TRIUMPH ASSET MANAGEMENT

2026 Outlook

December ended down 0.50%. For the year, the portfolio delivered a total return of approximately 10%. While this trailed the S&P 500’s 16% return in U.S. dollar terms, we outperformed in Canadian dollars. ***More importantly, the portfolio continued to behave as we expect it to: resilient, high quality, and invested in businesses we believe can compound value over many years.***

Our strategy remains intentionally focused. ***We concentrate capital in a small number of exceptional companies—six global technology leaders (Amazon, Microsoft, Meta, Alphabet, Apple and Nvidia) alongside high-quality financials (Goldman Sachs, JPMorgan, and Berkshire Hathaway)—and give those businesses the time required for their fundamentals to play out.*** We do not chase short-term trades or transient themes. While this approach does not always lead the market in any single year, it has served us well over time: ***over the past five years, the portfolio has doubled in value, compounding across a wide range of market environments.***

One encouraging development during 2025 was that earnings growth across most of our holdings continued to outpace share-price performance. In practical terms, the businesses strengthened while their stock prices remained relatively restrained. This dynamic led to meaningful multiple compression and more attractive valuations. ***We view the resulting gap between intrinsic value and market price—a “coiled spring”—as a source of opportunity rather than concern.***

Looking ahead to 2026, the overall setup appears more balanced than it has in some time. Economic activity has remained resilient, supported by strong GDP tracking and healthy holiday spending. At the same time, robust AI investment and accelerating productivity continue to drive gains across multiple sectors. ***This backdrop, combined with a pro-growth policy environment and an accommodative Federal Reserve, increases the likelihood that business fundamentals reassert themselves in market valuations.***

Within the portfolio, Amazon remains our highest-conviction holding. At approximately 22x expected 2026 earnings—among the lowest multiples the company has traded at in many years and only modestly above the broader market—we believe Amazon is exceptionally well positioned as cloud spending and AI-related investment normalize. ***Its combination of scale, cash-flow potential, and strategic relevance remains difficult to replicate.***

Finally, while we do not anchor decisions on short-term market signals, historical context is constructive. ***Since 1950, when the S&P 500 has been positive in the first five trading days of January, the median full-year return has been approximately 16%, with an 84% win ratio.*** This pattern reflects improving sentiment alongside economic momentum.

As always, our focus remains on owning outstanding businesses, paying sensible prices, and allowing compounding to do the heavy lifting over time. We remain fully invested alongside our partners, appreciate your continued trust and patience, and wish you all a happy, healthy & prosperous new year!

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