

U.S. Large Cap Growth Commentary

Quarter 3 2025

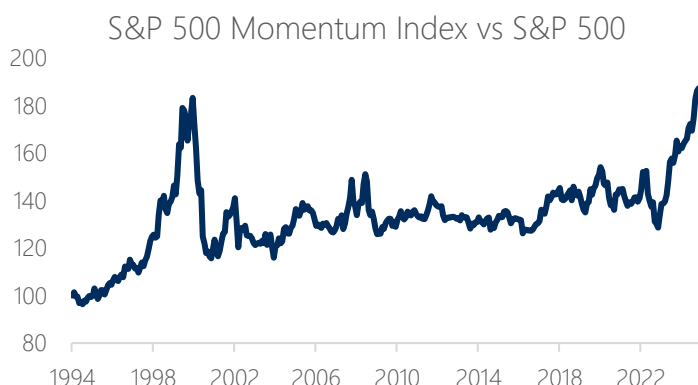


Investment Objective

SGA builds high-conviction portfolios focused on quality growth businesses that are anticipated to achieve consistent mid-teens earnings growth with reduced variability, supported by predictable revenue and cash flow generation. The firm's investment goal is to convert this stable portfolio earnings growth into a return profile designed to protect and reliably compound client wealth over time.

Performance

Quality stocks, defined by MSCI Quality indices as companies with stable year-over-year earnings growth and low financial leverage, have underperformed significantly over the last year and currently stand at a 10-year low relative to the broader market. At the same time, price momentum has been performing exceptionally well as illustrated by the chart below. The only other period that compares to the current 'melt up' is the period known as the TMT Boom at the turn of the Century and that presaged a painful period known as the TMT Bust.



Source: FactSet. Data as of 8/31/2025. S&P 500 Momentum Index vs S&P 500 total return ratio indexed to 100 at 9/30/1994. *It should not be assumed that future results will be reflective of past performance.*

Highlights

- The SGA U.S. LCG Portfolio returned -1.3% (Gross) and -1.4% (Net) in Q3 compared to the Russell 1000 Growth Index return of 10.5% and the S&P 500 Index return of 8.1%.
- Market leadership in Q3 remained unfavorable for SGA's quality growth investment style as lower-quality and cyclical led in an increasingly speculative market backdrop.
- Investor excitement about the AI infrastructure buildout remained high. Tech and AI-related beneficiaries accounted for most of market performance in Q3. SGA's underweight relative to the market in these companies detracted from relative performance.
- The top 10 companies in the Russell 1000 Growth Index now represent over 60%, creating risks and opportunities.
- Nvidia, Alphabet, and Apple were the top contributors in the quarter while Gartner, Chipotle, and Intuit were the largest detractors.
- We initiated new positions in Grainger and Nike while positions in Novo Nordisk and Workday were liquidated.
- SGA sees continued opportunity in attractively priced, predictable, cash-generative and growing businesses, which may become more sought after if market volatility increases and growth decreases.

	Since Inception	15-Year	10-Year	5-Year	3-Year	1-Year
SGA U.S. Large Cap Growth Annualized Net Returns	10.0%	13.5%	13.2%	7.9%	18.6%	3.5%

The U.S. Large Cap Growth portfolio has generated 10.8% (Gross) and 10.0% (Net) annualized returns since inception, compared to 13.0% and 11.2% for the Russell 1000 Growth Index and S&P 500 Index, respectively. Over the trailing one-year period, the SGA portfolio returned 4.3% (Gross) and 3.5% (Net) compared to 25.5% and 17.6% for the Russell 1000 Growth Index and S&P 500 Index respectively. The U.S. Large Cap Growth portfolio is forecast for 12% earnings growth in 2025. The portfolio is currently forecast to generate 10% revenue and 15% earnings growth over the next three years.

Quality Underperformance at 10-Year Low



Source: FactSet. Data as of 9/15/25. MSCI Indices are Net Total Return (MSCI Net Total Return Indices reinvest dividends after the deduction of withholding taxes). *It should not be assumed that future results will be reflective of past performance.*

Quality Out of Favor as Speculation and Momentum Lead

The tech-heavy and highly concentrated Russell 1000 Growth and S&P 500 indices continued their historic rebounds following April's market lows, benefiting from investor enthusiasm about AI, rising speculative trading activity, and strong performance for momentum stocks. The table below illustrates how lower-quality, cyclical and speculative stocks, have delivered outsized returns over the past six months while companies with defensive characteristics and those with greater predictability and higher-quality attributes have lagged by a wide margin. Although we recognize that the underperformance of our portfolio during this period has been difficult for our clients, this is not the type of market environment in which we would expect to excel. The past six months have been characterized by extreme momentum-chasing, FOMO, and disregard for the quality characteristics we focus on and which we have found to be important drivers of strong long-term risk-adjusted returns. We remain patient and committed to our style of quality-growth investing despite recent underperformance and believe in the virtues of focusing on quality, reliable and durable growth, and valuation discipline, which should drive attractive long-term compounding for our clients with lower levels of risk.

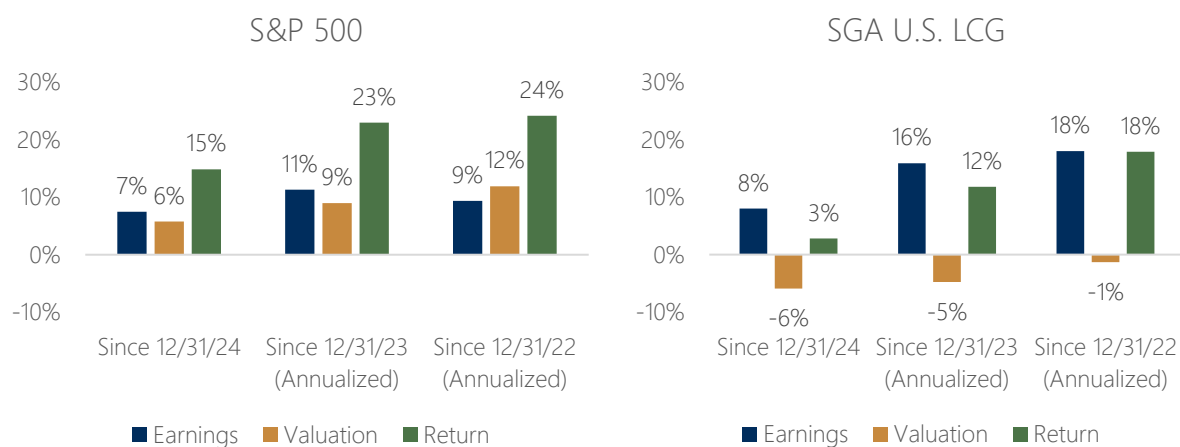
Low-Quality Cyclical Leading Recovery Since April

Index	Year-To-Date	April 8, 2025-to-Date
UBS Meme Stocks	51.14%	109.08%
GS Non Profitable Tech	39.56%	92.04%
GS Most Short Rolling	25.72%	79.36%
GS Retail Favorites	36.80%	72.86%
GS China Sales Exposure	31.53%	69.74%
GS HY Debt Sensitivity	22.26%	69.07%
US Marquee Momentum Shrt	16.24%	65.39%
GS Liquid IPO Basket	33.57%	64.98%
GS High Beta Cyclical	11.77%	60.52%
GS Weak Balance Sheet	16.90%	44.18%
GS US Cyclical	13.16%	38.60%
S&P 500 INDEX	14.33%	34.49%
GS Over-Earning Cyclical	8.60%	33.80%
GS Strong Balance Sheet US	9.18%	31.93%
GS High Stable Gross Margin	12.80%	31.04%
GS Defensive Compounder	5.69%	13.61%
GS US Defensives	5.30%	6.44%
GS Bond Proxies	3.93%	4.09%

Source: Bloomberg. Data as of 9/29/2025. *It should not be assumed that future results will be reflective of past performance.*

Multiple Expansion: The Driving Force of the Momentum Market Valuation

As the charts below indicate, multiple expansion has played a significant role in generating the returns of the market, driven in part by the relative strength of momentum stocks cited above. By contrast, in the case of the SGA portfolio, multiple compression has been a headwind to performance. Admittedly, a portion of the multiple contraction of the portfolio resulted from instances of short-term disappointments in business fundamentals (see recent examples of Chipotle and Gartner discussed later in this commentary). However, the market's preference for momentum over quality has been a more material dynamic.



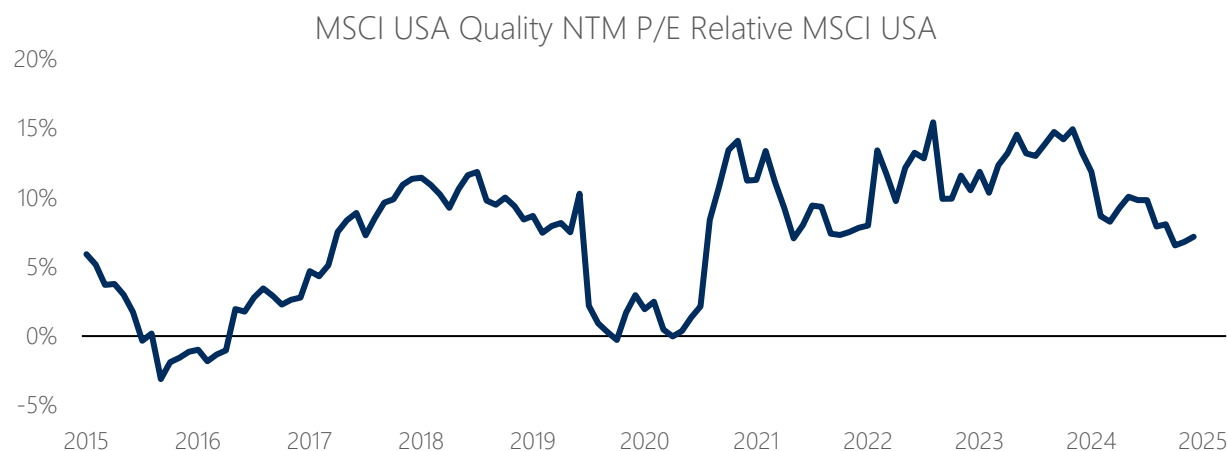
Earnings = change in consensus NTM EPS estimate

Valuation = change in NTM P/E

Source: FactSet. Data as of 9/30/2025. S&P 500 earnings and valuation data uses SPDR S&P 500 ETF. *It should not be assumed that future results will be reflective of past performance.*

Silver Lining: Valuation Reset Is a Significant Opportunity for Long-Term Investors

Perhaps the most encouraging fact is the significant compression in valuation premiums accompanying underperformance of the quality factor. Quality's valuation premium relative to the broader market has narrowed from 15% in August 2024 to just 7% in September 2025, approaching its lowest levels since Covid. Looking forward, we see the portfolio as quite attractively valued on both an absolute and relative basis given the strong secular growth prospects, 2026 earnings recovery in select companies (e.g. UnitedHealth and Synopsys), and greater underlying predictability in a less-cyclically exposed portfolio.



Source: FactSet, MSCI. Data as of 9/30/2025. MSCI USA Quality NTM P/E relative MSCI USA. *It should not be assumed that future results will be reflective of past performance.*

Economic Backdrop: Rate Cuts Contributing to Momentum

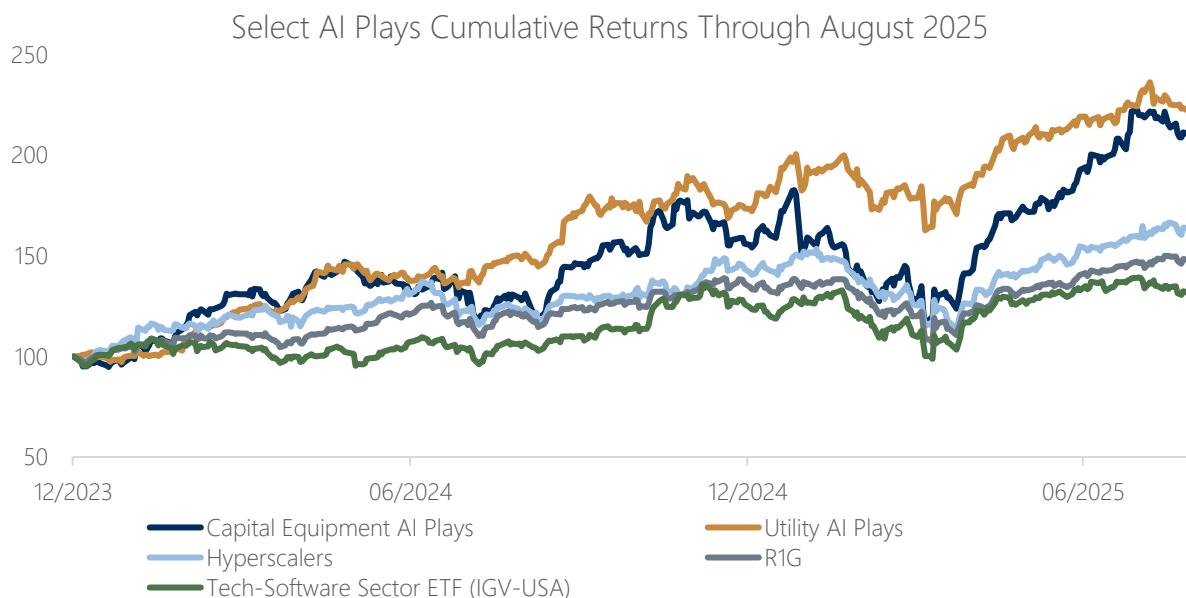
The Federal Reserve cut interest rates in September for the first time in 2025, with the benchmark rate now at approximately 4%. This was the first rate cut in nine months and came on the back of a softer-than-expected August jobs report. Prior to this cut, the Federal Reserve had exhibited a constrained position, caught between political pressure to cut rates and inflation concerns from tariff and immigration policies, which contrasted with more accommodative stances from other major central banks. This policy divergence, combined with a fiscal deficit and trade policies, has contributed to the U.S. dollar's year-to-date decline and created capital flow dynamics favoring international assets. The market is now anticipating several additional quarter-percent cuts from the Fed and this seems to be spilling over into some speculative, momentum driven trading.

The AI Capital Expenditure Surge: Bubble Dynamics

The artificial intelligence (AI) boom has become the dominant force driving speculation that penalizes the selective approach of quality investing. While AI momentum is beneficial to some of the largest businesses in our portfolio such as Nvidia, Microsoft, Alphabet, Meta, and Amazon, it also does not distinguish from lower quality businesses or businesses with significantly less certain cash flow outlooks. Tesla and Oracle have experienced significant stock price appreciation and garnered many headlines about the promise of the AI revolution, however these businesses are plagued by erratic free cash flows with negative growth forecasts in 2025.

The critical question for AI's long-term impact remains timing and magnitude of productivity gains. Economist Robert Solow famously said in 1987 that the computer age was everywhere except for the productivity statistics. This was six years after IBM's first mass-market personal computer, but meaningful productivity acceleration did not occur until around 1995. While we also believe that AI will eventually contribute to productivity, if the gains follow a similar timeline, investors focused on immediate beneficiaries of capex buildout may face disappointment, while there will continue to be extended opportunities for quality-focused strategies investing in long-term beneficiaries.

Historical parallels to the dot-com era are instructive. Infrastructure beneficiaries like Cisco, Sun Microsystems, Lucent, Nortel and JDS Uniphase dominated investor enthusiasm but delivered minimal long-term returns. The real winners emerged later as companies building services on top of infrastructure rather than providing underlying equipment.



Source: FactSet, Russell, Empirical Research Partners. Data as of 8/31/2025. Groupings created by Empirical Research Partners. Equal weights used to calculate average returns for Capital Equipment AI Plays, Utility AI Plays, and Hyperscalers. **It should not be assumed that future results will be reflective of past performance.**

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Top 10 Contributors to Performance in Q3: Tech and AI-Related Companies Top the Charts

Russell 1000 Growth Index					S&P 500 Index				
Top 10 Contributors	CTR	% of Index Return	Bench. Weight	SGA Weight	Top 10 Contributors	CTR	% of Index Return	Bench. Weight	SGA Weight
Apple	2.43	23%	11.2%	3.3%	Apple	1.40	17%	6.6%	3.3%
Nvidia	2.29	22%	13.1%	7.5%	Alphabet*	1.35	17%	4.5%	3.1%
Alphabet*	1.57	15%	5.1%	3.1%	Nvidia	1.34	17%	8.0%	7.5%
Tesla	1.16	11%	3.9%	0.0%	Tesla	0.65	8%	2.2%	0.0%
Broadcom	0.90	9%	4.7%	0.0%	Broadcom	0.51	6%	2.7%	0.0%
Microsoft	0.54	5%	11.6%	7.0%	Microsoft	0.30	4%	6.7%	7.0%
Oracle	0.36	3%	1.5%	0.0%	Oracle	0.20	2%	0.8%	0.0%
Palantir	0.35	3%	1.3%	0.0%	Palantir	0.19	2%	0.7%	0.0%
AppLovin	0.29	3%	0.5%	0.0%	AbbVie	0.16	2%	0.7%	0.0%
AbbVie	0.29	3%	1.3%	0.0%	Johnson & Johnson	0.16	2%	0.8%	0.0%
Total	10.18	97%	54.1%	20.9%	Total	6.26	77%	33.7%	20.9%

Data as of 9/30/2025. Source: FactSet, Russell. *Includes Share Class A and C. *It should not be assumed that future results will be reflective of past performance.*

Software Incumbents: Under-Appreciated Long-Term AI Compounders

Despite recent share price weakness in enterprise software, we view this dislocation as an opportunity due to AI's potential to enhance business productivity software and in turn, spending on enterprise software. While AI infrastructure spending is strong at present, concerns about it crowding out enterprise software spending are short-term in nature as ultimately consumer and business AI applications must succeed to merit sustained AI capital expenditures on infrastructure. The leading enterprise software vendors, by virtue of their trusted vendor status, enjoy considerable advantages positioning them well for AI adoption relative to AI native startups. These include: being granted access to the enterprise data necessary to feed AI models; intimate knowledge of their existing software code that automates business process workflows and that AI agents must ultimately integrate with; and deep understanding of complex corporate governance and security requirements. Lastly regarding potential changes in the business model, the software industry has historically adapted pricing models through technological shifts, and AI-driven "agents-as-a-service" may similarly enable new monetization opportunities tied to measurable productivity gains and labor cost savings. To capture this incremental AI opportunity and leverage their 'system of record' position, incumbent enterprise software companies must innovate and execute at a new emerging conversational AI interface and enterprise search layer such that they also remain the 'system of engagement'. But given strong early efforts by many of the leading incumbents and the measured approach of enterprises to widespread changes in their IT and mission-critical software-driven business processes, the incumbents have considerable advantages that the market is overlooking as it crowds into more immediate AI infrastructure beneficiaries which are highly cyclical and expensive on the basis of free cash flow. In other words, the AI hype around the immediate beneficiaries is creating a chance to once again buy great software businesses, which continue to compound free cash flow reliably and predictably, at reasonable valuations. We have written about this topic in more detail in [How 19th and 20th Century Classics Inform 21st Century Investing](#).

Largest Contributors

Nvidia

Nvidia was a contributor to the portfolio's performance again in Q3, driven by continued surging demand for accelerated computing and AI infrastructure. With management projecting total infrastructure spend of \$3-4 trillion in the future, the company's long-term outlook remains compelling, and we continue to see double digit revenue and earnings growth in the years ahead. The company announced a \$5 billion investment into Intel, with joint product development efforts that will strengthen Nvidia's AI infrastructure platforms and blunt competitive threats from custom programs at cloud service providers and AMD. Toward the end of the quarter, the company also announced an unprecedented deal with OpenAI. Our numbers and expectations in the context of OpenAI are somewhat modest as there is a lot that needs to be proven here, starting from funding to business use cases and eventual revenue models. Despite that, we remain excited about the overall opportunity for Nvidia.

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Nvidia's business in China remains uncertain with ambiguity imposed by tariffs, reception by the Chinese government and related geopolitical tensions. Management did share their forward guidance by keeping this portion of the business separate, suggesting further upside if export restrictions ease. Nvidia's leadership in high-performance GPUs, full-stack software ecosystem, and growing exposure to recurring revenue streams increases our confidence in its growth trajectory. We maintained an above-average weight, adding to the position as the growth runway becomes more visible.

Alphabet

Alphabet was a contributor during the quarter. In September, Alphabet secured a favorable outcome in its key antitrust case, removing a major overhang for the stock, with remedies that were less severe than feared and allowed Alphabet to retain its core assets and business model. The company also reported strong Q2 results earlier in the quarter, with 13% constant currency revenue growth, normalized margins increasing, and accelerated paid click growth. Cloud backlog growth was particularly notable, rising from 27% to 37%, and the number of cloud deals over \$250 million doubled year-over-year. The Gemini app also reached number one in the U.S. App Store, surpassing competitors including ChatGPT. Alphabet's leadership in AI, search, and cloud is translating into tangible financial results, with management increasing the CapEx budget to support further innovation. While regulatory risks remain, the company's diversified revenue streams, margin discipline, and strategic investments in AI and cloud position it well for continued growth. We believe Alphabet remains a compelling long-term investment due to its resilient business model, innovation leadership, and ability to monetize secular trends in digital information, advertising, and cloud computing. We raised the position target to an average weight.

Apple

Apple was a contributor to portfolio returns for the quarter, supported by strong performance across all geographies, including a rebound in China. The company managed to navigate tariff impacts, while in China the success of subsidies demonstrated continued demand for quality at the right price. Despite continued challenges in talent acquisition and AI development, Apple's results were robust, and demand for its high-quality products remained resilient. Management guided for mid to high single-digit top-line growth in the upcoming quarter. Strong buyback activity and stable valuation further supported the stock, even as excitement around AI shifted investor attention elsewhere.

Looking ahead, Apple remains a compelling long-term investment due to its premium brand positioning, pricing power, and massive scale. The company's transition toward higher-margin services with recurring revenues, combined with a loyal customer base locked into its ecosystem, provides stability and predictability. Continued expansion in emerging markets, ongoing innovation in hardware and services, and the network effect of its platforms all contribute to a long runway supporting high single-digit earnings growth. During the quarter, we raised the position target to an average weight.

Largest Detractors

Gartner

Gartner was a detractor during the quarter after reporting Q2 results where contract value growth slowed to 5% from 7% in Q1 and caused the company to reduce its revenue growth guidance for the year. While we had expected growth to decelerate due to the DOGE impact on its U.S. federal government customers, its growth excluding federal government customers also weakened as tariff uncertainty delayed decision making and drove incremental budget pressures for its customers. This coincided with a new market narrative that Gartner's value proposition would be disrupted by generative AI which further weighed on the stock.

We are disappointed in the near-term results but remain confident in the long-term opportunity for Gartner. Gartner has established itself as a leading and trusted advisor to IT executives with dominant market share whose subscriptions, which represent a very small fraction of an overall IT budget, deliver significant value to its customers. This value proposition has only increased over time as technology's importance, scope, and complexity have all grown which drives secular tailwinds for the business. We believe the advent of generative AI and the potentially transformative impact it will have for all companies' operations represents another wave of technological disruption that will lend itself toward Gartner's solutions as IT leaders around the world try to determine how to harness this new technology. Competition from cheaper alternatives is not new to Gartner and customers have long demonstrated a willingness to pay a premium for its research quality which is unmatched in terms of the breadth and depth of insights and its brand predicated on independence and objectivity. Additionally, about 90% of its contract value is tied to subscriptions that include unlimited access to Gartner's analysts and tickets to its

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conferences that provide a strong, differentiated value proposition to its clients that would be very difficult to replicate. Only 10% are in the reference “read-only” tier that could become more commoditized due to advancements in generative AI but would still hold value due to its quality and objectivity. While we have tempered our near-term assumptions to reflect the more challenging environment, we believe these headwinds will prove transitory and expect growth to reaccelerate. Even under conservative scenarios, we see a compelling investment opportunity longer-term and used the weakness to add to the position.

Chipotle

Chipotle was a detractor during the quarter as its comparable sales growth fell just 1% short of consensus (declining 4% against a very tough 11% comparison in the year ago period). We had expected a challenging quarter due to tough comparisons from the prior year, but this was slightly below our expectations as the consumer environment continued to weaken. Management targets low-teens revenue and mid-teens profit growth, driven by 8-10% annual unit expansion, low to mid-single-digit same-store sales growth, and margin expansion over a 3-5 year period. This unit expansion is underpinned by Chipotle's best-in-class new unit economics which continued to come in strong, providing confidence there remains white space for the company to reach its long-term target of 7,000 restaurants in North America. Additionally, the company has begun to set the stage for international expansion with early traction in Canada and Europe while bringing on new partners in new regions such as the Middle East, Asia, and Latin America. We also believe there is a path for the company to drive an improvement in comparable sales growth through an acceleration in new menu innovation, continued throughput improvements, and new digital marketing initiatives. Risks we continue to monitor include performance in a more challenging consumer environment, ability to scale its concept internationally, and any food safety events or other activities that impact long-term brand equity. While the near-term consumer spending environment will remain challenging, Chipotle has a net cash balance sheet, generates strong free-cash-flow it can use to fund its store expansion plans, and has several levers it can pull to reignite traffic growth which gives us confidence it can continue to deliver on its longer-term ambitions. Despite a more challenging consumer environment, we remain confident in the long-term trajectory for this business and added to the position on weakness during the quarter maintaining an average weight target.

Intuit

Intuit was a detractor from performance during the quarter as cautious guidance for FY 2026 led to investor disappointment, despite strong fiscal-year (July) results. The company finished the year with solid 15% revenue growth and higher operating profit growth, but the 12-13% revenue guidance (and higher operating profit growth) for next year was lighter than expected by investors, although in line with our internal estimates as well as in keeping with management's usual conservatism. The timing of large prepayments and restructuring outlays weighed on operating cash flow, while macroeconomic challenges in the U.S. continued to fuel uncertainty around the sustainability of momentum in the QuickBooks segment and the recovery in Credit Karma. Despite these headwinds, management reiterated long-term growth targets and highlighted resilience in most of the business, with MailChimp expected to return to double-digit growth by fiscal year-end. Intuit remains a compelling long-term investment due to its strong brand, high user retention, and leadership in core markets, with early investments in data aggregation and GenAI expected to further strengthen its competitive advantages. We maintained an above-average weight position, trimming it on strength early in the quarter and later taking the opportunity to add on weakness.

Portfolio Activity

We initiated new positions in Grainger and Nike while liquidating positions in Novo Nordisk and Workday. Positions in Synopsys, Chipotle, UnitedHealth, ServiceNow, Gartner, Yum Brands, Arm Holdings, and Intuit among others were added to on weakness while Netflix, Meta, and Aon among others were trimmed on strength.

Purchases

Grainger

W.W. Grainger, Inc. is a leading broad line distributor of maintenance, repair, and operating (MRO) products, with operations primarily in North America, Japan, and the United Kingdom. The company serves over 4.5 million customers and operates approximately 250 branches across the U.S., Canada, South America, and the UK. Grainger offers more than 2 million MRO

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products in its High-Touch Solutions segment and over 30 million products through its comprehensive online channels, including Zoro in the U.S. and MonotaRO in Japan. Grainger's high-touch business model enables strong pricing power by embedding services like inventory management, consulting, and onsite support directly into customer operations, with over 60% of revenue coming from customers with at least one embedded solution. This deep integration creates value beyond purchase and procurement, making Grainger a trusted partner and differentiating it in the MRO distribution space. The company generates resilient, repeatable revenue through its mission-critical product offerings and seamless digital procurement platforms, driving consistent demand and dependable cash flow even in volatile economic environments. Grainger is positioned to gain share in a large B2B supply market, benefiting from trends such as manufacturing reshoring, industry consolidation, and accelerated digital adoption. Its dual-channel model, combining high-touch service with a broad online assortment, allows it to serve both complex and transactional buyers, supporting long-term growth.

The B2B industrial distribution market remains highly fragmented, positioning Grainger to capitalize on industry consolidation through its superior digital capabilities and robust supply chain infrastructure. In the near-term, we anticipate gross margin expansion as Grainger effectively passes tariff-related costs to customers, supporting a double-digit shareholder return despite volume pressures from tariff uncertainty. Over the medium to long-term, we project consistent annual market share gains of 3-4%, driven by continued industry consolidation and favorable macro trends such as manufacturing reshoring and supply chain automation. These dynamics are expected to fuel a broader industrial volume recovery, underpinning healthy revenue growth and sustaining double-digit annual returns over our 3-5 year investment horizon.

While the company remains sensitive to the overall health of industrial production and faces risks from tariff policy uncertainties, inflationary and deflationary pricing environments, and competition from national and local distributors, its broad customer base, mission-critical products, and value-added services provide resilience and margin stability. Grainger's scale, supply chain reach, and digital investment create meaningful barriers to entry, and its strong track record of execution positions it well to continue gaining market share. We initiated a below-average weight position in the company, and plan to build it opportunistically going forward.

Nike

Nike is an iconic sportswear brand that has built its business around promoting a healthier lifestyle, offering products that combine performance, utility, and durability, all driven by technology and innovation. Nike's gear has become a staple not only for athletes but also for casual wearers, propelled by innovation and strong execution in marketing and supply chain management. The company's pricing power is anchored in its brand strength and technology, supported by a robust supply chain and distribution network. Competitors have lower margins, so any price war would impact them more than Nike. Repeatable revenues are driven by the nature of sportswear, which wears out over time and leads to repeat purchases, with 65% of sales coming from shoes, a category known for customer loyalty and stickiness. Nike's revenue in developed markets is growing at mid-single-digit rates, while the rest of the world is growing even faster, fueled by increasing sports participation globally, rising sports spend per capita, greater e-commerce sales, and deeper penetration into emerging markets.

We had originally purchased Nike in U.S. Large Cap Growth portfolios in 2015 and held the position for nearly six years. Late in 2021, we liquidated the position due to a heightened valuation and short-term concerns around manufacturing and supply chain issues, as well as a volatile operating environment in China. Nike is currently embarking upon a change in strategic direction following a CEO transition to Elliott Hill, who is now roughly a year into his tenure. The company has rehired significant product/innovation talent, begun to reengage with previously abandoned wholesale distribution accounts, and is in the midst of managing down its classic franchises (to be essentially complete within the next six months) and opening up room in the marketplace for a strong flow of new innovative products in the coming quarters. We believe the business has bottomed out, with improvements expected each quarter going forward. Nike's most recent financial results showed some early positive indications on product innovation and an improving order book. We see a pathway for the company to expand its operating margins by approximately 500bps over the next three years to be closer to historical levels, driven by a return to organic revenue growth and operating leverage, which will support strong double-digit earnings growth for the next several years. We have great confidence in Nike's new leadership and expect they will succeed in the revitalization of an iconic business, delivering a sharp rebound in earnings growth in 2026 and 2027 following this reset in 2025.

While Nike faces challenges such as shifting consumer preferences, increased competition, and risks from anti-Western sentiment in China and other emerging markets, new CEO Elliot Hill is taking steps to re-establish the culture that made Nike successful, focusing on innovation and broad distribution. Nike is managing down its largest classic footwear franchises to make room for new innovative products, and its global reach and distribution remain far ahead of competitors. The

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company's strong brand, innovation pipeline, and operational execution make Nike a compelling long-term investment despite near-term headwinds. We initiated a below-average weight position during the quarter, and we will build the position opportunistically going forward.

Sales

Novo Nordisk

In July, we liquidated our position in Novo Nordisk and initiated a position in Nike. We sold Novo Nordisk out of the portfolio due to two concerns that made us question the company's ability to deliver long-term growth.

Firstly, copycatting of Novo's drugs by direct-to-consumer retail pharmacies has continued beyond the May 22nd deadline. As background, due to a shortage earlier in 2024 and 2025, the FDA allowed legal copying of Novo's weight loss drugs ("compounding") to meet patient demand, with May 22nd marking the end of the authorization as the branded companies have restored sufficient supply. However, the compounders are using a loophole to continue marketing "personalized GLP-1 drugs", which violates the spirit of the law. One of the retail pharmacies, Empower Pharmacy, is even challenging Novo competitor Eli Lilly's composition of matter patent on its tirzepatide molecule with the PTAB (Patent Trial and Appeal Board) in an aggressive move. While there are a lot of legal actions to try to rein in the compounding pharmacies by both Novo and Lilly, it appears that this problem of intellectual theft is not likely to go away. After we exited the position, the company lowered its sales and operating profit guidance for 2025, citing slower-than-expected growth due to the persistent use of compounding.

Secondly, at a recent diabetes meeting (American Diabetes Association, June 2025), incremental data regarding Novo's Phase 3 trials of CagriSema suggested a negative risk/benefit profile. We had previously thought that despite disappointments in the trial data for CagriSema (such as weight loss not meeting the 25% goal), the drug was still safe with a higher efficacy than Novo's currently marketed drugs. However, new data suggests potential safety concerns. The approval of CagriSema is important to Novo Nordisk, as the company needs to transition its diabetes and obesity franchise away from the semaglutide molecule before patent expiration in major markets in the early 2030s.

Specifically, there were two incidents of suicide out of total 3,008 patients in CagriSema's Phase 3 trials. Due to the small number of events, it is not clear whether this consists of a true safety signal, and a third-party adjudication committee concluded that the events were not related to the drug. However, the rate of suicide is almost 5x the rate expected from this population in the Phase 3 trials so far. From our experience evaluating relevant precedents, the threshold for a clean approval by the FDA is very high based on the agency's risk/benefit analysis framework applied to instances where safe, effective alternatives exist. There are many more CagriSema trials that will be reading out before Novo submits CagriSema for approval in early 2026, however we believe there is a new risk that has arisen in the approval pathway.

CagriSema combines cagrilintide (an amylin agonist) with semaglutide (a GLP-1 agonist). As semaglutide is a proven safe molecule (Ozempic and Wegovy), we asked the question whether cagrilintide is potentially causing a safety issue. Review of scientific literature suggests that there is a theoretical basis for the concern. We also noted that there was an increased incidence of depressed mood in a small trial for Lilly's amylin molecule, eloralintide. Novo Nordisk's pipeline is broader than CagriSema, however we note that the later stage products, such as amycretin, cagrilintide, and even the earlier stage triple agonist molecule, all share an amylin component, which we are worried could be causing a safety issue. We admit that there is no clear evidence at this point to say that there is a true safety risk. However, putting the puzzle together, we have become aware of a risk - which is broader than one molecule - that could be underappreciated in the pipeline at Novo Nordisk. Together with the continued concerns of compounding, which is a blatant violation of intellectual property and proven to be more difficult to rein in, we decided to exit the position and reallocate the capital to iconic sportswear brand Nike.

Workday

We liquidated our position in Workday due to forced attrition as signs of a deteriorating competitive environment became clear. While Workday has maintained annual revenue guidance for the year, the company has guided to slower revenue growth going forward. We believe this indicates mounting pressure from rivals, especially with SAP's renewed momentum in the space. Our recent interactions with channel partners corroborated that an SAP renaissance is underway, making it increasingly difficult for Workday to beat and raise estimates. Although there are positives, such as ongoing margin expansion and strong AI product traction, we decided to exit our position and reallocated the proceeds to companies with higher growth prospects.

Outlook: Conviction Through Extremes

We face the fundamental choice all managers confront: accept relative risk or absolute risk. We will always choose relative risk over the possibility of permanent capital destruction. There is compelling historical evidence that current quality factor underperformance represents a cyclical deviation rather than structural weakness.

Current market conditions represent extremes that historical precedent suggests will eventually correct, though timing remains unpredictable. Our strategy is designed to excel when the virtues of dominant, consistent companies are most appreciated, typically during slower growth periods rather than narrow speculative booms.

The key insight from studying market history is that periods of apparent futility for disciplined investing are often followed by exceptional outperformance phases. We believe protecting absolute wealth while positioning for long-term compounding serves clients better than chasing speculative trends that risk permanent capital destruction. Market conditions change, but our commitment to protecting and growing client wealth on an absolute basis never wavers.

Organizational Update

As we communicated over the past year, Rob Rohn has officially retired from SGA as of September 30, 2025 and has now joined SGA's Advisory Panel which includes external industry veterans as well as retired SGA Founding Principals and serves to preserve institutional knowledge and industry perspective.

Q3 2025 Attributions

Company	Avg. Weight	Q3 Return	CTR
Nvidia	6.3%	18.1%	1.07%
Alphabet	2.9%	37.4%	0.93%
Apple	3.1%	24.2%	0.69%
UnitedHealth	3.0%	11.4%	0.62%
Microsoft	7.1%	4.3%	0.29%
Yum! Brands	4.0%	3.1%	0.14%
American Express	2.6%	4.4%	0.12%
Synopsys	3.9%	-3.8%	0.08%
Ecolab	2.0%	1.9%	0.04%
Aon	3.5%	0.2%	0.03%
Novo Nordisk	0.2%	1.0%	0.02%
Amazon	7.4%	0.1%	0.00%
Danaher	3.0%	0.5%	-0.02%
Meta	4.9%	-0.4%	-0.04%
Cooper Companies	3.0%	-3.7%	-0.12%
Workday	0.9%	-5.8%	-0.15%
Waste Management	4.8%	-3.1%	-0.16%
Nike	2.0%	-4.5%	-0.16%
Visa	4.6%	-3.7%	-0.18%
Grainger	2.0%	-8.6%	-0.20%
CPKC	3.6%	-5.8%	-0.21%
Netflix	2.0%	-10.5%	-0.23%
Arm Holdings	2.2%	-12.5%	-0.26%
ServiceNow	2.9%	-10.5%	-0.26%
S&P Global	4.1%	-7.5%	-0.35%
Salesforce	2.8%	-12.9%	-0.40%
Intuit	4.5%	-13.2%	-0.61%
Chipotle	2.8%	-30.2%	-0.98%
Gartner	2.4%	-35.0%	-1.03%

Sector Attribution	Allocation Effect	Selection Effect	Total Effect
Total	-1.5%	-10.3%	-11.8%
Communication Services	-0.1%	-0.4%	-0.5%
Consumer Discretionary	0.0%	-2.7%	-2.7%
Consumer Staples	0.4%	0.0%	0.4%
Energy	0.0%	0.0%	0.0%
Financials	-0.9%	-0.3%	-1.2%
Health Care	-0.1%	0.2%	0.1%
Industrials	-0.2%	-1.2%	-1.4%
Information Technology	-0.5%	-5.8%	-6.3%
Materials	-0.1%	0.0%	-0.1%
Real Estate	0.1%	0.0%	0.1%
Utilities	0.0%	0.0%	0.0%
Cash	-0.1%	0.0%	-0.1%

U.S. Large Cap Growth Commentary

The opinions expressed herein reflect the opinions of Sustainable Growth Advisers, LP and are subject to change without notice. Past performance is no guarantee for future results. This information is supplemental and complements a GIPS Report that can be found with composite performance. The securities referenced in the article are not a solicitation or recommendation to buy, sell or hold securities. This commentary is provided only for qualified and sophisticated institutional investors.

Results are presented gross and net of management fees and include the reinvestment of all income (including dividends, interest and other earnings). For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the client's custodian. Returns are calculated net of withholding taxes on dividends. The Net Returns are calculated based on the deduction of a model fee of 0.75% being the highest applicable fee that may be charged to SGA clients for the U.S. Large Cap Growth equity strategy. Net Returns do not account for custodian and brokerage fees that clients pay to third parties. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and may be found in Part 2A of its Form ADV. SGA U.S. Large Cap Growth composite inception is 7/1/2003. This information is supplemental and complements the GIPS Report on composite performance found on the last pages of this document. **It should not be assumed that future results will be reflective of past performance.**

The largest contributors and detractors are determined using a ranking of the absolute contribution to portfolio return by each security held over the period under consideration. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Upon request, free of charge, SGA can provide a list of all portfolio holdings held in SGA's U.S. Large Cap Growth portfolio for the past year. SGA's earnings growth forecast data is based upon portfolio companies' non-GAAP operating earnings.

Performance Results

	Q3 2025	YTD 2025	1-Year	3-Year	5-Year	10-Year	15-Year	Since Incep.
SGA U.S. LCG (Gross)	-1.3%	3.4%	4.3%	19.5%	8.7%	14.1%	14.3%	10.8%
SGA U.S. LCG (Net)	-1.4%	2.8%	3.5%	18.6%	7.9%	13.2%	13.5%	10.0%
Russell 1000 Growth	10.5%	17.2%	25.5%	31.6%	17.6%	18.8%	17.4%	13.0%
S&P 500	8.1%	14.8%	17.6%	24.9%	16.5%	15.3%	14.6%	11.2%

Period	Total Return				Number of Portfolios	Composite Dispersion	3 Year Standard Deviation			Total Assets in Composite at Period End (USD millions)	Total Firm Assets at Period End (USD millions)
	Before Fees	After Fees	Russell 1000 Growth Index	S&P 500 Index			SGA Composite	Russell 1000 Growth Index	S&P 500 Index		
July 1 - Dec. 31, 2003	11.16%	10.75%	14.73%	15.14%	Five or Fewer	N/A				747	777
2004	9.29%	8.48%	6.30%	10.88%	6	0.1%				1,408	1,460
2005	3.42%	2.65%	5.26%	4.91%	13	0.1%				2,661	2,711
2006	2.74%	1.97%	9.07%	15.79%	15	0.1%	8.19%	8.31%	6.82%	3,467	3,512
2007	4.88%	4.10%	11.81%	5.49%	17	0.2%	8.48%	8.54%	7.68%	2,883	2,920
2008	-34.21%	-34.72%	-38.44%	-37.00%	16	0.3%	14.51%	16.40%	15.08%	1,324	1,360
2009	46.25%	45.19%	37.21%	26.46%	16	0.4%	18.19%	19.73%	19.63%	1,589	1,711
2010	13.20%	12.36%	16.71%	15.06%	19	0.3%	21.30%	22.11%	21.85%	1,508	1,600
2011	4.85%	4.07%	2.64%	2.11%	25	0.3%	17.85%	17.76%	18.71%	1,637	2,686
2012	21.09%	20.20%	15.26%	16.00%	41	0.3%	16.06%	15.66%	15.09%	2,819	4,278
2013	27.97%	27.03%	33.48%	32.39%	49	0.4%	11.91%	12.18%	11.94%	3,852	5,611
2014	9.45%	8.63%	13.05%	13.69%	49	0.3%	9.67%	9.59%	8.97%	3,627	5,332
2015	9.38%	8.57%	5.67%	1.38%	49	0.3%	11.42%	10.70%	10.47%	4,033	5,318
2016	1.80%	1.04%	7.08%	11.96%	45	0.2%	12.24%	11.15%	10.59%	3,969	5,672
2017	26.51%	25.59%	30.21%	21.83%	49	0.3%	11.47%	10.54%	9.92%	5,804	9,971
2018	4.71%	3.93%	-1.51%	-4.38%	41	0.2%	11.28%	12.13%	10.80%	4,725	9,096
2019	34.59%	33.61%	36.39%	31.49%	40	0.8%	11.37%	13.07%	11.93%	6,179	12,347
2020	36.97%	35.97%	38.49%	18.40%	39	0.3%	17.50%	19.64%	18.53%	8,929	18,780
2021	20.35%	19.46%	27.60%	28.71%	41	0.2%	17.00%	18.17%	17.17%	11,070	22,899
2022	-28.91%	-29.45%	-29.14%	-18.11%	40	0.2%	22.29%	23.47%	20.87%	10,048	18,407
2023	30.28%	29.32%	42.68%	26.29%	39	0.2%	20.32%	20.51%	17.29%	12,643	23,947
2024	19.13%	18.26%	33.36%	25.02%	35	0.2%	19.75%	20.33%	17.15%	9,667	22,139
Since Inception (July 1, 2003)	11.02%	10.20%	12.67%	10.85%			15.13%*	15.70%*	14.59%*		

N/A- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

* Since Inception Annualized Standard Deviation. SGA Composite Standard Deviation based on Gross Returns.

Sustainable Growth Advisers, LP ("SGA") was formed in 2003 and is a registered investment advisor under the Investment Advisers Act of 1940. SGA manages portfolios of publicly traded equity assets according to its "Large Cap Growth Equity" investment approach for pooled funds, institutions, trusts and private accounts. SGA is an operationally independent investment management firm and an affiliate of Virtus Investment Partners. The SGA US Large Cap Growth Composite was created in July 2003. The firm maintains a complete list and description of all composites, which is available upon request.

Sustainable Growth Advisers, LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sustainable Growth Advisers, LP has been independently verified for the periods July 1, 2003 – December 31, 2024.

U.S. Large Cap Growth Commentary

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SGA US Large Cap Growth composite has had a performance examination for the periods July 1, 2003 - December 31, 2024. The verification and performance examination reports are available upon request.

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SGA US Large Cap Growth Composite contains fee-paying large cap growth equity portfolios under full discretionary management of the firm. No alteration of the composite as presented here has occurred because of changes in firm personnel. For comparison purposes the composite is measured against the S&P 500 and Russell 1000 Growth indices.

The composite calculation has been appropriately weighted for the size of each portfolio on a time-weighted, total return basis. Monthly portfolio returns have been used in the construction of the composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

*The U.S. Dollar is the currency used to express performance. Results are presented gross and net of management fees and include the reinvestment of all income. Gross returns for certain accounts have not been reduced by transaction costs. As of 12/31/24, the value of these accounts is less than 1% of the composite value. Composite gross returns for the relevant periods are presented as supplemental information to the net returns. The Net Returns are calculated based upon the highest published fees. The net performance has been calculated by reducing the gross performance by the amount of the highest published fee that may be charged to SGA clients, 0.75%, employing the U.S. Large Cap Growth strategy during the period under consideration. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and also may be found in Part 2A of its Form ADV. For interest and capital gains, SGA does not withhold taxes. However, for dividends SGA will withhold taxes as reported by the client's custodian. Returns are calculated net of withholding taxes on dividends. The annual dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. **Past performance is not indicative of future results.***

The standard investment management fee schedule for the firm is 0.75% on the first \$25 million and 0.50% on the next \$75 million and 0.35% over \$100 million. Actual investment advisory fees incurred by clients used in the composite may vary from the standard fee schedule.

Quarter 3 2025 Sustainability Report



2025 CDP Non-Disclosure Campaign

We are pleased to once again to support the CDP's 2025 Non-Disclosure Campaign (NDC) alongside 223 other capital markets signatories. This quarter began the engagement phase of the campaign targeting 1,316 non-disclosing companies including 919 companies for climate-related disclosure, 711 for water, and 307 for forests. This year's campaign reflects CDP's ongoing commitment to expanding the scope and impact of environmental reporting, building on the momentum of prior years. Our participation in the NDC aligns with our broader engagement strategy of encouraging companies to improve transparency around their environmental impacts and to adopt best practices in reporting. We believe that robust disclosure is foundational to effective risk management and long-term value creation.

Waste Connections

During the quarter, we met with Waste Connections to follow up on a number of on-going engagement topics including the evolving opportunity in recycling, the company's progress on renewable natural gas (RNG) projects, and risk management at the Chiquita Canyon landfill. Waste Connections operates 85 recycling facilities offering recycling services to roughly half its customer base. Investments in robotics and optical sorters are expected to drive further safety improvements and margin gains. Extended Producer Responsibility (EPR) initiatives, which shift the financial and legal responsibility from consumers and municipalities to producers, present additional upside in select geographies, such as the Northwest and Colorado, though the company's Canadian operations remain less exposed due to limited residential collection.

Looking ahead, we also inquired about the outlook and implementation of Waste Connection's RNG projects. The twelve projects, developed through a hybrid ownership and royalty model, are on track to be fully online by the end of 2026. While RIN prices have moderated, the projects remain profitable and are expected to provide a meaningful uplift to EBITDA as they come online, further diversifying WCN's revenue streams and supporting its long-term sustainability objectives.

We also discussed the Chiquita Canyon elevated temperature landfill event (ETLF), an operational and regulatory risk we have been monitoring over the past few years. WCN acquired the Chiquita Canyon landfill in 2010, and in 2023, an underground chemical reaction caused a fire in an inactive section of the landfill, triggering health and environmental concerns. At the beginning of this year, WCN announced the closure of Chiquita Canyon to active waste disposal but will continue working on reaction mitigation efforts. WCN welcomed the involvement of the EPA in the process, which is expected to streamline mediation efforts compared to navigating multiple local regulatory bodies. The company has maintained its cost guidance for remediation, with the primary expense related to leachate disposal. We will continue to engage with Waste Connection's management on the risk from Chiquita Canyon as well as the growth opportunities presented by RNG and recycling.

Chipotle

As part of ongoing due diligence, our lead analyst on Chipotle (CMG) visited the company's headquarters, meeting with Scott Boatwright (CEO) and Adam Rymer (CFO). The visit included a tour of one of Chipotle's restaurants. We were pleased to have the opportunity to witness and discuss Chipotle's focus on a 'promote-from-within culture' that opens up career path opportunities for its front-line employees. The 'promote-from-within' culture is a critical aspect of Chipotle's staff development approach aiming to improve employee well-being, retention, and productivity. By promoting internal talent to leadership, Chipotle also enhances governance through increased accountability and transparency, ultimately serving to align employees with long-term value creation through stable leadership.

We also discussed recent changes to Chipotle's incentive structure for the restaurant managers, shifting the focus away from cost management toward optimizing customer experience through increased focus on sales and restaurant cash flows. Chipotle has de-emphasized margin and on-time deliveries, while placing greater emphasis on top-line growth and order accuracy. This change is designed to align manager incentives with the CEO's priority of enhancing customer experience, supporting Chipotle's broader strategy to further differentiate the brand through operational excellence and hospitality. We will monitor the effectiveness of the new compensation structure going forward and continue to encourage incentive alignment between shareholders and management as a key governance consideration.

Proxy Voting Summary Q3 2025

	Number of Resolutions	For	%	Against	%	Withhold	%
U.S. Large Cap Growth	18	17	94%	0	0%	1	6%
Global Growth	64	64	100%	0	0%	NIL	0%
International Growth	87	86	99%	1	1%	NIL	0%
Emerging Markets Growth	56	54	96%	2	4%	NIL	0%

Source: SGA, ISS.

Carbon Risks Q3 2025

	Financed Carbon Emissions*	Financed Carbon Intensity	Weighted Average Carbon Intensity
SGA Global Growth	8.5	56.8	54.7
MSCI ACWI	39.1	133.1	112.5
SGA Relative Exposure	-78%	-57%	-51%
SGA U.S. Large Cap Growth	11.0	73.6	66.8
Russell 1000 Growth	6.7	47.7	34.3
SGA Relative Exposure	+65%	+54%	+95%
SGA International Growth	17.1	73.2	93.0
MSCI ACWI ex-USA	70.3	168.2	156.1
SGA Relative Exposure	-76%	-57%	-40%
SGA Emerging Markets Growth	12.9	42.7	40.7
MSCI EM	113.1	270.4	275.4
SGA Relative Exposure	-89%	-84%	-85%

t CO₂e/\$M Invested

t CO₂e / \$M Sales

t CO₂e / \$M Sales

Source: SGA, MSCI. Carbon data includes Scope 1 and 2 emissions. *Carbon Emissions are based on portfolio investment of \$1,000,000,000 and benchmark investment of \$1,000,000,000. Footprint metrics are calculated based on allocated emissions to all financiers (EVIC).

SGA integrates ESG factors, including ESG risks and opportunities, into its investment process. SGA believes environmental, social and governance factors inherently impact a company's brand equity, employee satisfaction, competitive position, financial performance, and ultimately long-term shareholder value. Investments are made with the objective of maximizing risk-adjusted financial returns to its clients. SGA does not place a premium on social returns, nor does SGA allocate its clients' capital based on thematic or top-down views. The opinions expressed herein reflect the opinions of Sustainable Growth Advisers, LP and are subject to change without notice. The securities referenced in the article are not a solicitation or recommendation to buy, sell or hold securities. These materials are provided only for qualified and sophisticated institutional investors.