



1Q25 NCG PERFORMANCE AND COMMENTARY

Next Century Growth Investors		Latest 1	Latest 3	Latest 5	Latest 10	Inception [^]
Compound annual returns as of 03/31/2025	1Q25	Year	Year	Year	Year	To Date
Small Cap Growth Composite (%) (net of fees)	(12.99)	(5.74)	0.75	17.75	11.50	10.20
Russell 2000® Growth Index (%)	(11.11)	(4.85)	0.78	10.77	6.14	6.51
Micro Cap Growth Composite (%) (net of fees)	(14.75)	(1.60)	(2.91)	21.88	16.73	16.20
Russell Microcap® Growth Index (%)	(17.74)	(5.93)	(3.78)	8.15	2.69	7.18
Smicro Cap Growth (%) (net of fees)	(13.89)	(6.47)	1.23	17.84	13.00	14.69
Russell 2000® Growth Index (%)	(11.11)	(4.85)	0.78	10.77	6.14	9.17
SMID Cap Growth Composite (%) (net of fees)	(14.13)	(8.13)	0.40	17.31	11.11	6.84
Russell 2500™ Growth Index (%)	(10.79)	(6.36)	0.55	11.37	7.43	5.87
Large Cap Growth Composite (%) (net of fees)	(12.18)	(1.74)	5.93	18.42	14.78	10.35
Russell 1000® Growth Index (%)	(9.96)	7.76	10.09	20.08	15.12	8.16

Market Review

In the first quarter of 2025, equity markets finished lower after ending 2024 near all-time highs across most broad indices. As we highlighted in our Q4 letter, the market was closely watching how campaign promises and post-election rhetoric around various priorities could impact the trajectory of the US economy over the next four years. Shortly after President Trump's inauguration on Jan 20th, the new administration unleashed a flurry of new initiatives that quickly created uncertainty for the global economy, causing market volatility and weak equity performance in late February and throughout March. Key areas of focus include DOGE spending cuts, immigration policy, geopolitical strategy, and tariff implementation. It was our assumption that moving past the election outcome last November would allow the market to refocus on the path of the economy and the direction of earnings estimates. However, uncertainty around the near-term economic impact of these initiatives has rapidly shifted investor sentiment. Now there is a belief that growth is slowing, recession probabilities have risen, and inflation could become problematic once again. NCG has similar concerns, and we are closely monitoring each development and the potential impact on our portfolio holdings. That being said, our experienced team has been investing in growth companies for over 26 years, and we have invested through many challenging periods over that time. While near-term performance can be impacted in these environments, we believe in the long-term growth of the US and global economy, and we believe the clouds will eventually part. Our philosophy, process and team remain consistent, and we continue to invest in what we believe are the fastest growing and highest quality companies in America.

Portfolio Review

Our investment philosophy emphasizes direct research and adhering to a strong sell discipline. We strive to own companies that we believe can grow revenue and profits at strong rates in any economic and market environment. We feel we have the opportunity, if we pick the right stocks, to perform better than the index in all market environments. That did not happen in 1Q25, as we underperformed in all strategies (net of fees), except the micro cap. When the market is concerned about the near-term growth outlook for the economy that is not a great environment for our style. In periods like this, we remain focused on the fundamental growth drivers of each holding and maintaining portfolios consisting of what we believe are healthy growth companies, while eliminating holdings with deteriorating fundamentals.

For the quarter, our small and SMID cap strategies underperformed, mainly due to our holdings in the technology and industrials sectors. In micro cap, we outperformed due to performance from our holdings in the health care and technology sectors. Our large cap strategy underperformed during the quarter as well, due primarily to the technology sector.



Please see our product review write-ups for more information on performance drivers and portfolio activity in the quarter.

Market Outlook

Every market drawdown has its own unique set of opportunities and challenges at both the micro and macro level. Our experienced and stable team has worked through many of these environments over multiple decades, and we believe we can lean on our experience of bottom-up stock picking to navigate this market as well. There are still many unknowns and seemingly every day we are presented with new information which could impact the path of the economy and the direction of earnings estimates. As of now, investors are expecting strong earnings growth in 2025 for small, mid and large cap companies. *See Exhibit 1.* If this growth materializes, it would be a significant step-up year over year in small and mid cap and a continuation of strong growth in large cap. These projections are now being heavily scrutinized, and we will gain more visibility as companies report Q1 earnings over the coming weeks and provide insight into the remainder of 2025.

At all times it is important for us to incorporate both risks and potential opportunities into our thinking and portfolio construction positioning. While 'uncertainty' is the word of the day and the risk of a deeper economic slowdown has likely increased, we see some significant positives in the current environment. First, the new US administration has not solidified its go-forward international trade and tariff policies. While the market seems to be assuming the worst, the administration has recently been reflecting more flexibility in its approach, and we believe the final policy may not be as draconian as feared. Second, the Federal Reserve has paused its interest rate easing cycle for the past 4 months, but we believe, if the economy indeed begins to slow, it will strive to cushion any weakness with additional cuts this year. Third, we believe there are pro-growth policies being put in place. For example, strong forces driving increased infrastructure spending in the US have been gaining momentum for the past couple years and, we believe, remain intact. We feel the new administration is working to accelerate this trend and we are finding small companies which are direct beneficiaries. Finally, we believe many stocks are baking in a very negative future. On an absolute basis, we believe the future growth of the companies in our portfolios is not reflected in today's stock valuations. Large cap growth stocks have seen a significant pullback from the peak and small cap growth stocks are bumping along relative valuation levels not seen for many years. *See Exhibit 2.*

As always, we will stay focused on our core investment philosophy. We believe a portfolio of high-quality growth companies, selected using our original research, and combined with a strong sell discipline will lead to compounding of portfolio value and market outperformance over time. We believe our since inception investment results continue to support this approach.



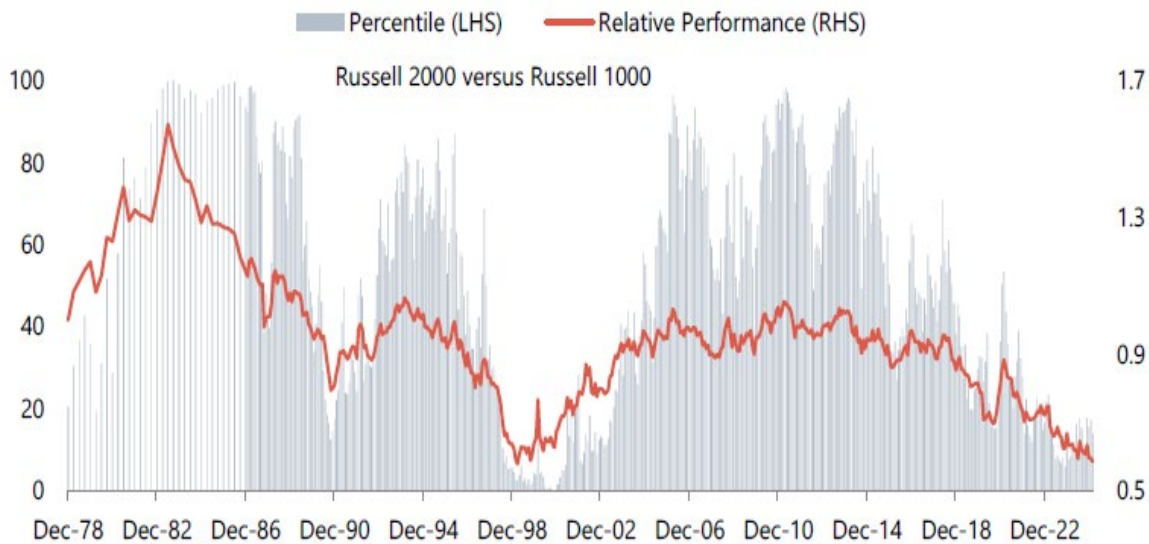
Exhibit 1. 2024 and 2025 Earnings Growth Estimates (as of 3/31/2025)

Quarter/Year	Earnings Growth (%)								
	Small	Mid	Large	Small Caps		Mid Caps		Large Caps	
				Growth	Value	Growth	Value	Growth	Value
1Q24A	-13.4	-0.9	6.9	-10.3	-15.2	5.4	-2.4	23.6	-3.1
2Q24A	-8.9	2.7	13.5	-3.6	-9.6	15.0	0.9	19.5	8.1
3Q24A	-8.2	1.1	7.7	0.8	-12.7	10.7	-0.7	12.2	3.6
4Q24P	6.7	4.9	21.1	17.7	0.2	16.7	4.7	23.8	13.7
2024P	-3.1	-3.2	10.1	-0.8	-3.1	5.2	-3.2	17.9	2.9
1Q25P	-8.4	-1.9	6.9						
2Q25P	4.3	5.8	7.8						
3Q25P	15.9	14.0	10.4						
4Q25P	20.9	14.9	9.1						
2025P	9.8	8.1	10.2	7.0	8.2	10.1	7.2	13.8	7.2

Source: FactSet; Standard & Poor's; Jefferies

*Small represented by Russell 2000, Mid by Russell Midcap, Large by Russell 1000

Exhibit 2. Relative Valuation and Relative Performance of Russell 2000 vs Russell 1000



Source: FactSet; FTSE Russell; Jefferies

+ Past performance is not an indicator of future performance. The Russell 2000 Index is a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index. The Russell 1000 Index is a U.S. stock market index that tracks the highest-ranking 1,000 stocks in the Russell 3000 Index, which represent about 93% of the total market capitalization of that index. The Russell Midcap Index measures performance of the 800 smallest companies in the Russell 1000 Index.



NCG SMALL CAP 1Q25 REVIEW

	QTD	1 year	3 year	Annualized		Since Inception^
				5 year	10 year	
Small Cap Growth (%) (Net of fees)	(12.99)	(5.74)	0.75	17.75	11.50	10.20
Russell 2000® Growth Index (%)	(11.11)	(4.85)	0.78	10.77	6.14	6.51

^Inception 1/1/1999

1Q Attribution

Contributors	Detractors
<ul style="list-style-type: none"> Sector outperformance: consumer discretionary, basic materials, health care Top 3 contributors to absolute performance: ALHC, ATRO, BROS 	<ul style="list-style-type: none"> Sector underperformance: technology, industrials, consumer staples, real estate Top 3 detractors to absolute performance: GLBE, SAIA, VERX

1Q Portfolio Activity

- We are overweight the technology sector with our holdings diversified across software, semiconductors, and services companies, each with strong growth prospects and trading at what we believe are attractive valuations.
- We are overweight basic materials with our holdings consisting of companies selling into the aerospace and general industrial industries.
- The portfolio is slightly underweight the financial sector with our holdings consisting of two regional banks and a company in the insurance area.
- The portfolio is underweight the industrial sector and we continue to use bottom-up research to invest in high-quality companies with company-specific growth drivers.
- We are underweight in the consumer space, with a continued focus on investing in companies with strong business fundamentals and that we believe can sustain high growth.
- The portfolio is underweight the health care sector. We are relying on our direct research to invest in companies with strong growth prospects trading at attractive valuations.
- We added 5 new positions in Q1:
 - two in health care: Penumbra, Inc., iRhythm Technologies, Inc.
 - two in technology: SiTime Corporation, Innodata Inc.
 - one in consumer: CAVA Group, Inc.
- We sold 14 positions to zero in Q1:
 - six in technology: Agilysys, Inc., QuinStreet, Inc., Onestream, Inc., Flywire Corp., Pegasystems Inc., Paycor HCM, Inc.

- five in consumer: Smith Douglas Homes Corp., e.l.f. Beauty, Inc., CAVA Group, Inc., Freshpet Inc., On Holding
- three in health care: Castle Biosciences, Inc., Natera, Inc., Tandem Diabetes Care, Inc.

Sector Weights

As of 03/31/2025

	Small Cap Growth	Russell 2000 Growth Index
Technology	31%	16%
Industrials	23%	25%
Health Care	20%	25%
Consumer Discretionary	10%	10%
Basic Materials	7%	4%
Financials	7%	8%
Real Estate	1%	2%
Consumer Staples	0%	3%
Energy	0%	4%
Telecommunications	0%	1%
Utilities	0%	1%
Cash	1%	0%



NCG MICRO CAP 1Q25 REVIEW

		Annualized				
	QTD	1 year	3 year	5 year	10 year	Since Inception^
Micro Cap Growth (%) (Net of fees)	(14.75)	(1.60)	(2.91)	21.88	16.73	16.20
Russell Microcap® Growth Index (%)	(17.74)	(5.93)	(3.78)	8.15	2.69	7.18

^Inception 1/1/2003

1Q Attribution

Contributors	Detractors
<ul style="list-style-type: none"> Sector outperformance: health care, technology Top 3 contributors to absolute performance: ALHC, ATRO, PYCR 	<ul style="list-style-type: none"> Sector underperformance: financials, real estate, industrials Top 3 detractors to absolute performance: GDYN, ACVA, ALKT

1Q Portfolio Activity

- We are overweight the technology sector with our holdings diversified across software, semiconductors, and services companies, each with strong growth prospects and trading at what we believe are attractive valuations.
- The portfolio is underweight the health care sector. We are relying on our direct research to invest in companies with strong growth prospects trading at attractive valuations.
- The portfolio is slightly overweight the industrial sector and we continue to use bottom-up research to invest in high-quality companies with company-specific growth drivers.
- The portfolio is in-line with the financial sector.
- We are underweight in the consumer space, with a continued focus on investing in companies with strong business fundamentals and that we believe can sustain high growth.
- We added 7 new positions in Q1:
 - three in industrials: Covenant Logistics Group, Inc., Argan, Inc., Proficient Auto Logistics, Inc.
 - three in technology: Endava, JFrog, Olo, Inc.
 - one in health care: iRhythm Technologies, Inc.
- We sold 12 positions to zero in Q1:
 - five in technology: Docebo, Inc., Agilysys, Inc., PDF Solutions, Inc., Flywire Corp., Similarweb
 - four in health care: Castle Biosciences, Inc., NeoGenomics, Inc., Harrow, Inc., Tandem Diabetes Care, Inc.
 - one each in consumer (Smith Douglas Homes Corp.), utilities (Arq, Inc.), industrials (Marten Transport)

Sector Weights

As of 03/31/2025

	Micro Cap Growth	Russell Microcap Growth Index
Technology	30%	17%
Health Care	27%	34%
Industrials	18%	17%
Consumer Discretionary	11%	11%
Financials	8%	8%
Consumer Staples	1%	4%
Real Estate	1%	2%
Basic Materials	0%	2%
Energy	0%	3%
Telecommunications	0%	1%
Utilities	0%	1%
Cash	3%	0%



NCG SMID CAP 1Q25 REVIEW

	QTD	1 year	3 year	Annualized		Since Inception^
				5 year	10 year	
SMID Cap Growth (%) (Net of fees)	(14.13)	(8.13)	0.40	17.31	11.11	6.84
Russell 2500™ Growth Index (%)	(10.79)	(6.36)	0.55	11.37	7.43	5.87

^Inception 4/1/2000

1Q Attribution

Contributors	Detractors
<ul style="list-style-type: none"> Sector outperformance: basic materials, consumer discretionary, health care Top 3 contributors to absolute performance: ALHC, ATRO, BROS 	<ul style="list-style-type: none"> Sector underperformance: technology, industrials, consumer staples, real estate Top 3 detractors to absolute performance: GLBE, VERX, SAIA

1Q Portfolio Activity

- We are overweight the technology sector with our holdings diversified across software, semiconductors, and services companies, each with strong growth prospects and trading at what we believe are attractive valuations.
- We are overweight basic materials with our holdings consisting of companies selling into the aerospace and general industrial industries.
- The portfolio is slightly underweight the financial sector with our holdings consisting of two regional banks and a company in the insurance area.
- The portfolio is slightly overweight the industrial sector and we continue to use bottom-up research to invest in high-quality companies with company-specific growth drivers.
- We are underweight in the consumer space, with a continued focus on investing in companies with strong business fundamentals and that we believe can sustain high growth.
- The portfolio is in-line with the health care sector. We are relying on our direct research to invest in companies with strong growth prospects trading at attractive valuations.
- We added 9 new positions in Q1:
 - four in health care: Penumbra, Inc., iRhythm Technologies, Inc., Artivion, Inc., Alphatec Holdings, Inc.
 - three in technology: SiTime Corporation, Innodata Inc., Waystar Holding Corp.
 - two in consumer: CAVA Group, Inc., Universal Technical Institute, Inc.
- We sold 17 positions to zero in Q1:
 - six in technology: Agilysys, Inc., QuinStreet, Inc., Onestream, Inc., Flywire Corp., Pegasystems Inc., Paycor HCM, Inc.

- five in consumer: Smith Douglas Homes Corp., e.l.f. Beauty, Inc., CAVA Group, Inc., Freshpet Inc., On Holding
- three in health care: Castle Biosciences, Inc., Natera, Inc., Tandem Diabetes Care, Inc.
- two in real estate: CoStar Group, Inc., Cushman & Wakefield
- one in industrials: Symbotic, Inc.

Sector Weights

As of 03/31/2025

	SMID Cap Growth	Russell 2500 Growth Index
Technology	33%	18%
Industrials	24%	23%
Health Care	21%	21%
Consumer Discretionary	9%	15%
Basic Materials	7%	3%
Financials	7%	9%
Consumer Staples	0%	3%
Energy	0%	4%
Real Estate	0%	1%
Telecommunications	0%	1%
Utilities	0%	1%
Cash	1%	0%



Next Century Growth Investors, LLC

NCG LARGE CAP 1Q25 REVIEW

	QTD	1 year	3 year	Annualized		Since Inception^
				5 year	10 year	
Large Cap Growth (%) (Net of fees)	(12.18)	(1.74)	5.93	18.42	14.78	10.35
Russell 1000® Growth Index (%)	(9.96)	7.76	10.09	20.08	15.12	8.16

^Inception 1/1/1999

1Q Attribution

Contributors	Detractors
<ul style="list-style-type: none"> Sector outperformance: financials Top 3 contributors to absolute performance: HWM, PGR, V 	<ul style="list-style-type: none"> Sector underperformance: technology, health care, consumer Top 3 detractors to absolute performance: NVDA, AAPL, TSLA

1Q Portfolio Activity

- In technology, we are slightly underweight, but we maintain significant exposure to the sector as growth fundamentals remain strong in many of the large index positions as well as in many other areas. We are underweight the Mag 7 and have added additional holdings in the sector (see below).
- In consumer, we are underweight and continue to focus on companies we believe have long-term secular growth opportunities.
- The portfolio is underweight the health care sector. We are relying on our direct research to invest in companies with strong growth prospects trading at attractive valuations.
- Overweight in industrials driven by companies with what we believe have secular growth drivers.
- The portfolio is overweight the financial sector.
- We added 6 new positions in Q1:
 - five in technology: Snowflake, Inc., Salesforce, Inc., Marvell Technology, Inc., Broadcom, Inc., Atlassian Corp.
 - one in consumer: Spotify Technology, Carvana Co.
- We sold 5 positions to zero in Q1:
 - three in technology: Palo Alto Networks, Inc., Advanced Micro Devices, Inc., Toast, Inc.
 - one each in industrials (Symbotic, Inc.) and real estate (CoStar Group, Inc.)

Sector Weights

As of 03/31/2025

	Large Cap Growth	Russell 1000 Growth Index
Technology	54%	56%
Consumer Discretionary	17%	19%
Industrials	14%	8%
Financials	9%	3%
Health Care	5%	8%
Basic Materials	0%	0%
Consumer Staples	0%	3%
Energy	0%	1%
Real Estate	0%	1%
Telecommunications	0%	0%
Utilities	0%	1%
Cash	2%	0%

DISCLOSURES (1Q25)

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Source: FactSet for Attribution and Sectors.

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^Large Cap Growth Composite Inception 1/1/1999, represent 13.81% firm AUM

^SMID Cap Growth Composite Inception 4/1/2000, represent 1.89% firm AUM

^Small Cap Growth Composite Inception 1/1/1999, represent 40.06% firm AUM

^SMicro Cap Growth Composite Inception 1/1/2013, represent 1.52% firm AUM

^Micro Cap Growth Composite Inception 1/1/2003, represent 34.52% firm AUM

The Russell Microcap® Growth Index measures the performance of the microcap growth segment of the U.S. equity market. It includes Russell Microcap companies that are considered more growth oriented relative to the overall market as defined by Russell's leading style methodology. The Russell Microcap Growth Index is constructed to provide a comprehensive and unbiased barometer for the microcap growth segment of the market. The Index is completely reconstituted annually to ensure larger stocks do not distort performance and characteristics of the microcap opportunity set. The Russell Microcap Growth Index is not an actual investment and does not reflect the deduction of transaction charges and other expenses that your account must bear. Additional information regarding policies for calculating and reporting returns is available upon request.

The NCG Micro Cap Growth Equity Composite contains portfolios investing primarily in the equity securities of smaller U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. Investment results are measured versus the Russell Microcap® Growth Index.

The Next Century Growth Investors Small/Micro Cap Growth Equity Composite contains portfolios investing primarily in the equity securities of smaller companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. The strategy invests in both small and microcap companies. Investment results are measured versus the Russell 2000® Growth Index.

The NCG Small Capitalization Growth Equity Composite contains portfolios investing primarily in the equity securities of smaller U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. Investment results are measured versus the Russell 2000® Growth Index.

The Russell 2000® Growth Index measures the performance of the small-cap growth segment of the US equity universe. It includes those Russell 2000® companies with higher price-to-value ratios and higher forecasted growth values. The Russell 2000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set and that the represented companies continue to reflect growth characteristics. The Russell 2000® Growth Index is not an actual investment and does not reflect the deduction of transaction charges and other expenses that your account must bear.

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 1000® Growth Index is not an actual investment and does not reflect the deduction of transaction charges and other expenses that your account must bear.

The NCG Focused Large Capitalization Growth Composite contains portfolios investing primarily in equity securities of U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. The strategy invests in both large and medium companies with an emphasis on large capitalization. Investment results are measured versus the Russell 1000® Growth Index.

The Russell 2500™ Growth Index measures the performance of the small to mid-cap growth segment of the US equity universe. It includes those Russell 2500™ companies with higher growth earning potential as defined by FTSE Russell's leading style methodology. The Russell 2500™ Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect growth characteristics.

The NCG Small/Mid Capitalization Equity Composite contains portfolios investing primarily in the equity securities of small and medium-sized U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. Investment results are measured versus the Russell 2500™ Growth Index.

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