WESTFIELD
CAPITAL MANAGEMENT

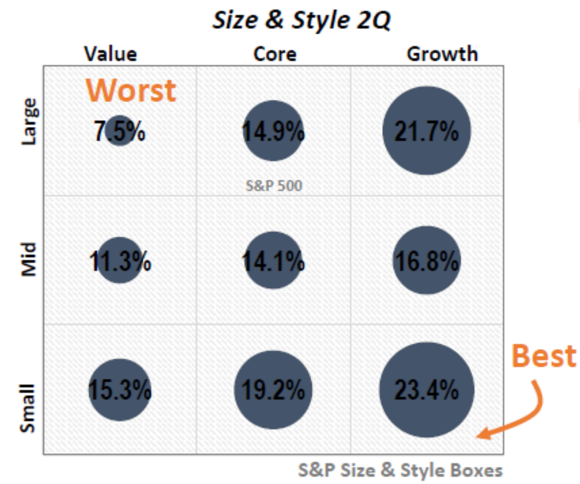
Market Views – Q2 2026

July 2026

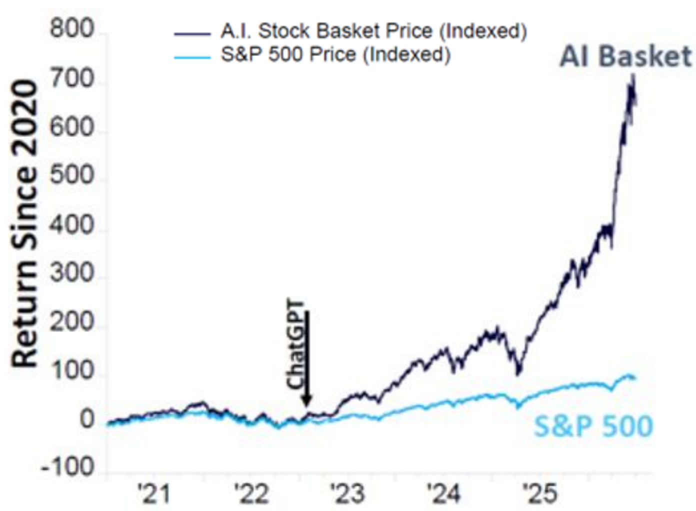
Q2 2026: Equities Regained Their Footing, Propelling Major Indices to All-Time Highs

- U.S. equities staged a major turnaround, posting their strongest quarter in 6 years and hitting new highs across the board, regardless of size or style.
- Rebound was fueled by continued AI infrastructure spending and an earnings season that kept beating expectations.
- Strong fundamentals kept the market resilient despite ongoing inflation concerns.

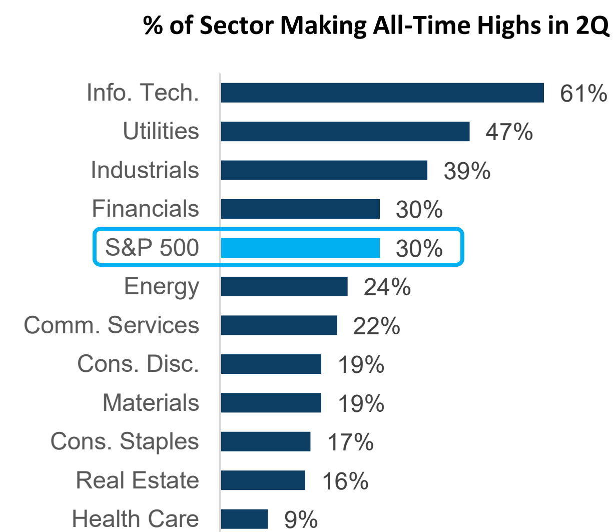
Small Cap and Growth Led Market



AI-Driven Rally



Tech Regained Leadership, but Several Other Sectors Made All-Time Hights



Source (All Charts): Piper Sandler as of 6/30/26

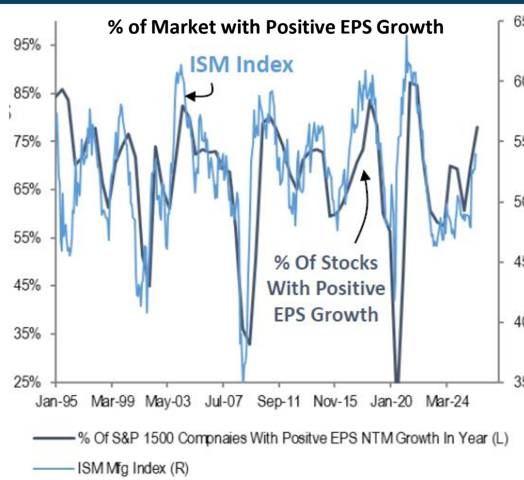
PMIs are Improving Globally Reflecting Broadening Economic Momentum

- ❑ Global, developed, and emerging market PMIs are breaking out together to multi-year highs — signaling this earnings recovery is more broad-based than it looks on the surface.
- ❑ Underlying economic improvement is genuine, and we expect the broadening to continue.

80% of Global PMIs Now in Expansion Territory

Source: Piper Sandler as of 6/30/26

Majority of Stocks Have Had Positive Earnings Revisions



Source: Piper Sandler as of 6/30/26

Every Sector Has Seen Earnings Growth YTD

YTD Attribution Of S&P 500 Sector Returns

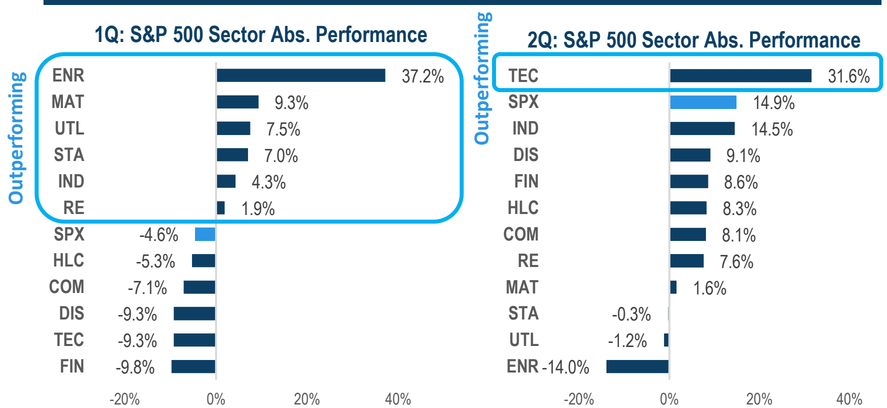
		% Attribution	
Index	**YTD Return %**	**EPS %**	**PE %**
Industrials	19.6%	9.5%	10.1%
Energy	18.0%	48.8%	-30.8%
Information Technology	17.1%	38.9%	-21.8%
Materials	13.6%	21.0%	-7.4%
Equal Weighted	12.2%	13.9%	-1.7%
Real Estate	10.3%	2.8%	7.5%
S&P 500	**10.1%**	**18.9%**	**-8.8%**
Consumer Staples	7.9%	1.4%	6.5%
Utilities	6.0%	4.2%	1.9%
Health Care	4.6%	1.5%	3.2%
Communication Services	3.9%	18.0%	-14.1%
Financials	2.5%	8.0%	-5.5%
Consumer Discretionary	-0.2%	11.0%	-11.2%

Source: Westfield, FactSet as of 6/30/26

Unprecedented Sector Rotation Driven by Tech, and Momentum Dominance Continued

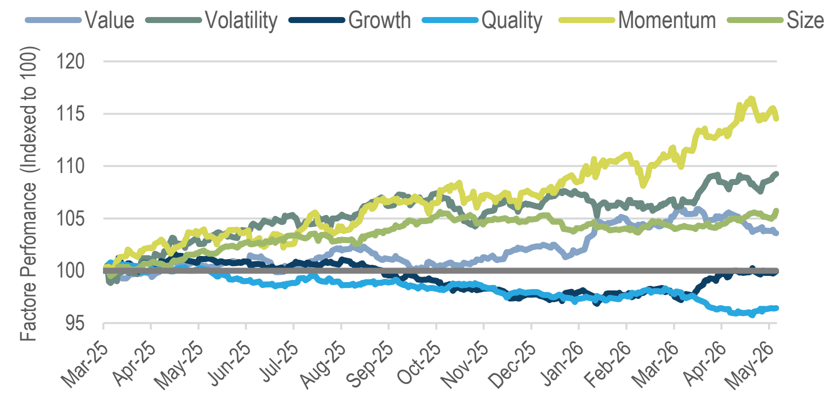
- Energy (Q1's leader) became Q2's worst sector, down double digits as oil retreated — Technology flipped from laggard to the only sector to outperform.
- Unprecedented: back-to-back 30%+ single-sector outperformance — Energy in 1Q26, then Technology in 2Q26. Technology's dominance was driven by a resurgence in AI-related optimism.
- Momentum led the majority of the quarter but is extended and showing signs of cracking.

Energy to Tech – Magnitude of Shift Never Seen Before



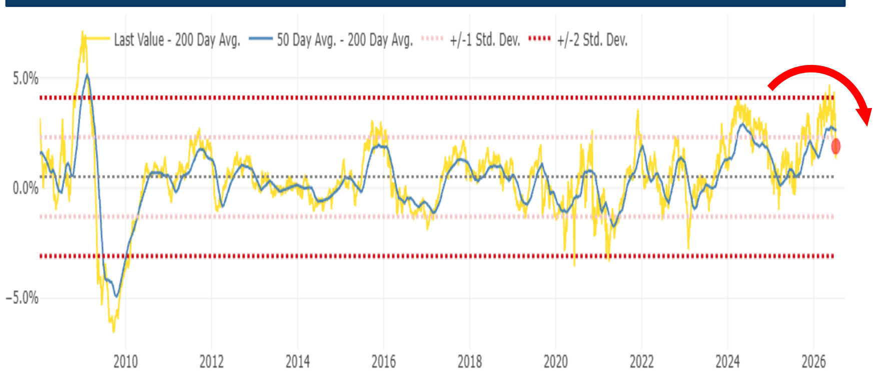
Source: Westfield, FactSet as of 6/30/26

Momentum and Volatility Were Top Performing Factors



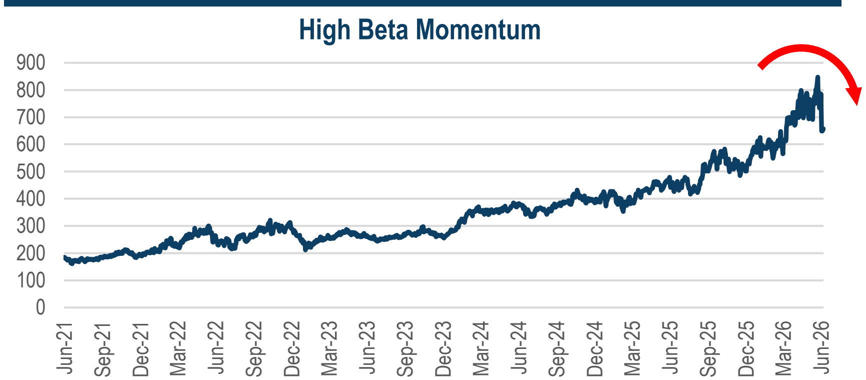
Source: Westfield, Bloomberg as of 6/30/26

Momentum Extremes Evident



Source: Wolfe Research, as of 7/8/26 (see appendix for additional disclosures)

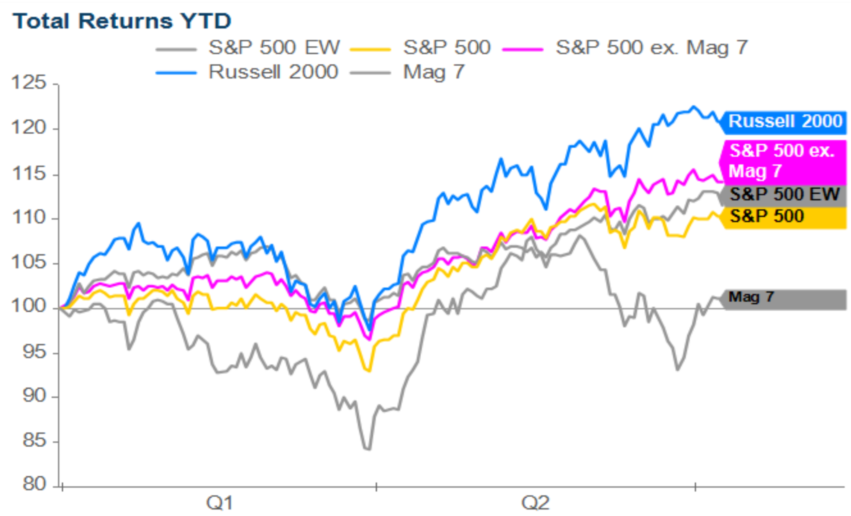
High Beta Momentum Started to Crack



Source: Westfield, Bloomberg as of 6/30/26

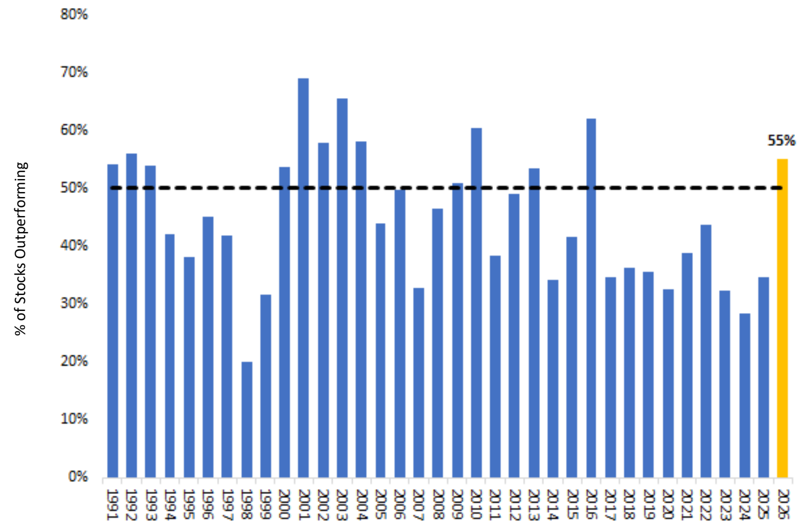
Broadening Away from the Mag 7 Resumed, but Within Size Segments it was Extremely Narrow

Year-to-Date Small Caps Outperformed the Mag 7 by 24%



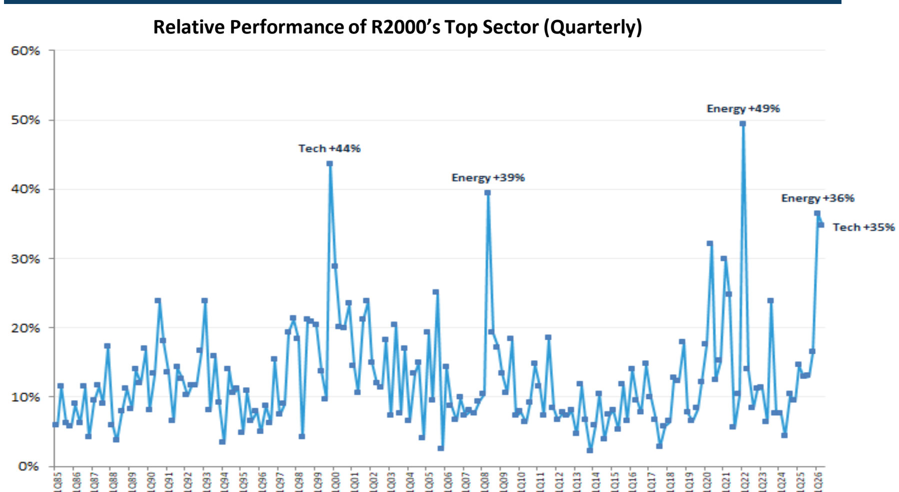
Source: Westfield, FactSet as of 7/8/2026

Majority of Small Caps Outperformed S&P 500 for First Time Since '16



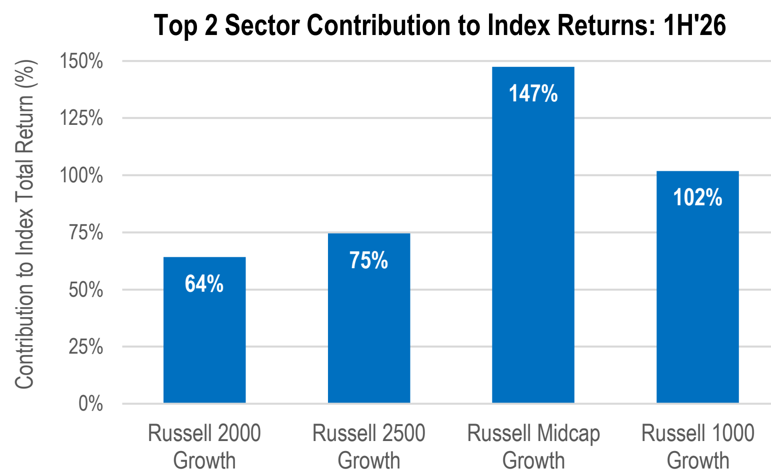
Source: Furey Research Partners, FactSet, as of 6/30/2026

Unprecedented: back-to-back 30%+ single-sector outperformance



Source: Furey Research Partners, FactSet, as of 6/30/26

Extreme Sector Concentration Across Growth Indices



Source: Westfield, FactSet as of 6/30/2026

Challenging Period for Small Cap Growth Active Managers – Low Quality and Non-Earners Led

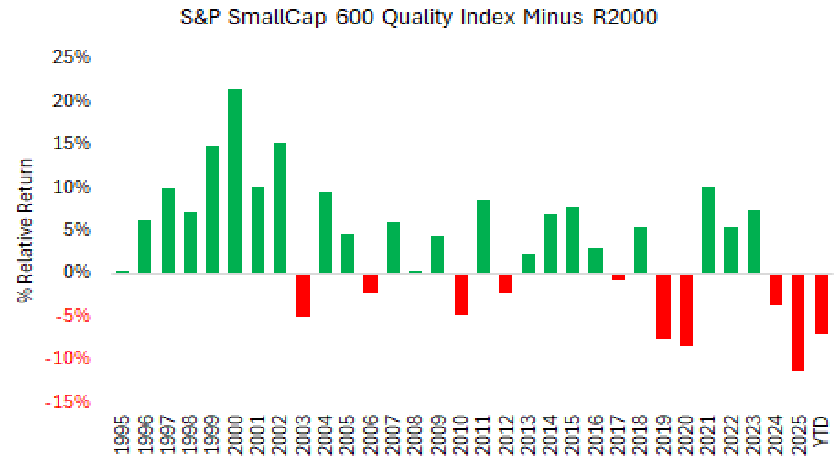
- Low quality rally driven by extremely shorted, unprofitable, high beta and retail darlings.
- Small cap breadth well below historical averages – not owning the top 5 stocks was detrimental to active manager performance.

High Beta, Low Quality Factors Led in 2Q

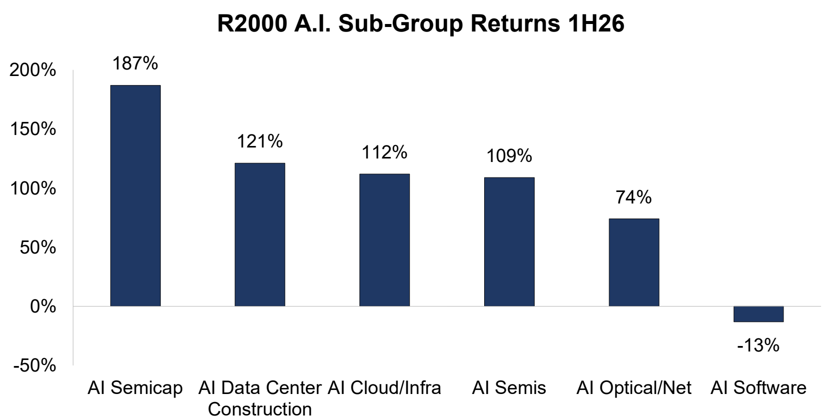
Factors Relative Return: Russell 2000

Top/Bottom 5	2Q26	YTD
Extremely Shorted	13.6	(4.7)
Unprofitable	5.6	(1.3)
Recently Public	5.3	0.4
Beta	4.5	4.0
Retail Darlings	4.5	(12.4)
Neg Shldr Yield	(1.7)	(1.9)
Defensive	(2.1)	(6.2)
Profitable	(2.3)	0.0
Dividend Growers	(8.8)	(3.0)
Unprofitable ex. Tech/HC	(10.2)	(15.1)

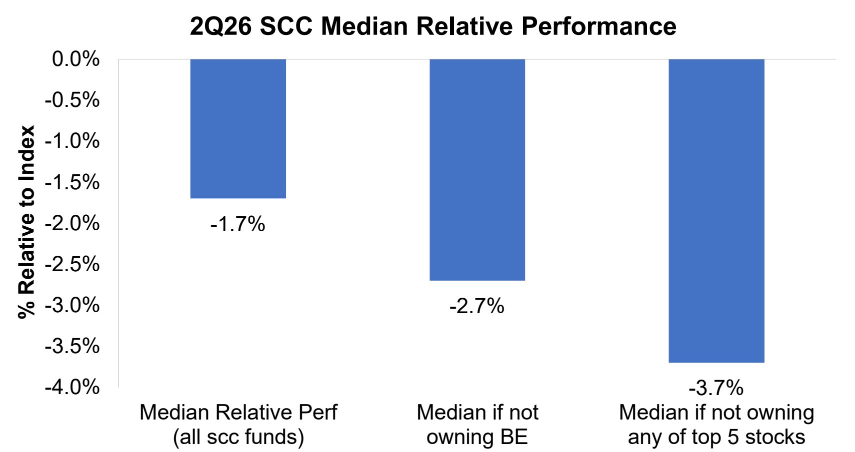
Low Quality Has Led for 2.5 Years



Only 4Q99 Had a Higher Sector Return Concentration



Not Owning the Russell 2000's Top 5 Stocks Was Detrimental



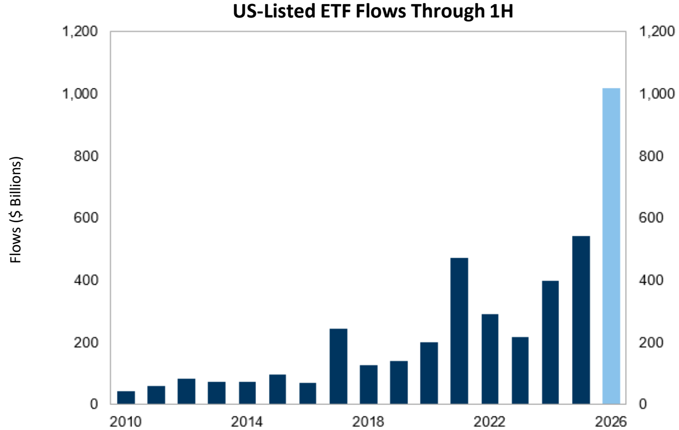
Source (4 Charts): Furey Research Partners, FactSet, as of 6/30/26

Retail Investors Deploying Capital at a Record Pace, Using Levered ETFs & Call Options

- US-listed ETFs have garnered more than $1 trillion worth of inflows since the start of the year, putting the industry on track to surpass $2 trillion in net issuance for 2026.
- Levered ETFs currently account for more than $430 billion in gross exposure.
- In June, retail traded $1.9B of Semiconductor options – 6x the historical average with 75% concentrated in call options.

U.S.-Listed ETF's Surpass $1T This Year

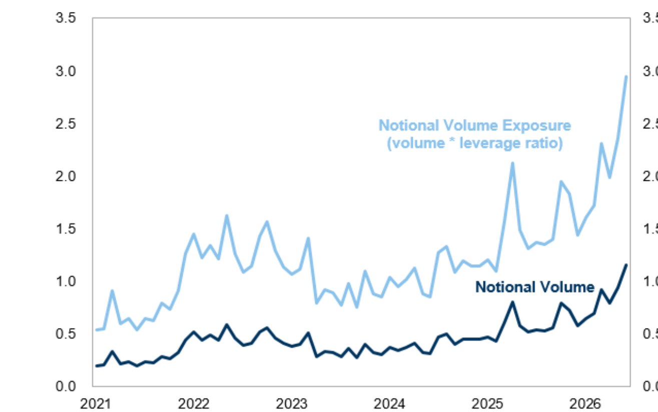
US-Listed ETF Flows Through 1H



Source (top 2 charts): Source: Bloomberg, Goldman Sachs Global FICC & Equities as of 7/7/26.

Levered ETF Volume Extreme

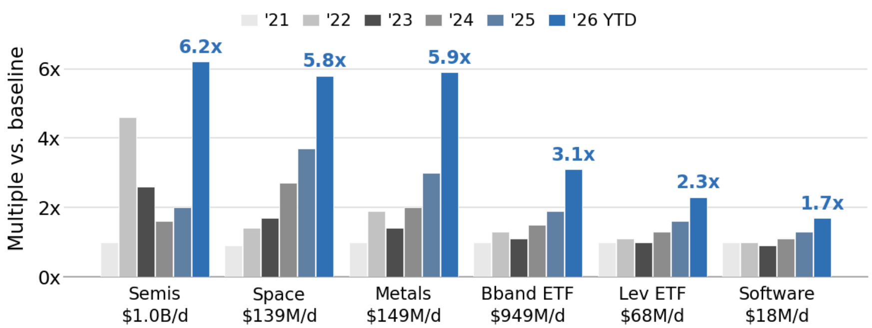
US-Listed Levered ETFs: Monthly Notional Volume vs. Notional Volume Exposure



Note: values in $ trillions // notional volume exposure defined as volume multiplied by absolute leverage ratio)

Retail Investors Playing Semis Through Call Options

Retail Options – Average Daily Premium by Theme
(Yearly data since 2021)



Source (Bottom 2 Charts): Citadel Securities, GMI, as of 6/26.

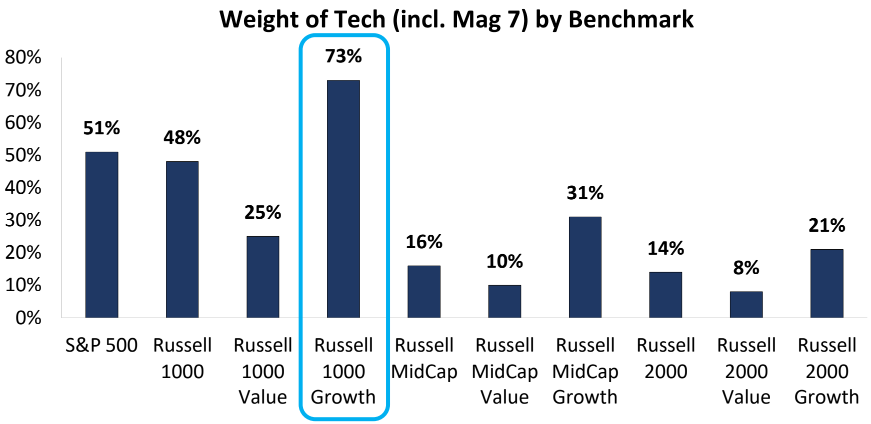
ODTE Approach 50% of Retail Option Market Share

Retail Options – ODTE Market Share
% of Total Retail Options Volume in ODTE Contracts, Monthly since 2022

Large Cap Concentration at All-Time Highs

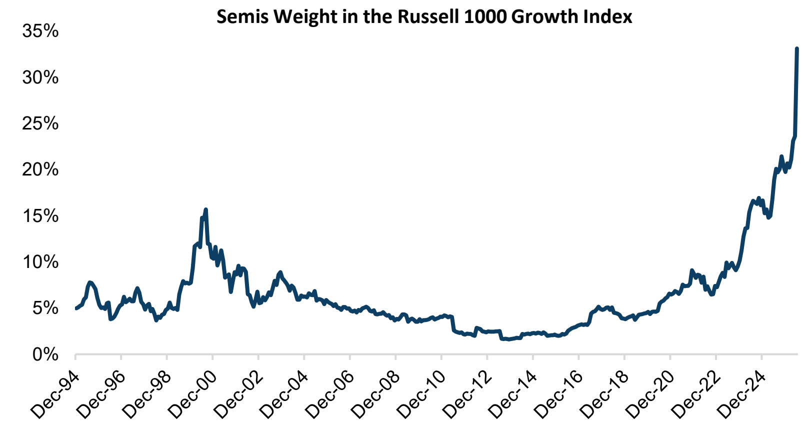
❑ A rotation out of Tech/AI and into laggards with good fundamentals presents opportunity for active managers.

Technology/Mag 7 = 70% of the Russell 1000 Growth!



Source: FactSet, BofA US Equity & Quant Strategy, as of 6/30/26

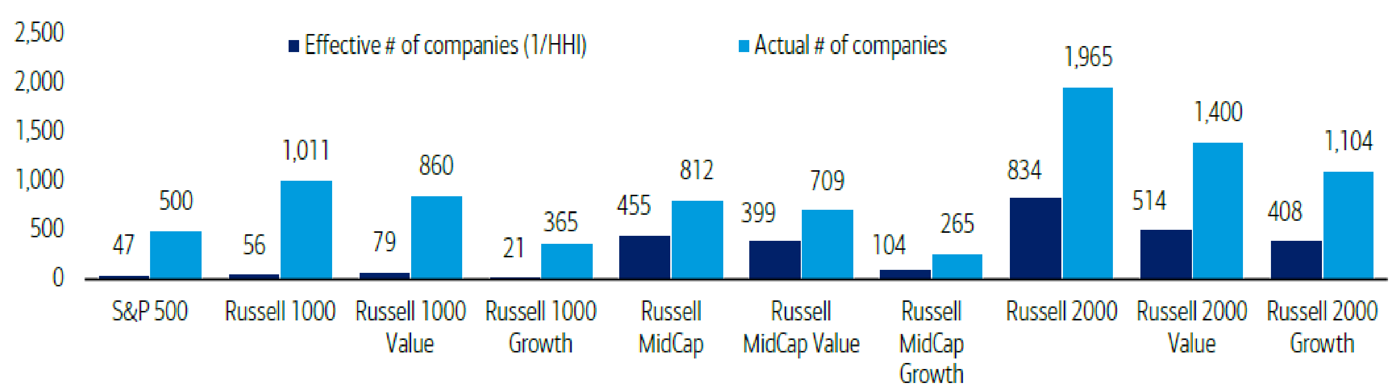
Semis at Record Levels Post Rebalance



Source: Westfield, FactSet as of 6/30/26

Russell 1000 Growth Equivalent to a 21 Stock Equal Weighted Portfolio

Actual # of companies in each benchmark vs. the effective # of companies (calculated as 1/Herfindahl-Hirschman Index), as of 6/30/2026



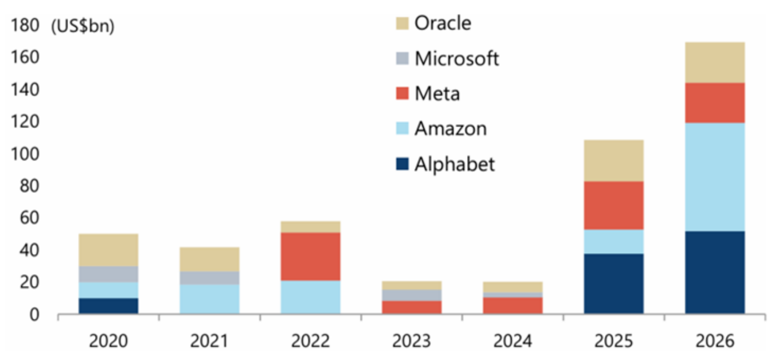
Source: FactSet, BofA US Equity & Quant Strategy as of 6/30/26

AI Story Has Evolved From Who is Spending Money on AI to Who is Making Money on AI

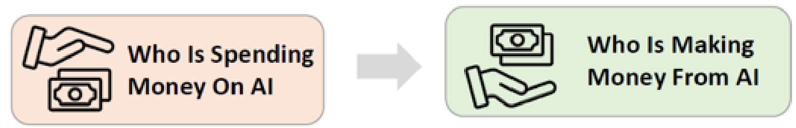
- Capex risk is rising: sentiment has flipped from "token maxing" to "ROI" as debt-financed AI spending burns through budgets with unproven returns.
- Share is shifting to cheaper, open-source LLMs — risking commoditization as token prices keep falling.

Spending and Debt Financing Pressuring Hyperscaler Returns, While Semis Have a Record-Breaking Quarter

US Major Hyperscalers' Bond Issuance



Source: Bloomberg, Jefferies as of 6/30/26



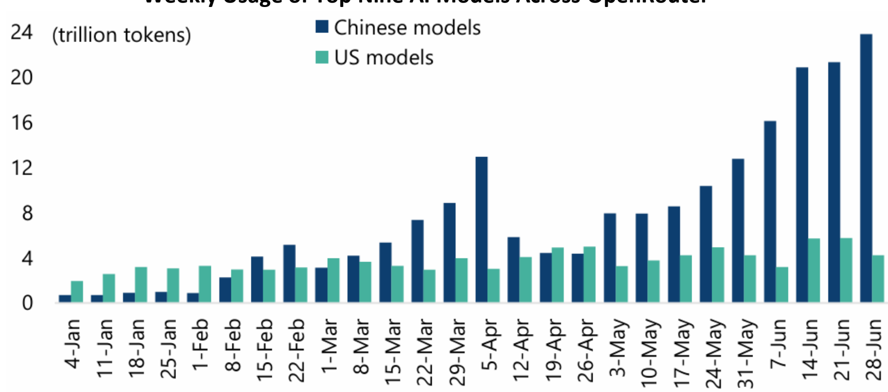
Name	Ticker	2Q Returns
S&P 500	**SPX**	**14.87%**
Alphabet Inc-Cl A	GOOGL	24.28%
Amazon.com Inc	AMZN	14.44%
Microsoft Corp	MSFT	0.77%
Meta Platforms Inc	META	-1.55%

Name	Ticker	2Q Returns
S&P 500	**SPX**	**14.87%**
Sandisk Corp	SNDK	257.88%
Micron Technology Inc	MU	241.67%
Seagate Technology Holdings	STX	146.32%
Western Digital Corp	WDC	136.13%
Bloom Energy Corp	BE	123.41%
Nvidia Corp	NVDA	14.73%

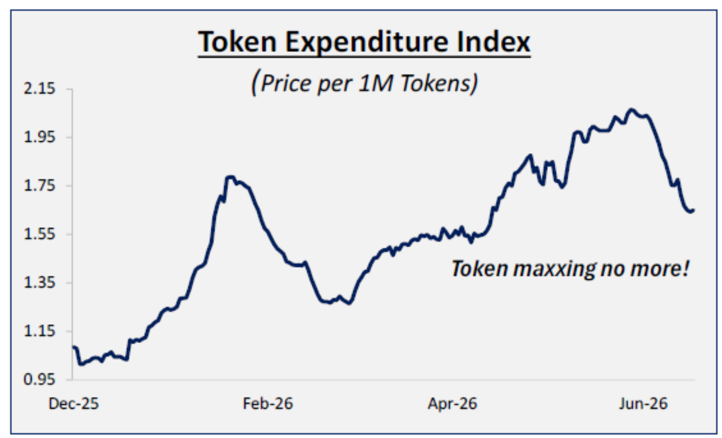
Source: Piper Sandler as of 7/1/26, reformatted for presentation purposes

Risk: LLMs Become Commoditized as Token Prices Continue to Fall

Weekly Usage of Top Nine AI Models Across OpenRouter



Source: OpenRouter, based on weekly data through 6/28/26



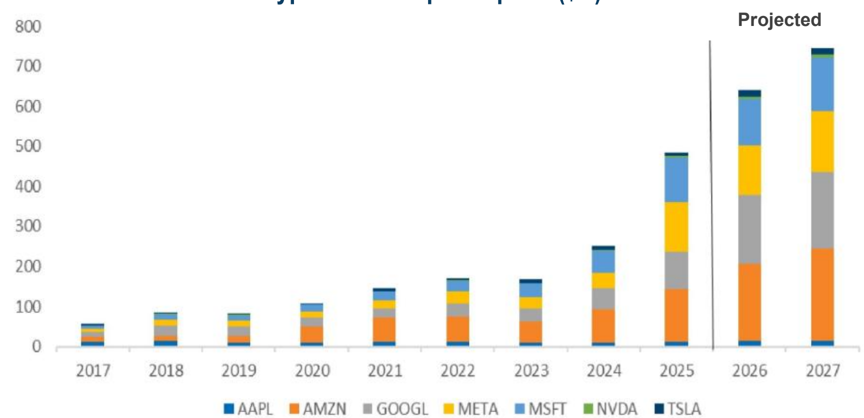
Source: Wolfe Research

AI Trade: Short-Term Correction Risk, but Memory, Compute and Power are Long-Term Secular Winners

- Prudent risk management within the AI trade is warranted given RSI and technical extremes (SOX is trading at 1.6x its 200-day average).
- We expect continued volatility but believe investors will continue to go back to memory, compute and power given strong fundamentals.
- We have played AI compute demand primarily through the 'picks & shovels.'
- We have trimmed our AI exposure, adding to Health Care, Industrials and Financials.

Capex Projections Support Continued Strength in AI Buildout/Power

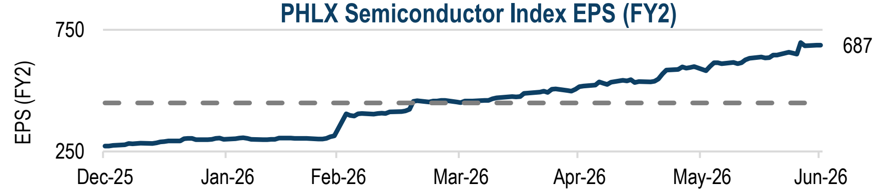
Hyperscaler Cap Ex Spend ($B)



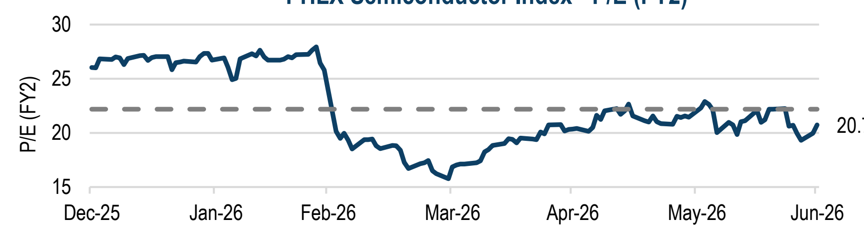
Source: 22V Research & Bloomberg, as of 2/2026

AI Cycle Has Been Earnings Driven, Not Multiple Driven as During The Dot Com Era

PHLX Semiconductor Index EPS (FY2)



PHLX Semiconductor Index - P/E (FY2)

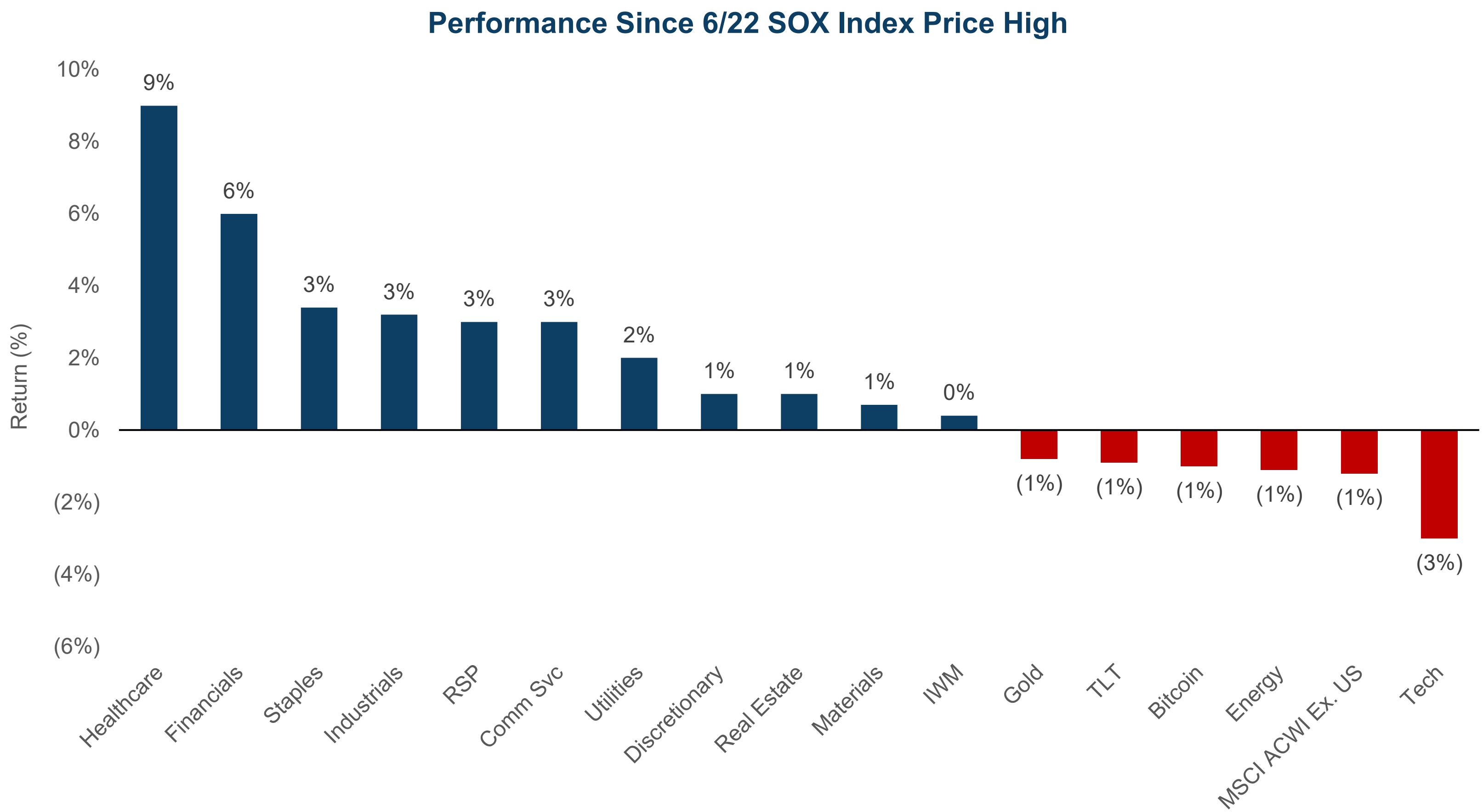


Source: Westfield, Bloomberg as of 6/30/2026

Rotation on Display

- Since the 6/22 high in the SOX index, Health Care, Financials and Cyclicals have outperformed.

The Majority of Sectors Have Traded Higher Since the Peak in Semis,
Health Care & Financials the Largest Beneficiaries & Tech the Largest Laggard to Date

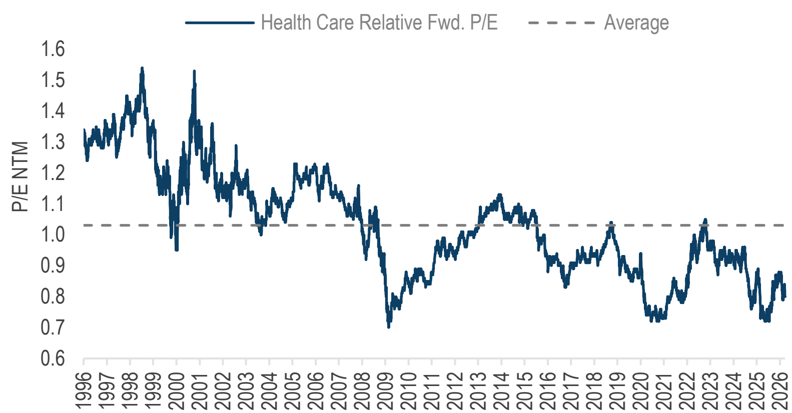


Source: Strategas Research as of 7/10/26, reformatted for presentation purposes

Health Care Poised to Catch Up: Earnings Inflection Meets Structural Tailwinds

Attractive Valuations While Earnings Inflecting Higher

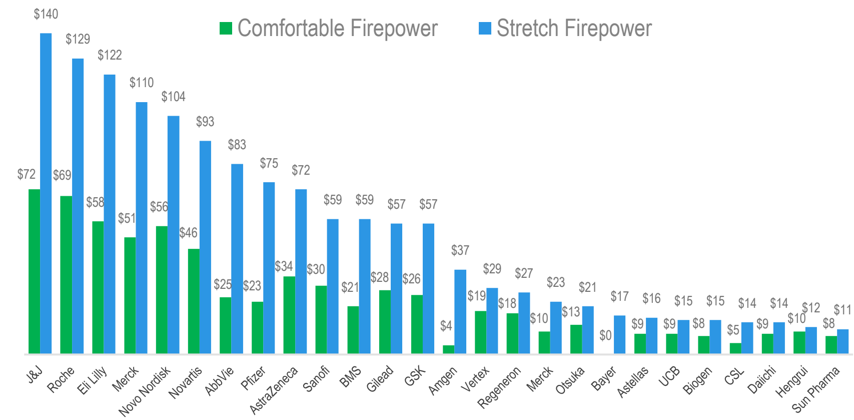
Health Care vs. S&P 500 – PE NTM



Source: Westfield, FactSet, based on data for trailing 30-years ending 6/3/26.

Large Pharma Companies Facing Looming Patent Expirations Have $1.4 Trillion of M&A Firepower

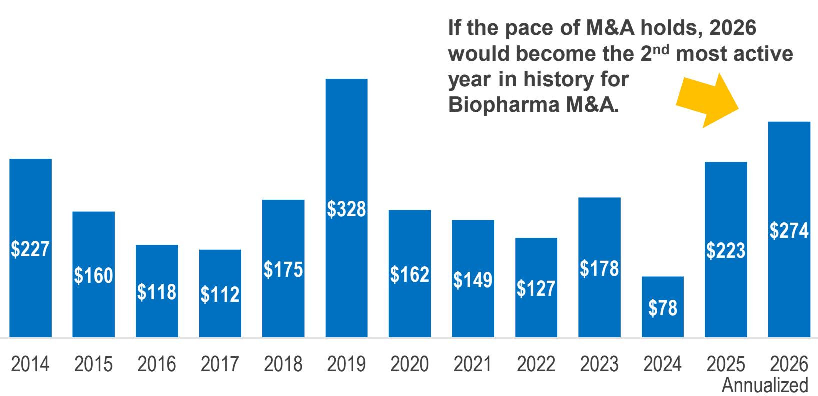
M&A Firepower of Top Pharma Companies ($ Billions)



Source: S&P CapitalIQ, Stifel Investment Banking Department Analysis, as of April 2026

Strategic Buyers Look to Biotech as a Global M&A Magnet: 2026 Tracking to be the 2nd Most Active Year in Biopharma M&A History

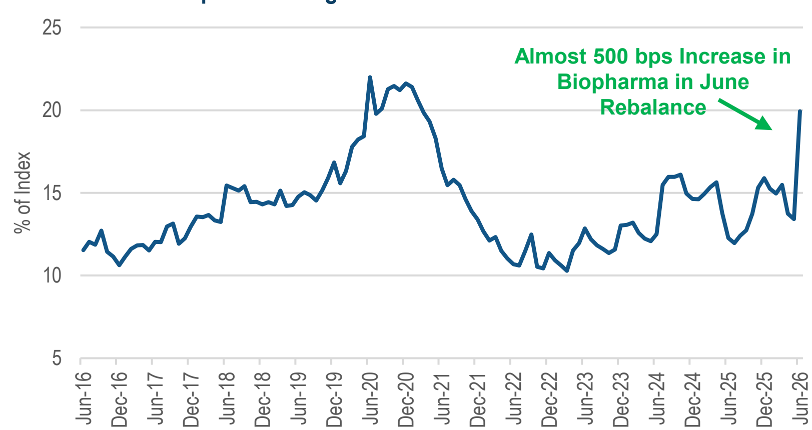
M&A Volume in the Biopharma Sector, 2014 - 2026 ($ Billions, Worldwide)



Source: S&P, CapitalIQ, DealForma. Note: Upfront payments in Orna & Ouro were not fully disclosed, as of 4/26

Biopharma Approaching 10-Year Highs in the Russell 2000 Growth Index

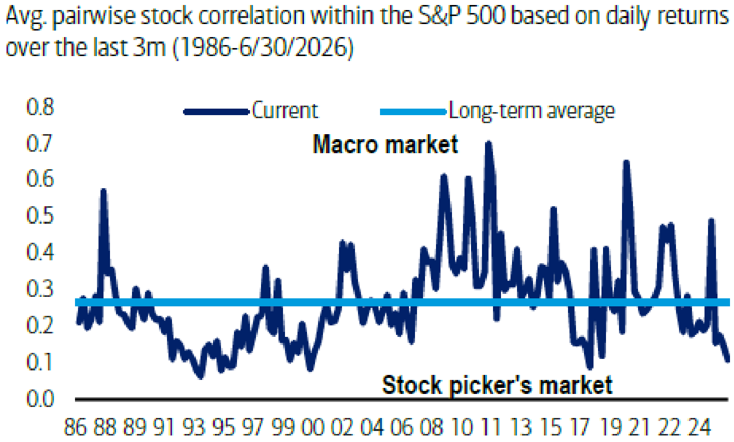
Biopharma Weight in Russell 2000 Growth Index



Source: Westfield, FactSet, as of 6/30/26

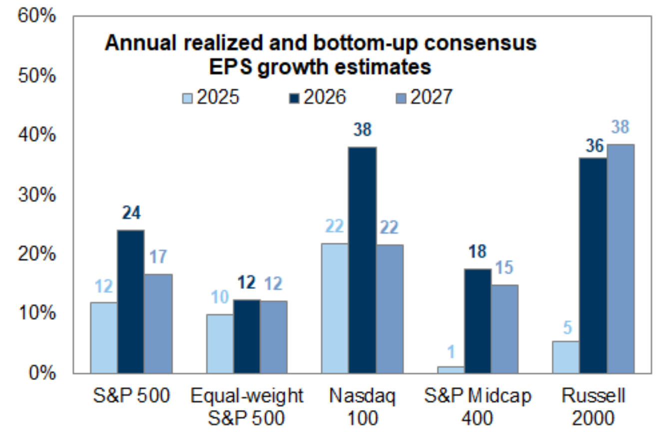
Stock Pickers Market – Low Correlations, Improving Fundamentals and Reasonable Valuations

Avg. Stock Correlation is at the Lowest Level in 8+ Years



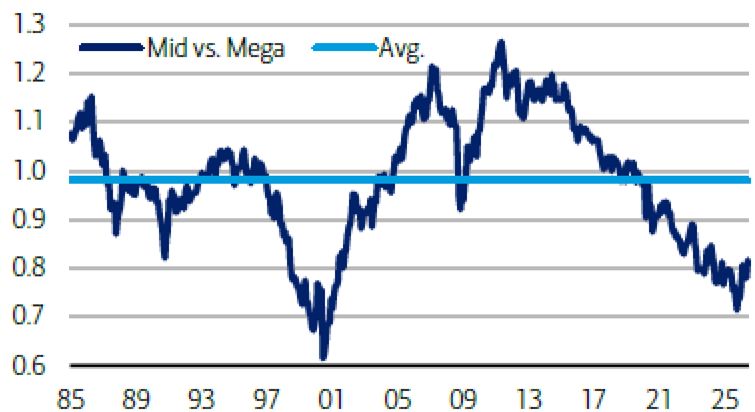
Source: BofA US Equity & Quant Strategy, FactSet

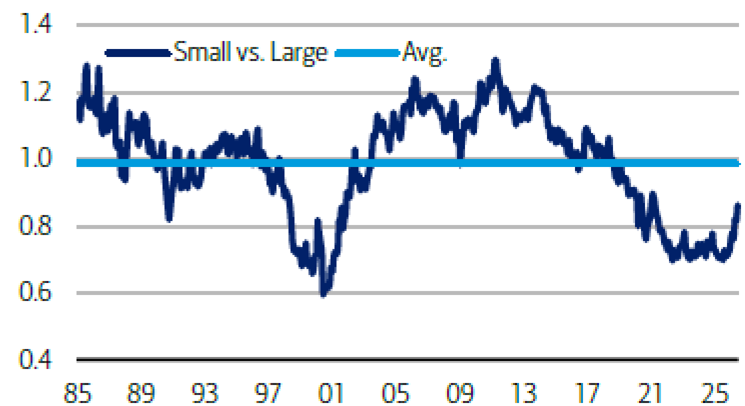
Realized & Consensus EPS Growth for Select US Equity Indices



Source: FactSet, Goldman Sachs Investment Research

Mid & Small Caps Remain Inexpensive vs. Large Caps





Source (Bottom Charts): BofA US Equity & Quant Strategy, FactSet, 1985 – 6/22/26

This Environment Favors Selectivity and Balance

- ❑ Favor the other 493 over the Mag 7 and believe small cap could have a multi-year performance run.
- ❑ Crowding within AI winners warrants cautious positioning and prudent risk management, but not a broken AI thesis – earnings are real, unlike 1999.
- ❑ Decreased correlations and an expanding earnings recovery story across sectors should be a tailwind for active managers.
- ❑ Momentum trade is extended and beginning to correct – rotate capital into areas like Health Care, Industrials and Financials.
- ❑ Take advantage of broadening market.

Where We See Opportunity

Themes We Favor	Risks
✓ Biopharma	✕ Semiconductors – Sentiment Stretched
✓ Banks	✕ Private Credit and BDC Exposure
✓ Cyclical Recovery	✕ High-risk Software Exposure
✓ Aerospace	✕ Long-duration Growth at High Multiples
✓ AI Infrastructure	✕ Volume of IPOs / Largest IPOs in History
✓ Software: Data Layer, Security, Systems of Record	

Important Disclosures

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Slide 3 Additional Important Disclosures: Chart on lower left is showing ‘Momentum Factor Distortion’. Per Wolfe Research: Factor distortions are measured by comparing a factor's current wealth curve to its 200-day moving average, with one- and two-standard-deviation bands used to identify when a factor becomes unusually stretched relative to its historical behavior. Factors that move beyond these thresholds are considered stretched and are more likely to experience a reversal or factor unwind, with approximately 70 percent returning to their normal range within one month. Current Industry Factor Distortions: Momentum remains highly stretched in Technology Hardware & Equipment but has normalized in Software & Services, creating the largest divergence between the two industries since the technology bubble of the early 2000s. Growth versus Value distortions have become particularly pronounced in Capital Goods and Technology Hardware & Equipment, reflecting strong investor preference for AI-related growth opportunities and a corresponding decline in Value exposure. | Chart on Lower right is showing GS US High Beta Momo. GSPRHIMO is a custom basket pair trade that represents an equal notional pair trade of going long GSXUHMOM (High Beta Momentum Long) and short GSXULMOM (High Beta Momentum Short). Performance reflects each side rebalanced back to equal notional at the close of each trading day.