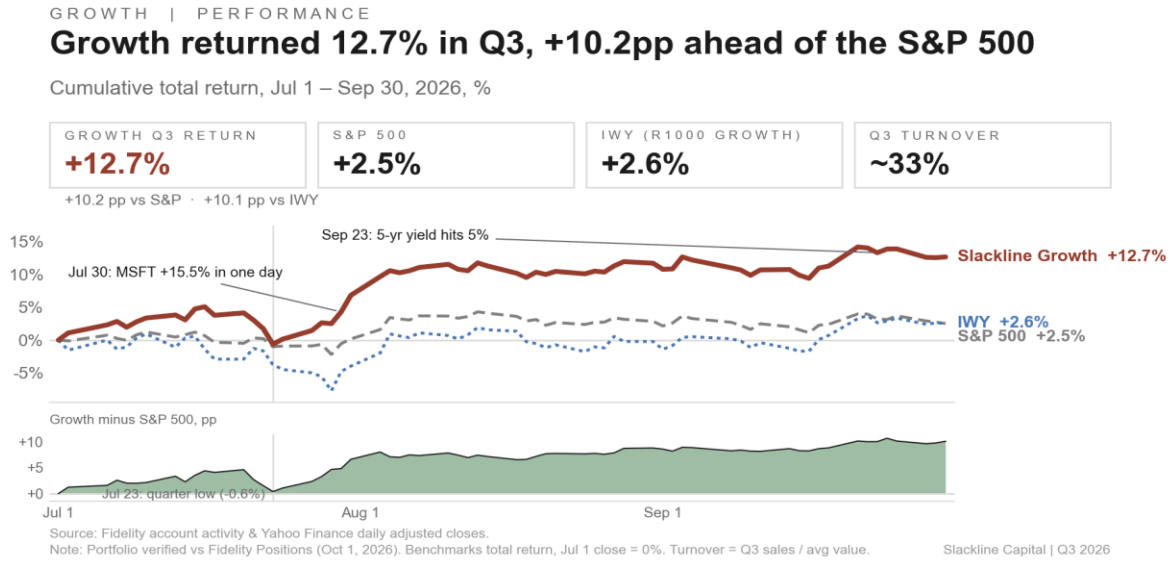
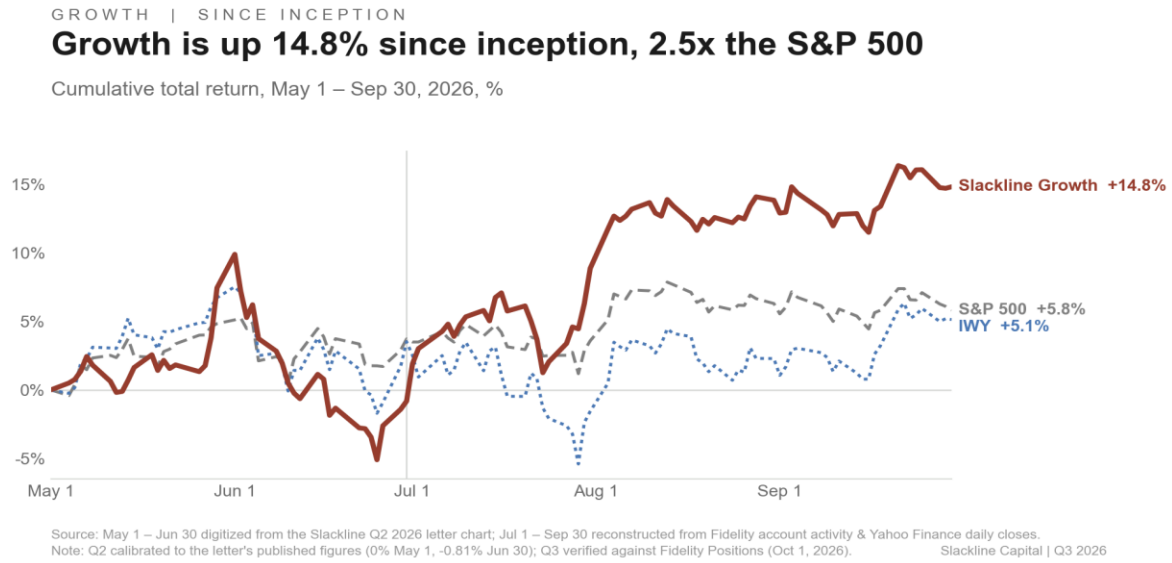
Introduction

Over Q3, the period dated Jul 1, 2026 through Sept. 30, 2026, Slackline Growth, the headline and main fund portfolio, returned 12.70% compared to its benchmarks, the S&P 500 and IWY, which returned 2.5% and 2.6% respectively. *That said, one quarter is a good quarter, not a track record, and I'd want a few years of this before anyone, including me, calls it skill.* That being said, we achieved this with lower volatility compared to our growth counterpart, the IWY. While conviction did drive the majority of our returns (a 20% stake in Microsoft that led to 600 bp of gains), an equal weight and risk weighted portfolio of the same stocks would have returned 4.1% and 3.9%, respectively, still outpacing the S&P 500 and IWY by roughly 150bp each.

This result was due to two factors: superior performance among Mag 7 and tech stocks during the time period, which coincided near the bottom of the portfolio's six-month performance. Overall, the fund saw strong performance, new positions, the rebirth of an old one (Slackline Value), and strong discipline changes along the period.



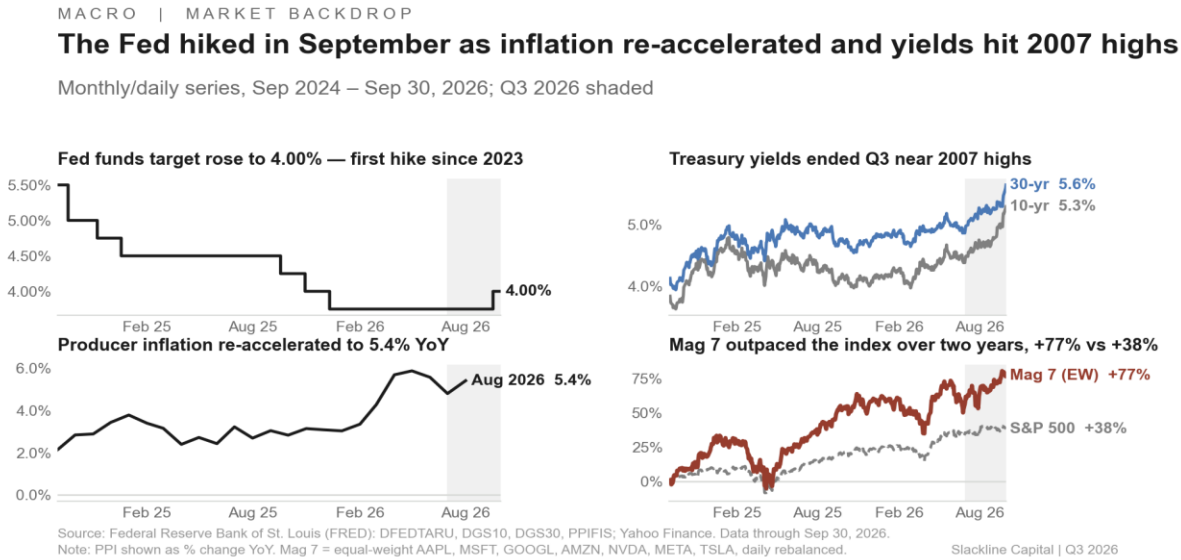
Here's the quarter in a picture. The lead built up in steps through July and August and never really got given back, which matters more than the ending number.



Zooming out to May 1, we're up 14.8% against 5.8% for the S&P 500. Most of that lead was earned this quarter, so Q3 earnings and beyond will be the real test of this portfolio.

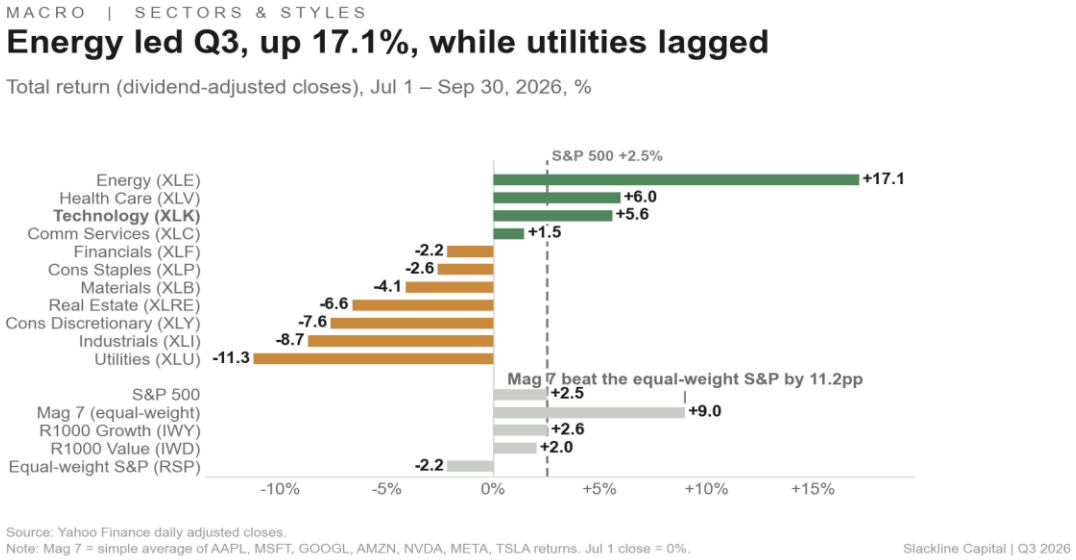
Market backdrop

The market faced numerous headwinds this quarter, such as rising bond yields, inflation, Federal Reserve monetary policy, and AI momentum shifts. The Fed hiked rates by 25 bp to 3.75-4.00%, which the market had been pricing in since mid-August, where implied chances of a rate hike went from 50% to nearly 100% over the course of a month. Inflation re-accelerated as well: PPI was up 5.4% YoY on energy and goods costs, with the Fed blaming supply shocks, namely energy. That comes out of the continued conflict with Iran, which has done no help for inflation, energy prices, bond yields, or the U.S. deficit, all of which have risen along with one another during this geopolitical conflict. At the time of writing on Oct. 2, 2026, the 10-year is at 5.26%, and the 30-year at 5.62%. *For context, when Treasuries pay over 5% risk-free, every stock has to work harder to be worth owning, and growth stocks feel it most, though the extent to which this relationship is true, and how much stocks have already priced in is a topic of fierce debate.*



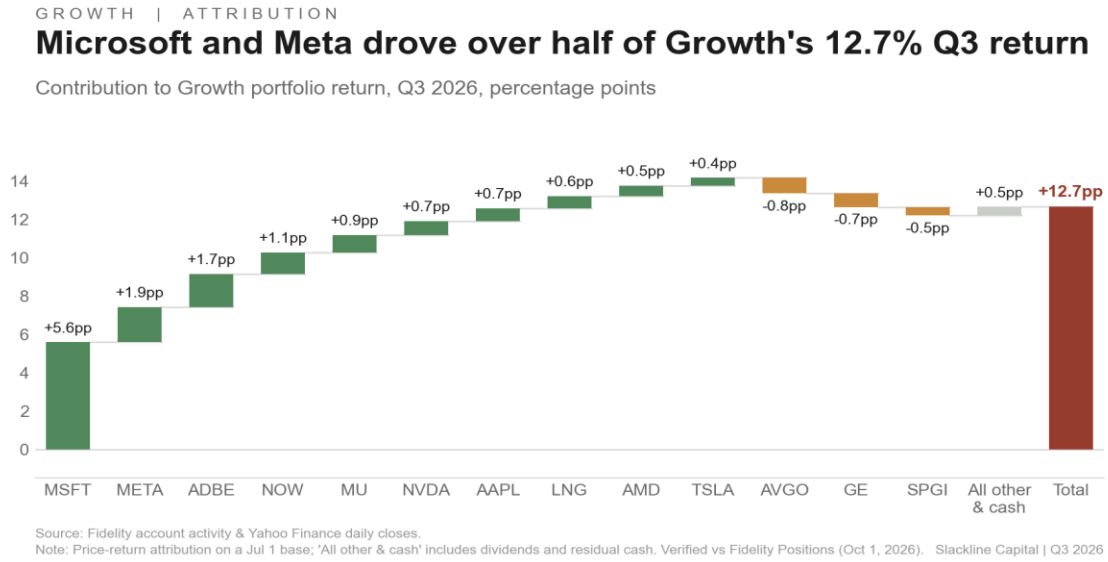
Fed funds is at 4.00%, long yields are at 5.3% and 5.6%, and PPI is running at 5.4%. Meanwhile the Mag 7 are up 77% over two years against 38% for the S&P 500.

However, equities have buffered many of the headwinds they have faced, looking rather resilient, though it should be noted that the strongest sector was energy, up 17.1%, while tech, the largest sector by far, returned 5.6% over the period. The Mag 7 have also done exceptionally well, returning about 9.0% over the period. One has to wonder how long tech returns have to buoy the S&P 500, however, as consumer and value stocks have struggled with higher input costs and sticky inflation, among other aforementioned factors.



Energy was the real winner at +17.1%, with tech at +5.6%. The equal-weight S&P 500 was down 2.2%, so the average stock lost money while the Mag 7 (+9.0%) carried the index.

Attribution analysis (Growth)



This is where the 12.7% came from. Microsoft and Meta did more than half of it, with the rest spread across a basket of smaller winners.

Microsoft contributed a massive 5.6% to the fund's performance over this quarter, partially because the stock had a 15.5% single-day move on Jul 30, adding the most market cap (roughly $450B) in a single day, the most in history. After this move, we trimmed out of the position to take some profits, but still believe in the long-term growth prospects of Microsoft, driven by Azure cloud growth. At the time of writing, 7.00% of the fund is Microsoft. *We didn't sell because we stopped liking it; one stock just shouldn't be close to a fifth of the fund. Microsoft was seen as the most undervalued stock in the S&P 500 when looking at a multitude of factors, which included a margin of safety, P/FV gaps, economic moats & competitive advantage, and a DCF analysis, where we believe the true, fair value of Microsoft is at $600.*

Meta contributed 1.9%, driven by a late recovery in September. Despite an earnings disappointment in late July, the stock is reaching near highs due to its strong user base and its new AI model, Muse. If that tells you anything about the state of the stock market, it's that AI is still driving the valuations of stocks up or down, with very little rhyme or reason.

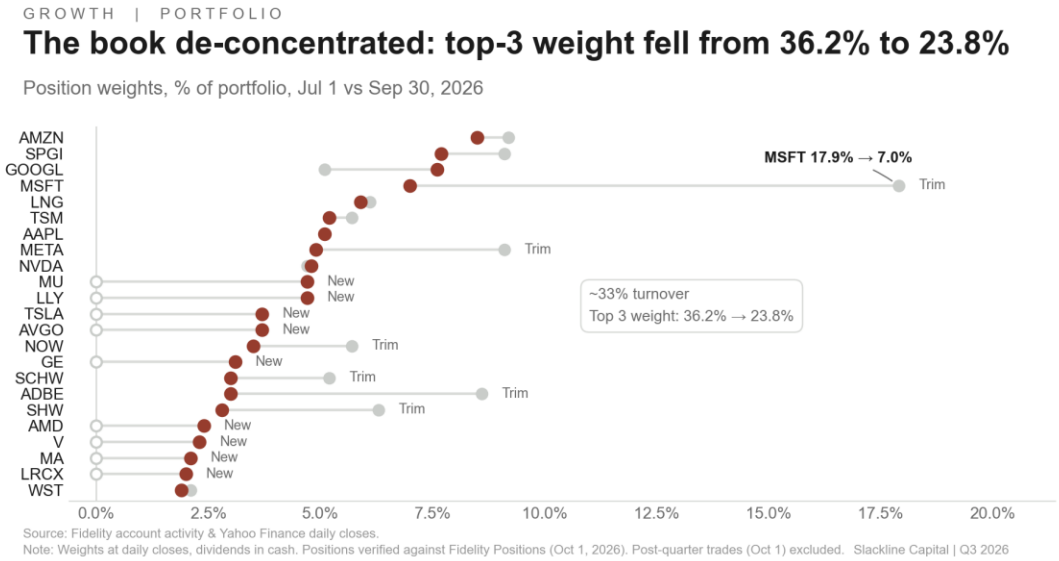
Adobe contributed 1.7%, finally seeing the software recovery that we have called for in my investment thesis, rising nearly 40% before falling again. We exited around half of the position to capture some of the gain in a rally, and we now hold around a 3% share in the company. Despite calls to slow AI development, Adobe still seems to be struggling, even though the main risk to the company is GenAI development. The company also went through a CEO change, so updated guidance on that transition in the next earnings call could serve as a catalyst to boost the stock further.

ServiceNow contributed 1.1%. It was a stock that rallied harder on the software revival and, unlike Adobe, hasn't given back the returns in September.

Other contributors: MU +0.9 pp, NVDA +0.7 pp, AAPL +0.7 pp, LNG +0.6 pp, AMD +0.5 pp, TSLA +0.4 pp.

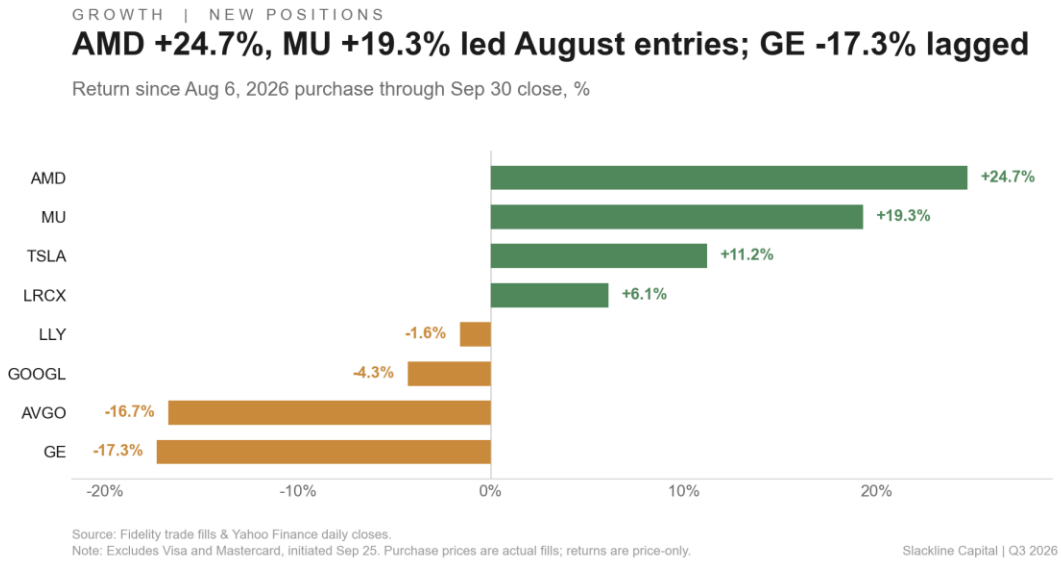
Detractors: AVGO −0.8 pp, GE −0.7 pp, SPGI −0.5 pp. *Every quarter has a few of these, and I'd rather list them than bury them.*

As promised in Q2, we diversified out of software, and saw roughly 33% portfolio turnover this period. This has been crucial to success, and we are actively looking for undervalued growth stocks with a margin of safety when we initiate a position. Likewise, when a stock pops up and to the right, we will take some of those profits, while keeping around half the position intact. Microsoft went from roughly 18% weight to roughly 7% over the period, and numerous new positions, such as AVGO, TSLA, MU, LLY, LRCX, GE, more GOOGL, and AMD were added. These represented the strongest growth stocks available at a reasonable price (GARP), which contributed heavily to portfolio returns this period. *I don't expect turnover this high every quarter; most of it was the one-time move out of software.* The account also received a small cash-in-lieu for the fractional share from SPGI, which Mobility spun off of. Entries into Visa, Mastercard, and Oracle occurred near the end of the period.



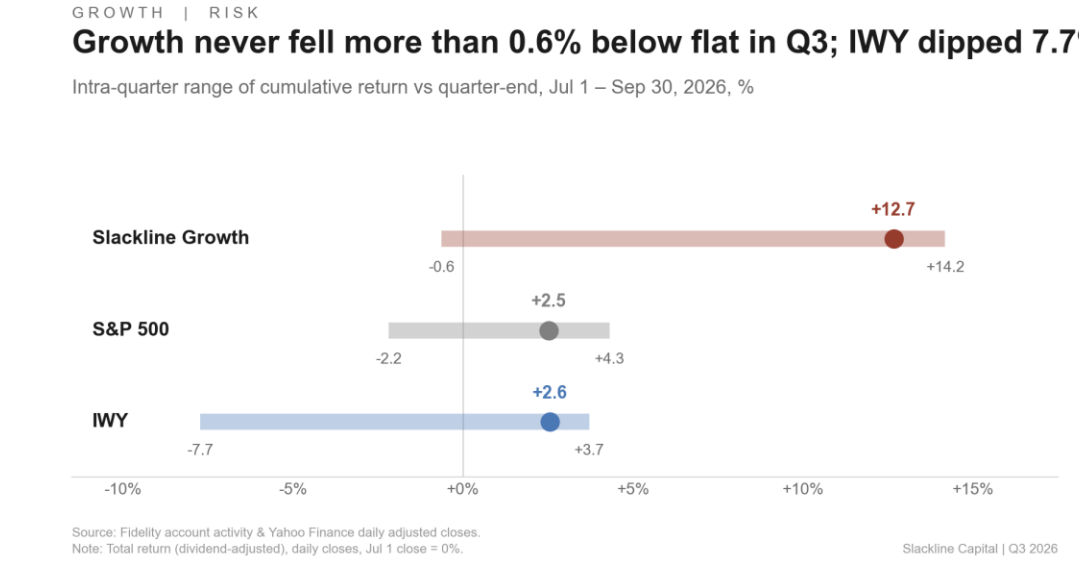
Grey dots are where we started the quarter, red dots are where we ended. Microsoft went from about 18% to 7%, and our top three positions went from 36.2% to 23.8% of the fund.

The only exception to the margin of safety rule was when we bought GE on Aug 6, sadly the same day the company printed an all-time high. The stock has fallen 17.3% since, but we remain committed to the company's long-term prospects. Call it a mistake on price, not on the thesis. Additionally, we initiated a position in TSLA, a position we were wary of for numerous reasons, such as a high P/E, management, and supply chain risk, among other things. However, the stock looked very attractive after sliding post-earnings, and it has been one of the strongest Q3 positions in terms of percentage return.

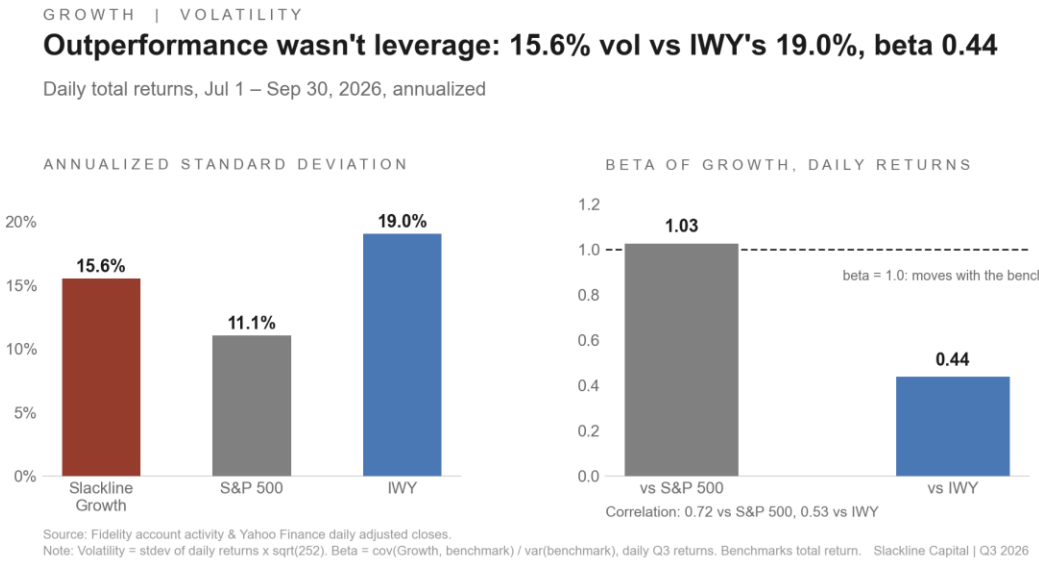


Return on the names we added in early August. AMD and MU worked, GE and AVGO have not. AVGO is still seen as one of the most undervalued big tech stocks on the market.

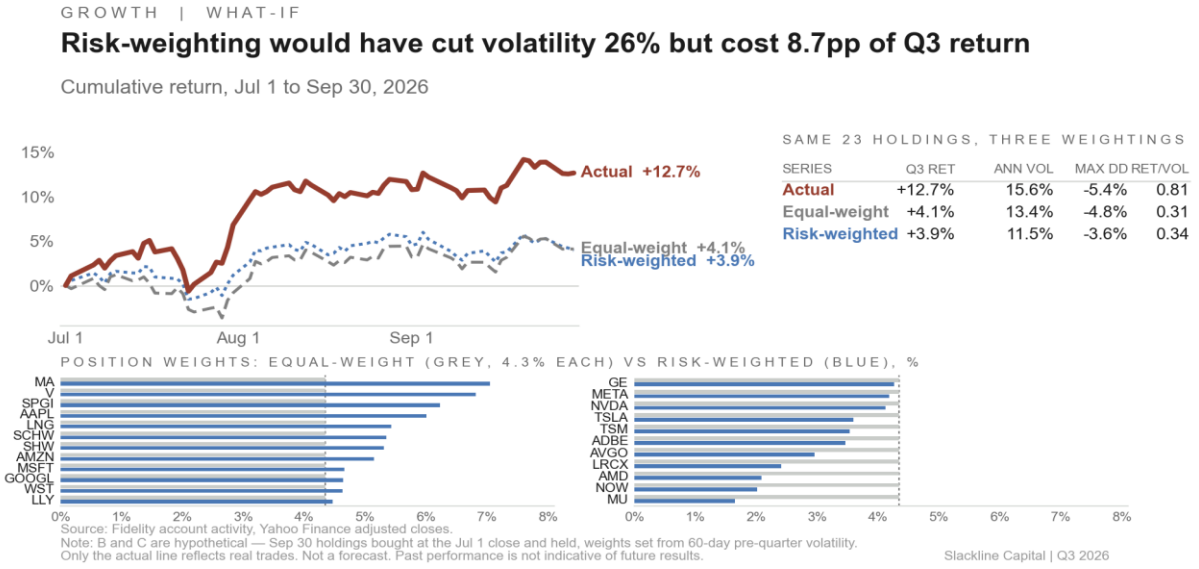
Trims and exits: NOW, MSFT, META, ADBE (trims); SCHW (exit).



Growth never dropped more than 0.6% below flat, while IWY dipped 7.7% in early August. This builds upon the lower vol point made earlier in the letter.

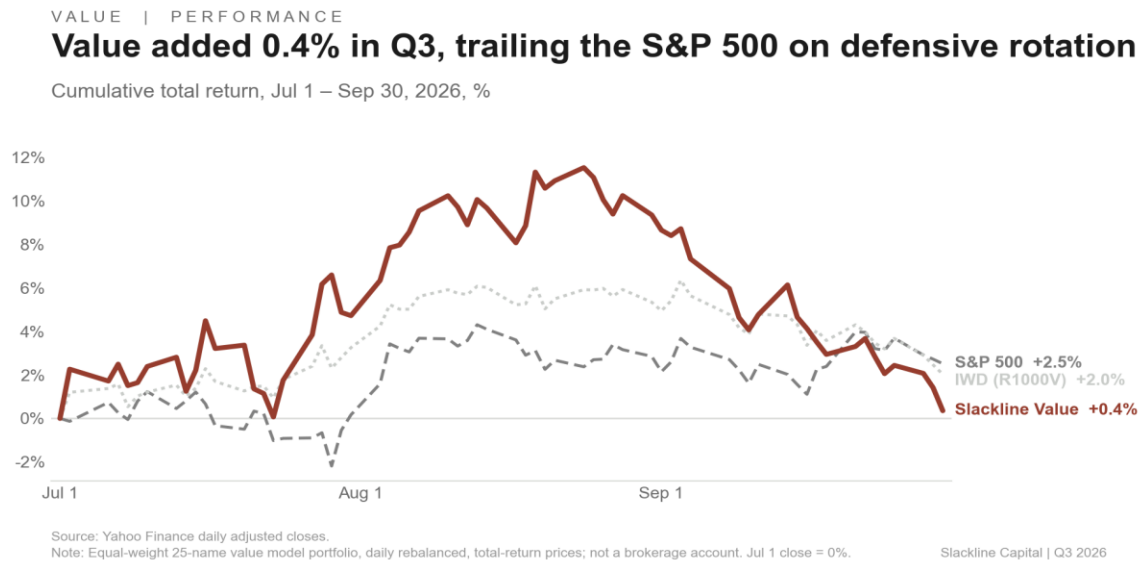


Volatility was 15.6% for Growth against 19.0% for IWY and 11.1% for the S&P 500. Beta to the S&P is 1.03, so we moved with the market, but only 0.44 against IWY, meaning the book doesn't really track the growth index. However, by the end of Q3 vs Q2, we hold more positions in common with IWY than ever before.



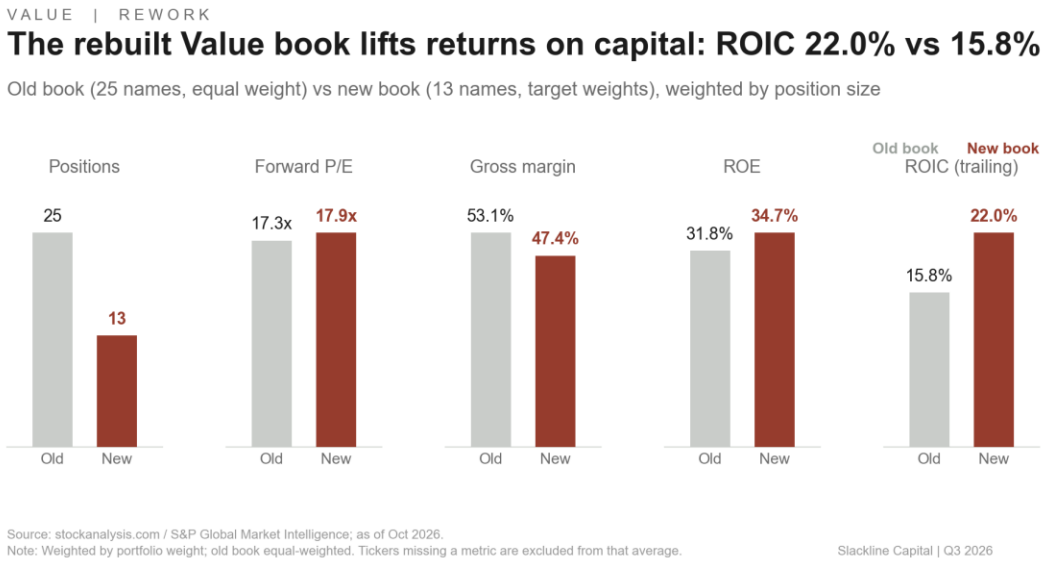
Equal weighting or risk weighting would have been calmer, but they would have returned about 4% instead of 12.7%. The big overweights were the right call this time, and I know that's only one quarter.

Value Portfolio Rework



The old Value book was a model portfolio of 25 names. It ended the quarter up 0.4%, after being up roughly 11% in mid-August before the yield spike took it back.

Many of the positions within Value were picked on a whim, not well researched, and based on mean-reversion, which we believe is more of a stock-picking portfolio that was not consistent with the goals of the equity research that Slackline was founded on. Truthfully, most of the research was reading Morningstar analysis, checking if the stock was undervalued, and buying it, without much other thought. *Lesson learned: cheap and good are not the same thing.* We were punished for that, as the portfolio was quick to underperform when faced with hawkish-Fed and yield spikes during late August into all of September. Though not all was lost: BR, BAC and SCHW all found their way back into Value, and the remaining positions are strong, researched positions that have earned well above their cost of capital, retain high ROE/ROA, and are quality compounders at a very reasonable price. While we expect some softness within the portfolio to start, each position was thoroughly researched, analyzed via comps and reverse DCF, and margin analysis was performed. This portfolio resembles a Buffett-style portfolio, prioritizing his tenets, mainly a consistent operating history, candid management, strong margins, strong return on equity, and future growth prospects.



Old book on the left of each pair, new book on the right. Fewer names (13 vs 25), higher ROIC and ROE, and about the same forward P/E. Gross margin is the one metric that went down, due to less software concentration.

Outlook

Overall, the performance of the portfolios will remain dependent on a multitude of factors. For growth, it seems the only factor that manages to scare AI investors is the demand for AI. As I mentioned in my ORCL thesis, while calls to 'pace the frontier' have spooked investors, it seems that no pacing is actually occurring, given the recent release of powerful models such as Astra, Opus 5.5, Sonnet 5.5, Dots, and Muse. However, the commoditization of AI tools is starting to take place, as U.S. models face competition from slightly worse models from China that are much, much cheaper. Regardless, it seems the craze for AI shows no signs of slowing down given the current U.S. government's disregard for any sort of regulation, though that could change given public outcry against datacenters, which could lead to changes in the House and Senate come November. That being said, it is unlikely given the management of the White House that any major AI legislation will come within the next few years, so monitoring the demand for AI remains the most important thermostat for the AI trade. A close second would be bond yields, which remain elevated and make borrowing much harder, hurting the ability of new, high-growth AI / tech companies to finance their buildout plans or to scale their business.

Growth: Our top three positions, SPGI, AMZN & GOOGL have significantly lagged the rest of the portfolio, and are still all negative at the time of writing. We do expect these companies to stop lagging and eventually catch up with the rest of the portfolio, which will hopefully lead to continued strong results. *And if they don't, the fund is diversified enough now that it doesn't need them to.*

Value: Outlook is highly dependent on geopolitical conflict, interest rates / bond yields, and inflation, all of which we would prefer to trend down. Overall, while the short-term future is uncertain, over the long-term, our investment theses for these high-quality compounders remain intact. Concentration in quality businesses is something that worked for Warren Buffett, and while that success is obviously impossible to replicate, the tenets that Buffett laid out are still something that every investor should consider on a day-to-day basis. After all, while it is always a stock-picker's market, very few consistently pick the right stocks.