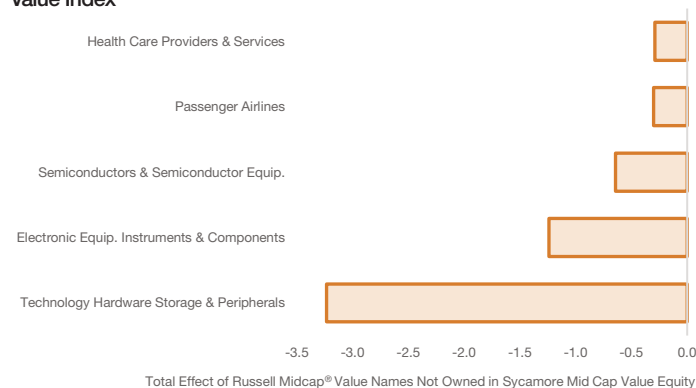
Extreme Concentration Across the Cap Spectrum

Mega-cap tech/AI-related semiconductor names remained the primary engine of index returns, continuing a pattern of narrow and concentration-driven leadership. S&P 500® Index returns were once again driven by a small handful of names, reinforcing how dependent broad market performance remains on the AI trade (Illustration 5).

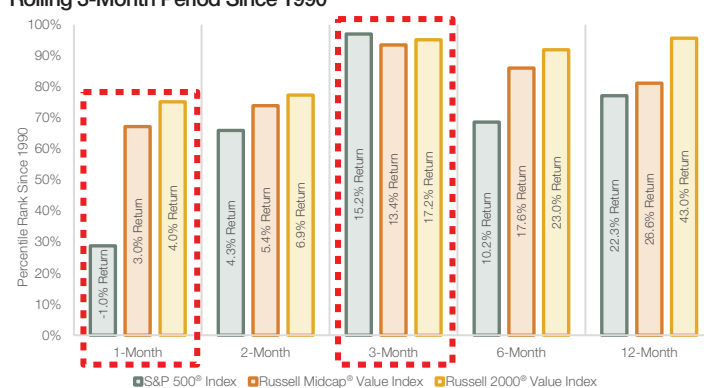
Within the Russell 2000® Value Index, small-cap value returns were far more broad-based, with no single name standing out the way mega-caps have within the large-cap size segment. However, in a benchmark with 1406 stocks, the fact that the top 10 explained 17% of the index return is noteworthy. Where leadership did emerge, it skewed toward speculative, momentum-driven areas like crypto-adjacent names

rather than fundamentals-driven value names (Illustration 7).

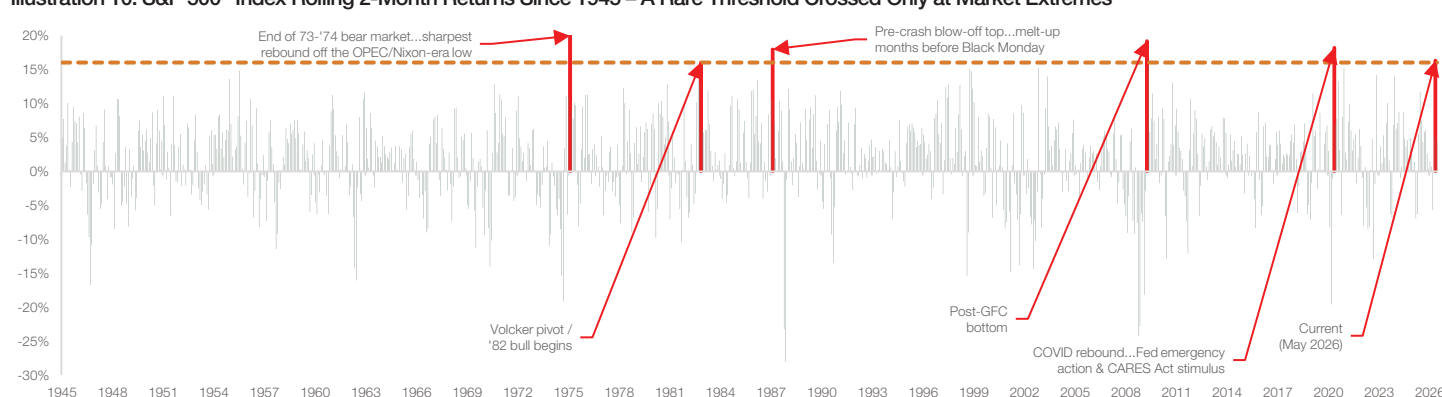
The Russell Midcap® Value Index saw a longer list of contributors than large-cap, but mid-cap value performance was still driven disproportionately by two names: Sandisk Corp. (SNDK) and Western Digital Corp. (WDC), which together were responsible for nearly 20% of the index's 2Q26 gain. Again, in a benchmark with 719 constituents, the fact that two stocks explained 20% of the index return is an aberration and not the norm. It also highlights that it was nearly impossible to outperform the Index without some exposure to this group (Illustration 6).

Illustration 8: Performance Impact of Names Avoided in the Russell Midcap® Value Index

Source: FactSet. As of June 30, 2026. Analysis includes benchmark constituents not owned in Sycamore Capital strategies. Data compiled and analyzed by Sycamore Capital.

Illustration 9: Second Quarter 2026 Performance Ranks Among the Strongest Rolling 3-Month Period Since 1990

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 10: S&P 500® Index Rolling 2-Month Returns Since 1945 – A Rare Threshold Crossed Only at Market Extremes

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

The Cost of Not Owning the Winners

Given the outsized performance of a small number of stocks, lack of exposure carried a meaningful cost. Not owning the Technology Hardware industry group within the Russell Midcap® Value Index, which rose 144.5%, detracted roughly 323 basis points (bps) for the second quarter, driven primarily by SNDK (+258%) and WDC (+136.2%), which together accounted for roughly 291 bps of our drag (Illustration 8).

April/May's Performance was one for the record books

The S&P 500® Index, the Russell Midcap® Value Index and the Russell 2000® Value Index each posted double-digit quarterly returns, up 15.2%, 13.4% and 17.2% respectively. The breadth of the move was notable across the entire cap spectrum, with each of the three major size segments landing in the 90th percentile or higher during the quarter; a hurdle each index has cleared only a handful of times. The 3-month return through June 30, 2026 ranked in the 97th percentile for the S&P 500® Index, the 93rd for the Russell Midcap® Value Index and the 95th for the Russell 2000® Value Index, each measured against the full rolling 3-month return history since 1990.

June itself, though, told a very different story. The S&P 500® Index slipped -1.0% (28th percentile), a notable pullback from the April/May 2-month reading of +16.3% (99th percentile). The Russell 2000® Value Index and Russell Midcap® Value Index both advanced 3-4% in June, extending their rolling 2-month strength (Russell 2000® Value Index +12.7%/94th, Russell Midcap® Value Index +10.1%/92nd through May). The trailing 12-month returns remain elevated across the board, led by the Russell 2000® Value Index at 43.0% (96th percentile), roughly double the trailing return of the S&P 500® Index over the same window (Illustration 9).

The rolling 2-month returns of the S&P 500® Index have surpassed 16% in only a handful of instances since 1945. Prior instances fall around major inflection points, including the end of the 1973-1974 bear market, 1982 Volcker pivot,

Illustration 11: Back-to-Back Monthly Returns > 16% for the S&P 500® Index

Date	Back-to-Back Monthly Gain >16%	+3-Month Return	+6-Month Return	+12-Month Return
Jul-29	16.3%	-16.4%	-21.1%	-26.6%
Feb-31	16.9%	-27.4%	-22.7%	-53.8%
Jul-32	36.5%	14.1%	13.8%	63.1%
Aug-32	89.4%	-21.9%	-32.5%	32.2%
Sep-32	32.5%	-14.7%	-27.6%	21.7%
Apr-33	47.0%	19.6%	7.7%	25.7%
May-33	64.8%	15.0%	2.5%	-0.3%
Jun-33	31.1%	-9.9%	-7.4%	-10.1%
Jun-38	19.2%	5.9%	14.3%	-6.1%
Jul-38	33.8%	6.2%	-0.8%	-2.9%
Feb-75	19.9%	12.9%	8.7%	27.3%
Nov-82	16.0%	8.1%	19.9%	25.6%
Feb-87	17.9%	2.9%	17.8%	-2.7%
Apr-09	19.2%	13.8%	20.0%	38.8%
May-20	18.2%	15.5%	20.0%	40.3%
May-26	16.3%	???	???	???
Average	30.9%	1.6%	0.8%	11.5%
Median	19.5%	6.2%	7.7%	21.7%
% Positive	100.0%	66.7%	60.0%	53.3%
Maximum	89.4%	19.6%	20.0%	63.1%
Minimum	16.0%	-27.4%	-32.5%	-53.8%
# of Occur.	16			

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital. Price return used from 1928-1969. Total return used from 1970-current.

pre-Black Monday melt-up in 1987, post-GFC bottom in 2009 and COVID-19 rebound in 2020. As of May 2026, the rolling 2-month return has again crossed this threshold. Historically, these episodes have marked either the start of a new bull market off a deep low, or a final surge before a sharp reversal. The current instance follows a period of narrow, AI-driven index concentration, a dynamic not present in most of the prior occurrences (Illustration 10).

In the handful of prior instances when the S&P 500® Index's rolling 2-month return exceeded 16%, forward returns have been mixed, skewing positive on average but with a wide dispersion of outcomes (Illustration 11).

Small Cap's Under-the-Radar Comeback

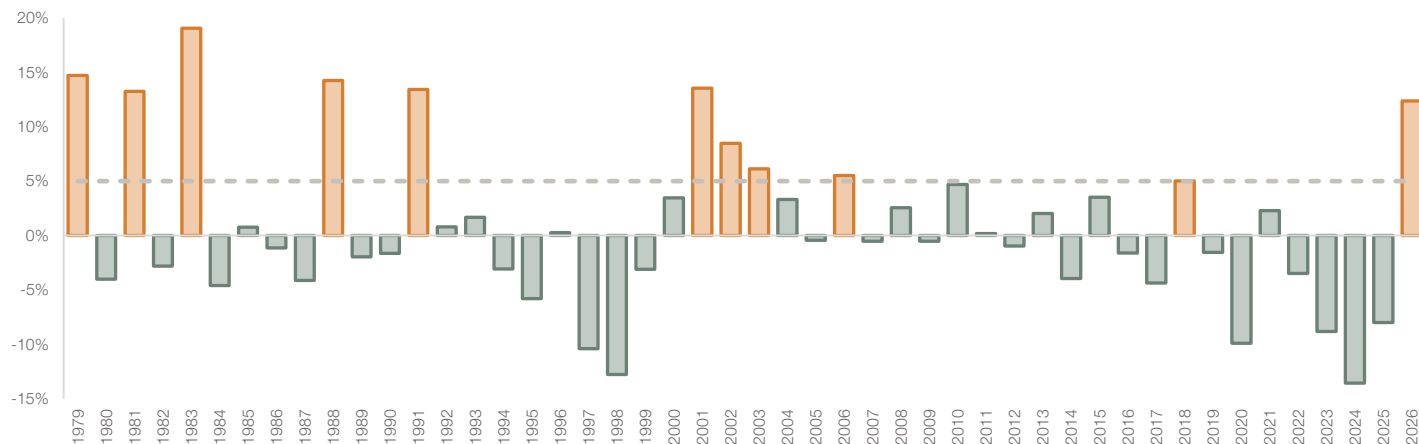
The often-neglected small cap stocks have had an impressive run. The

Russell 2000® Index outperformed the S&P 500® Index by 12.4% in 1H26, the strongest first-half relative showing since 2001. This level of outperformance (>5%) has occurred in only 11 first halves since 1979, underscoring the significance of this move. Looking at prior instances of double-digit relative outperformance, average full-year relative returns remained positive over the 12 months following the strongest starts (1979, 1988, 1991), suggesting small-cap's historic run could persist into year-end – especially if investors look for ways to de-risk their exposure to the AI trade (Illustrations 12 & 13).

Factor Performance Indicative of the Voracious Appetite for Risk

Risk and Momentum factors prevailed once again in the second quarter (Illustration 14). Beta's second-quarter outperformance (bar) notably exceeded its long-term average since 2002 (dot).

Illustration 12: Relative First Half Performance of the Russell 2000® Index vs. the S&P 500® Index



Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 13: Strongest First-Half Relative Showing for Russell 2000® Index vs. S&P 500® Index Since 2001

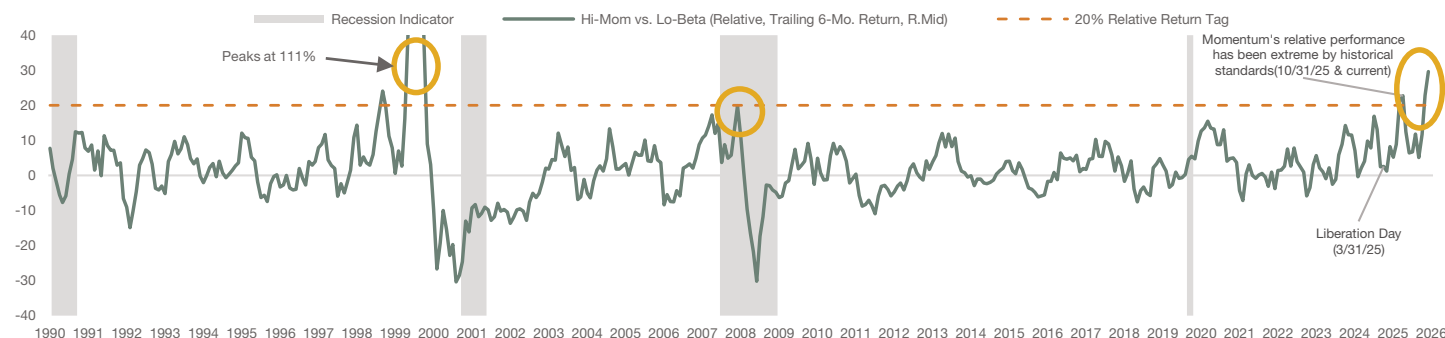
First Half	Russell 2000® Index	S&P 500® Index	Relative	Russell 2000® Index Second Half	Russell 2000® Index Fwd. 1-Year
1983	41.3%	22.2%	19.1%	-8.6%	-17.3%
1979	24.7%	10.0%	14.7%	14.7%	20.2%
1988	27.0%	12.7%	14.2%	-1.5%	12.8%
2001	6.9%	-6.7%	13.5%	-4.1%	-8.6%
1991	27.7%	14.3%	13.4%	14.4%	14.5%
1981	12.3%	-1.0%	13.3%	-9.2%	-18.8%
2026	22.6%	10.2%	12.4%	???	???
2002	-4.7%	-13.2%	8.5%	-16.6%	-1.6%
2003	17.9%	11.8%	6.1%	24.9%	33.4%
2006	8.2%	2.7%	5.5%	9.4%	16.4%
2018	7.7%	2.6%	5.0%	-17.3%	-3.3%
Average	17.4%	6.0%	11.4%	0.6%	4.8%
% Positive	91%	73%	100%	40%	50%

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 14: Second Quarter 2026 Factor Returns vs. Median Since 2002 in the Russell Midcap® Value Index



Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital. Analysis is quintile based, with an equal number of holdings in each quintile. Results represent first quintile performance minus fifth quintile performance.

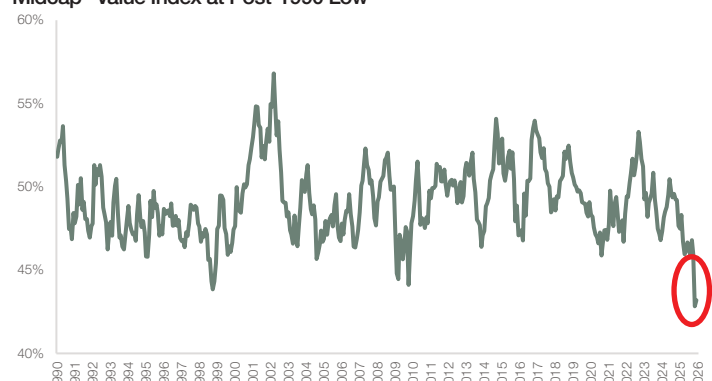
Illustration 15: Trailing 6-month Relative Return of High Momentum vs. Low Beta in the Russell Midcap® Index

Source: FactSet & Federal Reserve Economic Data (FRED). As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 16: Russell Midcap® Value Index Factor Performance

	April & May	June
Beta Q1 (Highest)	31.3%	7.1%
Beta Q5 (Lowest)	-1.8%	0.0%
Earners (Profitable)	9.6%	3.3%
Non-Earners (Loss-Making)	15.8%	-0.8%
Short Interest Q1 (Highest)	11.0%	-1.9%
Short Interest Q5 (Lowest)	7.8%	1.7%
Volatility Q1 (Highest)	36.6%	5.2%
Volatility Q5 (Lowest)	-0.8%	3.1%

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital. See last page for a list of factor definitions.

Illustration 17: Percent of Profitable Stocks Outperforming the Russell Midcap® Value Index at Post-1990 Low

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital. Data smoothed using a trailing 6-month average of month-end values.

Illustration 18: Information Technology Sector Momentum in the Russell 1000® Index at Levels Last Seen at the 2001 Dot Com Peak

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

The momentum factor has also had an impressive run, and the 6-month performance for the high-momentum factor reached levels only seen during the COVID, GFC and Dot Com era for the Russell Midcap® Index (Illustration 15).

Wild Swings in Factor Performance

Risk ruled the day in April and May, posing meaningful stylistic headwinds for quality-biased managers. Risk factors (e.g. high beta, loss-makers, high short interest, most volatile) notably outperformed. There was a reversal of fortunes in June which helped managers with a quality tilt to make up some lost ground from a challenging first two months of the quarter (Illustration 16).

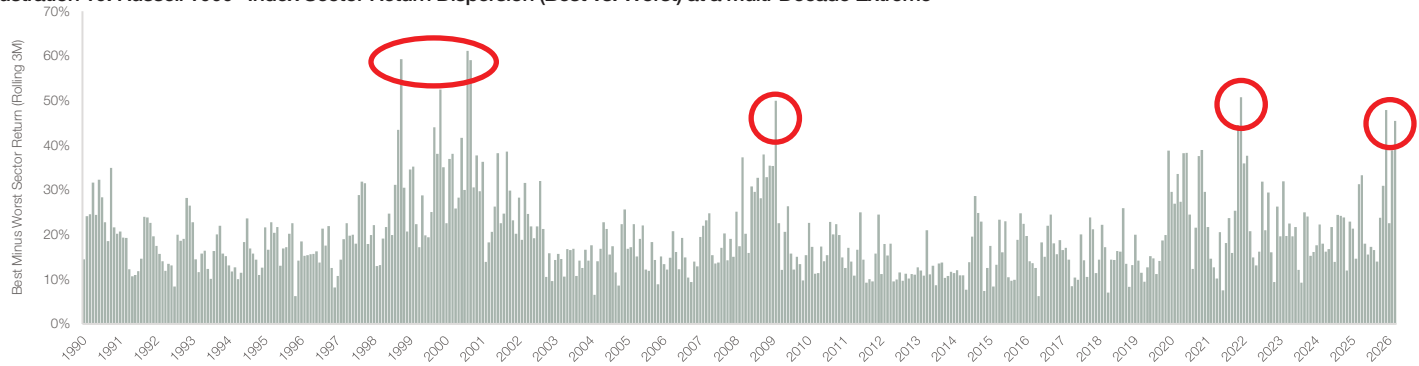
Quality Subdued

With risk and momentum factors leading the charge, quality has been subdued. Illustration 17 shows just how out-of-favor quality has been. In May 2026, the percentage of profitable stocks that were outperforming the overall Russell Midcap® Value Index hit the lowest point since 1990. This helps to explain the struggles that quality-biased managers are currently facing in a risk-induced bull market.

Something Just Does Not Smell Right

In the investment profession, value investors have the stigma of being skeptics, the glass half-empty crowd. There is some truth to that. After all, investing is a profession that requires making decisions without perfect clarity. Therefore, it is prudent to approach every investment opportunity with a healthy dose of skepticism. In other words, we believe it is perfectly acceptable to ask ourselves: what could go wrong with a particular investment?

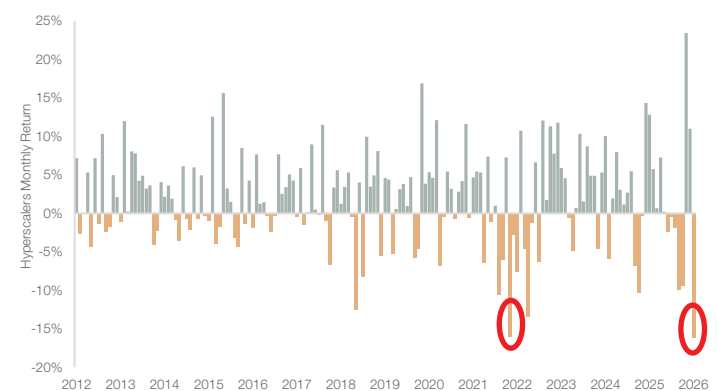
In today's market environment where mega themes are dominating the narrative, we detect that there is a lack of healthy skepticism from market participants. There is no doubt that A.I. is a transformative technology; however, the arms race for market position has resulted in an unhealthy risk appetite in the market. FOMO is real! And everyone wants a piece of the pie. We get it...it's difficult to sit on the sidelines and watch as stocks linked to the prevailing themes go parabolic. However, we also believe that trying to poke holes in the narrative and not settling for the "this time it's different" explanation is a necessity.

Illustration 19: Russell 1000® Index Sector Return Dispersion (Best vs. Worst) at a Multi-Decade Extreme

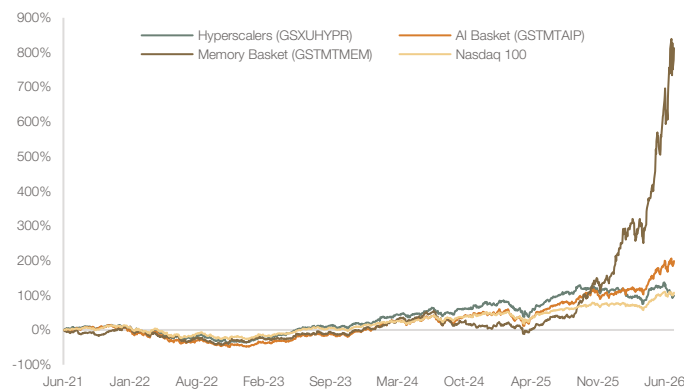
Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 20: A New High Above the Dot Com Era – Information Technology Weight in the Russell 3000® Index

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 21: Sharp Reversal in Hyperscalers in June 2026 – Steepest Drawdown Since Meta's IPO

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital. Hyperscaler monthly return includes GOOGL, AMZN, MSFT, META, and ORCL.

Illustration 22: Memory Stocks Take the Baton – Performance Divergence Across AI-Linked Cohorts

Source: Bloomberg. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital. Cumulative performance begins on 6/30/2021.

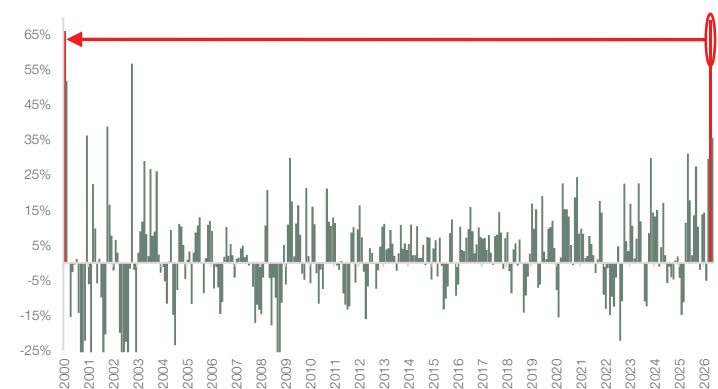
The impressive run the market has had since 2023 shows no signs of fatigue. However, in our view, there are underlying risks in the current market backdrop that are too often dismissed. We'll share several observations with our readers that touch on some of these.

Technology Sector's Momentum at Extreme

The Information Technology sector's momentum has reached levels last seen at the peak of the Dot Com bubble in 2001 (Illustration 18).

Sector Performance Divergence is Noteworthy

During the second quarter, the divergence between the top-performing Information Technology sector and Energy (worst-performing sector) within the Russell 1000® Index reached levels only observed on several occasions since 1990. This is another example

Illustration 23: Best 2-Month Return for the PHLX Semiconductor Sector Index (SOX) Since February 2000

Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

of how the FOMO trade is sucking the oxygen out of other segments of the market (Illustration 19).

Information Technology Sector's Weight Peaked

The weight of the Information Technology sector within the Russell 3000® Index surpassed its prior peak in 2000 (Illustration 20).

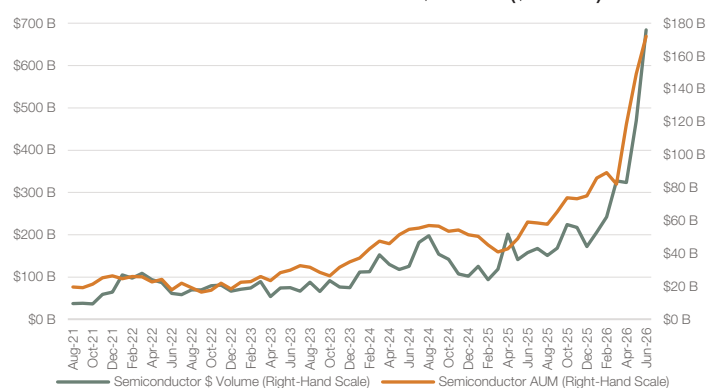
Volatility in AI-Linked Stocks

After a meaningful spike higher in April, the hyperscalers saw their steepest drawdown since Meta's IPO. The volatile price action highlights the controversy surrounding the A.I. theme (Illustration 21).

The Baton Passed On

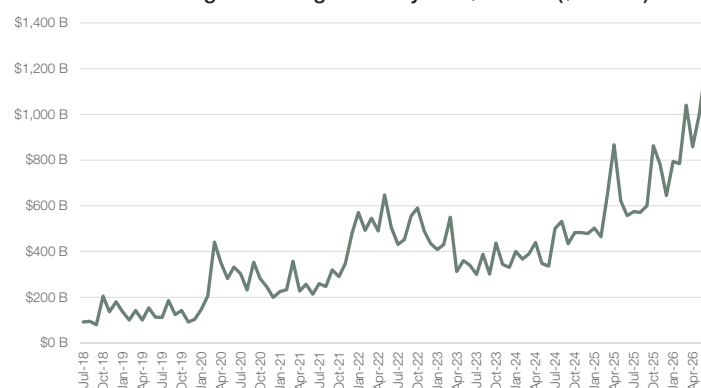
In the second quarter, the baton was passed to the memory stocks, which

Illustration 24: Semiconductor ETF AUM and \$ Volume (\$ Billions)



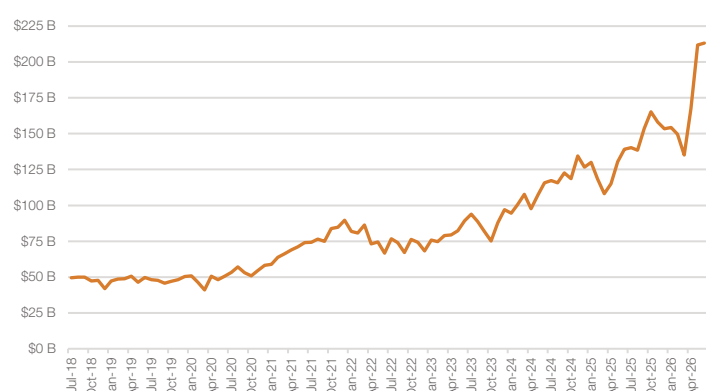
Source: Bloomberg. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 25: Leveraged and Single Security ETF \$ Volume (\$ Billions)



Source: Bloomberg. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 26: Leveraged and Single Security ETF \$ AUM (\$ Billions)



Source: Bloomberg. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 27: Western Digital Corp. (WDC) – When a Cyclical Multiple Loses Its Anchor



Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

saw a meteoric rise. Illustration 22 shows the performance divergence between memory stocks, the hyperscalers, other AI-linked stocks and the tech-centric NASDAQ Composite. In fact, the 2-month period (April-May) was the SOX benchmark's best (2-month) performance since the peak of the Dot Com bubble in February 2000 (Illustration 23). We'll leave it to our readers to draw their own conclusion.

FOMO Is Alive and Well

Retail investor participation has spiked and is partly why there's been a proliferation of risky passive vehicles. According to Empirical Research Partners, retail investors and quants account for 60% of trading volume, almost twice their share in 2010. Retail investors generally latch onto themes and do not necessarily factor in company fundamentals when making investment decisions. Illustrations 24-26 above show the ballooning assets and trading volume of speculative passive vehicles like semiconductor and leveraged single-stock ETFs.

FOMO Causing Valuations to Skyrocket

Western Digital Corp. (WDC), a historically cyclical data storage solutions company, was swept up in the FOMO trade. Consequently, the share price went parabolic, propelling valuations to never-before-seen levels. WDC's market capitalization was approximately \$20.6 billion on January 1, 2025. The company's market capitalization at the end of the second quarter was roughly \$220.2 billion. That's a whopping 969% jump in six quarters. Consequently, valuations followed a similar trajectory. Over the past 15 years, the EV/Sales multiple on an LTM (last-twelve-months) basis averaged around 1.7x. The multiple peaked in June at 21.3x. These seismic moves make ownership challenging for a fundamental value manager. First, with multiples hitting levels never seen before, it becomes nearly impossible to quantify the downside given these are highly cyclical businesses. Second, it would be problematic to call ourselves a value manager by owning a stock trading at this valuation. Essentially, one would have to deviate from a valuation-centric investment process to justify ownership (Illustration 27).

High Multiple Stocks Are Being Rewarded

Retail investors have fueled the momentum market that's rewarded high-multiple stocks. Illustration 28 highlights the percentage of stocks with EV/Sales exceeding 10x that surpassed the prior peak in 2000. Retail investors have effectively become price setters in this market by crowding into stocks with positive earnings momentum irrespective of valuations, despite the fact that high-multiple stocks have a track record of underperforming (Illustration 29). That's also why we've seen episodic momentum unwinds that are so violent. This cohort is less focused on fundamentals and often overreacts to news.

U.S. Households' Exposure to Equities Reached New Record

Today, U.S. households are more exposed to the equity market than at any point in history. Corporate equities now account for approximately 47% of household financial assets, eclipsing the prior peak reached during the Dot Com era by 10%. What's concerning to us is the fact that one sector (Information Technology) makes up a significant portion of the equity market. Furthermore, the Technology sector is heavily reliant on A.I. delivering on its promises. Hence, there's growing systemic risk given that households in the U.S. today are likely overexposed to just one sector and effectively a bet on A.I. Therefore, investors (which include 401(k) participants) could inadvertently face wealth destruction if markets pull back (Illustration 30).

Compounding this risk is the ongoing borrowing binge, which, according to FINRA, jumped 54% year-over-year to hit an all-time high of \$1.42 trillion in May. That's a jump from \$920.96 billion a year ago. The rapid spike in leverage is not only indicative of overconfidence, but it also preceded prior downturns (e.g. 2000, 2007 and 2022). This coincides with the proliferation of leveraged ETFs which inject an underappreciated element of risk into the market. A momentum unwind could trigger margin calls, thereby forcing liquidations and possibly exacerbating a market drawdown (Illustration 31).

How Quickly Capital Can Evaporate

Perhaps nothing captures the fragility of the current market environment more than the SpaceX (SPCX) IPO. SPCX went public on June 12 at \$161 per share. Shares peaked at \$201.80 on June 16 before nosediving to close the quarter just shy of \$172 per share. In under two weeks, SPCX's market cap erosion (~\$727 billion) was equivalent to the collective market cap of the smallest 62 stocks in the S&P 500® Index. Ironically, the collective revenue of those 62 stocks was \$474 billion compared with \$19 billion for SPCX. This not only exemplifies how quickly capital destruction can occur, but also the level of hubris that prevails in the current market (Illustration 32).

A Couple of Thoughts on A.I.

The capex spending boom continues unabated; however, cracks in the A.I. story are emerging. As we mentioned earlier, a healthy dose of skepticism is warranted. Just like other great technologies throughout history (e.g., railroads in the 1870s, electrification in the 1920s, internet buildout in the 1990s), there's rarely a clear line of sight to profitability in the early stages of the technology lifecycle. In fact, overinvestment early on often leads to margin erosion. The A.I. party has spilled into the early morning hours, but eventually every party must come to an end. We'll offer a few observations that could serve as the catalysts that derail the euphoric investor response to the A.I. narrative.

- **The economics of LLMs are elusive.** As DeepSeek demonstrated, the barriers to entry are lower than originally thought. Furthermore, DeepSeek showcased that it can have a seat at the table with the leading developers despite being resource constrained. The space is ripe for cheaper open-source models (from China and others) that are sufficient enough for the average user.
- **Winners and losers still to be determined.** People use multiple models. As of now, there does not appear to be a clear favorite,

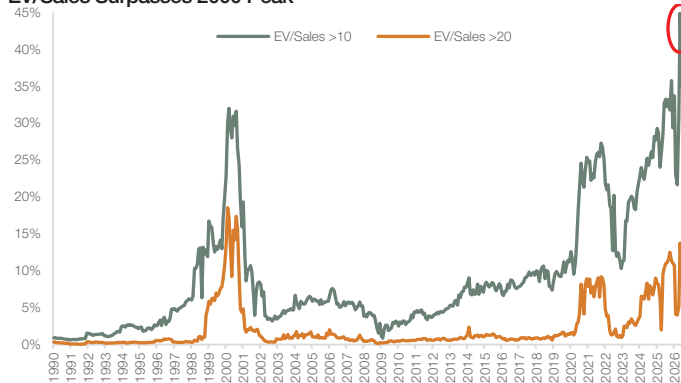
and switching between models is relatively pain-free.

- **Free cash flow erosion.** Hyperscalers self-funded their massive capex programs via their existing free cash flow. However, after several years of a rampant spending binge, they are becoming increasingly reliant on the capital markets. The market's appetite to fund the spending spree warrants monitoring, because there could be ripple effects if the well dries up or sentiment on the nascent technology sours.
- **The "Solow paradox".** Nobel laureate Robert Solow famously quipped in 1987, "you can see the computer age everywhere but in the productivity statistics." In the early innings of PCs, productivity stagnated for years. It remains to be seen whether the unprecedented level of investment in A.I. will result in measurable productivity gains. According to an analysis by Goldman Sachs Global Investment Research, only 2% of S&P 500® Index companies tied A.I. productivity gains to earnings in the first quarter (Illustration 33).

Furthermore, mentions of A.I. in corporate earnings commentary appear to have peaked in April and have now plateaued (Illustration 34). There was such a mad dash by companies to demonstrate A.I. adoption (so as not to be perceived as falling behind the curve) that mention of A.I. on earnings calls became a necessity. More recently, the issue of "Tokenmaxxing" surfaced when management teams realized that the upfront costs associated with A.I. adoption could offset the incremental earnings gains from increased productivity. Token consumption has come under fire and there is growing unease about rising token spend. Again, the ultimate impact from A.I. adoption remains unclear at this juncture.

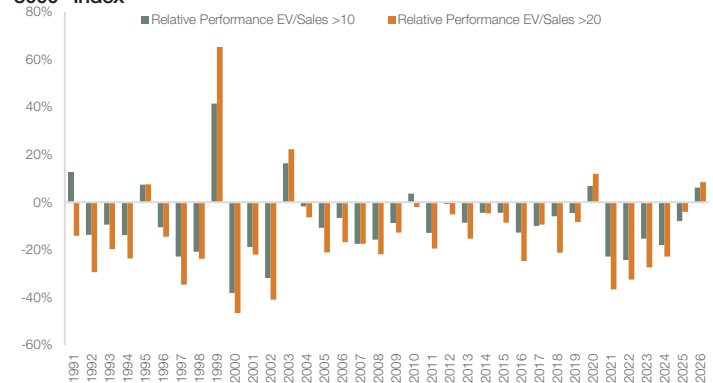
- **Quality of earnings issue.** The circular financing arrangements, convoluted ownership and partnership links across the A.I. supply chain call into question the durability and quality of the earnings

Illustration 28: Percent of Russell 3000® Index Market Cap Trading Above 10x EV/Sales Surpasses 2000 Peak



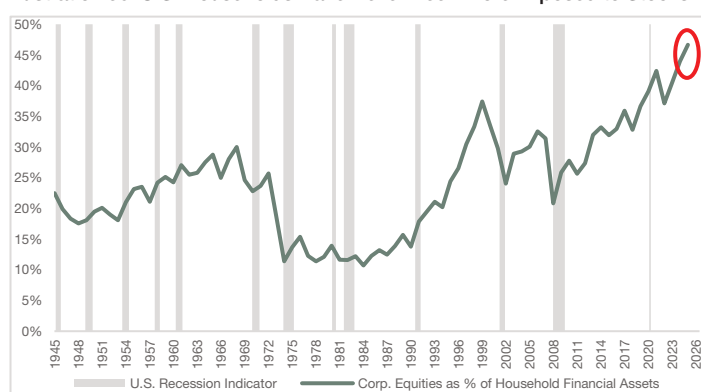
Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 29: Annual Performance of High Multiple Stocks vs. the Russell 3000® Index



Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 30: U.S. Households Have Never Been More Exposed to Stocks



Source: Federal Reserve Economic Data (FRED). As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 31: Margin Debt Hits an All-Time High



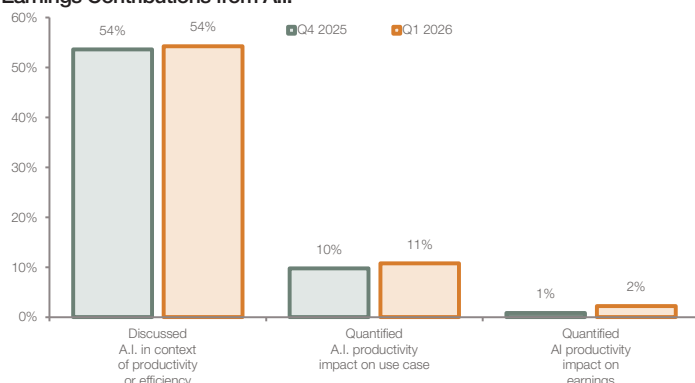
Source: FINRA. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 32: SpaceX (SPCX) Erased \$727 Billion in Market Cap Post-IPO, More Than the 62 Smallest S&P 500® Index Constituents Combined



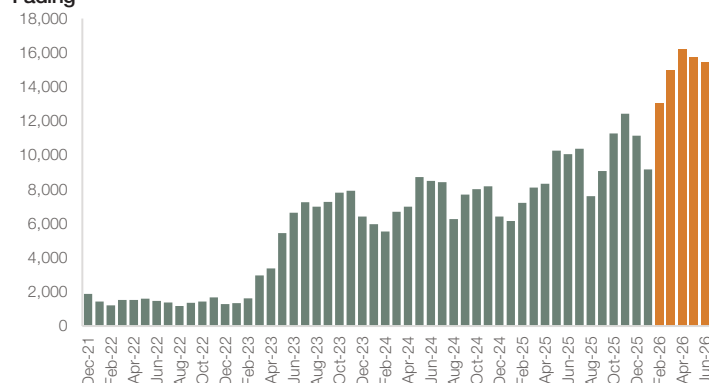
Source: FactSet. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

Illustration 33: Few S&P 500® Index Companies Are Reporting Measurable Earnings Contributions from A.I.



Source: Goldman Sachs. As of June 30, 2026.

Illustration 34: Corporate Earnings Commentary Suggests the A.I. Buzz Is Fading



Source: Bloomberg. As of June 30, 2026. Data compiled and analyzed by Sycamore Capital.

picture. This complex web that exists in the A.I. ecosystem led the Bank for International Settlements (BIS) to highlight the risks in its 2026 Annual Economic Report:

The opacity of AI-sector financing compounds these vulnerabilities. Hyperscalers, chip makers and AI labs are linked through a complex web of private arrangements. The most prominent is circular financing: chip makers and hyperscalers take equity stakes in AI labs or neocloud providers, who in turn commit to multi-year purchases of chips or computing power. Data centre construction is increasingly outsourced to third parties that lease facilities back to hyperscalers on long-dated contracts with embedded exit clauses. The terms of such deals are typically poorly disclosed, with risks of the same asset being pledged multiple times. Together, such arrangements account for a sizeable share of sector-wide financing and forward revenue.

- **Data center backlash is rapidly escalating.** The political backlash against data-center buildout is growing rapidly across the country. According to the Data Center Opposition Report, there were 430 local opposition groups totaling 525,000 members. Membership of such groups has increased almost sevenfold since last December with members across 40 states. These projects are viewed as unfavorable by a majority of Americans, as was captured in a recent Gallup poll released in May. According to Gallup, seven

in 10 Americans oppose constructing data centers for artificial intelligence in their local area, including 48% that strongly oppose. A report by Data Center Watch reported that 75 data-center projects totaling approximately \$130 billion were blocked or delayed in the first quarter. This hot-button issue is not likely going to go away anytime soon, and opposition is spreading beyond just grassroots groups and into the mainstream, where politicians are quickly looking to capitalize on this contentious topic. Therefore, this is a development worth monitoring as it rapidly unfolds.

The benefits of A.I. may eventually prove to be seismic, especially in the field of medicine. However, the potential benefits may be delayed beyond what the current market expectations may imply. Some market participants are navigating this market with blind faith, hoping that a nascent technology would deliver on all its promises. However, the real potential impact from A.I. remains elusive.

CONCLUDING REMARKS

As bottom-up fundamental investors, it is in our DNA to evaluate what could go wrong in an investment thesis. As we evaluate the current backdrop, we believe there are underappreciated risks percolating beneath the surface whether they pertain to the one-dimensional and singularly focused market, extreme concentration, crowding into momentum, proliferation of risky passive vehicles or the “lottery” mentality that is ubiquitous in the market today. Our objective in this commentary was not to sound the alarm bells, but to point out some of the excesses

that should be recognized by fiduciaries who are entrusted to be good stewards of capital. Given the emerging controversy surrounding A.I., prudent investors should evaluate whether the time has come to de-risk their exposure to A.I. and look for opportunities in pockets of the market that have been left behind. After all, when expectations are so elevated, any sort of disappointment could cause a negative domino effect. The question then is whether the market is prepared for any hints that A.I. is failing to deliver on its ambitious promises. Time will only tell!

Even though we cannot precisely put our finger on it, something just does not smell right!

We'll end on a befitting quote from the legendary investor, Sir John Templeton:

"Bull markets are born on pessimism, grown on skepticism, mature on optimism, and die on euphoria."



Source: ChatGPT (OpenAI, GPT-5, queried July 2026). We recognize the irony of leaning on generative A.I. to help produce a commentary graphic cautioning against A.I. euphoria. Consistent with emerging disclosure norms, output was reviewed and edited by the investment team; A.I. generated content may be inaccurate or incomplete. The company names, logos, or brands depicted in this A.I.-generated image are included solely for illustrative and contextual purposes. Their appearance does not constitute a recommendation to buy or sell any security, nor should it be construed as a positive or negative commentary on any specific company's business, prospects, or management. This material is not intended as individual investment advice.

The comparison to the technology-sector valuations of the late 1990s and early 2000s ("Dot-Com bubble") is intended solely to provide context for current market observations. Such comparisons are inherently imperfect. No two market environments are identical, and historical patterns are not a guarantee of future results. The views expressed herein reflect the investment team's current observations and opinions, which are subject to change. Nothing in this image constitutes a prediction, forecast, or guarantee that any particular market outcome will occur.

QTD Top Contributors (%)

Molina Healthcare, Inc.	0.9
Microchip Technology, Inc.	0.8
MKS, Inc.	0.6
Knight-Swift Transportation Holdings, Inc.	0.5
Steel Dynamics, Inc.	0.5

Source: FactSet. The percent displayed is the contribution to return and is gross-of-fees.

QTD Top Detractors (%)

Devon Energy Corp.	-0.3
Expand Energy Corp.	-0.2
FTI Consulting, Inc.	-0.2
Trimble, Inc.	-0.2
L3Harris Technologies, Inc.	-0.2

ANNUALIZED RETURNS

Investment Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	7-YR	10-YR	Since Inception*
Sycamore Mid Cap Value Equity (gross of fees)	9.76	15.02	19.09	11.84	9.03	12.21	12.09	13.01
Sycamore Mid Cap Value Equity (net of fees)	9.56	14.59	18.20	11.01	8.21	11.37	11.25	12.36
Russell Midcap® Value Index	13.40	17.58	26.62	16.51	9.48	11.35	10.63	—

Source: Zephyr. Returns greater than one year are annualized and reflect the reinvestment of dividends and other earnings.

*Since inception start date: 09/01/1983.

Composite and benchmark returns are presented net of non-reclaimable withholding taxes, if any. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equity to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV.

Past performance does not guarantee future results.

The Sycamore Mid Cap Value Equity Composite includes all accounts, except wrap fee paying accounts, that are primarily invested in middle-cap companies that meet the team's investment criteria. Mid Cap securities are defined as those that fall within the market capitalization range of the broad universe. Product generally has a minimum equity commitment of 90% and the composite inception date is September 1983. The composite creation date is 3Q04.

All investing involves risk, including the possible loss of principal.

An investment should be made with an understanding of the risks involved with owning a particular security or asset class.

The benchmark of this composite is the Russell Midcap® Value Index. The Russell Midcap® Value Index measures the performance of those Russell Midcap companies with lower price/book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000® Value Index. The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index, which represent approximately 25% of the total market capitalization of the Russell 1000® Index.

Index returns are provided to represent the investment environment during the periods shown. Index performance does not reflect management fees, transaction costs or expenses that would be incurred with an investment. One cannot invest directly in an index.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice. The securities highlighted, if any, were not intended as individual investment advice.

*A basis point is one-hundredth of a percentage point (0.01%) and is abbreviated as "bp" (singular) or "bps" (plural).

Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

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IMPORTANT INFORMATION – GLOSSARY TERMS

Price-to-Sales is the ratio of a stock's price to its per-share sales.

Average P/E Ratio (trailing or last 12 months "LTM") is the current price of the stock divided by the actual earnings per share for the past 12 months.

Average P/E Ratio (estimated or next 12 months "NTM") is the current price of a stock divided by the estimated one-year projection of its earnings per share.

Beta measures the price volatility, or the level of risk, of a stock relative to the broader market. A beta of 1 indicates that the security's price has moved with the market. A beta of less than 1 means that the security has been less volatile than the market. A beta of greater than 1 indicates that the security's price has been more volatile than the market.

Price momentum refers to the speed or velocity of price changes in security; it can be positive or negative.

Price-to-Book is the ratio of a stock's market value (price) to the value of total assets less total liabilities (book value).

Enterprise value (EV) measures a company's total value, often used as a more comprehensive alternative to equity market capitalization. Enterprise value includes in its calculation the market capitalization of a company but also short-term and long-term debt and any cash on the company's balance sheet.

Short interest is the percentage of a stock's total trading volume that has been sold short. High short interest can be a sign that the market expects a share price to fall.

Forward Earnings Growth is the expected percentage increase in a company's earnings per share (EPS) over the next 12 months (or future period) compared to the current or prior period.

EBITDA Earnings Before Interest, Taxes, Depreciation, and Amortization—a measure of a company's operating profitability before accounting for financing

decisions, tax rates, and non-cash expenses.

Momentum is the tendency of stocks or assets that have performed well (or poorly) in the recent past to continue performing well (or poorly) in the near future.

FCF/Price is how much actual cash a company generates compared to what it costs to buy the stock.

FCF/Debt is the ratio of a company's free cash flow to its total debt, showing how easily it can cover or pay down what it owes.

Low Capex (Capital Expenditures) is a company that spends relatively little cash on buying or upgrading physical assets like equipment, buildings, or technology.

Dividend Yield is total cash dividends paid as a percent of market capitalization at the end of the period.

Return on invested capital (ROIC) is a number that indicates how well a company is spending its capital on profitable projects or investments. It is calculated by dividing net operating profit after tax (NOPAT) by invested capital.

Debt to Total Capitalization measures the financial leverage of the firm and is calculated as a ratio of debt to the total capital available of a company.

***Illustration 33 full disclosure:** When using these charts, please ensure that you have confirmed with any non-GS source that you are able to use the data in the form provided in the exhibit (if applicable) and that you appropriately source it to the non-GS source or Goldman Sachs Global Investment Research, as the case may be. GS-produced content or views must be clearly identified so as to be distinct from your own content/views. In addition, note that you may not include the GIR exhibits in any material that constitutes advertising, marketing or solicitation or that advocates a particular position you are taking (e.g., in connection with a proposed transaction you may be making) nor use these exhibits in connection with any litigation or regulatory action. If you are unclear about whether a particular use is appropriate, please let us know.