Opal CAPITAL





Q1 2026

Quarterly Investment Letter

- April 16, 2026
- Boca Raton, FL

As we close out the first quarter of 2026, we want to take a moment to reflect on a market environment that shifted meaningfully from the conditions that defined much of 2025. Volatility returned, sentiment grew more fragile, and the narrow leadership that had driven broad index returns began to crack. While these developments were uncomfortable in the short term, they are historically consistent with the structural risks we have been highlighting — and they reinforce the positioning and discipline we have maintained on your behalf.

Our focus remains unchanged: protect and compound capital across full market cycles, with particular attention to risks that are often underpriced during periods of extended calm.

Market Overview

The first quarter was defined by a resurgence in volatility as geopolitical tensions in the Middle East escalated and investor sentiment deteriorated. Risk assets sold off and the dispersion we have long anticipated began to materialize in earnest.

Growth-oriented and momentum-driven segments faced, in our view, the most meaningful pressure, while attractively valued areas including industrials, energy, and materials demonstrated relative resilience. This rotation is not noise. It reflects a broader repricing of risk that we believe is still in its early stages.

Our portfolios benefited from allocations to dividend-oriented strategies and higher-quality companies with durable earnings profiles, validating our consistent emphasis on quality and selectivity over passive index exposure.

Looking Ahead: Key Themes Shaping Our Outlook

Geopolitical Risk Is No Longer Episodic

Conflicts and tensions that once periodically unsettled markets are now structural features of the investment landscape. The Middle East remains a meaningful source of uncertainty with direct implications for energy markets, supply chains, and trade flows -- persistent variables that require deliberate portfolio consideration.

Implication: We continue to emphasize geographic diversification, energy exposure, and active positioning that can adapt to shifting macro conditions.

Looking Ahead: Key Themes Shaping Our Outlook

Concentration Risk Has Become Return Risk
This quarter illustrated the consequence of extreme concentration in passive U.S. equity benchmarks: when narrow leadership falters, the index falters with it. Investors overweight the most crowded areas of the market experienced disproportionate drawdowns -- a mathematical reality, not a coincidence.

Implication: We remain deliberately positioned outside the most crowded and richly valued segments of the market, where risk/reward is more asymmetric and diversification more meaningful.

Looking Ahead: Key Themes Shaping Our Outlook

Dispersion Is the New Market Narrative
Meaningful differentiation is emerging across sectors, regions, and individual companies. Winners and losers are being separated by fundamentals, not index membership -- the environment in which active management has historically added the most value.

Implication: Security selection, regional allocation, and valuation discipline are becoming more important return drivers, not less.

Looking Ahead: Key Themes Shaping Our Outlook

U.S. Equity Valuations Remain a Headwind
Despite Q1 volatility, U.S. equity valuations remain elevated by most historical measures. International developed markets, by contrast, offer more attractive entry points where earnings dynamics are improving and valuations are far less demanding.

Implication: Our constructive stance on international equities is reinforced by recent developments. The valuation gap between the U.S. and the rest of the world remains a structural opportunity.

Looking Ahead: Key Themes Shaping Our Outlook

Fixed Income Requires a Selective Approach
Inflation near 3% -- well above the Fed's long-term target -- leaves traditional U.S. fixed income with a thin margin of safety, particularly if inflation proves sticky.

Implication: We remain selective, emphasizing flexibility, diversification, and risk-aware positioning over duration alone.

Positioning for the Remainder of 2026

We expect continued volatility, greater dispersion across sectors and regions, and reduced tolerance for overvaluation as fundamentals reassert themselves. Our portfolios are positioned accordingly, with an emphasis on:

- **Quality and resilience** -- dividend-oriented strategies and companies with durable earnings profiles
- **Global diversification** -- particularly in international markets where valuations support stronger long-term return expectations
- **Active risk management** -- structured to navigate concentration risk and respond to shifting market leadership
- **Preparedness for volatility** -- recognizing that dislocations often create opportunity for disciplined, long-term investors

Thank You for Your Trust

The rotation we observed in Q1, away from momentum and concentration and toward quality and value, may signal a broader regime change, or it may partially reverse in the near term. What we can say with confidence is that the risks we have been discussing are no longer theoretical. They are showing up in returns.

Our role is to position portfolios for durability across a wide range of outcomes. Diversification, valuation discipline, and active management are the foundation for sustainable long-term performance in any environment.

We are grateful for your continued trust and welcome any opportunity to discuss how these themes apply to your portfolio.

Kind Regards,

Austin Graff, CFA
Chief Investment Officer
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Disclosure

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An investment in TrueShares is subject to numerous risks, including possible loss of principal. The ETFs are subject to the following principal risks: Authorized Participants, Market Makers, and Liquidity Providers Concentration Risk associated with ETFs; Equity Market Risk; Management Risk; Market Capitalization Risk (Large Cap; Mid Cap, Small Cap Stock); Market Risk; New Fund Risk. A full description of risks is in the prospectus.

Opal Dividend Income ETF is also subject to the following risk: As an ETF, the Fund is exposed to the additional risks, including: (1) **concentration risk** associated with Authorized Participants, market makers, and liquidity providers; (2) **costs risks** associated with the frequent buying or selling of Fund shares; (3) **market prices** may differ than the Fund's net asset value; and (4) **liquidity risk** due to a potential lack of trading volume. **Dividend Paying Security Risk.** Securities that pay high dividends as a group can fall out of favor with the market, causing these companies to underperform companies that do not pay high dividends. Dividends may also be reduced or discontinued. **Equity Market Risk.** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value as market confidence in and perceptions of their issuers change based on various and unpredictable factors including but not limited to: expectations regarding government, economic, monetary and fiscal policies; inflation and interest rates; economic expansion or contraction; and global or regional political, economic and banking crises. **Market Capitalization Risk.** The Fund may invest is securities across all market cap ranges. The securities of large-capitalization companies may be relatively mature compared to smaller companies and therefore subject to slower growth during times of economic expansion and may also be unable to respond quickly to new competitive challenges, such as changes in technology and consumer tastes. The securities of mid-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large-capitalization companies and generally trade in lower volumes and are subject to greater and more unpredictable price changes than large capitalization stocks. The securities of small-capitalization companies may be more vulnerable to adverse issuer, market, political, or economic developments than securities of large- or mid-capitalization companies and generally trade in lower volumes and are subject to greater and more unpredictable price changes than large- or mid-capitalization stocks. **Depositary Receipts Risk.** American Depositary Receipts ("ADRs") have risks similar to those of foreign securities (political and economic conditions, changes in the exchange rates, etc.) and entitle the holder to all dividends and capital gains that are paid out on the underlying foreign shares.

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