



3Q25 NCG PERFORMANCE AND COMMENTARY

Next Century Growth Investors			Latest 1	Latest 3	Latest 5	Latest 10	Inception [^]
Compound annual returns as of 9/30/2025	3Q25	YTD	Year	Year	Year	Year	To Date
Small Cap Growth Composite (%) (net of fees)	5.91	3.89	11.97	12.41	10.50	14.50	10.73
Russell 2000® Growth Index (%)	12.19	11.65	13.55	16.68	8.41	9.90	7.29
Micro Cap Growth Composite (%) (net of fees)	4.60	5.22	18.67	10.79	12.31	20.01	16.89
Russell Microcap® Growth Index (%)	19.93	19.28	33.06	17.67	7.82	8.08	8.78
Smicro Cap Growth (%) (net of fees)	4.93	2.69	10.70	13.07	10.67	15.84	15.67
Russell 2000® Growth Index (%)	12.19	11.65	13.55	16.68	8.41	9.90	10.75
SMID Cap Growth Composite (%) (net of fees)	7.05	4.34	11.27	12.36	10.48	14.23	7.52
Russell 2500™ Growth Index (%)	10.73	9.94	12.61	15.96	7.76	10.93	6.62
Large Cap Growth Composite (%) (net of fees)	8.39	14.20	20.12	28.02	15.15	17.87	11.23
Russell 1000® Growth Index (%)	10.50	17.24	25.53	31.61	17.57	18.83	9.07

Market Review

In the third quarter of 2025, equity markets finished higher and are now at all-time highs across most broad indices. Each month saw positive index returns as the market rally continued from April lows. Potential macro headwinds that were feared by investors earlier this year have yet to materialize in the economic data, and earnings reports and outlooks have generally been upbeat. In September the Fed cut rates 25bps and indicated a likelihood of additional cuts in 2025, supporting continued market strength.

There are many exciting areas of emerging and potential growth within the US economy. One such area is artificial intelligence. Longer-term, there is great promise for AI to enhance business models and improve productivity. In the near-term, the infrastructure needed to support the AI buildout is spurring a significant increase in investment and capital expenditures. Both dynamics are driving new growth opportunities for many innovative companies across industries, including technology, industrials, and energy. Aside from technological innovation, the new administration has implemented pro-growth policies, including infrastructure spending, manufacturing re-shoring, critical mineral and pharmaceutical production, defense spending, and more, which are expected to support growth across many sectors of the domestic economy. Given the frenetic pace at which these growth trends are emerging, investors are bidding up the perceived winners and moving out of perceived laggards. While 3Q saw continued positive returns in many of the mega cap companies that have been leading the market for years, there were significant rallies in many speculative parts of the market, and it was especially acute in the micro and small cap indices. Areas with big gainers and material contribution to the micro and small cap indices were quantum computing, nuclear energy, critical minerals, bitcoin miners/HPC power suppliers, defense & space, mobility solutions, and biotech, among others. Many companies in these end markets potentially have an exciting story, but in many cases, the business fundamentals are nowhere close to supporting extremely elevated valuation levels. At the same time, some traditional growth areas, such as software and IT services, have seen significant valuation contraction as companies in these areas are simply not viewed as future winners in this new regime.

For NCG, this created a difficult backdrop for relative performance in 3Q. We have seen speculative periods like this in the past, most recently in late 2020 and early 2021, and our experienced team continues to adhere to the growth focused investment philosophy and process in place since our inception. We continue to closely monitor and stay on top of emerging growth trends, and we are actively researching companies that could benefit. It is our job to identify the companies poised to capitalize on big opportunities.



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 3Q25, as we underperformed in all strategies (net of fees), and YTD we are behind our respective indexes in all strategies. In terms of relative performance, we continued to see disproportionate outperformance from companies with low-quality factors, such as negative earnings and no sales, in the small cap indexes. These are parts of the market to which we typically have low or no exposure. While we have done work on some of the areas and companies in these areas, we believe many of the business models are still unproven and high expectations may fail to materialize. We stay focused on investing in high-quality companies with strong business fundamentals and long-term growth opportunities, which we believe will lead to outperformance over the long run.

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

Market Outlook

Positives driving the market have included progress on trade negotiations, generally upbeat earnings reports from companies, continued solid economic data, and a more accommodating Fed. Robust earnings growth for large caps is expected to continue in 2025 and, after two years of declines, small cap earnings growth is projected to be positive and accelerate throughout the year. 2026 earnings could see small cap earnings growth outpace large cap. *See Exhibit 1.* 3Q reports are fast approaching and should provide important updates on the trajectory of 2026 earnings growth.

We continue to see some potentially significant positives in the current environment. The administration continues to push pro-growth policies in numerous sectors of the domestic economy, and we are finding companies which are direct beneficiaries. The Federal Reserve has begun cutting rates after nearly a year long pause and has indicated more cuts are coming. This should be good for the markets broadly, with small caps the prime beneficiary in past rate-cutting cycles. *See Exhibit 2.* And lastly, we continue to believe there are attractive opportunities in growth stocks across our strategies. Large cap growth stocks continue to lead the market, supported by strong business fundamentals as well as exposure to new emerging growth areas. While small cap growth stocks have started to play some catch-up relative to large cap in 3Q, we believe there is still a long way to go. As of the end of September, the rolling 10-year annualized return by small vs large stands at -3.4% per year and is in the 6th percentile going back to 1926 (zero being the worst relative performance and 100 being the best), *See Exhibit 3*, and the valuation of the small cap sector relative to large caps is in the 10th percentile historically (zero being the least expensive relatively and 100 being the most expensive). *See Exhibit 4.*

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. 2025 Earnings Growth Estimates (as of 9/26/2025)

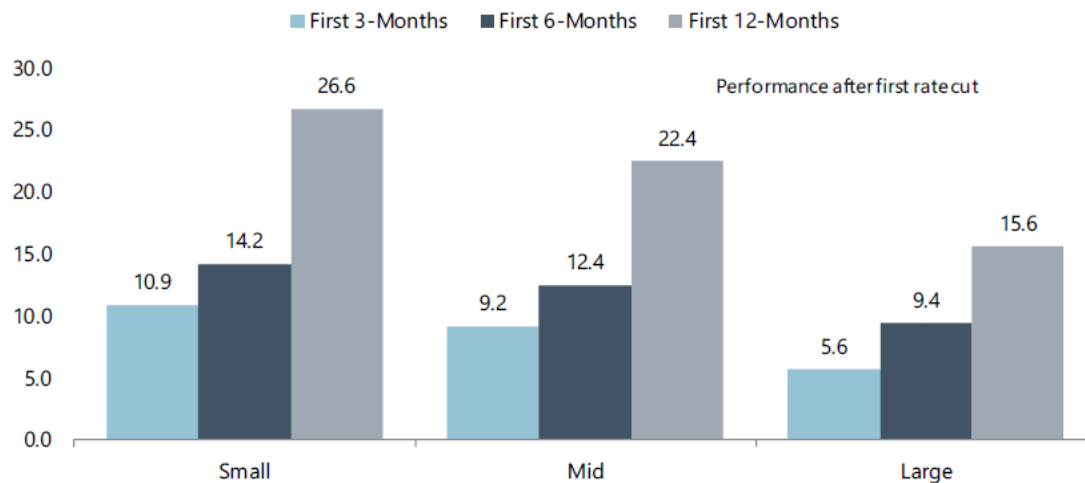
Earnings Growth (%)

Quarter/Year	Small	Mid	Large
1Q25A	-4.9	-2.9	14.5
2Q25P	6.2	2.8	12.0
3Q25P	2.3	2.9	5.6
4Q25P	5.3	4.9	4.2
2025P	3.0	3.5	9.9
2026P	19.9	16.5	12.5

Source: FactSet; Standard & Poor's; Jefferies

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

Exhibit 2. Performance after first Fed interest rate cut

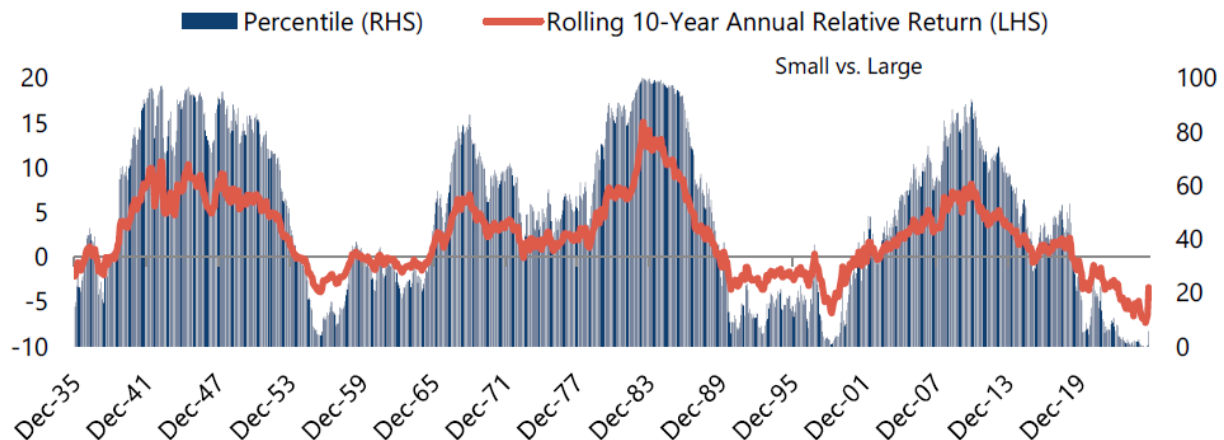


Note: Used Fed Funds from 1954 until 1963, then used the Discount rate from 1963 until 1994 and Fed Funds rate after that.

Source: Federal Reserve Board; Haver Analytics; Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies

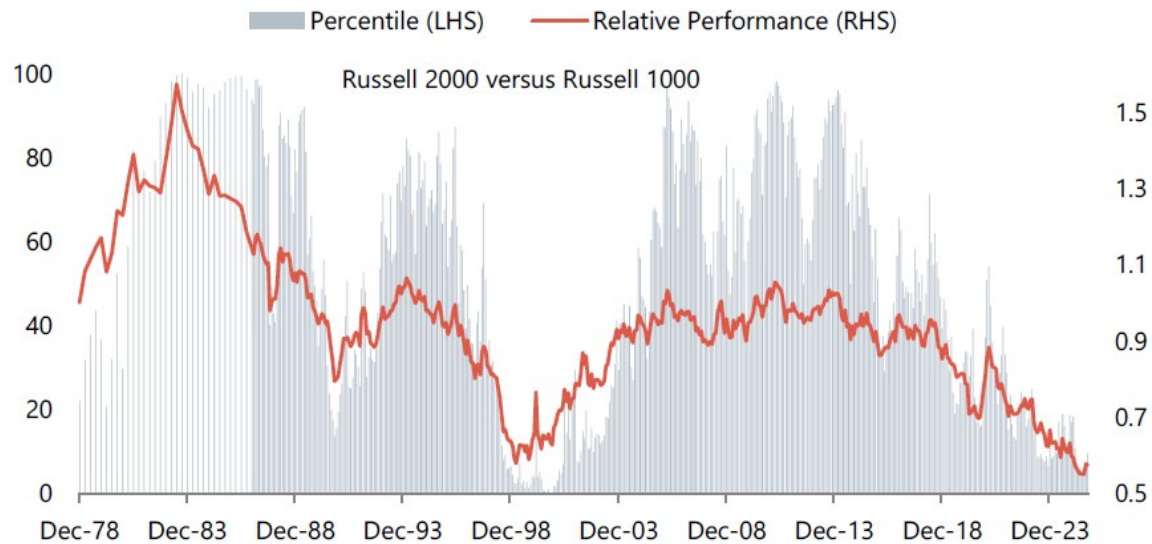
*Small represented by Russell 2000, Mid by Russell Midcap, Large by Russell 1000

Exhibit 3. Rolling 10-year Relative Performance of Small Cap Stocks vs Large Cap Stocks



Source: Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies

Exhibit 4. 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 MICRO CAP 3Q25 REVIEW

	3Q25	YTD	1 year	3 year	Annualized		Since Inception^
					5 year	10 year	
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^Inception 1/1/2003

3Q Attribution*

Contributors	Detractors
<ul style="list-style-type: none"> Sector outperformance: small outperformance in consumer staples Top 3 contributors to absolute performance: ATRO, XMTR, AORT 	<ul style="list-style-type: none"> Sector underperformance: health care, technology, consumer discretionary, basic materials, financials, energy, industrials Index performance was driven by strong momentum in many speculative areas of the economy: nuclear energy, critical minerals, defense & space, mobility solutions, bitcoin miners/HPC power suppliers, among others Biotechnology stocks contributed 7.5pts to the index return for 3Q and ended the quarter with an index weighting of 20% In technology, two companies were responsible for nearly all of the sector's contribution to return and each is >1% weighting (WULF, APLD), and more traditional growth areas of software and services faded on concerns around the impact of AI Top 3 detractors to absolute performance: LMB, CDNA, PAR

3Q Portfolio Activity

- The portfolio is overweight the industrial sector and we continue to use bottom-up research to invest in high-quality companies with company-specific growth drivers in many unique end markets including: aerospace, satellites, AI/energy infrastructure, industrial manufacturing
- The portfolio is underweight the health care sector with our holdings spread across medical device, diagnostics, pharma, managed care, and service companies
- We are overweight the technology sector with our holdings diversified across software, semiconductors, AI infrastructure, and services companies, each with strong growth prospects and trading at what we believe are attractive valuations.
- The portfolio is slightly underweight the financial sector.
- We are in-line 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 22 new positions in Q3:
 - six in technology: Impinj, Applied Digital, Zeta Global, TeraWulf, Amprius, Aehr Test
 - five in health care: Adaptive Biotechnologies, Kestra Medical, OptimizeRx, ADMA Biologics, Shoulder Innovations
 - five in industrials: Planet Labs, Park Aerospace, Frequency Electronics, Legence, Evolv Technologies
 - three in financials: Coastal Financial, Pagaya Technologies, Porch Group
 - two in energy: Centrus Energy, American Superconductor
 - one in consumer: Black Rock Coffee Bar
- We sold 21 positions to zero in Q3:
 - six in technology: Q2 Holdings, Grid Dynamics, PAR Technology, Weave Communications, SEMrush Holdings, Olo
 - five in health care: PROCEPT BioRobotics, Veracyte, Ceribell, ARS Pharmaceuticals, Vericel, CareDx
 - four in industrials: Sterling Infrastructure, Kornit Digital, Proficient Auto Logistics, Titan Machinery
 - three in financials: Skyward Specialty Insurance, Bowhead Specialty, Byline Bancorp
 - two in consumer: ACV Auctions, Potbelly

Sector Weights*

As of 09/30/2025

	Micro Cap Growth	Russell Microcap Growth Index
Industrials	30%	16%
Health Care	26%	33%
Technology	23%	16%
Consumer Discretionary	8%	8%
Financials	6%	8%
Energy	2%	5%
Consumer Staples	2%	3%
Basic Materials	0%	4%
Real Estate	0%	1%
Telecommunications	0%	4%
Utilities	0%	1%
Cash	2%	0%

*Source: Factset

DISCLOSURES (3Q25)

Source: FactSet for Attribution and Sectors.

Reported in USD. Performance figures for less than one year are not annualized. An investment in this strategy is speculative and involves substantial risks, including the possible loss of the entire investment and the potential for economic and market conditions and factors to materially adversely affect the value of the investments. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Performance information presented may include "estimated" figures in circumstances where "final" figures are not yet available. Both gross and net performance reflects the reinvestment of dividends and interest, and the deduction of brokerage or other commissions, and any other expenses that a client would have paid or actually paid, other than custodial fees. For the Small Capitalization Growth Equity Composite IPOs contributed significantly to performance in 1999. Next Century Growth Investors claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

^Large Cap Growth Composite Inception 1/1/1999, represent 14.43% firm AUM

^SMID Cap Growth Composite Inception 4/1/2000, represent 1.86% firm AUM

^Small Cap Growth Composite Inception 1/1/1999, represent 41.30% firm AUM

^SMicro Cap Growth Composite Inception 1/1/2013, represent 1.48% firm AUM

^Micro Cap Growth Composite Inception 1/1/2003, represent 33.32% 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.

A GIPS Report and/or the firm's list of composite descriptions is available upon request. The Russell Indexes ("Russell Indexes") are a trademark of Frank Russell Company ("Russell"). The FTSE Indices and/or Russell Indexes are not in any way sponsored, endorsed, sold or promoted by FTSE, Russell or the LSEG (together, the "Licensor Parties") and none of the Licensor Parties make any claim, prediction, warranty or representation whatsoever, expressly or impliedly, either as to (i) the results to be obtained from the use of the FTSE Indices and/or Russell Indexes, (ii) the figures at which the FTSE Indices and/or Russell Indexes are said to stand at any particular time on any particular day or otherwise, or (iii) the suitability of the FTSE Indices and/or Russell Indexes for any purpose. None of the Licensor Parties have provided or will provide any financial or investment advice or recommendation in relation to the FTSE Indices and/or Russell Indexes. The Russell Indexes are calculated by Russell or its agent. None of the Licensor Parties shall be (a) liable (whether in negligence or otherwise) to any person for any error in the FTSE Indices and/or Russell Indexes or (b) under any obligation to advise any person of any error therein.