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MANAGEMENT LLC

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October 22, 2026

Dear Partners,

In our 2Q update, we outlined several refinements to our investment structure and process. This quarter, we continued that work. Below, we describe the market environment driving these changes, the specific steps we have taken, and why, in our view, the portfolio is positioned attractively in the current environment, while recognizing the risks and uncertainties discussed.

What is not changing is our foundation: a concentrated portfolio of businesses that we consider to be high quality, generate strong free cash flow and are run by management teams that, in our judgment, have demonstrated disciplined capital allocation.

A changed market and an opportunity

The structure of the market has shifted meaningfully. Passive investing has expanded, index concentration has risen alongside those flows, and we believe market participants have become increasingly short-term oriented. This speculative environment is starkly illustrated by data over the 12-month period ended June 30, 2026 cited by Apollo's Chief Economist showing that profitable businesses in the Russell 2000 have underperformed businesses that lose money.¹

We see this as an opportunity. Market concentration has left many quality businesses overlooked, and we believe we can invest in them at attractive prices. We also believe these companies will benefit from the next phase of AI. If the trillions currently being invested in AI infrastructure are to earn a return, much of the value must ultimately accrue to the broader economy. We recognize clear parallels between the buildouts of internet and mobile with the AI buildout. The development of the internet and mobile ecosystems illustrates how investment and economic activity can evolve from infrastructure providers to the businesses that use new infrastructure to create products and services. In the late 1990s, we owned Cisco Systems whose routers and switches built the backbone of the internet. As that buildout matured, the next wave of value accrued to the companies leveraging the network, leading us to invest in Google and Apple. Mobile followed a similar pattern. We owned Nokia and American Tower while the physical devices and networks were being built; subsequently, much of the value that followed accrued to the businesses

¹ [The Market is Paying a Premium for Companies that Lose Money](#). Apollo Chief Economist, June 2026.

built on top of them, such as Uber, Netflix, and Spotify.² In each cycle, infrastructure came first, and the larger, more durable investment opportunities followed in the businesses that put it to work.

We believe AI may follow this same pattern, and our experience in prior cycles informs how we are positioned today.ⁱ

How we have refined our process

We made three important changes this quarter to position the portfolio for this environment:

- **Portfolio structure.** We moved from a fixed 22 holdings, though remain concentrated. Separately, we are raising our maximum position size from 8% to ~10%, and our sector exposure to ~35%.ⁱⁱ
- **Portfolio risk buckets.** We now group holdings into three styles: Defensive Quality, Core Compounders and Opportunistic Growth.ⁱⁱⁱ We added new correlation and factor analysis across the portfolio. See example graphic of the new buckets below.²
- **Free cash flow and EPS focus.** In addition to an emphasis on EPS growth, we remain focused on investing in strong free cash flow generative companies with management teams that invest for future growth or capital returns.

The common goal is flexibility within a concentrated portfolio. Our previous constraints at times slowed decisions and forced trade-offs that had little to do with value. The new framework lets us act more quickly while keeping the discipline that concentration requires.

The risk tools reflect the same change in market structure. In the past, sectors tended to move independently. Today, companies in very different sectors often correlate to the same underlying trend, such as the pace of AI spending. Our correlation and factor analyses are intended to help us identify those shared exposures before they are reflected in a company's results.^{iv}

Portfolio Buckets as of September 30, 2026								
	AI Infra	Consumer	Fin Infra	Health	Ind/Aero	Ads	Phys AI	Total *
Defensive Quality			V, MSCI	TMO	TDG, LIN		LIN	5 companies
Core Compounder	NVDA, ASML, APH	NFLX, SPOT, AMZN	BX	ISRG, LLY	APH, NVDA	SPOT, NFLX, AMZN	AMZN, NVDA, APH	9 companies
Opportunistic Growth	AVGO, SNPS	SHOP, ZG, RDDT			AXON, AVGO	RDDT	TSLA	7 companies
Total *	5 companies	6 companies	3 companies	3 companies	6 companies	4 companies	5 companies	

**Note: each company can be classified into more than one sector, but is only classified as either Defensive Quality, Core Compounder, or Opportunistic Growth. Please refer to endnote iii for the description of each bucket.*

² No recommendation is made, positive or otherwise, regarding individual securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities identified were or will be profitable.

The central element of our investment approach is unchanged: we typically take a long-term view and aim to arbitrage time horizons. While other market participants assess the next quarter, we aim to assess the next five to ten years. When a company invests free cash flow today for profits later, or encounters a temporary setback, short-term holders often sell regardless of value. This quarter offered several examples. Axon, TransDigm, and ASML each grew revenue ahead of consensus and raised their outlooks, yet each stock price declined. Our new flexibility allows us to act in moments like these.

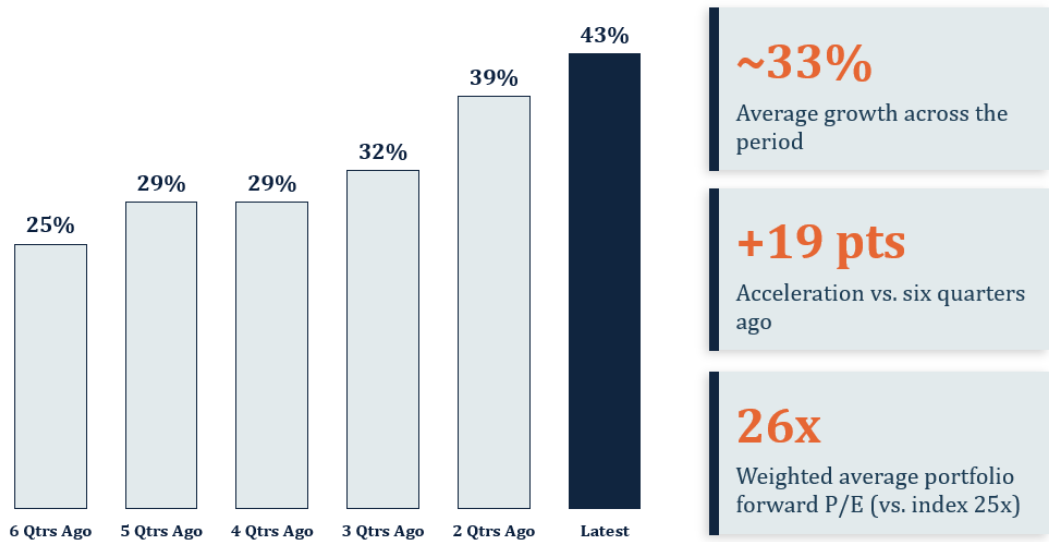
What we look for in a business is also unchanged. We focus on companies that generate strong free cash flow and are led by management teams who reinvest that cash wisely, whether to drive growth or to return capital to shareholders. Nvidia and Eli Lilly are two examples from our portfolio. Nvidia spent years reinvesting its profits in software and data center products well before AI demand arrived, and today it returns tens of billions of dollars to shareholders while continuing to invest. Eli Lilly's sustained investment in research produced its obesity and diabetes medicines, now among the fastest-growing drugs in the industry. Our refined process is designed to help us find more businesses like these and to act on them sooner.^v

Why we remain confident

We remain confident for three reasons: (1) the earnings growth of our businesses is at record levels, (2) based on our analysis, the gap between their intrinsic value and share prices has widened, and (3) we believe the portfolio is positioned to navigate a range of outcomes.

Earnings growth across the portfolio has accelerated for six consecutive quarters: 25%, 29%, 29%, 32% and 39%, and 43% in the most recent quarter.^{vi} Over long periods, share prices typically follow earnings; over short periods, they typically follow sentiment. When earnings rise and share prices fall, each share represents a larger claim on earnings than before. We believe that gap does not persist indefinitely, and the management teams of our portfolio companies are repurchasing stock at prices they consider attractive. We believe the portfolio holds a substantial amount of stored alpha that should be realized over time.^{vii}

Year-over-year EPS growth has accelerated across the last five quarters.



Refer to endnote vi for sources of data and methods of calculation.

The businesses you own share three characteristics: high returns on invested capital, strong balance sheets and top-tier management. These are the qualities that allow a business to compound value over long periods, and they matter most when conditions become more difficult.

Looking ahead: AI moves into the physical world

Three factors underpin our optimism: AI is extending into the physical world, earnings growth is strong and broad-based, and the market is offering high-quality companies at valuations we have not seen in some time.

The first wave of AI took place on screens, through chatbots, coding assistants, and search. We believe the next wave extends into the physical world: robots on factory floors, autonomous vehicles, automated warehouses and labs, and machines that can perceive, plan and act independently. In August, Nvidia's CEO highlighted physical AI as an emerging source of demand for computing. The timing reflects three converging trends. Computing costs continue to fall, AI models are becoming far better at reasoning, and labor shortages make automation more valuable each year. When these factors align, adoption tends to proceed quickly.

This is where the internet and mobile analogies mentioned earlier matter most. We expect much of the lasting value from physical AI to accrue to the businesses that use it to lower costs and improve their products.

We intend to remain disciplined. Much of physical AI is still early-stage, and early themes tend to attract speculation. We will favor companies that already generate real profits and can show the benefits of automation in their results, not only in their investor presentations.

Thank you for your continued trust and partnership. As always, we welcome the opportunity to discuss the portfolio and our outlook with you.

Sincerely,

Edgewood Management

Certain statements herein reflect Edgewood Management's current views, opinions, estimates and expectations concerning markets, individual companies and future events. These views are based on information available as of the date of this commentary, are subject to change without notice and may prove incorrect. Actual outcomes may differ materially from those discussed, and there can be no assurance that any forecast, projection or investment objective will be achieved.

Investing involves risk, including the possible loss of principal. Equity securities may decline in value due to company-specific, industry, market, economic or other factors. A concentrated portfolio and investments with significant exposure to particular companies, industries or sectors may experience greater volatility and risk of loss than a more diversified portfolio. Investments in companies developing or utilizing artificial intelligence, automation, and advanced technology involve unique risks, including rapid technological change, regulatory scrutiny, intense competition, and high valuation volatility. Actual outcomes in these sectors may differ materially from those projected.

Past performance is not indicative of future results. Prior investment experience and historical market patterns do not necessarily predict future outcomes, and there is no assurance that current investments or market developments will resemble prior periods.

References to specific securities are provided for illustrative purposes only and are intended to illustrate Edgewood's investment approach. They do not represent all securities purchased, sold or recommended, should not be considered investment recommendations, and should not be assumed to have been or to be profitable. To obtain a list of all recommendations made by Edgewood Management for this strategy over the preceding 12 months, along with the performance of those recommendations, please contact Kitty McBride at kmcbride@edgewood.com.

References to quality, attractiveness, intrinsic value and similar characteristics reflect Edgewood's subjective investment judgments as of the date indicated. Such assessments involve assumptions and estimates, may change without notice and may prove incorrect.

This commentary references data and insights from third-party sources, such as Apollo Global Management. While Edgewood believes these sources to be reliable, we cannot guarantee the accuracy or completeness of third-party data, and such insights do not necessarily reflect the views of Edgewood.

ⁱ *The development and economic impact of AI could differ materially from prior technology cycles.*

ⁱⁱ *Changes to Portfolio Structure provide greater flexibility, but they also may increase exposure to company-specific and sector-specific risks.*

ⁱⁱⁱ *The portfolio classifications are internal analytical categories used by Edgewood and do not indicate that any investment is less volatile or subject to less risk of loss. Defensive Quality: established, highly profitable businesses with stable demand that tend to hold up well in weaker markets. Core Compounds: high-return businesses we expect to grow earnings steadily over many years. Opportunistic Growth: faster-growing businesses, or companies at a turning point, with the potential for outsized returns alongside greater volatility. Edgewood's sector classifications from left to right are: AI Infrastructure, Consumer Discretionary, Financial Infrastructure, Healthcare, Industrials/Aerospace, Advertising, and Physical AI.*

^{iv} *These tools are one component of our risk-management process and do not eliminate investment risk or ensure that all correlated exposures will be identified.*

^v *These companies are presented solely as examples of characteristics Edgewood seeks in portfolio businesses. They are not representative of all investments made or held, and their inclusion should not be interpreted as an indication that these or other investments were or will be profitable.*

^{vi} *Quarterly YoY EPS (year over year earnings per share) growth figures reflect the weighted average of each portfolio company's YoY EPS growth for the portfolio as follows: the 6 Qtrs Ago YoY EPS Growth figure reflects the weighted average for the portfolio as of 6/30/2025 for the earnings reported during 2Q25. The 5 Qtrs Ago YoY EPS Growth figure reflects the weighted average for the portfolio as of 9/30/2025 for the earnings reported during 3Q25. The 4 Qtrs Ago figure reflects the weighted average for the portfolio as of 12/31/2025 for the earnings reported during 4Q25. The 3 Qtrs Ago YoY EPS Growth figure reflects the weighted average for the portfolio as of 3/31/2026 for the earnings reported during 1Q26. The 2 Qtrs Ago YoY EPS Growth figure reflects the weighted average for the portfolio as of 6/30/2026 for the earnings reported during 2Q26. The Latest YoY EPS Growth figure reflects the weighted average for the portfolio as of 9/30/2026 for the earnings reported during 3Q26. These numbers are calculated based on company earnings reports and exclude the impact of non-recurring items not indicative of the underlying business, where appropriate. For the complete calculation methodology, please contact Kitty McBride at kmcbride@edgewood.com.*

^{vii} *We consider a positive difference between EPS growth and stock return to indicate the portfolio company holds "stored alpha."*



Here is the performance data for the Edgewood Large-Cap Growth composite as of September 30, 2026:

	Edgewood Net Performance Returns	Edgewood Gross Performance Returns	S&P 500 Performance Returns	Russell 1000 Growth Performance Returns
Current Month (September)	-4.93%	-4.93%	-0.35%	+2.16%
Last 3 Months	-4.16%	-3.97%	+2.30%	+0.92%
Calendar Year	-9.20%	-8.62%	+12.75%	+6.30%
1 Year	-7.85%	-7.08%	+15.74%	+7.50%
2 Year - CAGR	-0.53%	+0.32%	+16.66%	+16.16%
3 Year - CAGR	+10.27%	+11.22%	+22.89%	+24.26%
5 Year - CAGR	-0.22%	+0.65%	+13.79%	+13.66%
10 Year - CAGR	+12.10%	+13.07%	+15.33%	+18.16%
15 Year - CAGR	+14.27%	+15.26%	+15.68%	+17.64%

Edgewood Management LLC: Large Cap Growth Composite				
	Ending September 30, 2026			
	Net 1 Year Performance Returns	Net 3 Year Performance Returns (Annualized)	Net 5 Year Performance Returns (Annualized)	Net 10 Year Performance Returns (Annualized)
Edgewood Large Cap Growth Composite	-7.85%	10.27%	-0.22%	12.10%
S&P 500 (TR) Index	15.74%	22.89%	13.79%	15.33%
Russell 1000 Growth Index	7.50%	24.26%	13.66%	18.16%

Note: Returns are shown in U.S. dollars net of fees.

Edgewood Management LLC is a registered investment adviser specializing in growth oriented investment management. The Edgewood Large Cap Growth Composite is comprised of individual and institutional accounts that invest in Edgewood's Large Cap Model of generally 22 large capitalization growth companies chosen by using fundamental analysis and an internal valuation discipline. The composite returns are benchmarked to the Standard & Poor's 500 Index ("S&P 500") and the Russell 1000 Growth Index ("R1000 Growth"). The S&P 500 is an unmanaged index with no expenses which covers 500 industrial, utility, transportation and financial companies of US markets. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The R1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates and dividends are reinvested.

Edgewood Management LLC claims compliance with the Global Investment Performance Standards (GIPS®). Past performance is no guarantee of future results. Performance results reflect the reinvestment of dividends and other earnings. Performance results are expressed and calculated in U.S. dollars. To receive a list of composite descriptions of Edgewood Management LLC and/or a GIPS Report that complies with the GIPS standards, contact Kitty McBride at 212-652-9100, or write to Edgewood Management LLC, 600 Steamboat Road, Suite 103, Greenwich, CT 06830 or KMcBride@Edgewood.com.

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