Fourth Quarter 2025 (January 2, 2026)

The **Suncoast-SMID Portfolio (SEM-SMID)** results of -1.5% after fees meaningfully underperformed the comparative S&P 400 Growth index at +7.5%. This is the second calendar year of our eight-and-a-half-year history in which we underperformed the index; however, we have outperformed since inception +11.6% net of fees ahead of the index +9.5%. We will review the scoreboard in conjunction with earnings growth for this past year as well as the outlook to add some perspective. We also offer our thoughts on our new purchase **Neurocrine Biosciences**, increases in **Huron Consulting** and **HealthEquity**, and the sale of **NICE Limited.**

Story of 2025 - Scoreboard (Performance) and Fundamentals (Earnings)

Markets are driven by emotions and popularity in the short run. In the long run the market is efficient and rewards businesses that have consistently good growth, economics and financial strength, which translates into better portfolio returns for the investor. The scoreboard in 2025 is just a single year, not a long-term trend, though it can provide some insight.

	Earnings Growth Estimates*		**Portfolio Return**	
	2025 EPS	**2026 EPS**	**2025**	**2026**
SEM Small to Mid-Cap	19.2%	14.9%	-1.5%	?
*S&P 400 Growth Index***	1.7%	15.2%	7.5%	?

*EPS estimates from LSEG/eikon, returns net of fees   ** Index estimates from Gemini

The above table shows SMID underperformed in 2025 for portfolio return but meaningfully outperformed in earnings growth. While earnings are mostly complete for 2025, showing SMID's growth way ahead of the S&P 400 Growth index, the relative outlook is comparable going into 2026. Of course, the overall outlook for 2026 is always subject to change due to unanticipated global events. Importantly the takeaway here is that SMID's portfolio return of -1.5% underperformed its earnings growth of 19.2%, meanwhile the S&P 400 Growth Index return of 7.5% meaningfully, and perhaps unsustainably, outperformed its earnings growth of only 1.7%.

Portfolio Activity

Neurocrine Biosciences (NBIX) is the newest addition to the portfolio, a biotechnology company that specializes in neurologic, psychiatric and endocrine disorders. Its main product is Ingrezza which addresses an unmet need for the treatment of tardive dyskinesia, a neurological condition that causes involuntary body movements. NBIX also received approval for Crenessity about a year ago for the treatment of CAH (congenital adrenal hyperplasia), a genetic disorder of the adrenal glands. With two more treatments in Phase 3 trials for depression and schizophrenia, as well as several others in the pipeline the company should achieve strong double-digit growth in sales and earnings in 2025-26 with sales +18-21% and earnings 40%+. NBIX has $2.1 billion in cash with no debt, so it is well-positioned to continue investing in its promising candidates through research, development and marketing.

We also increased our positions in **Huron Consulting (HURN)** and **HealthEquity (HQY)** during the fourth quarter after initiating small positions earlier this year. HURN, you may recall, provides financial and operational services to clients primarily in healthcare, education, finance and energy. By leveraging technology HURN advises clients on issues like digital transformation, regulatory compliance and disaster recovery. Third quarter revenues before reimbursables were +17% and earnings were +16%. HURN raised the midpoint of its adjusted earnings range and now expects 2025 growth of +16-19%. Similarly, HQY, which is the market leader in administering Health Savings Accounts (HSAs) and consumer-directed benefits with more than 17 million accounts, delivered a record third quarter. Sales were +7% and adjusted operating margins rose to 44.0% from 39.3% last year which led to adjusted earnings growth of +29%. As a result, CEO Scott Cutler increased its 2026 adjusted earnings target to +24-27% for the fiscal year ending January 31st. With the One Big Beautiful Bill set to expand HSA eligibility in the upcoming year, HQY has been upgrading its platforms to facilitate higher volumes and should directly benefit.

We sold our position **NICE Limited (NICE)** after three years of ownership, which helped fund the purchases above. NICE offers cloud and on-premise enterprise software. Management cut its targets for 2025 earnings after completing the Cognigy acquisition and announced plans to invest heavily in its cloud and AI capabilities over the next few years. As a result, margins and earnings will be negatively impacted and we see better business momentum in NBIX, HURN and HQY.

<u>Portfolio Updates</u>

Two of our larger holdings, **Fair Isaac Corporation (FICO)** and **ITT Inc (ITT)** have business updates worth commenting on. We trimmed our overweight position in FICO in the first quarter due to valuation and other

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relative opportunities. Then in July, to foster competition, the Federal Housing Finance Agency (FHFA) announced a ruling allowing lenders to use Vantage Score 4.0, a competitor's credit rating, alongside FICO's for mortgages sold to government-sponsored enterprises Fannie Mae and Freddie Mac. FICO's stock retreated from a high in the $2,200 range in May down to a low in the $1,300 range in August. In its third quarter earnings report, FICO demonstrated that its wide moat continues to shine in the mortgage market as it implemented strong price increases even where additional competition was recently introduced. FICO's stock has rebounded to the $1690 range and with a strong earnings growth outlook of +35% for 2026, we will continue to monitor developments in its competitively advantaged credit score business.

ITT announced on December 5th it will purchase privately held SPX Flow for total consideration of $4.775 billion in cash and equity. In conjunction with the deal ITT issued 8.05 million new shares of common stock, representing slightly more than 10% of current outstanding shares and raising net proceeds of $1.31 billion. SPX is an important purchase given ITT's enterprise value excluding SPX Flow of approximately $14.1 billion (market valuation - $174 stock price and 78 million shares plus $480 million in net debt as of September 30th). SPX went private in 2022 and with management's internal efforts as well as shedding some underperforming business segments, operating margins have increased by 800 basis points in four years. ITT had been following and courting SPX for three years before making an offer. The deal is expected to close in the first quarter of 2026 and we will be looking for the potential success of this merger to continue under ITT's ownership.

<u>Outlook</u>

As earnings once again grew double digits, portfolio prices were basically flat in 2025. With a nice stable of businesses whose aggregate outlook for 2026 is bright, we look forward to this year and beyond. Thanks for your continued confidence and we will keep working hard at it.

Sincerely,

Don	*Eric*
Donald R. Jowdy	Eric Lynch
CIO	Managing Director / Co-Portfolio Manager

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Suncoast Equity Management, LLC

Performance results versus the Standard & Poor's 400 Growth Index

Time Period	SEM % Return*	S&P 400 Growth % Return	SEM Growth of $1,000,000	S&P 400 Growth Growth of $1,000,000
One-Year	- 1.5%	+ 7.5%	$ 984,700	$ 1,074,600
Three-Year	+ 12.7%	+ 13.5%	$ 1,430,300	$ 1,463,800
Five-Year	+ 6.8%	+ 7.1%	$ 1,387,000	$ 1,410,500
Inception (8 1/2 years)	***+ 11.6%***	***+ 9.5%***	***$ 2,535,800***	***$ 2,166,400***

* Composite results of all SEM Small-Mid Capitalization Growth managed accounts, net of all fees.
Note: Performance for the three, five and since inception year periods represent the annual average rates of return.

Performance Disclosure

Suncoast Equity Management, LLC is an independent investment management firm established in 1997. Suncoast Equity Management is primarily an equity investment manager that invests in U.S.-based securities. As of June 2017, SEM also offers a Small to Mid Cap (SMID) Growth Composite. The SMID Composite includes all discretionary, fee-paying portfolios managed within this strategy. The creation and inception date of the SMID composite is 6/30/2017.

The SMID Growth composite is an equity composite employing the principles of Benjamin Graham & Warren Buffett. The discipline is a bottom-up fundamental approach and blends value and growth parameters. The portfolio consists of between 20-30 stocks. This strategy of smaller companies will own businesses with high earnings growth relative to the market, while incurring moderately more risk than SEM Growth Composite. Potential investors should have a minimum three year time horizon, since selling at a disadvantageous time could result in principal impairment.

Bundled fees include management consultant fees, custodial, trading, and advisor fees. Performance is calculated gross of all foreign withholding taxes. Additional information regarding policies for valuing investments, calculating performance, and preparing GIPS Reports, as well as a complete list and description of composites, is available upon request.

For the non-bundle fee accounts, the performance results presented are net of actual investment advisory fee and net of all transaction costs. For the bundle fee accounts, the performance results presented are net of actual investment advisory fee and net of all transaction costs and expenses. Investment advisory fees are described in Part II of Suncoast Equity Management, LLC's Form ADV. The management fee schedule is as follows: 1.00% fee on assets managed. The Firm does not assess performance-based fees.

It is impossible to invest directly in an index. The performance of an index does not reflect any transaction costs, management fees, or taxes. As of 1/1/2021 we retroactively changed the index used for comparison to the Standard and Poor's 400 Growth Total Return Index is an unmanaged index with no expenses, which covers growth stocks within the S&P 400 index. It is a float adjusted market capitalization-weighted index calculated on a total return basis with dividends reinvested. Prior to this change, the index used for comparison was the Russell 2000 Growth index.

The composite dispersion represents a measurement of the consistency of the composite's performance results with respect to the returns of the individual accounts within the composite over an annual period. The annual dispersion is measured by the asset-weighted standard deviation of the composite and is calculated using net of fees returns. Only portfolios that have been managed for the full period are included in the composite dispersion calculation. In accordance with the GIPS standards, dispersion data is not provided for years in which the composite is comprised of five or fewer accounts and of periods of less than one year.

Valuations and returns are computed and stated in U.S. Dollars. The Firm does not use leverage or derivatives to implement the intended strategies.

Beginning in June 2002, accounts that experience cash flows in excess of 10% of the account's market value are temporarily removed from the composite. These accounts are added back to the composite when they are considered fully invested. The minimum account value for inclusion in the composite is $100,000. Additional information regarding the treatment of significant cash flows is available upon request.

The 3-year annualized Ex-Post Standard Deviation is calculated using 36 consecutive monthly net of fees returns to the end calculation period. Suncoast Equity Management adheres to the GIPS valuation hierarchy principles.

Past performance does not guarantee future results. Investment returns and principal value will fluctuate. Investments may be worth more or less than their original cost when sold. It should not be assumed that investment decisions we make in the future will be profitable. Current performance may be lower or higher than the performance data shown. Returns include the reinvestment of all income.

Suncoast Equity Management claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. 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. Suncoast Equity Management has been independently verified for the periods 12/31/97 – 12/31/24. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The SMID composite has had a performance examination for the periods 6/30/17 – 12/31/24. The verification and performance examination reports are available upon request.

For any additional information, please contact the Chief Compliance Officer at (813) 963-0502.