

# Technology Innovators

Quarterly Report  
December 31, 2025



SANDS CAPITAL

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## STRATEGY TEAM

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Co-Portfolio Manager



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AI can create "winners" and "losers" in markets. "Winners" are those who can leverage AI to enhance productivity and efficiency. "Losers" may include jobs involving routine tasks that are at risk of automation.

GIPS Reports found [here](#).

Notice for non-US Investors.

Disclosures and definitions found [here](#).

**On the Cover**  
PCB Processing on CNC machine, which is used by ASML, a holding in the Technology Innovators portfolio.

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# Technology Innovators (USD)

Quarterly Report - December 31, 2025

## OVERVIEW

Technology Innovators leverages our deep domain knowledge to seek leading innovative businesses globally that are the key facilitators or beneficiaries of powerful secular shifts enabled by technologies.

## INVESTMENT CRITERIA

1. Sustainable above-average earnings growth
2. Leadership position in a promising business space
3. Significant competitive advantage/unique business franchise
4. Clear mission and value-added focus
5. Financial strength
6. Rational valuation relative to the market and business prospects

## KEY ATTRIBUTES

CONCENTRATED AND CONVICTION WEIGHTED

**31**

Businesses

**59%**

Top Ten Weight

LONG-TERM INVESTMENT HORIZON

**21%**

Turnover-Annual Avg.

**5+ Yrs**

Expected Holding Period

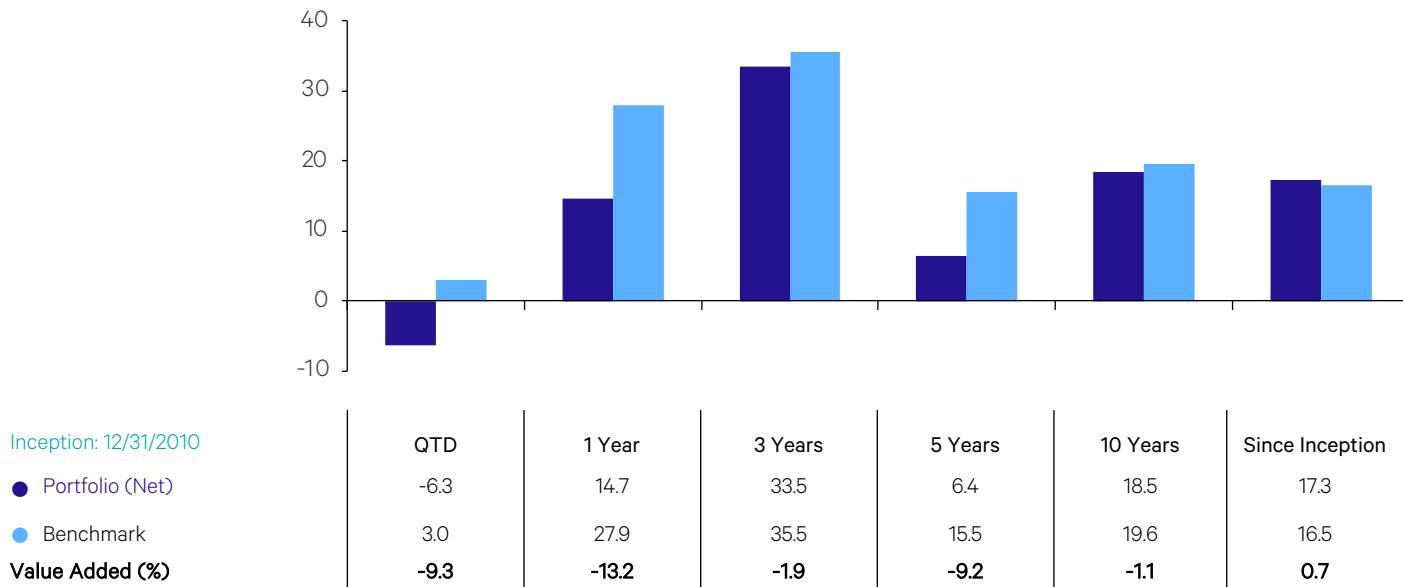
GROWTH-ORIENTED

**35%**

Sands Capital Long-Term  
EPS Growth Estimate

## INVESTMENT RESULTS (%)

Technology Innovators vs MSCI ACWI Info Tech and Communication Services Index



## CALENDAR YEAR RETURNS (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Portfolio (Net)	-2.3	46.5	12.8	41.4	76.0	9.7	-47.9	50.8	37.7	14.7
Benchmark	12.2	41.8	-4.6	38.5	38.3	22.4	-32.3	47.7	31.6	27.9
<b>Value Added (%)</b>	<b>-14.5</b>	<b>4.7</b>	<b>17.4</b>	<b>2.9</b>	<b>37.8</b>	<b>-12.6</b>	<b>-15.6</b>	<b>3.2</b>	<b>6.1</b>	<b>-13.2</b>

Inception date is 12/31/2010. Returns over one year are annualized. The investment results shown are net of advisory fees and expenses and reflect the reinvestment of dividends and any other earnings. The investment results are those of the Technology Innovators Composite. Net of fee performance was calculated by reducing Technology Innovator Composite's monthly gross return by 1/12 of the highest applicable annual fee of 0.85%. Past performance is not indicative of future results. GIPS Reports found [here](#).

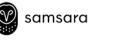
## PORTRFOIO CHARACTERISTICS

	Portfolio	Benchmark
Portfolio Businesses	31	435
Active Share	60%	n/a
5-Year Historical EPS Growth	47%	28%
Consensus Forward P/E - Next 12 mos.	31x	23x
Strategy Assets	\$1.3B	n/a
Weighted Avg. Market Cap (USD)	\$1.5T	\$2.1T
Median Market Cap (USD)	\$119.7B	\$17.1B
Turnover - Trailing 12 mos.	32%	n/a

## RETURN & VOLATILITY METRICS

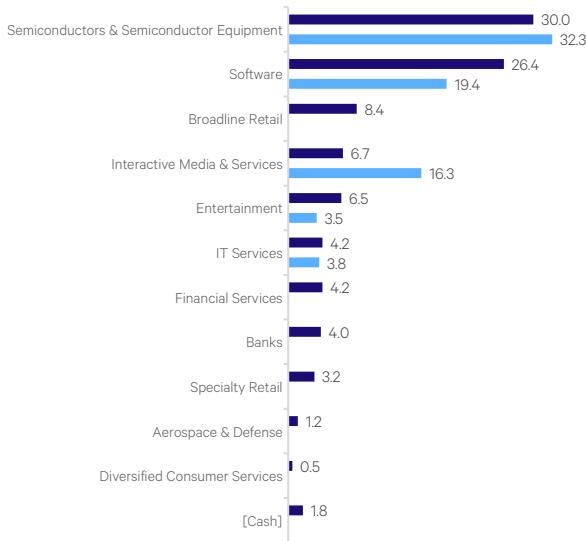
(Trailing 5 Years Net of Fees)	Portfolio	Benchmark
Annualized Excess Return	-9.2%	n/a
Beta	1.2	1
Information Ratio	-0.8	n/a
R-Squared	83.2%	100.0%
Sharpe Ratio	0.1	0.7
Standard Deviation	25.1%	20.7%
Tracking Error	11.0%	n/a
Up Capture	102.6%	100%
Down Capture	129.0%	100%

## TOP TEN HOLDINGS (59.3% OF ASSETS)

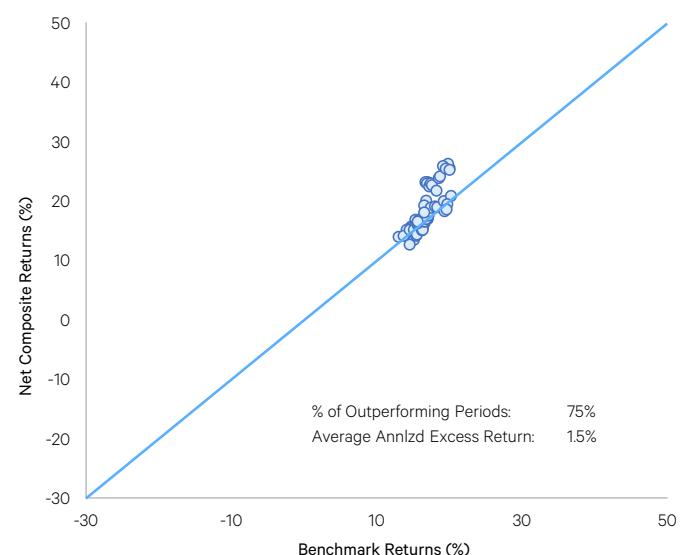
 NVIDIA	 tsmc	 Microsoft	 APPLOVIN	 Meta	 shopify	 nu	 CARVANA	 BROADCOM	 samsara
Company	Sector	Domicile		Portfolio (%)	Owned Since				
NVIDIA	Information Technology		United States	15.5	2023				
Taiwan Semiconductor	Information Technology		Taiwan	9.6	2016				
Microsoft	Information Technology		United States	7.2	2023				
AppLovin	Information Technology		United States	5.0	2025				
Meta Platforms	Communication Services		United States	4.7	2023				
Shopify	Information Technology		Canada	4.2	2017				
Nu Holdings	Financials	Brazil		4.0	2021				
Carvana	Consumer Discretionary	United States		3.2	2025				
Broadcom	Information Technology	United States		3.0	2025				
Samsara	Information Technology	United States		3.0	2021				

## INDUSTRY EXPOSURE

● Portfolio ● Benchmark



## ROLLING TEN YEAR INVESTMENT RESULTS\*



Source: Benchmark data sourced from Benchmark providers. Company domicile, sector, industry, regional, and country classifications, where applicable, are sourced from MSCI. Other data sourced from FactSet. \*Average annualized excess returns are calculated based on monthly rolling periods beginning 12/31/2010 (composite inception date). The investment results shown are net of advisory fees and expenses and reflect the reinvestment of dividends and any other earnings. Investment results presented are those of the Technology Innovators Composite. Net of fee performance was calculated using Technology Innovators Composite's monthly gross return by 1/12 of the highest applicable annual fee of 0.85%. Past performance is not indicative of future results. GIPS Reports found here.

## PORTFOLIO HOLDINGS BY SECTOR

SECTOR/COMPANY	GICS INDUSTRY	DOMICILE	PORTFOLIO (%)	BENCHMARK (%)	OWNED SINCE
<b>Communication Services</b>			<b>13.2</b>	<b>21.5</b>	
Alphabet	Interactive Media & Services	United States	2.0	10.0	2025
Meta Platforms	Interactive Media & Services	United States	4.7	4.3	2023
Netflix	Entertainment	United States	2.4	1.2	2017
Roblox	Entertainment	United States	2.1	0.1	2024
Spotify	Entertainment	Sweden	2.0	0.3	2025
<b>Consumer Discretionary</b>			<b>15.0</b>		
Amazon	Broadline Retail	United States	2.3	-	2015
Carvana	Specialty Retail	United States	3.2	-	2025
Coupang	Broadline Retail	Korea	1.3	-	2023
DoorDash	Hotels, Restaurants & Leisure	United States	2.9	-	2020
Duolingo	Diversified Consumer Services	United States	0.5	-	2025
MercadoLibre	Broadline Retail	Argentina	2.1	-	2020
Sea	Broadline Retail	Singapore	2.8	-	2020
<b>Financials</b>			<b>8.2</b>		
Block	Financial Services	United States	2.5	-	2020
Nu Holdings	Banks	Brazil	4.0	-	2021
Visa	Financial Services	United States	1.6	-	2010
<b>Industrials</b>			<b>1.2</b>		
Axon Enterprise	Aerospace & Defense	United States	1.2	-	2024
<b>Information Technology</b>			<b>60.6</b>	<b>70.9</b>	
AppLovin	Software	United States	5.0	0.5	2025
ASML Holding	Semiconductors & Semiconductor Equipment	Netherlands	1.9	1.3	2010
Atlassian	Software	United States	1.5	0.1	2018
Broadcom	Semiconductors & Semiconductor Equipment	United States	3.0	4.6	2025
Datadog	Software	United States	1.7	0.1	2022
Figma	Software	United States	0.5	-	2025
Klaviyo	Software	United States	2.2	-	2023
Microsoft	Software	United States	7.2	10.2	2023
NVIDIA	Semiconductors & Semiconductor Equipment	United States	15.5	13.5	2023
Palantir Technologies	Software	United States	1.2	1.2	2025
Palo Alto Networks	Software	United States	2.2	0.4	2025
Samsara	Software	United States	3.0	0.0	2021
ServiceNow	Software	United States	1.9	0.5	2016
Shopify	IT Services	Canada	4.2	0.6	2017
Taiwan Semiconductor	Semiconductors & Semiconductor Equipment	Taiwan	9.6	3.6	2016
Cash			1.8		

Source: Sands Capital, FactSet, MSCI. Data presented is that of the Technology Innovators Composite. The index represented will differ in characteristics, holdings, and sector weightings from that of the composite. The index does not contain cash and does not reflect the reinvestment of dividends. Rounding may cause figures to vary from 100.0%. GIPS Reports found [here](#).

# Year-End Letter

## Dear clients, consultants, and friends,

Throughout 2025, the transformational power of artificial intelligence (AI) spread across industries. It reshaped business models, workflows, and ideas about economic security. It also stirred two strong emotions. Many felt excitement about new capabilities. Others feared that falling behind could mark the difference between survival and decline.

Those emotions helped drive markets higher. A small group of perceived beneficiaries led, valuations stretched, and at times, price action showed the early signs of a forming bubble. Momentum often replaced analysis. Narrative often passed for evidence.

On the surface, 2025 was a good year for global equity markets. It was, however, a period of significant change, which can unnerve investors, disrupt market dynamics, and challenge the resolve of long-term managers. When we look back on this period in five to 10 years, we may forget how many shifting currents we navigated.

The first shock came in January. Chinese startup DeepSeek released a powerful, low-cost large language model that briefly knocked AI leaders such as NVIDIA and Taiwan Semiconductor Manufacturing off course. Tariff uncertainty added to the mix, sending volatility to levels not seen since the pandemic. Rallies collided with anxiety about the future direction of interest rates, and, more recently, the longest U.S. government shutdown in history. Market leadership seemed to reverse in line with momentum, as low-quality and often more speculative names led the market higher at the expense of higher-quality companies.

As volatility eased into year-end, we saw global equities deliver both solid earnings growth and higher price-to-earnings multiples. That mix produced some powerful results for the overall equity market.

## Delivering Value in a Complex Market

In this environment, we have much to be proud of as a firm and as investors. We continue to seek to add meaningful value for clients in our private and public strategies with our investments across the AI value chain. We completed

a successful fundraise for our Global Innovation Fund III, enabling us to provide our limited partners access to high-quality private growth businesses.

Across public strategies, our portfolios generated strong earnings growth and absolute returns that, in most cases, match or eclipse what they have produced annually since inception. These results reflect the strength of our research and our process.

That said, we lagged our benchmarks in most cases. We entered the second half on strong relative footing across most strategies, but each of our portfolios has suffered acute multiple compression since. This has overwhelmed what has been benchmark-topping earnings growth in nearly every portfolio.

In these periods of disconnect, we need to recall our mission, which is to add value and enhance the wealth of our clients with prudence over time. We are investing across decades, not quarters. Our clients entrusted us to manage growth portfolios within defined opportunity sets, often dictated by geography. To that end, we chose to protect balance-sheet strength and earnings durability rather than stretch for what we saw as fragile momentum. It is a trade we accept. Still, it is disappointing to trail an index in an up year.

Despite these results, we are encouraged by the valuations in our own portfolios, which in many cases trade at historically low relative levels. In many ways, this demonstrates the dislocation between today's price and tomorrow's value potential. In such turbulent markets, that potential is increasingly clouded by sentiment-driven trading rather than the long-term ownership perspective. We continue to believe the latter remains the more sustainable and meaningful engine of long-term wealth creation.

As we begin 2026, portfolios are better balanced to navigate operational and market uncertainty. We are comfortable with how we are positioned. We have been upgrading the quality of our portfolios and rebalancing exposures.

We continue to hold a significant weight in AI. For now, we see an ongoing AI boom rather than a full bubble. Recent

portfolio changes have increased our AI exposure in areas such as semiconductors and digital advertising. The same discipline that has guided us through past cycles is shaping how we participate in this opportunity. We want to benefit from the long-term impact of AI without losing the valuation discipline and business quality that underpin our approach.

## We Want to Be There Not Be Getting There

Undoubtedly, AI will influence almost every business. But it is one powerful trend among many that we follow. The technology is already useful and spreading quickly. Demand runs ahead of chips, power, and data center space, and the projects to ease those constraints are underway and financed. At the same time, some capital is chasing the theme with more focus on fear of being left behind than on return on investment. Our job is to recognize both the wealth-creation potential and the bubble risk without letting either dominate our judgment.

We manage through the AI cycle, just as we have navigated past paradigm shifts, with measured exposure and clear conviction. Breadth across sectors and business models helps ensure that no single theme steers our portfolios. Most of our AI exposure sits in businesses that provide the critical hardware and software that make AI work in the real world, with clear economic models and growing earnings power. We are far more cautious in areas in which prices already assume years of success or sustainable profit remains uncertain. Exposure stays meaningful, but we are not reaching further out on the risk spectrum simply to keep up with the fastest-moving parts of the trade.

Our research process casts a wide but disciplined net. We invest across the growth curve. Earlier-stage exposure keeps us close to new products and models that AI is enabling. Working with mature leaders, including companies funding much of the current buildout, builds pattern recognition. It also helps us judge which strategies are most likely to endure. The goal is not to guess the exact point in the cycle, but to have portfolios that can create value across it.

Inside the firm, we continue to strengthen our investment team. To that end, Perry Williams stepped into a new role as co-chief investment officer alongside me and stepped down as co-portfolio manager of the Global Growth strategy on August 1. Perry has long been a pillar of our firm, having joined us in 2004 and served in various roles, including client relations director, director of research,

research analyst, and co-portfolio manager of the Select Growth and Global Growth strategies. This transition enables him to expand his leadership support across all investment strategies, including our private investment platform. Perry continues to be instrumental in leading the whole firm and will continue serving as president, a role he has held since 2016.

**Ben Betcher, CFA**, will be named as a co-portfolio manager on our Select Growth strategy, effective January 31.

Ben joined us in 2021 and has 12 years of investment experience. Over the past few years, he has led the firm's research on consumer internet businesses. That work has added value for clients through holdings such as Alphabet, Amazon, AppLovin, Carvana, MercadoLibre, Meta Platforms, Netflix, Roblox, and Spotify. Ben will join long-time portfolio managers Tom Trentman, CFA, and Wes Johnston, CFA, in leading Select Growth.

After 26 years, I will step off Select Growth as an official portfolio manager. I have followed the strategy closely since its inception almost 34 years ago and I plan to continue to do so. As co-chief investment officer, I will remain involved in the research and portfolio construction process. Tom and Wes will continue to lead the portfolio management work, as they have for many years. They will do so with the added benefit of Ben's expertise and experience.

We have also deepened our research bench to ensure we are fully prepared to assess the areas that we believe will shape the future. This year, we welcomed four analysts, **Kelly Rogal, CFA**, **Daniel Fu, CFA**, **Jacob Kann, CFA**, and **Jessica Sun, CFA**, and, at the beginning of the year, promoted **Mike Rallo, CFA**, to research analyst.

Kelly is a healthcare generalist with 16 years of investment experience. She brings deep experience in life science therapeutics, tools, and devices, and international opportunities to her role as senior research analyst. Most recently she has been exploring new opportunities in healthcare services, drug distribution, and healthcare technology. Before joining Sands Capital, she led the global healthcare sector at Wafra, and previously co-managed strategies focused on genomics and medical devices at Franklin Templeton.

Daniel brings 21 years of investment experience and expertise in software, semiconductors, and internet platforms. He previously worked in Taiwan for Wafra, where he built the firm's semiconductor value chain coverage,

and Maplelane Capital. As part of his technology coverage, Daniel is exploring new opportunities in robotics and quantum computing. These are two sectors that we believe will sit at the forefront of national security as the United States and China vie for geopolitical and technology leadership.

Jacob joined us from T. Rowe Price with 15 years of experience covering technology, consumer, and energy sectors. He is now focusing on technology, consumer, and industrials businesses. He is also researching new opportunities in AI derivative power and energy markets, autonomous driving, and robotics.

Jessica comes to Sands Capital from Harvest Fund Management, where she focused on fundamental research in the healthcare, industrials, and technology sectors. During the course of her 14 years of investment experience, she has worked in the United States, China, and Hong Kong and brings a global perspective to her role. She will now be researching technology businesses in emerging markets.

Mike began as a research associate in 2019 at our firm, after serving as an investment banking analyst at Houlihan Lokey. He was promoted to senior research associate in 2021. Covering technology, Mike has been instrumental in our research of high-profile holdings, such as Netflix, ServiceNow, and Shopify. Most recently, he has been exploring new opportunities in defense technology.

These additions further enhance the depth and breadth of our research team, helping to ensure we continue to generate differentiated insights in an increasingly complex and competitive investing landscape.

Analysts and portfolio managers are working closely so we do not become narrow in our perspective or miss what is forming on the horizon. Together, we are studying future themes that may sit outside a typical investment horizon yet could unlock very large new markets, both within AI and beyond it. We are also pushing work on non-AI opportunities, so we have credible alternatives if signs of excess in AI begin to outweigh signs of progress. When those opportunities, in any domain, become investable at scale, we want to be there, not be getting there.

## Looking to the Future

As we navigate this period of transformation, we see five forces setting the pace for what comes next. They

will shape how we live, work, and defend our homes, communities, and nations. They will define how societies and businesses run, how our economies function, and how we power it all.

### 1. Defense Technology

Defense technology is entering a structural growth phase. Rising geopolitical risk, the experience of Ukraine and other recent conflicts, and the convergence of military and commercial innovation are all pushing budgets toward more modern capability. The United States and its allies are directing more spending to autonomous and remotely operated systems, space and airborne sensing, secure communications, and the software that connects these pieces. These systems shorten the time from identifying a threat to taking action. We believe they will sit at the center of allied defense planning for many years.

We see this as an attractive area for long-term shareholders. Many of the companies we follow play mission critical roles yet still operate from relatively modest revenue bases. They often combine equipment with software and ongoing services. That mix can create more recurring and resilient revenue as systems in the field are upgraded rather than replaced. Several also sell into both government and commercial markets. This provides multiple paths to growth and can help soften the natural swings in any single budget.

Our research focuses on parts of the ecosystem where capability is scarce, and demand is rising. We spend time with management teams, former operators, and technical experts. We also build bottom-up views of the key products and programs in each business. A key part of our work is seeing systems operate in the field. In the Arizona desert, we watched small drones fly autonomously at about 25 mph, use AI to lock onto a target, then accelerate to nearly 100 mph on impact. Experiences like this help us judge what is real and what is still hype.

In public markets, that work has led us to a leading U.S. drone and counter-drone company that we are actively evaluating as a potential investment. In private markets, we have invested through our Global Innovation strategy in **Anduril Industries**, a next-generation U.S. defense company that brings autonomy and AI into defense systems. We see that business as a clear example of the kind of modern supplier that can compound value as this defense technology cycle unfolds.

## 2. Robotics and Humanoids

Similar to foundation models, advances in AI compute power and synthesizing data are pushing robotics forward. Reliability, easy integration, and fast time to value matter most. The near-term pull is in logistics and warehouse environments, where robots already handle narrow, repetitive tasks at scale. **Amazon's** fulfillment network shows how mobile and stationary systems can share data, refine motion, and work safely with people. As hardware costs fall and software improves, we expect humanoid use cases to proliferate across more industrial applications first, before ultimately gaining adoption in consumer end-markets.

Our research focuses on how this landscape is evolving and which companies can turn prototypes into durable fleets. We want to understand where robotics is already earning its keep and where it is still stuck in pilots. We do that through fieldwork, conferences, and on-the-ground research across geographies, including in China, where industrial robot deployment and government support already run at far greater scale than in the United States. We are also deeply studying autonomous driving as an early lens into the potential for robotic advancements.

In the portfolios, our robotics exposure today is concentrated in Amazon and **Keyence**. Amazon gives us indirect access to one of the world's most advanced logistics and robotics networks. Keyence is a key enabler of factory automation through its sensors, vision systems, and controls. Around these positions, we are doing deeper work in areas such as warehouse automation platforms, test and measurement equipment, collaborative robots, humanoid actuators, high-efficiency motor drivers, and machine vision. We want to own the businesses that make robots reliable, safe, and economically compelling, not just the ones that make the headlines.

## 3. Energy Transition

The energy transition is blending with new power demand from data centers, transportation, industry, and households that are straining grids and forcing more aggressive investment in power infrastructure. The needs are broad-based, with generation, transmission, distribution, storage, behind-the-meter and demand-response solutions all requiring expansion and upgrades beyond what was warranted by renewables alone.

We are expecting a multiyear, or possibly multidecade, investment cycle across the entire power value chain, with the most attractive opportunities emerging in companies that can combine scale, speed, and technology to address the size, urgency, and complexity of the issues across the grid. If AI becomes anywhere near as impactful as we expect, the demand curve is going to shift upward across the developed world for the first time in decades. We expect that will require significant investment and create opportunities for well-placed businesses.

We have long held exposure to companies that benefit from the demand side of the energy transition. These include leaders across batteries, electric vehicles, and factory automation such as **Contemporary Amperex Technology, BYD, Xiaomi**, and Keyence.

However, with power demand increasing, we are now expanding that foundation into areas that help with energy supply. These include companies such as **Quanta Services**, which provides engineering and construction services for transmission, distribution, and grid hardening initiatives, or **WEG**, which provides transformers, motors, and advanced grid equipment. We are also exploring opportunities in gas power generation, on-site power generation, and nuclear power that helps broaden and diversify sources of power supply. Importantly, we think the power demand drivers that we see emerging in the United States will eventually be replicated by the rest of the world, providing substantial duration to this trend.

## 4. Cybersecurity

Cyberattacks have become more frequent and costly. They have also become increasingly sophisticated. As more activity moves to the cloud and as AI tools spread, the attack surface for enterprises, governments, and individuals grows in scale and complexity. Security is no longer a discretionary budget item. It is a core operating requirement and a foundation for trust with customers, regulators, and partners.

Within our global strategies, we own several leaders that we believe are well-positioned for this long-term demand. **Palo Alto Networks** is evolving from a focus on network security to a broader, cloud-delivered platform that helps customers secure complex hybrid environments. **Cloudflare** is building a global edge network that improves application performance and also provides integrated security services against a wide range of online threats.

Alongside these public holdings, our private Global Venture strategy, with its focus on global resilience, owns earlier-stage cybersecurity businesses that address emerging risks in AI security (**Dreadnode**), software supply chain security (**RevEng.AI**), and mobile security (**iVerify**). These companies often confront new threat patterns several years before they become mainstream concerns.

By investing in both public and private cybersecurity businesses, we seek to stay close to the frontier of innovation while remaining disciplined on business quality, economics, and governance. Our aim is to participate in the growth of this essential layer of digital infrastructure in a way that supports durable, long-term value creation for our clients.

## 5. Space

Space is becoming part of everyday life, not just a place for one-off missions. Satellites now help run the internet, support defense, guide planes and ships, track weather, and monitor changes in the climate. More rockets are flying, more satellites are going up, and more users are paying for these services. That is creating a growing set of businesses that can earn steady, long-term revenue.

Space has become more investible in large part because SpaceX has led efforts to lower the cost of launch. Over the last decade, the cost of getting a kilogram of payload to orbit has fallen to roughly \$1,500, down about 95 percent from Space Shuttle levels.<sup>1</sup> At the same time, satellites and other payloads have become more capable and less expensive to build and operate. Together, these shifts have made supply far cheaper and have expanded what customers can justify putting in orbit.

We can see the market responding. The number of satellites in orbit could rise from about 13,000 today to more than 30,000 by 2030. In 2025 alone, SpaceX launched 3,000 Starlink satellites, up from roughly 500 a year in 2019.<sup>2</sup> A next-generation, fully reusable heavy-lift vehicle now in testing could push costs lower over time, which would expand the set of viable missions again.

Launch is also starting to look like a profitable business. On a standalone basis, we believe the leading commercial workhorse rocket, SpaceX's Falcon 9, appears able to earn gross margins above 50 percent.<sup>3</sup> Through our research, we have learned that the small launch of another listed provider, Rocket Lab, already generates EBITDA margins of about 15 percent. The industry is also showing early

signs of manufacturing scale. One major launch company can now produce roughly one main engine per day at about \$250,000 each, down from more than \$2 million per engine at the start. A separate manufacturer of telecommunications satellites has opened a new facility that can build two satellites per day, compared with one a week previously.<sup>4</sup>

For long-term investors, this looks less like science fiction and more like a new type of basic service, similar to mobile networks or cloud computing. Costs are falling, tools are easier to use, and demand from governments and companies is rising. The main limits today are how much capacity providers can build, how reliably their systems operate, and how well they connect with other networks. Businesses that improve scale, reliability, and integration may be able to grow for many years.

To study this trend, the team goes as close to the work as possible. Research includes visits to rocket and satellite factories, meetings with leadership teams, and careful review of prices, contracts, and waiting lists. The team also spends regular time with users in defense, climate, shipping, and telecom to understand how space services fit into daily work and budgets. This helps separate durable demand from hype.

Today, the strongest opportunities appear in several areas. These include builders of rockets, makers of satellites, and providers that run satellite networks and sell data and connectivity on a subscription basis. The team is also tracking specialists that help design and operate missions, as well as early efforts to extend satellite life and keep space clean.

## Our Enduring Approach

We entered 2025 with clear eyes and leave it with stronger conviction. We have endured the powerful market forces that arise from periods of technological transformation, geopolitical tension, changing economic conditions, and investor angst.

In many ways, 2025 upended notions of businesses and markets. Investors have been lured by the short-term rewards of change.

Neither our resolve nor our mission shifted, however. We stayed with evidence and quality, invested with discipline, and avoided the frenzy that often follows a transformative period of innovation.

<sup>1</sup> <https://www.mckinsey.com/industries/aerospace-and-defense/our-insights/space-launch-are-we-heading-for-oversupply-or-a-shortfall>

<sup>2</sup> <https://spaceflightnow.com/2025/12/07/live-coverage-spacex-to-launch-3000th-starlink-satellite-in-2025-on-record-setting-32nd-flight-of-falcon-9-booster/> and [https://brycetech.com/reports/report-documents/smallsats-2025/BryceTech\\_Smallsats-by-the-Numbers-2025.pdf](https://brycetech.com/reports/report-documents/smallsats-2025/BryceTech_Smallsats-by-the-Numbers-2025.pdf)

<sup>3,4</sup> Sands Capital research as of December 31, 2025.

We remain focused on finding the businesses that are creating the future and that adhere to our six investment criteria. Across defense technology, robotics, energy, cybersecurity, and space, we continue to seek leaders with enduring advantages and the capacity to create long-term value for our clients.

Markets will shift. Narratives will change. But our approach endures. Concentration, conviction, and patience remain the foundation of how we invest.

Thank you for your trust and partnership as we continue to pursue lasting growth on your behalf.



**Frank M. Sands, CFA**

Chief Executive Officer and Chief Investment Officer

The views expressed are the opinion of Sands Capital and are not intended as a forecast, a guarantee of future results, investment recommendations or an offer to buy or sell any securities. The views expressed were current as of the date indicated and are subject to change.

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All investments are subject to market risk, including the possible loss of principal. Recent tariff announcements may add to this risk, creating additional economic uncertainty and potentially affecting the value of certain investments. Tariffs can impact various sectors differently, leading to changes in market dynamics and investment performance. You should consider these factors when making investment decisions. International investments can be riskier than U.S. investments due to the adverse effects of currency exchange rates, differences in market structure and liquidity, as well as specific country, regional and economic developments.

The strategy's growth investing style may become out of favor, which may result in periods of underperformance. The strategy is concentrated in a limited number of holdings. As a result, poor performance by a single large holding of the strategy would adversely affect its performance more than if the strategy were invested in a larger number of companies.

The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients. There is no assurance that any securities discussed will remain in the portfolio or that securities sold have not been repurchased. You should not assume that any investment is or will be profitable. A full list of public portfolio holdings, including their purchase dates, is available on our website [here](#).

As of January 17, 2026, Amazon, Anduril Industries, BYD, Cloudflare, Contemporary Amperex Technology, Dreadnode, iVerify, Keyence, Palo Alto Networks, Quanta Services, RevEng.AI, Xiaomi, and WEG were holdings in Sands Capital strategies.

The companies identified represent a subset of current holdings and were selected to illustrate examples of our holdings in five areas that we expect to drive growth and create value for clients over the next decade. Any other holdings outside of the portfolio that were mentioned are for illustrative purposes only.

GIPS Reports found [here](#).

Notice for non-US Investors.

Disclosures and definitions found [here](#).

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# Commentary

## MARKET ENVIRONMENT

Global equities advanced in the fourth quarter of 2025. Market leadership remained narrow, with just 10 companies accounting for more than 70 percent of the index's gain. The median index constituent rose less than 1 percent, while the overall index climbed more than 3 percent. The quarter also marked a modest rotation, with value stocks slightly outperforming growth stocks, as measured by the MSCI ACWI Value and Growth indexes.

Most sectors posted gains, with health care and financials contributing the most to overall index performance. Consumer discretionary and real estate were the only sector detractors. All regions advanced for the quarter, with both developed ex-U.S. and emerging markets outperforming the United States.

Corporate earnings growth was strong, but investor sentiment was tempered by macroeconomic uncertainty and rising scrutiny of the AI trade. The longest U.S. government shutdown in history created a monthlong economic data vacuum, followed by skepticism once delayed data was released. At the same time, investors began questioning the return on investment from AI deployments and the long-term sustainability of the capital required to support infrastructure buildouts.

The U.S. Federal Reserve cut interest rates by 50 basis points during the quarter, but policy uncertainty remained elevated. Concerns over the reliability of economic data and the potential for a less independent Fed chair in 2026 continue to cloud the forward outlook.

The quarter capped a third consecutive year of gains above 20 percent for the MSCI ACWI, supported by a rare combination of historically strong earnings growth and multiple expansion. Ex-U.S. equities had a particularly strong year, with both developed and emerging markets delivering their best absolute and relative performance



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versus the United States in several years. All 11 sectors rose in 2025, with five gaining more than 25 percent. Despite this broad sector and regional participation, single-stock dispersion remained high: the median MSCI ACWI constituent underperformed the index by nearly 10 percentage points.

## INVESTMENT RESULTS AND ATTRIBUTION

Security selection weighed on relative results across each of the strategy's five sectors. Most of Technology Innovators' underperformance occurred in October and November and stemmed largely from positioning within the Magnificent Seven, the semiconductor industry, and our consumer internet holdings.

Our consumer internet businesses—leaders in streaming, gaming, food delivery, and social media—delivered strong third-quarter results. We saw accelerating user growth, engagement, and gross merchandise value. However, announcements of increased investment spending pressured share prices. In our view, these investments reflect disciplined reinvestment from a position of strength to support long-term earnings growth.

Positioning in the Magnificent Seven, which was the primary headwind in the third quarter, continued to weigh on relative performance in the fourth, though to a lesser degree. Performance dispersion within this group remained high, driven by rapid advances from AI model developers and lingering investor skepticism around the returns needed to justify infrastructure spending. This has contributed to ongoing mean reversion among mega-cap businesses—a hallmark of the AI era that has driven near-term volatility but supported a positive medium-term trend.

The portfolio's underweight to Alphabet and Apple was the largest driver of relative underperformance within the Magnificent Seven. Alphabet shares rose on accelerating paid clicks enabled by AI enhancements, including strong early results from its Gemini 3 model, which runs on its custom TPU-based architecture. Apple shares gained despite slower AI progress, helped by signs of an iPhone upgrade cycle and a more measured approach to AI investment, which appealed to investors amid questions about the near-term return on infrastructure spend.

Within semiconductors, the strategy's selective approach weighed on results. While the portfolio's overall exposure to the sector is modestly above the benchmark, we remain underweight several smaller benchmark businesses, particularly in memory, which was among the best-performing areas of the industry.

## CONTRIBUTORS

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The top five absolute individual contributors were Taiwan Semiconductor, Carvana, Klaviyo, Shopify, and Nu Holdings.

**Taiwan Semiconductor** (TSMC) is the world's largest producer of leading-edge logic chips by market share. The company reported strong results for the most recent quarter. It continues to execute well on advanced-node yield improvements and capacity expansions to meet accelerating AI compute demand. TSMC remains a key beneficiary of this trend. New AI-related partnerships announced over the past several months support a growing multi-year revenue pipeline. Taiwanese media also reported potential price increases for 5nm and more advanced nodes next year, which could provide a meaningful revenue tailwind in 2026. We view the company as one of the strongest fits with our investment criteria, supported by its leadership in advanced manufacturing, deep customer relationships, and growing role in enabling next-generation technologies.

**Carvana** is the world's largest ecommerce used car retailer by revenue. Shares advanced after third-quarter results sustained exceptional growth and eased concerns about the lending business. Revenue rose 55 percent year over year, supported by 44 percent unit growth—marking the fourth consecutive quarter of more than 40 percent growth in an otherwise soft used car market. Certain developments in the broader subprime auto lending space weighed on shares in the months ahead of earnings, but these demonstrated to be idiosyncratic—for Carvana, Q3 results were incrementally positive for lending, with sequential loan margin growth and solid performance in recent vintages. Looking ahead, we remain confident in Carvana's ability to sustain strong unit growth, supported by the large addressable market, substantial vehicle inventory, and continued improvements in delivery speed.

**Klaviyo** is an innovative provider of business-to-consumer (B2C) marketing technology. Third-quarter results exceeded expectations, with revenue growth accelerating sequentially to 32 percent and net revenue expansion improving for the first time since the third quarter of 2021.

Management commentary was equally strong, highlighting a sixth consecutive quarter of international acceleration, record mid-market customer wins and expansions, and growing interest in its Service product. In our view, the business's share price has yet to reflect its underlying momentum since entering public markets, likely due to misconceptions that Klaviyo is a seat-based software company exposed to AI disruption. We believe continued strong execution will help redefine Klaviyo as a platform business and beneficiary of emerging agentic commerce trends.

**Shopify** is a leading global ecommerce platform enabling the next generation of retail. In the third quarter, gross merchandise value (GMV) rose 28 percent year over year—its strongest growth in four years and twelfth consecutive quarter of stable or accelerating performance. Growth was broad-based across geographies, verticals, and merchant sizes, highlighted by a meaningful acceleration in GMV per merchant and merchant services growth, driven by payments adoption. Wins with brands such as Welch's and FanDuel underscore momentum up-market. Strong share price performance also likely reflects Shopify increasingly being viewed as an AI beneficiary, set to benefit from its launch of AI-enabled merchant services and product discovery, supported by partnerships OpenAI and improving advertising performance at Meta Platforms.

**Nu Holdings** operates Nubank, a digital financial services platform that serves over 127 million customers in Latin America. Shares advanced following the release of third quarter results. Earnings increased 41 percent year-over-year, exceeding consensus expectations. The business reached record profitability, driven by a combination of rising profitability per user and falling costs per user in its core market, Brazil. Credit metrics remain healthy, with faster loan growth and lower credit losses. Meanwhile, Nu Holdings continues to gain adoption in Colombia and Mexico—markets that are earlier in the financial inclusion curve and offer a longer runway for penetration. As it deepens engagement in Brazil and expands in underpenetrated markets, we believe Nu's scalable platform, low-cost structure, and trusted brand will continue to support rapid growth and strong unit economics.

## DETRACTORS

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The top absolute detractors were Roblox, Sea, Netflix, Microsoft, and Coupang.

**Roblox** is a leading gaming development and distribution platform. Shares declined in the fourth quarter after management projected a notable increase in expenses and capital expenditures in 2026 and issued a cautious growth outlook, citing potential engagement risks from new age-based communication controls. This update amplified existing concerns that growth may normalize in the coming quarters, following an extraordinary 91 percent year-over-year engagement increase in the third quarter, driven by several hit game launches. While we continue to monitor engagement trends, we believe expectations have now reset to more appropriately conservative levels. Our research suggests that expanding engagement and monetization reflects Roblox's evolution into a platform business, rather than a dependence on individual game successes.

**Sea** is a Southeast Asian internet platform with businesses in gaming, ecommerce, and fintech. After seven consecutive quarters of exceeding consensus expectations and raising forward guidance, management shifted its focus to investing in logistics and user engagement. These investments are expected to weigh on margins in the near term, and the stock declined in response. We believe the market is overreacting to spending that should ultimately strengthen Sea's competitive position and long-term earnings power. Despite the increased investment, we still expect Shopee, Sea's ecommerce segment, to grow EBITDA by more than 30 percent in 2026. Looking ahead, we believe Sea's overall revenue and EBITDA can double and triple, respectively, by 2030. In our view, this growth potential, combined with the company's lowest forward earnings multiple since 2023, creates an attractive risk-reward profile.

**Netflix** is the world's largest producer and distributor of streaming video content by subscriber count. Its stock has come under pressure amid investor skepticism over its proposed acquisition of Warner Bros Discovery's studio and streaming assets. The deal would be Netflix's largest to date and is expected to be funded through a mix of cash and debt. A competing bid from Paramount has added to the uncertainty. We believe the acquisition would strengthen Netflix's business and is likely to withstand antitrust review. We have long viewed studio ownership as a strategic fit for Netflix. Combining valuable intellectual property with the company's global distribution platform could boost overall viewership and improve pricing power. Our research suggests that the combination of leading IP and distribution leads to higher engagement. While antitrust remains a risk, we believe Netflix has a credible

case based on the evolving definition of the video market, as streaming and linear content continue to converge.

**Microsoft** shares declined after the company reported its third-quarter results. Azure, its cloud services business, grew revenue by 39 percent year over year, exceeding management's guidance. However, investor expectations were likely higher, particularly in comparison to recent reacceleration trends at other cloud providers. Growth remains limited by capacity constraints rather than demand across all workloads, which may have dampened the market's enthusiasm. Microsoft plans to increase its AI capacity by 80 percent through June 2026, a move that reflects strong underlying demand. We believe this investment could help alleviate the current bottlenecks and support a reacceleration of growth in the coming quarters. This expansion also reinforces our view of Microsoft's positioning for sustained above-average growth as AI adoption broadens across industries.

**Coupang** is South Korea's largest ecommerce platform by market share. Shares declined in response to higher-than-expected investment in its Taiwan expansion, and the selloff was exacerbated by a data breach that affected nearly all of its 33 million customers. We believe the market reaction is overdone. Coupang's increased spending in Taiwan reflects conviction in the opportunity and a long-term commitment to the market. Its decision to build last-mile infrastructure is a key signal. While these investments may weigh on short-term results, they also enhance long-term value. Management has emphasized its intent to grow EBITDA even while expanding in Taiwan and has reiterated its disciplined approach to investment. On the data breach, we believe the potential penalties, customer impact, and regulatory consequences are manageable. Coupang ended December trading at 17 times enterprise value to EBITDA, based on 2026 consensus estimates. We view this as attractive relative to our expectation for over 50 percent EBITDA growth in 2026.

## PURCHASES

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In the fourth quarter, we focused our investment activity on evolving our AI exposure, adding to several internet holdings following a period of share price weakness.

We broadened and increased our exposure to AI through three new positions. These additions reflect our view that a duopoly is emerging between Alphabet and OpenAI to potentially capture the sizeable opportunity to become the default platform for everyday AI use for consumers. We also initiated positions in Broadcom, which provides

custom AI chip design services, and Palantir, a leader in applying AI to drive operational efficiency across both government and commercial organizations.

At the same time, we increased our positions in several internet businesses that had come under near-term pressure. In most cases, recent share price declines were tied to the start of new investment cycles—initiatives we view as strategically sound and supportive of long-term earnings power. With earnings growth expectations intact and valuations more compelling, we see a favorable risk-reward tradeoff.

**Alphabet** is a global internet company whose principal businesses are Google and YouTube—two of the most-visited websites in the world. The company uses this consumer reach to sell targeted advertising, which benefits from the unique value of search intent data. Advertisers can match consumer demand more precisely, helping drive strong returns on their marketing spend. AI is poised to reshape how people search for information online, creating an opportunity to expand the addressable market. Alphabet appears well-positioned to lead this shift. It can leverage its Chrome browser, AI platform Gemini, and the wide reach of its applications to integrate more intelligent and personalized consumer experiences. These could evolve into AI assistants capable of handling complex queries and directly connecting users to products and services. Amid these shifts, Google Cloud is starting to improve its competitive position. Beyond search and cloud, we are also increasingly optimistic that Alphabet can receive credit from the market for its other dominant and emerging businesses. These include YouTube, as well as technologies such as Waymo. Although still early in commercialization, Waymo benefits from Alphabet's scale and access to data—both critical for training autonomous systems.

**Broadcom** is a key enabler of systems scalability and compute growth through ethernet networking and custom accelerators. We believe Broadcom will benefit from advancements in AI models in conjunction with increases in computing power, also known as scaling laws. Broadcom supports advances in computing power by providing high bandwidth, low-latency networking solutions. Its solutions help relieve bottlenecks in scaling computing power as an increasing number of semiconductor chips work in parallel for AI training and inference. We expect Broadcom's ethernet switches used for networking to be the primary driver of incremental growth as it benefits from both share increases and demand for larger server clusters that will

require better networking solutions. Complementing its networking business, Broadcom is the largest provider of custom chip design services by revenue. These services enable businesses to take greater control of their technology stack, reduce reliance on third-party suppliers, and optimize costs and energy efficiency.

**Palantir** is a data intelligence and operational AI platform that helps governments and enterprises solve complex challenges by integrating and analyzing data across functions. Its core product, Foundry, connects disparate data sources and provides a unified view of operations, enabling users to uncover insights, automate workflows, and take real-time action. Foundry integrates directly with existing systems, which allows it to address problems at the business-unit level, not just within IT—opening up access to larger budgets and accelerating adoption. The platform's architecture supports dynamic decision-making by running scenario analyses, recommending remediations, and streamlining execution. Tyson Foods, for example, used Palantir to modernize its supply chain planning and logistics operations. In just two years, the company deployed the platform across 20 projects, enabling automated responses and improving efficiency across warehousing and transportation. Palantir's growth is fueled by two major secular trends: the rise of AI and the modernization of government and defense infrastructure. Despite expanding rapidly in the commercial sector, the company remains early in its adoption curve, with a long runway ahead.

## SALES

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We exited our position in **monday.com** to reallocate capital toward businesses where we have higher conviction in their ability to generate long-term, above-average growth. Since our initial investment, monday.com shares have underperformed due to execution challenges, a difficult operating environment in monday's end market (small-to-medium-sized businesses), and weakening investor sentiment for application software at large, which has weighed on sentiment towards the business.

While we view the valuation as undemanding and continue to see potential for monday.com to grow strongly in the coming years—driven by adoption of AI-powered products, go-to-market improvements, and increased uptake of its multi-product offerings—we believe better risk-reward opportunities exist elsewhere. We chose to redeploy capital into businesses more directly leveraged to the secular growth of AI and where we have greater confidence in their ability to compound through-cycle growth over time.



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## OUTLOOK

2025 presented a volatile backdrop for both absolute and relative investment results. Much of this volatility stemmed from the market's ongoing tension between excitement over AI's transformative potential and concerns about bubble-like excesses emerging alongside large increases in infrastructure spending. With many of the largest index constituents at the center of this debate, rapid sentiment shifts between perceived "AI winners" and "AI losers" amplified the risk of errors of omission.

We do not position the portfolio to capitalize on short-term sentiment shifts. Instead, our focus remains on identifying a select group of businesses we believe are best positioned to benefit over multi-year periods. That said, the pace of innovation demands an open-minded approach—one that continuously re-tests assumptions and adapts to new use cases and technological developments.

We have maintained, but evolved, our exposure to AI enablers based on the view that infrastructure build-out will continue. Demand for compute continues to outpace supply, with visibility for AI-related spending extending into 2027. Scaling laws remain intact, driving exponential increases in compute requirements for both training and

inference as models evolve into reasoning agents with rising token usage.

At the same time, we are closely monitoring the growing reliance on debt to finance this expansion. We estimate that infrastructure capital expenditures could exceed \$700 billion by 2027—a level that will likely require increased funding from debt markets, as spending outpaces free cash flow for many businesses. In our view, this dynamic, along with widening differences in financial strength among AI cloud providers, reinforces the importance of selectivity.

Our exposure to AI enablers is complemented by investments in software and internet businesses in verticals with strong multi-year secular growth potential. While these businesses are not direct enablers of AI, many are positioned to incorporate AI to improve products, unlock efficiencies, or launch new services. These holdings provide balance to a market increasingly concentrated in a narrow set of AI infrastructure providers which have contributed to an outsized portion of gains.

In our view, the market's narrow focus on AI infrastructure in 2025 may extend the opportunity for long-term value creation as adoption shifts from enablers to users. Given the breadth of opportunity and accelerating pace of innovation, we believe Technology Innovators is well positioned as we enter 2026.

The companies identified represent a subset of current holdings and were selected by the author on an objective basis to illustrate the views expressed in the commentary. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients. There is no assurance that any securities discussed will remain in the portfolio or that securities sold have not been repurchased. Individual contributors and detractors are determined using absolute contribution, which multiplies the portfolio weight for each security or group by its total return, calculated and compounded daily unless otherwise stated.

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# Contribution Analysis

## CONTRIBUTION ANALYSIS (NET %)

### Top Absolute Contributors

#### Quarter to Date

Company Name	Average Weight	Return	Contribution
Taiwan Semiconductor	9.0	8.8	0.7
Carvana	2.7	11.7	0.4
Klaviyo	1.9	17.1	0.3
Shopify	3.9	8.1	0.2
Nu Holdings	3.8	4.4	0.2

### Bottom Absolute Contributors

Company Name	Average Weight	Return	Contribution
Roblox	2.7	-41.7	-1.4
Sea	2.7	-28.8	-0.9
Netflix	2.7	-22.0	-0.7
Microsoft	8.2	-6.7	-0.6
Coupa	1.5	-26.9	-0.5

#### Trailing 1 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	13.0	37.5	4.3
Taiwan Semiconductor	7.0	54.1	3.0
Nu Holdings	3.4	60.2	1.9
AppLovin	3.0	84.6	1.7
Microsoft	7.5	14.2	1.3

Company Name	Average Weight	Return	Contribution
Apple	1.7	-16.9	-1.7
Atlassian	2.4	-34.8	-1.1
Global-e Online	0.7	-42.2	-0.9
ServiceNow	3.6	-29.1	-0.8
Block	2.2	-24.8	-0.8

#### Trailing 3 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	9.1	373.4	19.4
Taiwan Semiconductor	5.1	316.3	9.8
Shopify	3.6	357.0	9.5
ServiceNow	4.9	90.5	9.0
Amazon	4.6	168.0	8.7

Company Name	Average Weight	Return	Contribution
Adyen	1.7	-16.6	-0.9
monday.com	0.7	-50.8	-0.8
Apple	1.6	-3.6	-0.7
Duolingo	0.1	-49.6	-0.5
Global-e Online	0.6	-23.8	-0.2

#### Trailing 5 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	5.4	376.0	19.7
Taiwan Semiconductor	4.5	191.3	6.6
ASML Holding	4.4	121.6	5.9
Nu Holdings	2.4	80.9	5.3
Netflix	3.2	67.1	5.0

Company Name	Average Weight	Return	Contribution
Block	3.1	-76.4	-6.7
Match Group	1.2	-72.9	-6.1
Atlassian	3.2	-37.0	-5.9
Twilio	1.0	-76.4	-5.2
Adyen	2.9	-53.2	-5.2

All values are those of the Technology Innovators Composite. The companies identified above represent a subset of current holdings in the Technology Innovators portfolio and were selected based on the performance measures presented. With the exception of IPOs where actual transacted prices are used, contributions are calculated in FactSet Portfolio Analysis using FactSet end of day prices, and do not reflect actual purchase prices. This can affect the presentation of contribution and performance of transactions amid heightened volatility. Security return and contribution are net of advisory fees and expenses and reflect the reinvestment of dividends and any other earnings. Attribution generated returns will not match actual performance because FactSet uses different exchange rate sources, the performance does not capture intra-day trading, and the analysis removes the impact of cash flows. Relative Return calculations do not incorporate risk or volatility impacts and should not be exclusively relied upon. To receive a description of the calculation methodology for the attribution analysis and a complete list detailing each holding's attribution please contact a member of the Client Relations Team at 703-562-4000. Past performance is not indicative of future results. GIPS Reports found [here](#).

# Stewardship

## CARBON EXPOSURE

Technology Innovators vs MSCI ACWI Info Tech and Communication Services Index

Reported December 31, 2025

### Carbon Footprint

	CARBON EMISSIONS	TOTAL CARBON EMISSIONS	CARBON INTENSITY	WTD AVG. CARBON INTENSITY	CARBON EMISSIONS DATA AVAILABILITY
Technology Innovators	1.9	1,910	22.4	25.1	98%
MSCI IT & Communication Services	5.1	5,092	34.9	27.8	100%
tCO <sub>2</sub> e/\$M Invested		tCO <sub>2</sub> e/\$B Invested	tCO <sub>2</sub> e/\$M Sales		Market Value

### Largest Contributors

to Portfolio Weighted Average Carbon Intensity

COMPANY	PORTFOLIO WEIGHT (%)	CARBON INTENSITY (\$1+2) tCO <sub>2</sub> e/\$m	CONTRIB. TO WTD AVG. CARBON INTENSITY
Taiwan Semiconductor	9.8	185.9	18.5
Microsoft	7.3	41.2	3.1
Amazon	2.3	28.1	0.7
Sea	2.8	17.5	0.5
AppLovin	5.1	6.4	0.3

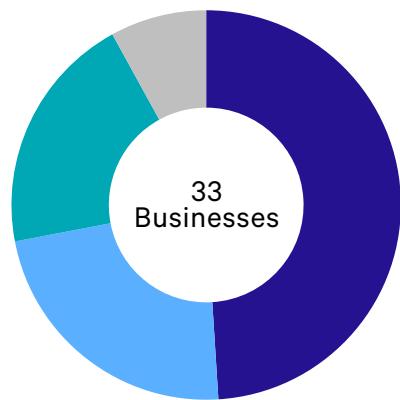
Carbon Emissions are calculated as Scope 1 & Scope 2 carbon emissions per \$1 million invested. Portfolio and Benchmark Carbon Intensity is defined as the portfolio or benchmark carbon emissions per \$1 million of portfolio or benchmark sales. At a business level, carbon intensity is calculated as carbon emissions per unit of sales (tons/\$ 1 million sales). Weighted averages are computed as the sum product of the portfolio or benchmark companies' respective carbon values and portfolio or benchmark companies' weights.

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## VOTING ACTIVITY - TRAILING 12 MONTHS ENDING DECEMBER 31, 2025

VOTES	BUSINESSES	RESOLUTIONS	%
Cast in Favor of Management	26	333	98%
Cast Against Management	6	8	2%
Abstentions	0	0	0%
		<b>341</b>	<b>100%</b>

## ENGAGEMENT ACTIVITY - TRAILING 12 MONTHS ENDING DECEMBER 31, 2025



- Business Strategy: 49%
- Governance: 23%
- Social: 20%
- Environment: 8%

## TOPICS ADDRESSED

### Governance

Increasing transparency and disclosure  
Management accountability  
Capital structure  
Shareholder protections and rights  
Board structure or composition  
ESG strategy and oversight  
Audit and accounting  
Executive compensation  
Related-party transactions  
Regulation

### Social

Human capital management  
Regulation  
Product safety and impact  
Data security and privacy  
Human rights  
Digital ethics  
Labor rights  
Health and safety  
Diversity and inclusion

### Environmental

GHG emissions or climate change strategy  
Energy use and efficiency  
Materials use and sourcing  
Regulation  
Environmental policy and strategy  
Water use and efficiency  
Pollution and waste management

We may refrain from voting when issues arise that cause us to determine that voting proxies is not in the best interest of our clients or that it is not reasonably possible to determine whether voting proxies will be in the best interests of clients. Additionally, we do not vote in certain countries that require "share blocking," due to the possible liquidity constraints that could result in the cost of voting outweighing the benefit to the client. Shares out on loan also may not be voted. Sands Capital is not an activist investor and generally does not acquire or hold investments for the purpose or effect of changing or influencing the control of its investee companies.

As part of our ongoing research, Sands Capital regularly engages with the management teams and, if appropriate, board members of portfolio businesses to better understand each business's long-term strategic vision and management of risks and opportunities, including those pertaining to environmental, social, and governance (ESG) matters. Sands Capital's engagement with management teams and board members does not involve any direct or indirect attempt to exert pressure to implement specific measures, change policies, or otherwise influence control over the issuer.

# Axon Enterprise



**Business:** Axon is a leading provider of public-safety technology, including body cameras, software, and the TASER electroshock device.

**Key issues:** Executive compensation, artificial intelligence governance, greenhouse gas emissions or climate change strategy, and material use and sourcing.

We recently engaged with Axon to continue our dialogue on key governance and sustainability topics, including executive compensation, responsible AI development, climate-related disclosures, and supply-chain risk management. The engagement reflects Axon's expanding global footprint and the increasing expectations of shareholders as the company deepens its use of advanced technologies and scales its operations.

## Executive Compensation and Shareholder Engagement

Following Say-on-Pay proposals receiving 51 percent support in 2024 and 67 percent support in 2025, we discussed how Axon's board interpreted shareholder feedback and responded. The company acknowledged that concerns stemmed less from the compensation program itself and more from the timing and concentration of large, time-based equity grants in 2024. Axon emphasized that no structural changes were made in 2025, but proxy disclosures were refined, resulting in stronger proxy advisor recommendations. The board is now evaluating ways to extend and smooth the cadence of equity awards to avoid the appearance of front-loading while maintaining alignment with long-term value creation.

## Responsible AI Governance and Public Safety Applications

Axon provided insight into how it governs the use of AI across its product suite. The company takes a narrow, use-case-specific approach to development, with internal safeguards designed to prevent bias, misuse, and imprecision. It views large language models as foundational systems, layering specific public-safety applications on top with tightly controlled data flows. Axon conducts frequent internal testing and customer feedback loops and discusses potential AI blind spots on a recurring basis. As it evaluates technologies such as facial recognition, Axon continues to prioritize careful oversight and responsible deployment, with differentiated safeguards depending on whether the product is software or hardware.

## Climate Disclosures and Environmental Initiatives

We welcomed Axon's first public disclosure of Scope 1 and Scope 2 emissions, a positive step toward greater transparency. Scope 3 disclosures are expected in the next reporting cycle. While Axon has not set formal reduction targets, it recognizes that climate-related factors will increasingly inform operational and strategic decisions. The company is also exploring solar installations at future facilities and has expanded its use of recyclable packaging. On product lifecycle management, Axon prioritizes recycling over refurbishment in safety-sensitive equipment and sells older-generation products in select markets, with refurbishment options under continual review.

## Supply Chain Oversight and Recommendations for Enhanced Disclosure

We appreciated the opportunity to discuss Axon's approach to responsible sourcing and supplier oversight. The company outlined its use of supplier risk assessments, audit rights, and remediation protocols and acknowledged the need for greater transparency around how these processes operate in practice. As part of the discussion, we offered a set of recommendations for enhancing future Responsibility Reports and the Modern Slavery Statement. These included:

- Adding narrative detail on how suppliers are screened, supported, or trained.
- Clarifying the responsible sourcing principles that guide Axon's approach.

- Including a case example that illustrates how a supplier risk was identified and addressed.
- Introducing high-level metrics over time, such as supplier assessment coverage or common categories of findings.

Such enhancements would align Axon's reporting more closely with emerging norms and peer practices while remaining operationally feasible. In particular, a single illustrative anecdote, showing how the company engaged or chose not to engage with a supplier, would meaningfully strengthen its disclosures in our view.

### Ongoing Dialogue

Axon continues to demonstrate openness to feedback and a willingness to engage on key ESG topics. We will continue to monitor progress, particularly around executive compensation cadence, emissions disclosure, and expanded supplier transparency, and we look forward to supporting the company as it further develops its governance and sustainability practices.

This report is an example of the type of fundamental research Sands Capital conducts and, as such, contains the opinions and comments of Sands Capital at points in time. Additional or subsequent information may cause Sands Capital's views to change. This report is not a complete analysis of all material facts and therefore is not a sufficient basis alone on which to base an investment decision. This material may include summaries and references to research notes, emails, conference calls, and meetings, and there is no guarantee or representation that this information is complete, current, or accurate. The information contained herein has been prepared from sources believed reliable but is not guaranteed by us as to its timeliness or accuracy and is not a complete summary or statement of all available data. This report is for informational purposes only. As part of our ongoing research, Sands Capital regularly engages with the management teams and, if appropriate, board members of portfolio businesses to better understand each business's long-term strategic vision and management of risks and opportunities, including those pertaining to environmental, social, and governance (ESG) matters. Sands Capital's engagement with management teams and board members does not involve any direct or indirect attempt to exert pressure to implement specific measures, change policies, or otherwise influence control over the issuer. The company illustrated represent a holding in the Sands Capital strategies as of June 30, 2025, and was selected by the author on an objective basis to illustrate the views expressed in the Commentary. The example was selected based on the recent date of the engagements and topics discussed. The assessment of each business is based on factors that we believe are material to the long-term investment case. To receive a complete list of company engagements for the prior twelve months please contact a member of the Client Relations Team at 703-562-4000.

## Technology Innovators Composite (TIC) GIPS Report

YEAR END	NUM OF ACCTS	END OF PERIOD AUM (USD \$M)	TIC		MSCI ACWI IT COMM		NON-FEE PAYING % OF COMPOSITE	ASSET WGT'D STD. DEV. (GROSS)	FIRMS TOTAL ASSETS (USD \$M)
			NET RETURNS	GROSS RETURNS	ANN. 3 YR. STD. DEV. (NET)	MSCI ACWI IT COMM			
2024	7	\$1,761.86	37.66	38.81	28.14	31.59	21.57	0.45	0.11
2023	6	\$285.04	50.85	52.12	27.89	47.67	21.08	2.70	0.28
2022	6	\$173.48	-47.85	-47.37	27.68	-32.28	22.55	2.79	0.13
2021	<5	\$164.23	9.75	10.66	20.12	22.38	17.29	5.29	n.m. <sup>1</sup>
2020	<5	\$173.98	76.01	77.46	21.25	38.25	19.32	4.25	n.m. <sup>1</sup>
2019	<5	\$141.10	41.40	42.58	16.79	38.53	14.17	3.01	n.m. <sup>1</sup>
2018	<5	\$118.18	12.78	13.73	17.18	-4.59	14.28	2.55	n.m. <sup>1</sup>
2017	<5	\$117.97	46.48	47.73	16.64	41.77	13.68	2.31	n.m. <sup>1</sup>
2016	<5	\$122.94	-232	-148	18.56	12.20	13.32	1.52	n.m. <sup>1</sup>
2015	<5	\$138.46	5.48	6.38	18.23	3.20	11.19	1.38	n.m. <sup>1</sup>

### Net Returns

As of 12/31/2025	QTD	1 Year	3 Years	5 Years	10 Years	Since Inception (12/31/2010)
TIC	-6.3	14.7	33.5	6.4	18.5	17.3
MSCI ACWI IT COMM	3.0	27.9	35.5	15.5	19.6	16.5

<sup>1</sup>n.m. – Not statistically meaningful, five or less accounts in the composite for the entire year. As of October 1, 2021, the firm was redefined to be the combination of Sands Capital Management, LLC and Sands Capital Alternatives, LLC (previously known as Sands Capital Ventures, LLC). Both firms are registered investment advisers with the U.S. Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, as amended. The two registered investment advisers are combined to be one firm for GIPS purposes and are doing business as Sands Capital. Sands Capital operates as a distinct business organization, retains discretion over the assets between the two registered investment advisers, and has autonomy over the total investment decision making process. Prior to October 1, 2021, the firm was defined as Sands Capital Management, LLC, is an independent registered investment adviser. Sands Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sands Capital has been independently verified for the periods February 7, 1992 through 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 Technology Innovators Composite ("TIC") has had a performance examination for the periods December 31, 2010 through December 31, 2024. The verification and performance examination reports are available upon request. The composite reflects information from all fee paying and non-fee paying accounts managed in the Technology Innovators strategy. The Technology Innovators strategy is a concentrated portfolio that normally consists of the equity securities of 20 to 35 primarily large and mid-capitalization growth businesses which are publicly or privately held, with a particular emphasis placed on companies facilitating or benefitting from powerful secular shifts enabled by technologies. Portfolio companies are domiciled in both developed and emerging markets. The portfolio may invest in U.S. listed securities, ADRs, foreign securities traded on foreign exchanges, and may include the use of derivative access products including Low Exercise Price Warrants ("LEPWs") and Participation Notes ("P-Notes") to gain exposure to certain foreign markets where direct investment is restricted or not always practical or cost efficient. The strategy may experience losses as it is subject to equity securities risk, market and issuer risk, selection risk, growth style risk, concentration risk, currency exchange risk, foreign company risk, derivatives risk, sector focus risk and other economic risks that may influence the returns of this strategy. The benchmark for the TIC is the MSCI ACWI Info Tech and Communication Services Index ("ACWI ITCS"). The ACWI ITCS is an unmanaged capitalization-weighted index that measures the performance of the information technology and communication services sectors of the MSCI All Country World Index. The MSCI All Country World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. This composite may hold securities that are not included in the MSCI ACWI ITCS, and Sands Capital may invest in securities not covered by the ACWI ITCS. Performance results in presentations between April 30, 2012 and December 3, 2018 were measured against the MSCI All Country World Information Technology Index, which is shown for that period of time. The benchmark was changed to be more representative of the composite strategy, however, information regarding the comparison to the MSCI All Country World Information Technology Index is available upon request. Performance results in presentations prior to April 30, 2012 were measured against the S&P Composite 1500 Information Technology Index. The benchmark was changed to be more representative of the composite strategy, however, information regarding the comparison to the S&P Composite 1500 Information Technology Index is available upon request. The U.S. dollar is the currency used to express performance. Returns include the effect of foreign currency exchange rates. Gross and net performance includes the reinvestment of all income and is presented net of expenses, foreign withholding taxes on dividends, interest income, and capital gains. Withholding taxes may vary according to the investor's domicile. The benchmark return is net of the maximum withholding tax rate of the constituent company's country of incorporation applicable to institutional investors. Net of fee performance was calculated by reducing the monthly gross composite return by 1/12 of the highest applicable annual fee of 0.85%. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. A list of composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution funds is available upon request. Past performance is not indicative of future results. The investment management fee schedule for separate accounts is 0.85% on all assets. Accounts may also pay a performance-based fee that consists of a base fee plus a percentage of the annualized excess return versus the benchmark. Additional information regarding performance fees is available upon request. Net of fee returns displayed on GIPS Reports produced prior to October 31, 2022 displayed actual net of fee returns. Actual investment advisory fees incurred by clients may vary which will result in performance that may be higher or lower. The TIC was created on January 6, 2011 and the inception date for performance is December 31, 2010. MSCI is the source of all MSCI data presented. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Sands Capital Management. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. 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Sands Capital is an active, long-term investor in leading innovative growth businesses, globally. Our approach combines analytical rigor and creative thinking to identify high-quality growth businesses that are creating the future. Through an integrated investment platform spanning venture capital, growth equity and public equity, we provide growth capital solutions to institutions and fund sponsors in more than 40 countries. Sands Capital is an independent, staff-owned firm founded in 1992 with offices in the Washington, D.C. area, London, and Singapore.

**ALL-IN CULTURE**

We are one team dedicated to one mission and one philosophy. As a fully independent and staff-owned firm, we attract and retain strong talent, focus on long-term outcomes, and are highly aligned with our clients' interests.

**INSIGHT DRIVEN**

Businesses that can build a sustainable advantage are few and far between. To seek them, we apply six criteria to separate signal from noise, identify what matters most, and construct differentiated views on tomorrow's businesses, today.

**GLOBAL PERSPECTIVE WITH  
LOCAL UNDERSTANDING**

Innovation-driven growth knows no geographic boundaries. Neither does our research team. We are hands on, on-the-ground, deeply immersed in the ecosystems in which our businesses operate.

**HIGH CONVICTION  
FOR HIGH IMPACT**

All our strategies concentrate investments in only our best ideas and avoid mediocrity. With the intent to own businesses for five years or longer, we seek to create value for clients through the compounding of business growth over time.