Select Growth

Quarterly Report
March 31, 2025

SANDS CAPITAL

Contents

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GIPS Reports found here.

Notice for non-US Investors.

Disclosures and definitions found here.

On the Cover
The Spheres are three spherical conservatories that are part of the Amazon headquarters campus in Seattle, Washington. Designed to serve as an employee workspace, The Spheres house more than 40,000 plants consisting of 400 different species. Amazon has been a Select Growth portfolio business since 2015.

Select Growth (USD)

Quarterly Report - March 31, 2025

OVERVIEW

Select Growth focuses primarily on U.S. businesses at the forefront of the most vital areas of positive structural change in our economy. These businesses are built on disruptive innovation, and generate growth by inspiring profound change within existing industries or creating entirely new ones.

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

27
Businesses

57%
Top Ten Weight

LONG-TERM INVESTMENT HORIZON

29%
Turnover-Annual Avg.

5+ Yrs
Expected Holding Period

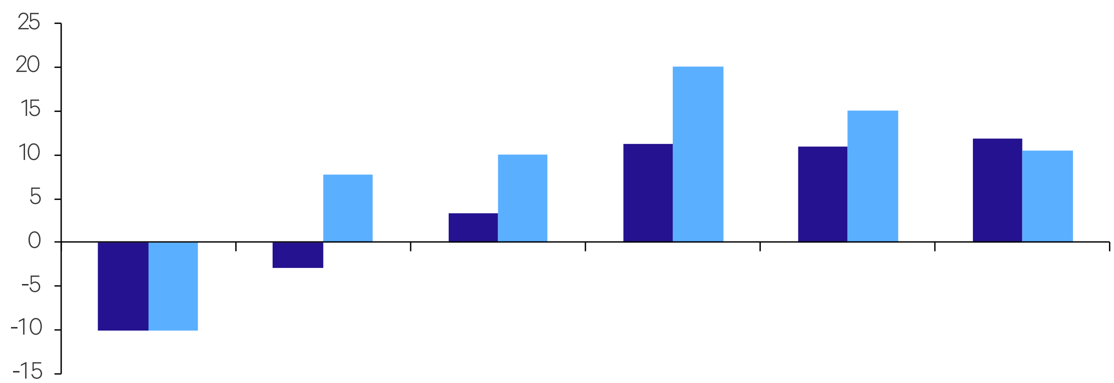
ABOVE-AVERAGE EPS GROWTH FORECAST

17%
Select Growth

15%
Russell 1000 Growth Index

INVESTMENT RESULTS (%)

Select Growth vs Russell 1000 Growth Index



Inception: 02/29/1992	QTD	1 Year	3 Years	5 Years	10 Years	Since Inception
● Portfolio (Net)	-10.1	-2.9	3.3	11.3	11.0	11.8
● Benchmark	-10.0	7.8	10.1	20.1	15.1	10.5
Value Added (%)	**-0.1**	**-10.6**	**-6.8**	**-8.8**	**-4.1**	**1.3**

CALENDAR YEAR RETURNS (%)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Portfolio (Net)	-7.1	35.1	6.8	33.3	71.4	4.9	-49.1	52.0	24.3	-10.1
Benchmark	7.1	30.2	-1.5	36.4	38.5	27.6	-29.1	42.7	33.4	-10.0
Value Added (%)	**-14.2**	**4.9**	**8.3**	**-3.1**	**32.9**	**-22.7**	**-20.0**	**9.4**	**-9.1**	**-0.1**

Inception date is 2/29/1992. 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 Select Growth Tax Exempt Institutional Equity Composite. Net of fee performance was calculated using Select Growth Tax Exempt Institutional Equity Composite's actual fees and performance fees if applicable. Past performance is not indicative of future results. GIPS Reports found here.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Portfolio Businesses	27	394
Active Share	64%	n/a
5-Year Historical EPS Growth	42%	27%
Consensus Long-Term EPS Growth	17%	15%
Consensus Forward P/E - Next 12 mos.	30x	25x
Strategy Assets	$11.5B	n/a
Weighted Avg. Market Cap (USD)	$843.0B	$1.4T
Median Market Cap (USD)	$90.1B	$18.7B
Turnover - Trailing 12 mos.	40%	n/a

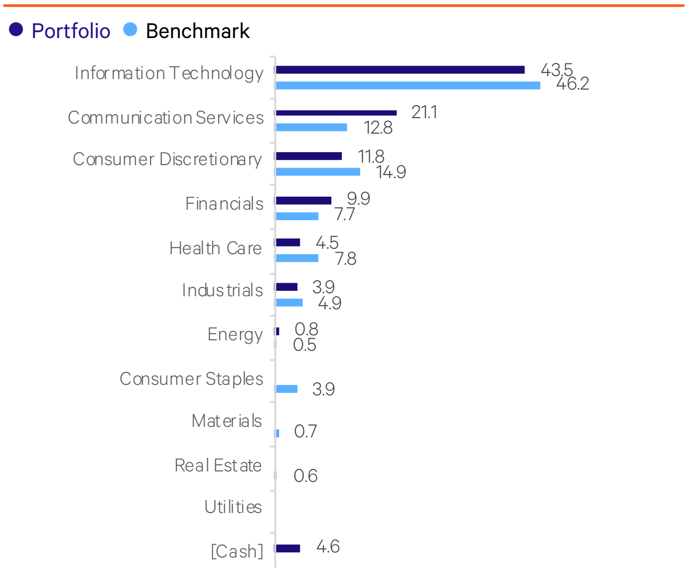
RETURN & VOLATILITY METRICS

(Trailing 5 Years Net of Fees)	Portfolio	Benchmark
Annualized Excess Return	-8.8%	n/a
Beta	1.23	1.00
Information Ratio	-0.7	n/a
R-Squared	82.4%	100.0%
Sharpe Ratio	0.3	0.9
Standard Deviation	27.2%	20.1%
Tracking Error	12.3%	n/a
Up Capture	100%	100%
Down Capture	125%	100%

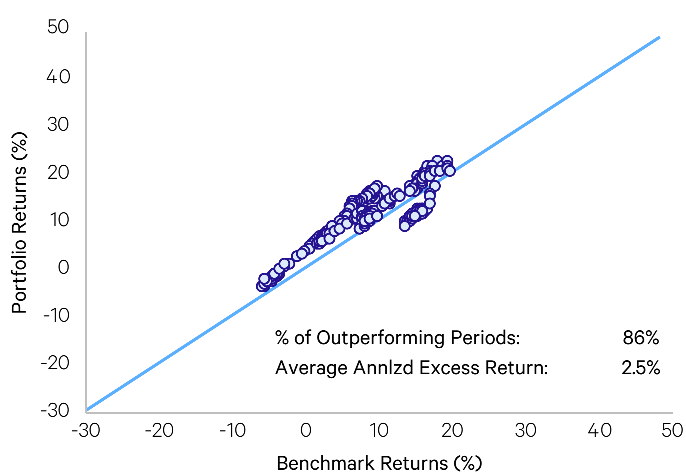
TOP TEN HOLDINGS (56.5% OF ASSETS)

Company	Sector	Domicile	Portfolio (%)	Owned Since
Amazon	Consumer Discretionary	United States	9.0	2015
NVIDIA	Information Technology	United States	8.2	2022
Microsoft	Information Technology	United States	7.1	2023
Meta Platforms	Communication Services	United States	6.9	2023
AppLovin	Information Technology	United States	4.7	2024
ServiceNow	Information Technology	United States	4.4	2016
Spotify	Communication Services	Sweden	4.4	2024
Sea	Communication Services	Singapore	4.1	2019
Netflix	Communication Services	United States	3.9	2015
Atlassian	Information Technology	United States	3.9	2018

SECTOR EXPOSURE



ROLLING TEN YEAR INVESTMENT RESULTS*



* Average annualized excess returns are calculated based on monthly rolling periods beginning 2/29/1992 (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 Select Growth Tax Exempt Institutional Equity Composite. Net of fee performance was calculated using Select Growth Tax Exempt Institutional Equity Composite's actual fees and performance fees if applicable. Past performance is not indicative of future results. GIPS Reports found here.

Differences in account size, timing of transactions and market conditions prevailing at the time of investment may lead to different results, and clients may lose money. A company's fundamentals or earnings growth is no guarantee that its share price will increase. Forward earnings projections are not predictors of stock price or investment performance, and do not represent past performance. Characteristics, sector (and regional, country, and industry where applicable) exposure and holdings information are subject to change and should not be considered as recommendations. 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. 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.

PORTFOLIO HOLDINGS BY SECTOR

SECTOR/COMPANY	GICS INDUSTRY	DOMICILE	PORTFOLIO (%)	BENCHMARK (%)	OWNED SINCE
Communication Services			**21.1**	**12.7**	
Meta Platforms	Interactive Media & Services	United States	6.9	4.3	2023
Netflix	Entertainment	United States	3.9	1.5	2015
Roblox	Entertainment	United States	1.8	0.1	2024
Sea	Entertainment	Singapore	4.1	-	2019
Spotify	Entertainment	Sweden	4.4	0.3	2024
Consumer Discretionary			**11.8**	**14.9**	
Amazon	Broadline Retail	United States	9.0	6.6	2015
DoorDash	Hotels Restaurants & Leisure	United States	2.7	0.2	2020
Energy			**0.8**	**0.5**	
Venture Global	Oil Gas & Consumable Fuels	United States	0.8	-	2025
Financials			**9.9**	**7.7**	
Block	Financial Services	United States	1.4	0.0	2020
Intercontinental Exchange	Capital Markets	United States	3.4	-	2024
Nu Holdings	Banks	Brazil	2.5	0.1	2023
Visa	Financial Services	United States	2.6	2.3	2008
Health Care			**4.5**	**7.8**	
Dexcom	Health Care Equipment & Supplies	United States	3.1	0.1	2020
Ultragenyx Pharmaceutical	Biotechnology	United States	1.3	0.0	2023
Industrials			**3.9**	**4.9**	
Axon Enterprise	Aerospace & Defense	United States	1.5	0.1	2024
Uber Technologies	Ground Transportation	United States	2.5	0.6	2020
Information Technology			**43.5**	**46.2**	
AppLovin	Software	United States	4.7	0.3	2024
Atlassian	Software	United States	3.9	0.1	2018
Broadcom	Semiconductors & Semiconductor Equipment	United States	2.1	2.9	2025
Cloudflare	IT Services	United States	2.3	0.1	2021
Datadog	Software	United States	2.3	0.1	2022
Microsoft	Software	United States	7.1	10.3	2023
NVIDIA	Semiconductors & Semiconductor Equipment	United States	8.2	9.3	2022
Samsara	Software	United States	3.1	-	2024
ServiceNow	Software	United States	4.4	0.6	2016
Shopify	IT Services	Canada	3.7	-	2021
Taiwan Semiconductor	Semiconductors & Semiconductor Equipment	Taiwan	1.7	-	2025
Cash			4.6		

Source: Sands Capital, FactSet, MSCI. Data presented is that of the Select Growth Tax Exempt Institutional Equity 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.

Commentary

MARKET ENVIRONMENT

U.S. growth equities, as measured by the Russell 1000 Growth Index, delivered their worst quarterly performance since 2022 and underperformed U.S. value equities (Russell 1000 Value Index) by the widest margin since 2001.

In January, the emergence of Chinese artificial intelligence (AI) model DeepSeek triggered a selloff in AI-related stocks as investors reassessed the sustainability of elevated infrastructure spending, pricing, and the United States' leadership in the sector. Later in the quarter, the S&P 500 Index entered a 10 percent correction in just 16 trading days, the seventh-fastest on record since 1929. U.S. policy uncertainty—particularly around trade—stoked fears of stagflation and triggered a rotation out of high-momentum stocks. The downturn was exacerbated by significant crowding in those names and low market liquidity.

These dynamics led to a shift in market leadership: value outperformed growth, international markets outperformed the United States, and traditional havens like gold, Treasuries, and the Japanese yen rallied. Part of the leadership shift included a rotation from the Magnificent Seven, as five of its constituents—NVIDIA, Apple, Tesla, Alphabet, and Microsoft—were the index's largest individual detractors.

Index contributors were more dispersed than in recent quarters, with greater breadth across both industries and individual stock contributions. The top five contributors—Visa, Eli Lilly, AbbVie, Progressive, and Uber Technologies—reflected diverse end markets, with no single company contributing more than 20 basis points (0.2 percent) to the index's overall gain.

From a sector perspective, healthcare and consumer staples contributed most to the Russell 1000 Growth, while information technology and consumer discretionary were the top detractors.

Select Growth Quarterly Strategy Review
Senior Portfolio Manager Wesley A. Johnston, CFA, shares insights on market trends, Select Growth's current positioning, and where we see long-term opportunities. **Watch the replay** until May 17, 2025.

INVESTMENT RESULTS AND ATTRIBUTION

Select Growth marginally underperformed the Russell 1000 Growth Index.

Multiple compression drove the portfolio's decline, with the median company's 12-month forward earnings multiple falling by 15 percent.

Security selection within software was the largest relative detractor, offsetting contributions from communication services and the portfolio's positioning around the Magnificent Seven. Notably, the underweight to the Magnificent Seven—including the decision not to own Alphabet and Tesla—added more than 100 basis points (1 percent) to relative results. From a sector standpoint, communication services and consumer discretionary contributed the most to relative results. Information technology and healthcare were the top detractors.

AI-related stocks fell in the first quarter amid concerns about the durability of graphics processing unit (GPU) demand and the broader market leadership rotation. We think that the market is overly skeptical and is overlooking several positive signals.

Hyperscalers' capital expenditures guidance suggests that the AI investment cycle remains strong. Innovations like DeepSeek are likely to expand—not reduce—demand by enabling more domain-specific model development, and we've begun to see tangible evidence of this. During the quarter, leading Chinese internet companies were reported to be stockpiling NVIDIA's H20 chips to meet booming demand for DeepSeek model compute.

NVIDIA's 2025 GTC event further demonstrated that AI is not demand-constrained and continues to improve rapidly. The company unveiled a multiyear roadmap with major gains in cost efficiency and performance, including a 40-fold improvement in inference per watt for its latest system, Blackwell.

Meanwhile, we're seeing evidence that scaling laws—the positive correlation between compute power and model performance—remain intact. The rise of xAI's Grok 3 model, which reportedly outperforms all others despite the company being little more than two years old, is a direct example. The model's success is attributed to brute-force compute from a cluster of 200,000 NVIDIA GPUs.

Past performance is not indicative of future results.

Importantly, better performance is leading to real-world applications. A common investor concern is the lack of scalable use cases and return on investment, but we're now seeing tangible use cases across Sands Capital portfolios. Multiple holdings are realizing material revenue growth and cost efficiencies from AI across areas such as fraud detection, content creation, and workflow automation. These early results suggest the next phase of adoption will be more focused, measurable, and enduring.

Over the longer term, "AI factories"—enterprise AI workloads designed to support or even replace parts of the human workforce—and physical AI applications in automobiles and humanoids present additional use cases with potentially massive addressable markets.

While sentiment may remain volatile, we continue to view AI as a foundational driver of long-term growth—for both the infrastructure enablers and the businesses applying AI to create real-world value.

CONTRIBUTORS

The top individual absolute contributors to Select Growth's results were Spotify, Sea, Intercontinental Exchange, Uber Technologies, and Cloudflare.

Spotify is the world's largest subscription streaming audio service by market share. The business delivered strong fourth-quarter 2024 results, with robust revenue and monthly active user growth, along with gross and operating margin expansion. It also reported its strongest quarter of premium subscription net additions in five years. Management is calling 2025 the "year of accelerated execution" following 2024's "year of monetization." We view this as a positive signal of continued operating expense discipline and product innovation, including the launch of a new premium "Music Pro" tier.

Sea is an internet business in Southeast Asia that operates leading platforms for video games, ecommerce, and digital financial services. The business reported its fifth consecutive beat-and-raise quarter, with Shopee (ecommerce) growing gross merchandise volume 24 percent year-over-year while delivering positive EBITDA margin. 2025 guidance points to inflections across all three business units—ecommerce, digital financial services, and gaming—each expected to generate approximately $1 billion in EBITDA. We raised our long-term estimates, including Shopee margin and valuation assumptions, and now expect combined EBITDA to triple by 2029. Improved investor communication has, in our view, helped dampen volatility around earnings announcements while attracting long-term institutional investors. Looking ahead, we believe the company is more in control of its destiny and entering a phase of meaningful earnings acceleration, and we have higher confidence in our long-term earnings estimates.

Intercontinental Exchange (ICE) is one of the world's largest operators of financial exchanges and clearinghouses. The business reported solid quarterly results and issued better-than-expected 2025 guidance for its mortgage technology segment, which it expects to grow in the low-to-mid single digits compared to a 2 percent decline in 2024. The lower end of guidance is conservative, assuming flat origination volumes in 2025 after nearly three years of contraction, and with interest rates now roughly 75 basis points below their post-pandemic highs. ICE also plans to resume its stock buyback program as leverage has largely normalized following the Black Knight acquisition.

Uber Technologies reported strong quarterly results, with gross bookings up 21 percent year-over-year, driven by volume rather than pricing, and adjusted EBITDA increasing 44 percent. Investor debate around autonomous vehicles (AVs) continues to influence sentiment. Still, we believe a fragmented AV market—beyond current leaders Tesla and Waymo—will favor Uber, given the likely need for an aggregator (we view it as unlikely that consumers will use separate apps for each AV provider). Additionally, Uber has begun investing in AV fleets and maintenance depots, a move that could further strengthen its position within the evolving AV ecosystem.

Cloudflare is an emerging network-as-a-service and edge computing leader. Shares rallied during the quarter as investors gained confidence in the company's improving enterprise sales execution and recognized its potential as a key beneficiary of AI inference growth. Lower inference costs could accelerate AI application deployment, increasing demand for Cloudflare's Workers edge computing platform. We attended the company's analyst day in March and came away encouraged by its focus on strengthening both enterprise and developer go-to-market efforts. Notably, the renewed emphasis on developer adoption for Workers could begin contributing meaningfully to the business sooner than we had previously expected.

DETRACTORS

The top individual absolute detractors were AppLovin, NVIDIA, ServiceNow, Amazon, and Datadog.

AppLovin is one of the leading providers of advertising solutions for mobile game developers. Its stock price decline stemmed from a broader selloff in high-beta stocks, exacerbated by multiple short reports. These reports allege app-install manipulation and improper data attribution—claims we view as largely unfounded. AppLovin's revenue is tied to purchases, not clicks, and its customers use sophisticated attribution tools. Given the opaque nature of ad tech, we took added precautions in our due diligence, consulting ad fraud experts and a forensic accountant. We see no new concerns that alter our conviction and believe the selloff has improved the long-term risk-reward in our favor.

NVIDIA is the market-leading provider of AI technology. As noted above, shares declined in the first quarter amid the investor debate over DeepSeek, AI return on investment, and broader demand trends. This uncertainty appears reflected in the stock's current valuation, which seems to be pricing in a down-cycle. Our research suggests this sentiment is misplaced, given demand durability and the company's competitive position—including the fungibility of its hardware across training and inference, the importance of its CUDA programming platform, and the breadth of its ecosystem. NVIDIA ended the quarter as the portfolio's second-largest weight, reflecting our conviction and its fit with our investment criteria.

ServiceNow is the leading provider of enterprise workflow automation software, based on market share. Shares declined during the quarter amid uncertainty around U.S. federal government spending, which accounts for roughly 10 percent of ServiceNow's revenue and has been a meaningful growth driver in recent years. These concerns were reflected in the company's full-year 2025 outlook, which incorporated a stronger U.S. dollar and cautious assumptions for its federal business. Despite this, ServiceNow continues to guide for 100 basis points (1 percent) of operating margin expansion this year. We continue to view the company as one of the best-positioned software beneficiaries of AI. A key proof point: Pro Plus, an AI-enhanced upgrade to its Pro tier, grew 150 percent quarter-over-quarter and is now in use by 1,000 customers.

Amazon is one of the largest ecommerce retailers and cloud infrastructure providers globally. Amazon reported solid quarterly results, in our view, with stable revenue growth and margin expansion in line with trends seen across the hyperscalers, including Meta. The company's 2025 capital expenditure guidance—exceeding $100 billion—was well above expectations, driven by intensifying investment in AI infrastructure. Notably, the stock ended the quarter trading at its lowest 12-month forward earnings multiple since 2008.

Datadog provides essential monitoring and observability tools for modern cloud infrastructure. Shares declined during the quarter alongside the broader software sector, which was one of the largest detractors from the Russell 1000 Growth Index. Consumption-based models like Datadog's tend to be more volatile than subscription-based peers during periods of macroeconomic uncertainty. Beyond these broader pressures, investor concerns focused on guidance and Datadog's growing concentration among AI customers. This group now represents approximately 6 percent of annual recurring revenue, up from less than 1 percent eight quarters ago. While this validates Datadog's value to leading-edge users, it introduces short-term risk if usage slows or renewals come at lower rates. Bigger picture, we view the recent selloff as an opportunity. The core business remains stable, and Datadog retains a leading position in observability. Secular trends—including growing cloud complexity and the rise of AI applications—continue to drive long-term demand.

PURCHASES

In the first quarter, Select Growth completed purchases of Broadcom, Taiwan Semiconductor, and Venture Global.

Broadcom is a key enabler of systems scalability and compute growth via 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.

Taiwan Semiconductor (TSMC) is the world's largest producer of leading-edge logic chips by market share. TSMC is the only large-scale, customer-dedicated foundry capable of producing leading-edge chips, which are the most advanced chips available in terms of computing power. Its leadership position has been cemented by several factors, including its high-quality manufacturing process, ongoing investments in innovation, collaborative relationships with a wide ecosystem of partners, and position as the sole foundry at scale that does not compete with its customers by manufacturing its own designs. Our research suggests that its leadership position is only going to strengthen, given the manufacturing and operational challenges of its only two competitors. We view TSMC as a primary beneficiary of the proliferation of AI, given its chokepoint position in the value chain for AI chips. Beyond AI, we also view TSMC's growth potential as underpinned by compute demand for other use cases, including those requiring trailing-edge logic chips.

Venture Global specializes in the development and operation of liquefied natural gas (LNG) export facilities along the U.S. Gulf Coast. We believe natural gas demand is likely to continue growing over the next several decades as an abundant, affordable, reliable, highly scalable, and relatively clean energy source relative to other hydrocarbons. Given the fundamental mismatch between where the world's largest and cheapest natural gas resources are located (primarily the United States and the Middle East) versus key areas of demand growth (Asia), we expect LNG demand to grow even faster while becoming increasingly critical from a global energy security perspective. Against this backdrop, we expect that Venture Global's modular approach to facility development will enable the company to capture a disproportionate share of incremental demand. Its innovative approach meaningfully compresses construction timelines, reduces capital intensity and operating costs, and, we believe, facilitates a virtuous cycle that can allow for project cash flows to be generated and reinvested much faster and more effectively than for its peers. As a result, we see a runway for Venture Global to sustain above-average growth as it profitably expands its production over the next decade.

SALES

Select Growth completed the sales of Apple, ASML Holding, Entegris, and Snowflake.

We exited **Apple** in March to fund what we view as compelling additions to existing holdings during the market selloff and to strengthen our cash position for future opportunities. Apple's inclusion in Select Growth was intended to provide stability to the portfolio. However, in the current market environment, we see greater upside potential in other businesses and view cash as a more effective tool for downside protection and opportunistic deployment. We remain positive on the potential for shorter replacement cycles for computers and mobile devices driven by Apple Intelligence. That said, the delayed rollout of AI features—and Apple's acknowledgment that some may be indefinitely postponed—could limit its ability to exceed earnings expectations. Apple remains a leading global technology business with a vast hardware and software ecosystem, strong customer lock-in, and powerful network effects. We will continue to monitor its progress and its potential fit within the Select Growth portfolio.

We sold our positions in **ASML Holding** and **Entegris** to fund new investments in higher-conviction semiconductor businesses Broadcom and TSMC. While ASML and Entegris remain fits with our investment criteria, we believe this shift enhances the portfolio's exposure to the structural growth of leading-edge semiconductors while maintaining exposure to the eventual recovery we expect in semiconductor demand from personal computers, smartphones, and industrial end markets.

We sold **Snowflake** to manage exposure to software and higher volatility holdings. We chose to exit the business because it became our lowest-conviction software holding after our research uncovered a potential weakening fit with our third investment criterion: significant competitive advantage/unique business franchise. Snowflake remains the most performant cloud data warehouse (CDW), and its key advantages persist in its core market. However, the company's competition has narrowed the gap in recent years. This dynamic, in isolation, would not likely merit a sale. However, the rapid rise of AI could be shifting the plane of competition to favor data platform vendors with stronger AI offerings as enterprises prioritize AI infrastructure investments.

Our research has indicated that this is driving a convergence between AI and CDW platforms, with Snowflake being forced to catch up to competitors with head starts in building data platforms specifically catering to AI. Our concern is that Snowflake will cede market share to both the cloud hyperscalers and private competitors with these head starts while seeing profit margins contract as it invests to accelerate the development of its AI capabilities. Snowflake also has a new CEO at the helm who needs to reorient not only the product offering but also how the platform is sold, given new user personas and more technical products. In our view, this dynamic may slow the long-term earnings trajectory of the business, and it introduces a level of uncertainty that does not justify the current valuation. For this reason, we decided to exit our position in favor of higher-conviction holdings.

What Matters Most: Samsara
Tune in as Portfolio Manager Emerson F. Bluhm, CFA, explores how Samsara is transforming physical operations with real-time data, thus driving global growth. **Listen here.**

OUTLOOK

The higher-than-anticipated tariffs on imported goods announced on April 2 by the United States—alongside China's retaliatory increase on U.S. exports—represent a clear headwind for global economic growth, equity valuations, and the broader business environment. We believe these actions increase the risk of further retaliatory trade measures and raise the likelihood of a U.S. and global recession.

Given the greater potential for what we call "nonlinear outcomes," we remain cautious. While our criteria lead us to businesses that tend to be more resilient amid global macroeconomic cycles, the broader industries in which they operate are not immune to the effects of a potential global recession or prolonged trade conflict. Even if fundamentals remain intact, macroeconomic pressures could affect supply chains, customer behavior, and near-term profitability.

Importantly, our portfolio today is better positioned than it was in 2021 for economic and market uncertainty. It is more diversified across end markets, sectors, countries, and growth stages, with greater earnings visibility and stability. Key portfolio metrics—including profitability, balance sheet resilience, and valuation—have also improved without sacrificing long-term growth potential.

In times of uncertainty, competitive moats and financial strength matter more than ever, in our view, and the market leaders that just navigated extreme supply chain uncertainty during the pandemic may be best positioned to navigate whatever comes next.

We continue to be guided by our six criteria to seek businesses best positioned to survive and thrive. Significant global changes are underway, but ultimately, change can create opportunity for growth investors.

PORTFOLIO HEALTH*

Then and now: we are positioned to weather economic and market turmoil.

Then (September 30, 2021)	**Now** (March 31, 2025)
56% Gross margin	62% Gross margin
12% ROE	28% ROE
25x EBITDA to interest	116x EBITDA to interest
27% Nonprofitable	3% Nonprofitable
52x NTM P/E	30x NTM P/E

Russell 1000 Growth Index Now Subject to Diversification Caps

On March 24, FTSE Russell implemented a capping methodology for the Russell 1000 Growth Index to address increased market concentration and align with regulatory diversification requirements. Under this new framework:

- Issuers with an individual benchmark weight exceeding 4.7 percent collectively cannot comprise more than 45 percent of the total index weight.
- No single issuer can exceed 22.5 percent of the index.

These limits reflect the challenges diversified investment managers face when actively weighting positions in the Magnificent Seven while complying with regulatory diversification guidelines. As a result, on March 24, the aggregate weight of the six largest companies in the Russell 1000 Growth Index was proportionately reduced by 5 percent.

FTSE Russell now publishes two versions of the index:

1. Russell 1000 Growth Index – incorporates the new capping methodology.
2. Russell 1000 Growth Benchmark Index – remains upcapped.

The Select Growth strategy's primary benchmark will remain the Russell 1000 Growth Index. For more details, please contact your relationship manager.

* Data as of 3/31/2025. Gross margin measures how much a company earns from its revenue after covering the costs of goods sold. It often indicates pricing power, cost efficiency, and competitive advantage. Return on equity (ROE) measures how effectively a company uses equity capital to generate profits and can indicate business model strength, competitive advantages, and capital allocation effectiveness. Gross margin and ROE figures reflect portfolio weighted averages for the trailing twelve months. EBITDA to interest measures a company's ability to cover its interest payments using its earnings before interest, taxes, depreciation, and amortization (EBITDA). Higher values indicate stronger ability to meet interest obligations. EBITDA measure based on FY1 consensus estimates. Nonprofitable weight indicates the percentage of the portfolio in companies with a negative earnings yield (earnings divided by share price) using next twelve months' (NTM) consensus earnings estimates. NTM P/E, price-to-earnings ratio to assess valuation, uses the portfolio's harmonic weighted average.

Contribution Analysis

CONTRIBUTION ANALYSIS (NET %)

Top Absolute Contributors

Bottom Absolute Contributors

Quarter to Date

Company Name	Average Weight	Return	Contribution
Spotify	3.9	22.7	0.6
Sea	3.5	22.8	0.5
Intercontinental Exchange	2.8	15.9	0.3
Uber Technologies	2.1	20.6	0.3
Cloudflare	2.8	4.5	0.2

Company Name	Average Weight	Return	Contribution
AppLovin	3.8	-18.4	-1.8
NVIDIA	8.9	-19.5	-1.7
ServiceNow	4.8	-25.1	-1.1
Amazon	8.9	-13.5	-1.1
Datadog	2.8	-30.8	-0.8

Trailing 1 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	9.9	19.5	2.6
Sea	3.0	142.5	2.5
Spotify	2.1	69.6	1.3
Shopify	3.5	23.2	1.2
Netflix	2.7	53.0	1.0

Company Name	Average Weight	Return	Contribution
Dexcom	3.4	-51.3	-2.8
AppLovin	1.0	-17.0	-1.9
ASML Holding	2.8	-21.4	-0.9
Okta	1.6	-27.1	-0.9
Microsoft	7.7	-10.6	-0.8

Trailing 3 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	6.0	551.1	13.4
Netflix	3.1	147.2	4.8
Shopify	3.3	39.6	3.9
ServiceNow	6.8	41.3	3.8
Lam Research	2.3	59.0	3.1

Company Name	Average Weight	Return	Contribution
Block	3.9	-61.6	-5.7
Match Group	1.5	-70.5	-4.9
Atlassian	3.8	-29.5	-3.8
Sea	2.7	7.2	-3.2
Cloudflare	2.1	-7.6	-2.2

Trailing 5 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	3.6	551.0	13.4
ServiceNow	6.5	174.9	9.0
Amazon	7.1	92.3	7.1
Netflix	4.7	145.4	5.9
Visa	6.0	122.5	5.5

Company Name	Average Weight	Return	Contribution
Atlassian	3.2	51.7	-2.5
10X Genomics	0.6	-90.2	-2.2
Cloudflare	1.5	-15.6	-2.0
AppLovin	0.2	-17.1	-1.9
Snowflake	2.2	43.8	-1.6

All values are those of the Select Growth Tax Exempt Institutional Equity Composite. The companies identified above represent a subset of current holdings in the Select Growth 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

Select Growth vs. Russell 1000 Growth Index
Reported March 31, 2025

Carbon Footprint

	CARBON EMISSIONS	TOTAL CARBON EMISSIONS	CARBON INTENSITY	WTD AVG. CARBON INTENSITY	CARBON EMISSIONS DATA AVAILABILITY
Select Growth	1.8	1,820	16.4	14.3	99%
Russell 1000 Growth	9.0	9,042	52.1	31.9	100%
	tCO_2e/$M Invested	tCO_2e	tCO_2e/$M Sales		Market Value

Largest Contributors
to Portfolio Weighted Average Carbon Intensity

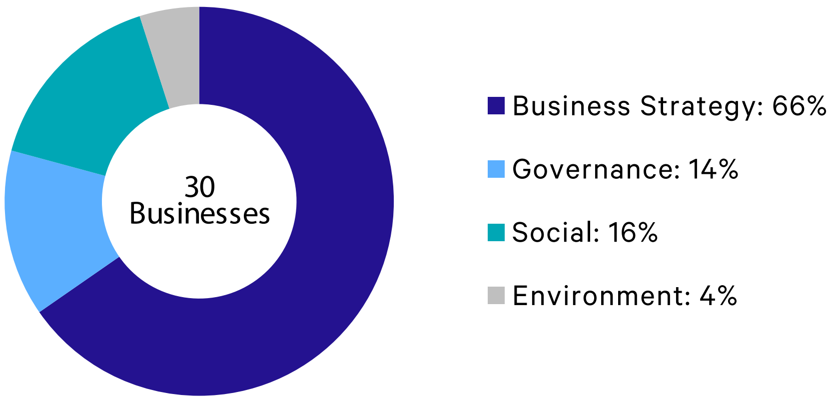
COMPANY	PORTFOLIO WEIGHT (%)	CARBON INTENSITY (S1+2) tCO_2e/$m	CONTRIB. TO WTD AVG. CARBON INTENSITY
Taiwan Semiconductor	1.8	185.5	3.4
Microsoft	7.5	38.8	2.9
Amazon	9.5	29.7	2.8
Cloudflare	2.5	44.2	1.1
Sea Limited	4.2	21.3	0.9

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.

VOTING ACTIVITY - TRAILING 12 MONTHS ENDING MARCH 31, 2025

VOTES	BUSINESSES	RESOLUTIONS	%
Cast in Favor of Management	23	341	97%
Cast Against Management	7	12	3%
Abstentions	0	0	0%
		353	**100%**

ENGAGEMENT ACTIVITY - TRAILING 12 MONTHS ENDING MARCH 31, 2025



TOPICS ADDRESSED

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

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

Environmental
Energy use and efficiency
GHG emissions or climate change strategy
Materials use and sourcing
Environmental policy and strategy
Water use and efficiency

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. More information is available in the Sands Capital Engagement Policy at https://sandscapital.com/media/Sands-Capital-Engagement-Policy-Statement.pdf.

Roblox

Business: Roblox is a leading gaming development and distribution platform.

Key issues: Product safety and impact and health and safety.

As a leading platform for user-generated content with a significant user base of children under the age of 13, Roblox plays a pivotal role in defining safety and civility standards for online interactions. While content moderation challenges are not unique to Roblox, its scale and user demographics demand heightened scrutiny and accountability.

Before initiating a position in the company, we sought to understand how the company addresses online safety, fosters trust, and leverages technology to create a secure environment for its users. By assessing Roblox's initiatives and progress, we aimed to ensure alignment with best practices in safety and compliance while safeguarding its long-term reputation and stakeholder trust.

Commitment to Safety and Civility

Safety and civility are foundational principles for Roblox and are championed by founder and CEO David Baszucki. The platform enforces strict safety measures, especially for users under 13, such as filtering non-dictionary words, slang, and personal information in text communication. Roblox prohibits photo- and video-sharing and provides real-time feedback for policy violations in voice communication, resulting in significantly improved civility on the platform.

The company has also supported legislative efforts for child safety, including California's Senate Bill 933, which prohibits individuals from possessing and distributing explicit or abusive photos of children that have been generated by artificial intelligence (AI). Furthermore, Roblox is COPPA-certified by kidSAFE—an independent safety certification service exclusively for children-friendly websites and technologies—for meeting stringent online safety and privacy standards.

Investment in Trust and Safety Infrastructure

Roblox integrates safety considerations into the earliest stages of product development through its "Trust by Design" process. This approach solicits feedback and identifies potential safety risks before new features are implemented. Combined with ongoing insights shared across teams, this framework ensures safety remains a priority across all aspects of the platform.

Additionally, the company has invested billions of dollars in developing and maintaining a robust trust and safety culture. This includes employing thousands of trust and safety professionals and implementing industry-leading AI-powered content moderation systems. All content uploaded to Roblox—such as images, audio, and 3D models—undergoes a rigorous review process combining AI and human oversight.

Roblox is at the forefront of leveraging AI for content moderation, a use case that enhances its ability to manage and scale safety operations. AI-driven tools filter inappropriate text and proactively monitor content, providing real-time interventions and augmenting human review processes. The company's multi-pronged approach, including proactive escalation of critical issues to an investigation team, highlights its comprehensive strategy for user protection.

In surveys we conducted with parents, Roblox was perceived as significantly safer than platforms like Fortnite and YouTube and marginally safer than Facebook and Instagram. We believe these positive perceptions demonstrate how the company's safety infrastructure has mitigate reputational risks.

Outcome and Next Steps

Our research reinforced confidence in Roblox's commitment to safety in user-generated content. We will monitor advancements in safety, transparency, and the adoption of emerging technologies to mitigate safety and reputational risk at the company. Our follow-up engagements with Roblox will focus on evaluating the scalability of its AI solutions and assessing the impact of legislative developments on its safety framework.

Select Growth Tax Exempt Institutional Equity Composite (TEIEC) GIPS Report

			TEIEC			R1000G				
YEAR END	NUM OF ACCTS	END OF PERIOD AUM (USD $M)	NET RETURNS	GROSS RETURNS	ANN. 3 YR. STD. DEV. (NET)	R1000G	ANN. 3 YR. STD. DEV.	NON-FEE PAYING % OF COMPOSITE	ASSET WGT'D STD. DEV. (GROSS)	FIRMS TOTAL ASSETS (USD $M)
2023	69	$7,696.98	52.03	52.71	28.22	42.68	20.51	0.00	0.29	$46,746.96
2022	88	$6,625.17	-49.14	-48.88	28.26	-29.14	23.47	0.00	0.19	$40,707.08
2021	78	$10,733.38	4.89	5.36	20.99	27.60	18.17	0.00	0.23	$75,340.29
2020	82	$12,888.65	71.42	72.15	22.42	38.49	19.64	0.00	0.71	$68,621.83
2019	84	$10,063.97	33.34	33.91	17.22	36.39	13.07	0.00	0.15	$44,636.85
2018	90	$9,140.97	6.77	7.27	17.03	-1.51	12.13	0.00	0.19	$35,387.67
2017	102	$11,646.37	35.15	35.74	15.07	30.21	10.54	0.00	0.48	$41,331.26
2016	115	$10,192.82	-7.13	-6.70	15.58	7.08	11.15	0.00	0.18	$34,914.29
2015	146	$14,686.78	2.92	3.40	14.56	5.67	10.70	0.00	0.50	$44,192.42
2014	155	$17,737.17	8.95	9.63	14.51	13.05	9.59	0.00	0.18	$47,659.83

Net Returns

As of 03/31/2025	QTD	1 Year	3 Years	5 Years	10 Years	Since Inception (2/29/1992)
TEIEC	-10.1	-2.9	3.3	11.3	11.0	11.8
R1000G	-10.0	7.8	10.1	20.1	15.1	10.5

Effective 5/31/2022, the name of the composite changed from Tax Exempt Institutional Equity Composite to Select Growth Tax Exempt Institutional Equity Composite. As of October 1, 2021, the firm was redefined to be the combination of Sands Capital Management, LLC and 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, 2023. 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 Select Growth Tax-Exempt Institutional Equity Composite ("TEIEC") has had a performance examination for the periods February 29, 1992 through December 31, 2023. The verification and performance examination reports are available upon request. The TEIEC contains all fee and non-fee paying, tax-exempt institutional accounts managed in the Select Growth strategy. The Select Growth strategy is a concentrated portfolio that normally consists of the equity securities of 25 to 30 primarily large and mid-capitalization growth businesses. Portfolio companies are primarily domiciled in the U.S. but may also include ADRs and the equity securities of foreign issuers in other developed and emerging markets that are listed on U.S. exchanges. The strategy may experience losses as it is subject to equity securities risk, market and issuer risk, selection risk, growth style risk, concentration risk, and other economic risks that may influence the returns of this strategy. The benchmark for the TEIEC is the Russell 1000 Growth Index ("R1000G"). The R1000G measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The TEIEC holds securities that are not included in the R1000G, and Sands Capital may invest in securities not covered by the index. The minimum account size for this composite is $3 million. The annual composite dispersion presented is an asset-weighted standard deviation calculated of performance dispersion for accounts in the composite for the entire year, using beginning of period values. Gross and net performance includes the reinvestment of all income and is presented net of expenses, interest income, and capital gains. For periods prior to 2013, gross returns are shown as supplemental information and are stated gross of all fees and transaction costs for bundled fee accounts; net returns are reduced by all fees and transaction costs incurred. Net returns presented are calculated using actual fees and performance fees if applicable. Bundled fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions this fee may have included portfolio monitoring, consulting services, and in some cases, custodial services. As of January 1, 2013, bundled fee accounts are no longer included in the TEIEC and in 2012, bundled fee account assets represented 0.9% percent of the composite. The U.S. Dollar is the currency used to express performance. 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 0.75% on the first $50 million of assets under management and 0.50% on assets under management greater than $50 million. 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. Actual investment advisory fees incurred by clients may vary which will result in performance that may be higher or lower. The TEIEC was created on February 29, 1992 and the inception date for performance is February 29, 1992. Russell 1000® Growth Index is a trademark of the Frank Russell Company. 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.

SANDS CAPITAL

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.

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