

Positive financial outlook business concept as a bear casting a reflection of a forward moving bull as a hopeful forecast in stock market investing in a 3d illustration style.

## THIRD-QUARTER 2025 THEMATIC GROWTH UPDATE

NOVEMBER 10, 2025

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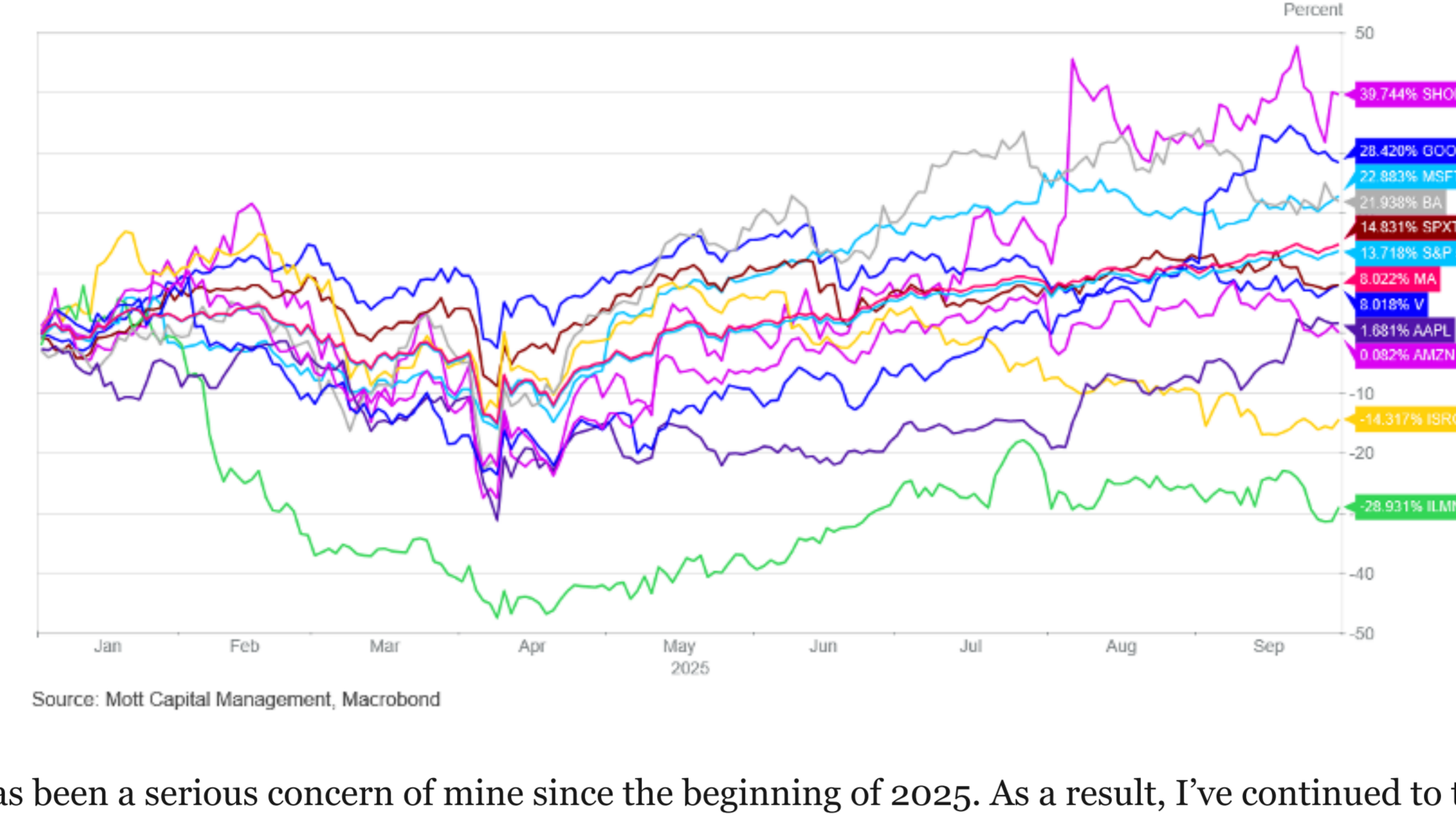
Stocks had a strong third quarter, following a solid second quarter. In fact, the market hit new all-time highs for both the S&P 500 and the NASDAQ 100, driven mainly by mega-cap technology stocks, especially NVIDIA. However, as we move into the fourth quarter, there are signs that investors may be becoming cautious of the heavy spending by some of these mega-cap companies, as seen in their increasing CapEx numbers. This could potentially cause a negative shift in market sentiment toward these stocks.

As of the end of the third quarter, the Mott Capital Management Thematic Growth Strategy had gained 5.68% year to date, net of fees and inclusive of dividends. Over the same period, the S&P 500 Total Return Index, inclusive of dividends, rose 14.83%.

	Thru 9/30/25	5-Yr Annualized	Since Inception Annualized
MCM Thematic Growth	+5.68%	+11.33%	+10.17%
S&P 500 Total Return	+14.83%	+16.47%	+14.92%

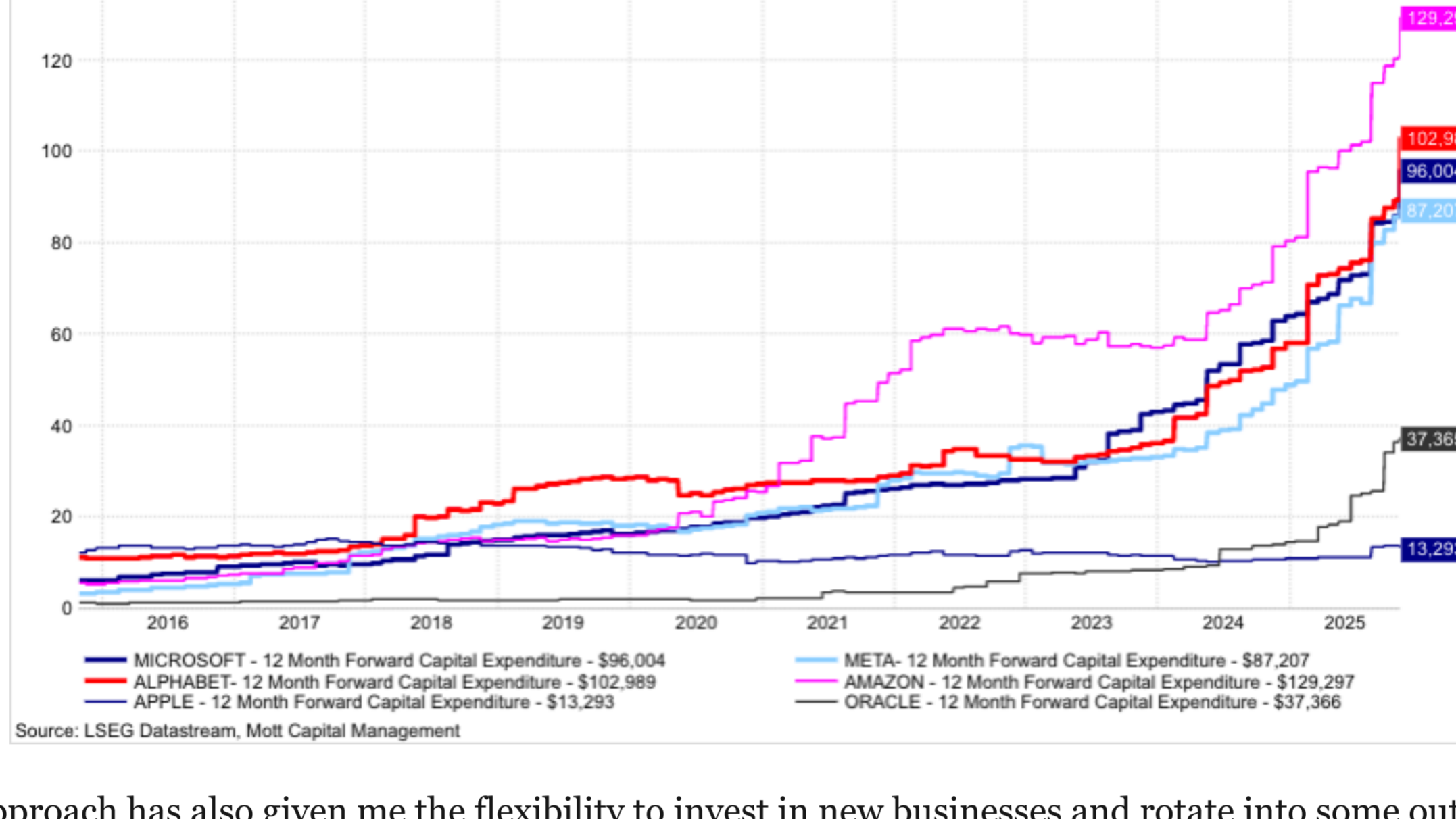
Mega-cap companies that we own, such as Microsoft, Alphabet and Amazon, have all increased their CapEx spending dramatically over the past couple of years to invest in artificial intelligence. While I'm a believer in the technology and have incorporated it into my daily workflow, I'm concerned that the level of spending and capital commitments could eventually weigh on these businesses' overall cash flow. I fear the spending could become an ongoing, perhaps never-ending process, given the immense and continually growing demands for computing power and energy to deploy AI tools.

### 2025 Performance Until September 30



This has been a serious concern of mine since the beginning of 2025. As a result, I've continued to trim positions in the portfolio that have become overweight and maintain large CapEx budgets. During the quarter, I reduced the position in Alphabet to a 5% weighting.

### 12 Month Forward CAPEX Estimates



This approach has also given me the flexibility to invest in new businesses and rotate into some out-of-favor parts of the market that may one day benefit from AI, but in different ways. As you know, in the second quarter, I added UnitedHealth and Zoetis to the portfolio. This quarter, I increased our Grail position to 5% of our portfolio.

Grail was spun off from Illumina last year, and as part of that spinoff we received fractional shares. I held onto those shares because I wanted to see the data release and evaluate the company's progress in blood-based cancer detection tests. During this quarter we learned that the test results were positive and could potentially lead to FDA approval. As a result, I increased our position and look forward to watching this company grow in the coming years.

(It's worth noting that when Illumina acquired Grail in 2021, it paid approximately \$8 billion for it. The EU later compelled Illumina to spin off Grail over antitrust concerns. Currently, Grail's market value is around \$3 billion meaning it would need to more than double to match the valuation Illumina paid in 2021. While this change in assigned value is significant, it should not be taken as an indication of inherent weakness in the position, but rather as a reasonable market recognition that Grail will now have to pursue its product development on its own without the benefit of support from its former parent.)

Overall, I'm pleased with how the portfolio has evolved this year, though I don't believe the work is finished, given that approximately 25% of the portfolio remains in cash. For that reason, I don't plan to sell any additional positions for the rest of the year unless something unforeseen occurs. However, I would be more than happy to add new positions I'm monitoring should the right opportunities arise.

Until next time,

-Mike

Michael Kramer  
 Founder  
 Mott Capital Management, LLC

Year End	Total Assets Firm	Composite Accounts	Number of Accounts	Composite Performance Net	S&P 500 Total Return	Annualized 3-Year Standard Deviation**	Internal Composite Dispersion
2024	4,359	4,299	21	17.85%	25.02%	14.96%	17.15%
2023	3,739	3,709	21	26.74%	26.59%	15.21%	17.29%
2022	2,954	2,918	21	-15.08%	-18.11%	20.70%	20.87%
2021	3,413	3,326	20	14.44%	28.72%	18.62%	17.17%
2020	2,720	2,688	19	25.43%	18.40%	19.93%	18.53%
2019	2,476	2,110	18	35.85%	31.89%	12.24%	11.93%
2018	1,969	1,605	20	-7.98%	-4.38%	12.46%	10.80%
2017	2,118	1,716	20	18.77%	21.83%	12.70%	9.92%
2016	1,717	1,577	17	-2.10%	11.96%	-	0.90%
2015	1,681	1,325	17	1.52%	1.38%	-	0.60%
2014†	1,026	628	8	3.82%	7.60%	-	N.A.

	YTD	1-Year	3-Year	5-Year	Since Inception
<b>MCM Thematic Growth</b>	<b>5.68%</b>	<b>13.65%</b>	<b>19.38%</b>	<b>11.33%</b>	<b>10.17%</b>
<b>S&amp;P 500 TR Index</b>	<b>14.83%</b>	<b>17.60%</b>	<b>24.94%</b>	<b>16.47%</b>	<b>13.79%</b>

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N.A. – Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

† Performance reflects the non-annualized performance from 8/1/2014 to 12/31/2014.

\*\* For periods with less than 36 months of composite performance, no 3-year ex-post standard deviation measurement is available.

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The Thematic Growth Composite is a blend strategy of different market capitalizations, which is approximately divided equally among three sectors. The Core Growth sector includes large multi-national companies, the Growth Sector includes mid- to large-cap companies, and the Aggressive Growth sector includes small- to mid-cap companies. The strategy is concentrated, and typically includes approximately 20 positions, and 5% cash. The portfolio may hold fewer positions in times of market uncertainty, when raising cash as a hedge. The strategy only invests in stocks, ADRs, and ETFs denominated in USD. The Thematic Growth Composite was created June 2015. The inception date of the strategy is August 1, 2014.

The S&P 500 is a free-float capitalization-weighted index of 500 large-cap common stocks actively traded in the United States. The index is shown as a general market indicator, and may not reflect the same exposures as the composite.

The investment management fee schedule for the composite is 2% on the first \$250,000, 1.5% on the next \$750,000, and 1.0% on the remainder. Actual investment advisory fees incurred by clients may vary. Further information regarding investment advisory fees is described in Part II of the firm's Form ADV.

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Policies for valuing portfolios, calculating performance, and preparing GIPS reports are available upon request.

The annual composite dispersion presented is an asset-weighted standard deviation calculated using net returns of accounts in the composite the entire year. The 3-Year Standard Deviation represents the annualized standard deviation of actual net composite and benchmark returns, using the rolling 36-months ended each year-end.

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