

4Q23 NCG PERFORMANCE COMMENTARY

Market Review

In the fourth quarter of 2023, equity markets posted negative returns in October before embarking on a strong market rally in November and December, resulting in positive returns for the quarter. Following a down third quarter across the broad market, the fourth quarter strength coupled with a strong first half of the year led to decisively positive returns in 2023. Investor sentiment continues to swing wildly. However, strong calendar 2023 returns were supported by resilient economic data, continued health in the labor market, a slowdown in inflation, and renewed enthusiasm for a soft landing in the economy. Sentiment received a big boost during the fourth quarter. At the November 1st meeting, the Fed backed off their commitment to rates remaining higher for longer, and on December 13th, the Fed laid out their expectations for rate cuts sometime in 2024. The restrictive monetary policy over the last 18 months could still have lingering effects on the economy, but for now, investors have cheered the "Fed pivot" to a more accommodative stance. Our philosophy, process and team remain consistent, and we continue to invest in what we believe are the fastest growing and highest quality companies in America. Please see the performance table for details.

Market breadth was a highly discussed topic in 2023. The Magnificent 7 (AAPL, AMZN, GOOGL, META, MSFT, NVDA, TSLA) contributed significantly to positive annual returns in the broader averages. However, excluding these companies, it was a different picture, and our five composites and their respective benchmarks were more representative of the broader trends in the market. The top-heavy Russell 1000 Growth Index was up 42.67% in 2023, whereas the Russell 2000 Growth Index was up 18.65% and the Russell Microcap Growth Index was up 9.10% for the year. Heading into the fourth quarter the microcap growth index was down about 5% through 3Q. This is not unusual heading into periods of economic uncertainty or when investors fear a recession, which was the prevailing investor sentiment at the end of 2022 and early in 2023. Small cap stocks have underperformed large cap stocks going into the last 6 recessions dating back to 1980. Clearly, the Fed pivot has currently calmed fears of recession, and in November and December, market breadth broadened out and the Russell Microcap Growth Index returned 13.68% vs 4.42% for the Russell 1000 Growth Index. All areas of the market rallied at year end, but in the smaller cap space, it was primarily led by 'low quality' stocks (lowest ROE and no revenue companies) and sectors/industries perceived to be most impacted by the Fed's restrictive stance (for example: regional banks, biotech). This made it challenging to keep up with the indexes in our smaller cap strategies. In the fourth quarter, our large cap strategy outperformed slightly, but we underperformed in our smaller cap strategies.

We are monitoring potential growth headwinds in this choppy macro environment, but we also continue to own companies that we believe have strong growth fundamentals currently and into the future. New idea generation remains healthy. While the Russell 1000 Growth Index has recovered back to the 2021 highs, all the small cap growth stock benchmarks we use are still down substantially from all-time highs in 2021 and valuations are reasonable. We look forward to the upcoming December quarter earnings reports and forward guidance updates to gain additional data points on individual companies and overall economic health.

Portfolio Review

Our investment philosophy emphasizes direct research and adhering to a strong sell discipline. Sticking with our discipline has helped us outperform amidst the challenging market conditions of recent years and since

inception in all strategies. We strive to own companies that we believe can grow revenue and profits at strong rates in any economic and market environment. We feel we have the opportunity, if we pick the right stocks, to perform better than the index in all market environments. That did not happen in 4Q in our smaller cap strategies. After delivering annual outperformance in all strategies from 2017-2022, we slightly underperformed for 2023 in 4 strategies (large, small, smicro, smid) and slightly outperformed in the micro (all net of fees). For the year, our health care holdings drove much of the underperformance across all our strategies, except the large cap. This was primarily due to investor perception that weight loss benefits from the GLP-1 drug class will improve overall health of the general population, thereby lowering the prevalence of certain disease states and reducing the number medical/surgical interventions across broad swaths of health care. Although many stocks in this space have been negatively impacted by this perception, the long-term impact on business fundamentals for individual companies is still unclear. Many of our healthcare companies began to recover in 4Q and we still believe in the long-term growth fundamentals. We will continue to rely on our direct research to inform our investment decisions in this space, as we do for all our investments.

Market Outlook

The 4Q rally in the broad market underscores the importance investors are placing on current macroeconomic datapoints and the Fed's view on the forward interest rate levels. The general consensus now seems to be favoring a soft landing or no landing for the economy, whereas twelve months ago the consensus was much more concerned about a potential recession. Time will tell. Our experienced and stable team has worked through many of these environments over the past 25 years, and we believe we can lean on our experience of bottom-up stock picking to navigate this market as well. As always, we will stay focused on our core investment philosophy. We believe a portfolio of high-quality growth companies, combined with a strong sell discipline, will lead to compounding of portfolio value and market outperformance over time. This has been the case since our inception, and we believe this is in the best interest of long-term performance.

On January 2, 2024, the RiverPark/Next Century Large Growth Fund (RPNRX/RPNLX) started trading. The fund utilizes our large cap growth strategy. This is our second mutual fund in partnership with RiverPark. The RiverPark/Next Century Growth Fund (RPNCX/RPNIX), which utilizes our small cap growth strategy, began trading on July 3, 2023.

Next Century Growth Investors	4Q23	Latest 1 Year	Latest 3 Year	Latest 5 Year	Latest 10 Year	Inception [^] To Date
Compound annual returns as of 12/31/2023						
Large Cap Growth Composite (%) (net of fees)	14.22	39.92	8.33	20.47	14.71	10.42
Russell 1000® Growth Index (%)	14.16	42.67	8.86	19.49	14.86	7.79
Small Cap Growth Composite (%) (net of fees)	4.75	14.83	2.01	20.28	11.49	10.60
Russell 2000® Growth Index (%)	12.74	18.65	-3.50	9.22	7.15	6.75
Micro Cap Growth Composite (%) (net of fees)	9.54	10.15	0.64	21.83	15.85	16.96
Russell Microcap® Growth Index (%)	15.63	9.10	(8.21)	5.96	3.66	7.61
Smicro Cap Growth (%) (net of fees)	5.69	18.02	1.97	20.35	12.70	16.22
Russell 2000® Growth Index (%)	12.74	18.65	-3.50	9.22	7.15	10.02
SMID Cap Growth Composite (%) (net of fees)	4.84	15.46	1.68	20.29	11.18	7.14
Russell 2500™ Growth Index (%)	12.59	18.93	-2.67	11.42	8.77	6.11



NCG SMALL CAP 4Q23 REVIEW

	QTD	1 year	3 year	Annualized		Since Inception*
				5 year	10 year	
Small Cap Growth (%) (Net of fees)	4.75	14.83	2.01	20.28	11.49	10.60
Russell 2000® Growth Index (%)	12.74	18.65	(3.50)	9.22	7.15	6.75

*Inception 1/1/1999

We purchased eight new positions: MEDP, BRZE, GWRE, DAVA, NTRA, CWAN, TNDM, CSTL

Medpace Holdings (MEDP) is a full service CRO (contract research organization) focused primarily on small and mid-sized biopharma companies (75-80% small biopharma, 15-20% mid-sized biopharma, 0-5% large pharma). The small biopharma CRO market typically grows faster than the mid/large pharma market, and MEDP has carved out a solid competitive position in this area. We believe MEDP is positioned to sustain strong growth, driven by a combination of market growth (biotech spending) and market share gains, while maintaining a healthy margin profile.

Braze (BRZE) is a leading next-generation customer engagement platform that allows brands to deliver cross channel marketing campaigns to end customers in real-time. BRZE currently serves about 2,000 customers across a diverse range of verticals, including retail/ecommerce, media & entertainment, financial services, travel & hospitality, quick service restaurants, and social/messaging/gaming. With a next-generation platform addressing the modern needs of an enterprise, Braze is disrupting the market and gaining share from legacy competitors, demonstrated by recent revenue growth in the 30% range with 70%+ gross margins.

Guidewire Software (GWRE) provides a software platform for P&C insurance companies to run their businesses (policies, claims, billing, data & analytics). Traditionally, P&C insurance companies have used legacy, on-premise solutions or homegrown systems, which have difficulty scaling as companies grow. GWRE currently has >500 customers and targets the Top 2,000 insurers worldwide. GWRE is a company we owned in the past but sold due to a business model transition which caused some growing pains. They are now mostly through the transition and are experiencing increased adoption of their next generation platform as more and more insurers are moving their core systems to the cloud. Following many years of increased investment in product and go-to-market initiatives, GWRE should be in position to deliver solid revenue growth and improved profit margins and free cash flow.

Endava (DAVA) is an IT services provider with expertise in such areas as payments, tech/media/telecom, banking & capital markets, mobility, and insurance. DAVA enables their customers to implement their digital transformation initiatives, which are technology projects designed to both improve cost structures and drive revenue growth. DAVA is a company we owned in the past but sold due to the company (and industry) experiencing a slowdown in demand during 2022 and early 2023 after a period of outsized growth following the pandemic. We believe the demand environment has stabilized and could improve in the future, and DAVA should be a beneficiary.

Natera (NTRA) is a leader in cell-free DNA diagnostics, primarily dedicated to oncology, women's health, and organ health. Their goal is making personalized genetic testing and diagnosis part of the standard of care to drive earlier and targeted interventions to improve patient outcomes. NTRA has developed a leadership position with tests like Signatera in oncology, Panaroma for NIPT (non-invasive prenatal testing), and Prospera for organ

transplant assessment. Signatera addresses a newer area of oncology testing called MRD (minimum residual disease), which is experiencing significant growth and in which NTRA has an early mover advantage. After years of heavy investment to drive revenue growth, NTRA continues to deliver solid topline growth and is now on the cusp of being cash flow positive.

Clearwater Analytics Holdings (CWAN) provides a software platform to simplify investment accounting and analytics for asset managers, insurance companies, and corporations. The company has been gaining share in a fragmented and large end market, and is currently generating around \$400m in revenue of a targeted multibillion dollar end market opportunity. CWAN was part of the 2021 IPO class – many of these companies came public at high valuations and with high expectations, and then experienced poor stock performance. CWAN delivered solid fundamentals throughout that period, most recently experiencing >20% revenue growth and 30% EBITDA margins in Q3'23, but the stock has not done much since the IPO. With a more attractive valuation now, we believe there is opportunity for compounding of company value ahead.

Tandem Diabetes Care (TNDM) offers a next-generation insulin pump for patients with diabetes. TNDM is a company we have owned in the past but sold as they went through a period of slowing growth rates due to a lack of product innovation. With 4 new product launches expected in 2024, the stage is set for a reacceleration of growth in this large and growing end market. With expectations low and valuation depressed from historical averages, there is room for upside if TNDM can deliver on their 2024 guidance and the new products rollout as expected.

Castle Bioscience (CSTL) is a medical diagnostics company with a portfolio of tests addressing skin cancer, esophagus cancer, and mental health. CSTL is another name we have owned in the past, with our sale due to uncertainty regarding their acquisition activities. Since that time, their skin cancer franchise has continued to deliver solid volume growth and the acquisitions have turned out to be solid contributors to the growth of the business. The company remains under-penetrated in all their markets, so we believe growth should remain solid. Valuation has compressed significantly over the last three years, and we believe they have the balance sheet strength to continue driving growth while moving toward cash flow breakeven in 2025.

Due to our sell discipline, we exited six positions: SILK, OM, BILL, ATRC, CXM, ESMT. In general, we sell to zero when our research uncovers a change in our original investment thesis, valuation is extended, or we are replacing a name with a more attractive investment opportunity. ESMT agreed to be acquired by Vista Equity Partners.

SECTOR WEIGHTS*

	Small Cap Growth	Russell 2000 Growth Index
Technology	28%	20%
Industrials	25%	23%
Health Care	23%	22%
Consumer Discretionary	5%	13%
Basic Materials	5%	3%
Financials	5%	5%
Consumer Staples	5%	4%
Energy	1%	5%
Real Estate	0%	2%
Telecommunications	0%	2%
Utilities	0%	2%
Cash	3%	0%

ATTRIBUTION*

Contributors	Detractors
<ul style="list-style-type: none"> • Top 3 contributors to absolute performance: TMDX, LGIH, VRRM • NCG's underweight in energy allowed us to outperform • NCG's consumer discretionary holdings outperformed and we are underweight 	<ul style="list-style-type: none"> • Top 3 detractors to absolute performance: FLYW, KNSL, SILK • The strong market rally in Nov and Dec was led by 'low quality' stocks (lowest ROE and no revenue companies) and sectors/industries perceived to be most impacted by the Fed's restrictive stance (for example: regional banks, biotech), which made it difficult to keep up with the index • NCG's health care holdings underperformed • NCG's industrial holdings underperformed and we are slightly overweight • NCG's financials holdings underperformed • NCG's technology holdings underperformed and we are overweight

*As of 12/31/2023

DISCLOSURES

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Source: FactSet for Attribution and Sectors.

Reported in USD. Performance figures for less than one year are not annualized. An investment in this strategy is speculative and involves substantial risks, including the possible loss of the entire investment and the potential for economic and market conditions and factors to materially adversely affect the value of the investments. Due to various factors, including changing market conditions, the content may no longer be reflective of current opinions or positions. Performance information presented may include "estimated" figures in circumstances where "final" figures are not yet available. Both gross and net performance reflects the reinvestment of dividends and interest, and the deduction of brokerage or other commissions, and any other expenses that a client would have paid or actually paid, other than custodial fees. For the Small Capitalization Growth Equity Composite IPOs contributed significantly to performance in 1999. Next Century Growth Investors claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

^Large Cap Growth Composite Inception 1/1/1999, represent 14.4% firm AUM

^SMID Cap Growth Composite Inception 4/1/2000, represent 2.00% firm AUM

^Small Cap Growth Composite Inception 1/1/1999, represent 36.6% firm AUM

^SMicro Cap Growth Composite Inception 1/1/2013, represent 1.8% firm AUM

^Micro Cap Growth Composite Inception 1/1/2003, represent 36.1% firm AUM

The Russell Microcap® Growth Index measures the performance of the microcap growth segment of the U.S. equity market. It includes Russell Microcap companies that are considered more growth oriented relative to the overall market as defined by Russell's leading style methodology. The Russell Microcap Growth Index is constructed to provide a comprehensive and unbiased barometer for the microcap growth segment of the market. The Index is completely reconstituted annually to ensure larger stocks do not distort performance and characteristics of the microcap opportunity set. The Russell Microcap Growth Index is not an actual investment and does not reflect the deduction of transaction charges and other expenses that your account must bear. Additional information regarding policies for calculating and reporting returns is available upon request.

The NCG Micro Cap Growth Equity Composite contains portfolios investing primarily in the equity securities of smaller U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. Investment results are measured versus the Russell Microcap® Growth Index.

The Next Century Growth Investors Small/Micro Cap Growth Equity Composite contains portfolios investing primarily in the equity securities of smaller companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. The strategy invests in both small and microcap companies. Investment results are measured versus the Russell 2000® Growth Index.

The NCG Small Capitalization Growth Equity Composite contains portfolios investing primarily in the equity securities of smaller U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. Investment results are measured versus the Russell 2000® Growth Index.

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-value 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. The Russell 2000® Growth Index is not an actual investment and does not reflect the deduction of transaction charges and other expenses that your account must bear.

The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the US equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. The Russell 1000® Growth Index is constructed to provide a comprehensive and unbiased barometer for the large-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics. The Russell 1000® Growth Index is not an actual investment and does not reflect the deduction of transaction charges and other expenses that your account must bear.

The NCG Focused Large Capitalization Growth Composite contains portfolios investing primarily in equity securities of U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. The strategy invests in both large and medium companies with an emphasis on large capitalization. Investment results are measured versus the Russell 1000® Growth Index.

The Russell 2500™ Growth Index measures the performance of the small to mid-cap growth segment of the US equity universe. It includes those Russell 2500™ companies with higher growth earning potential as defined by FTSE Russell's leading style methodology. The Russell 2500™ Growth Index is constructed to provide a comprehensive and unbiased barometer of the small to mid-cap growth market. The index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect growth characteristics.

The NCG Small/Mid Capitalization Equity Composite contains portfolios investing primarily in the equity securities of small and medium-sized U.S. companies that the portfolio manager believes have substantial potential for high long-term growth. The portfolio manager seeks to identify the fastest growing and highest quality companies for investment. Investment results are measured versus the Russell 2500™ Growth Index.

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