

PORTFOLIO MANAGERS: MARC SCOTT & BART WYRICK

SECOND QUARTER 2026

	Quarter	Year to Date	1 Year	3 Years	5 Years	Since Inception*
Tributary Capital Management (Gross of Fees)	10.5%	13.0%	28.3%	19.2%	-	14.9%
Tributary Capital Management (Net of Fees)	10.4%	12.7%	27.6%	18.5%	-	14.2%
Russell 1000 Value Index	13.9%	16.3%	27.1%	17.8%	11.2%	13.5%

*Inception: 5/1/2022

PORTFOLIO REVIEW

The Tributary Equity Income Strategy generated a return of +10.5% in the second quarter vs. the Russell 1000 Value return of +13.9%. Stocks responded positively to a ceasefire in the Middle East conflict with the fall in oil prices helping calm concerns about inflation and the health of the consumer. Semiconductor and memory stocks surged as the AI trade resumed its upward move. The SOX (PHLX Semiconductor Sector) Index posted its best quarter (+88%) since its inception.

The Russell 1000 Growth Index (+16.7%) outperformed the Russell 1000 Value Index (+13.9%) in the quarter, although there was a rotation into value stocks in June as the Mag 7 underperformed. A lower exposure to energy and a higher exposure to mega-cap tech both contributed to the Russell 1000 Growth Index outperforming the Russell 1000 Value Index.

The top performing sectors in the Russell 1000 Value included information technology (+81%), industrials (+12%) and real estate (+9%). Technology outperformed as semiconductor stocks benefited from record data center spending. Industrials posted a solid quarter as we saw notable improvement in industrial production and manufacturing data. Real estate was aided by the decline in long-term rates as oil prices declined.

Russell 1000 Value laggards included energy (-14%), utilities (-1%) and consumer staples (+1%). Energy stocks underperformed as oil prices declined amid progress toward resolving the conflict in the Middle East. The utilities sector struggled as investors turned to growth stocks and concerns were raised about the amount of spending on power infrastructure with the potential for higher costs for consumers. The weakness in consumer staples was driven by the fear of rising input costs and concerns over the health of the consumer.

Communication services (+12% vs. +2%), financials (+11% vs. +9%) and real estate (+16% vs. +9%) contributed positively to relative performance of the Equity Income Strategy. Communication services benefited from an overweight in Google and a lack of exposure to wireless carriers as potential changes to the competitive environment (i.e. Space X) negatively impacted the performance of those companies. Within financials, exposure to large banks helped performance while the index's performance was negatively impacted by weakness in the financial exchanges which faced new competition from non-financial institutions. Real estate benefited from a rotation into office and residential REITs as long-term rates declined.

Information technology (+64% vs. +81%), consumer discretionary (-7% vs. +7%) and energy (-19% vs.

-14%) were the biggest detractors in relation to the index. Information technology relative performance was negatively impacted by our lack of exposure to Intel, +136%, and a below-benchmark weighting in memory stocks, despite our position in Micron, +241%. In consumer discretionary, weaker consumer spending led to guidance cuts at both Chewy and Shake Shack. Underperformance in energy was driven by an overweight in integrated oil & gas companies which performed worse than the average index energy stock as oil prices fell.

As of June 30th, the strategy is generating a dividend yield of 1.7% compared to the Russell 1000 Value's 1.7% and the S&P 500 Index's 1.1%.

PORTFOLIO CHANGES

Five new positions were added to the strategy in the second quarter. *PepsiCo* was added to the portfolio as the company works to restage its brands and address changes in customer preferences. *PepsiCo* is a leader in beverages and convenient food with a portfolio of more than 30 billion-dollar brands.

Abbott is a healthcare company with products in diagnostics, medical devices, nutrition and branded generic medicines. *Abbott* expects its nutrition business to return to growth in the second half of the year, and the company should continue to produce solid organic growth.

Boston Scientific is a medical technology company that provides devices and therapies that treat cardiovascular, respiratory, digestive, oncological, neurological and urological diseases and conditions. Innovation and positive clinical trial results should continue to drive long-term growth.

Duke Energy is one of the largest energy holding companies in the U.S. Its electric and natural gas utilities serve customers in North Carolina, South Carolina, Ohio, Kentucky, Florida and Indiana. *Duke* has 5GW of data centers currently under construction in its footprint and is looking to add ~14GW of total capacity by 2031.

Apple is a global technology company that makes consumer electronics, including the iPhone, iPad, Mac and Apple Watch, along with a growing services business that includes the App Store, iCloud, Apple Music and Apple TV. A foldable iPhone launch later this year should support continued growth. Additionally, this stock was recently added to the Russell 1000 Value Index with a weight of 5.3%.

We also eliminated seven positions during the second quarter. *PayPal* was eliminated after a change in management and a weak earnings report raised questions about its competitive position.

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Nike was eliminated after a management change and earnings report suggested that the pace of its recovery was likely to be slower than expected.

Novartis was eliminated as the stock traded at a premium valuation relative to its earnings prospects.

Royal Bank of Canada was eliminated due to its valuation relative to peers after a period of outperformance.

Saia was eliminated after the stock significantly outperformed in response to PMI data and signs of an industry turnaround.

Advanced Micro Devices was eliminated due to significant outperformance and valuation. Additionally, this stock was recently removed from the benchmark after previously being a 1% weight.

Genuine Parts was eliminated after a period of outperformance given the quality of its automotive business, the impending business separation and to fund other opportunities.

TOP CONTRIBUTORS

Marvell Technology outperformed as they ramped shipments of their custom AI chip for Amazon and are working on designs for other customers including Microsoft. They are also seeing significant growth in connectivity products for AI data centers.

KLA Corporation outperformed as hyperscalers (Amazon, Microsoft, Google, Meta, Oracle) ramp spending from roughly \$630 billion in 2026 to an estimated \$1 trillion+ in 2027 towards the AI infrastructure buildout. KLA is a beneficiary as they provide equipment to the chipmakers, who need to expand capacity.

Micron Technology delivered strong results as demand for memory chips outpaced supply, driving up prices. This helped their revenue more than quadruple year-over-year and gross margins reach 84.9% in the latest quarter. The company also announced multi-year customer agreements to lock in demand and provide more stability to earnings going forward.

TOP DETRACTORS

Chewy underperformed due to concerns regarding the consumer and moderating trends in the pet space with management reducing their revenue guidance for the year by 2%. There have also been concerns about capital allocation with higher multiples being paid for acquisitions.

ExxonMobil was negatively impacted by falling oil prices as progress was made to resolve the conflict in the Middle East.

Chevron was negatively impacted by falling oil prices as progress was made to resolve the conflict in the Middle East.

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 Equity Income 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 Equity Income Strategy. The inception date of the Equity Income Composite is May 1, 2022. Tributary claims compliance with the Global Investment Performance Standards (GIPS®). A fully compliant presentation can be requested by emailing clientservices@tributarycapital.com.

Due to the acquisition on April 1, 2026, performance for the period May 1, 2022 through March 31, 2026 was achieved at Country Club Bank and is linked to Tributary's track record because substantially all of the investment decision makers joined Tributary, the decision-making process remained substantially intact and independent, Tributary maintains the records necessary to support the historical performance, and there was no break in the performance track record.

The Russell 1000 Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. It is not possible to invest directly in the Russell 1000 Value or Russell 100 Growth 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.

Tributary is an SEC Registered Investment Adviser and operates as a distinct business unit, separate from its affiliates; Tributary is a wholly owned subsidiary of First National Bank of Omaha ("FNBO"), a wholly owned subsidiary of First National of Nebraska, Inc. Tributary was formed on January 1, 2005, and expanded in May 2010 through the merger with First Investment Group (formerly an investment team within FNBO), and further expanded on April 1, 2026, following FNBO's acquisition of Country Club Bank. Tributary manages equity model portfolios, wrap accounts, separately managed accounts, and mutual funds.

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

Past performance does not guarantee future results. Investments: Are Not FDIC Insured • May Go Down in Value • Are Not a Deposit



EQUITY INCOME

MARKET COMMENTARY

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SECOND QUARTER 2026

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