

Q1 2026 Strategy Overview

We remain cautious as valuations look stretched, the AI trade remains highly concentrated, and the economy continues to weaken. We are balancing equity upside participation with a strong focus on downside protection given elevated risks. While that can create headwinds in strong bull markets, we believe it is the right approach over the long run.

In Q1, the AMI Large Cap Growth strategy returned -6.35% (-6.60% on a net basis) versus the Russell 1000 Growth index which returned -9.78%. Asset allocation accounted for 60% of the relative performance, with security selection driving the balance. Being overweight Consumer Staples and underweight Information Technology helped, while being underweight Energy was a modest headwind. Outperforming stock picks in Industrials and Communication Services were partially offset by underperforming picks in Consumer Staples.

As seen in the table below, the top contributors to Q1 were Quanta Services, Taiwan Semi, Church & Dwight, Colgate, and Labcorp. The bottom contributors were Broadcom, Alphabet, Insulet, Salesforce, and Microsoft.

Top Contributors in Q1

Company	Avg. Weight	Return	Contribution
Quanta Services	5.91%	30.11%	1.41%
Taiwan Semiconductor	5.92%	11.51%	0.58%
Church & Dwight	3.15%	11.63%	0.30%
Colgate	2.66%	8.52%	0.19%
Labcorp	2.89%	6.61%	0.17%

Bottom Contributors in Q1

Company	Avg. Weight	Return	Contribution
Broadcom	4.97%	-10.39%	-0.53%
Alphabet	8.27%	-8.06%	-0.63%
Insulet	2.28%	-26.17%	-0.65%
Salesforce	1.23%	-29.53%	-0.75%
Microsoft	5.24%	-23.28%	-1.36%

As of 3/31/26. Data from Bloomberg.

**Please see last page for important disclosures.

Top Contributors



Quanta Services continued to benefit from sustained demand for electrical infrastructure, with strong visibility beyond 2030. Over the past several years, the company has invested to remove key bottlenecks, including labor and transformers. These initiatives have paid off as demand remains robust. The company is also well positioned to capitalize on the next phase of infrastructure growth in natural gas generation and high-voltage transmission.



Taiwan Semi continues to benefit from strong demand for AI compute infrastructure, with Q1 2026 revenue guidance calling for 38% year-over-year growth. TSMC controls roughly 70% of the global semiconductor foundry market and remains the sole manufacturer of leading-edge chips from Nvidia, Broadcom, and Apple (among others).



Church and Dwight reported modest upside in Q4 results, but the company's FY26 guidance was nicely above estimates. Church's portfolio contains many brands such as Xtra detergent that are value-focused, and the company does most of its business domestically, both of which helped the stock outperform in a volatile quarter



Colgate reported better-than-feared Q4 results, and issued FY26 guidance that suggested acceleration in its core business after a challenging 2025. Colgate sells daily use products and has significant global scale, both of which were attractive to investors seeking stability.



Labcorp reported better than expected Q4 results as its core diagnostics business remained strong, supplemented with acquisitions. Labcorp continues to acquire hospital system labs that have become unattractive for hospital systems to operate. Labcorp has also expanded into genomic and cancer testing, which is a higher growth area.

Bottom Contributors



Broadcom fell during the quarter despite reporting strong Q1 results, with revenue up 29% year-over-year and AI semiconductor revenue surging 106%. The selloff was part of a broader rotation out of semis as investors grew concerned about the pace of AI monetization. We continue to view Broadcom favorably given its dominant position in custom AI chips and we believe that infrastructure spending remains on a multi-year growth trajectory.



Alphabet shares declined modestly in Q1, giving back a portion of the stock's 67% gain over the prior 12 months. The decline was, in part, driven by a broader tech selloff as well as concerns over the company's large 2026 capex growth. Despite the pullback, the core business remains strong and we view the correction as a temporary reset rather than a fundamental deterioration.



Insulet shares fell in Q1 driven by two factors, one a recall of a small batch of Omnipod insulin delivery devices and concerns over higher oil impacting plastic supply. The recall should be relatively simple to address in our view as this is fairly common in medical devices. However, as long as the war in Iran is impacting oil supply, plastic will be a concern. Management has so far seen no impact and has multiple supply sources, therefore we are less concerned and view the company's growth profile very attractive.



Salesforce fell with nearly all software companies during the quarter as the "AI disruption of SaaS" narrative intensified. Questions arose as to whether AI agents would erode demand for enterprise software. While the company's Agentforce product showed strong early traction and revenue growth remained at roughly 10%, the narrative is unlikely to change for CRM-based software companies in the near term. Thus, we exited our position as the competitive risk from AI-native alternatives creates too much uncertainty around the long-term growth trajectory.



Microsoft shares fell as multiple headwinds converged. The broader software selloff also hit Microsoft and the company's ownership and business relationship with OpenAI became a source of anxiety. Capex nearly doubled year-over-year in the December quarter, and OpenAI's losses continued to mount. Although we recently reduced the position somewhat to account for these risks, we remain bullish as Azure continues to grow nicely and has \$625 billion in contracted revenue backlog.

Portfolio Additions and Deletions

In Q1, we exited Salesforce and Waters Corp.



As previously discussed, we exited our position in Salesforce as we saw better opportunities elsewhere.

Waters™

We sold Waters as this was a small spinoff from Becton Dickinson and we saw better opportunities elsewhere.

Sincerely,

Your AMI Investment Management Team

Disclosures

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** Source: AMI and Bloomberg. The top five and bottom five contributors information is based on a representative account taken from the AMI Large Cap Growth composite. The representative account was selected because it closely reflects the AMI Large Cap Growth investment strategy. Due to factors such as portfolio size, specific investment guidelines and inception dates of individual accounts, there will be dispersion between the weight, returns, and contributions of this account and other accounts in the composite. The Contribution is calculated by multiplying the weight (i.e., percentage of the total account) invested in each holding times the rate of return for that holding during the measurement period. The holdings identified do not represent all of the securities purchased, sold or recommended for AMI's clients. Actual client holdings and characteristics may vary and holdings are subject to change. The reader should not assume that (1) an investment in the securities identified was or will be profitable or (2) that the AMI Large Cap Growth Strategy will hold these stocks in the future. References to specific securities are not intended as representative of past recommendations by AMI. The securities shown should not be considered recommendations or solicitations and may not have been, or in the future be, profitable. Nothing presented herein is or is intended to constitute investment advice, and no investment decision should be made based on any information provided herein. Past performance is not an indication of future returns. There is a risk of loss from an investment in securities, including the risk of loss of principal.

To obtain free of charge (1) a complete list of composite descriptions, (2) the calculation's methodology and a list showing every holding's contribution to the overall account's performance during the measurement period, and/or (3) a complete list of all buy and sell recommendations for this strategy within the last 12 months, please contact Katharine Kim at (424) 320-4003 or katharine@amiassetmanagement.com.