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# Select Growth: Mid Quarter Review (as of 8/10/26)
# Talking Points in Client Conversations

**Presented by:**
Eric K. Lynch — Managing Director, Co-Portfolio Manager
Daniel T. McNichol — President, Investment Committee
Cole M. Wasson, CFA, MSF — Vice President, Investment Committee

# What This Deck Covers/Talking Points

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- Quarter-to-date outperformance: portfolio up +6.77% vs. -0.05% for Russell Growth index
- Year-to-date: behind by -2.23%, driven by underexposure to AI capx and overexposure to software
- Earnings compounding ahead of price: EPS growth of +27.0% in 2025 and +28.7%E in 2026 vs. returns of +8.4% and +2.98% YTD
- Recent moves adding value: new buys and increases since Q3 2025 are up +11.6% vs. +6.1% for the benchmark
- Momentum trade slowing: 18 months of factor leadership, now stretched by long/short crowding
- Factor inflection: Low Volatility has outperformed High Beta since June 30
- Why now: 28.5-year tested process and similar precedents in 2010 and 2016 when cyclicals led temporarily

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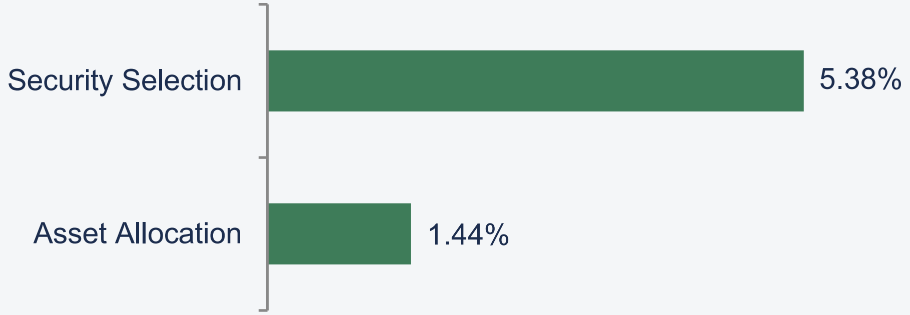
# Quarter-to-Date Attribution

Quarter to Date through August 10th | Source: Bloomberg

**+6.82%**

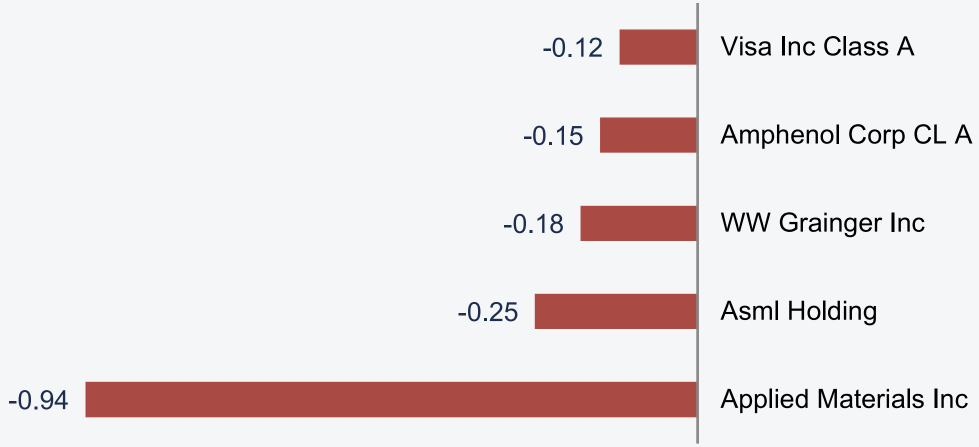
QTD Outperformance
Port +6.77% | Bmrk -0.05%




*The same lever that drove YTD underperformance — security selection — has flipped positive in this quarter, contributing +5.38% of the +6.82% turnaround.*

## Top Contributors (QTD)


## Bottom Contributors (QTD)



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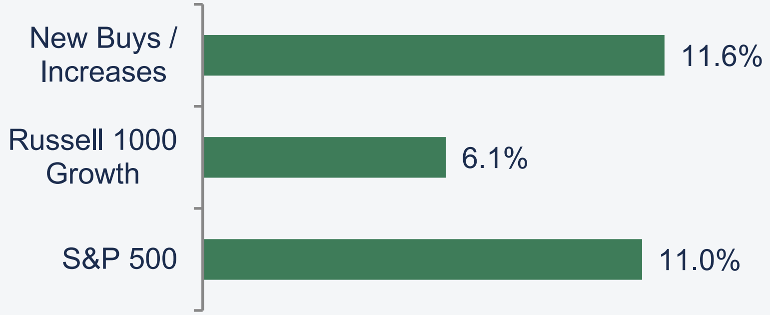
# New Buys & Increases — Since Purchase

Q3 2025 – Present (8/10/26) | Source: Bloomberg

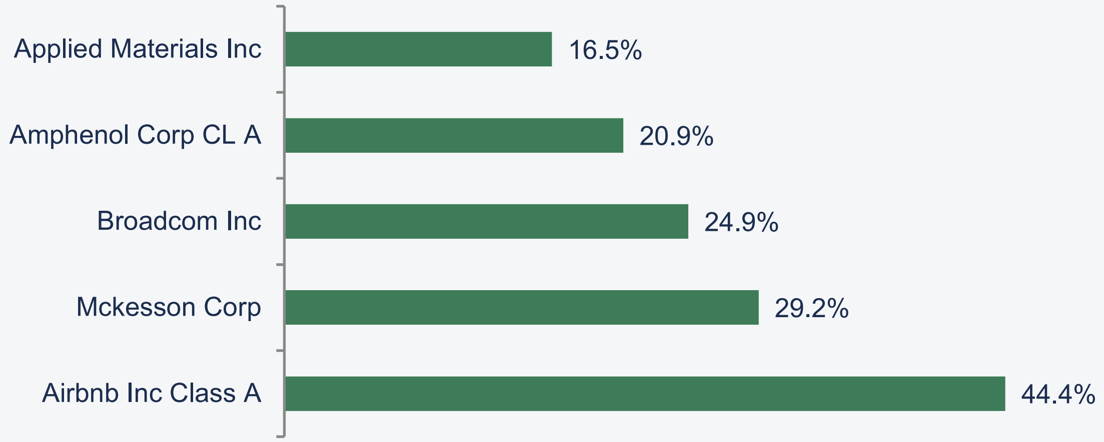
**+5.5 pts**

Avg. Excess Return vs. Russell 1000 Growth
Avg Return +11.6% | R1000G +6.1%

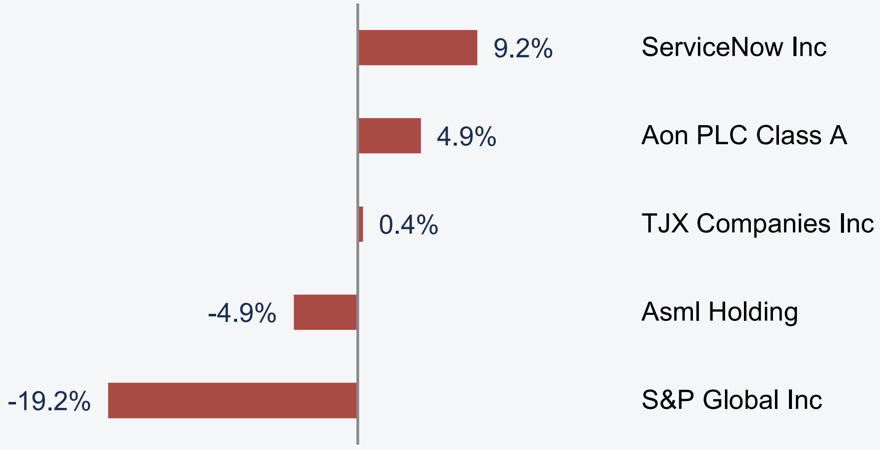



*Across the new buys and increases added since Q3 2025, the average position has returned +11.6%, outpacing the Russell 1000 Growth benchmark by +5.5 points on average.*

## Top 5 Performers (Since Purchase)




## Bottom 5 Performers (Since Purchase)



## How We Got Here

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# From this quarter to the trailing twelve months

The positioning decisions, drawdowns and recovery that shaped the past year of performance.

# Trailing 18 months – The Momentum Trade

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*Source: Bloomberg*

**MSQQUMOL Index (green) and MSZZTMTM Index (yellow)** are Morgan Stanley custom indices tracking momentum factor performance. The green line, MSQQUMOL, represents the top 15% momentum stocks long basket. The yellow line, MSZZTMTM, represents that same top 15% long momentum basket paired with a bottom 15% short basket in a long/short trade structure.

THE TURN IS UNDERWAY

# Year-to-Date Attribution — 2026

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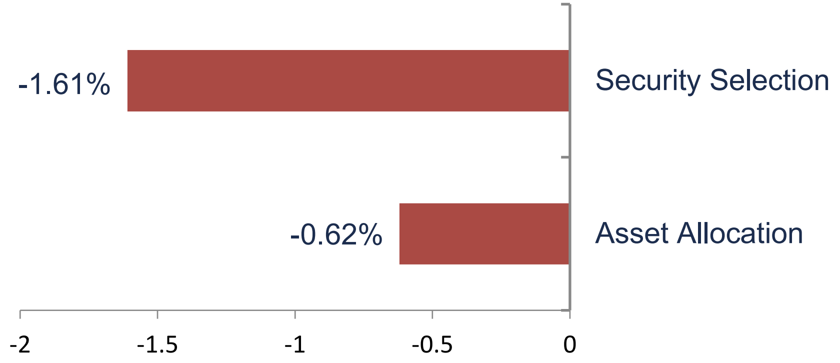
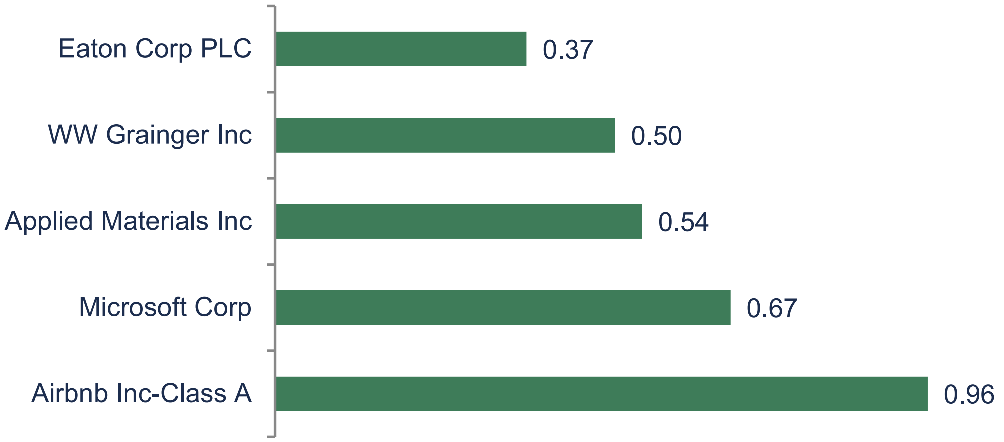
Year-to-Date through 8/10/2026 | Source: Bloomberg

**-2.23%**

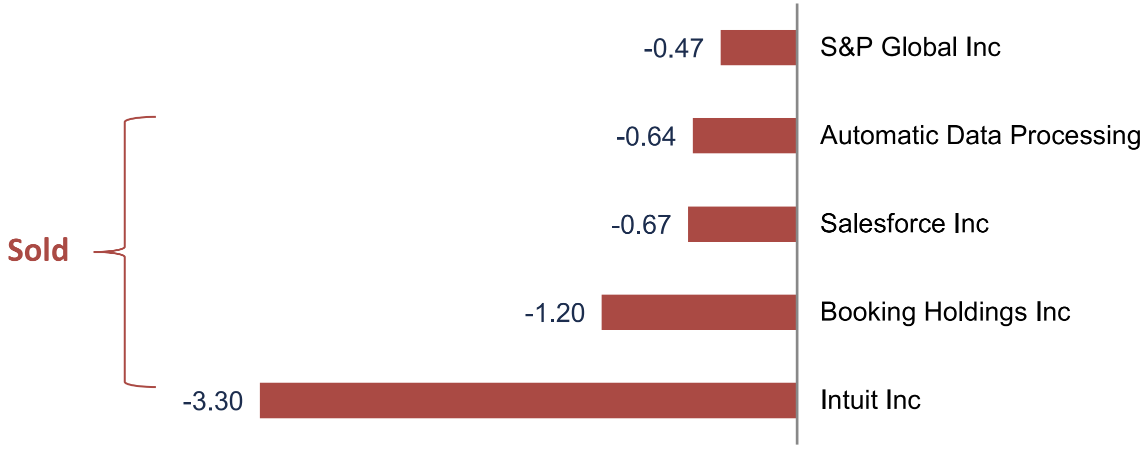
YTD Underperformance
Port +2.98% | Bmrk +5.21%




## Top Contributors (YTD)




## Bottom Contributors (YTD)



# High Beta vs. Low Volatility — The Reversal

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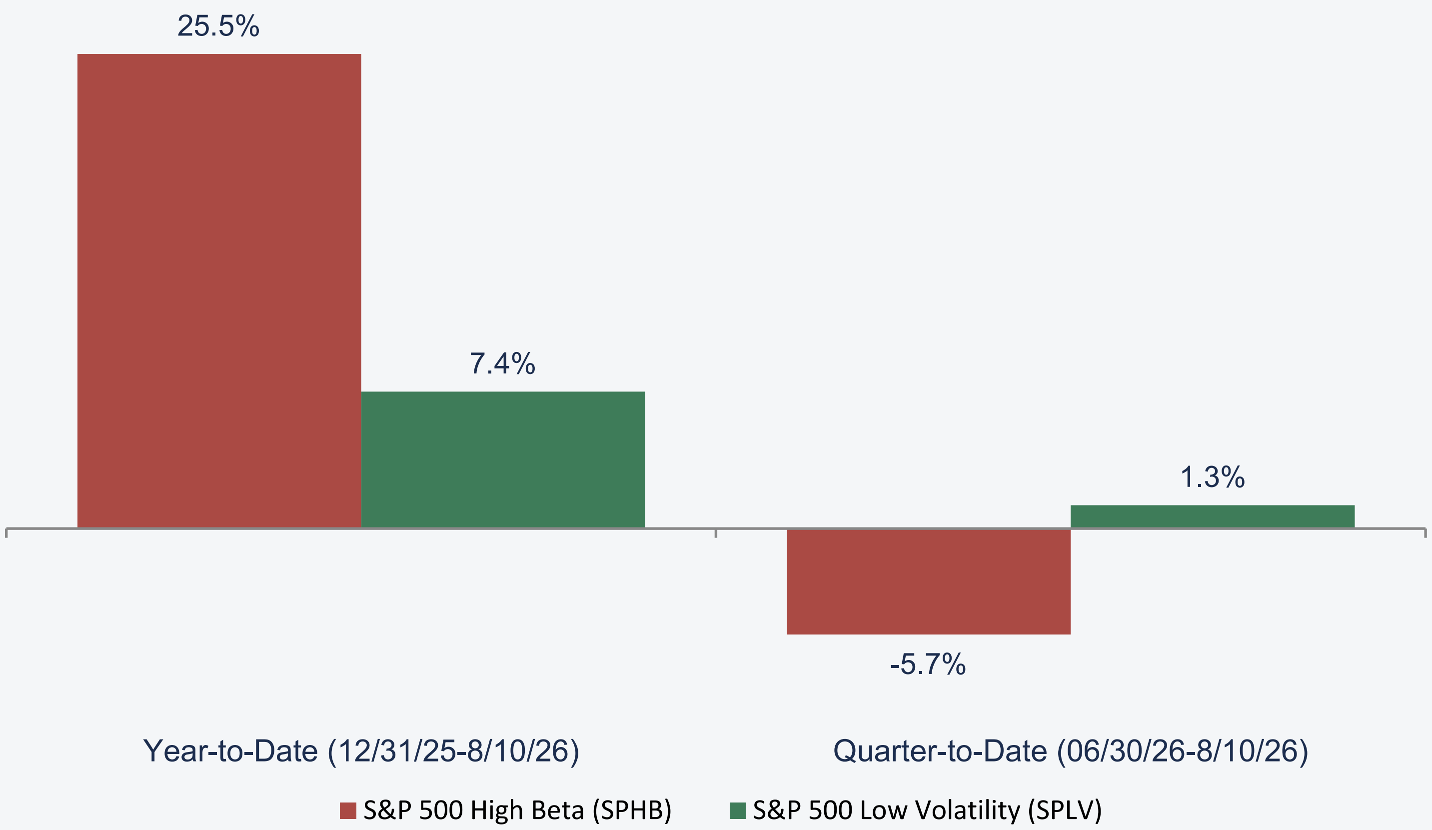
Quarter to Date through August 10th | Source: Bloomberg




## Factor Inflection

Q3 to date, the SPLV–SPHB spread has narrowed in favor of Low Volatility, possibly marking a rapid rotation away from speculative risk.

*YTD overall, High Beta has still led (+25.5% vs. +7.4%). But since June 30 the trend has reversed decisively (-5.7% vs. +1.3%), moving toward the durable, high-quality compounders SEM owns.*

# Annualized EPS Growth vs. Portfolio Returns

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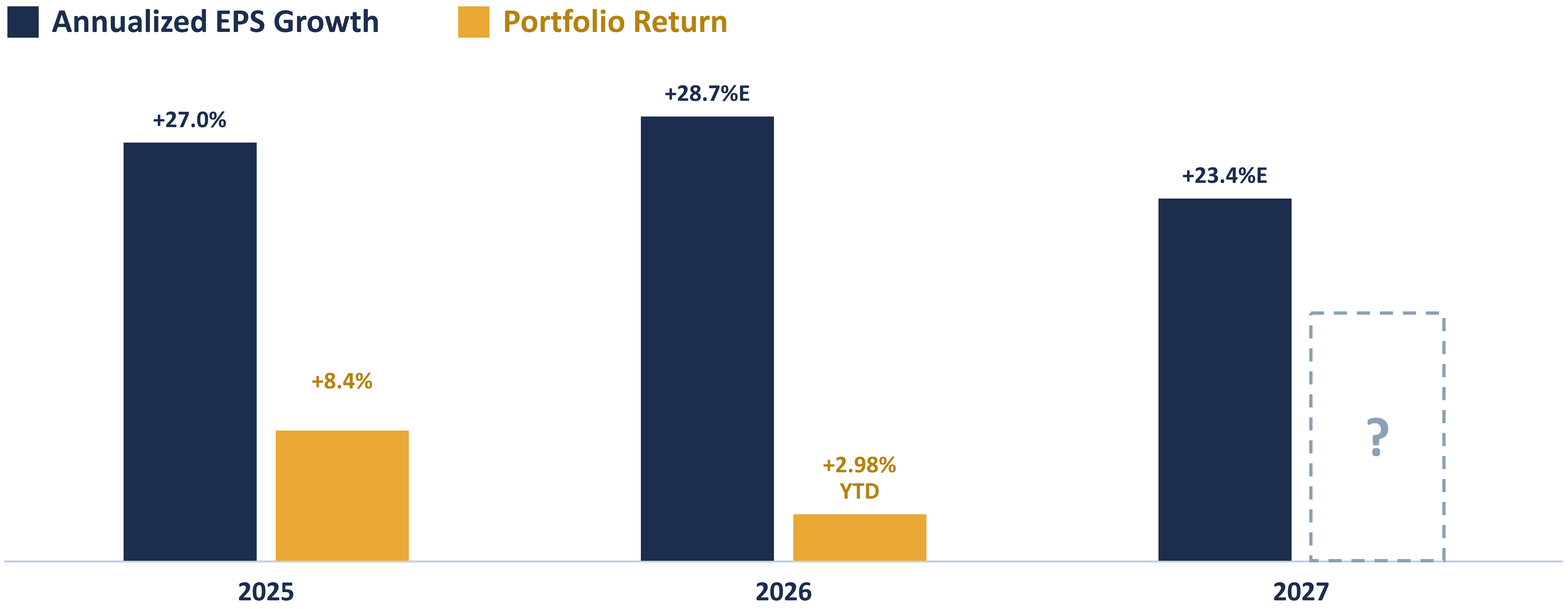
2025 Actual | 2026 Estimate / YTD Return | 2027 Estimate | Source: Company Data, Refinitiv Eikon (EPS as of 6/30/26; Returns as of 8/10/26)




*2025 figures are actual (EPS growth per company reporting; portfolio return gross of fees). 2026 EPS is an estimate; portfolio return reflects YTD performance through 8/10/26. 2027 EPS is an estimate; full-year portfolio return is not yet available. Estimates are not guaranteed and actual results may differ.*

# Why We Believe Now Is the Time



1. **A repeatable, 28.5-year process**

   A disciplined, five-step framework applied consistently through every market cycle.

2. **A well-understood source of underperformance**

   Security selection within a narrow, high-beta-led rally — not a breakdown in fundamentals or process — explains the recent gap.

3. **Early, concrete signs of a turn**

   Security selection has flipped from -1.61% (YTD drag) to +5.38% (quarter-to-date contribution through 8/10); Low Volatility has outpaced High Beta by 7.0 points since June 30, 2026.

4. **Strong historical precedent**

   Both the 2010 and 2016 cyclical stock-led dislocations were followed by multi-year outperformance of +8.1 and +25.8 points, respectively.

5. **Earnings growth the market has not yet paid for**

   Holdings compounded EPS +27.0% in 2025, with +28.7%E in 2026 and +23.4%E in 2027, versus portfolio returns of +8.4% and +2.98% YTD.

# Where We Stand in Q3 2026 — Through August 10

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1. **The momentum trade has run to an extreme**

   Eighteen months of leadership from long-only momentum winners, now amplified by long/short structures that pair those winners against momentum losers. Crowding of this kind has historically preceded factor reversals, not extended them.

2. **Year-to-date pain traces to one identifiable source – low AI capx positioning**

   Select Growth trailed by -2.23% YTD (Port +2.98% vs. Bmrk +5.21%), with security selection accounting for -1.61% of the shortfall. Asset allocation was near-neutral at -0.62% — this was a factor headwind, not process drift.

3. **That same lever has already flipped positive**

   Quarter-to-date through August 10th, security selection contributed +5.38% of a +6.82% outperformance (Port +6.77% vs. Bmrk -0.05%) — the first clean evidence that the drag is reversing rather than persisting.

4. **The factor backdrop has turned with it**

   The SPLV-SPHB spread swung from -18.1 to +7.0, a 25.1-point reversal. Since June 30, Low Volatility has outpaced High Beta by 7.0 points (-5.7% vs. +1.3%) as speculative risk appetite faded.

5. **The portfolio is already built for this rotation**

   Factor tilts remain toward quality, growth, high return on assets and durable earnings, with lower volatility, value and dividend-yield exposure.

6. **Earnings are compounding faster than price**

   EPS growth of +27.0% (2025), +28.7%E (2026) and +23.4%E (2027) far outpaces returns of +8.4% and +2.98% YTD.

# Disclosures

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Suncoast Equity Management, LLC (SEM) is an independent investment management firm established in 1997. SEM is primarily an equity investment manager that invests in U.S.-based large capitalization securities and also invests in high-grade fixed income.

The Select Growth composite is an equity-only composite employing the principles of Benjamin Graham and Warren Buffett. The discipline is a bottom-up fundamental approach that blends value and growth parameters in selecting a concentrated portfolio. The Suncoast Equity Management Composite includes all discretionary, fee-paying portfolios managed within this strategy. Composite inception and creation date: 12/31/1997.

Performance results presented are gross and net of actual investment advisory fees and net of all transaction costs, as noted. The management fee schedule is 1.00% of assets managed; the Firm does not assess performance-based fees. Bundled fees include management consultant, custodial, trading, and advisor fees.

It is impossible to invest directly in an index. The S&P 500 Total Return Index is an unmanaged, capitalization-weighted index covering 500 U.S. companies and reflects no expenses, transaction costs, or management fees.

Suncoast Equity Management claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of the CFA Institute, which does not endorse or promote this organization, nor warrant the accuracy or quality of the content herein.

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For additional information, including a complete list and description of composites, please contact the Chief Compliance Officer at (813) 963-0502.