



Real-world learning. Job market return.

Lemma Senbet Fund

2026 Annual Report

May 8, 2026

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Executive Summary

Dear Foundation Members, Faculty of Smith, and Senbet Alumni,

We are pleased to report the Lemma Senbet Fund's results for the 12 months ended March 31, 2026. Since our founding in 2006, our mission has been to outpace the appreciation of the S&P 500 on a risk-adjusted basis. We seek to enhance the reputation of the Robert H. Smith School of Business, and this past year presented our team with a rigorous set of obstacles.

During our tenure, we navigated U.S. equity markets shaped by persistent macroeconomic policy uncertainty, an unpredictable trade environment, and a Federal Reserve balancing data-dependency against growing political pressure on its independence. The dominant economic narrative of our term was the disruptive and unpredictable nature of U.S. tariff policy, punctuated by the unpredictable tariff announcements and the subsequent 90-day pause, which kept businesses and investors consistently off-balance. Paired with softening labor markets, decelerating consumer spending, and a cautious federal reserve, these forces created dynamics that rewarded high growth momentum names we were significantly underexposed to and penalized the free cash flow-oriented, dividend-yielding businesses that formed the core of our portfolio construction.

In response, we made the decision to prioritize capital preservation and downside resilience over replicating the S&P 500 exactly, accepting the tradeoff that our defensive orientation would leave us under-exposed to the momentum driven names that ultimately led the market this year. Our results are included in later sections, which highlight the decisions we made and how we performed against our benchmark.

We feel confident that the Lemma Senbet Fund is well-positioned for the year ahead, and we are certain that the incoming team will be excellent holders of this responsibility.

The Class of 2026 is privileged to have added a chapter to the Fund's history and contributed to the Smith community. We thank you all for your continued trust and support.

Sincerely,

The _____ Class _____ of _____ 2026

Performance Summary

14.29%

Total Return

.889

Beta

\$3.25M

AUM

-3.51%

Relative Return

0.018

Sharpe Ratio

-1.75%

Alpha

Portfolio Allocation

The fund maintains a disciplined allocation strategy focused on risk-adjusted returns and capital preservation.

- Diversified sector exposure to capture growth across market cycles
- Strategic cash positioning to deploy quickly in quality opportunities
- High-conviction equity picks grounded in rigorous, bottom up research



Mayank Barnwal

Incoming
Investment Banking
Analyst – J.P. Morgan

Stocks Pitched

Do Not Buy

TRANE
TECHNOLOGIES™

Portfolio Manager Commentary

Markets & External Relations

When the Class of 2026 was passed the baton, we battled a series of unprecedented macroeconomic challenges ranging from policy uncertainty, market volatility, and softer business and consumer sentiment. Recognizing the Senbet Fund's goal as capital preservation, we quickly adopted a defensive approach to prepare for the narrative around the probabilities of a recession. We closely watched Powell and other Fed members for a shift in their "wait-and-see" approach to obtain closer readings into the monetary policy stance, as any changes could significantly impact our investment strategy and risk management in light of the economic challenges we faced.

4Q25 and 1Q26 delivered modest outperformance relative to the benchmark S&P 500, though our structure limited upside capture in commodities like gold and crude. We ultimately closed the fiscal year with a -3.51% underperformance vs. the benchmark.

Despite underperforming, I am proud of the work that the team and Professor Kroncke have put into this past fiscal year. Our long-term contribution is consistent with previous cohorts, seeking to make long-term investment decisions by assessing macro conditions, sector-specific, and company-specific news. We added five new stocks to the portfolio and added a position in the iShares Investment Grade corporate bond, which reflected our conservative outlook given lingering uncertainty. Just like last fiscal year, finding companies that showed a positive return with a DCF model was challenging. Any decisions to trim or sell existing holdings were focused on realizing gains, acknowledging the limited room for growth, or trimming losses in previous holdings.

Balancing growth with defensibility was a consistent theme during our tenure, and even though our exposure to economic events of this wavelength was novel, there could not have been a better learning opportunity. What's been exceptionally exciting was the opportunity to make a tangible impact on the fund's value itself. Moving forward, the Class of 2027 is being passed this fund in a relatively better risk-managed environment, although they will have to continue monitoring headline risks from geopolitical developments in the Middle East.

Portfolio Manager Commentary

Performance

After a strong finish to the 2025 fiscal year, the Class of 2026 took over the Lemma Senbet Fund with measured caution, skeptical that the same bullish momentum would continue amid a new political and macroeconomic backdrop. We spent the early months of our term observing existing positions, evaluating prior investment theses, and assessing how the market environment had begun to diverge from historical norms.

Our fiscal year opened with large-cap growth stocks continuing to outperform while value and cyclical names lagged, and traditional risk indicators showed conflicting signals. We elected to move the portfolio toward stable free cash flow generation, greater dividend yields, and recession resilience business models, accepting that this orientation would leave us underexposed to the momentum-driven, high-growth names that ultimately led the market this year.

Over the course of the fiscal year, we exited seven positions - InstaCart, Confluent, FactSet, BlueOwl, Zoetis, State Street S&P 500 Energy ETF, and State Street S&P 500 Financials ETF - and deployed capital into new holdings such as Evercore, Archrock, and American Express. We calibrated selective technology exposure through Spotify, Palo Alto Networks, and Microsoft to balance growth with defensibility.

Our standout performers for the fiscal year include Micron Technology, International Seaways, Alphabet, and Keysight Technologies, which benefited from secular tailwinds in memory chips, defense, and electronic test equipment. UnitedHealth Group, Intuit, and certain sector ETFs weighed on returns, reflecting headwinds in managed care, fintech valuations, and market volatility.

Altogether, the Class of 2026's tenure was defined by disciplined repositioning in an uncertain market. I am proud of the work this cohort put into every division and grateful for the opportunity to have led such a talented team. I am confident that the new class will continue to build on the foundation we leave behind.



Ansh Sawhney

Incoming Investment
Banking Analyst – Shot
Tower Capital

Stocks Pitched

Do Not Buy



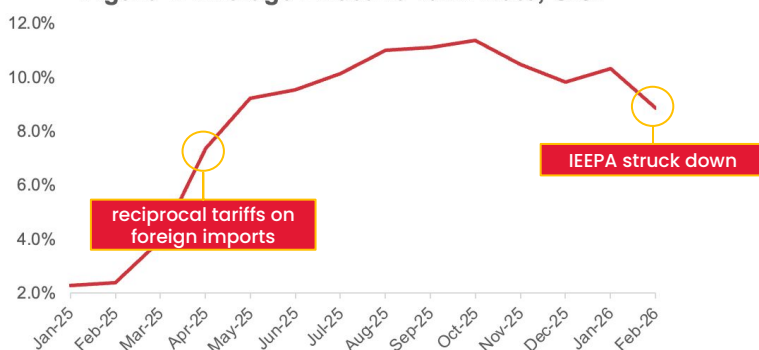
Markets Overview

This year was the first of many, and unlike any other faced by the Lemma Senbet Fund in the last decade plus. When the Senbet Class of 2026 took over the portfolio, we were presented with a grim macro environment: reciprocal tariffs on the US, an inverted yield curve, mass federal layoffs, and the inevitable cost pressure to employers. Thanks to the efforts of the team, we successfully balanced the macro and the sector-wide shocks.

Tariffs

Tariffs proved to be one of the key macro issues in FY 2025, given their relationship to the Fed's wait-and-see stance, supply chain disruptions, cost pass-through, and rising prices. Metals, agriculture, automobiles, electronics, and even food products such as pasta were among the many categories affected. By March 2026, the U.S. effective tariff rate had risen to its highest level in decades, with tariffs becoming a structural macro input rather than a temporary headline risk. Looking back on the year, the U.S. government also reached a series of successful agreements with China, Canada, and the EU. The Fed especially focused on managing data lags and underlying sentiment uncertainty while assessing the impact of tariffs on the broader economy. Softness in the labor market and rising unemployment ultimately led to three 25 bps rate cuts in September, November, and December, with the FFR target at 3.50%–3.75%. Another major concern stemming from trade uncertainty was the rising probability of a recession. At the start of 2025, recession risk stood at 30%, and the rollout of tariff policy, along with its likely impact on sentiment, added to it. By 2H25, most banks leaned toward a sub-par growth view rather than a guaranteed downturn.

Figure 1: Average Effective Tariff Rate, U.S.



Source: University of Pennsylvania, Wharton

Despite the push and pull surrounding tariff implementation, 90+% of the economic burden of tariffs fell on U.S. firms and consumers in the first eight months of 2025. Although in Feb 2026, the Supreme Court ruled that most of the 2025 IEEPA tariffs were illegal, a fresh set of 15% global tariffs was implemented and remains active. While the broader tariff rollout was initially marked by delays and reversals, the latest announcements have reignited international responses, increased volatility, and created material sector headwinds.

Figure 2: U.S. Trade Balance (\$, Bn)



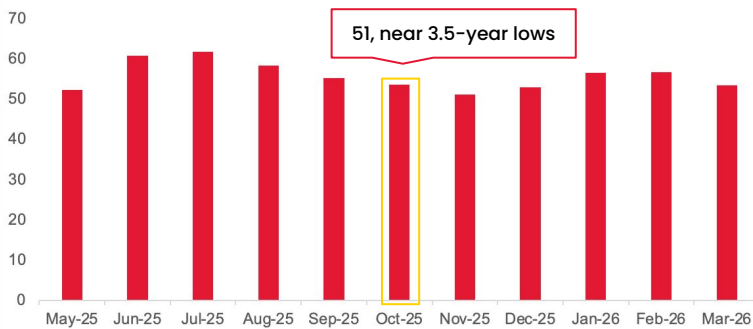
Source: Trading Economics

Markets Overview

Consumer Sentiment

Consumer and business sentiment softened during FY 2025 as households and firms navigated a more uncertain macro backdrop. In November 2025, the University of Michigan consumer sentiment index fell to 51, reflecting pressure from the government shutdown, tighter lending standards, low housing affordability, and concerns around future income. By fiscal year-end, the Conference Board noted that confidence had improved modestly, though it remained below more normal levels amid tariffs, war, and rising prices.

Figure 3: The University of Michigan's Consumer Sentiment Index



Source: Moody's Economic Indicators

Policy uncertainty added to this cautious backdrop. Disputes over healthcare insurance subsidies and DHS funding resulted in both the longest-ever full government shutdown at 43 days and a partial shutdown that extended beyond 60 days. The shutdown also delayed key economic releases, including personal income, consumer spending, PCE, and inflation data, making it harder for policymakers and markets to assess conditions in real time. In October, the BLS was unable to collect much of its usual price data and did not release a full jobs report.

Figure 4: Small Business Optimism Index

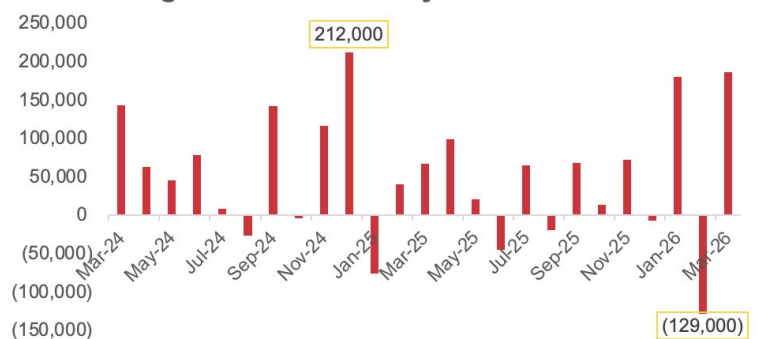


Source: National Federation of Independent Business

Labor Market

Given the Federal Reserve's dual mandate of maintaining price stability while also seeking maximum employment, the labor market was closely watched throughout FY 2025. The U.S. lagged in labor force participation, relative to China and Japan this past FY. It was the first time in U.S. history that we witnessed negative net new population, and this signaled slower population growth. Outside of the two most recent recessions, 2025 saw the lowest pace of average monthly job growth since 2003.

Figure 5: Nonfarm Payrolls – Private



Source: Trading Economics

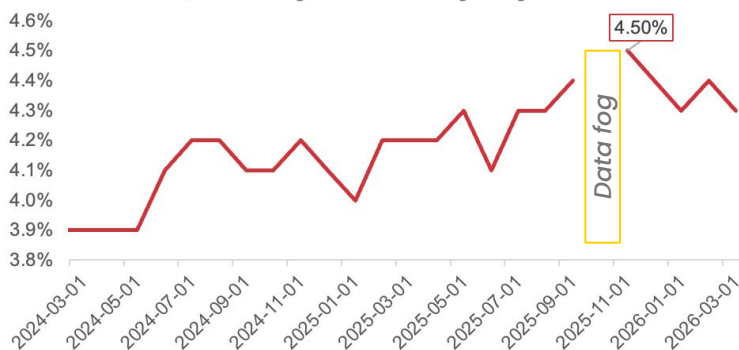
Markets Overview

The labor market added a mere 181,000 jobs (updated downward from its initial estimate of 584,000) in all of 2025, compared to the 1.46 million jobs added in 2024, and ended 2025 on a soft note. The most resilience was seen in defensive sectors such as healthcare and social assistance, the pillars that have held up the labor market for much of the past year.

Entering 1Q26, the labor market appeared to have settled into a “low hire, low fire” stasis – less volatile and uneven at the monthly level. U.S. job growth blew past expectations last month, a resilient rebound that defied concerns about a pending downturn. However, the greatest apprehension comes from Artificial Intelligence and workforce automation, which according to Goldman Sachs, could replace the equivalent of 300 million full-time jobs but at the same time enhance productivity, improve healthcare, and increase access to education.

Our team continuously monitored job numbers as it was an indicator of economic health, and these defensive sectors will continue to be the inflection points in the go-forward.

Figure 6: Unemployment Rate %, Monthly, Seasonally Adjusted



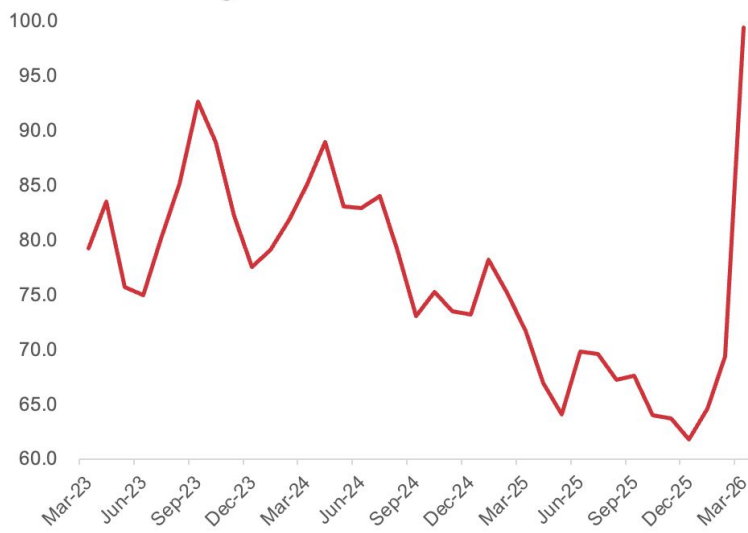
Source: Federal Reserve Bank of St. Louis

Middle East Disruption

Recent escalation in the Iran conflict, especially risks around the Strait of Hormuz, tightened global supply expectations and elevated crude price volatility. More recently, Venezuelan sanctions have been eased to offset supply disruptions, effectively repositioning Venezuela as a swing producer. Brent surged above \$100 in early March and reached ~\$120-126 at peak levels, among the highest numbers since 2022.

Consumer prices soared to 3.3% in March because of skyrocketing gasoline prices. Household finances dwindled as average weekly earnings decreased by 0.9% MoM, in real terms. On a go-forward basis, the new class is advised to monitor further developments in this fragile geopolitical environment.

Figure 7: Brent Global Price



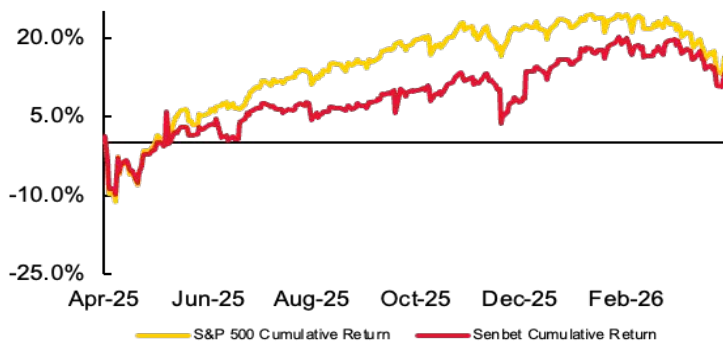
Source: Federal Reserve Bank of St. Louis

Performance Overview

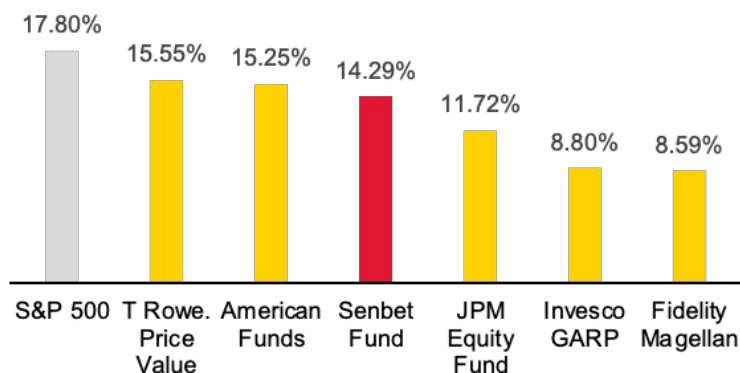
Although the Class of 2026 inherited a strong portfolio following a productive prior year, our team approached the mandate with deliberate caution given the uncertainty introduced by the new administration. This year saw a meaningful shift in philosophy, away from high-beta growth exposure toward stable cash flows, recession resilient business models, and a greater emphasis on dividend yields. Altogether, we exited seven positions, and deployed capital into midstream energy infrastructure, financial advisory, and consumer wellness companies.

Returns

The Lemma Senbet Fund tracked closely with the S&P 500 through the summer months before diverging in the fall as we entered into more low beta positions. The fund closed the fiscal year with a return of 14.29% against the S&P 500's 17.8%, an underperformance of 351 basis points, which is consistent with our value-oriented mandate and reduced exposure to volatile, high-growth names. During the second half of the year, Micron Technologies, Baker Hughes (+38%), Archrock (+32%), and NextEra Energy (+26%) all contributed to a comeback performance due to secular tailwinds in domestic infrastructure and power demand.



Senbet vs. Peers

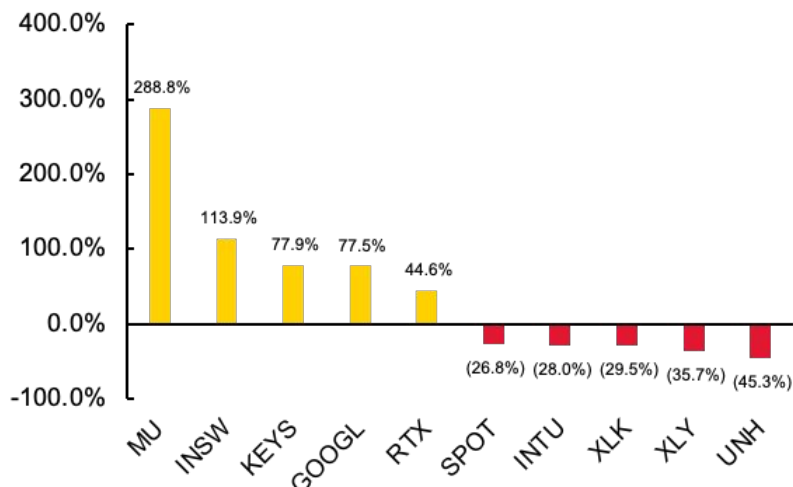


Individual Contributions

Figure 12: Largest and Smallest Holdings

Largest Holdings		Smallest Holdings	
Ticker	Allocation	Ticker	Allocation
MSFT	3.93%	XLRE	0.44%
KEYS	3.88%	XLU	0.47%
AAPL	3.81%	OI	0.67%
JPM	3.55%	AROC	0.80%
PANW	3.39%	XLV	0.88%

Top and Bottom Performers



Performance Overview

Risk-Adjusted Investing

One of our primary objectives within the Lemma Senbet Fund is to outperform on a risk-adjusted basis. We monitor several key ratios on a week-to-week basis to guide our decision making.

Fiscal Portfolio Ratios			
Sharpe	0.018	Up Capture	0.71
Treynor's	0.018	Down Capture	0.96
Jensen's	-1.7%	Fiscal Capture	0.74

Rebalancing

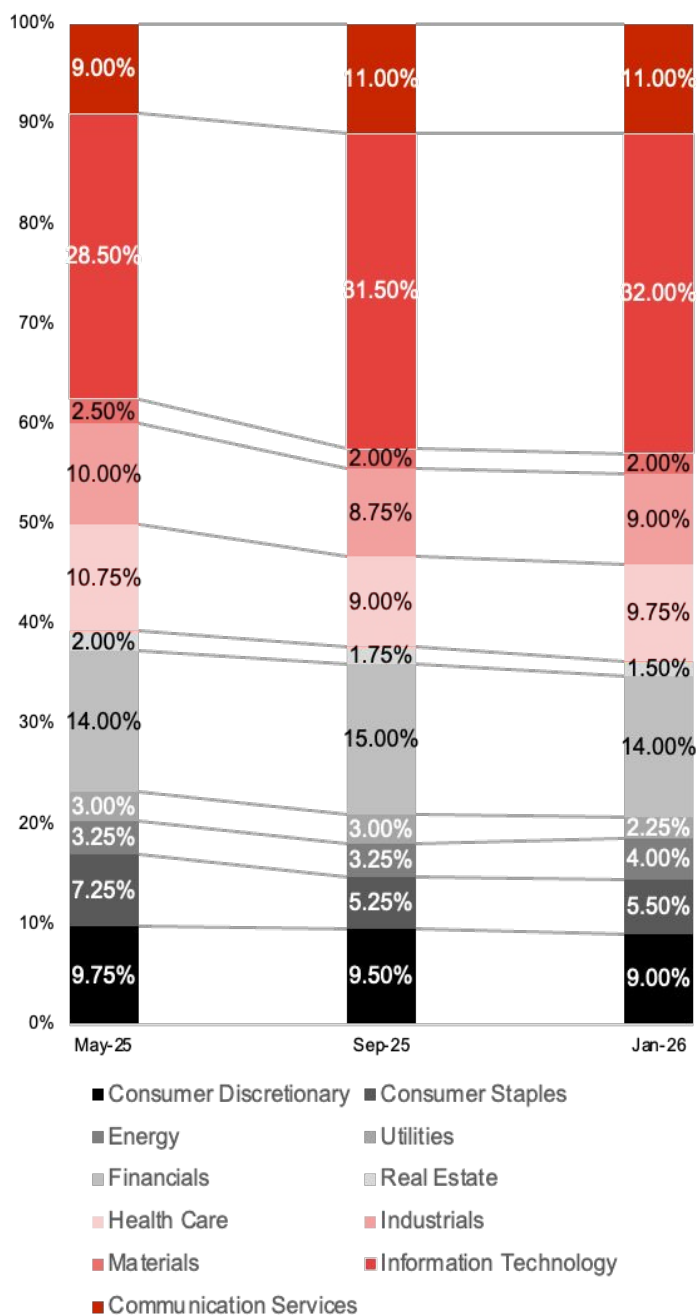
The Senbet Portfolio was rebalanced twice this fiscal year with the overall theme constantly defensive, shaped by persistent uncertainty, softening labor markets, and an unpredictable fed.

Figure 14: Performance Attribution vs. S&P



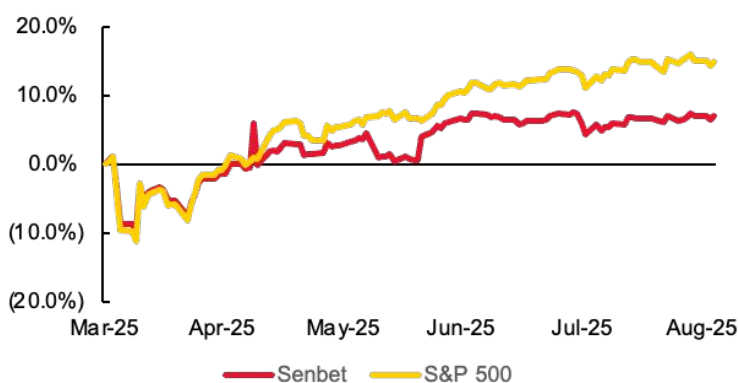
Our sector weights were positioned relatively close to S&P 500 weights with performance driven primarily by stock selection rather than sector allocation. Our defensive orientation created a natural drag in a year where high-growth, momentum-driven names dominated benchmark returns. Because the Senbet Fund is less diversified, individual holdings had significant influence on overall performance, both to the upside and downside.

Rebalancing Results



Performance Overview

Periodic Performance



Period 1

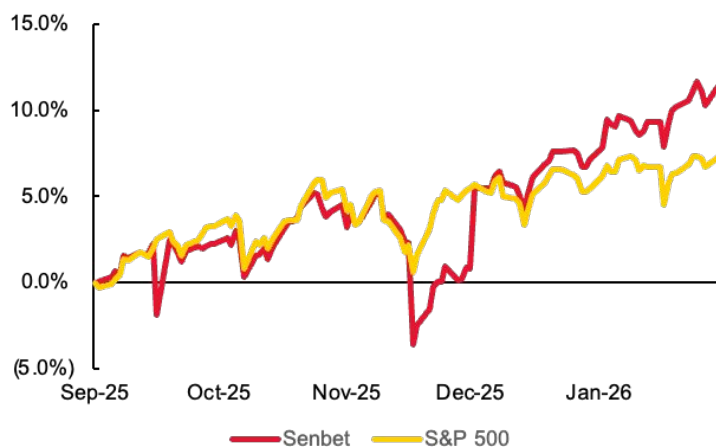
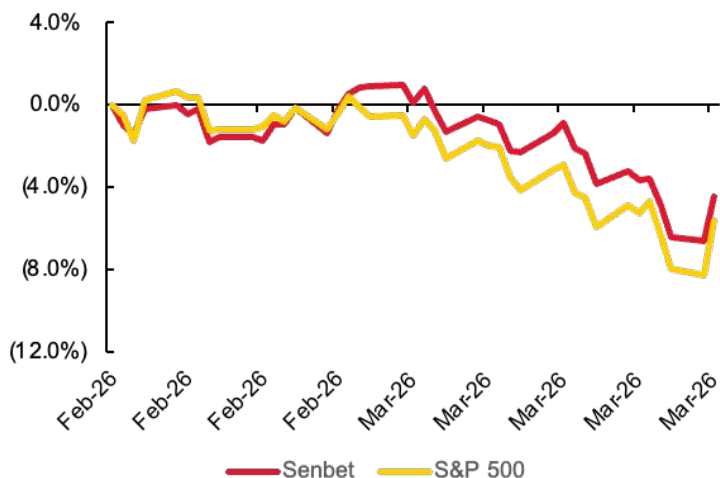
Our initial holdings in May of 2025 were inherited from the previous class. These positions delivered a mixed performance, with some holdings weighing significantly on performance.

Stocks: 85%
Fixed Income: 15%

September Rebalancing

Our September rebalancing placed emphasis on sectors deemed able to weather a higher interest rate and higher inflation environment. Our holdings remained flat in this period as investors' uncertainty was reflected in the market.

Stocks: 90%
Fixed Income: 10%

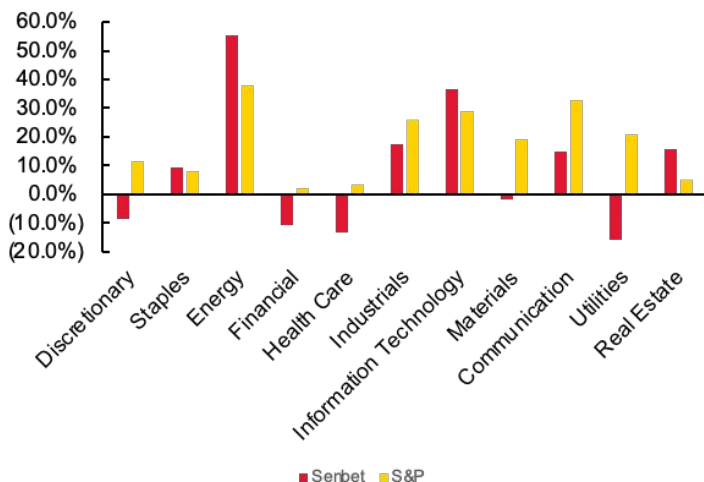


December Rebalancing

Our December rebalancing placed emphasis on the 2-shaped economy, consensus expectations of 50 bps of additional easing, and improving consumer consumption.

Stocks: 90%
Fixed Income: 10%

Performance Overview



Sectors

The Class of 2026 realized the most upside from Energy and Information Technology holdings. Micron Technology (+288%), Keysight Technologies (+78%), and RTX (+45%) were standout contributors, benefiting from secular tailwinds in semiconductors, electronics test & measurement, and defense spending, respectively. International Seaways (+114%) was a highlight within energy, delivering significant returns driven by sustained tanker demand.

Our underperformance was prominent in Healthcare, Financials, and Consumer Discretionary. UnitedHealth Group (-45%) was the largest detractor, reflecting sector-wide managed care headwinds that developed mid-year. Within Financials, Visa (-12%) and American Express (-18%) gave back ground later on as consumer credit concerns weighed on the space. Consumer Discretionary was held back primarily by XLY (-35%), which struggled in an environment that penalized discretionary spending exposure.

Our Healthcare sector was also held back by BioMarin (-12%) and Stryker (-12%), both of which faced valuation pressure amid a risk-off rotation out of healthcare. The fund retained its exposure through the period, primarily leaning on Mckesson (+29%). Alternatives were rigorously scrutinized and selective position sizing adjustments were made, allowing us to maintain sector diversification while limiting further downside concentration.

The fund is confident our current holdings, constructed around free cash flow generation and multi-sector growth vectors, are well positioned to capture returns in the year ahead.

Growth vs. Value

Throughout the year, S&P 500 growth stocks outperformed value stocks, a dynamic that created a significant headwind for our portfolio given our bias toward value and cash flow-oriented names. Nevertheless, we held firm in our conviction that the long-term risk-reward profile of stable, dividend-yielding businesses was more attractive than chasing late-cycle momentum, and selectively maintained growth exposure in sectors like Information Technology and Communication Services.



Jordan Koller

Incoming Equity Research Associate – Barclays

Stocks Pitched

Buy



Do Not Buy

NETFLIX

Stocks Sold



Current Holdings



Communication Services

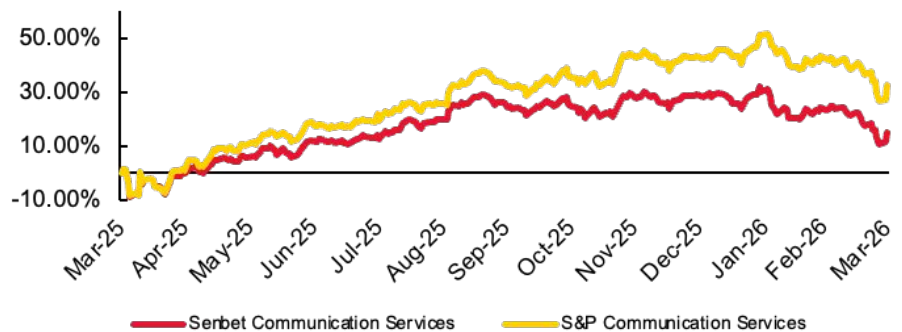
As a Fund, we decided to maintain an equal-weight allocation, balancing potential tailwinds in media and telecom against potential headwinds affecting our software companies in Communication Services.

The Senbet Communication Services sector underperformed the S&P Communication Services sector by 19.11% for the fiscal year. This underperformance was largely driven by Spotify, which we swapped with SiriusXM in October. Our confidence with Spotify over SiriusXM was unfortunately timed with the unforeseen re-rating of software being an unexpected downside for Spotify.

Alphabet was Senbet's 3rd best performer this fiscal year and also my coverage's highest weighted stock (34.4% of Senbet Communication Services / 3.35% of Senbet portfolio). As for our other investments, we still hold Meta, and T-Mobile, and Take-Two Interactive Software, as we believe that there is still upside for these companies.

During my time spent as the analyst, I also pitched Netflix, which was an event-driven idea revolving around the potential merger with Warner Bros. The stock was dislocated after the merger announcement, trading ~20x 27E EPS, which I believed was a market overreaction and left room for growth to the 3-yr historical forward average ~30x FY2 EPS. However, due to the timing of the pitch (after Netflix backed out) and an unsupported DCF valuation, we decided to stay on the sidelines.

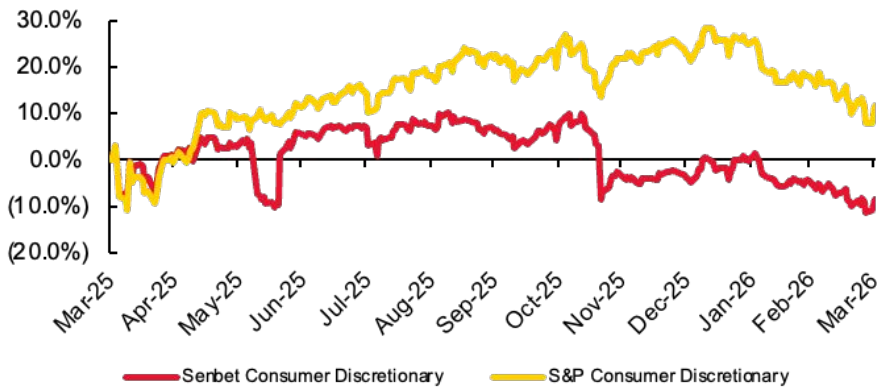
Overall, our Communication Services holdings are a mixed bag that needs to be monitored in the current market and macroeconomic environment.



Consumer Discretionary

2025 to 2026 marked a year of resilient yet uneven markets for the Consumer Discretionary sector, with strong headline spending alongside increasing pressure on consumers. While higher-income households continued to support discretionary demand, persistent inflation in essential goods, elevated interest rates, and growing geopolitical and trade-related risks weighed on broader consumer sentiment and purchasing power. Against this backdrop, our sector maintained a neutral-to-slightly negative outlook, balancing downside protection with selective upside exposure. Despite this positioning, the portfolio underperformed the S&P Consumer Discretionary Index, delivering a fiscal return of -9.26% compared to the benchmark's 10.97%, representing an underperformance of 20.02%, driven largely by broad-based weakness across discretionary equities and sensitivity to tight financial conditions.

Our portfolio construction reflected a diversified approach across defensive, growth, and higher-income consumer exposures. McDonald's, which served as a defensive anchor, returned -0.66% for the fiscal period, demonstrating relative resilience amid macro uncertainty, while Amazon generated a 5.57% return driven by continued strength in its cloud computing and retail segments. Life Time Group declined 9.39% as elevated rates and inflation weighed on discretionary wellness spending, and the Consumer Discretionary Select Sector SPDR ETF fell 35.74%, reflecting widespread sector weakness and contributing to overall underperformance. Looking ahead, we maintain a cautious stance as cost pressures, elevated borrowing costs, and tariff risks persist.



Royal Eze

Incoming 2026 Summer Intern – Ernst & Young

Stocks Pitched

Do Not Buy



VICTORIA'S SECRET

Current Holdings





Martin Linsky

Incoming Investment
Banking Analyst – M&T

Stocks Pitched

Buy



PHILIP MORRIS
INTERNATIONAL

Do Not Buy



Stocks Sold



Current Holdings



PHILIP MORRIS
INTERNATIONAL

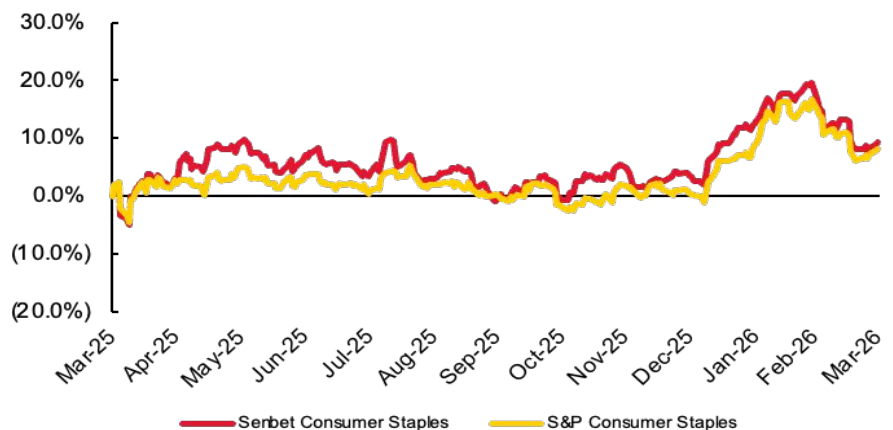


Consumer Staples

The Consumer Staples sector experienced a resurgence over the past year, as consumers and investors navigated an uncertain economic environment with high inflation, gas prices, and heavy changes in consumer behavior. The Senbet Fund sought stability and security in the sector as we assigned overweight and neutral-positive weightings during the year.

The Senbet Fund's Consumer Staples portfolio performance outperformed the sector by 4.37% in price returns and 1.24% in total returns. We decided to substitute Instacart with Philip Morris in late October, due to the ongoing expansion of e-commerce grocery shopping specifically in the retail space and across multiple grocery companies; meanwhile, Philip Morris had continued expansion internationally as well as a diverse portfolio investment into smoke-free products through strategic international expansion as well as acquisitions like Swedish Match, leading to more penetration domestically.

Philip Morris and Monster Energy experienced volatile years; however, both continue to be leaders in their respective segments. Additionally, despite multiple price increases, Coca-Cola experienced stable growth in volume, as consumers showed their willingness to pay. Finally, despite their margins being lower than lots of their competitors, Costco continues to deliver in revenue growth, with ~9% YoY expansion from both their recurring membership fees as well as growth in their entire grocery segment. Overall, we believe the Fund is well positioned within the Consumer Staples sector for the uncertainty facing the markets in 2026.

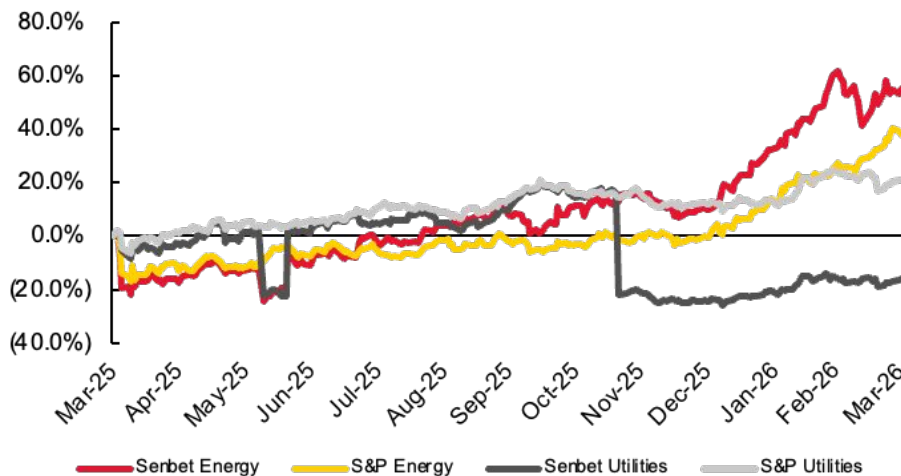


Energy & Utilities

The last fiscal year for Energy & Utilities has been exciting in terms of both performance and market news. Compared to the S&P 500, we outperformed in the Energy sector by 20.2% and underperformed by -36.6% in the Utilities sector. The Senbet Fund aimed to capture durable industry tailwinds and diversify across different businesses while minimizing exposure to commodity volatility.

Although these two sectors have long been the backbone of the economy, Energy and Utilities have received increased attention and investor interest primarily due to the power demands of data centers, electrification, and a slow but emerging shift toward non-traditional energy sources (i.e. wind, solar, advanced nuclear reactors). The average price of oil in 2025 was approximately \$65/barrel for WTI and \$67 - \$69 for Brent crude. Prices were low and stable as the industry was experiencing concerns of oversupply combined with the US administration placing a key focus on expanding domestic oil and gas production. In February 2026, the global oil market experienced an unprecedented supply shock when the Strait of Hormuz was closed during the US-Iran war. Brent and WTI both reached futures prices above \$110/barrel. Prices have since declined slightly but remain volatile as the US continues to negotiate with Iran over control of the Strait. During that time, the Senbet Fund was evaluating an investment in PAA, a crude-focused US midstream. It was fundamentally attractive but issued a K-1 which was disadvantageous for tax reasons.

In Energy, INSW was our top performer, returning 112% over the last fiscal year. BKR and AROC trailed behind at a 36.4% return and 30.3% return respectively. In Utilities, NEE returned 22.1%. The XLU State Street Utility Sector ETF has been a negative performer, at a -25.% return. The Senbet Fund plans to decrease our exposure to the XLU after rebalancing.



Daisy Koffler

Incoming Equity Research Associate – Stifel

Stocks Pitched

Buy

Archrock

Do Not Buy



Stocks Sold



Current Holdings

Archrock

Baker Hughes





Debarshi Roy

Incoming Investment
Banking Analyst -
Cascadia Capital

Stocks Pitched

Buy

EVERCORE

Do Not Buy

APOLLO *Atlanticus*

Stocks Sold

FACTSET

Current Holdings

EVERCORE

J.P.Morgan **VISA**

 EQUINIX

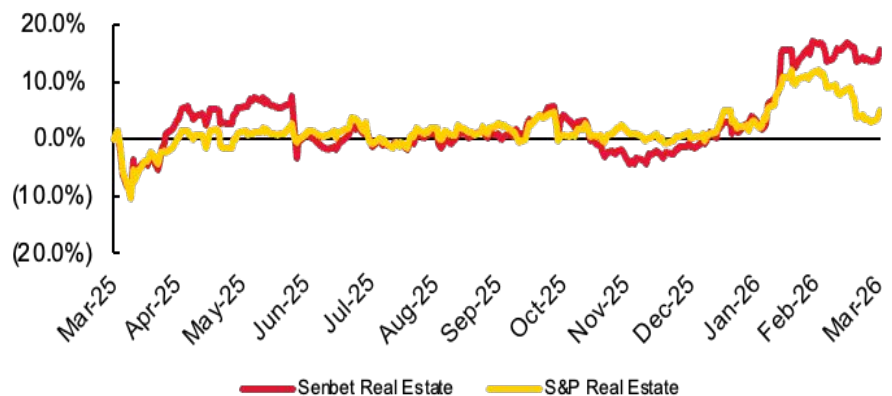
Financials & Real Estate

The Real Estate sector faced a mixed year. The housing market stayed frozen as mortgage rates held above 6% for most of 2025, keeping transaction volumes low. Homeowners locked into low rates refused to sell, which kept supply tight and prices elevated even as affordability worsened. National Association of Realtors had estimated home prices to rise roughly by 3% in 2025 and forecast a 14% jump in home sales for 2026 as rates ease.

Commercial real estate told two stories. Office vacancies hit a record 20.4% nationally as hybrid work kept tenants on the sidelines, though New York City returned to pre-pandemic rent levels. Industrial held firm, with net-lease investment rising 16% to \$51.4 billion in 2025, driven by e-commerce and reshoring demand. Medical office posted cash re-leasing spreads of 5.4% and renewal tenant improvement levels well below historical norms.

The clear standout was data centers. Global investment topped \$61 billion in 2025, a new record. Vacancy rates in primary markets fell to 2.8%. Returns reached 11.2%, second only to manufactured housing across all real estate sectors. Development profit margins ran north of 50%.

Banks got overexposed. JPMorgan, Goldman Sachs, and Morgan Stanley underwrote tens of billions in data center construction loans, including a \$38 billion package for Oracle-tied facilities alone. Morgan Stanley began offloading exposure through risk transfer instruments, and Citi and Goldman followed.



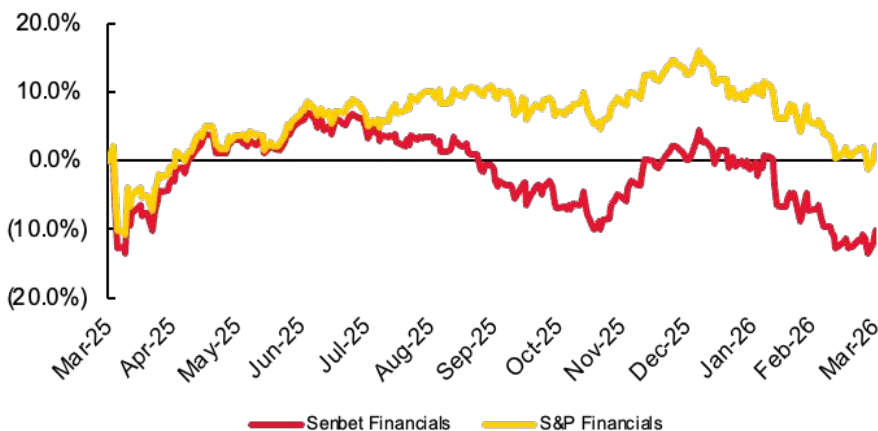
Financials & Real Estate

It has been a turbulent year for the Financial sector, navigating a complex macro environment shaped by private credit concerns, geopolitical hesitation in dealmaking, softening consumer spending, and a meaningful rebound in bank earnings as the Fed's easing cycle took hold. XLF delivered roughly 12.7% YTD through Q3 2025, reflecting the sector's resilience amid significant cross-currents.

The Lemma Senbet Fund maintained a neutral positive weighting in Financials with portfolio allocation in the 12.5%-13% range. Tailwinds from rising bank earnings and a recovering M&A pipeline were partially offset by headwinds including private credit liquidity concerns, recession fears, and a consumer increasingly pulling back on discretionary spending and supporting a more neutral stance throughout.

Highlight trades included selling FactSet in favor of Evercore, an independent advisory powerhouse that grew revenues nearly 30% in 2025 and ranked third globally in advisory fees among public firms. The Fund also sold Blue Owl Capital amid private credit headwinds, replacing it with American Express, whose premium cardholder base offers relative insulation from broader consumer weakness.

Looking ahead, key themes include the trajectory of private credit stress and redemption risk, geopolitical uncertainty weighing on mid-market dealmaking, the pace of Fed rate cuts and their effect on net interest margins, and a consumer facing rising recession fears heading into 2026.



Andrew Shapiro

Incoming Investment
Banking Analyst –
Deutsche Bank

Stocks Pitched

Buy



Do Not Buy



Stocks Sold



Current Holdings





Rasheevan Nair

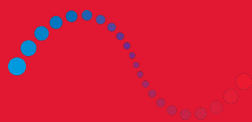
Incoming Investment Analyst - Khazanah

Stocks Pitched

Do Not Buy

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Transforming smiles, changing lives.



ResMed

Current Holdings



B:OMARIN

stryker **McKESSON**



Stocks Sold

zoetis

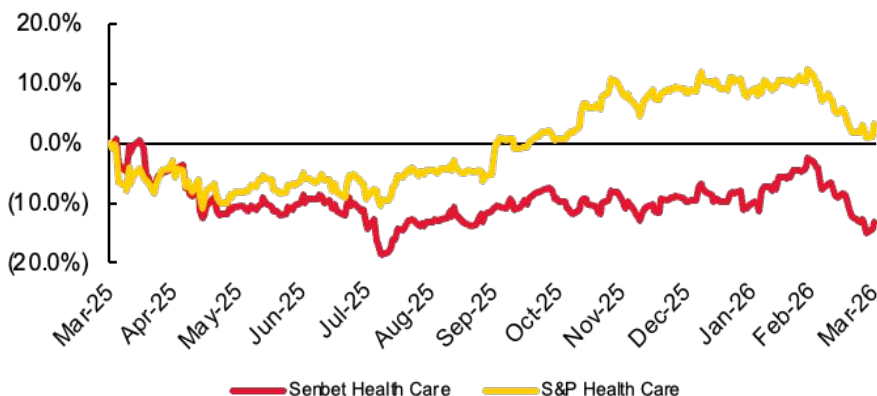
Healthcare

The Healthcare sector underperformed the broader market this fiscal year. The market returned 0.48% while the our portfolio returned -13.96%, an underperformance of 14.44%. Sentiment weakened as regulatory pressure, reimbursement uncertainty, and rising medical costs reduced earnings visibility.

Policy was an early pressure point. The CMS Medicare Advantage final rate for 2026 came in well below historical rates, repricing managed care. UnitedHealth Group took a larger drop down in May after a Q1 miss, suspended guidance, and a CEO transition. The stock fell roughly 20% in a single session as margin expectations reset on higher utilization and rising medical loss ratios. UNH has since recovered most of those losses, but the May drawdown drove the bulk of the sleeve's underperformance. The Inflation Reduction Act, tariffs and drug pricing increased uncertainty.

The Fund maintained a Neutral position. The portfolio stayed diversified across managed care, medical devices, distribution, and biotech. High quality names remained difficult to add at attractive multiples, and DCF work did not show sufficient upside, keeping positioning selective.

Both pressures have eased. The 2027 Medicare Advantage rate was finalized at 2.48%, well above the 0.09% initially proposed, and UnitedHealth's first quarter medical loss ratio improved to 83.9%, signaling stabilizing costs.

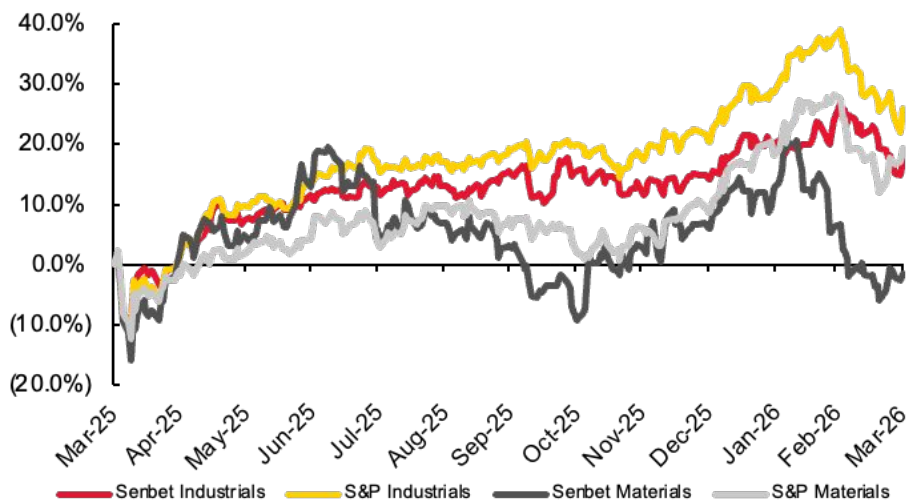


Industrials & Materials

This fiscal year has been a challenging one for both the Industrials and Materials sectors. The Industrials sector has had a fiscal return of +17.32% in the Lemma Senbet Fund portfolio, while the Industrials S&P benchmark has had a fiscal return of +25.99%. This is an underperformance of 8.67%. On the other hand, the Materials sector has had a fiscal return of -1.59% in the portfolio, while the Materials S&P benchmark has had a fiscal return of +19.26%. This is an underperformance of 20.85%.

The Industrials sector continues to face headwinds from persistent supply chain disruptions, inflationary pressure, and macroeconomic uncertainty. Geopolitical tensions surrounding Iran have created a divided environment, weighing on some sub-sectors while benefiting defense-oriented holdings. The standout Industrials performer in the portfolio is RTX Corporation with a fiscal return of +44.61%, which was driven by sustained defense spending and a recovery in commercial aerospace. Specifically, this particular company has been benefiting recently from the geopolitical tensions in Iran.

The Materials sector struggled against a backdrop of slowing global industrial demand, commodity price volatility, and macroeconomic uncertainty, which were all amplified by ongoing geopolitical instability. Weakness was broad-based, with cyclical materials names facing the most pressure as global growth expectations moderated throughout the fiscal year. The top Materials performer in the portfolio is Air Products and Chemicals, Inc. with a fiscal return of -0.94%, which was driven by strong demand for industrial gases across key end markets. It has performed steadily due to its defensive characteristics and long-term hydrogen energy infrastructure positioning.



Sahil Dand

Incoming 2026 Global Transaction Banking Summer Analyst – Santander

Stocks Pitched

Do Not Buy



Honeywell



Current Holdings



RTX



JOHN DEERE

Uber





**Srivishnu
Somavarapu**

Incoming Investment Banking
Analyst – Wells Fargo

Stocks Pitched

Do Not Buy

servicenow

SAMSUNG

TERADYNE

Current Holdings

micron 

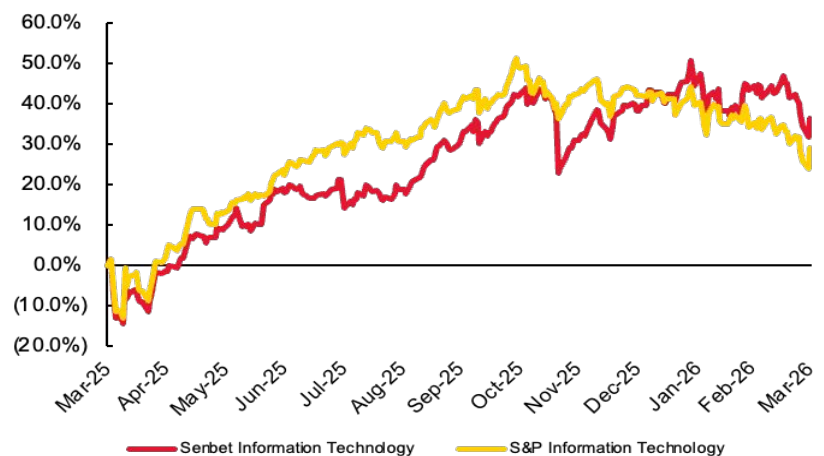
KEYSIGHT

paloalto
NETWORKS

Information Technology

In the past year, our Information Technology portfolio showed resilience over the backdrop of economic and geopolitical uncertainty. Micron emerged as a standout performer, driven by surging demand for high-bandwidth memory in AI data centers, with fiscal year 2025 revenue growing nearly 49% year-over-year. Apple continued to demonstrate the strength of its ecosystem, with Services hitting \$109.2 billion in annual sales and its market cap crossing \$4 trillion. Keysight returned to full-year growth, posting record Q1 2026 revenue with commercial communications up 33% year-over-year. Palo Alto Networks, our newest holding, continued expanding its integrated cybersecurity platform following its \$25 billion acquisition of CyberArk – under the deal terms, we received \$45.00 in cash and 2.2005 shares of Palo Alto Networks for each CyberArk share held. In the volatility of the past year, the high-quality businesses in our portfolio have been able to navigate the uncertainty and capitalize on new opportunities.

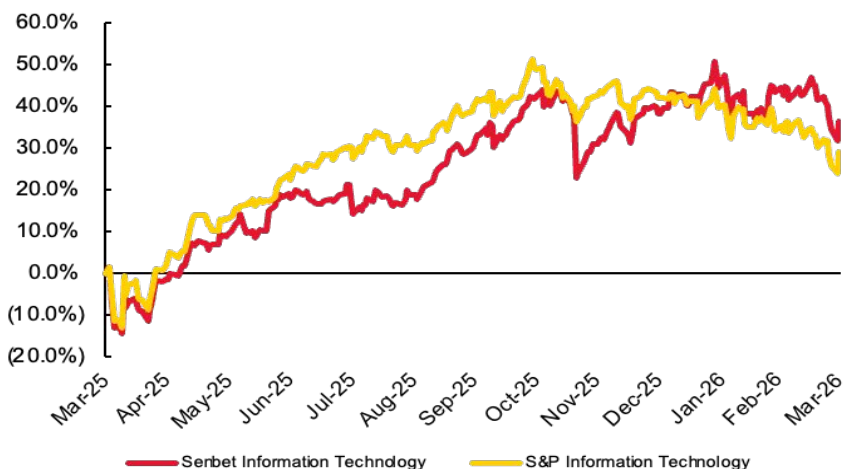
The pitches in our sector reflected the value-oriented mandate of our Fund. ServiceNow was pitched for its dominant position in enterprise workflow automation and AI-driven platform expansion. Samsung was pitched as a globally diversified semiconductor leader trading at an attractive valuation amid a cyclical memory recovery. Teradyne was pitched on its critical role in semiconductor test equipment, with long-term tailwinds from advanced chip complexity and robotics growth. The high standards for our technology portfolio resulted in low turnover, which we believe will best position the Fund for future growth.



Information Technology

The Information Technology sector navigated a volatile environment in the fiscal year. The Federal Reserve implemented rate reductions over the course of 2025, providing modest relief to growth-oriented valuations. Throughout the year, the dominant narrative was the transition from AI hype to AI deployment. While hyperscalers committed hundreds of billions in capex, market sentiment shifted from AI-fueled excitement to a period of scrutiny as questions around ai monetization and return on investment were second-guessed. The Information Technology sector nonetheless finished as one of the funds top performers.

Within our holdings, Microsoft remained a core position and direct beneficiary of the AI infrastructure buildout. Cisco demonstrated the value of strategic repositioning to more recurring, predictable income streams,, with their subscription revenue now representing 54% of the total. The \$24 billion acquisition of Splunk, proved to be a foundational move, combining Cisco’s networking leadership with Splunk’s data observability and security platform. Intuit has has a rough fiscal year, with its forward P/E compressing from 45x to 23x. Although they had a strong 2025, with total revenue growing 16% YoY, the stock came under significant pressure from the IRS expanding its Direct File program to 25 states. This caused Intuit to lose nearly 2 million entry-level users to the government system. Additionally, the worry around the software space has caused them to take a hit.



**Sebestyen
Toszegi-Sabath**
Incoming Private Equity
Analyst – Broadwater
Capital

Stocks Pitched

Do Not Buy



Current Holdings



Class of 2027 Welcome

To the Class of 2027:

The Class of 2026 is excited to welcome you to the Lemma Senbet Fund and pass on the responsibility of managing a portfolio that means a great deal to the Smith community. This Fund has been more than a classroom experience. It is a chance to make real decisions, defend your work, learn from your peers, and understand what it means to invest on the behalf of others; opportunities like this don't come by easily.

As you take over, we encourage you to stay curious, ask difficult questions, and avoid chasing performance for its own sake. The Fund will challenge you, but learning from Sarah Kroncke will be one of your most enriching experiences at Smith. We are confident that you will carry the Fund forward with the same seriousness, teamwork, and care that this responsibility deserves.

We wish you the best of luck and look forward to seeing how you build on the foundation we have left behind.

Sincerely,

The Class of 2026

Class of 2027

Vignajith Rajesh

Portfolio Manager of Markets & External Relations

Max Blinkoff

Portfolio Manager of Performance

Ambrosia Kimball

Communication Services Analyst

Boburkhan Djumanov

Consumer Discretionary Analyst

Patrick Eskildsen

Consumer Staples Analyst

Stephen Mickus

Energy & Utilities Analyst

Isaac Kushnir

Financials & Real Estate Analyst

Inbar Adiel

Financials & Real Estate Analyst

Pav-Marciano Rodrigues

Healthcare Analyst

Matthew Vacek

Industrials & Materials Analyst

Aria Zutshi

Information Technology Analyst

Michael Kansky

Information Technology Analyst

Appendix – Current Holdings

Sector	Ticker	Company	Total Value	Allocation	Beta
S&P CONSUMER DISC	MCD	McDonald's Corp	\$84,156.36	2.58%	0.34
	AMZN	Amazon.com Inc	\$69,224.10	2.12%	1.39
	LTH	Life Time Group Holdings Inc.	\$57,974.52	1.78%	1.11
	XLY	Consumer Discretionary SPDR ETF	\$49,532.70	1.52%	1.15
S&P CONSUMER STAPLES	COST	Costco Wholesale Corp	\$38,568.48	1.18%	0.55
	KO	Coca-Cola Co	\$43,576.96	1.34%	0.15
	MNST	Monster Beverage Corp.	\$32,638.87	1.00%	0.45
	PM	Philip Morris International Inc.	\$38,892.60	1.19%	0.06
S&P ENERGY	BKR	Baker Hughes Co	\$45,768.04	1.40%	0.65
	INSW	International Seaways Inc.	\$53,896.70	1.65%	0.47
	AROC	Archrock Inc.	\$25,821.70	0.79%	1.01
S&P FINANCIALS	ICE	Intercontinental Exchange Inc	\$87,846.22	2.69%	0.63
	V	Visa Inc.	\$67,680.00	2.08%	0.76
	AXP	American Express Co	\$64,838.88	1.99%	1.23
	EVR	Evercore Inc.	\$89,350.35	2.74%	1.73
	JPM	JPMorgan Chase & Co.	\$114,599.40	3.51%	1.12
S&P HEALTHCARE	VRTX	Vertex Pharmaceuticals Inc.	\$41,238.74	1.26%	0.64
	UNH	UnitedHealth Group Inc.	\$38,539.14	1.18%	0.22
	SYK	Stryker Corp.	\$53,046.40	1.63%	0.70
	MCK	Mckesson Corp.	\$78,700.92	2.41%	0.22
	BMRN	BioMarin Pharmaceutical Inc.	\$33,300.00	1.02%	0.46
	XLV	Health Care SPDR ETF	\$28,334.33	0.87%	0.52
S&P INDUSTRIALS	RTX	Raytheon Technologies Corp	\$105,953.40	3.25%	0.54
	WM	Waste Management Inc	\$53,911.18	1.65%	0.16
	DE	Deere & Co.	\$41,451.12	1.27%	0.83
	UBER	Uber Technologies Inc.	\$69,756.64	2.14%	1.41
S&P INFO TECH	AAPL	Apple Inc	\$123,088.15	3.81%	1.10
	MSFT	Microsoft Corp	\$126,968.31	3.93%	1.06
	CSCO	Cisco Systems Inc	\$108,548.41	3.36%	0.81
	MU	Micron Technology Inc.	\$108,108.80	3.35%	2.31
	INTU	Intuit Inc	\$63,559.86	1.97%	0.80
	PANW	Palo Alto Networks Inc.	\$109,338.24	3.39%	1.31
	KEYS	Keysight Technologies Inc	\$125,089.91	3.88%	1.62
	SOXX	iShares Trust Semiconductor ETF	\$82,493.66	2.56%	1.87
	XLK	Information Technology SPDR ETF	\$86,517.90	2.68%	1.44
S&P MATERIALS	OI	OI Glass	\$21,534.99	0.67%	1.11
	APD	Air Products and Chemicals Inc	\$31,372.92	0.97%	0.74
S&P COMM SERVICES	GOOGL	Alphabet Inc	\$106,10964	3.29%	1.15
	META	Meta Platforms Inc	\$75,521.16	2.34%	1.41
	TTWO	Take-Two Interactive Software Inc.	\$30,020.00	0.93%	0.87
	TMUS	T-Mobile US Inc	\$72,250.32	2.24%	0.35
	SPOT	Spotify Technology SA	\$32,004.06	0.99%	1.05
S&P UTILITIES	NEE	Nextera Energy Inc	\$52,570.08	1.63%	0.36
	XLU	Utilities Select Sector SPDR Fund	\$15,051.92	0.47%	0.34
S&P REAL ESTATE	EQIX	Equinix Inc	\$31,367.68	0.97%	0.75
	XLRE	Real Estate Select Sector SPDR Fund	\$14,290.50	0.44%	0.68



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