



MARKETS CLIMB ON STRONG FUNDAMENTALS

EARNINGS. RESILIENCE. OPPORTUNITY.

EARNINGS LEAD THE WAY Q1 earnings growth among the strongest in years.	RISKS REMAIN, MARKETS RISE Tariffs, inflation and geopolitics create uncertainty.	LABOR MARKET NORMALIZING Job growth is slowing to a healthier, sustainable pace.	GROWTH SLOWS, NOT COLLAPSING Economy is moderating, but remains positive and resilient.	INVESTORS FOCUS ON FUNDAMENTALS Strong companies and earnings continue to drive results.

STRONG FUNDAMENTALS TODAY. STRONGER OPPORTUNITIES TOMORROW.

Markets Continue to Climb the Wall of Worry

Despite ongoing concerns surrounding tariffs, inflation, interest rates, and geopolitical tensions, markets continue to move higher. The primary driver remains earnings. First-quarter earnings growth has been one of the strongest in years, with companies broadly exceeding expectations while maintaining healthy margins and constructive guidance. Economic growth is slowing, but not collapsing, and the labor market continues to normalize rather than weaken. Investors have repeatedly shown a willingness to look through short-term uncertainty when corporate

fundamentals remain strong, and that resilience continues to support equity markets.

AI Is Becoming an Economic Story

Artificial intelligence remains the defining investment theme of this cycle, but the story continues to broaden. The AI buildout requires data centers, power generation, networking equipment, cooling systems, electrical infrastructure, engineering, and construction. Many of the strongest performers have been companies supplying the infrastructure that makes AI possible. Importantly, we remain in the early stages of this investment cycle, with substantial spending expected for years to come. What began as a technology investment trend is increasingly becoming an economic growth driver that is creating opportunities across multiple sectors and industries.

Earnings Strength Is Expanding Beyond Technology

One of the healthiest developments in today's market is the broadening of leadership. While large technology companies continue to deliver strong results, earnings growth is increasingly driven by industrials, infrastructure providers, networking companies, power-related businesses, and other beneficiaries of AI investment. This broad participation creates a more durable foundation for market performance and reduces dependence on a small group of companies. This remains an earnings-driven market, and earnings continue to support higher equity prices.

GLOBAL REACH. GLOBAL OPPORTUNITY.

AI infrastructure investment is creating opportunity across the world.

- GLOBAL AI INVESTMENT**
Opportunities are expanding across regions and sectors.
- SEMICONDUCTOR LEADERS**
Taiwan and South Korea remain vital to the global supply chain.
- CAPITAL FLOWS ABROAD**
Foreign capital is driving growth in international markets.
- BEYOND U.S. TECH LEADERS**
Investors are finding opportunities across the global AI ecosystem.
- INFRASTRUCTURE BUILDOUT**
Global investment in power, data centers, and manufacturing is accelerating.

GLOBAL INVESTMENT. POWERING THE AI ECONOMY. OPPORTUNITIES WITHOUT BORDERS.

Global Opportunities Are Expanding

While the United States remains at the center of AI investment, the opportunity set has become increasingly global. Taiwan and South Korea remain critical components of the semiconductor supply chain, while foreign capital continues flowing into international markets that stand to benefit from AI-related investment and manufacturing demand. Although we are not currently focused on Japan as a primary investment theme, recent developments there highlight how global the AI infrastructure story has become. As capital spending expands worldwide, investors are finding opportunities well beyond traditional U.S. technology leaders.

The Key Risk: Energy and Federal Reserve Policy

While fundamentals remain supportive, energy prices continue to be one of the most important risks to monitor. Recent declines in oil prices have helped ease inflation concerns and support equity valuations. However, sustained increases in energy costs could pressure inflation, consumer spending, and Federal Reserve policy decisions. For now, labor market data remains consistent with a soft-landing environment, and earnings continue to provide strong support for markets. The combination of resilient earnings, broadening market participation, and continued AI-driven investment remains constructive for the outlook, though investors should continue monitoring inflation and energy trends closely.

ENERGY PRICES: A KEY RISK TO WATCH

- Recent declines in oil prices help ease inflation
- Sustained increases could pressure inflation and policy
- Labor market data supports a soft-landing outlook
- Resilient earnings, broader participation, and AI investment remain constructive

Stay focused. Monitor inflation and energy trends closely.

-Scott Tremlett CEO/Chief Investment Officer