

SECOND QUARTER 2026 INVESTOR LETTER

Dear Investors and Friends,

The NZS Growth Equity strategy (“strategy” or “portfolio”) had a gross return of +24.96% and a net return of +24.76% for the second quarter as compared to +14.79% for the Morningstar Global Target Market Exposure Index (the “Index”) over the same period. Year-to-date, the strategy generated a gross return of +14.03% and a net return of +13.63%, versus +11.00% for the Index.

PERIODIC RETURNS (%)*	QTD	1Y (ANN)	3Y (ANN)	5Y (ANN)	SI (ANN)
NZS GROWTH EQUITY (GROSS)	24.96%	17.30%	21.09%	9.69%	18.32%
NZS GROWTH EQUITY (NET)	24.76%	16.49%	20.26%	8.93%	17.51%
INDEX	14.79%	23.45%	19.50%	10.93%	12.79%
DIFFERENCE (% NET)	9.96%	-6.96%	0.76%	-2.00%	4.72%

CALENDAR YEAR RETURNS (%)*	YTD 2026	2025	2024	2023	2022	2021	2020
NZS GROWTH EQUITY (GROSS)	14.03%	18.76%	21.24%	35.29%	-32.99%	22.64%	63.51%
NZS GROWTH EQUITY (NET)	13.63%	17.95%	20.41%	34.37%	-33.47%	21.80%	62.41%
INDEX	11.00%	22.23%	17.20%	22.14%	-18.04%	18.57%	15.83%
DIFFERENCE (% NET)	2.63%	-4.29%	3.21%	12.24%	-15.43%	3.23%	46.59%

*Since inception: January 1, 2020; returns as of June 30, 2026. One cannot invest directly in an index.

PERFORMANCE OVERVIEW

Equity markets were strong in the second quarter of 2026. As we noted in our last quarterly letter, weakness in the first quarter provided some of the most attractive valuations in growth equities we had seen in some time. That starting point met seemingly insatiable demand for AI infrastructure, progress towards geopolitical stabilization, and generally positive earnings reports, which drove strength in the second quarter. The portfolio outperformed the index, primarily due to our overweight in Semiconductors, stock selection in areas like Software and Industrials, and our zero weight to Energy. The resilient and optional portions of the portfolio both carried their respective weight in terms of contribution to returns and outperformed.

Information Technology contributed the most to absolute returns, though Industrials and Communication Services also outperformed. Each of the top-five individual contributors to absolute returns were in the Semiconductor industry and, more importantly, in the AI infrastructure ecosystem. In addition to the improving outlook reflected in chips broadly, ARM Holdings shares were further lifted by the company’s announced plan to develop its first in-house chip, a CPU for AI workloads. Lam Research, which is a critical supplier of etching equipment used in the production of semiconductors, saw strengthening tailwinds to their

outlook as some key chip manufacturing customers publicly committed to higher capital expenditures to expand capacity. ASML Holdings, Taiwan Semiconductor, and Marvell were also top-five contributors.

Only Real Estate and Healthcare contributed negatively to absolute returns, but Materials and Financials lagged. Intuitive Surgical was the top individual detractor to absolute returns in the quarter. While fundamentals remain solid for Intuitive Surgical, the stock's multiple has not been immune from the broad de-rating in "quality growth" stocks we've seen outside of the AI ecosystem (see discussion below). Nintendo was weak in the period after issuing forward guidance that disappointed due to the increasing costs of memory chips going into their gaming hardware. The other top-five detractors were Tyler Technologies, ON Semiconductor, and CoStar Group.

PORTFOLIO POSITIONING

Over the quarter, the team actively added net basis points to Information Technology, Healthcare, and Communication Services and reduced exposure to Consumer Discretionary, Real Estate, and Financials. The portfolio remains overweight Information Technology, Industrials, and Healthcare.

Those familiar with our strategy may know a key part of our process concerns reassessment of optional positions that outperform their way into the "middle" of the portfolio. If the team determines that the range of outcomes has narrowed enough for promotion to a resilient position, we add capital; otherwise, we trim the position back to optionality. While we might leave incremental upside on the table, we believe this strict reduction in overactive stocks with wide ranging outcomes allows us to continue benefiting from further upside without letting risk run. This quarter, the portfolio had five positions that worked their way into the middle – a few even ran all the way through the middle in a single day. This situation is unusual and perhaps symptomatic of the volatility in the market. In the cases of ARM Holdings, Marvell, Lattice Semiconductor, and Snowflake, we trimmed the positions back to optionality. For example, Marvell rallied significantly after Jensen Huang extolled the company as "the next trillion-dollar company" on stage at Computex in Taiwan. While we agree it's within the range of outcomes, in our view, Jensen's statement only resulted in the market applying a higher valuation to a stock whose fundamental range of outcomes remained unchanged; thus, we trimmed Marvell. Quanta Services also ran into the middle during the quarter, and we ultimately decided to add capital and promote the position to resilient, reflecting our view that the fundamental range of outcomes for Quanta's business – a US provider of craft labor for electricity generation, transmission, and distribution infrastructure – has continued to narrow.

Elsewhere, NVIDIA was added back to the portfolio as a resilient position late in the quarter. NVIDIA had been a long-time holding in the portfolio before we exited in the third quarter of 2025. The stock has since lagged the broad surge in the AI semiconductor ecosystem as the market began contemplating budding risks to the GPU's market share in AI compute. This scenario was our primary concern when we exited the position, but we now think the lowered valuation more than compensates for this type of risk. Further, NVIDIA's growth relative to competitors indicates the GPU is actually *taking* share at present. Other new additions to the portfolio were optionality positions in ON Semiconductor, Descartes, CATL, CrowdStrike,

Datadog, Lumentum, and Axogen. We also added materially to ASML, Amphenol, Intuitive Surgical, and Axon.

Healthcare: Are investors going homeopathic?

A trend we've been discussing is the steep derating in what was previously considered the "quality growth" cohort. This group has historically traded at premium multiples for perceived uncorrelated durable growth, strong returns on capital, and high terminal value. Businesses within this cohort that haven't been deemed "AI beneficiaries", however, have seen their valuations cut significantly. Of course, part of this broad derating is simply tied to higher interest rate expectations weighing on valuations. But, given that higher interest rate expectations did not dampen all corners of the market (e.g., AI), it seems likely to us that there is another element at play – namely, capital being reallocated from quality growth to feed the AI behemoth. Some days you can almost hear the torrential rush of dollar bills. Why invest in a company that aims to compound earnings in the low-to-mid double digits per year when you can invest in companies whose stocks are going up 10% a week?! We're of course being provocative with that statement and, to be fair, many of these left-for-dead compounders have simply not provided much earnings growth to compound (e.g., we've been waiting for a broad industrial recovery for years at this point). Further, AI has widened the perceived range of outcomes for many sectors – software, marketplaces, IT services, and insurance brokers, to name a few. In sum, regardless of whether we agree or disagree with the market, in *most* cases we understand the factors underlying the capital influx/efflux.

With that preamble, one sector that we've found increasingly attractive is Healthcare. Following the prolonged post-pandemic hangover, fundamentals have turned the corner and returned to growth. We also wonder if disruptive forces are actually more likely to have positive impacts on long-term industry growth. As an example, certain markets in the sector may be negatively impacted by the adoption of GLP-1s, but perhaps a larger number of markets stand to profit. The orthopedics industry could benefit at the margin from increased longevity and/or more patients meeting strict BMI cutoffs that many surgeons use for a hip or knee replacement. We are also intrigued by the longer-term potential for AI to assist in the front-end of the drug discovery process, which could improve trial success rates and lead to more drugs reaching production. This scenario would benefit suppliers of capital equipment, consumables, or services in drug manufacturing. The U.S. BIOSECURE Act was signed into law in late 2025 (with bipartisan support) and prohibits federal agencies and recipients of federal funds from procuring or using biotechnology equipment or services provided by designated "companies of concern", primarily targeting China. In theory, this legislation could drive a period of increased U.S. demand for capital equipment and drug manufacturing services. Lastly, the Healthcare sector is somewhat uniquely untethered to the future of AI infrastructure capex – something that can no longer be said for anything closely tied to even broad macroeconomic outlook. We think this distinction makes the sector valuable from a portfolio construction perspective.

Given this combination of improving fundamentals, the potential for emerging tailwinds in the industry, and the potential portfolio construction benefits of including a sector uncorrelated to AI capex spending, we've been surprised by the extent of multiple compression in the Healthcare sector. Given this context, last quarter we incrementally added net capital to some of our

existing holdings in the sector, including Intuitive Surgical, HeartFlow, and Stryker, and we introduced Axogen and WuXi XDC as optionality positions. Axogen provides nerve grafts used for peripheral nerve repair. Following BLA approval of their Avance nerve allograft and related positive momentum in insurance coverage, we think Axogen is highly asymmetric to a future where nerve repair becomes standard-of-care, including for patients undergoing a mastectomy or prostatectomy (PSA to look into Axogen's tech if you or someone you know could benefit). WuXi XDC is a China-based Contract Research, Development, and Manufacturing Organization (CRDMO) focused on bioconjugates, an exciting research area that is rapidly developing new therapies. The aforementioned U.S. BIOSECURE Act provided us an attractive entry point into this rapidly growing business and will also keep a lid on position size given the range of outcomes. In short, we think a modestly higher dose of this "quality growth" sector is good for our portfolio's health, and we've been incrementally expressing this view.

TEAM UPDATE

We are excited to welcome Cecile Stone to NZS as an Investment Operations Associate. Cecile recently graduated from the University of Colorado Boulder Leeds School of Business and will support Nick Perez, our Director of Operations. Welcome to the team, Cecile!

CONCLUSION

Thank you to our investors for your continued trust, support, and insights. Interacting with our partners is a valuable part of our process. Please reach out to Alexandra Pope (alexandra@nzscapital.com) if you would like to connect and, as always, we appreciate any questions, comments, or ideas.

The NZS Team

IMPORTANT DISCLOSURES

There is no guarantee that the information presented is accurate, complete, or timely, nor are there any warranties with regards to the results obtained from its use. **Past performance is no guarantee of future results.** Investing involves risk, including the possible loss of principal and fluctuation of value.

Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Composite and benchmark returns are presented net of non-reclaimable withholding taxes. Net-of-fees returns are calculated by deducting a model management fee of 0.0583%, 1/12th of the highest management fee of 0.70%, from the month end gross composite return. The management fee is generally 0.70% per annum, calculated monthly and payable in arrears. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The fees are available on request and may be found in Form ADV Part 2A. Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment and include dividends after the deduction of withholding taxes.

Performance data shown represents the NZS Growth Equity Composite, Individual client returns may vary. Please refer to your individual capital account statements, as available, and direct any questions to NZS Capital at info@nzscapital.com.

The Index refers to the Morningstar Global Target Market Exposure Index. Index returns do not take into account the impact of management fees. One cannot invest directly in an index.

Any projections, market outlooks, or estimates in this presentation are forward-looking statements and are based upon certain assumptions. No forecasts can be guaranteed. Other events that were not taken into account may occur and may significantly affect the returns or performance. Any projections, outlooks, or assumptions should not be construed to be indicative of the actual events which will occur.

Opinions and examples are meant as an illustration of broader themes, are not an indication of trading intent, and are subject to change at any time due to changes in market or economic conditions. There is no guarantee that the information supplied is accurate, complete, or timely, nor are there any warranties with regards to the results obtained from its use.

Top contributors and detractors represent extracted performance of certain holdings for the period. Portfolio returns are discussed at the start of this publication. A full list of holdings and their returns is available to investors upon request.

An investor should not construe the contents of this newsletter as legal, tax, investment, or other advice.

NZS Capital, LLC claims compliance with the Global Investment Performance Standards (GIPS®)

GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The **NZS Growth Equity Composite** includes all portfolios that invest primarily in equity and equity-related securities (including preference shares, warrants, participation notes and depositary receipts). The companies can be based anywhere in the world. The Portfolio Manager believes the companies and their shares will benefit significantly from innovation, particularly due to advances or improvements in technology, have attractive fundamentals, and offer good prospects for growth. The portfolios will typically hold 50-65 names.