TRIBUTARY CAPITAL MANAGEMENT

ALL CAP EQUITY MARKET COMMENTARY

Portfolio Managers: Mark Wynegar & Nick Nevole

Third Quarter 2026

	Quarter	Year to Date	1 Year	3 Years	5 Years	10 Years
Tributary Capital Management (Gross of Fees)	2.3%	9.1%	10.3%	15.2%	8.2%	11.5%
Tributary Capital Management (Net of Fees)	2.1%	8.4%	9.4%	14.2%	7.3%	10.6%
Russell 3000 Index	1.4%	12.4%	15.1%	22.3%	12.6%	14.7%
Russell 3000 Value Index	2.3%	19.2%	23.8%	20.0%	11.7%	11.3%

Portfolio Review

The Russell 3000 benchmark's +1.4% third quarter return trailed the S&P 500's +2.3% return. Small-cap companies, as measured by the Russell 2000, fell -7.2% this quarter while the Russell Midcap Index dropped -3.0%. Growth stocks fell short of their value counterparts, with the Russell 3000 Growth rising +0.5% compared to the Russell 3000 Value's +2.3% gain. The Equal-Weight S&P 500 underperformed the headline S&P 500, falling -1.9% in the quarter, indicating a narrowing market.

The Tributary All Cap Equity Strategy generated a third quarter return of +2.3%, leading the Russell 3000's return by 0.9%. The portfolio's strongest absolute returns this quarter were generated by the healthcare and energy sectors, both of which outperformed the comparable Russell 3000 sectors. The strategy's healthcare sector was up +17% and soundly beat the Russell 3000 healthcare's +6% return, courtesy of Revvity's +38% third quarter gain. Led by Chevron (+24%), the portfolio's energy sector rose +17%, slightly ahead of the +16% gain for the Russell 3000 Index sector. A strong rise in oil prices due to the ongoing Middle East conflict powered the sector's return, which was the highest in the Russell 3000 this quarter.

The All Cap Strategy's industrial holdings provided the portfolio's most favorable relative return this quarter, posting a +4% third quarter gain in the face of the index sector's -11% decline. Professional services stocks, unpopular earlier this year due to fears AI could undermine their businesses, found their footing thanks to a July reversal in AI sentiment as well as favorable earnings reports.

Sectors detracting from returns this quarter included technology, consumer staples and utilities. The Russell 3000 technology sector generated a +7% return and constitutes approximately 35% of the index. While portfolio holdings Microsoft, Apple, and PTC all had strong quarters, they were partially offset by weaker returns from MKS Instruments and Littelfuse. Collectively, the All Cap portfolio's technology holdings rose +3% in the third quarter. This, combined with the portfolio's lower technology sector weight, was the most significant third quarter drag on returns.

In the consumer staples sector, Marzetti declined -12%, which was the primary cause for the sector's underperformance (-6% versus -2%). Additionally, the portfolio's lone utilities holding, IDACORP, fell -13% slightly lower than the Russell 3000 utilities sector's -12% decline.

Portfolio Changes

There were no initiations or eliminations in the All Cap Equity Strategy this quarter.

Top Contributors

Microsoft's stock rose in the third quarter due to stronger-than-expected quarterly earnings and an acceleration in Azure cloud revenue growth. This performance helped alleviate investor fears over high AI spending.

Apple reported strong financial results, highlighted by growth across its iPhone, Mac and Services segments. Additionally, investor sentiment was bolstered by broad tech sector returns.

Revvity, a medical technology company, reported above-consensus second quarter 2026 results, supported by 11% diagnostics organic sales growth (excluding China) and meaningful operating profit margin expansion, driven by U.S. tariff refunds, volume growth and operational efficiencies.

PTC, an engineering and product development software company, saw its shares rebound as its financial results, along with cooling investor enthusiasm for AI, allayed fears that AI was an imminent threat to its business.

Chevron was positively impacted by a strong rise in crude oil prices, as the Middle East conflict persists.

Top Detractors

MKS Instruments, a provider of instruments and systems to semiconductor, electronics and industrial manufacturers, continues to benefit from tailwinds in its semiconductor and electronics businesses. Investor AI enthusiasm waned somewhat in the third quarter, but overall business trends remain favorable.

IDACORP, an electric utility in Idaho, has benefited from robust power demand from its residential and commercial customers, including Micron Technology. Shares came under pressure due to investor sentiment surrounding stocks tied directly and indirectly to AI and datacenters, along with higher interest rates. Higher rates often result in investor rotation away from dividend paying utility stocks.

Markel Group, an underwriter of specialty insurance products for a variety of niche markets, reported improving insurance results but mixed results from its non-insurance businesses.

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Littelfuse, a manufacturer of fuses and other circuit protection components, delivered strong quarterly results, but shares came under pressure as extreme investor enthusiasm for AI and datacenter related investments cooled.

Marzetti, a specialty food company focusing on retail as well as quick service restaurants, remains under pressure due to retail volume softness along with continued concerns over consumer sentiment in the face of inflation and higher interest rates.

Unless otherwise noted, all returns, excluding Tributary Capital Management's strategies, have been obtained from FactSet Research Systems. Sector and security level performance is presented gross of fees without the deduction of fees and expenses. Refer to total portfolio gross and net performance to understand the overall effect of fees.

Net-of-fees composite returns are calculated using the highest potential fee the investment advisor will charge investors in the composite. Net performance is reported net of investment advisory fees and transaction costs. Capital gains and dividends are reinvested for performance calculations.

The performance numbers shown above are for the Tributary All Cap Equity Composite and are expressed in U.S. dollars. The composite includes all discretionary accounts with an initial market value of $500,000 that are generally invested in the All Cap Equity Strategy. The inception date of the All Cap Equity Composite is December 31, 2014. Tributary claims compliance with the Global Investment Performance Standards (GIPS®). A fully compliant presentation can be requested by emailing clientservices@tributarycapital.com.

The portfolio returns for periods other than those starting and ending with calendar month ends are generated using FactSet attribution software to approximate portfolio performance. They are not official composite returns. They are provided for illustrative purposes only and are presented gross of fees meaning they do not reflect the impact of advisory fees which reduces performance returns.

S&P 500 is a basket of 500 stocks that is weighted by market value, and its performance is thought to be representative of the stock market as a whole. The Russell 3000 Index measures the performance of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Value Index measures the performance of the broad market value segment of the U.S. equity market. The Russell 3000 Growth Index includes companies that display signs of above average growth. The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The S&P 500 Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index. It is not possible to invest directly in the S&P 500, Russell 3000 Index, the Russell 2000 Index, the Russell 3000 Value Index, the Russell 3000 Growth Index, the S&P 500 Equal Weight Index or the Russell Midcap Index.

It should not be assumed that an investment in securities identified was or will be profitable or that the investment decisions we make in the future will be profitable or will equal the performance of the securities discussed herein. Holdings are subject to change. The holdings identified do not represent all of the securities purchased, sold or recommended for the portfolio. The holdings listed should not be considered recommendations to purchase or sell a particular security. The "Top Contributors" and "Top Detractors" represented are based on contribution to portfolio return. To obtain the contribution calculation methodology and a complete list of every holding's contribution to the overall portfolio's performance during the quarter, please contact clientservices@tributarycapital.com.

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Comments are provided as general market commentary and should not be considered investment advice or predictive of any future market performance.

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