

# Global Growth Commentary

Quarter 3 2025



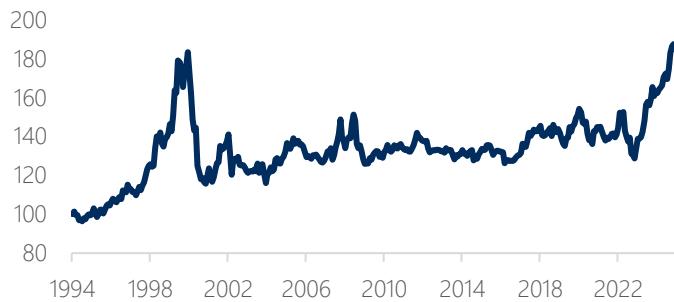
## Investment Objective

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 5-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.

S&P 500 Momentum Index vs S&P 500



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

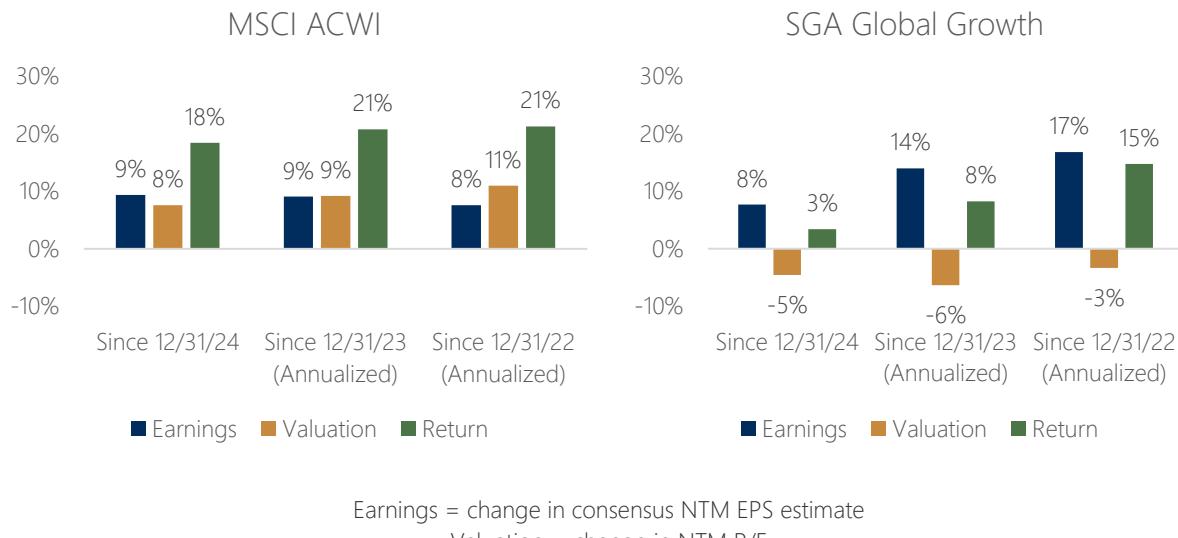
- Returns for Q3 were -2.3% (Gross) and -2.5% (Net) compared to the MSCI ACWI return of 7.6% and the MSCI ACWI Growth return of 9.0%. Momentum driven by AI enthusiasm drove index returns while factors correlated with SGA's approach such as quality and sales stability lagged.
- Since inception, annualized returns stand at 11.7% (Gross) and 10.8% (Net), compared to 9.7% (MSCI ACWI).
- Largest contributors for the quarter were Alphabet, Nvidia, and TSMC.
- Largest detractors for the quarter were Chipotle, Intuit, and Gartner.
- Initiations – New holdings were introduced in Fast Retailing, SAP, Adyen, and Alibaba.
- Liquidations – Novo Nordisk and Workday were liquidated in the quarter.
- The Global Growth portfolio is forecasted to achieve 11% revenue growth and 15% earnings growth annually over the next three years consistent with historical results.
- 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.

SGA Global Growth	Since Inception	10-Year	5-Year	3-Year	1-Year
Annualized Net Returns	10.8%	11.7%	5.5%	16.6%	2.4%

The Global Growth portfolio has generated 11.7% (Gross) and 10.8% (Net) annualized returns since inception, compared to 9.7% and 11.8% for the MSCI All Country World Index (ACWI, Net TR) and MSCI ACWI Growth (Net TR), respectively. Over the trailing one-year period, the SGA portfolio returned 3.3% (Gross) and 2.4% (Net) compared to 17.3% and 22.2% for the MSCI ACWI (Net TR) and MSCI ACWI Growth (Net TR), respectively. For the quarter, the Global Growth portfolio disappointed returning -2.3% (Gross) and -2.5% (Net) compared to the MSCI ACWI return of 7.6%. The Global Growth portfolio generated 14% revenue growth and 23% earnings growth in 2024 and is forecast for 15% revenue growth and 11% earnings growth in 2025. The portfolio is currently forecast to generate 11% revenue and 15% earnings growth annually over the next three years.

### 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.



Source: FactSet. Data as of 9/30/2025. MSCI Indices are Net Total Return (MSCI Net Total Return Indices reinvest dividends after the deduction of withholding taxes). MSCI ACWI earnings and valuation data uses iShares MSCI ACWI ETF. **It should not be assumed that future results will be reflective of past performance.**

### Quality's Road to Recovery

#### An Unprecedented Opportunity: Quality Factor's Historic Underperformance

The third quarter of 2025 has delivered extraordinary trading conditions with quality stocks experiencing their most severe relative drawdown in 20 years. Comparing the MSCI ACWI Quality Index with the MSCI ACWI, quality stocks have underperformed the broader market by approximately 10% since mid-2024, marking the sharpest relative decline in two decades. This underperformance, while painful, may signal one of the most compelling investment opportunities we have encountered.

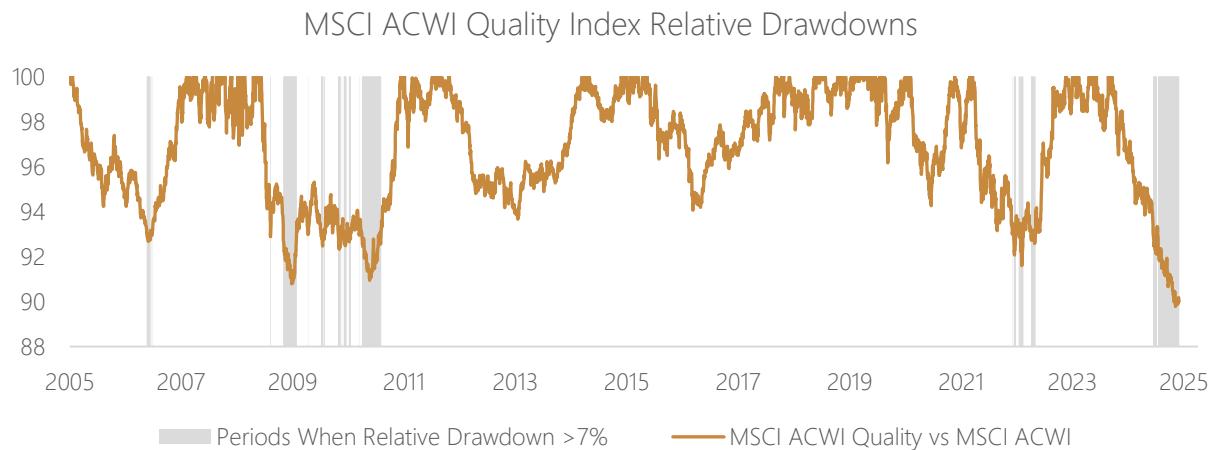
#### The Historical Context: Rare Territory with Compelling Precedents

The chart below illustrates just how exceptional the current environment has become. Drawdowns of comparable magnitude have been rare over the past 20 years. However, these historical episodes provide compelling evidence for potential recovery. Measuring subsequent performance beginning on the first day the MSCI ACWI Quality Index reached a relative drawdown of 7% or more:

- Quality outperformed the broader market by an average of 7.4% annually over subsequent one-year periods, and by 3.9% annually over subsequent three-year periods following major drawdowns
- Success rates for quality outperforming after these drawdowns have been 96% over one-year horizons, and 100% over three-year horizons

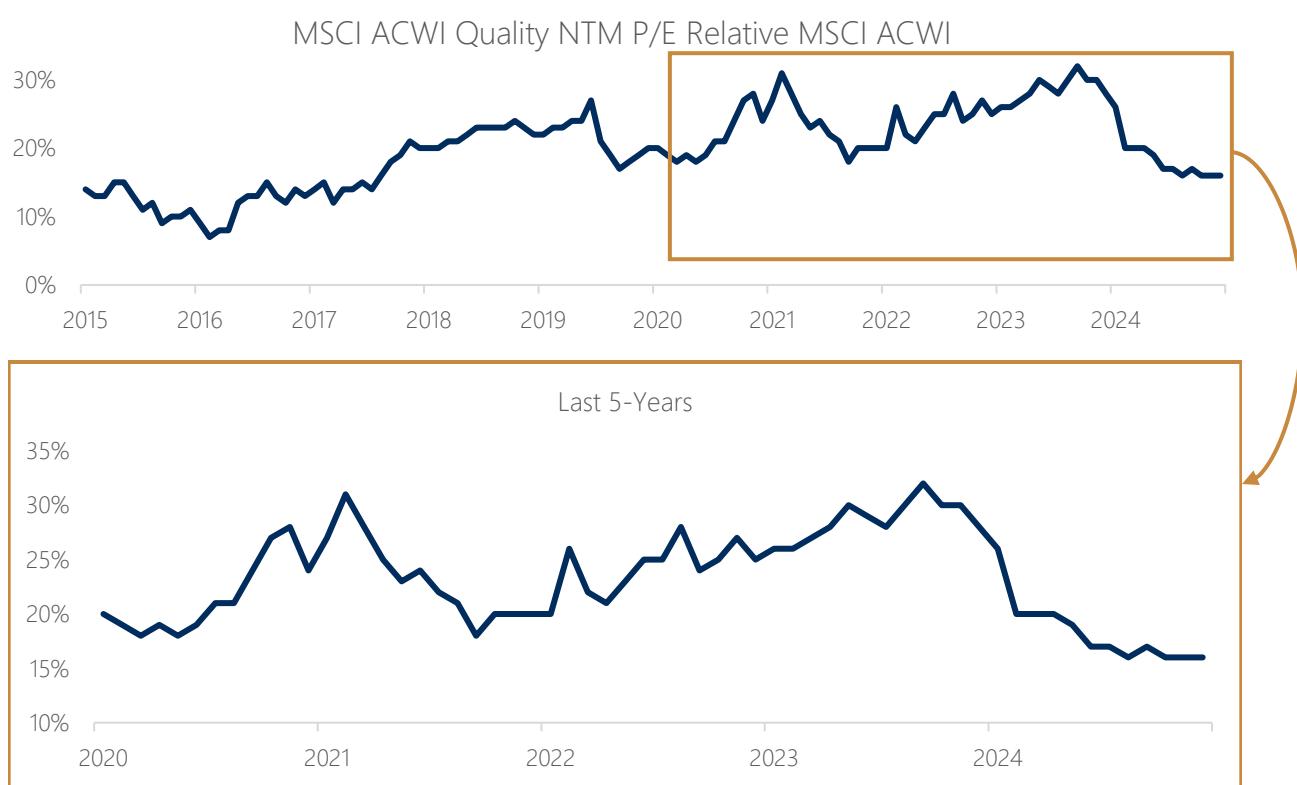
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- This recovery performance significantly outpaced quality's average calendar year outperformance of 3.1% over the full 20-year period



## 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 dramatically from 32% in June 2024 to just 16% in September 2025, its lowest level over the past five years. 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.



Please see table included in this commentary for full performance presentation.

# Portfolio Positioning: Key Moves During Adversity

## Mispriced Long-Term Growth: UnitedHealth

We reviewed and maintained our **UnitedHealth** position through its underwriting crisis, recognizing that management's mispricing of annually renewable policies could be corrected through swift action. The company demonstrated commitment by replacing leadership and reaffirming guidance. We added shares to our position early in the quarter on the continued price weakness, and trimmed some gains at the end of the quarter as the stock rebounded sharply.

## Strategic Exits: Novo Nordisk and Workday

Our July exit from **Novo Nordisk** demonstrates our willingness to move on from positions when competitive dynamics deteriorate. The lack of regulatory enforcement against independent pharmacies who create copycat GLP-1 drugs through compounding created unexpected competitive pressure, while disclosed suicides in Cagrisema trials eroded our safety profile thesis. 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.

We also exited **Workday** to establish a new position in competitor **SAP** on signs that the competitive position for Workday was growing tougher compared to the renaissance underway at SAP. We are always looking for areas where we could do better by upgrading the portfolio to improve the mix of quality, growth and valuation.

Additional details on these liquidated positions and new positions established can be found in the Portfolio Activity section.

## Opportunistic Additions

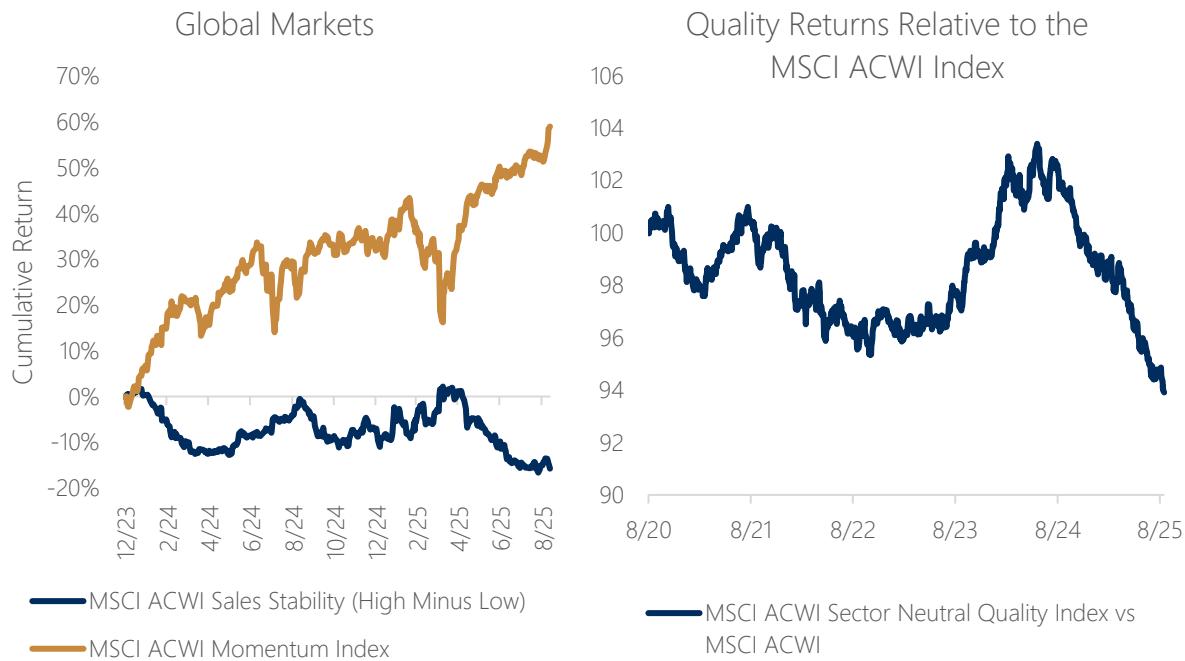
We made several strategic additions during market weakness:

- **Fast Retailing:** After having sold this holding at 50x earnings in 2021, we re-entered a business we've long admired for operational excellence in the third quarter at multiples in the 30s.
- **Chipotle:** We initiated the position in the second quarter and continued to build the position on weakness in the third quarter, viewing temporary pressure from difficult comparisons as opportunity in a company with demonstrated pricing power
- **Gartner:** Initiated in the second quarter and added shares in the third quarter. Gartner is the IT research leader with 80% market share, and we have been able to add to our holdings at <18x free cash flow amid DOGE and tariff uncertainty affecting spending
- **Adyen** and **Alibaba** were also added to the portfolio, and these are covered in more detail below

## 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 European Central Bank and the Bank of England reduced rates earlier in 2025, creating significant policy divergence with the U.S. leading to accelerated capital flows. The market is now anticipating several more quarter-percent cuts from the Fed and this seems to be spilling over into some speculative, momentum driven trading. Over the year-to-date, dollar weakness has provided substantial tailwinds for international assets and reduced emerging market debt burdens.

### Market Environment: The Speculative Backdrop



Source: FactSet. Data as of 9/15/2025. 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.**

Indices continued their historic rebounds following April's market lows, benefiting from expectations for significant U.S. interest rate cuts, investor enthusiasm about AI, rising speculative trading activity, and strong performance for momentum stocks. 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.

### The AI Capital Expenditure Surge: Bubble Dynamics

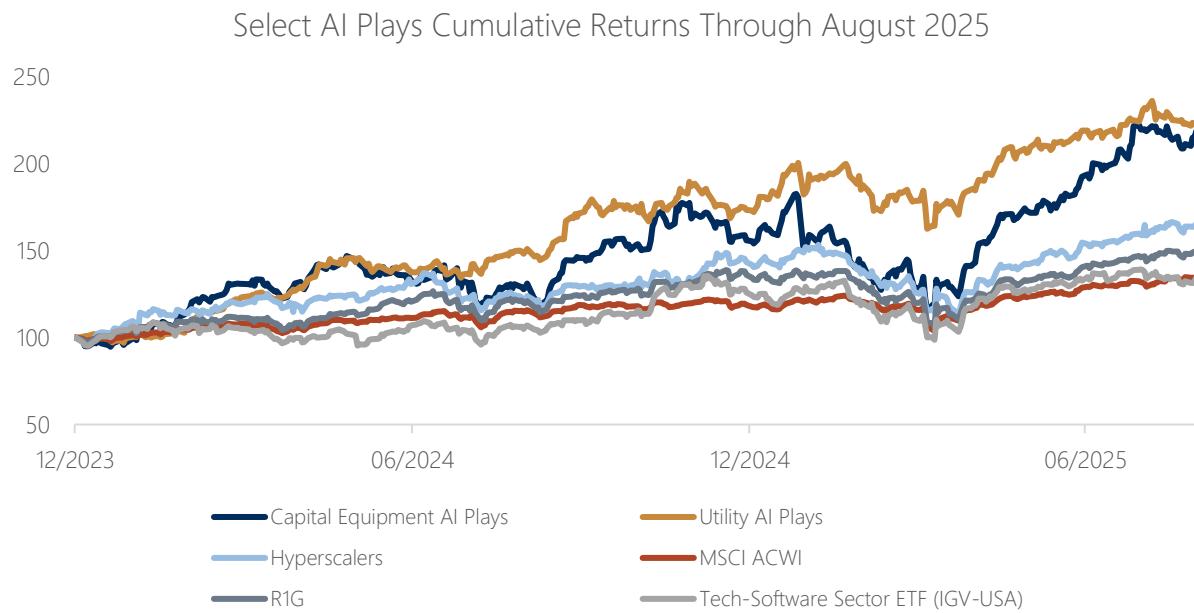
The artificial intelligence (AI) boom has become the dominant force driving speculation that penalizes the selective approach of quality investing. While AI momentum is beneficial to some of the largest businesses in our portfolio such as Nvidia, Microsoft, Alphabet, Meta, and Amazon, it also does not 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.

*Please see table included in this commentary for full performance presentation.*

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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, MSCI, 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.***

## 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 19<sup>th</sup> and 20<sup>th</sup> Century Classics Inform 21<sup>st</sup> Century Tech Investing.](#)

### Largest Contributors

#### 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, and increased our position target to an average weight.

#### 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.

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 increased the position to an above-average weight at the end of the quarter after trimming as a source of funds earlier in the quarter.

#### TSMC

TSMC was a contributor to portfolio performance in Q3. Management raised fiscal year 2025 guidance to 30% revenue growth year-over-year, supported by robust demand for advanced semiconductor manufacturing and strong execution across its diversified business mix. The company's technology and manufacturing leadership at leading-edge nodes enables it to maintain pricing power and deliver high margins, with recent results exceeding expectations due to Taiwan dollar appreciation and U.S. openings. As it stands today, TSMC is the sole provider for all leading-edge AI and smartphone manufacturing and this position continues to strengthen with Intel's pull back as subsequent advancement is only iterative unless disrupted by quantum computing. The lack of competition also allows the company to maintain good margins despite heavy investments in geographical diversification.

The company's recent steps to diversify leading-edge production into Japan, Germany, and the U.S. provide a meaningful hedge and reinforce its importance to global supply chains. TSMC remains well positioned to deliver double-digit revenue and earnings growth over the coming years. We maintained an average weight position, trimming on strength.

### Largest Detractors

#### 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

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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.

### 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 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

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under conservative scenarios, we see a compelling investment opportunity longer-term and used the weakness to add to the position.

## Portfolio Activity

We initiated new positions in Fast Retailing, SAP, Adyen, and Alibaba. Two positions were liquidated during the quarter, Novo Nordisk and Workday. In the third quarter, several positions in the portfolio's Information Technology holdings were added to on weakness including Gartner, Intuit, ServiceNow, and Synopsys. In an active quarter there was a lot of trimming and adding activity based on valuation. Additional shares were purchased in Chipotle, Danaher, UnitedHealth and Waste Management on weakness, and the position in Nvidia continued to be built further as well. To fund purchases in these long-term cash flow compounders many other portfolio positions were trimmed.

## Purchases

### Fast Retailing

Fast Retailing is a Japanese retail holding company that owns Uniqlo, GU, and global brands such as Theory and J Brands. As both a retailer and manufacturer of apparel, Fast Retailing leverages extreme innovation in product development and marketing, using creative materials and design to ensure its products are both fashionable and functional, while maintaining utility and comfort. Its vertically integrated supply chain and massive scale allow it to reach customers efficiently and cost-effectively, which supports its ability to maintain attractive price points while preserving margins. Its focus on essential apparel creates a repeatable revenue stream, as customers return regularly to replenish wardrobe staples. Fast Retailing has a long runway for growth globally and has demonstrated profitability in all regions beyond its home base in Japan. China, South Korea, India, Southeast Asia, Europe, and the U.S. all present long runways of growth for the company.

Most recently, the company's performance has been affected by the macro slowdown in China. However, our view is that Fast Retailing can manage macroeconomic headwinds well and we remain confident in its long-term growth prospects. Importantly, China is not the sole driver of growth for this business as they have longer runways in many large geographies. Overtime, the prospects in China should also improve. The company's value proposition and product quality, particularly through Uniqlo, are expected to hold up in tough environments. Fast Retailing's innovative approach, global reach, and strong operational execution make it a compelling long-term investment. We initiated a below-average weight position during the quarter, and plan to build it opportunistically going forward.

### SAP

SAP is the global leader in enterprise resource planning (ERP) application software, with its flagship Business Suite helping organizations automate and improve operations, supply chains, finances, customer relationships, and partner collaborations. Founded in 1972 and based in Germany, SAP serves over 100,000 customers in more than 120 countries, targeting large enterprises, small-to-medium businesses, government agencies, and educational institutions. The company is broadly diversified by customer, geography, and industry, and generates significant free cash flow from highly recurring, high-margin software maintenance and cloud subscription fees. SAP operates in an oligopolistic industry, enjoying strong pricing power on maintenance, support, and cloud contracts, with 80% of revenue and an even larger portion of profits coming from recurring cloud subscription and software maintenance fees. The enterprise application software market is expected to grow annually at mid-to-high single-digit rates. As clients upgrade to SAP's cloud solutions, including the S/4 Hana ERP platform, the transition from license to subscription is expected to produce more predictable and substantial recurring cash flows over time. SAP's recent results demonstrate effective selling of cloud subscription products, with over 25% organic order growth.

Some key risks we are considering include competition from cloud-native rivals, elevated growth expectations, and recent management turnover. However, SAP's core ERP solutions have high switching costs that minimize competitive pressures, especially in manufacturing. SAP's strong recurring revenue base, resilient performance during economic stress, and ongoing improvements in operating margin and cash flow position it well for double digit revenue growth and even higher operating profit and free cash flow growth over the next three years. We initiated a below-average weight position and will continue to build it opportunistically going forward.

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### Adyen

We initiated a position in Adyen on near-term stock weakness related to market concerns regarding near-term online spending trends, particularly as it relates to the impact of changes in the de minimis exemptions on import taxes for products originating in China and Hong Kong and sold in the United States. Adyen is a global payment services company operating a single proprietary platform. The company provides a spectrum of payment services that collectively form the backbone for customers to process payments at the physical point of sale and online. Unlike competitors' platforms built via acquisitions and/or the reliance of third-party service providers at various stages of the payment process, Adyen's unified stack allows it to more thoroughly track payment flows and data from checkout to final settlement, resulting in superior data capture and analysis. Adyen processes billions of transactions annually, representing over \$1 trillion in volume, with customer attrition below 1% of total payment volume. The company's pricing strategy is to charge a premium for the value delivered, including higher conversions, lower chargebacks, better consumer data across channels, superior fraud protection, and better reporting, with a transparent, transaction-based pricing structure and tiered volume discounts. Operating in over 200 countries with a platform that supports hundreds of payment types, Adyen is well-positioned to benefit from secular growth trends in payments, such as the shift from cash and checks to increasingly complex forms of electronic payments, mobile and omni-channel growth, and the globalization of commerce. A recent spike in hiring has strengthened technical and sales capabilities, accelerating new account wins and increasing share of wallet penetration with existing customers. EBITDA margins inflected positively in 2024, and the company should continue to generate significant operating leverage for years to come as the pace of new hires moderates and recent additions increasingly contribute to top-line growth.

Key risks we are monitoring include the potential effect of stablecoins on the global payment system as well the impact from tariffs and the end of the de minimis exemption in the U.S. However, we believe that the near-term slowdown in e-commerce payment volumes should be short-lived and stablecoins likely represent a net-opportunity as the company leverages its own expertise in complex customer-facing payment alternatives. We initiated a below-average weight position during the quarter, and plan to build it opportunistically going forward.

### Alibaba

During the quarter, we initiated a position in Alibaba, a leading Chinese technology company with dominant platforms in e-commerce and cloud computing, and growing capabilities in artificial intelligence. Since we last owned the stock, Alibaba has undergone meaningful organizational transformation, improving its pricing power, growth visibility, and management execution. The company's mission is now closely aligned with China's national agenda to pursue AI leadership and transition to a consumption-driven economy.

Alibaba's new leadership, composed of long-tenured internal talent, has refocused the business on two strategic pillars: Commerce and "AI + cloud." In Commerce, the company has corrected prior missteps, including divesting offline retail assets and reestablishing the Taobao App as its primary user gateway. These changes have made Alibaba more agile and competitive, as evidenced by its rapid success in quick commerce, where it nearly matched market leader Meituan's share within months by leveraging its ecosystem, including Taobao, AliPay, and Amap.

In Cloud, Alibaba has reaccelerated investment and focus. It owns one of China's leading large language models (Qwen), and its integration with cloud infrastructure is driving innovation across verticals. This enhances product stickiness and differentiation, leading to a more visible and durable growth runway. Alibaba's cloud services benefit from longer contract durations and strong customer retention, generating recurring revenues. The company's scale and enterprise services expertise also allow it to exercise pricing power.

Both cloud services and commerce platforms have high incremental margins, supporting double-digit profit and EPS growth. The merchandise on Alibaba's commerce platform is highly diversified, with repeatable volume tied to consumers' daily consumption. We believe the e-commerce market has stabilized, and Alibaba's improving market share is a key driver of our investment thesis.

Externally, while China has faced economic headwinds and regulatory scrutiny of large internet firms, Alibaba has responded by improving governance, with Jack Ma stepping down from executive roles. As China returns to easing, we believe Alibaba is well-positioned to benefit from secular growth in AI, a stabilized e-commerce market, and favorable macro and policy tailwinds. Its core businesses are aligned with national policy, its execution has materially improved, and its valuation does

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not yet reflect the full potential of its recovery and growth. We are confident in Alibaba's long-term growth opportunity in a large, resilient, and strategically important market.

Among the risks we are monitoring with the investment are the competitive landscape in China's commerce market, the potential for a change in posturing by the Chinese government, and continued escalation of the U.S.-China trade conflict. Considering Alibaba's scale advantages, the importance to the Chinese government of continued development of AI and related technologies by their domestic companies, and limited revenue exposure to the U.S., we feel the investment risks are reflected in the stock's attractive valuation. We initiated a below-average weight position, and plan to build it opportunistically going forward.

## Sales

### Novo Nordisk

In July, we liquidated our position in Novo Nordisk and initiated a position in Fast Retailing. 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 22<sup>nd</sup> 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 22<sup>nd</sup> 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.

Secondly, at a recent diabetes meeting (American Diabetes Association, June 2025), incremental data regarding Novo's Phase 3 trials of CagliSema suggested a negative risk/benefit profile. We had previously thought that despite disappointments in the trial data for CagliSema (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 CagliSema is important to Novo Nordisk, as the company needs to transition its diabetes and obesity franchise away from the semaglutide molecule before patient expiration in major markets in the early 2030s.

Specifically, there were two incidents of suicide out of total 3,008 patients in CagliSema'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 CagliSema trials that will be reading out before Novo submits CagliSema for approval in early 2026, however we believe there is a new risk that has arisen in the approval pathway.

CagliSema 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, eloraltide. Novo Nordisk's pipeline is broader than CagliSema, however we note that the later stage products, such as amyretin, 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 Fast Retailing.

### 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

## Global Growth Commentary

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 a higher conviction position in SAP.

## 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
Alphabet	2.9%	37.4%	0.91%
Nvidia	4.0%	18.1%	0.75%
TSMC	3.8%	18.5%	0.64%
UnitedHealth	2.6%	11.4%	0.51%
Alibaba	0.4%	34.6%	0.40%
Microsoft	6.8%	4.3%	0.28%
AIA Group	2.4%	7.7%	0.17%
Synopsys	3.7%	-3.8%	0.11%
Steris	2.9%	3.3%	0.10%
Novo Nordisk	0.1%	0.4%	0.02%
Aon	2.4%	0.2%	0.02%
Amazon	6.3%	0.1%	0.02%
Workday	0.6%	-0.2%	0.00%
Danaher	2.5%	0.5%	-0.03%
Meta	3.9%	-0.4%	-0.03%
Experian	2.6%	-2.5%	-0.07%
Waste Management	2.9%	-3.1%	-0.08%
SAP	1.4%	-7.2%	-0.10%
Adyen	0.9%	-4.2%	-0.10%
Fast Retailing	1.9%	-8.1%	-0.14%
CPKC	2.7%	-5.8%	-0.15%
Visa	4.8%	-3.7%	-0.18%
S&P Global	3.5%	-7.5%	-0.26%
ServiceNow	3.0%	-10.5%	-0.27%
Infosys	2.2%	-12.2%	-0.29%
MercadoLibre	2.7%	-10.6%	-0.30%
Arm Holdings	2.0%	-12.5%	-0.33%
Universal Music Group	3.4%	-10.5%	-0.37%
Salesforce	2.8%	-12.9%	-0.39%
HDFC Bank	4.4%	-10.0%	-0.45%
Alcon	2.9%	-15.6%	-0.47%
Gartner	1.9%	-35.0%	-0.54%
Intuit	4.5%	-13.2%	-0.62%
Chipotle	2.8%	-30.2%	-0.98%

Sector Attribution	Allocation Effect	Selection Effect	Total Effect
<b>Total</b>	<b>1.1%</b>	<b>-11.0%</b>	<b>-9.9%</b>
Communication Services	0.0%	-0.6%	-0.6%
Consumer Discretionary	0.1%	-2.4%	-2.3%
Consumer Staples	0.5%	0.0%	0.5%
Energy	0.1%	0.0%	0.1%
Financials	0.0%	-1.7%	-1.7%
Health Care	-0.1%	-0.3%	-0.4%
Industrials	0.1%	-0.7%	-0.6%
Information Technology	0.5%	-5.3%	-4.8%
Materials	-0.1%	0.0%	-0.1%
Real Estate	0.1%	0.0%	0.1%
Utilities	0.1%	0.0%	0.1%
Cash	-0.1%	0.0%	-0.1%

Region Attribution	Allocation Effect	Selection Effect	Total Effect
<b>Total</b>	<b>0.0%</b>	<b>-9.9%</b>	<b>-9.9%</b>
United States	0.0%	-5.7%	-5.7%
Non-U.S. Developed	0.0%	-2.8%	-2.8%
Emerging Markets	0.1%	-1.3%	-1.3%

Please see table included in this commentary for full performance presentation.

## Global 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. 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 0.85% being the highest applicable fee that may be charged to SGA clients for the Global Growth 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. 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 Global 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	Since Incep.
SGA Global Growth (Gross)	-2.3%	4.1%	3.3%	17.6%	6.4%	12.6%	11.7%
SGA Global Growth (Net)	-2.5%	3.4%	2.4%	16.6%	5.5%	11.7%	10.8%
MSCI ACWI Index (Net TR)	7.6%	18.4%	17.3%	23.1%	13.5%	11.9%	9.7%
MSCI ACWI Growth Index (Net TR)	9.0%	19.1%	22.2%	27.5%	13.3%	14.3%	11.8%

Period	Total Return					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	MSCI ACWI Net TR Index	MSCI ACWI Growth Net TR Index	Number of Portfolios	Composite Dispersion	SGA Composite	MSCI ACWI Net TR Index	MSCI ACWI Growth Net TR Index			
Feb. 1 - Dec. 31, 2011	4.91%	4.10%	-8.78%	-7.85%	Five or Fewer	N/A				1	2,686	
2012	17.61%	16.63%	16.13%	16.69%	8	N/A				1,204	4,278	
2013	21.77%	20.75%	22.80%	23.17%	10	0.3%				1,482	5,611	
2014	2.40%	1.53%	4.16%	5.43%	12	0.3%	11.26%	10.50%	10.53%	1,368	5,332	
2015	9.82%	8.89%	-2.36%	1.55%	13	0.2%	11.99%	10.79%	10.73%	949	5,318	
2016	4.47%	3.59%	7.86%	3.27%	14	1.0%	12.92%	11.06%	11.28%	1,234	5,672	
2017	34.27%	33.16%	23.97%	30.00%	15	0.5%	12.36%	10.36%	10.72%	2,309	9,971	
2018	-0.87%	-1.72%	-9.41%	-8.13%	21	0.3%	12.00%	10.48%	11.47%	2,935	9,096	
2019	33.42%	32.32%	26.60%	32.72%	24	0.4%	11.58%	11.22%	12.09%	3,727	12,347	
2020	31.88%	30.79%	16.25%	33.60%	24	0.8%	16.67%	18.13%	18.16%	6,238	18,780	
2021	9.86%	8.93%	18.54%	17.10%	30	0.5%	16.16%	16.84%	16.55%	8,078	22,899	
2022	-25.32%	-25.97%	-18.36%	-28.61%	30	0.4%	20.76%	19.86%	21.51%	6,469	18,407	
2023	28.17%	27.11%	22.20%	33.22%	28	0.8%	18.83%	16.27%	19.35%	8,361	23,947	
2024	12.02%	11.08%	17.49%	24.23%	27	0.3%	18.23%	16.20%	19.36%	9,165	22,139	
Since Inception (Feb. 1, 2011)	12.05%	11.11%	8.90%	11.03%			15.04%*	14.29%*	15.32%*			

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

The 3 Year Annualized Standard Deviation for years 2011, 2012, and 2013 is not shown as 36 months or returns not available

\* Since Inception Annualized Standard Deviation. SGA Composite Dispersion 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 that is an affiliate of Virtus Investment Partners. The SGA Global Growth Composite was created in February 2011. 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.

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 Global Growth composite has had a performance examination for the periods February 1, 2011 - December 31, 2024. The verification and performance examination reports are available upon request.

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## Global Growth Commentary

SGA Global Growth Composite contains fee-paying large cap global growth equity portfolios under full discretionary management of the firm. For comparison purposes the composite is measured against the MSCI ACWI Growth TR Index (Net) and MSCI ACWI TR Index (Net).

Effective March 31, 2014 SGA has elected to retroactively change the primary performance benchmarks for the firm's Global Growth equity strategy from the MSCI All Country World Index (ACWI) Gross and MSCI All Country World Growth Index (ACWI Growth Gross) with the MSCI ACWI Growth Net Total Return and MSCI ACWI Net TR as a secondary benchmark. The reason for the change from the gross version of the benchmarks to the net version of the benchmarks is to present a more appropriate comparison benchmark and better align with industry standards in terms of performance calculations and reporting for global equity products. The MSCI ACWI and MSCI ACWI Growth net total return indices reinvest dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties. The net total return indices are most representative of what a passive investor in the index could expect to achieve taking into account the price level movements, dividends and taxes that are withheld on those dividends.

Effective June 30th, 2013 SGA had elected to change the primary performance benchmark for the firm's Global Growth equity strategy from the MSCI World Growth Index and MSCI World Total Return Index to the MSCI All Country World Index (ACWI) with the MSCI All Country World Growth Index (ACWI Growth) as a secondary benchmark. This change was made in recognition of the fact that SGA's investment team has the ability to invest in emerging market domiciled companies and a benchmark that includes both developed and emerging markets such as the MSCI ACWI most accurately reflects the opportunity set from which client portfolios in the composite are built. It should be noted that SGA is benchmark indifferent in terms of stock selection and portfolio construction and this change was made in order to reflect current industry standards for performance reporting and benchmarking of Global mandates that have the ability to invest in both developed and emerging markets.

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. 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 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, 0.85%, employing the Global 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. 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 0.85% on the first \$25 million and 0.65% on the next \$75 million and 0.50% over \$100 million. Actual investment advisory fees incurred by clients used in the composite may vary from the standard fee schedule.

Please see table included in this commentary for full performance presentation.

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

t CO<sub>2</sub>e/\$M Invested

t CO<sub>2</sub>e / \$M Sales

t CO<sub>2</sub>e / \$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.