



MCELHENNY SHEFFIELD
CAPITAL MANAGEMENT

Quarterly Update

1Q26 Results, as of March 31, 2026

All MSCM strategy returns are presented net of fees.

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Unexpected Market Events Should Always Be Expected!

Average Annualized Returns (Net of Fees)

<u>MSCM Tactical</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>Inception</u>	<u>Inception Date</u>
Trend Plus	(2.6%)	20.6%	19.4%	10.5%	12.8%	1/1/2017
Sector Rotation	3.5%	14.9%	15.9%	8.7%	8.9%	1/1/2017
TPSR	0.4%	18.2%	18.1%	9.8%	11.5%	1/1/2017
Trend X	(10.1%)	37.4%	34.8%	17.8%	23.1%	5/1/2017
<u>Benchmarks</u>						
Benchmark 60/40	(2.6%)	12.4%	12.4%	7.4%	9.4%	1/1/2017
S&P 500 Index	(4.3%)	17.8%	18.3%	12.1%	14.2%	1/1/2017
Nasdaq Composite	(7.1%)	24.8%	20.9%	10.3%	15.3%	5/1/2017

Repeating a line from our previous update, there is **always** something going on in the world that gives investors pause or could cause the market to drop. This holds true once again this year with the market's unfavorable reaction to the conflict in Iran and the closing of the Strait of Hormuz. Last year it was "Liberation Day" and the corresponding "tariff tantrum." What will come next? No one knows...and that's especially true of the people who claim they do.

As an investor, you should fully expect that every year will hold some unexpected events that affect the stock market. It is the norm, and the only thing surprising is those that remain surprised by this. Our view is that not only should you expect these types of unexpected events every year, but

you should also plan out **in advance** how you will react to them from an investing standpoint. Easier said than done, since you won't even know what events to plan for, and waiting to figure out what to do until the event is upon you will likely lead to emotional and poor investment decisions. Many investors' plan is to use a buy & hold approach, expecting that they can tolerate the losses during market routs and stay invested until the eventual recovery. Not an easy plan since the degree of losses is always unknown during the market's decline, as is the time it will take the market to recover, and of course there is no guarantee that it will ever recover (even though historically it always has).

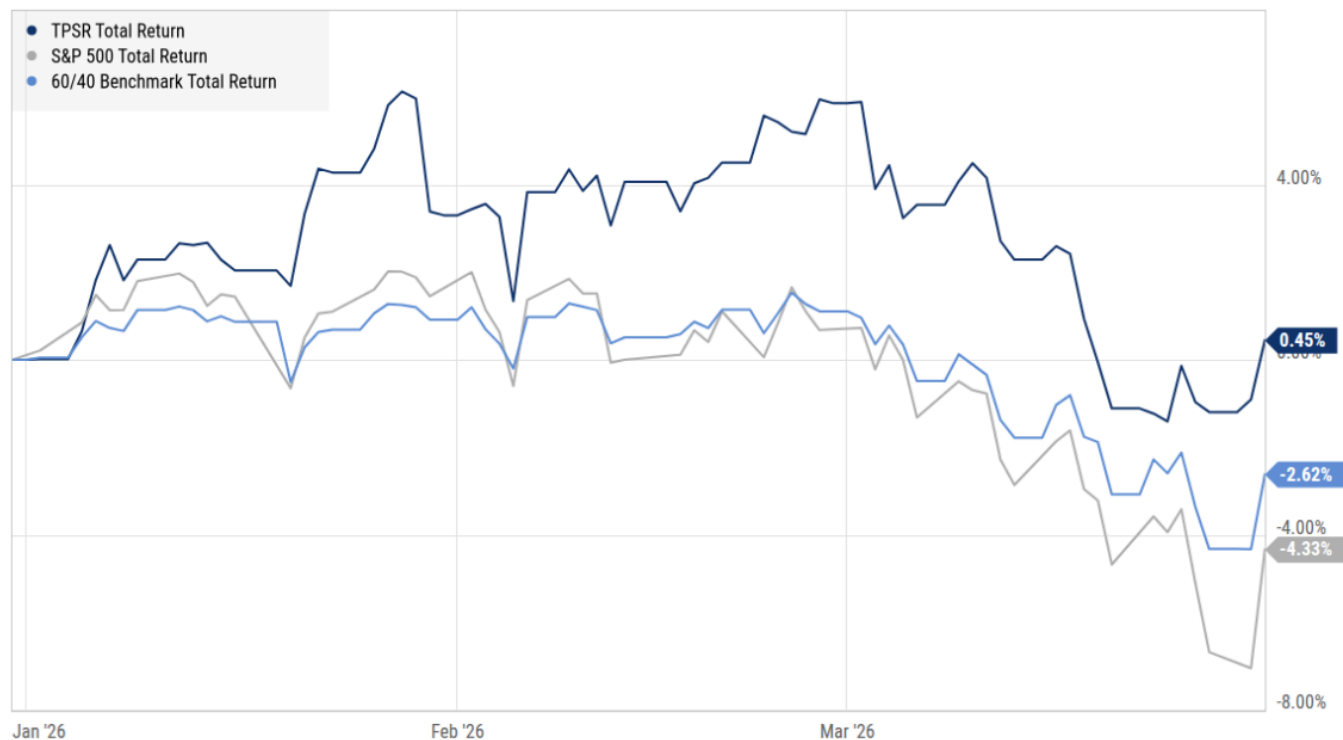
When you remain invested through significant bear markets, the uncertainty - of not knowing how far the market will drop and how long it will take to recover - is what causes many investors to abandon the buy & hold approach. They cannot handle the "hold" part of their plan given the pain of losses and the total uncertainty of their situation. This is especially true for people near or in retirement where the devastating losses of a bear market could ruin their retirement plans. Obviously, investors have different pain thresholds, with some calling it quits at a 10% loss and others waiting to sell until a much greater loss occurs. In our experience, very few people can actually withstand the largest losses that the market can deliver (remember that the S&P 500 fell 55% during the '08-'09 bear market). We abhor the typical buy & hold approach for this very reason and have seen it fail investors time and time again; usually after it fails them is when they look to become our clients.

This is why we use a rules-based approach to investing with a quantitative assessment of what the market is actually doing each day. This helps take the emotion out of our investment decision-making, takes the guesswork out of our investment positioning, and ensures we always expect - and are prepared in advance for - the unexpected.

Last year, our tactical strategies delivered strong results by avoiding most of the market's pullback in the March and April "tariff tantrum," then capturing most of the upside during the market's recovery and subsequent moves to new highs. Will 2026 look similar? There is no way to know, but we have already done a good job at protecting our client's capital and avoiding downside risks. We believe avoiding material losses is the key to successful long-term wealth accumulation, and by losing less during the tough market periods, you don't need as much gain in the good periods to still come out ahead. It also ends up being a much more comfortable investment plan for clients.

Chart 1 shows our TPSR strategy achieving better performance during the 1st quarter and having less drawdown during the market's pullback during February and March.

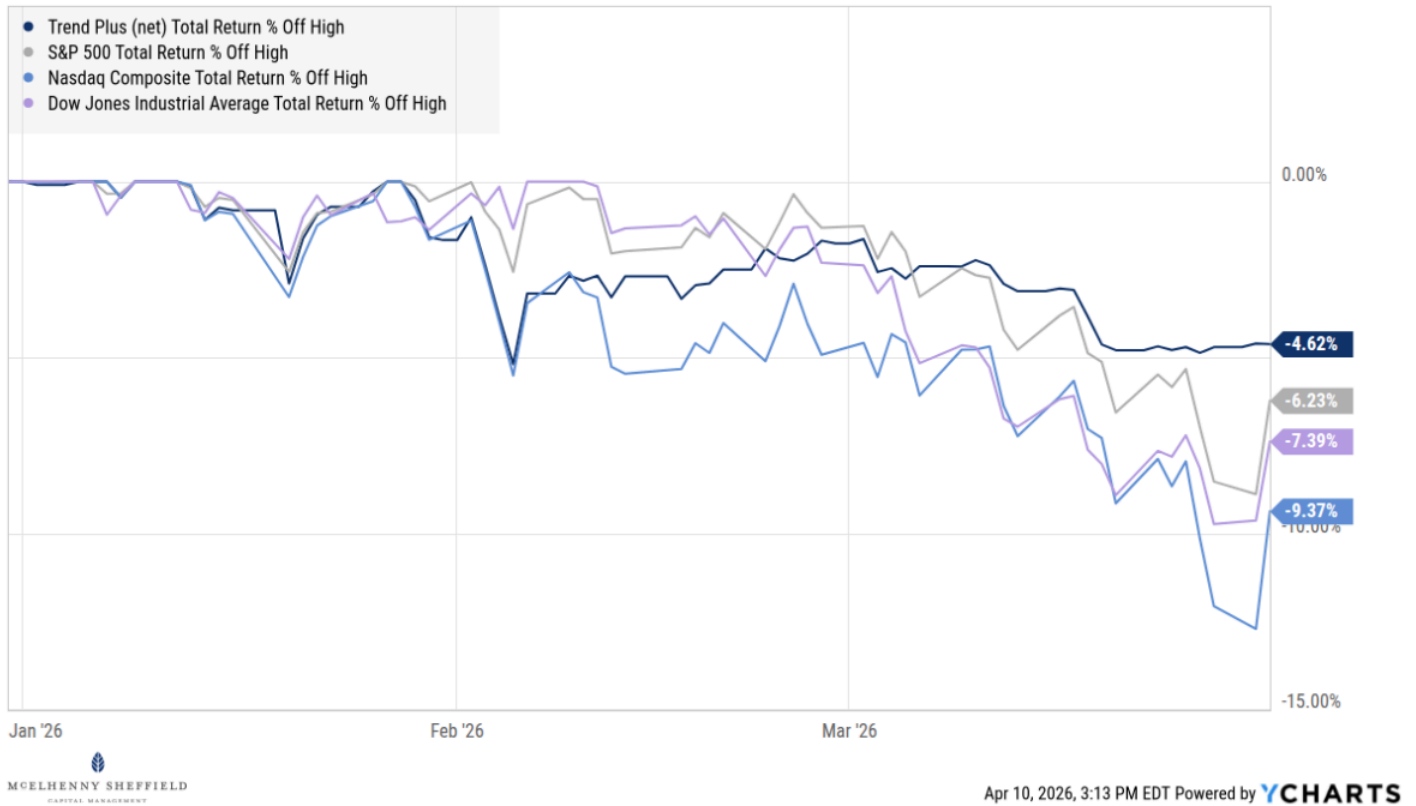
Chart 1: TPSR total returns net of fees compared to market indices in 1st quarter 2026.



This graph is intended to illustrate the performance of the TPSR strategy from January 2026 through March 2026 during changing markets. The performance presented in the graph for the TPSR strategy can be different than our actual composite returns, as presented in the Average Annualized Return table at the top of this note, due to YCharts using estimates of cumulative returns over time based on the strategy's holdings. See end of Quarterly Update for important disclosures.

While past performance is not necessarily indicative of future results, avoiding major drawdowns is a significant aspect of our risk-managed approach. We prefer not suffering through large losses as we work to compound wealth steadily over time. Chart 2 shows the drawdowns (% off highs) that the benchmarks and our Trend Plus strategy experienced in 1Q2026. At the quarter's lows in March, the S&P 500 was down 8.9%, the Dow was down 9.7%, and the Nasdaq Composite was down 12.7%, while our Trend Plus strategy was down less than 5%.

Chart 2: Drawdown of Trend Plus compared to market indices during 2026.



This graph is intended to illustrate the performance of the Trend Plus strategy from January 2026 through March 2026 during changing markets. The performance in the graph for the strategy can be different than our actual composite returns, as presented in the Average Annualized Return table at the top of this note, due to YCharts using estimates of cumulative returns over time based on the strategy's holdings. See end of Quarterly Update for important disclosures.

MSCM Strategies

Average Annualized Returns (Net of Fees)

MSCM Tactical	YTD	1 Year	3 Year	5 Year	Inception	Inception Date
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Trend Plus

The **Trend Plus** strategy was down 2.6% during the 1st quarter, matching the performance of the Benchmark 60/40 and beating the S&P 500 that was down 4.3%. The strategy successfully avoided the worst of the market's decline in March, after moving fully defensive on February 6th.

Sector Rotation

The **Sector Rotation** strategy was up 3.5% in the 1st quarter, beating both the Benchmark 60/40 (down 2.6%) and the S&P 500 (down 4.3%). Sector Rotation positioning during the quarter included Biotech, Pharmaceuticals, and Gold, all of which delivered positive returns. The strategy is designed to capture significant upside during bull markets by attempting to select high-momentum sectors that could outperform the broad market, while also avoiding market sectors that lack momentum or cause losses. The current positioning for the 2nd quarter of 2026 is in energy, high dividend stocks, and gold.

TPSR (50% Trend Plus & 50% Sector Rotation)

The **TPSR** strategy gained 0.4% during 1st quarter and is up 18.2% over the last 12 months, beating both the Benchmark 60/40 and S&P 500. TPSR generally takes less risk than the Benchmark 60/40 while outperforming the benchmark across all time periods (1yr, 3yr, 5yr, Inception). TPSR blends together our two distinct tactical models, allowing investors to potentially benefit at times when either trend or momentum leads the market higher, or market selling leads us to take defensive positioning. With different risk management rules built into each strategy, the blended TPSR is designed to navigate periods of market turmoil without suffering devastating losses.

Trend X

The **Trend X** strategy was down 10.1% in the quarter yet still exceeded the performance of the Nasdaq Composite and S&P 500 indices over the last 12 months. The strategy has benefited over multiple years from getting defensive quickly during market selloffs and maintaining leveraged long positions during strong up trending markets. Trend X is an aggressive trend following strategy that is only available to Qualified Clients, per SEC rules.

Summary

Our tactical strategies are driven by our philosophy that losing less during negative market environments is the key to compounding wealth over time. We understand that you do not have to capture all of the upside in strong positive markets if you are successful at reducing the downside. We believe the "math of compounded returns" will allow us to outperform if we maintain focus on risk management and avoiding large losses, not on chasing returns. While past performance is not necessarily indicative of future results, we believe that using tactical strategies has the potential to deliver a better form of diversification to most traditional allocations (i.e., strategic asset allocations or "buy & hold").

We feel strongly that all investors should have an allocation to tactical strategies to seek to improve their overall portfolio performance and make it through the tough market environments more successfully. Please contact us if you have any questions about our strategies or how MSCM can play an important part in your investment management plan.

Our strategy sheets, with historical performance results, are accessible through the buttons below, and on our website mscm.net.

TPSR

TREND PLUS

SECTOR ROTATION

TREND X



MC E L H E N N Y S H E F F I E L D
C A P I T A L M A N A G E M E N T

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Important Disclosures:

McElhenny Sheffield Capital Management (MSCM) is a Registered Investment Adviser with the U.S. Securities and Exchange Commission (SEC). Registration does not imply a certain level of skill or training. Important information pertaining to MSCM's advisory operation, services, risks, and fees is set forth in MSCM's current Form ADV Part 2A brochure, a copy of which is available upon request or at www.adviserinfo.sec.gov or www.mscm.net.

MSCM claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. MSCM has been independently verified for the period January 1, 2017 through December 31, 2024. The MSCM Trend Plus and Sector Rotation Composites have each had a performance examination for the periods January 1, 2017 through December 31, 2024. The Trend X Composite has had a performance examination for the period May 1, 2017 through December 31, 2024. The TPSR Composite has had a performance examination for the period April 1, 2018 through December 31, 2024. The verification and performance examination reports are available upon request by contacting info@mscm.net. Index data is not separately verified and assumed to be accurate. Quarterly performance returns have not been independently examined for accuracy by the third-party verifier.

Past performance is not necessarily indicative of future results. Investing involves risk. Principal loss is possible. The Trend X strategy uses leveraged ETFs and the use of leverage in a strategy will increase volatility and can exacerbate the movements of the account values in both directions up and down, depending on market movements. All strategy performance results, including investment characteristics, shown in the presentation are net of the MSCM Trend Plus, Sector Rotation, and TPSR strategies' highest model fee of a 1% annual management fee, applied 1/12th of 1% (0.0833%) each month and net of the MSCM Trend X strategy's highest model fee of a 2% annual management fee, applied 1/12th of 2% (0.1667%) each month, and a 20% performance fee, applied quarterly to the net profits in the account and subject to a "high water mark." The net of fee strategy performance results are calculated by MSCM by deducting the strategy's highest model fee from the gross of fee performance returns. Index and strategy returns are inclusive of dividends and reflect total return (TR). Index returns are not net of advisory fees, the indices are not actively managed, and it is not possible to invest directly in the index. Fees and expenses vary based on custodial relationships, trading costs, management fees, and other factors. Individual client results could significantly differ from the performance results being presented. The performance of client accounts can be more volatile at times and may not be comparable to the performance of any index. The charts, graphs, and index information shown are presented for illustrative purposes and should not be relied on to predict future movements of the market or for guidance on when to invest.

There can be no assurance that the strategy will be implemented as designed, or profitable, or that clients will not lose money. The tactical strategies use a variety of market indicators and stop levels that seek to identify upward or downward trends in the U.S. equity markets. If an indicator or stop level fails to detect significant downturns in the market, the strategy will continue to be exposed to underlying positions that could lose value during such downward periods. Similarly, if the indicators fail to timely identify a reversal of a downward trending market, the strategies will continue to be exposed to defensive Exchange Traded Funds (ETFs) at a time when there is significant appreciation in the equity markets. Either scenario could result in the strategies underperforming other strategies that do not employ these strategies. There can be no guarantee the tactical strategies will correctly or timely identify the industries, sectors, or asset classes that will outperform during a given quarter or that the strategies will correctly or timely identify market trends. The tactical strategies invest in other investment companies and ETFs which result in higher and duplicative expenses. Investing in ETFs are subject to risks that the market price of the shares will trade at a discount to its net asset value ("NAV"), an active secondary trading market will not develop or be maintained, or trading will be halted by the exchange in which they trade. Brokerage commissions will reduce returns. Nothing in this presentation is intended to be relied on as investment, legal, or tax advice. Investors should consult their tax advisor or legal counsel for advice and information concerning their particular situation.

The Standard & Poor's 500® Index (S&P 500) includes 500 leading companies listed on U.S. stock exchanges. The Nasdaq Composite Index (Nasdaq) includes more than 3,000 stocks listed on the Nasdaq Stock Market and, along with the S&P 500 Index, is one of the most followed broad-based stock market indices in the U.S. The Benchmark 60/40 Index (Benchmark 60/40) is a blended index calculated by YCHARTS with a 60% allocation to the S&P 500 Index and a 40% allocation to the Bloomberg Aggregate U.S. Bond Index, a broad-based fixed income index considered to be representative of the U.S. fixed income market. The Benchmark 60/40 represents a traditional "balanced" investment allocation for a U.S. investor of 60% stocks and 40% bonds.