

## ZEVENBERGEN GENEAL GROWTH EQUITY REVIEW & PERSPECTIVE

*Consternation amid Chaos:* Optimism for U.S. equity markets waned in 1Q25 as a barrage of trade and fiscal policy headlines unsettled investors. The promise of the new administration's pro-domestic growth platform met the sobering reality that implementing change can be difficult. Market analysts began to doubt the consensus call for gross domestic production growth in 2025, as tariff-induced destabilization and Department of Government Efficiency budget cuts dampened consumer sentiment and business activity. Despite Federal Reserve Chair Jerome Powell's reassurances about the U.S. economy's health, recession fears percolated on the central bank's decision to lower its growth forecast and raise its inflation outlook through 2027.

Given heightened uncertainty and other contractionary signals (e.g., tepid outlooks from cyclical companies), both the S&P 500<sup>®</sup> and NASDAQ<sup>®</sup> indexes entered correction territory during the quarter. In addition, the market stalwarts over the past two years – a group of large technology companies known as the “Magnificent Seven” – hit a snag as profit-taking and concerns over artificial intelligence (AI) spending gained steam. To avoid the volatility of long-term growth equities, investors sought relief in defensive sectors and safe-haven assets, such as U.S. Treasury bonds and cash. The Zevenbergen Genea Growth Equity Strategy contended with conservative repositioning and trailed the Russell 3000<sup>®</sup> Growth Index, with adverse security selection, particularly in consumer discretionary, further detracting from returns.

Bottom 5 Detractors 1Q25		
Ticker	Company	Average Portfolio Weight
TSLA	Tesla, Inc.	9.70 %
TTD	The Trade Desk, Inc.	6.24 %
NVDA	NVIDIA Corporation	8.23 %
AMZN	Amazon.com, Inc.	7.66 %
SHOP	Shopify Inc.	7.56 %
Bottom 5 Total		39.39 %
Top 5 Contributors 1Q25		
Ticker	Company	Average Portfolio Weight
MELI	MercadoLibre, Inc.	7.34 %
UBER	Uber Technologies, Inc.	4.29 %
SPOT	Spotify Technology S.A.	3.47 %
NFLX	Netflix, Inc.	4.57 %
CYBR	CyberArk Software Ltd.	0.02 %
Top 5 Total		19.69 %

The holdings identified do not represent all the securities purchased, sold, or recommended. Reader should not assume that investments in the securities identified were or will be profitable. This material is for informational purposes only.

## Detractors:

### **Tesla, Inc. (TSLA):**

A tumultuous 1Q25 of mixed signals and rising political noise erased technology company Tesla, Inc.'s gains from the prior quarter. Early fundamentals showed resilience, with energy storage growth, cost reductions, and Full Self-Driving (FSD) updates offsetting lower auto prices and margins. Post-earnings, Elon Musk's outspoken role in the new U.S. administration fueled polarizing headlines, sparking stock volatility and brand risk concerns amid protests. Factory downtime for the refreshed Model Y reset delivery expectations, amplifying bearish sentiment. Short-term headwinds persist, yet clear catalysts loom: the ramping production of the Model Y, a potential new affordable model, and the Robotaxi debut in Austin this summer. Tesla's mission to achieve "a future of sustainable abundance" remains intact, driven by its leadership in autonomy, energy, and robotics.

### **The Trade Desk, Inc. (TTD):**

Founder-led advertising technology platform The Trade Desk, Inc. reported its first sales miss in 33 quarters as a public company for 4Q24, triggering significant share price weakness and investor disappointment at the end of a stellar track record. The miss was driven by a corporate reorganization in December 2024, which slowed the rollout of its AI-powered platform, Kokai, and weighed on near-term sales. After years of successfully scaling its business, The Trade Desk is now navigating growing pains as it refines its operational foundation. Management has emphasized that these changes—including a focus on scaling leadership and streamlining offerings—are designed to position the company for its next phase of growth while maintaining its commitment to delivering exceptional solutions and long-term value to its brand partners. Ad-supported streaming tv and audio continue to gain global momentum with The Trade Desk serving as a key enabler, structural leader, and long-term beneficiary.

### **NVIDIA Corporation (NVDA):**

Shares of semiconductor company NVIDIA Corporation paused as investors digested export control changes and sought reassurance of customer spending plans on AI infrastructure, particularly after news that a Chinese AI company, DeepSeek, innovated more cost-effective ways to develop AI software. If DeepSeek's methods become widely adopted, it could lower aggregate demand for NVIDIA's most advanced and expensive offerings. Since reports on DeepSeek made the rounds on social media, some of NVIDIA's largest customers have reiterated their capital expenditure plans for this fiscal year, and NVIDIA has reported "amazing" demand for its latest generation Blackwell computing system. While the cost of an AI system is an important consideration, and may become even more so in a soft economy, AI is still considered to be in its early days while leading companies are prioritizing performance and time-to-market, positioning NVIDIA at the helm of AI "building blocks." Additionally, the market may underappreciate the compute needs of real-world AI deployment, which could buoy the semiconductor ecosystem for years to come.

## Contributors:

### **MercadoLibre, Inc. (MELI):**

MercadoLibre, Inc., Latin America's e-commerce and fintech leader, rebounded sharply in 1Q25, quieting concerns from last quarter's investments in fulfillment and credit offerings. The company delivered 42% year-over-year revenue growth driven by strength in Brazil and Mexico. Profitability exceeded expectations, reflecting disciplined execution amid a 24% jump in unique buyers. Management calmed credit portfolio fears, balancing rapid expansion with a prudent risk approach to limit defaults amid regional macro pressures. Though headwinds persist, MercadoLibre's aggressive yet measured strategy positions it to ride Latin America's digital wave, driving value for the long term.

### **Uber Technologies, Inc. (UBER):**

Digital transportation leader Uber Technologies, Inc. powered through 1Q25, posting robust 20% year-over-year revenue growth, driven by accelerating gains in audience, trips, and bookings. Management countered disintermediation fears by highlighting Uber's edge in an autonomous future: instant access to a high-utilization network that aligns variable demand with flexible supply, plus scalable on-the-ground support for operations. Delivery bookings and Uber One memberships were also strong, reinforcing platform stickiness. Further stock momentum was driven by growing recognition from a prominent investor who views Uber as a high-quality, well-managed business trading at an attractive valuation. With its scale and adaptability, Uber remains well-positioned as mobility continues to evolve.

### **Spotify Technology S.A. (SPOT):**

Founder-led streaming audio leader Spotify Technology S.A., wrapped up a strong year with results boasting 17% year-over-year revenue growth and a record 32% gross margin. An addition of 35 million net new subscribers (10 million above guidance), pushed total users past 650 million and sets the stage for what management calls the "Year of Accelerated Execution" in 2025. Premium subscriptions and ad revenues both grew strongly, while video and bundled offerings deepen engagement and pricing power. Spotify's scale offers a win-win dynamic for the company and music labels where both sides benefit from the long-term growth of the platform.

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## **Perspective:**

*After dusk comes dawn:* The adage "price is what you pay, value is what you get" can apply to the stock market as it does to work boots, vacuum cleaners, and cashmere sweaters. For stocks, price can be represented in shorthand ratios or multiples (such as price-to-earnings) which often serve as a better barometer of investor mood than a company's intrinsic value or cash flow trends. Historically high multiples suggested investors were in positive spirits to start 2025, until a "wet blanket" of uncertainty doused bullish sentiment with forecasts of continued economic and political clouds.

ZCI sees two paths ahead: one grounded in stability, the other in fortitude. We choose the latter, guided by the conviction that comfort harbors its own risk – the cost of missing generational equity ownership opportunities. Based on judgement honed over nearly four decades, we encourage investors to view market swings as invitations to capture advantageous pricing in durable businesses run by talented people who strive to make the world more productive, safe, and fulfilling. Unlike price, which buyers incur immediately, value is realized over time. Let patience work in your favor.

## Zevenbergen Genea Growth Equity Composite Performance

Returns as of 03/31/2025	1Q 2025	ONE YEAR	THREE YEAR*	FIVE YEAR*	TEN YEAR*	SINCE INCEPTION**
<b>Zevenbergen Genea Growth Equity (Gross of Fees)</b>	-14.5%	8.8%	1.0%	17.0%	17.4%	14.7%
<b>Zevenbergen Genea Growth Equity (Net of Fees)</b>	-14.7%	7.7%	0.0%	15.8%	16.2%	13.6%
<b>Russell 3000® Growth</b>	-10.0%	7.2%	9.6%	19.6%	14.6%	10.6%

\*Annualized Return ^02/28/1994

## Important Disclosures

Investing involves risk, including the possible loss of principal and fluctuation of value. The strategy typically contains high growth companies of any market capitalization, which can exhibit substantially greater volatility than the stock market as a whole due to its sector-specific focus, leading to increased volatility compared to the Russell 3000® Growth Index.

The information presented relating to portfolio holdings is from a representative account in the Zevenbergen Genea Growth Equity Composite (Strategy), which reflects the typical portfolio management style of the strategy. Other accounts in the strategy may vary due to assets, client guidelines, and other factors. The Strategy contains fully discretionary, tax-exempt, taxable, fee-paying accounts managed in the Zevenbergen Genea Growth Equity investment style. The Strategy is capital appreciation characterized by concentrated portfolios (generally 20-40 securities) and limited income generation and is generally fully-invested at all times. The Strategy exhibits sector concentration, investing in growth companies with an emphasis on technology and telecommunications industries. Portfolios in the Strategy typically invest in high-growth companies which at times can exhibit substantially greater volatility than the stock market as a whole. The Russell 3000® Growth Index (Benchmark) serves as the performance benchmark due to its alignment with ZCI's initial security selection universe, along with its growth characteristics, capitalization ranges, and growth industry exposures. The Benchmark measures the performance of those Russell 3000 Index companies with higher price-to-book ratios and higher forecasted growth values. The Strategy inception date is February 28, 1994.

The S&P 500 Total Return Index is comprised of the top 500 U.S. corporations measured by their market capitalization and is generally considered representative of the U.S. equity market.

The NASDAQ Composite Index is a market capitalization-weighted index that includes almost all stocks listed on the NASDAQ stock exchange. It covers more than 3,000 stocks, both domestic and international, and is heavily weighted towards the technology sector.

**Performance data quoted represents past performance; past performance does not guarantee future results.**

All returns are net of transaction costs and reflect the reinvestment of dividends and other earnings. Gross of fees performance is shown prior to the deduction of realized management fees, and composite net of fees performance reflects the deduction of a model management fee of 1.00% applied monthly. Foreign withholding taxes and other expenses may be incurred in the management of an account which will reduce all returns. Actual investment advisory fees incurred by clients may vary. All composite returns presented are time-weighted and reflective of realized and unrealized gains and losses. ZCI's standard fee schedule for separately managed accounts begins at 1.00% for both Wealth Management and Institutional clients. Advisory fees are further described in Part 2A of ZCI's Form ADV. Unless otherwise noted, performance for the referenced indices do not include investment management fees, brokerage commissions and other expenses associated with investing in equity securities.

Investors should recognize the limitations inherent in composites and should consider all information regarding the firm's investment management capabilities.

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