

DASH INVESTMENTS

DASH

DASH

DASH

DASH INVESTMENTS

QUARTERLY UPDATE



To Our Partners,

February 2026

At Dash Investments, our strategy remains anchored in fundamental quality. This discipline is essential as we navigate evolving market narratives, particularly those surrounding the long-term impact of Artificial Intelligence.

Economic & Policy Dynamics

The fourth quarter saw a shift in Federal Reserve policy as it sought to balance inflation with a cooling labor market:

- **Monetary Policy:** The Fed implemented a 25-basis-point cut in December, bringing the target range to 3.50%–3.75%.
- **Inflation & Labor:** Headline CPI eased to 2.7%, while the unemployment rate stabilized at 4.4%.
- **GDP Growth:** Despite shutdown disruptions, Q4 GDP is projected at 1.5%, supported by resilient consumer spending.
- We are also estimating an increase in the GDP growth rate for 2026 to 4%–6%, which will be very positive for the economy.

Given the recent selloff in many Dash Investments portfolio companies, we wanted to provide a brief update. As we've written in the past, "being out of step can be painful." We feel the pain and frustration of recent performance alongside our investors. But our conviction in the portfolio has not wavered.

Testing Our Conviction

We have spent our time as a research team actively trying to shake our conviction to understand the AI vulnerabilities the market is ascribing to our companies. So far, we have failed to do so. Our frustration is high, but dwarfed by our conviction. In the face of this fear-driven AI stampede, we are doing the only thing that makes sense: leaning in and buying more of these great businesses.

Why We Are Leaning In

Our research points to several critical reasons why the current "AI displacement" narrative is overblown for established leaders:

Software Adaptation, Not Extinction: We believe AI is not a wholesale replacement for traditional software. Clients are asking their trusted software partners to "solve AI" for them. Unlike past shifts (mobile, cloud), quality software companies are not shirking from adoption; they are best positioned to lead it. Here is what our CEOs are saying:

SAP: CEO Christian Klein:

"We are winning deals because of AI. We are not losing deals because of AI."

Amazon: CEO Andy Jassy:

"We expect to invest about \$200 billion in capital expenditures across Amazon, but predominantly in AWS because we have very high demand...we're monetizing capacity as fast as we can install it."

Google: CEO Sundar Pichai:

“More than 120,000 enterprises use Gemini, including AI companies like Lovable and OpenEvidence, and global enterprises like Airbus and Honeywell. Ninety-five percent of the top 20 and over 80% of the top 100 SaaS companies use Gemini, including Salesforce and Shopify. Gemini is becoming the AI engine for the world’s most successful software companies. Leading enterprises are also driving strong demand for enterprise AI agents.”

NVIDIA: CEO Jensen Huang

“It’s illogical to think AI will replace software tools.”

Salesforce: CEO Marc Benioff

“There was a false narrative that somehow the core is in jeopardy because of these large language models... it’s a false narrative.”

Why?

The “80/20” Rule of Development: Code generation accounts for only about 20% of the work required to create and maintain commercial software. Software is a “hamster wheel” of continuous refinement. Just as a powerful shovel benefits a professional miner most, AI coding tools will primarily benefit advantaged, responsive software businesses. Even AI leaders like OpenAI and Anthropic require their new hires to be skilled users of traditional third-party software. Mission-Criticality and Cost: The software provided by our vertical market holdings (including Roper, SAP, Salesforce, and ServiceNow) is the distillation of decades of customer dialogue. These solutions typically cost only 50–100 basis points of a customer’s revenue. We are skeptical that customers will drop these refined, low-cost systems to take on the remaining 80% of development work themselves in a “DIY” software world.

Proprietary Data and Network Effects: Lost in the mania is the sanctity of proprietary data. Software and information services companies overseeing huge troves of secure data are best positioned to put AI to work via APIs. AI agents work best when integrated with existing systems of record. These networks remain an amplifier of our companies’ capabilities.

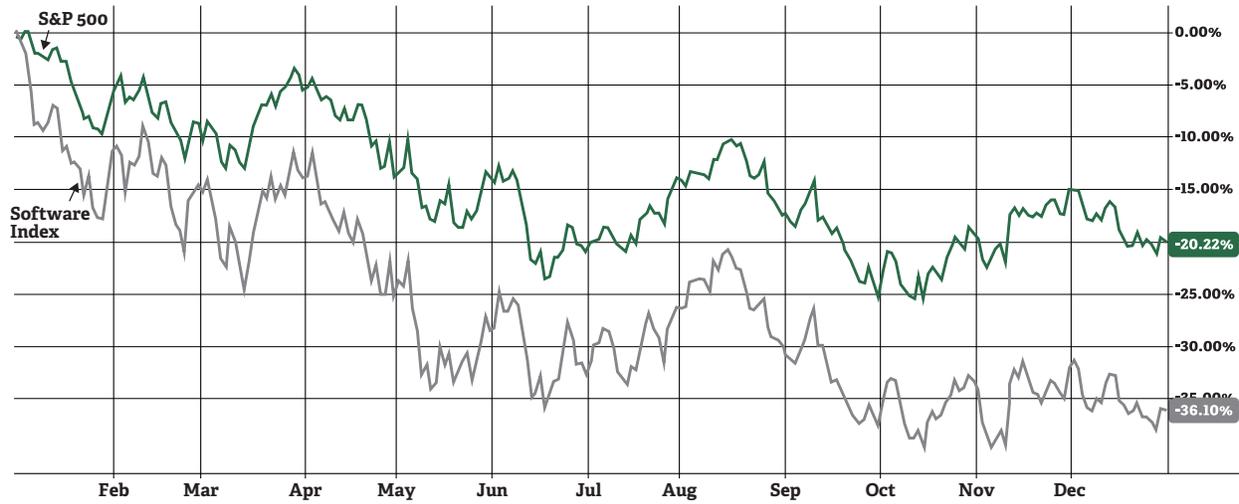
Market Context: Historical Precedents

This is not the first time sentiment has decoupled from fundamentals. We have seen this pattern of “indiscriminate selling” before:

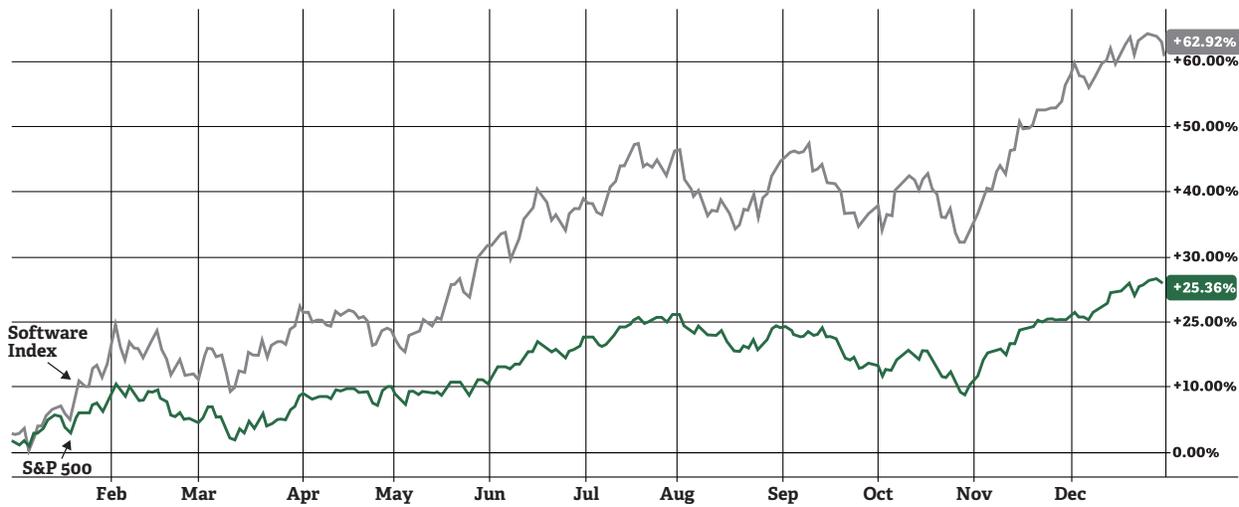
The 2022 Rout: In 2022, the IGV software index materially underperformed, posting a loss of 36.10% compared to the market’s 20.22% decline.

The 2023 Recovery: The following year, the IGV surged 62.92%, vastly outperforming the market’s 25.36% return. This is illustrated in the charts on the next page.

Software Stocks vs Stock Market 2022



Software Stocks vs Stock Market 2023



Portfolio Strategy and Resilience

As we enter 2026, investors often fall prey to Recency Bias—the tendency to believe that the trends of the immediate past will continue indefinitely. To build lasting wealth, we must look past the “noise” of the last 90 days and focus on the decades ahead.

We manage risk not by predicting the next headline, but by owning exceptional businesses at reasonable prices. While it is tempting to chase the top-performing assets of 2025, our commitment to quality and valuation ensures we do not overpay for growth.

We understand that our conviction may appear indistinguishable from being wrong in the short term. We do not know where the bottom is, but we intend to continue to lean in.

Our companies are well-positioned to play 'offense' thanks to their limited debt. This financial flexibility supports acquisitions and share repurchases, and we expect it to drive over 20% annualized returns from our software companies over the next five years, given current trading prices.

Our companies can and will play offense. As will we.

Thank you for your continued trust in Dash Investments.

“The investor’s chief problem—and even his worst enemy—is likely to be himself.

— Benjamin Graham

Respectfully,



Jonathan Dash
CEO & Chief Investment Officer

Forward-Looking Statement Disclosure

The discussion of our investments represents the views of the Company's portfolio manager at the time of this report and is subject to change without notice. References to individual securities are for informational purposes only and should not be construed as recommendations to purchase or sell individual securities. As portfolio managers, one of our responsibilities is to communicate with clients in an open and direct manner. Insofar as some of our opinions and comments in our letters to our partners are based on current management expectations, they are considered "forward-looking statements," which may or may not be accurate over the long term. While we believe we have a reasonable basis for our comments and we have confidence in our opinions, actual results may differ materially from those we anticipate. You can identify forward-looking statements by words such as "believe," "expect," "may," "anticipate," and other similar expressions when discussing prospects for particular portfolio holdings and/or the markets, generally. We cannot, however, assure future results and disclaim any obligation to update or alter any forward-looking statements, whether as a result of new information, future events, or otherwise. Further, information provided in this report should not be construed as a recommendation to purchase or sell any particular security.

DASHINVESTMENTS®

800.549.3227

www.dashinvestments.com

Dash Investments. All Rights Reserved.