Weekly Market & Strategy Update Week Ending August 15, 2026

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Dear Valued Clients, Friends, Acquaintances:

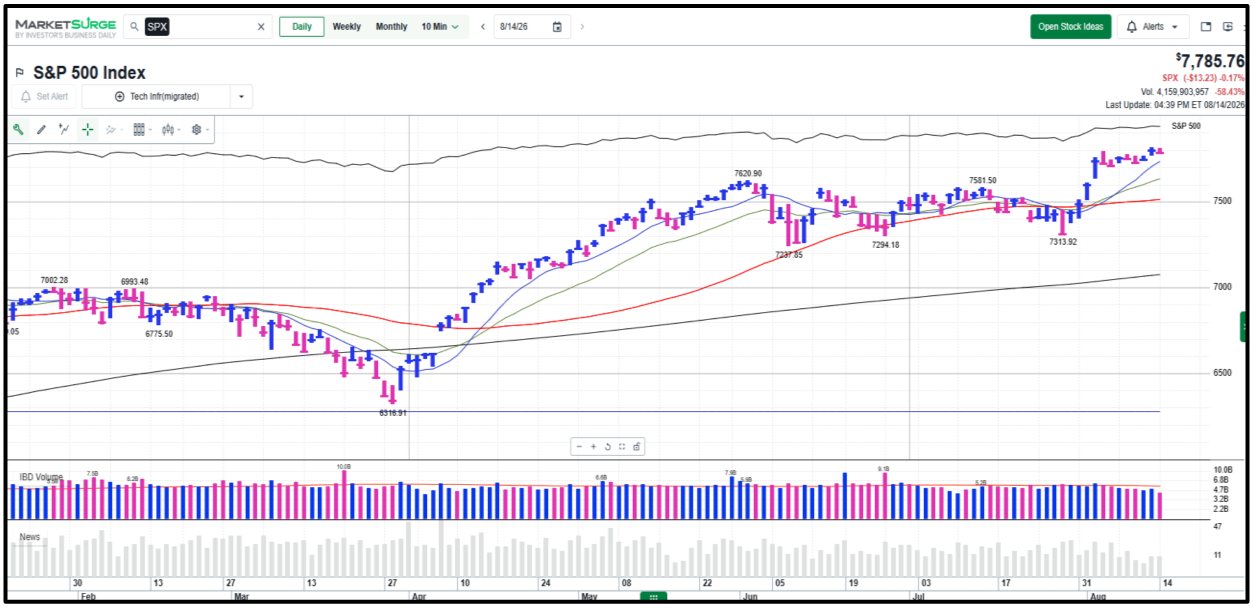
I hope this update finds you well. Here's our recap of market action for the week ended August 15, 2026, along with thoughts on our strategy positioning and the outlook ahead.

After the prior week's strong advance, the market consolidated near record territory. The S&P 500 and Nasdaq each posted a third consecutive weekly gain (their longest streak since early April), while the Dow lagged.

- S&P 500: +0.4% hit record high during the week, power trend back on
- S&P500 Eq Wgt: +1.22% also record high and power trend
- Nasdaq Comp: +0.14% power trend in spirit
- Dow Jones Ind: –0.36% -1.8% from new high
- Russell 2000: +1.17% hit new high

Technology and AI-infrastructure names were strong again after the prior week's outsized moves. Memory and certain storage names were standouts. **Sandisk (SNDK)** notably strong on positive guidance and product commentary vaulted +35.4%, **SK Hynix (SKHY)** jumped +20.6%, **Micon Technology (MU)** climbed +10.7%. **CECO Environmental (CECO)** rose +12% and E&C firm Mastec (MTZ) increased +9.2%. Energy rose with higher oil prices amid ongoing Strait of Hormuz uncertainty. A key laggard was **Broadcom (AVGO)** which fell –8.1% after reporting a security breach in its VMWare division. While Nvidia (NVDA) showed only a modest gain on the week of 0.5% after an 11.8% gain the prior week, it appears to be setting up well. Seagate Technology (STX) and SKHY also appear to have positive set ups heading into next week. However, while SNDK made a huge move last week, it appears to be encountering resistance at the 50dma.

Market Technicals & Rally Confirmation The major averages remain in constructive technical condition following the strong follow-through of the prior week. The S&P 500 and Nasdaq extended their weekly win streaks while trading near or at new highs. Breadth was mixed on a day-to-day basis but the equal-weight S&P and smaller-cap indices showed relative resilience at times. Moving-average alignment continues to improve, with power-trend conditions in place for the S&P500 and in place in spirit for the Nasdaq. Volatility remained subdued.



Strategy Conviction We view the recent price action as confirmation of our conviction that our strategy was caught in the crossfire between hedge funds during July as it has since recovered an estimated 2/3 of the July pull back so far in August. The fundamental backdrop for high-quality AI and broader infrastructure exposure remains intact. Earnings from key optical and related names this week reinforced demand visibility, while hyperscaler commentary and financing activity (including continued discussion of large-scale AI infrastructure funding structures) continue to support the multi-year investment cycle.

AI Infrastructure Capex Update No material downward revisions to the overall trajectory emerged this week. Hyperscaler guidance from the late-July reporting period (Amazon roughly $220B, Microsoft tracking $175–190B calendar, Alphabet ~$195–205B, Meta $130–145B range) continues to point to combined big-four spend in the $700–750B+ area for 2026, with broader global AI-related infrastructure estimates (compute + data centers + power) still tracking well above prior base-case ranges when including Oracle and others. Cloud growth and profitability commentary from the hyperscalers has helped underpin returns-on-invested-capital confidence. Our directional multi-year cumulative framework remains elevated and subject to further upward revision as deployment data and guidance evolve.

Additional Fundamentals

- July CPI came in cooler (+0.1% m/m, +3.4% y/y; with core inflation up +0.2% m/m and +2.5% y/y the lowest CPI print since 2021). However, retail sales disappointed (–0.6%). The combination reduced near-term rate-hike concerns and kept the focus on a potential extended Fed pause.
- Earnings season is largely complete; the remaining reports and guidance continue to show solid overall beat rates and margin resilience in many growth areas.
- Valuation multiples have compressed from earlier peaks even as earnings estimates for the second half of 2026 and 2027 have been revised higher in aggregate.

- Anthropic reported at least 14x sure in revenue to $11.5B+ in Q2 and is projecting 2028 revenue of $190-$200B a 4x jump from the $47B guide in May.
- AI compute/cap demand support came in the form of strong results and commentary on ROIC, margin inflection, backlog strength, pricing power from CoreWeave (CRWV), Nebius (NBIS), Lumentum (LITE), and Super Micro (SMCI).
- Nvidia is in talks to invest $3B in SB Energy, the developer of the Ohio data center project for OpenAI. Nvidia is also scaling back its backstop to OpenAI down to $120B from $250B. It disclosed it holds a $21B stake in SpaceX and a $30B position in Intel.
- Retail investor money flows rebounded to the 64th percentile from the 4th percentile the prior week.

Week Ahead Attention turns to consumer-facing retailers with earnings reports and additional economic data:

- Home Depot, Target, Lowe's, Walmart, Ross Stores and related names
- FOMC minutes from the July meeting
- Housing starts/permits, industrial production, regional manufacturing surveys, weekly claims
- Flash PMIs later in the week

We will get earnings from NVDA the last week of August, with Broadcom (AVGO), Ciena (CIEN), and Credo Technology (CRDO) due out during the first week of September.

We remain constructive on the AI infrastructure theme and the broader setup for high-quality growth companies positioned to benefit from sustained capital investment. As always, this letter is for informational purposes and does not constitute investment advice. Please reach out with any questions.

Best regards,

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