First Quarter 2026 April 30,2026

War is the Way?

We are at war, energy prices are higher, and markets have continued their sharp whipsawing. While there is much suffering, there are also clear beneficiaries, including defense contractors, fossil fuel companies, and global funders of the war machine. Defenders of war proclaim good vs evil, right vs wrong, us against them with the implicit assumption that we—the people of the United States—are "good, right, and us". However, when innocent people die, schools and hospitals are bombed, we must question these assertions. It is both simplistic and inaccurate to claim that evil is one-sided—and that its source is "them."

We are inclined to want to do good. We want things to be simple. We want to be good guys; we want to hold the bad guys accountable. This war provides a stark example of complexity and contradiction. As we have discussed in prior letters, we operate in a murky gray area where there are tradeoffs and compromises While each of us has our own moral and ethical limits, it's highly unlikely that there are clear lines in every aspect of our lives and work.

Unfortunately, we have a cultural bias toward wanting yes or no, good or bad, right or wrong even though we know deep down that very few, if any, matters are that simple. Most of what we encounter in our lives requires situational evaluation and discernment—even tradeoffs and compromises. This is the case for us at NorthStar as we balance our commitments to you to generate financial returns while honoring your commitments to justice and integrity using our Six Pillars.

Of course, we do not hold shares in Palantir or Anduril or Exxon or other companies where we believe the majority of their profits are synonymous with direct harm. But the potential for doing/causing harm runs throughout the capitalist system and requires us to examine messy concepts such as materiality and accountability. We are committed to working in this big messy middle of investing in publicly traded companies, especially when there are converging forces of politics, , technological upheaval, and social disruption. Importantly, acknowledging and accepting complexity and contradictions empowers us to work hard to use our research, diversity of wisdom, and power as shareholders to create positive change while living in the gray zone.

"The Map Is No Longer the Territory[1]"- Alfred Korzybski

For decades, the frameworks that guided responsible investing rested on a set of assumptions so foundational that we rarely named them: that geopolitical order was broadly stable, that inflation was manageable and mean-reverting, that technology was mostly a democratizing force, and that the line between civilian and military life — between commerce and conflict — was clear. Those assumptions are no longer safe.

Two years ago, we began writing about what activists and economists were calling a *polycrisis* — a convergence of stresses that interact and amplify rather than simply coexist. We flagged it as a risk worth watching. What we did not anticipate was the speed and depth of the destabilization that would follow. The war in Iran, which began in early March, is a humanitarian catastrophe and a regional destabilizer, and it is an energy shock. Crude oil prices surged from $67 to over $101 per barrel within weeks — a test of global alliances and a signal that the United States' long role as guarantor of a rules-based international order is being actively renegotiated. Persistent inflation, which we were once assured was transitory, has revealed itself to be structurally--driven not by overheated demand alone, but by deglobalization, energy weaponization, wage pressures, and the compounding costs of ecological fragility. And artificial intelligence, arriving at precisely this moment of institutional stress, is accelerating change faster than governance can follow — reshaping labor

[1] "The map is not the territory" is a phrase originally coined by Alfred Korzybski is a classic way of saying that our perceptions and models of reality are not the reality itself. Alfred Korzybski (1879-1950) was a Polish-American scholar, engineer, and philosopher. He was deeply impacted by the horrors of World War I. His life's work became a mission to understand why humans could make incredible progress in the sciences while remaining so "insane" and destructive in their social and political lives.

markets, concentrating economic power, and dissolving the boundary between commercial technology and instruments of surveillance and war.

These are not parallel stories. They are one story.

For us, as investors with a dual mandate — to deliver competitive financial returns and to use capital as a lever for accountability and positive change — this convergence demands more than updated risk models. It demands a reckoning with what responsible investing means when the systems that define "responsible" are themselves in flux.

The Technology-Military-Surveillance Nexus: A New Front for Shareholder Engagement

One of the most consequential — and underappreciated — developments of this investment cycle is the accelerating dissolution of the boundary between commercial technology and the instruments of state power: defense, surveillance, and immigration enforcement. This is not a new phenomenon, but it has reached a new intensity. And it sits at the heart of some of our most important shareholder engagement work this quarter.

Consider the arc: Cloud infrastructure providers have become essential contractors for defense and intelligence agencies. AI systems built for consumer productivity are being repurposed for autonomous targeting and border enforcement. License plate readers installed at retail locations to deter shoplifting are being accessed by immigration authorities. The same large language models powering customer service bots are being evaluated for use in military logistics. These developments highlight the inherently dual-use nature of emerging AI technologies as well as the complex responsibilities that come with their widespread adoption, including companies we hold in our portfolio.

We do not believe the answer is reflexive divestment. We believe the answer is deeper, more persistent, and more strategically sophisticated engagement — the kind of engagement that forces transparency, establishes accountability structures, and makes the cost of misalignment visible to boards and management teams. That is why we filed a proposal with Salesforce asking the board to evaluate the alignment of its AI technologies with the company's stated human rights commitments and AI Ethical Use principles, following CEO Marc Benioff's comments about using Salesforce AI to support ICE hiring. It is why we co-filed with 56 other investors a proposal at Microsoft asking for a human rights due diligence evaluation of its contracts with the Israeli Defense Force — a proposal that received a remarkable first-time vote of 26%. And it is why we co-filed with Home Depot asking for a report on its customer data-sharing practices related to Flock Safety license plate cameras that have reportedly been accessed by immigration enforcement.

These proposals share a common logic: the companies that will be most trusted — and most valuable — over the long term are the ones that can articulate and defend where their technology goes and what it does in the world. Transparency is not a concession. It is a competitive advantage. And as the stakes of dual-use technology rise alongside global instability, the cost of opacity is rising with them.

<u>**Shareholder Activism Update**</u>

Moving Full Steam Ahead—All Proposals on the Ballots

Despite the contentious attacks on shareholder rights and overall shareholder democracy, all NorthStar-led shareholder proposals successfully made it to the ballots this season. Compared to peers, we did not receive a single no-action request. In a year when companies have grown increasingly emboldened to challenge and exclude shareholder proposals — Amazon alone excluded six in a single filing season — that is not a small thing. It reflects the strength of our proposals, the relationships we have built, and the credibility of our engagement process — and signals that companies still see value in maintaining dialogue with investors, even in a difficult environment. Our team is currently working on drafting rebuttals in response to opposition statements from the respective companies; we will continue to update voting results as they come available.

We are also pleased to announce that we reached a meaningful withdrawal agreement with Salesforce on our proposal, "Report on Alignment of AI Practices with Human-Rights Commitments." This proposal called on Salesforce's Board of Directors to evaluate whether the company's development, marketing, and deployment of AI technologies align with its stated human rights commitments and Ethical Use principles — and to assess the material legal, reputational, and operational risks that arise when they don't. The proposal was filed in response to growing concerns about the gap between Salesforce's public positioning as a responsible technology leader and the adequacy of its actual AI governance practices, particularly as its products increasingly intersect with government and law enforcement use cases.

NorthStar Proposal Updates

COMPANY	FOCUS	UPDATES
Eaton Corporation	Risk Assessment & Oversight of Weapons-Enabling Products	☑ Successfully reached withdrawal agreement.
Salesforce	Responsible AI	☑ Successfully reached withdrawal agreement.
Alphabet	Equal Voting	Proposal will be included on proxy ballot.
Meta	Equal Voting	Proposal will be included on proxy ballot.
Digital Realty Trust	Protecting Community Water Supply	Proposal will be included on proxy ballot.
Linde	Renewable Energy Goal Alignment	Proposal will be included on proxy ballot.
Home Depot (co-file)	End Complicity in ICE Raids	Proposal will be included on proxy ballot.
Amazon (co-file)	Responsible AI	✕ Proposal excluded — no-actioned by Amazon, company refused substantive engagement
Microsoft (co-file)	Human Rights Due Diligence	☑ Proposal included on proxy ballot, 26% of shareholders voted in favor. Given investor pressure, Microsoft conducted second audit of its tech being used in human rights violations and proceeded to end its contracts with Unit 8200 of the Israeli military.

Churning Up Change at Ben & Jerry's

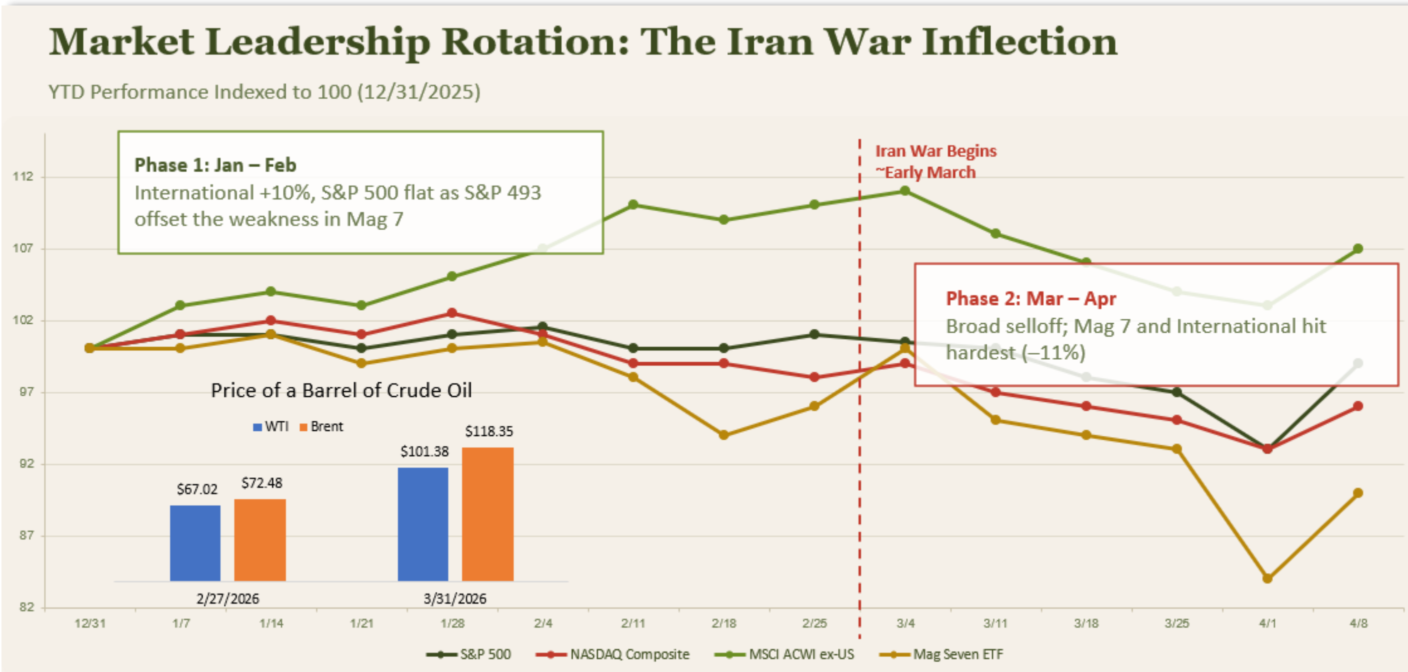
NorthStar has never shied away from hard issues — and neither has Ben & Jerry's. At the Interfaith Center for Corporate Responsibility's (ICCR) Spring Conference, NorthStar's Director of Impact Research, Whitney Nguyen, CFA, hosted a fireside chat with Ben & Jerry's co-founder Ben Cohen to discuss how the company he co-founded with a progressive social mission deeply committed to speaking up for injustices has been systemically and repeatedly silenced by Unilever, and now Magnum Ice Cream. The discussion examined the timeline of governance failures at Unilever — and now Magnum, following the December 2025 spinoff — and how these failures erode shareholder trust and long-term shareholder value.

Update on Economic Outlook and NorthStar's Strategy

Q1 2026: A Quarter of Reversals

The first quarter of 2026 was defined by a sharp and telling reversal. After two months in which international markets outperformed (+10% MSCI ACWI ex-US through February) while the Magnificent Seven lagged, the Iran War inflection point in early March triggered a broad selloff that was neither equal nor random. The Nasdaq fell -6.96% for the quarter.

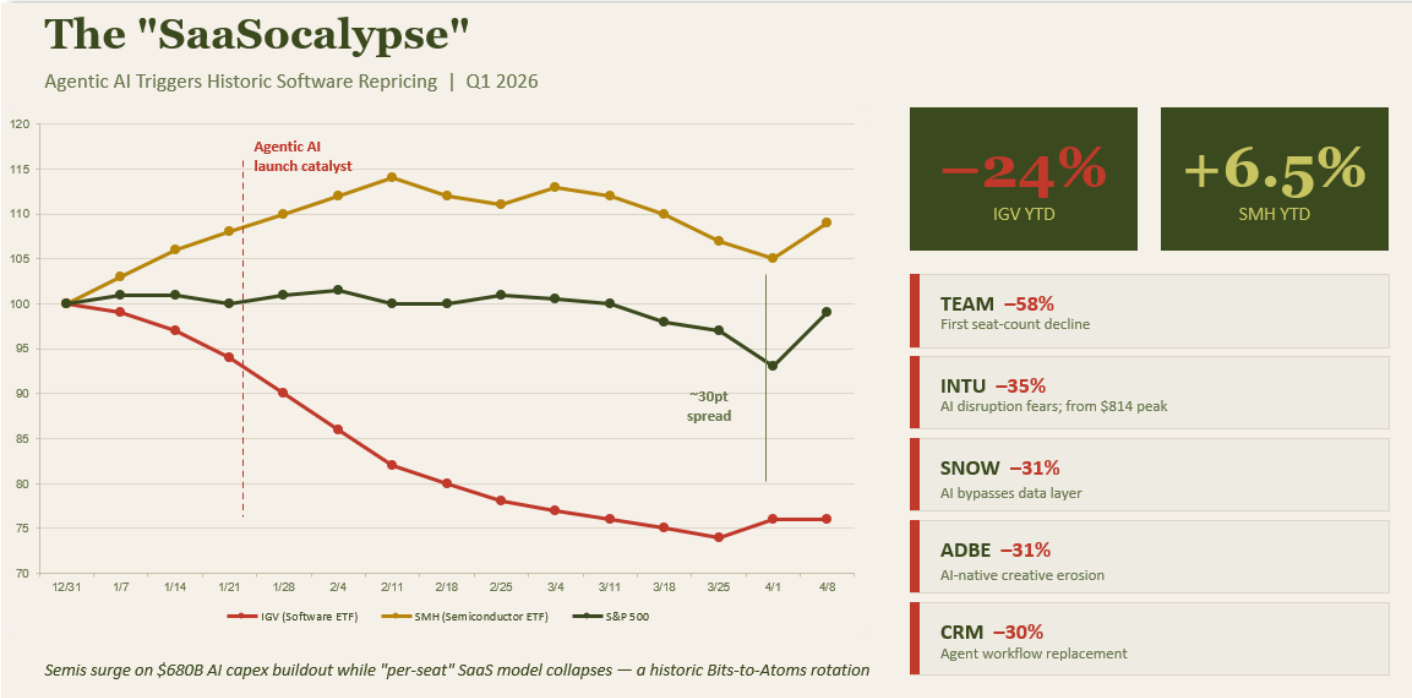
The Magnificent Seven ETF declined -12.04%. The S&P 500 closed down -4.35%[2]. International equities, briefly the quarter's bright spot, fell hard in March as the oil shock rippled through import-dependent economies. The MSCI EAFE ended the quarter down just -1.09% — a figure that obscures the violent intra-quarter swing.



Source: Bloomberg, as of 4/8/2026. Indexed to 100 at 12/31/2025.

Meanwhile, a structural story was playing out beneath the volatility that we believe is more significant than the headline numbers: the beginning of what analysts have begun to call the *SaaSocalypse*. The IGV Software ETF fell -24% year to date through quarter-end, while the SMH Semiconductor ETF rose +6.5% — a roughly 30-point spread that reflects something deeper than a market rotation. Agentic AI — AI that can complete multi-step workflows autonomously — has begun to erode the fundamental premise of the per-seat SaaS (Software as a Service) business model. Salesforce fell -31%, Intuit -35%, Atlassian -58% (marking its first-ever seat-count decline), Snowflake -31%, and Adobe -31%. These represent genuine investor reassessment of business model durability in an agentic AI world. Although the price swings are magnified by investors chasing the “momentum” trades, we are taking this seriously. This matters directly to our portfolio, and we address it candidly below.

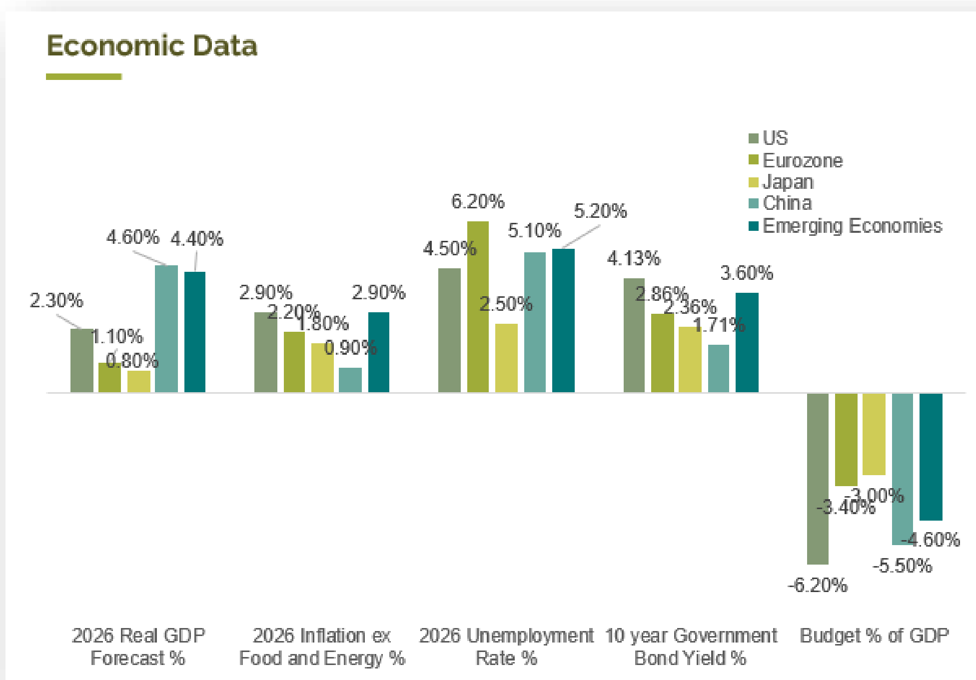
[2] All financial performance data is sourced from Bloomberg as of 4/10/26



Source: Bloomberg, BlackRock, VanEck, Yahoo Finance. As of 4/8/2026. IGV = iShares Software ETF; SMH = VanEck Semiconductor ETF.

The Macro Backdrop: Stagnation Risks Rise

The Iran War has introduced a new variable into an already fragile global economy. US GDP forecasts for 2026, which hovered around 2.5% in late February, have continued to slide as oil prices remain elevated and consumer sentiment deteriorates. The Eurozone, structurally more exposed to energy shocks, faces GDP growth of approximately 1.1% alongside stubbornly sticky core inflation near 2.2%. Emerging markets, caught between a slowing China (forecasting 4.6% growth but carrying a -5.5% budget deficit) and surging commodity import costs, face their own set of compounding pressures.



Source: Bloomberg as of 4/8/2026

Expectations for core inflation in the US remain at approximately 2.9% [3]— above target and proving resistant to rate policy. The yield curve tells the story clearly: despite market expectations of Fed cuts, 10-year Treasury

[3] Bloomberg 4/08/2026

yields remain anchored near 4.3%, and the long end of the curve has barely budged all quarter. Our strategy to purchase bonds selectively at 4–5%+ yields remains intact.

Outlook

Despite the heightened geopolitical anxiety surrounding the conflict in Iran, we are maintaining current equity allocations across client portfolios. Historical data indicates that while such shocks often trigger sharp, immediate selloffs, their impact on equity markets is typically short-lived. Over time, broader economic fundamentals—specifically earnings growth, interest rates, and inflation—reassert themselves as the primary drivers of performance. In this context, corporate earnings continue to demonstrate notable resilience.

Geopolitical Conflicts Have Had Minimal Impact on Long-Term Equity Performance

S&P 500 Annualized Return	3 Months Later	1 Year Later	3 Years Later	5 Years Later	10 Years Later
Median Return	-0.7%	9.7%	9.1%	9.6%	10.5%
% Positive	43%	73%	86%	95%	100%

Past performance does not guarantee future results. Indices are unmanaged and not available for direct investment. Sources: Morningstar, Ned Davis Research, Hartford Funds, 3/26.

As a reminder, our core philosophy remains unchanged: Over the mid-to-long term, companies with low financial debt and that make products or sell services we believe are beneficial to human life and that solve or mitigate some of the most pervasive problems of our time are likely to continue thriving. We focus our research on companies providing solutions and products to cope with:

- Ecological Limits: We believe our planet's resources are increasingly under threat from ecological imbalances and decades of extractive growth.
- Aging and changing demographics: The world's population aged 60 and over is growing faster than all younger groups and is expected to reach 1.4 billion by 2030, up from 1 billion in 2020.[4]
- Leveling the playing field: Digital transformation and new business models are enabling small businesses and entrepreneurs to compete with big businesses.

We aim to own and add stocks that offer competitive returns and diversification while also providing opportunities to create the greatest impact by changing corporate behavior via our shareholder activism work. In addition, we believe we must respond to the current situation by expanding diversification of our clients' portfolios. Our disciplined approach does not work well in extremely concentrated or momentum driven markets as we have seen over the past year. Therefore, we have been adding well-researched SRI/ESG ETFs to our clients' equity allocation. We consider this a hedge against the perpetuation of the Trump and AI train. While no single product is perfect, our research concludes that the addition of these ETF's offers an effective balance between achieving broad, diversified market exposure and maintaining strong alignment with socially responsible values. This adjustment will increase market participation while retaining our core, high-conviction holdings of individual stocks and our commitment to shareholder activism.

[4] Source: United Nations Department of Economic and Social Affairs, World Population Prospects 2022

Outside Investments

In addition to our annual reviews of CDFIs and other organizations on our Outside Investments recommendations list, we have been conducting in-depth check-ins throughout the quarter to understand how their funding, operations, and borrowers have been impacted one year into the second Trump administration. Our Outside Investments are united through their missions to provide capital, technical assistance, and advocacy to historically underserved populations, but how they accomplish this ranges from supporting affordable housing, to financing cooperatives and other small businesses, to investing in community infrastructure. As a result, while all our Outside Investments are facing some challenges, these are manifesting in different ways.

Across the board, federal funding is still uncertain. Many programs have been delayed or cancelled entirely. In our last quarterly letter, we highlighted the continuous unsuccessful attempts to dismantle the CDFI Fund. As it stands today, the Office of Management and Budget announced it will release the $289M to the Fund, but with new restrictions consistent with the Trump administration's attack on DEI and immigrants. Most of our organizations have been able to weather initial challenges through their individual investor bases and philanthropic support, but they continue to seek out new impact investor capital. Through our conversations and subsequent assessments, we have determined that our existing recommendation list remains unchanged, as we maintain strong conviction in our Outside Investment's abilities to repay investors and evolve in the face of unprecedented attacks by the federal government.

Sincerely,

Julie

Nimrit Kang

Julie N.W. Goodridge
Founder & Chief Executive Officer

Nimrit Kang
Chief Investment Officer