

TRIUMPH ASSET MANAGEMENT

INVESTOR COMMENTARY — APRIL 2026

Back in Black

AC/DC was counted out. After the sudden death of lead singer Bonn Scott, critics wrote them off and assumed the band was finished. Five months of decline will do that — to a rock band or a portfolio. After five consecutive down months, some of you may have worried we were on a “Highway to Hell,” rather than the road to recovery. I understand the instinct. But beneath the noise, the fundamentals never wavered, and in April they roared back to life. ***The Fund was up 9.5% in April, our second best month of all time, and we are now positive on the year.***

Bonn Scott’s replacement was not an accident. Before his death, he had personally recommended Brian Johnson — a deliberate choice, made with purpose. *Back in Black* was the first album recorded with Brian, and it went on to become the second best-selling album in history. We built the Visualizer the same way: soup to nuts, with intent, and brought it in as a new member of our band. ***The Visualizer joins the band; it does not lead it.*** The results are already showing up. Micron, a position flagged by the Visualizer, added 60 basis points to April’s returns. This is exactly the kind of contribution we built it for.

If there is one word to describe the impact of AI on our business, it would be “Thunderstruck.” Over the past several months, AI has acted like a bolt of lightning — not as a buzzword, but as an actual operating tool. ***The Visualizer is a proprietary statistical model that pulls 246,000 data points every day to score our entire stock universe.*** It monitors news, regulatory filings, and earnings reports in real time, assists with risk management, and writes single-company equity recommendations. This is not a science experiment — ***it is a tool that has fundamentally changed how we research, monitor, and deploy capital.***

In that same spirit, we have completely rebuilt our website. After years of status quo, it was time. If you visit www.triumphasset.com, we encourage you to request a presentation. You will see firsthand what the Visualizer can do, and how we are deploying it on your behalf.

All of our companies reported this quarter, and every report was phenomenal. Google and Amazon rallied on results, while Meta was punished for raising its capex forecast. Meta is now spending \$500 million per day on its AI build-out. Mind-boggling though that sounds (it is!), we note that ***after Nvidia, no other company has monetized AI better than Meta.*** At 18x 2026E EPS, we remain positive on this holding.

With respect to capex, we have a different read than most of Wall Street. Microsoft, Google, Meta, and Amazon — roughly 45% of our portfolio — are pouring hundreds of billions into data centers and GPUs. Today, GAAP earnings flatter the picture relative to free cash flow because the capex is flowing out the door, and the market is punishing these companies for

the spend. **We get the angst.** For us, however, there is a marked difference between GAAP and cash (tax) accounting — and that is precisely where Wall Street is missing the story.

Two things matter, and neither is small. First, this Administration's new rules allow capex to be written off for tax purposes in just three years. For Meta in particular, that is the difference between a crushing tax bill and a manageable one — cash that would otherwise sit with the IRS is, instead, redeployed into the business. Second, and this is where the math turns: once the spend slows, capex falls off a cliff while GAAP depreciation, accumulated over years of build-out, keeps rolling. Accounting depreciation will exceed the (now-exhausted) tax write-offs, and free cash flow will lap GAAP earnings on the upside. **Put plainly: when that flip happens, Meta will not be spending its way through earnings — it will be spinning off massive amounts of free cash flow.** As a chartered accountant, I am acutely aware of the difference between cash (tax) and GAAP accounting. **In time, so will Wall Street.**

As always, thank you for your continued trust and patience. We remain fully invested alongside you, and after starting the year in the red, it makes us happy to utter the words of AC/DC by saying we are **BACK IN BLACK!!** We look forward to next month's communication.

Steven Tuchner
Founder & CIO