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Q2 2026 – MAIN MANAGEMENT THEMATIC STRATEGY

In a Following the SaaS-pocalypse in Q1, the tech sector came roaring back, posting a roughly +32% return in Q2. However, the performance was not uniform in the space, as evidenced by some marked dispersion within the Mag-7, which was largely representative of the current stage of the AI cycle where markets are trying to differentiate between the potential winners and the losers rather than shooting first and asking questions later, which appeared to be largely the case in Q1. While geopolitical uncertainty continues, it has certainly moderated over the last few months. The agreement in June provided some more tactile relief but the status of the Strait of Hormuz remains up in the air. Still, oil prices have come back down, and we feel they are likely to settle somewhere in the $75-$85 range, which is about $10 above where Brent was trading prior to the conflict. The Thematic strategy (available in ETF format: TMAT) took advantage of the market dispersion and lower VIX to again handily outperform both the ARK Innovation ETF (ARKK) and the Vanguard Mid-Cap Growth ETF (VOT) in Q2.

In April, we rotated out of AI Beneficiaries and Connected Consumer – the two themes hit hardest in the Q1 selloff – and introduced Critical Minerals, which offers direct exposure to the raw-material side of the AI and re-industrialization buildout. Otherwise we allowed the rebalancing we did in January to continue to work for us. As a reminder, that rebalance reduced tech exposure, broadened into real-economy themes like Power & Grid and Enabling Defense, and tightened valuation discipline with an emphasis on capital efficiency and margin expansion across all themes. Those changes enabled us to identify some higher quality companies which did relatively better in the software/tech selloff in Q1 and continued to lead through Q2.

Within the portfolio, the top-performing themes in Q2 were AI Infrastructure and Cybersecurity, both of which rebounded sharply as the market differentiated the true beneficiaries of the AI buildout, with Precision Healthcare and Power & Grid also delivering strong gains. Robotics & Automation, Enabling Defense, and Critical Minerals trailed on a relative basis while still finishing the quarter in positive territory.

The themes in the portfolio are now: AI Infrastructure, Cybersecurity, Robotics & Automation, Precision Healthcare, Power & Grid, Enabling Defense, and Critical Minerals. On the valuation front, the strategy trades at a 25.6x forward P/E with 43.3% earnings growth and 20.1% sales growth, for a PEG of 0.6x. By comparison, the Nasdaq-100 trades at a similar 24.5x P/E and 32.5% earnings growth, but with notably lower sales growth at 15.8%. ARKK trades at a negative P/E with negative expected earnings (all based on next-twelve-month analyst consensus estimates.) While the re-rating in parts of the space was significant, the core story remains intact – this may be the sort of environment where total returns are impressive, when the market has repriced and the fundamentals haven't changed. (All valuation metrics per FactSet Data.)

As it has since inception, the Thematic aims to capture high-potential growth stocks that may complement an index like the Nasdaq that sits considerably higher up the market cap spectrum. As with all of our strategies, we manage the Thematic in a tax-aware manner. Attached, please find the updated fact sheet. We encourage our current and prospective investors to contact us with any questions.

Sincerely,

Kim David Arthur
CEO and Portfolio Manager

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July 10, 2026