

# Mid Cap Growth Portfolio

Commentary | 4Q25 | Managed Accounts

## Highlights

- 2025 was another challenging period for the Congress Mid Cap Growth Portfolio ("the Portfolio"). Underperformance relative to the Russell Midcap Growth Index ("the Index") during the year was driven by the first half of the year as Index returns were fueled by Palantir, the largest stock in the history of the Index (>\$300bn). Palantir did not meet our investment criteria while it was in our market cap range. Despite being rebalanced out of the Index at the end of 2Q25, the stock accounted for almost half the Index return for the year. Lower-quality stocks also drove returns, with the lowest ROE stocks outperforming the highest by over 1400bps.
- In 4Q25, the Portfolio returned -6.7% (net of fees) vs -3.7% for the Index. Negative Index returns came from a pullback in the Technology sector, the strongest contributor to 2025 returns, on growing market concerns on valuation and the durability of AI and AI-related trends. The Portfolio had positive security selection in Technology for the second consecutive quarter, but an overweight to the sector detracted, as did security specific weakness in other sectors.
- During the quarter we continued to find opportunities to upgrade our holdings. We added Ross Stores, which could benefit from management's

updated merchandising strategy and an improving consumer environment in 2026. In Technology, we added Advanced Energy Industries, a power conversion company with exposure to semiconductors and datacenters, and MongoDB, a database software developer that is experiencing accelerating product adoption. We also added holdings in Industrials and Health Care.

- This year several updates were made to the Investment Policy Committee (IPC) and Portfolio, including new strategy leadership and an evolution of the stock selection process as we look to be more contemporary with the Index. We also turned over more than half the Portfolio. These changes are restoring our historical growth and profitability characteristics and we believe better position us for success moving forward.
- We remain optimistic about the Portfolio's positioning going forward. Its growth profile relative to the Index over the last several quarters has been improved while maintaining better profitability and lower leverage. We see a strong market environment in 2026 and believe we are well positioned for trends in AI evolution, datacenter growth, increased defense spending, and a strengthening consumer environment. Since inception, the Portfolio has compounded capital 15x (net) vs 9x for the Index and broader market (S&P 500), with a 91% upside capture and 70% downside capture (gross of fees).

## Portfolio Review

- Index returns were positive at the start of the quarter, led by the lowest ROE stocks, but turned negative on hawkish comments from the Fed during its October meeting and a government shutdown. Growing caution around valuations of AI and AI-related companies also weighed on returns, particularly in the Technology sector.
- Security selection in Consumer Staples aided the Portfolio's relative returns, particularly Casey's General Stores which benefited from value-oriented consumer spending. In Technology, some of our additions during the quarter performed well, notably Advanced Energy Industries and MongoDB, both of which posted solid quarterly earnings. While Consumer Discretionary detracted overall, Viking Cruises and Tapestry, two holdings that were added last quarter contributed to returns.
- Consumer Discretionary was the largest detractor, primarily Stride. The company experienced challenges while updating its online learning platform, causing significant disruption and elevated student withdrawal rates that resulted in lowered forward guidance. The stock was sold during the quarter. Ollie's also detracted due to disappointing quarterly earnings, though it still has exceptional store growth and market position. In Industrials, Booz Allen, a consulting firm with heavy exposure to government contracts, detracted as heightened scrutiny of federal consulting expenditures pressured growth. We sold the stock. In Financials, Houlihan Lokey and Brown & Brown underperformed.

## Outlook

- In our view, the midcap asset class remains compelling as it offers an attractive balance of growth and maturity. As megacap companies continue to spend in an AI arms race, this should support a revenue and earnings boon for companies that support the buildout.
  - Datacenter spending alone is expected to reach almost \$3 trillion between 2025 and 2028 according to Morgan Stanley estimates!
- While we believe 2026 is poised to be another good year for stocks, returns are likely to be increasingly tied to the path of interest rates and broadening market leadership. While AI and AI-related capex remains a secular growth driver, investors are becoming more discerning. We believe the Portfolio is well-positioned and has exposure to areas of the economy with durable, long-term growth drivers.
  - The Portfolio maintains exposure to AI-related spending and datacenter buildout across sectors. In Industrials, Emcor and nVent provide electrical and construction services. In Technology, we have both direct AI exposure (Cloudflare) and a "picks and shovels" approach (Credo, Advanced Energy Industries, Pure Storage).
  - In the Consumer sectors, 2026 should see an improving spending environment and we believe our holdings are positioned to benefit from higher (Viking, Tapestry) and lower income exposure (Ollie's, Casey's).
  - We also have exposure to growing defense spending (Curtis Wright, HEICO).

## Average Annualized Performance (%) as of 12/31/2025

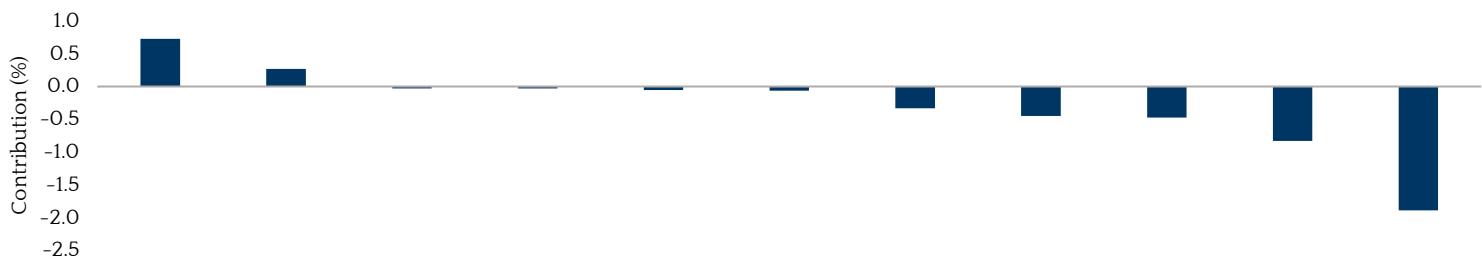
	QTD	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception (10/1/1999)
<b>Mid Cap Growth Composite (Gross)</b>	-6.6	-3.9	-3.9	5.9	2.6	10.2	11.6
<b>Mid Cap Growth Composite (Net)</b>	-6.7	-4.4	-4.4	5.4	2.1	9.7	10.8
<b>Russell Midcap Growth®</b>	-3.7	8.7	8.7	18.6	6.6	12.5	8.9

**Past performance does not guarantee future results** \*Characteristics are gross of fees and are computed without the deduction of fees and expenses.

Data is as of 12/31/2025. Sources throughout this presentation: Congress Asset Management, Bloomberg, Russell Investments, and Morningstar Direct. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings and sector weightings are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings and sector weightings may vary by client. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. This information is supplemental to the GIPS Report. Performance returns of less than one year are not annualized. This managed account strategy involves risk, may not be profitable, may not achieve its objective, and may not be suitable or appropriate for all investors. Investors should consider the investment objectives, risks, and fees of this strategy carefully with their financial professional before investing. Performance is preliminary and subject to change at any time. Specific investments described herein do not represent all investment decisions made by Congress Asset Management. The reader should not assume that investment decisions identified and discussed were or will be profitable. <sup>1</sup>Morgan Stanley Global Macro Forum Data Center Financing – Bridging the Gap July 21, 2025

**% Total Effect Composite vs. Index\***

9/30/2025 - 12/31/2025



	Comm Services	Utilities	Cons Staples	Energy	Real Estate	Materials	Info Tech	Industrials	Health Care	Financials	Cons Disc
<b>Allocation Effect</b>	0.72	0.27	-0.26	-0.03	-0.05	-0.06	-0.39	0.10	-0.33	-0.02	-0.33
<b>Selection Effect</b>	0.01	0.00	0.24	0.00	0.00	0.00	0.06	-0.55	-0.14	-0.81	-1.55
<b>Total Effect</b>	0.73	0.27	-0.03	-0.03	-0.05	-0.06	-0.33	-0.45	-0.47	-0.83	-1.89

\*Characteristics are gross of fees and are computed without the deduction of fees and expenses.

**Top 5 Contributors/Detractors**

Stock	Avg. Weight%
Penumbra, Inc.	3.93
Tapestry, Inc.	3.03
Vikings Holdings Ltd.	2.48
Fair Isaac Corp.	1.49
MongoDB, Inc.	0.70

**Penumbra, Inc. (PEN)** is a provider of medical devices for mechanical thrombectomy and embolization procedures. Quarterly results exceeded expectations and demonstrated strong growth across both of the company's business segments. Growth was driven by the company's solid competitive positioning, new product innovation, and the implementation of separate sales teams for each division. Management also noted that recent clinical trial results have been very well received within the medical community and believes these results will help drive broader adoption of the company's CAVT (computer assisted vacuum thrombectomy) technology.

**Tapestry, Inc. (TPR)** is a multinational luxury fashion company focused on leather goods, primarily through its Coach and Kate Spade New York brands. The company's performance was driven by Coach, which grew revenue 22% due to strong pricing power and viral popularity among Gen Z shoppers. This momentum fueled double-digit growth across all major regions, including China, and significantly expanded profit margins. Tapestry has its sights set on replicating the Coach turnaround at the Kate Spade brand.

**Viking Holdings Ltd. (VIK)** is a leading global travel company operating a fleet of river, ocean, and expedition cruise ships focused on destination-oriented voyages. Results have proven resilient, supported by the company's older and wealthier core demographic and its emphasis on cultural experiences, which we believe differentiates Viking from competitors. Yield growth exceeded expectations, highlighting the company's pricing power. Additionally, VIK continues to add capacity to meet demand and has already booked approximately 70% of the 2026 season, providing considerable visibility.

**Bottom 5 Contributors/Detractors**

Stock	Avg. Weight%
Stride, Inc.	0.75
Pure Storage, Inc.	4.10
Ollie's Bargain Outlet Holdings, Inc.	3.85
Garmin Ltd.	2.38
Fastenal Co.	2.31

**Stride, Inc. (LRN)** is a leading provider of K-12 online education programs, offering comprehensive curriculum, systems, instruction, and support for full time virtual schools. LRN lowered full year guidance following severe complications related to a software platform change. The magnitude of the software disruptions materially compromised curriculum quality, leading to a spike in student withdrawals and a drop off in new enrollments. With limited visibility into the timing of a resolution for these execution challenges, we have low conviction that Stride can regain enrollment momentum in the near to medium term. The stock was sold during the quarter.

**Pure Storage, Inc. (PSTG)** provides software-defined, all-flash data storage solutions for enterprises. The stock declined this quarter despite a modest earnings beat, as investors focused on valuation, uncertainty surrounding a new hyperscale cost model, and concerns that higher FY27 operating expense growth could pressure near-term EPS. However, we believe that the company's long-term outlook remains positive, supported by accelerating hyperscale volumes, expanding addressable markets, and a differentiated technology platform that could underpin durable revenue growth and margin expansion over time.

**Ollie's Bargain Outlet Holdings, Inc. (OLLI)** is an extreme-value retailer. Ollie's same store sales missed expectations due to declines in average ticket size. During the quarter, the company took advantage of several opportunities to offer compelling value across craft, seasonal, and consumer packaged goods categories. While this strategy lowered average ticket size, it should help build customer loyalty over the longer term, in our view.

Information is as of 12/31/2025. Sources: Congress Asset Management and Bloomberg. The information throughout this presentation is for illustrative purposes and is subject to change at any time. Holdings, sector weightings and securities identified as top contributors and detractors throughout this presentation are subject to change and should not be considered investment advice or a recommendation to buy or sell a particular security. Actual holdings may vary by client. The securities identified do not represent all the securities purchased, sold or recommended to clients. The reader should not assume that investment decisions identified and discussed were or will be profitable. For information regarding the methodology used to select these holdings or to obtain a list showing the contribution of every holding in the strategy's composite account, which we believe is most representative to both a current and/or prospective client, please contact us at 1-800-234-4516. Gross performance shown does not reflect the deduction of investment management fees and certain transaction costs, which will reduce investment performance. Past performance does not guarantee future results.

## Portfolio Activity

Purchases	Sector	Sales	Sector
Advanced Energy Industries, Inc.	Information Technology	GoDaddy, Inc.	Information Technology
API Group Corporation	Industrials	Stride, Inc.	Consumer Discretionary
MongoDB, Inc.	Information Technology	Descartes Systems Group Inc.	Information Technology
IDEXX Laboratories, Inc.	Health Care	Booz Allen Hamilton Holding Corp.	Industrials
Ross Stores, Inc.	Consumer Discretionary	CyberArk Software Ltd.	Information Technology

**Advanced Energy Industries, Inc. (AEIS)** provides power conversion and control systems that deliver highly precise and reliable electricity to complex equipment used in semiconductor manufacturing, data centers, and industrial and medical applications. We view AEIS as well-positioned to capitalize on the continued buildup of AI data centers, where advanced computing hardware demands robust power solutions. Additionally, improving trends in its Industrial and Medical end markets, coupled with a potential acceleration in semiconductor fab investments driven by AI-related demand, may provide incremental growth opportunities.

**API Group Corp. (APG)** is a global provider of safety services, including fire protection, HVAC installation and services, elevator and escalator inspection and maintenance, and specialty services. The company is benefiting from long-term secular trends such as increasing regulation, industry consolidation, and international expansion. We project that its differentiated go-to-market model and experienced leadership support expectations for steady mid- to high-single-digit organic growth, margin improvement, and rising returns on capital as it scales. Additionally, the resolution of prior capital structure constraints may provide valuation upside.

**MongoDB, Inc. (MDB)** develops database software optimized for modern application architectures. In our view, the company is well-positioned to capitalize on secular growth trends, including AI-driven workflows and enterprise cloud migrations. We believe MongoDB may enhance profitability over the next several years while continuing to gain market share from legacy database vendors.

**IDEXX Laboratories, Inc. (IDXX)** is a global leader in the companion animal diagnostics market. We believe IDXX is positioned to capitalize on the rising standard of care for pets, which continues to drive increased demand for diagnostic solutions. The company's ongoing innovation and portfolio expansion, in our view, reinforce its competitive advantage and long-term growth trajectory. Additionally, the substantial pet population adopted during the COVID-19 pandemic is aging, creating a potential tailwind for diagnostic services over the coming years.

**Ross Stores, Inc. (ROST)** is a leading off-price retailer offering discounted brand-name apparel, accessories, footwear, and home goods through its Ross Dress for Less and dd's DISCOUNTS locations. With new leadership in place, we think the company is poised to capture additional market share in the growing off-price segment from its new merchandising efforts. Ross also has significant runway for store expansion and is implementing initiatives aimed at boosting same-store sales growth.

**GoDaddy, Inc. (GDDY)** offers a cloud-based platform that helps small businesses, web design professionals, and individuals connect with customers, manage operations, and improve online visibility. The position was sold due to decelerating growth and increasing competition in its strategic business lines, a margin expansion story that we view as fully realized, and a lack of reinvestment in the business.

**Stride, Inc. (LRN)** is a leading provider of K-12 online education programs. Stride lowered full-year guidance following complications from a software vendor change. These issues impacted curriculum quality, resulting in higher student withdrawals and weaker new enrollments. With limited visibility into when these execution challenges will be resolved, we have low conviction that Stride can regain enrollment momentum in the near to medium term.

**Descartes Systems Group, Inc. (DSGX)** develops software solutions for the global logistics industry. The position was sold due to slowing organic growth and heightened macro uncertainty related to tariffs impacting shipping volumes.

**Booz Allen Hamilton Holding Corp. (BAH)** provides consulting and technology engineering solutions across defense, intelligence, civil, and commercial markets. Our initial investment thesis centered on the company's predictable, long-duration Department of Defense and intelligence contracts, which offered strong revenue visibility and operating leverage. However, heightened scrutiny of federal consulting expenditures and reductions in civilian agency budgets have recently slowed contract awards and pressured growth and margins, undermining the durability of the original thesis. Consequently, we exited the position.

**CyberArk Software, Ltd. (CYBR)** is a leading provider of cybersecurity software specializing in privileged access management. Palo Alto Networks' approximately \$25 billion acquisition of CyberArk is expected to close in the first half of 2026. We exited the position ahead of the deal closing to avoid receiving Palo Alto Networks shares, which would exceed the strategy's market-cap ceiling.

The **Russell Midcap Growth Index** measures the performance of the Mid cap growth segment of the US equity universe. It includes those Russell Midcap companies with higher price-to-value ratios and higher forecasted growth values. Indices are unmanaged, do not reflect fees and expenses and are not available for direct investment. **Upside Capture ratio** measures the manager's overall performance to the benchmark's overall performance, considering only months that are positive in the benchmark. An Upside Capture Ratio of more than 100% indicates a manager who outperforms the relative benchmark in the benchmark's positive months. **Downside Capture ratio** is the ratio of the manager's overall performance to the benchmark's overall performance, considering only months that are negative in the benchmark. A Downside Capture Ratio of less than 100% indicates a manager who outperforms the relative benchmark in the benchmark's negative months and protects more of a portfolio's value during down markets. **Capex** (Capital Expenditures) refers to the funds used by a company to acquire, upgrade, or maintain physical assets such as property, buildings, technology, or equipment. These expenditures are typically made to expand business operations, improve operational efficiency, and extend the useful life of existing assets.

*Specific investments mentioned should not be considered recommendations. The reader should not assume that investment decisions identified and discussed were or will be profitable.*

## Congress Asset Management Co. Mid Cap Growth Composite 1/1/2015 - 12/31/2024

Year	Total Return Gross of Fees%	Total Return Net of Fees%	Russell Mid Cap Growth Return % (dividends reinvested)	Composite Gross 3-Yr annualized ex-post St Dev (%)	Russell Mid Cap Growth 3-Yr annualized ex-post St Dev (%)	Number of Portfolios	Gross Dispersion %	Total Composite Assets End of Period (\$ millions)	Total Firm Discretionary Assets End of Period (\$ millions)	Total Firm Advisory-On-ly Assets End of Period (\$ millions)	Total Firm Assets End of Period # (\$ millions)
2024	5.6	5.0	22.1	19.7	22.2	749	0.34	2,211	14,207	9,471	23,678
2023	17.1	16.5	25.9	19.8	21.1	745	0.62	2,535	12,146	8,514	20,660
2022	-26.7	-27.0	-26.7	23.0	24.5	758	0.81	2,307	10,083	6,799	16,882
2021	30.6	30.0	12.7	18.3	20.2	719	0.41	3,243	12,778	8,018	20,796
2020	32.0	31.4	35.6	19.8	21.5	629	1.14	2,729	10,746	5,523	16,269
2019	35.8	35.2	35.5	12.8	13.9	558	0.49	954	8,445	4,083	12,528
2018	-3.5	-3.9	-4.8	12.2	12.8	506	0.45	850	7,102	3,132	10,234
2017	17.7	17.2	25.3	10.8	10.9	447	0.65	763	7,272	3,274	10,546
2016	13.9	13.3	7.3	12.0	12.2	105	0.54	431	5,693	2,445	8,139
2015	1.9	1.4	-0.2	11.4	11.3	50	0.42	221	5,941	1,153	7,094

#The "Total Firm Assets" column includes unified managed account (UMA) assets

Congress Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Congress Asset Management has been independently verified for the periods 1/1/96 – 12/31/24. A firm that claims compliance with the GIPS standards must establish policies and procedure 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 Mid Cap Growth Composite has had a performance examination for the periods 10/1/99 – 12/31/24. The verification and performance examination reports are available upon request.

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**Composite Characteristics:** The creation and inception date of the Mid Cap Growth Composite is October 1, 1999, which reflects the first full month in which an account was fully invested in the strategy and met the inclusion criteria. The composite includes all fully discretionary portfolios with a value over \$100 thousand (US dollars) managed in the mid cap growth style for a minimum of one full month. The mid cap growth strategy invests in the equity of high-quality companies with market capitalizations between \$800 million and \$15 billion (at the time of purchase) exhibiting consistent earnings growth. Accounts with wrap commissions are excluded from the composite. Prior to January 1, 2016, the composite minimum was \$500 thousand (US dollars). Prior to September 1, 2005, the composite did not include private client accounts or accounts with less than \$1 million. The primary composite benchmark is the Russell Midcap Growth Index. The benchmark returns are not covered by the report of independent verifiers. Closed account data is included in the composite as mandated by the standards in order to eliminate a survivorship bias. The % of the composite represented by non-fee paying accounts at annual period end was 100% 1999-2001, 36% in 2002, 20% in 2003, 15% in 2004, 13% in 2005, 22% in 2006 and 18% in 2007. A list of composite descriptions, a list of broad distribution pooled funds, and a list of limited distribution pooled fund descriptions are available upon request.

**Calculation Methodology:** Valuations and returns are computed and stated in U.S. dollars. Gross of fees returns are calculated gross of management and custodial fees and net of transaction costs. Prior to 2007 net of fees returns were calculated by reducing gross returns by 1/4th of the highest management fee in the Mid Cap Growth Composite, which was 1.00%, applied quarterly. Effective January 1, 2007, net of fees returns are calculated using actual management fees. The composite results portrayed reflect the reinvestment of dividends, capital gains, and other earnings when appropriate. Accruals for equity securities are included in calculations. Internal dispersion is calculated using the asset-weighted standard deviation of annual gross-of-fees returns of those portfolios that were included in the composite for the entire year. For those years when less than six portfolios were included in the composite for the full year, no dispersion measure is presented. The three-year annualized ex-post standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period.

**Fee Schedule:** The firms' individual account fee schedule is as follows: 1.00% for first \$1 million, 0.80% for next \$4 million, 0.60% for next \$5 million. Management fees for individual accounts with assets under management exceeding \$10 million, and for institutional accounts are negotiated. The individual account fee schedule may be subject to negotiation where circumstances warrant. As fees are deducted quarterly, the compounding effect will increase the impact of the fees by an amount directly related to the gross account performance. For example, an account earning a 10% annual gross return with a 1% annual fee deducted quarterly would earn an 8.9% annual net return due to compounding. The management fee schedule and expense ratio for the Mid Cap Growth Fund Institutional Shares is 0.60% and 0.79%, respectively. The management fee schedule and expense ratio for the Mid Cap Growth Fund Retail Shares is 0.60% and 1.04%, respectively. The management fee schedule for the Mid Cap Growth Collective Investment Trust is 0.68%.

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**Equity Securities Risk:** Common stocks are susceptible to general stock market fluctuations and to volatile increases and decreases in value. These fluctuations may cause a security to be worth less than its cost when originally purchased or less than it was worth at an earlier time.

**Sector-Focus Risk:** Investing a significant portion of the Strategy's assets in one sector of the market exposes the Strategy to greater market risk and potential monetary losses than if those assets were spread among various sectors.

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