

Performance (%)	US Small Cap (Gross)	US Small Cap (Net)	R2000 Growth
QTD	16.77%	16.48%	12.19%
YTD	14.27%	13.42%	11.65%
1 Year	15.75%	14.60%	13.56%
3 Year	18.64%	17.47%	16.67%
5 Year	11.08%	9.98%	8.41%
7 Year	12.27%	11.15%	6.61%
10 Year	13.67%	12.54%	9.90%
ITD*	10.84%	9.74%	8.28%

5 Yr Risk Statistics (%)	US Small Cap (Net)	R2000 Growth
Alpha (%)	2.21	--
Beta	0.93	1.00
R-Squared (%)	0.89	1.00
Sharpe Ratio	0.31	0.24
Standard Deviation (%)	22.09	22.47
Upside Capture (%)	95.59	--
Downside Capture (%)	92.73	--

Note: Except for Standard Deviation and Sharpe Ratio, the performance based-statistics above were calculated using Nicholas Partners US Small Cap Composite (net of fees) relative to the Russell 2000 Growth Index using monthly returns. Performance statistics for additional periods will be provided on request. Source: Nicholas Investment Partners; FTSE/Russell; NASDAQ evestment. Returns over one year are annualized. There are risks associated with all investments and returns will vary over time. **The value of investments can go down as well as up, and a loss of principal may occur.** See performance disclosure for additional information. **Past performance is no guarantee of future results.**

*Composite inception date: 7/1/2007. Returns over one year are annualized. There are risks associated with all investments and returns will vary over time. **The value of investments can go down as well as up, and a loss of principal may occur.** See performance disclosure for additional information. **Past performance is no guarantee of future results.**

Key Takeaways – Q3 2025

- The **U.S. Small Cap strategy gained +16.5% (net)**, outpacing the **Russell 2000 Growth Index's +12.2%**, bringing year-to-date relative performance to approximately +170 bps (net).
- **Stock selection** across Industrials, Healthcare, and Energy was the primary driver of outperformance in a quarter when most active small-cap managers lagged the benchmark.
- **Equity markets extended their gains**, supported by moderating inflation, steady economic data, and the Federal Reserve's first rate cut of 2025—fueling one of the strongest mid-cycle rallies in recent years.
- **Active sector positioning** continues to reflect conviction in **industrial reacceleration, healthcare innovation, and energy security**, supported by selective exposure to Financials benefiting from increased capital-markets activity.
- The strategy remains positioned for a **fundamentally driven small-cap recovery**, focused on **bottom-up stock selection, disciplined risk management, and long-term secular growth opportunities**.

Market Overview

Equity markets extended their gains in the third quarter, supported by moderating inflation, resilient economic data, and the Federal Reserve's first rate cut since late 2024. The S&P 500 rose **+8.1%**, the Nasdaq **+11.4%**, and the Russell 2000 **+12.4%**, marking its first new high since 2021. Investor sentiment reflected optimism toward a "Goldilocks" environment—slower inflation and steady growth—fueling one of the strongest mid-cycle rallies in recent years. Softer labor data helped open the door for Fed easing, while firm leading indicators and tight credit spreads created a broadly supportive backdrop. Participation also widened beyond large-cap technology, with **Industrials, Materials, and Utilities** each advancing more than 20% within small-cap benchmarks.

In the small-cap segment, performance was broad-based as investors rotated into cyclical and higher-beta names—an environment more typical of early-cycle recoveries. The **Russell 2000 Growth Index** gained **+12.2%** for the quarter and **+11.7%** year-to-date, while small value slightly outperformed growth, driven by renewed strength in rate-sensitive sectors and improving earnings expectations. Although flows into small-cap ETFs remained muted, sentiment improved as lower borrowing costs and an uptick in **M&A activity** supported optimism for continued earnings recovery. According to **Jefferies**, small-cap earnings estimates have held up better than usual for this time of year, with consensus now anticipating **~20% earnings growth in 2026**, led by Financials and Industrials. Overall, we believe the environment for small-cap equities remains **constructive heading into year-end**.

Performance Highlights – Q3'25

The **U.S. Small Cap strategy gained +16.5% net**, outperforming the **Russell 2000 Growth Index's +12.2%**. Year-to-date, the strategy has returned **+13.4% versus +11.7%** for the benchmark, over a +170 bps lead. Performance was driven primarily by **strong stock selection** within key areas of innovation and cyclical recovery. While a supportive macro backdrop—marked by moderating inflation, steady earnings trends, and Fed easing—helped sentiment, **company-specific fundamentals and disciplined portfolio construction were the primary drivers** of relative outperformance.

Results reflected broad participation, led by **Industrials, Healthcare, Technology, Consumer Discretionary, and Energy** holdings. On a relative basis, outperformance was driven by **Healthcare (particularly Biotech), Energy, Consumer Discretionary, and Financials**, while **Technology and Materials** modestly lagged the benchmark. **Consumer Staples** was the weakest absolute contributor.

Energy holdings were additive, supported by renewed focus on domestic energy security and favorable policy momentum toward nuclear infrastructure investment. Portfolio exposure to companies positioned to benefit from increased government and private-sector funding for enrichment capacity contributed meaningfully to Q3 results.

Healthcare remained a key strength in the portfolio, benefiting from strong clinical and commercial catalysts across biotechnology and specialty pharma holdings. M&A activity underscored investor demand for differentiated innovation.

Technology results were positive in absolute terms but modestly lagged the benchmark, as speculative segments such as quantum computing and early-stage software outperformed. The portfolio's focus remains on **higher-quality companies with visible growth and profitability potential**, particularly those tied to **AI infrastructure and data connectivity**.

Strong stock selection across Healthcare, Energy, Consumer Discretionary, Financials, and Industrials more than offset modest relative weakness in Technology and Materials. Results also benefited from companies demonstrating market-share gains, margin improvement, and new product expansion—hallmarks of the team's focus on sustainable earnings and accelerating growth drivers.

Largest Contributors – Q3'25

- **Kratos Defense & Security Solutions (Industrials / Aerospace & Defense)** – Strength on inclusion as a U.S. Navy prime contractor for prototype autonomous aircraft.
- **BWX Technologies (Industrials / Aerospace & Defense)** – Benefited from a \$1.5B DOE award expanding domestic uranium-enrichment capacity.
- **Rush Street Interactive (Consumer Discretionary / Gaming & Leisure)** – Outperformed on another strong quarter and higher full-year guidance.
- **Astera Labs (Information Technology / Semiconductors)** – Gained on robust GPU and ASIC demand tied to AI infrastructure.
- **Insmed (Healthcare / Biotechnology)** – Advanced following positive Phase 3 data and approval of brensocaticib for bronchiectasis.

Largest Detractors- Q3 '25

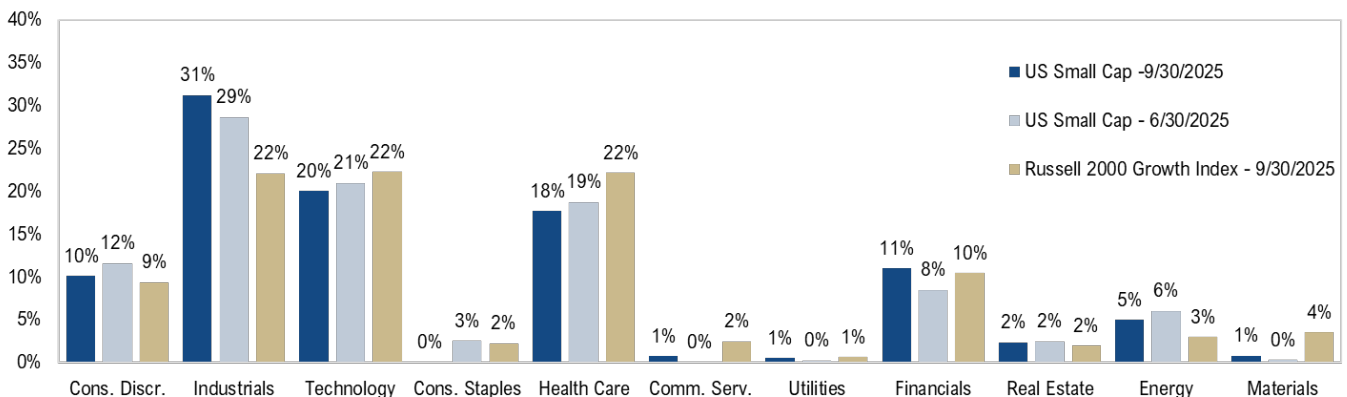
- **Casella Waste Systems (Industrials / Commercial Services)** – Pulled back on in-line to slightly soft Q2 results and a less accretive acquisition. We continue to hold given solid fundamentals, strategic landfill footprint, and long-term growth potential.
- **Wingstop (Consumer Discretionary / Restaurants)** – Weakened on consumer-spending concerns and difficult comparisons.
- **Alkami Technology (Information Technology / Software)** – Declined on softer results; position subsequently exited.
- **Palomar Holdings (Financials / Insurance)** – Pulled back on sector volatility following prior gains.
- **MoonLake Immunotherapeutics (Healthcare / Biotechnology)** – Moderated after earlier strength in biotech.

Overall, third-quarter results reflected continued focus on identifiable catalysts, sustainable growth visibility, positive estimate revisions, and participation in long-term secular investment themes such as AI infrastructure, industrial reacceleration, energy security, and healthcare innovation.

Portfolio Positioning and Outlook

The portfolio remains fully invested, with cash below 1%, emphasizing **companies demonstrating accelerating growth and improving fundamentals**. The largest **overweights** remain in **Industrials, Healthcare, and Financials**, aligned with multi-year themes of **industrial reacceleration, healthcare innovation, and improving capital-markets activity**. Energy exposure increased modestly, benefiting from opportunities tied to **nuclear-fuel and energy-security investments**.

Sector Weight Changes (Q/Q)



Source: FactSet, FTSE/Russell, Nicholas Investment Partners.

Information is reported in US dollars. Results are for a representative portfolio as of the date above and subject to change. The characteristic profiles for client accounts may vary from the representative account. While Nicholas believes the information is representative of other accounts in strategy, specific information for client accounts may differ from the representative account. Additional information about the portfolio is available upon request. Please refer to the appendix for additional disclosures including the GPS performance presentation. Supplemental information.

Within **Healthcare**, the team **selectively added to biotechnology** on favorable fundamentals and catalysts, while trimming **Consumer Staples and Discretionary** to maintain exposure to higher-revision potential areas. Exposure to biotech remains a key alpha source, with confidence in commercial execution among top holdings such as Insmed and Mirum Pharmaceuticals.

In **Technology**, positioning remains centered on **AI infrastructure and connectivity enablers**, complemented by exposure to **aerospace, space-data, and clean-energy technologies** that offer credible alternatives to speculative quantum-computing names. The team continues to favor **companies with visible revenue paths and profitability potential** rather than concept-stage ventures.

Industrials exposure continues to be a core driver, aligned with the U.S. reindustrialization and infrastructure investment cycle. While valuations across the group have expanded, the portfolio emphasizes companies demonstrating upward estimate revisions, strong order books, and operational leverage. The team remains mindful of crowding risk given the sector's popularity and maintains diversification across sub-industries such as defense, manufacturing automation, and specialty components.

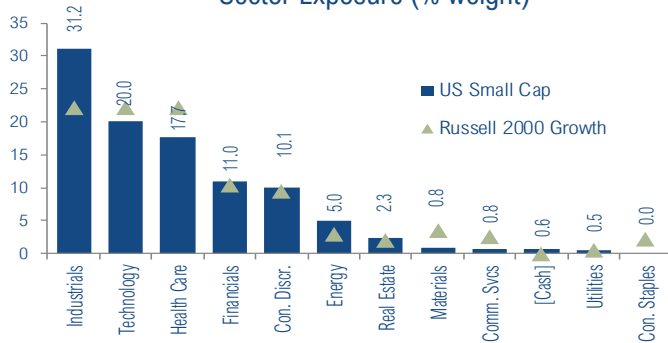
Financials exposure remains overweight and concentrated in well-capitalized institutions with solid balance sheets and improving credit trends. Select capital-markets holdings benefited from increased **M&A and IPO activity**, which is expected to remain supportive as corporate confidence improves.

Consumer-related exposure remains selective and modestly below benchmark, yet the team maintains **measured positions in retail and transport** companies with sound management, visible growth and balance-sheet strength—names that could benefit if rate cuts accelerate and consumer conditions improve.

Off-benchmark exposure exceeds 40%, consistent with the strategy's high-conviction, benchmark-aware but not benchmark-constrained approach, providing differentiated alpha through research in underfollowed areas of the small-cap universe.

Looking ahead, the team views the backdrop as **constructive for active management**, with **earnings dispersion and stock-specific drivers likely to remain elevated** as fundamentals regain influence following the Fed's initial rate cut. Risk monitoring remains focused on **valuation discipline** in select industrial and energy holdings and on the **pace of future rate adjustments** that could affect small-cap liquidity. The portfolio continues to emphasize **bottom-up stock selection, sustainable growth visibility, and disciplined risk management** as core drivers of long-term value creation.

Sector Exposure (% weight)



Characteristics	US Small Cap	R2000 Growth
Number of Securities	86	1,105
Active Share	83.86%	---
Off-Benchmark Weight	42.74%	---
Market Cap (wtd. avg.)	\$9.1 B	\$5.3 B
Market Cap (median)	\$6.2 B	\$1.3 B
P/E* (FY2)	20.3x	18.0x
P/B*	4.0x	4.0x
EPS Growth (FY1/FY2 wtd. avg.)	22.2%	21.9%

Top 10 Positions (% weight)	US Small Cap	R2000 Growth	Active Weight
BWX Technologies, Inc.	4.9	0.0	4.9
Kratos Defense & Security Solutions, Inc.	3.9	1.0	2.9
Rush Street Interactive, Inc. Class A	3.5	0.1	3.3
Embraer S.A. Sponsored ADR	2.6	0.0	2.6
Insmed Incorporated	2.5	0.0	2.5
REV Group, Inc.	2.5	0.2	2.3
Construction Partners, Inc. Class A	2.4	0.4	2.0
Tanger Inc.	2.3	0.2	2.1
Piper Sandler Companies	2.3	0.4	1.9
Wintrust Financial Corporation	2.2	0.0	2.2

Market Cap Distribution (x-cash)	US Small Cap (%)	R2000 Growth
>\$15 Billion	18.9	5.7
\$7.5 – \$15 Billion	27.3	13.5
\$4.5 – \$7.5 Billion	27.0	26.4
\$1.5 – \$4.5 Billion	26.5	42.1
\$750 Million – \$1.5 Billion	0.3	7.5
\$400 – \$750 Million	0.0	3.0
<\$400 Million	0.0	1.7

Specific securities identified do not represent all securities purchased, sold or recommended to advisory clients. It should not be assumed investments in these securities were or will be profitable.

US Small Cap Strategy Overview

Investing in small-cap companies undergoing transformative change, the Nicholas US Small Cap strategy seeks to capitalize on market inefficiencies and uncover growth opportunities early. With a high-conviction, research-driven approach, the strategy focuses on delivering long-term capital appreciation while maintaining active risk management.

Objective: Achieve long-term capital appreciation and outperform the Russell 2000 Growth Index.

Portfolio: Actively managed, diversified portfolio with typically less than 90 holdings.

Approach: Disciplined stock selection targeting innovation and growth catalysts.

Edge: Security selection and active industry tilts drive returns.

Positioning: Focused on US-listed small-cap equities, dynamically adjusted based on conviction and risk management.

Key Highlights

- **Inception date:** July 1, 2007
- **US Small Cap AUM:** \$658 million
- **Geography:** US-listed public equities
- **Capitalization:** \$100M to 2x max of R2000 Growth, at point of purchase
- **Security Max:** Typically, 5%
- **Sector Max:** Typically, 35% or 2x max of R2000 Growth
- **Cash:** Transactional, typically <5%



Catherine Nicholas
Managing Partner, Chief Investment Officer and Lead Portfolio Manager
 >40 years Industry Experience
 19 years with Firm



John Wylie
Partner, Portfolio Manager
 >40 years Industry Experience
 18 years with Firm

Disclosures

This information is intended for institutions, consultants and qualified investors only. No part of this material may be copied or duplicated, or distributed to any third party without written consent.

Nicholas Investment Partners, L.P. ("Nicholas") is an independent investment adviser registered with the SEC. Registration with the SEC does not imply a certain level of skill or training. The firm maintains a complete list and description of performance composites, which is available upon request. Policies for valuing portfolios, calculating performance, and preparing presentations are available upon request. **Past performance is no guarantee of future results. Current performance may be lower or higher than the performance presented.**

Nicholas does not guarantee the success of any investment product. There are risks associated with all investments and returns will vary over time due to many factors such as changing market conditions, liquidity, economic and other factors. The value of investments can go down as well as up, and a loss of principal may occur. Although Nicholas attempts to limit various risks, risk management does not imply low risk. All risk models are inherently limited and subject to changes in economic, political and market conditions, as well as changes in the strategies' holdings, among other things, which could affect the risk profile of any portfolio managed by Nicholas. Small- and mid-cap companies may be subject to a higher-degree of risk than larger more established companies' securities. The liquidity of the markets for these small and mid-cap companies may adversely affect the value of these investments. Concentrated or sector strategies are expected to maintain higher exposures to a limited number of securities or sectors which could increase the volatility, market, liquidity and other risks of the strategy.

Some information herein reflects general market commentary and the current opinions of the author which are subject to change without notice. It is provided for general informational purposes only and does not represent investment, legal, regulatory or tax advice and should not be construed as a recommendation of any security, strategy or investment product. There is no guarantee any opinion, forecast, or objective will be achieved in the future. The information, charts and reports contained herein are unaudited. Although some information contained herein was obtained from recognized and trusted sources believed to be reliable, its accuracy and completeness cannot be guaranteed. Unless otherwise noted, Nicholas is the source of illustrations. Nicholas does not undertake to keep the recipients of this report advised of future developments or of changes in any of the matters discussed in this report.

If client lists are presented they may not include every client of the firm. The list includes all institutional clients that have given Nicholas permission to disclose their names in presentation materials and should not be considered an endorsement of Nicholas Investment Partners or its services by any client.

Performance contribution/attribution, characteristics and portfolio risk statistics information is from a representative account for the strategy composite. The representative account was chosen based on non-performance criteria such as account size, cash flows and the level of account restrictions. While Nicholas believes the information is representative of other accounts in the strategy, specific information for other accounts may differ from the representative account. Nicholas used third-party information in the preparation of the characteristics and/or market environment charts. While Nicholas believes the third-party information was obtained from reliable sources, we cannot guarantee the accuracy, adequacy or completeness of the information obtained from these sources.

Specific securities identified do not represent all securities purchased, sold or recommended to advisory clients and do not necessarily represent the largest positions by portfolio weight. It should not be assumed that investments in these, or any other portfolio securities, were or will be profitable in the future. For a complete list of all securities held during the period or additional information related to this presentation please email info@nicpartners.com.

Gross and net returns, presented within were calculated in U.S. dollars on a time-weighted, total return basis, including reinvestment of all dividends, interest and income, realized and unrealized gains or losses and are net of brokerage commissions, execution costs, and any applicable foreign taxes. Accrual accounting was used for dividend income recognition. Securities transactions are accounted for on trade date. Cash and cash equivalents are included in the performance returns. The gross returns do not give effect to investment advisory fees which would reduce gross returns and are subject to compounding. The composite results include all actual, fee paying fully discretionary accounts under management by Nicholas after one full calendar month that have substantially the same investment objectives, policies and restrictions. Unless otherwise noted the returns reflect the performance of the product composite. Please see Nicholas' ADV Part 2A for a complete description of investment advisory fees.

Index returns are provided as a general indicator of the investment environment existing during the time periods shown and are provided for comparison purposes only. The returns for the index do not include any transaction costs, management fees or other costs. Investors may not make direct investments into any index. Investors should consider comparing the performance of any potential investment to other benchmarks and indices that are representative of their particular investment objectives, horizons and risk tolerances.

Net returns reflect the deduction of the highest investment management fee for the product, which is 1.00%. Actual fees charged may vary by portfolio due to various conditions such as account size, client relationship, complexity, etc. Client's accounts may also be subject to additional fees unrelated to Nicholas such as custodial and administration fees, among others. Standard Management fee schedule: First \$50M 1.00%, Next \$25M 0.85%, Next \$25M 0.75%, Thereafter 0.65%. **Past Performance is not indicative of future results.**

Disclosure (continued)

NASDAQ Composite Index is a market capitalization-weighted index that measures the performance of all domestic and international common stocks listed on the NASDAQ Stock Market.

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-book 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. Index returns include the effect of dividends and income which are reinvested daily.

The Russell 2000® Value Index measures the performance of the small-cap value segment of the US equity universe. It includes those Russell 2000 companies with relatively lower price-to-book ratios, lower I/B/E/S forecast medium term (2 year) growth and lower sales per share historical growth (5 years). The Russell 2000 Value Index is constructed to provide a comprehensive and unbiased barometer for the small-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

The Russell 2000® Index The Russell 2000® Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index which is designed to represent approximately 98% of the investable US equity market. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set..

The S&P 500 Index is a float-adjusted market capitalization (FMC) weighted index that measures the performance of the large-cap segment of the U.S. market. Considered to be a proxy of the U.S. equity market, the index is composed of 500 constituent companies.

Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Russell Investment Group.

Nicholas provides the following services to First Turn, an unaffiliated investment adviser, and on behalf of First Turn's clients: (a) front, middle, and back-office services, including securities trading, operational support, accounting and administration services, (b) sales and marketing support services, and (c) compliance support services. Policies have been set forth to protect both firm's clients from conflicts that may arise when initiating an order in the trading system and the placement of orders. This arrangement gives rise to conflicts of interest related to front running, liquidity, market timing, and the price of execution for certain transactions, where either Nicholas or First Turn will have an incentive to favor themselves or certain clients to the detriment of other clients. Nicholas and First Turn have created policies and controls to address these conflicts of interest. First Turn has a service agreement with Nicholas to provide healthcare research services. Under the Services Agreement, Nicholas has access to the First Turn investment team and their research library and has daily transparency into First Turn's investment portfolio. Nicholas, at its sole discretion, may choose to purchase or sell these securities in their own client portfolios, which are unrelated to First Turn or its clients. Please see ADV for additional details.

SC-MC-3Q25-MR_ADV

Nicholas Investment Partners, L.P. is an independent, employee-owned, and majority women-owned investment boutique specializing in dynamic, less efficient markets. With a foundation of agility, discernment, and resilience, we combine fundamental research with quantitative analytics to uncover opportunities in companies experiencing sustainable, accelerating growth. We aim to strike a thoughtful balance between growth potential and risk management, believing that change creates opportunity. Our principals' meaningful investment alongside clients reflects our alignment and shared focus on success. Through a collaborative and diverse culture, we are committed to building enduring partnerships with institutional and private wealth clients.

Brian Pringle, CAIA
858-381-8006 (direct)
415-264-4842 (cell)