Fourth Quarter 2025 (January 2, 2026)

The SEM Select Growth portfolio returned +7.3% net of fees, compared with +17.9% for the S&P 500 Index for calendar year 2025. Over our 28-year history of outperforming the S&P 500 while taking, we believe, less risk, there has been only one other calendar year in which SEM lagged the index by more than 10 percentage points. If our decades of experience are a reasonable guide—and as we remain disciplined in owning above-average businesses—SEM may be especially well positioned for relative performance over the coming years. As discussed in our portfolio activity section, we continue to identify compelling businesses we believe offer high quality durable earnings and free cash flow growth.

Divergence: The Story of 2025 - Scoreboard (Performance) vs. Fundamentals (Earnings)

Markets are driven by emotion and popularity in the short run. Over the long run, however, markets tend to be efficient—rewarding businesses that deliver consistently strong growth, profitability, and financial strength. Ultimately, those fundamentals translate into better portfolio returns for disciplined investors. The scoreboard in 2025 likely reflects an unusual year, not a long-term trend.

	Earnings Growth Estimates		Portfolio Return	
	2025 EPS	**2026 EPS**	**2025**	**2026**
SEM Select Growth	27.0%	19.2%	7.3%	?
S&P 500 Index	11.9%	12.3%	17.9%	?

Please note all returns in letter are net of fees and earnings estimates are from LSEG/Eikon

In 2025, **SEM Select Growth** underperformed the S&P 500 in portfolio return yet meaningfully outperformed on earnings growth. As we close out this “disconnected” year, SEM’s superior earnings growth relative to the S&P 500 is expected to persist into 2026 as well—acknowledging, of course, that forecasts remain subject to change given unforeseen global events. The key takeaway is this divergence: SEM delivered earnings growth of 27% but realized a portfolio return of only 7.3%, while the S&P 500 generated a 17.9% return despite earnings growth of just 11.9%. In other words, SEM’s returns lagged its fundamentals, whereas the S&P 500’s returns meaningfully—and potentially unsustainably—outpaced its underlying earnings growth.

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Historical Context: Looking Back to 2016 with a Five-Year Perspective

The only other instance in our long history in which we underperformed the index by 10 percentage points or more occurred in 2016. While the conditions at that time were different, the relative strength in SEM fundamentals and earnings growth that ultimately resolved that period of underperformance provides a reason for optimism today. The 2016 scoreboard vs. fundamentals looked strikingly similar to 2025:

	Earnings Growth 2016	Portfolio Return 2016
SEM Select Growth	12.8%	-3.0%
S&P 500 Index	-1.0%	12.0%

In calendar year 2016, the **SEM Select Growth** portfolio declined -3.0%, compared with a +12.0% gain for the S&P 500—representing a 15-percentage-point return lag. Importantly, this underperformance occurred despite meaningfully stronger earnings growth for SEM companies (+12.8% versus -1% for the S&P 500). In other words, solid underlying profit growth did not translate into immediate portfolio returns that year.

History suggests that such disconnects are often temporary. Like a coiled spring, Suncoast's superior earnings growth in 2016—and in the years that followed—ultimately reasserted itself, driving a strong recovery in both absolute and relative performance:

	Calendar Year Performance				
	2016	**2017**	**2018**	**2019**	**2020**
SEM Select Growth	-3.0%	30.9%	1.1%	35.7%	26.7%
S&P 500 Index	12.0%	21.8%	-4.4%	31.5%	18.4%

Although SEM underperformed in 2016, the next four years produced a strong cumulative five-year outcome:

	Five years 2016 to 2020		
	Annualized	**Total Return**	**Growth of $1 million**
SEM Select Growth	17.2%	120.9%	$2,209,100
S&P 500 Index	15.2%	103.0%	$2,030,400

With superior earnings growth, maintaining discipline—and adding capital during periods of underperformance—can prove beneficial. SEM investors were rewarded in the four years following 2016:

	Four years 2017 to 2020		
	Annualized	Total Return	Growth of $1 million
SEM Select Growth	22.8%	127.6%	$2,276,400
S&P 500 Index	16.1%	81.4%	$1,813,500

A review of this analogous period illustrates why an excessive focus on short-term underperformance can be counterproductive. Temporary disconnects between earnings growth and market returns often create long-term opportunity. While the next four years may not mirror the experience from 2016 to 2020, we remain confident that owning high-quality growth businesses will allow earnings to support portfolio returns.

Portfolio Activity

Our newest addition to Select Growth is **Amphenol (APH),** which is a global manufacturer of electrical and fiber optic cables, antennas and sensors used in the mobile device, defense, automotive and aerospace industries to name a few. APH products are used in many diverse applications from MRI scans and robotic surgeries to electric vehicles and undersea cables. We purchased a 2% position in November after APH reported sales and adjusted earnings that exceeded management's guidance. Organic sales were +41%, with strength in all its segments, led by its IT datacom market segment. Margins increased to 27.5% and adjusted earnings were +86%. CEO Adam Norwitt expects 2025 sales growth of +40%, earnings growth 60%+ and the $10.5 billion acquisition of CCS from CommScope to close in first quarter 2026. CCS (Connectivity and Cable Solutions) is a fiber optic/copper cable and data center solutions provider that will strengthen APH's 5G and AI portfolio. Estimates excluding CCS are for 20%+ 2026 sales and earnings growth. Our goal is to incrementally increase APH closer to a full position of 5-6% throughout the year as we get confirmation that its growth strategy remains on track.

After initiating a position last quarter, we increased our position in **Broadcom (AVGO)** on the heels of a strong close to its fiscal year ending October 31st. Total revenues were +24% driven by AI chip sales +65% with a new $11 billion order from Anthropic, whose main product is LLM (Large Language Model) Claude. AVGO also received a chip order from a fifth customer for XPUs (generic term for specialized chips that are optimized for certain applications) for 2026. With a diversified, growing customer base CEO Hok Tan is seeing accelerating demand and current estimates are for 40%+ sales and earnings growth for the upcoming year. AVGO's 2025 earnings also grew +40% and cash flow from operations doubled during the year while capital expenditures increased 14%, thus expanding its free cash flow which is an important factor in our analysis.

We trimmed our **Alphabet/Google** position to increase AVGO. Google has generated tremendous returns from our initial purchases in late 2008 and early 2009, +3600%, and recently appreciated to a 15% weighting in the portfolio. Google is also one of AVGO's largest customers for customized TPUs (Tensor Processing Units), which are custom AI accelerators that speed up machine learning workloads like neural networks, and has been increasing its capital expenditures at a rapid clip to generate industry-leading AI solutions like Gemini. We took the opportunity to slightly diversify our AI exposure from Google into faster-growing AVGO.

We completely sold our **Fiserv (FISV)** position in October. It missed its prior targets and announced a dramatic reset to its 2026 outlook as well as a shakeup to its executive leadership team. Sales targets were cut from +10% to +3-4%, while earnings targets were cut from +15-17% to a *decline* of 1-3%. Showing perhaps management's own lack of insight into its upcoming business challenges, the company spent $1 billion on buybacks at much higher stock prices right before the announcement and subsequent sell-off. This has been a rare occurrence at Suncoast where one of our holdings suddenly changed course and announced markedly disappointing results, with only two prior cases since inception in 1997. Since FISV was a smaller position at the time, the loss to the overall portfolio was approximately 1.2% in performance. We share the pain with our clients as all employees coinvest in the Select Growth portfolio through our profit-sharing plan, but we also understand that businesses are living, breathing organisms that change over time. We took decisive action the day of the announcement (the stock has declined nearly another 10% since we sold it), and we believe purchasing APH as a replacement provides a long growth runway.

<u>FLO-Rider</u>

Since the most recent earnings season, market participants appear to be paying more attention to the importance of free cash flow and not just forecasts of revenue or earnings growth. As a reminder, free cash flow is the money left over for investors after a firm pays its bills and maintains its business. Companies with strong cash flow relative to capital investments (like **Alphabet**, still our largest position) have seen more favorable stock reactions, while others with sharply lower or negative free cash flow due to heavy AI and data-center spending (like Oracle or Coreweave) have faced downward pressure, even if growth was stellar.

The SEM discipline has long prioritized companies that produce superior and persistent free cash flow. Current estimates of free cash flow growth in 2025 for the **SEM Select Growth portfolio** is +16 % versus a mild decline expected for the S&P 500. While some companies deserve a temporary pass to ramp investments which reduce free cash flow, we believe aggregate portfolio free cash flow is critical in satisfying our investment mandate to help grow and protect client capital over the fullness of time. Recent purchases like **Broadcom** and **Amphenol** are expected to deliver robust free cash flow growth.

Auld Lang Syne

We encourage clients to remain focused on our ongoing communication around the fundamentals of the businesses we own, trusting that portfolio returns will follow over time. Over our 28-year history, SEM has experienced underperformance in seven calendar years yet has still outperformed since inception while taking what we believe to be less risk. We also ask investors to consider—both on a relative and absolute basis—when it may be most compelling to add capital to our management. Historically, such opportunities have often emerged after periods of significant underperformance. In the meantime, we close with a heartfelt thank you for another year of your loyalty and trust in us. While we remain focused and clear-eyed on the risks and opportunities ahead, we also offer you and your loved ones a cup of kindness for Auld Lang Syne as we enter 2026.

Sincerely,

Don	*Amy*	*Eric*
Donald R. Jowdy	Amy Lord, CFA	Eric K. Lynch
CIO	SVP/ Co-Portfolio Manager	Managing Director/Co-Portfolio Manager

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Suncoast Equity Management, LLC

Performance results versus the Standard & Poor's 500 Index

Time Period	SEM % Return*	S&P 500 % Return	SEM - Growth of $1,000,000	S&P 500 – Growth of $1,000,000
One-Year	+ 7.3%	+ 17.9%	$ 1,073,400	$ 1,178,800
Three-Year	+ 20.2%	+ 23.0%	$ 1,736,400	$ 1,861,100
Five-Years	+ 11.1%	+ 14.4%	$ 1,695,100	$ 1,961,600
Ten-Years	+ 14.1%	+ 14.8%	$ 3,744,700	$ 3,982,700
Inception (28 Years)	***+ 10.4%***	***+ 9.2%***	***$15,822,000***	***$ 11,718,700***

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

Performance Disclosure

Suncoast Equity Management, LLC (SEM) 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. The Select Growth composite includes all discretionary, fee-paying portfolios managed within this strategy. The creation and inception date of the Select Growth composite is 12/31/1997. As of 1/1/2022, the Suncoast Equity Management composite was renamed the Select Growth composite.

The Select Growth composite is an equity only 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 18-22 stocks.

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. The indices used for comparison are as follows: The Standard and Poor's 500 Total Return Index is an unmanaged index with no expenses, which covers 500 industrial, utility, transportation, and financial companies in the U.S. markets. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested.

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 Select Growth composite has had a performance examination for the periods 12/31/97 – 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.