

ZEVENBERGEN INCOME GROWTH

1Q25 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® and NASDAQ® 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 Income Growth strategy, which is less exposed to benchmark-heavy AI enablers and internet technology stocks, outperformed the S&P 500® Index for the quarter.

Top 5 Contributors 1Q25

Ticker	Company	Average Portfolio Weight
PGR	The Progressive Corporation	4.72 %
V	Visa Inc.	5.25 %
CTAS	Cintas Corporation	4.18 %
ABT	Abbott Laboratories	2.85 %
AMGN	Amgen Inc.	1.66 %
Top 5 Total		18.66 %

Bottom 5 Detractors 1Q25

Ticker	Company	Average Portfolio Weight
AAPL	Apple Inc.	7.71 %
MSFT	Microsoft Corporation	7.86 %
BX	Blackstone Inc.	3.16 %
STZ	Constellation Brands, Inc.	1.77 %
BLK	BlackRock, Inc.	4.49 %
Bottom 5 Total		24.99 %

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.

CONTRIBUTORS:

The Progressive Corporation (PGR):

Shares of insurance provider Progressive Corporation rallied to start the year as the company posted better-than-expected policy growth on the heels of an effective marketing push in 2024. In addition, better underwriting margins reflected lower-than-expected attrition and adept expense management. While the prospect of broad tariffs on autos and auto parts introduces potential headwinds (as elevated vehicle prices and repair costs could increase claims severity), Progressive's deep data trove, pricing prowess and real-time underwriting adjustments strengthen the company's ability to navigate and respond quickly to shifting market dynamics.

Visa Inc. (V):

Global payment processor Visa Inc.'s shares handily outperformed the broader market throughout the first quarter. The company posted better-than-expected earnings results and held a constructive Investor Day in February, showcasing its continued leadership in its core consumer payments market, as well as the opportunity for its ancillary services offerings to become more meaningful contributors to growth over time. The global forces driving the shift from cash to digital payments provide Visa with a long runway for growth that is further augmented by the expansion of its fraud, risk, and commercial money flows solutions. Given the company's history of strong fundamentals and its reputation as a high-quality stock in times of turmoil, Visa's relative share price strength in the quarter could also be attributed to the market's broad "flight to safety."

Cintas Corporation (CTAS):

After paring gains in December, Cintas Corporation's shares rebounded sharply in March after the company reported healthy quarterly financial results. During the quarter, the uniform and facility services provider achieved 8% organic revenue growth, leading management to slightly raise its full-year organic revenue and adjusted earnings guidance. Given the apparent defensibility of Cintas Corporation's dominant position in the uniform rental market, investors rotated back into the stock amidst growing macroeconomic uncertainty. The company has a unique combination of idiosyncratic and secular tailwinds, such as significant cross-selling opportunities between its Fire Protection and First Aid businesses, that could continue to translate into durable earnings growth.

DETRACTORS:

Apple Inc. (AAPL):

Among the "Big Tech" titans under pressure, Apple Inc. (the largest constituent of the S&P 500®) detracted from both strategy and benchmark performance in 1Q25. Unlike several of the "Magnificent Seven" which faced scrutiny over heavy AI spending with uncertain returns, Apple drew concerns that it may be falling behind amid relatively modest investment in AI-focused R&D. Following early previews of its "Apple Intelligence" feature set, some investors hoped software enhancements could spark a meaningful iPhone upgrade cycle, demonstrating Apple's ability to innovate efficiently. However, sentiment soured after management confirmed that major AI updates to its Siri voice assistant would be delayed. Additional concerns around tariffs and growing competition from lower-priced device manufacturers further clouded the outlook for global smartphone sales in 2025. Still, Apple's vast installed base, ecosystem loyalty, and integration of devices, services, and privacy-centric features could help it reassert leadership and close the perceived AI gap.

Microsoft Corporation (MSFT):

Another heavyweight in the S&P 500® Index at the center of the AI narrative, Microsoft Corporation experienced share price contraction as investors overlooked strong financial results, instead focusing on a slightly more measured outlook for Azure cloud services amid an aggressive \$80 billion capital investment plan for AI infrastructure. The company is going all-in on the AI arms race, betting big on data centers to power future AI workloads. However, persistent speculation around ultra-efficient AI innovation out of China and reports of scaled-back data center leasing activity raised concerns about the timing and return profile of such heavy spending. Broader macroeconomic uncertainty, including tightening enterprise IT budgets, added to investor unease. That said, Microsoft's early positioning in enterprise AI via Copilot, solid balance sheet, and ongoing infrastructure investments suggest it remains well-placed to participate meaningfully as AI adoption and monetization evolve over time.

Blackstone Inc. (BX):

Alternative asset manager stocks, including Blackstone Inc., came under pressure in 1Q25 as rising interest rate uncertainty and renewed tariff speculation overshadowed what was otherwise a standout quarter for fundraising. Despite strong inflows—Blackstone raised over \$50 billion across strategies—investors grew cautious amid the Federal Reserve's pause on rate cuts, questioning the outlook for realizations across private equity and real estate portfolios. While the near-term environment could remain choppy, Blackstone's \$168+ billion in "dry powder" (strategic cash reserves for investment opportunities), global scale, and ability to source high-quality deals in dislocated markets, uniquely position it to turn volatility into long-term value creation.

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 Income Growth Composite Performance

Returns as of 03/31/2025	1Q 2025	ONE YEAR	THREE YEAR*	FIVE YEAR*	TEN YEAR*	SINCE INCEPTION^*
Zevenbergen Income Growth Equity (Gross of Fees)	-2.3%	5.2%	9.0%	18.3%	13.0%	14.1%
Zevenbergen Income Growth Equity (Net of Fees)	-2.6%	4.1%	7.9%	17.1%	11.9%	13.0%
S&P 500 (SPY)	-4.3%	8.3%	9.1%	18.6%	12.5%	14.0%

*Annualized Return ^ 08/31/2011

Important Disclosures

Investing involves risk, including the possible loss of principal and fluctuation of value. The strategy typically consists of companies across various market capitalizations, which can sometimes exhibit volatility comparable to the S&P 500 Index.

The information presented relating to portfolio holdings is from a representative account in the Zevenbergen Income Growth 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, fee-paying accounts managed in a capital appreciation and income growth investment strategy. The Strategy utilizes individual equity securities, mutual funds, Exchange Traded Funds (ETFs) and/or other securities as appropriate. Since its inception, the Composite has been managed consistently for both taxable and tax-exempt accounts. Effective July 1, 2013, the Composite was redefined to include both account types, expanding beyond the originally included taxable accounts only. Effective July 1, 2016, the Composite was refined to include only accounts managed strictly in this strategy. This update narrowed the composition focus, which permitted inclusion of some mixed-strategy accounts, to better reflect the performance of the intended strategy. The SPDR® S&P 500 ETF (SPY) has been chosen as the performance benchmark for this Strategy. The SPY seeks to provide investment results before advisory expenses, that generally correspond to the price and yield performance of the S&P 500 Index. The S&P 500 Index is comprised of the top 500 U.S. corporations measured by their market capitalization and is generally representative of the U.S. stock market. The Strategy inception date is August 31, 2011. The SPY is used as a benchmark for performance comparison purposes only. The inclusion or reference to SPY, a product of State Street Global Advisors, does not imply any endorsement or sponsorship of our firm's products or strategies by State Street Global Advisors.

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.

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

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