SHELTON CAPITAL MANAGEMENT

MUTUAL FUND

Shelton Equity Income Fund

Quarterly Commentary

As of September 30, 2026

Volatility and the Market

The third quarter of 2026 saw U.S. equities contend with a shifting mix of artificial intelligence optimism, geopolitical uncertainty, and renewed concerns over inflation and borrowing costs. Despite bouts of volatility tied to rising oil prices and elevated Treasury yields, major stock indexes pushed to record highs late in the quarter as investors positioned for another strong corporate earnings season. Escalating energy costs, persistent inflation risks, and historically elevated bond yields created potential headwinds for valuations and interest-rate-sensitive sectors.

Reviewing sector performance, the leaders for the quarter were Energy (+16.48%), Information Technology (+7.20%), and Health Care (+6.46%). The worst performing sectors this quarter were Utilities (-12.39%), Industrials (-9.66%), and Real Estate (-5.57%). While the major indices ended the quarter positive, 7 of 11 sectors were in the red.

Looking back on economic data for the quarter, inflation remained a focus but came down slightly, being held up in part by elevated oil prices caused by the conflict with Iran. Unemployment ended the quarter flat, and the Federal Reserve raised interest rates in September, with one more hike largely expected in December.

Shelton Equity Income Fund

During the third quarter, the Shelton Equity Income Fund returned 1.93%, compared with 4.29% for the CBOE S&P 500 BuyWrite Index (BXM), underperforming by 2.36 percentage points. Through September 30, EQTIX returned 11.29% year to date, slightly ahead of BXM's 10.96% return. Consistent with our focus on generating cash flow for investors, the Fund distributed $0.3900 per share during the quarter, supporting our targeted annual distribution rate of 6–9%.

Relative to the S&P 500, security selection contributed approximately 44 basis points during the quarter. NetApp, Meta Platforms, Salesforce, Arista Networks and Tesla were among the leading positive contributors to relative performance, while Lam Research, Micron Technology, Caterpillar, Cummins and Amazon detracted. Asset allocation detracted approximately 53 basis points, primarily within Information Technology. The Fund's covered call strategy continued to generate option income while limiting participation in some equity gains, reflecting the strategy's tradeoff between current cash flow and upside potential.

What We See Moving Forward

The third quarter was turbulent, starting out sharply negative before recovering into the finish. The fourth quarter is likely to be rocky as well, with many potential catalysts that can drive market direction: the ongoing war with Iran, interest rate changes and guidance from the Fed, domestic mid-term elections, and closely watched earnings results that will help determine the strength and returns of the AI trade that has dominated the market recently. With the potential for continued volatility from all these events, we believe the Equity Income strategy's approach can be well suited to the current market environment.

Source: Bloomberg

Strategy Management

Barry Martin, CFA

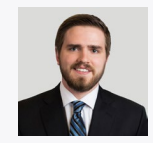
Senior Portfolio Manager

Barry Martin, CFA, joined the firm in 2008 and is a Portfolio Manager for Shelton Capital Management's Option Overwrite Strategies. Prior to joining Shelton Capital, Barry was Senior Vice President of portfolio management for an investment management firm specializing in option strategies and has been managing options for over 20 years.

Nick Griebenow, CFA

Portfolio Manager

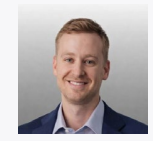
Nick Griebenow, CFA, joined the firm in 2018 and is a Portfolio Manager for Shelton Capital Management's Option Overwrite Strategies. Prior to joining Shelton Capital, Nick was a Senior Derivatives Trader for a large national brokerage firm.



Jason Goldenberg

Portfolio Analyst

Jason Goldenberg joined Shelton Capital Management in 2017 and is an Investment Operations Analyst that services all strategies of the Separate Account program.



Jake Gallion

Portfolio Analyst

Jake Gallion joined Shelton Capital Management in March 2026 as a Portfolio Analyst for the firm's Options Overlay Strategies.

Important Disclosures on Page 2

Shelton Capital Management — Founded by Richard Shelton in 1985, Shelton Capital is a privately owned investment management firm with over $8 billion AUM (9/30/2026). The firm offers its investment management through a series of ETFs, open-end mutual funds, and separately managed accounts (SMAs).

Important Information

INVESTMENTS ARE NOT FDIC INSURED OR BANK GUARANTEED AND MAY LOSE VALUE.

Investors should consider a fund's investment objectives, risks, charges, and expenses carefully before investing. The prospectus contains this and other information about the fund. To obtain a prospectus, visit https://www.sheltoncap.com/wp-content/uploads/2025/11/Prospectus-1.1.26.pdf or call (800) 955-9988.

A prospectus should be read carefully before investing. It is possible to lose money by investing in a fund. Past performance does not guarantee future results and current performance may be lower or higher than the performance data quoted.

Diversification does not assure a profit or protect against loss.

Options involve risk and are not suitable for everyone. Prior to buying or selling an option, your client must receive a copy of CHARACTERISTICS AND RISKS OF STANDARDIZED OPTIONS. Copies of this document may be obtained from your Investment Advisor, from any exchange on which options are traded, or by contacting The Options Clearing Corporation, One North Wacker Dr., Suite 500, Chicago, IL 60606 (1-800-678-4667).

Fund information is not intended to represent future portfolio composition. Portfolio holdings are subject to change and should not be considered a recommendation to buy individual securities. Investments in derivatives may be riskier than other types of investments. They may be more sensitive to changes in economic or market conditions than other types of investments. Many derivatives create leverage, which could lead to greater volatility and losses that significantly exceed the original investment. Positions in equity options can reduce equity market risk, but can limit the opportunity to profit from an increase in the market value of stocks in exchange for upfront cash as the time of selling the call option. Unusual market conditions or the lack of a ready market for any particular option at a specific time may reduce the effectiveness of option strategies and could result in losses.

Distributed by RFS Partners, a member of FINRA, and affiliate of Shelton Capital Management.