

SUNCOAST

EQUITY MANAGEMENT

SEM Select Growth Trails in High Beta-Led Markets

Why Short-Term Lag Sets Up Long-Term Outperformance

The Pattern: High Beta Markets and SEM

When speculative, high-beta stocks dominate the market, SEM's quality-growth approach temporarily lags — not because of a flaw, but because of discipline. 2003, 2010, 2016, and now 2025 all share the same fingerprint.

2010

Beta 1.7×

SEM: **+6.8%**
S&P 500: **+15.1%**

Gap: **-8.2 pts**

High beta led the S&P 500 by 1.7×

2016

Beta 2.0×

SEM: **-3.0%**
S&P 500: **+12.0%**

Gap: **-14.9 pts**

High beta led the S&P 500 by 2.0×

2025

Beta 1.8×

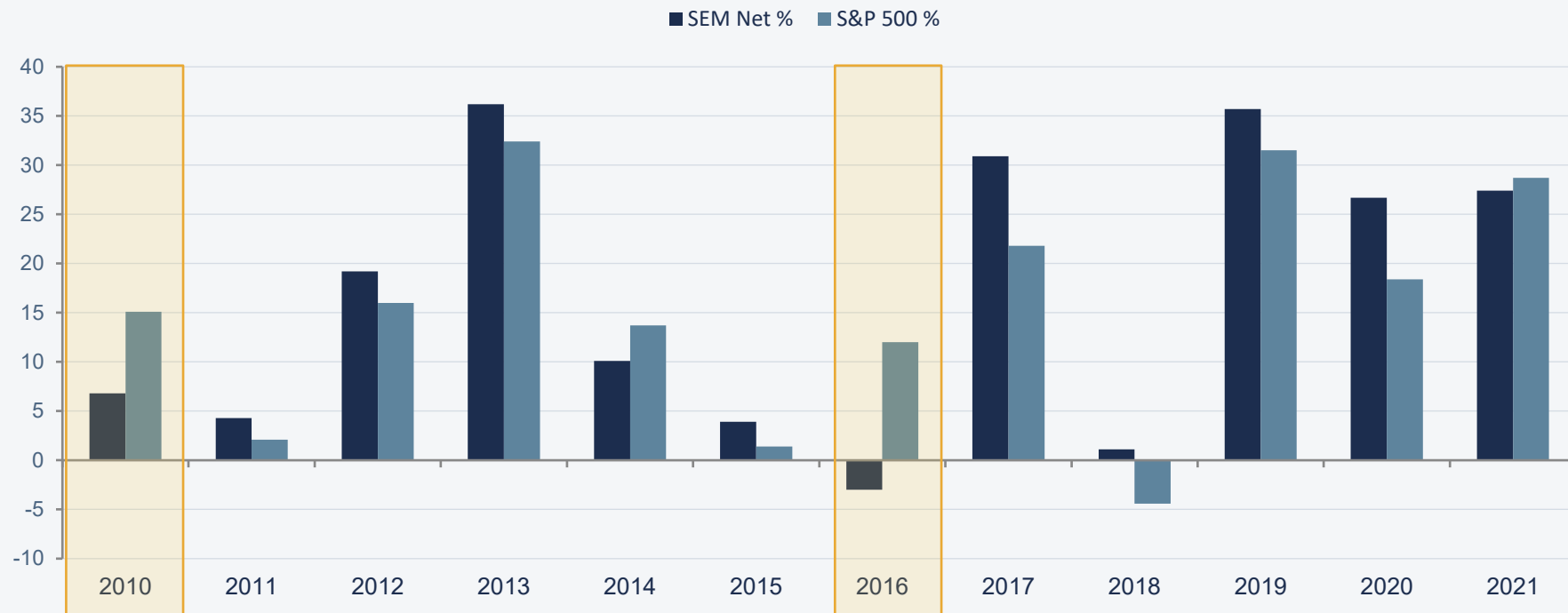
SEM: **+7.3%**
S&P 500: **+17.9%**

Gap: **-10.5 pts**

High beta running at 1.8× — and climbing

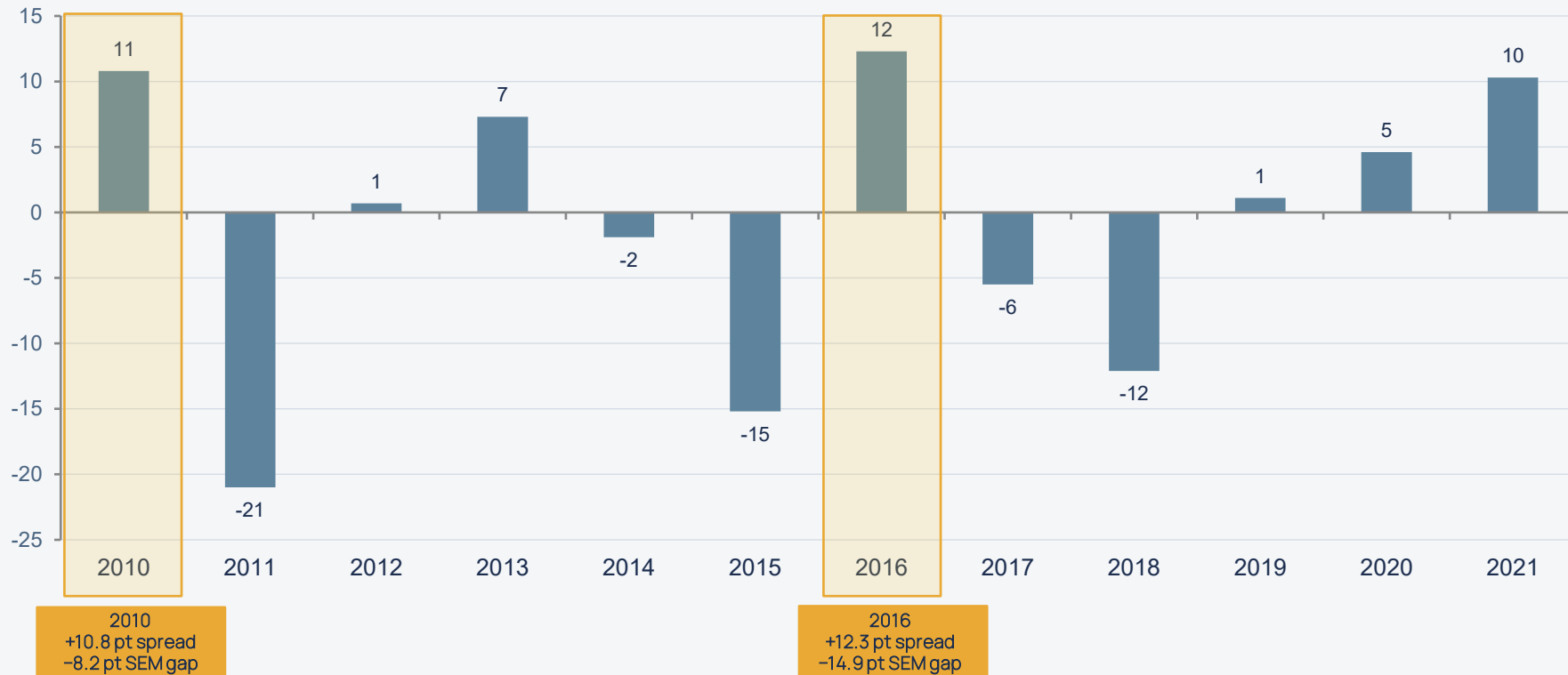
Annual Returns: SEM vs S&P 500 (2010–2021)

2010 and 2016 highlighted — years when High Beta ran at multiples of the S&P 500, and SEM lagged most



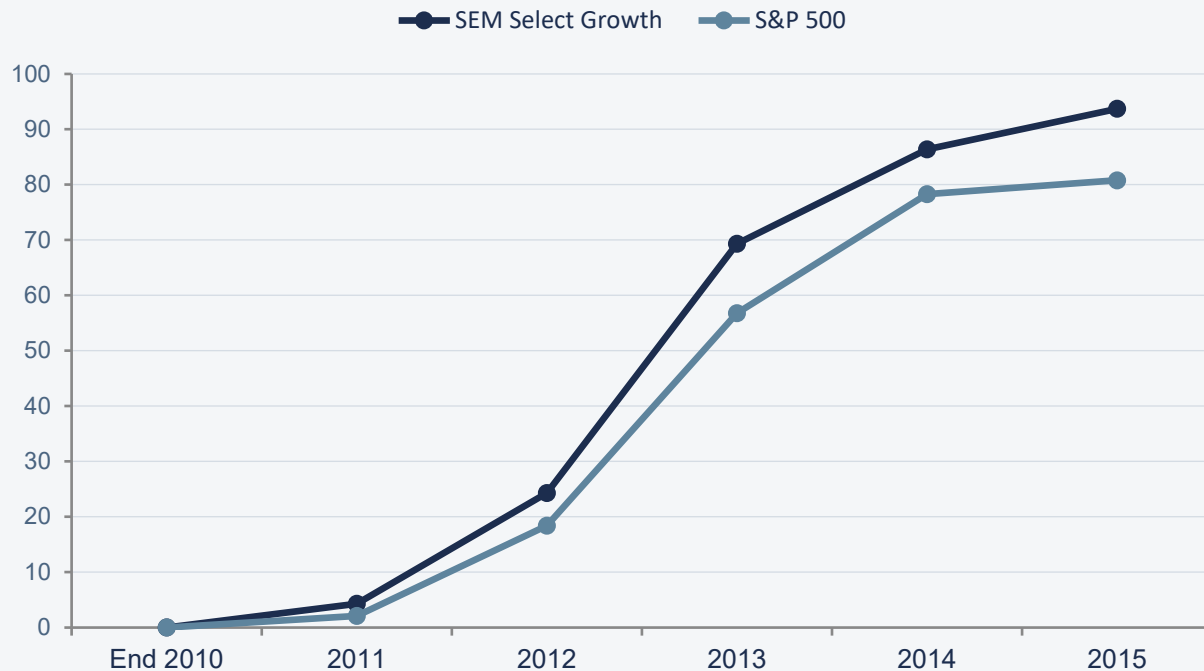
When High Beta Runs at Multiples of the S&P 500, SEM Lags Most

Spread of S&P 500 High Beta Index vs S&P 500 (percentage points) — wide positive spreads are the years SEM lags most



What Happens Next: 5-Year Cumulative Returns After 2010

2011–2015 — Following a year of heavy High Beta dominance, SEM's quality approach rebounded strongly



+88%

SEM 5-yr cumulative
2011–2015

+74%

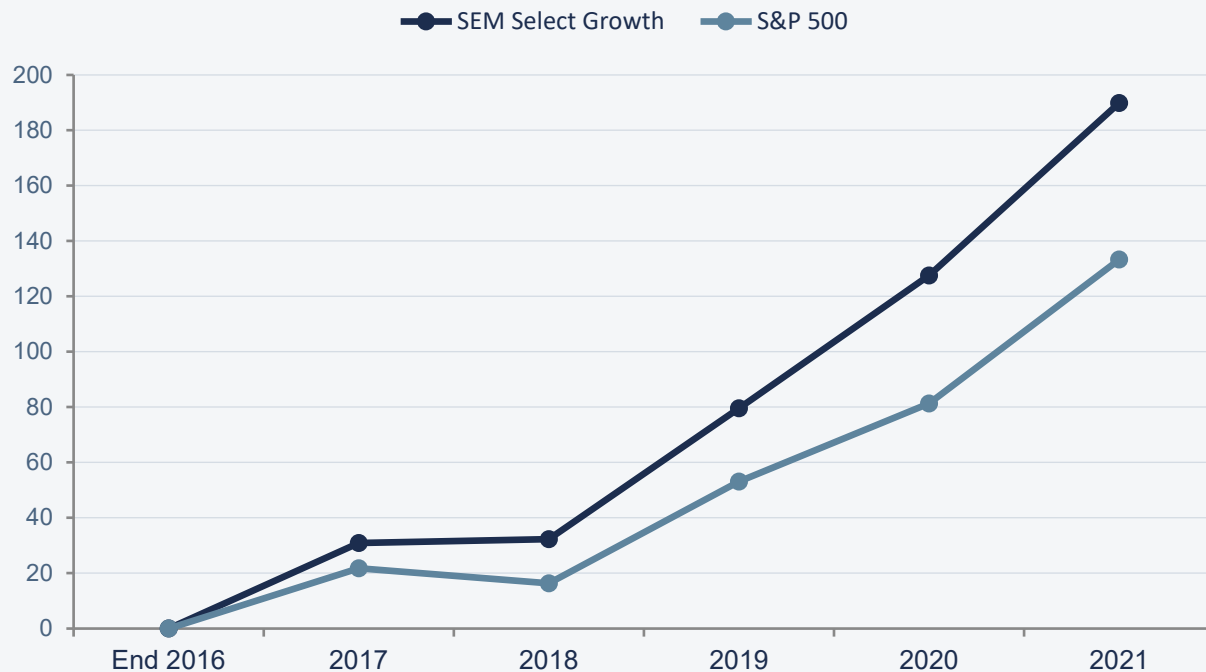
S&P 500 5-yr cumulative
2011–2015

+14 pts

SEM outperformance
over 5 years

What Happens Next: 5-Year Cumulative Returns After 2016

2017–2021 — The rebound after 2016's high beta episode was even more pronounced, with SEM outperforming by ~35 pts



+195%

SEM 5-yr cumulative
2017–2021

+160%

S&P 500 5-yr cumulative
2017–2021

+35 pts

SEM outperformance
over 5 years

2025 Looks Like 2010 and 2016

History Suggests What Comes Next

01

2025 YTD: SEM +7.3% vs S&P 500 +17.9%

A gap of -10.5 percentage points — squarely in line with the 2010 (-8.2 pt) and 2016 (-14.9 pt) episodes.

02

High Beta Index running at 1.78× the S&P 500

Speculative, high-risk stocks are dominating. This is the exact environment where quality-growth temporarily lags — and historically, temporarily is the key word.

03

The 5-year track record after both prior episodes is compelling

After 2010: SEM outperformed by ~14 pts over 5 years. After 2016: SEM outperformed by ~35 pts over 5 years. The same setup is in place today.