**Executive Summary**


- Equity markets continued to move higher in the fourth quarter. Stable economic growth continued, and corporate financial results proved to be solid.
- While small-cap and value equities outperformed growth in the third quarter (a marked shift from the first two quarters of the year), large-cap growth outperformed in the fourth quarter.
- The portfolio posted a positive return but slightly underperformed its benchmark, the Russell 1000® Growth Index, in the fourth quarter.
- The market's next direction will likely be contingent on further Fed commentary and action, additional readings on inflation and employment, interest rates, economic conditions, initiatives and policy from the new Trump administration, geopolitical risks emanating from the Middle East, Russia, China, etc., and of course, company-specific events. Overall, however, it is our contention that the opportunities should outweigh the risks and be supportive of our diversified growth portfolio.
- As always, our focus is on company fundamentals. We will continue to manage the portfolio by investing in companies with market leadership, solid financial bases, responsible management teams, and sustainable revenue and earnings growth.


**Market Review**

Large-cap growth equities rose in the fourth quarter, as economic conditions remained supportive and corporate financial results were solid, in aggregate. Additionally, "animal spirits" were at work, especially in November following Donald Trump's presidential election victory. Investors were encouraged by the promise of less government regulation, lower corporate tax rates, and the potential for higher corporate profits. Others remain concerned that Trump's tariff policies could lead to higher inflationary pressure on imported goods and the potential for a trade war.

Large-cap growth equities continued an upward trajectory through most of October, despite a 13.1% rise in the yield of the 10-year U.S. Treasury note (closed at 4.28%), as companies showed solid third quarter financial results in aggregate, economic data remained encouraging, and Federal Reserve monetary policy became more accommodative following its 50-bps interest rate cut in September, with consensus expectations for another 50 bps of cuts for the remainder of the year. However, lackluster quarterly financial results among several mega-cap companies led to a sell-off in the markets and the portfolio in the last few trading days of October. In fact, the portfolio's benchmark posted a slightly negative monthly return. Overall, sentiment in October for large-cap growth equities generally continued to improve, as the equity style outperformed value and small-cap indexes. After slips in large-cap growth stocks in July, early August, and early September, investors contemplated whether the relative drawdowns were just natural and temporary declines after such a significant year-to-date run or if the rotations away from the group may have been a part of a longer-term trend favoring lagging sectors. Many, including us, believed that large-cap growth equities remained well-positioned versus more fundamentally challenged segments of the market, and it appeared that August, September, and October's large-cap growth stocks' outperformance supported that view.

The biggest news story and largest influence on the equity markets in November was former President Trump's victory over Vice President Harris. Trump's win released "animal spirits" in the markets and drove stocks higher for companies in industries that would generally benefit from a loosened government regulatory environment, including financials, cryptocurrencies, industrials, and energy. In addition, small-caps outperformed large-caps during the month. This market reaction was similar to the one that followed his first victory in 2016, with the crypto industry a newer beneficiary this time around. In addition, shares of Tesla were up 38% in November, as Elon Musk has strongly aligned with Trump and may benefit from the relationship. Trump signaled that he would eliminate tax credits on electric vehicles, which may put Tesla at a competitive advantage as it is the only profitable North American producer of electric vehicles. While the equity markets generally acted favorably after Trump's win, what may create investor angst is the degree and extent of tariffs Trump has proposed/threatened for the United States' largest trading partners. Investors have been concerned that increased tariffs could lead to higher inflation and pressure on the U.S. consumer. While it was possible, maybe even probable, that the Federal Reserve would cut interest rates another 25 bps in its December meeting, it was not a slam dunk. Inflation was still a little hot, and Trump's proposed tariffs and other policies may influence the Fed's future monetary policy decisions.

The market continued to envisage the potential outcomes from a change in presidential administrations and what positive aspects of a more pro-business government, including a more favorable tax policy and greater deregulation, may mean for economic growth, productivity, and corporate profitability. Conversely, some investors grew more concerned that increased tariffs and undocumented immigrant deportations could lead to higher inflation, thus crimping possible constructive effects. Though Trump's win released "animal spirits" in the markets and drove stocks higher for companies in industries that would generally benefit from a loosened government regulatory environment (including financials, cryptocurrencies, industrials, and energy) in November following the election, small-cap stocks underperformed large-cap stocks in December, which represented a stark reversal from November's ephemeral leadership rotation trade. We would suggest that the market became more defensive by favoring some of the largest stocks in the equity markets, because of the uncertainty surrounding the potential fiscal policies of the second Trump administration and of the uncertain monetary policy from the Federal Reserve (the Fed). Monetary policy was front and center in the middle of December. While the Fed cut its benchmark rate by 25 bps in December, the commentary from Chair Powell and the FOMC was more hawkish than prior meetings. In fact, the Fed penciled in just two additional interest rate cuts for 2025, versus a previous four. The Fed said that it is entering a "new phase" of policy and will have to assess the "extent and timing" of further interest rate adjustments. The Fed also implied that it had some concern over additional tariffs and how they could lead to higher inflation. This "new phase" has FOMC members cautious about cutting too much, as they currently do not predict their 2% inflation target to be met in 2025. Volatility, as measured by the CBOE Market Volatility Index (the VIX), spiked 74% and led to a precipitous slide in equity markets after the Fed meeting. Additionally, yields of government bonds continued to move higher in December – specifically, the benchmark 10-year U.S. Treasury note's yield rose 10% in December to 4.57%. It seems like the bond market may be concerned that inflation will remain sticky or increase and concerned that the federal budget deficit may increase. In the face of uncertainty, the largest growth companies in the market generally held up relatively well in December, but limped into the end of the year, along with other stocks.

**Portfolio Review**

During the fourth quarter, the NewBridge Large Cap Growth Strategy posted a positive return (gross of fees) but underperformed its benchmark, the Russell 1000® Growth Index. While most of the portfolio's companies posted better-than-expected quarterly financial results, a few did not, and those stocks were punished. The portfolio's biggest challenge during the quarter was the contrast in the returns from Uber Technologies, Inc. and Tesla, Inc. The portfolio held a significant position in Uber, while it did not own Tesla. Uber was down nearly 19% during the quarter, while Tesla was up over 60% over the same period. As each company vies for future autonomous vehicle ridesharing revenue, the nearly 80% quarterly spread in stock returns seemed overdone given the time it will take Tesla to get to scale.

The best performing quantitative factors during the fourth quarter were primarily Growth factors. Estimated Long-term Growth, Sales Growth, and Composite Growth were among the best performing factors. In addition, Quality factors, Cashflow Consistency and Earnings Quality were also top performers. The portfolio was overweight the Growth factors and also overweight Cashflow

Consistency. The worst performing factors were primarily Quality factors. Sales Stability, Net Income Stability, Change in Net Margin and Dividend Consistency underperformed during the quarter. In addition, E/P Trailing, a Value factor, was the fifth worst performing factor. The portfolio was overweight Change in Net Margin and underweight the other detracting factors. Overall, the distribution of factor leadership and factor detraction was generally positive for the portfolio, given the portfolio's overweight exposure to Growth factors.

We maintained our high-growth, high-quality mandate throughout the quarter. The portfolio is composed mostly of Emerging Growth and Established Growth cycle* companies, along with a smaller allocation to Mature Growth companies. At the end of the quarter, two growth cycle categories made up 98% of the portfolio. Established Growth, at 53%, was the portfolio's largest growth cycle constituent versus the Russell 1000® Growth Index's allocation of 62%. The portfolio's Emerging Growth holdings represented 45% of the portfolio, whereas the benchmark had 27%. The Established Growth category stocks contributed the most to the portfolio's relative return during the quarter, while the portfolio's Emerging Growth holdings detracted from the portfolio's relative return, primarily because it did not hold Tesla, Inc. The Mature Growth category represented 0% of the portfolio and 7% of the benchmark. The benchmark holds 4% in Traditional Value stocks versus 0% in the portfolio. Traditional Value and Mature Growth underperformed during the quarter.

As of December 31, 2024, the portfolio consisted of 30 companies, with the top ten representing 55.2%. Sector (GICS) weights at quarter-end: Information Technology (41.0% vs. 48.6% for the Index weight); Communication Services (17.3% vs. 13.3%); Consumer Discretionary (13.3% vs. 15.9%); Industrials (10.4% vs. 4.2%); Health Care (10.4% vs. 6.6%); Financials (4.4% vs. 6.5%); Real Estate (1.2% vs. 0.5%); Consumer Staples (0.0% vs. 3.3%); Materials (0.0% vs. 0.6%); Energy (0.0% vs. 0.4%); and Utilities (0.0% vs. 0.2%). Active share was 58%.

**Return Attribution**

The portfolio posted a positive return (gross of fees) but underperformed its benchmark in the fourth quarter. The portfolio's companies reported financial results during the fourth quarter that were encouraging in aggregate. Throughout the quarter, most of the portfolio's companies posted "beat and raise" quarters, while just a few portfolio companies were subjected to negative earnings revisions.

In the fourth quarter, the portfolio's Technology sector holdings showed the greatest outperformance relative to the benchmark. Broadcom, Inc., ServiceNow, Inc., and Arista Networks, Inc. were the best Technology sector outperformers in the portfolio. Each reported strong quarterly financial results during the fourth quarter. Monolithic Power Systems, Inc. and Adobe, Inc. underperformed the benchmark after posting disappointing quarterly financial results. The portfolio's Communication Services sector also outperformed the benchmark. Netflix, Inc. was the portfolio's best performer within the sector, while Meta Platforms detracted from the portfolio's relative return. Within Health Care , McKesson rebounded in the fourth quarter after a challenging third quarter and was the sector's best performer within the portfolio. Conversely, Zoetis, Inc. and Eli Lilly and Company were the sector's worst performers. In general, the Health Care sector performed poorly in the fourth quarter, as investors grew weary of potential stricter regulatory action by the Trump administration. The portfolio's Health Care sector holdings performed better than those in the benchmark. The portfolio's Financials sector also outperformed during the fourth quarter. Visa, Inc. outperformed, while newly initiated Tradeweb Markets, Inc. underperformed. The Real Estate sector was the benchmark's worst performing sector during the quarter. While it was down during the quarter, the portfolio's sole Real Estate holding, CoStar Group, Inc., outperformed the benchmark's sector holdings. The portfolio's Industrials sector holdings underperformed those of the benchmark. Uber Technologies, Inc. was the worst performer. As outlined above, Uber has been stuck on the wrong side of the "Trump trade" that has favored Tesla. Uber treaded water in November, as perceived competition from Tesla's full-self-driving efforts may crimp Uber over time. Unfortunately, this belief continued in December and was exacerbated by Waymo's (Uber's autonomous vehicle [AV] partner in Phoenix and Austin) decision to not partner with Uber in Miami in 2026. We believe that Uber will have a seat at the AV table, as its network platform is the world's largest. In the meantime, it is hard to prove or disprove how successful potential competitors will be. For example, time is the key here, as Tesla's ability to get to scale will likely take years. We believe that fundamentals at Uber remain attractive, but it has been fighting a perceived advantage that Tesla may or may not hold in the coming years. Within the Industrials sector, Vertiv Holdings Co. was the portfolio's standout return leader during the quarter. Vertiv will continue to benefit from large tech companies' intentions to increase data center capacity. The portfolio's Consumer Discretionary sector holdings detracted the most from the relative return during the quarter. The primary reason was Tesla's outperformance during the quarter. Not owning shares in Tesla, which averaged 3% in the portfolio's benchmark, was a detriment.

While we were disappointed that the portfolio slightly underperformed its benchmark in the fourth quarter, overall, we were encouraged by the portfolio's company-specific fundamentals and remain confident that its constituents should be able to show solid financial results in the future.

**Portfolio Actions**

We made several changes to the portfolio in keeping with our long-term, "bottom-up" investment approach. During the quarter, we bought Tradeweb Markets, Inc. and Reddit, Inc. and sold Celsius Holdings, Inc. from the portfolio. We also increased and trimmed several existing positions during the quarter. We continue to be diligent in our search for investment opportunities and expect to continue our efforts to upgrade the portfolio while maintaining our investment discipline.

**New Positions:**

**Tradeweb Markets (TW)** – TW owns and operates electronic marketplaces for the trading of interest rate and credit products, money markets, and equities asset classes. TW also provides pricing and post-trade processing services. TW's clients include institutional, wholesale, and retail among global asset managers, hedge funds, insurance companies, banks and dealers, proprietary trading firms, and retail brokerage and financial advisory firms. TW has 1,350 employees, with offices in 10 countries, serving 2,800 clients in 70 countries. The rates and credit trading market is large, growing, and ripe for electronification, with Tradeweb, MarketAxess, Bloomberg and Trumid, Citadel and Jane Street the primary competitors. Fixed Income, interest rate swaps, and credit market have been shifting to electronic trading platforms over the years, and significant market share opportunities remain.

**Reddit, Inc. (RDDT)** – Reddit is a well-established internet company and community platform. The company has a loyal user base and opportunities to expand and monetize advertising, as well as leverage its treasure trove of data for a growing number of AI-related use cases. Recent deals with high-profile leaders in the AI/LLM arena (GOOG, OpenAI) have proven successful, parlaying into a growing user base and further interest from advertisers. We see great potential for Reddit to expand its relevance due to the rapidly growing secular opportunities, paired with product growth initiatives and fundamental company strengths.

**Eliminated Positions**

**Celsius Holdings, Inc. (CELH)** – CELH has been a troubled stock since June. The energy drink industry's sales growth has slowed down from levels earlier this year. In addition, brands have become more promotional in an effort to spur waning demand, especially within the convenience store channel. While still growing faster than the category, CELH has experienced a steep year-over-year growth slowdown as well. Adding fuel to the fire, estimates for CELH's sales and earnings have also come down due to PepsiCo's (its largest North American distributor) inventory optimization initiatives. Unfortunately, it has become difficult for CELH management and the analyst community to estimate how much product PepsiCo will take in each quarter. While the stock has significantly underperformed over the last few months and its valuation has fallen, it is difficult to decipher near-term catalysts that could improve investor sentiment. Therefore, we decided to exit the portfolio's small position in CELH.

**Strategy & Outlook**

As outlined above, the market environment was generally favorable to the portfolio in the fourth quarter. As we have written in previous commentaries, we believe we have identified the areas of the portfolio with the greatest risks and have trimmed those holdings or eliminated them. We continue to own several high-growth, longer duration stocks and are confident in their ability to grow over time; common to them all are rapidly growing, disruptive product and services offerings, which we believe warrant a premium. We have also initiated or added to positions in historically less volatile, high-quality growth compounders. We continue to own secular growth stocks that in our estimation deserve premium valuations and will look for opportunities to add others.

We maintained our investment discipline, philosophy, and process by focusing on company fundamentals in our search for investment opportunities. We believe our portfolio is comprised of industry-leading growth companies that should continue to post attractive financial results in what may continue to be a volatile period for stocks.

We live in a dynamic world where economic data, corporate news, and geopolitical shocks can rapidly shift investor sentiment. As we move into 2025, we recognize several risks to the portfolio and to the equity market in general. The market's next direction will likely be contingent on further Fed commentary and action, additional readings on inflation and employment, interest rates, economic conditions, fiscal policy in the new Trump administration, geopolitical risks emanating from the Middle East, Russia, China, etc., and of course, company-specific events. We believe the portfolio is well-positioned to report attractive financial metrics growth in the future. As always, we will focus on the fundamentals of the portfolio's companies and look for opportunities to improve the portfolio's composition of growth and quality.

| Top 5 Contributors (% Contribution to Return) | |
|---|---|
| Broadcom Inc. | 1.48 |
| NVIDIA Corporation | 1.32 |
| Amazon.com, Inc. | 0.98 |
| Netflix, Inc. | 0.83 |
| ServiceNow, Inc. | 0.74 |

| Top 5 Detractors (% Contribution to Return) | |
|---|---|
| Adobe Inc. | -0.35 |
| Zoetis, Inc. Class A | -0.37 |
| Eli Lilly and Company | -0.48 |
| Monolithic Power Systems, Inc. | -0.53 |
| Uber Technologies, Inc. | -0.66 |

Source: FactSet.

| Top 10 Holdings (% of Portfolio) | |
|---|---|
| NVIDIA Corporation | 11.33 |
| Amazon.com, Inc. | 6.46 |
| Broadcom Inc. | 6.11 |
| Meta Platforms Inc Class A | 5.99 |
| Alphabet Inc. Class C | 5.01 |
| ServiceNow, Inc. | 4.54 |
| Arista Networks, Inc. | 4.46 |
| Netflix, Inc. | 3.93 |
| Visa Inc. Class A | 3.89 |
| Microsoft Corporation | 3.48 |

Source: Factset

| | | | | ANNUALIZED RETURNS | | | |
|---|---|---|---|---|---|---|---|
| Composite Performance (%) | QTR | YTD | 1-YR | 3-YR | 5-YR | 10-YR | Since Inception |
| NewBridge Large Cap Growth Equity (gross of fees) | 6.87 | 32.93 | 32.93 | 8.11 | 16.35 | 13.55 | 7.14 |
| NewBridge Large Cap Growth Equity (net of fees) | 6.69 | 32.06 | 32.06 | 7.40 | 15.60 | 12.82 | 6.41 |
| Russell 1000® Growth Index | 7.07 | 33.36 | 33.36 | 10.47 | 18.96 | 16.78 | 8.51 |

Source: Zephyr. Since Inception date of 4/1/99.

Past performance does not guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars and reflect the reinvestment of dividends and other earnings. Composite and benchmark returns are presented net of non-reclaimable withholding taxes. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV. Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines, and other factors. The representative account is believed to most closely reflect the current portfolio management style. Returns are expressed in U.S. dollars and reflect the reinvestment of dividends and other earnings. The NewBridge Large Cap Growth Equity Composite includes all accounts, except wrap fee paying accounts, that invest in high-quality companies with growing earnings, strong financial foundations, market leadership, and superb management teams for long-term growth of capital with a minimum equity commitment goal of 80%-90%. The benchmark is the Russell 1000® Growth Index. The composite creation date is 2Q99.

The Russell 1000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 1000® Index (which consists of the 1,000 largest companies in the Russell 3000® Index) with higher price-to-book ratios and higher forecasted growth values.

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*Growth Cycles: A growth and value score is calculated for each company, which is utilized to assign companies into five baskets. Growth score components include: long-term forward growth, 1-year forward EPS growth rate, 5-year earnings growth trend, and 5-year sales growth trend. Value score components include: price to book, dividend yield, and forward price to earnings.

Glossary of Quantitative Factors (in order of appearance):

Estimated Long-Term Growth – IBES consensus analyst forecast of 3-5 year earnings growth rate

Sales Growth – Trailing 1-year percent change in annual sales per share

Composite Growth – Equal weight composite of "Cashflow Growth", "Sales Growth", "Estimated Long-Term Growth", and "Forward Earnings Growth"

Earnings Quality – Difference between free cashflow and reported earnings scaled by total assets (a higher number in this case indicates higher earnings quality - this is the Sloan "Accruals" factor)

Cashflow Consistency – The slope of the trendline of operating cashflow over the past 5 years divided by standard deviation around the trendline

Sales Stability – Negative of the standard deviation of sales over the past 5 years scaled by the absolute value of the average (so higher value = more stable)

Net Income Stability – Negative of the standard deviation of net income over the past 5 years scaled by the absolute value of the average (so higher value = more stable)

Change in Net Margin – 1-Year change in Net Margin

Dividend Consistency – The slope of the trendline of dividends per share over the past 5 years divided by standard deviation around the trendline

E/P Trailing – Most recently reported EPS divided by price

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