

TimesSquare

U.S. Mid Cap Growth

Representative Commentary

Performance	2Q	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception (10/01/2000)
Composite (Gross)	18.43	9.51	10.34	13.80	7.31	13.85	10.36
Composite (Net)	18.20	9.08	9.47	12.91	6.47	12.95	9.48
Russell Mid Cap® Growth	14.55	7.27	6.17	15.59	6.02	13.04	7.38

Annualized for periods greater than one year. Please see the important performance and other related disclosures at the end of this Commentary, which are an integral part of this quarterly Commentary Newsletter.

Global markets navigated a turbulent second quarter amid shifting geopolitical and macro crosscurrents. Early in the period, Middle East tensions and disruption around the Strait of Hormuz triggered a spike in energy prices and elevated inflation expectations, pivoting global central banks to raise, rather than the expected cuts to, interest rates. As those tensions eased into quarter-end, energy prices retreated toward pre-crisis ranges and the inflationary impulse faded. Against that improving backdrop, corporate earnings and equity markets showed resilience, driven by an insatiable, secular wave of AI infrastructure capital expenditure and strong nominal growth.

In the U.S., the market bounced back strongly from a very challenging first quarter. Until recently, a ceasefire had been holding between the U.S. and Iran. Falling energy prices eased consumer inflation fears. April and May non-farm payroll reports were both above the consensus, with expectations that June will continue the solid growth trend. AI remained the predominant market narrative for the quarter, with all signs pointing to sustained compute demand and robust capital expenditures.

Across U.S. equities, small caps outperformed large and mid, with growth outpacing value across market capitalizations. Within small and mid-cap stocks, the market favored higher P/E multiples, lower quality, and higher risk.

Against this backdrop, the portfolio outperformed the Russell Midcap® Growth Index for the second quarter. Strengths for the portfolio included Information Technology, Financials, and Consumer Discretionary. Energy, Health Care, and Industrials were areas of relative weakness.

For the Communication Services sector, we prefer to invest in media and services companies that are either well placed from an advertising perspective for their target audience or that provide differentiated services. **Take-Two Interactive Software Inc.**, a developer, publisher, and marketer of interactive entertainment, jumped 27%. Their video game titles include Grand Theft Auto, LA Noire, Max Payne, Midnight Club, and Red Dead Redemption. The company delivered a solid finish to its fiscal year. Management confirmed the launch of its highly anticipated Grand Theft Auto VI release, with marketing activity ramping up over the summer. GTA 6 pre-orders officially began globally at midnight local time on June 25, 2026, ahead of the game's official release on November 19, 2026. **Live Entertainment Inc.** operates as a live entertainment company worldwide. Its business comprises the Concerts, Ticketing, and Sponsorship & Advertising segments. Its share surged 20% after they reported solid fiscal first-quarter results. Concert activity continues to be strong across geographies, demographics, genres, and venues.

Our preferences in the Consumer-oriented sectors lean toward value-oriented or specialty retailers, franchise models, premium brands, or support services for other consumer companies. Convenience store operator **Casey's General Stores Inc.** gained 9% over the quarter. It operates approximately 3,000 convenience stores across 19 states. Fiscal fourth quarter results beat across the board in F4Q26, with higher revenues, profits, and earnings. Inside same-store sales accelerated,

representing their best quarter of the year, with inside margin improvement on cost of goods management, improved waste, and mix. Prepared Foods comparisons also rose the most in five years due to waste reduction and lower cheese costs. Geopolitical volatility has historically been net positive for fuel spreads. The bigger driver is chicken wings, with the expansion of this offering to more than 850 stores. **Ross Stores Inc.**, an off-price retailer of apparel and home fashions, lost -2%. First-quarter results handily beat consensus estimates across revenues, same-store sales, gross margin, and earnings. Part of this improvement comes from new customer growth, reaching younger customers across varying income brackets. Marketing initiatives and store refreshes, however, still have a long way to go. **O'Reilly Automotive Inc.** is a specialty retailer of aftermarket auto parts and accessories. Its latest quarter's results handily exceeded Street projections as both do-it-for-me and do-it-yourself trends strengthened. It appears investors were disappointed that forward guidance wasn't raised, and that led to a 0% return for the second quarter. **Tractor Supply Co.** is a rural lifestyle retailer serving farm and ranch communities. Disappointing first-quarter results caused its shares to tumble by -30%. Management blamed the miss on its companion pet business. We have started to scale back the position. **BJ's Wholesale Club Holdings Inc.** operates membership warehouse clubs in the eastern half of the U.S. The combination of a mixed quarter and reiterated forward guidance was dissatisfying to investors as the stock price retreated by -11%. On the positive side, membership growth remains a bright spot, fuel sales continue to impress, and new stores are performing well. Consumables, however, missed estimates stemming from a pull-forward of demand into January ahead of winter storms that impacted February sales.

We often see the ebb and flow of the Energy sector tied to underlying commodity prices. In this area, we seek low-cost exploration & production companies with high-yielding acreage or specialized service providers. **Targa Resources Corp.** is involved in gathering, compressing, treating, processing, and transporting natural gas. The stock price improved 7% on the heels of solid first quarter results, that were driven by optimized volumes, better producer activity, and improved marketing margins. New to the sector this quarter was **Weatherford International plc**, an energy services company that provides equipment and services for the drilling, evaluation, completion, and production of oil, geothermal, and natural gas wells. Its business is leveraged to international and offshore development activities. **Cameco Corp.** supplies uranium for electricity generation in the Americas, Europe, and Asia. They own and operate some of the largest uranium mines and sell to utility companies across sixteen different countries. Despite reporting strong results, the stock sold off by -6% alongside the rest of the nuclear complex. Cameco is well positioned to benefit from growth in AP1000 nuclear reactor orders. **Cheniere Energy Inc.**, an owner and operator of liquefied natural gas terminals in New Orleans and Corpus Christi, slid -16%. Its stock had a strong start to the year and then rallied further during the Iran war, but has since sold off on ceasefire negotiations.

In the Financials sector, we tend to avoid banks experiencing credit deterioration or rising deposit costs, preferring asset managers, specialized insurance companies, or financial technology providers. Electronic broker **Interactive Brokers Group Inc.** rallied 30% over the quarter. Its platform facilitates the execution, clearance, and settlement of trades in stocks, bonds, options, and a host of other financial instruments. The latest quarter featured continued account growth and higher trade commissions. Interactive Brokers continues to invest in expanding its product set and improving efficiency. **Robinhood Markets Inc.** operates a financial services platform to allow users to invest in stocks, exchange-traded funds, and American depositary receipts. The combination of inline results, agentic product innovation, along with healthy trading and prediction market volumes led to a 45% surge in the stock price. In May, Robinhood launched Agentic Trading in beta plus, an Agentic Credit Card, with AI agents executing equity trades, managing spending, and offering a roadmap to extend AI into options, crypto, futures, and prediction markets. This reinforced an engagement/expansion narrative. In addition, prediction market volumes have been strong, driven by FIFA World Cup 2026 event contracts route through Rothera. **TPG Inc.** is an alternative asset manager investing in private equity, real estate, hedge funds, and credit funds. The stock edged up 1% after they delivered healthy results, with well-balanced fundraising across asset classes, steady realizations, and capital deployment in a challenging market environment. **Brown & Brown Inc.**, an insurance broker, pulled back by -1%. The company delivered results below expectations due to headwinds to organic revenue from softer property catastrophe pricing and changes to the revenue model in the pharmacy benefits business.

Our preferences among Health Care stocks are those companies providing novel therapies for unmet needs that command premium pricing, or specialized service providers. Drug-containment solutions supplier **Stevanato Group S.p.A.** climbed 32% for the quarter. Their offering includes pre-fillable syringes, cartridges, and vials. First quarter results were positive, with Biopharmaceutical & Diagnostics offsetting weakness in its Engineering business. They continue to see strong demand for high-value syringes. **argenx SE**, a commercial stage biopharma company focused on developing treatments for autoimmune diseases, advanced 27%. Their first quarter was bolstered by solid demand for Vyvgart. New patient demand is growing for patients suffering from both Chronic Inflammatory Demyelinating Polyneuropathy and Myasthenia gravis. **Insmmed Inc.** develops and commercializes therapies for patients with serious and rare diseases. Their BRINSUPRI launch fell short of elevated expectations despite strong sequential revenue growth, and that pressured the stock by -35%. Management reaffirmed rather than raised full-year guidance, and commentary pointing to a slower build in prescribing depth and emerging

questions around patient discontinuation rates weighed on the stock. **Cencora Inc.** sources and distributes pharmaceutical products. Its shares dropped -10% on disappointing second-quarter results that included a revenue-growth guide-down tied to three converging headwinds: manufacturer list-price reductions (IRA-driven), faster brand-to-biosimilar conversions at a large mail-order customer, and slower GLP-1 growth. We continued to build our position in **Ionis Pharmaceuticals Inc.**, a commercial-stage biotechnology company focused on neurology and cardiovascular indications. They have several commercially approved drugs plus a deep pipeline with important clinical readouts this year.

Many of our Industrial positions provide necessary business-to-business operational services, highly technical components, equipment enabling automation & efficiency improvements, or essential infrastructure services. **EMCOR Group Inc.** provides electrical, mechanical, construction, industrial, and facilities services. Continued execution across its diversified project portfolio and strong demand from data center and infrastructure buildouts lifted the stock by 12%. **Regal Rexnord Corp.**, a provider of power and control motion products, rose 27%. Overall, first-quarter results were slightly ahead of expectations, with sales upside across segments, partially offset by margin downside. Order growth and end-market dynamics are improving. Management framed gross margin as having improved from 26% to 38% with a clear path to 40%, reiterated the 8.5% order growth, and leaned into data-center exposure as a growth vector. This gave the market a self-help margin narrative on top of the demand story. **Carpenter Technology Corp.** manufactures, fabricates, and distributes specialty metals. The stock gained 57% on the heels of higher-than-expected fiscal third-quarter earnings, highlighted by strength in the Specialty Alloys segment and a favorable sales mix. Management noted that bookings for commercial aerospace structures have improved. **Verisk Analytics Inc.**, a provider of data, analytics, and technology solutions to the insurance industry, fell -5%. The company's first-quarter results came in ahead of projections amid concerns about AI disintermediation.

Among the wide variety of Information Technology companies, we prefer critical systems providers, specialized component designers, systems that improve client productivity or efficiency, and others that are growing their share of corporate IT budgets. **MKS Inc.**, a provider of foundational technology solutions to semiconductor manufacturing, electronics & packaging, and specialty industrial applications, climbed 94%. The company delivered revenue upside across its three end-markets. The company is well positioned to benefit from strong AI-related semiconductor spending across the foundry, logic, and memory segments. Its stock was swept up in the powerful semi-cap-equipment re-rating tied to the AI capex/memory cycle. **Marvell Technology Inc.** provides data infrastructure semiconductor solutions. The stock soared 203% on a combination of in-line results and higher forward guidance, driven by an improved outlook for its data center business. During a presentation at Computex in Taiwan in early June, Nvidia CEO, Jensen Huang, referred to Marvell as the next trillion-dollar company. In addition, inclusion in S&P 500 index effective June 22, added passive buying pressure. We trimmed back the position on strength. **Lattice Semiconductor Corp.** develops low-power programmable logic devices used in AI servers and data centers. They reported a solid beat-and-raise, highlighted by a very constructive demand environment. Its communication and computing business is leveraged to AI server growth. During the quarter, Lattice announced the acquisition of AMI, a leader in platform firmware and infrastructure management for cloud and AI. These developments boosted the stock by 65%. **JPfrog Ltd.** offers a platform for software supply chain management. Its shares jumped 92% after reporting a first-quarter beat-and-raise, with cloud revenue growth reaccelerating to 50% year over year. It continues to experience significant cloud growth, driven by increased AI adoption and higher data-transfer intensity. We trimmed back the position on strength. Cloud data platform provider **Snowflake Inc.** rose 69% after reporting impressive first-quarter results, with product revenue growth reaccelerating. AI is now a clear tailwind to its core platform. Snowflake offers a cloud-based data platform on which its customers can consolidate data and leverage that information for business insights and solve business problems. We meaningfully increased the position size in April and May on stock weakness as our due diligence bolstered our conviction in Snowflake's position as the center of data gravity. The core of the investment thesis is that AI differentiation comes from data, not models, and that the agent control plane is a new category forming at the intersection of enterprise data, application connectivity, and model independence. Partially countering these positives was **Trimble Inc.** with its -22% decline. It offers technology solutions and a platform that enables office professionals and field workers to connect workflows. The latest quarter was mixed with revenues and profits exceeding Street estimates, while annualized recurring revenues decelerated slightly. Their recently announced SketchUp-Claude integration is designed to expand the addressable market and tap into AI monetization. **NICE Ltd.** also had a mixed first quarter, resulting in a -18% tumble. The company provides AI-powered cloud platforms for customer engagement, financial crime, and compliance. The quarter included in-line cloud revenues and a beat to profit estimates, along with a reduction in cloud revenue growth projections. NICE proactively offered pricing concessions on certain legacy products to a small number of large customers in order to lock in long-term commitments.

Within the real estate sector, **CoStar Group Inc.** provides information, analytics, and marketplace services. We decided to exit the position due to lackluster booking performance despite significant additions to the sales force. The stock was down -21% for the time held during the quarter. **CBRE Group Inc.**, a commercial real estate services and investment

company, slid -1%. They reported a very solid quarter with broad-based strength across service lines despite a more challenging backdrop of higher rates and geopolitical uncertainty. Management pushed back against the notion that client decision-making is slowing, citing a strong pipeline. Data center exposure remains a structural differentiator across multiple business lines.

One of our strategy's purchase rules is based on the range of market capitalizations in the Russell Midcap® Growth Index following its reconstitution. After that, the largest stock in the index had a market capitalization of \$86 billion. The strategy's guideline limits new positions outside the benchmark at the time of initial purchase to less than 75% of the largest name in the benchmark—or \$66 billion based on the new benchmark—so we will raise our limit from \$64 billion to \$66 billion. The lower end of the purchase range moves from \$1.7 billion to \$2.5 billion, matching the smallest stock in the benchmark (after excluding an outlier).

We are operating in an environment where capital allocation is increasingly driven by strategic necessity rather than purely optimized economic returns, effectively recasting energy, defense, and technology supply chains as instruments of national policy. While the easing of tensions around the Strait of Hormuz has provided near-term relief, the structural shift toward regional self-reliance and the relentless pace of AI-driven capital expenditure remain the dominant forces shaping the global landscape. These macro crosscurrents create a complex tapestry of risks and opportunities, yet they consistently produce the pricing dislocations where our fundamental, bottom-up approach thrives. We remain steadfast in our focus: identifying disciplined management teams capable of compounding intrinsic value by navigating this new era of complexity. As always, we are available to answer any questions you may have.

This commentary is intended for institutional use only and should not be provided by the recipient to any other parties.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. Certain information contained herein has been provided by third party sources and although believed to be reliable; it has not been independently verified and its accuracy or completeness cannot be guaranteed and should not be relied upon as such.

General Disclosure:

The holdings discussed represent a particular point in time. It should not be assumed that the securities continue to be held, and/or continue to be held in the same percentage, and/or were held continuously throughout the period. In addition, the holdings of a particular client account may differ from the information provided. Securities discussed do not represent the entire portfolio and, in aggregate, may represent only a small percentage of a portfolio's holdings. Information is subject to change without notice. It should not be assumed that any of the securities discussed were or will prove to be profitable. Past performance does not guarantee future results.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. All material has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

This document, which is being provided on a confidential basis, shall not constitute an offer to sell or the solicitation of any offer to buy which may only be made at the time a qualified offeree receives a confidential private offering memorandum ("CPOM"), which contains important information (including investment objective, policies, risk factors, fees, tax implications and relevant qualifications), and only in those jurisdictions where permitted by law. In the case of any inconsistency between the descriptions or terms in this document and the CPOM, the CPOM shall control. These securities shall not be offered or sold in any jurisdiction in which such offer, solicitation or sale would be unlawful until the requirements of the laws of such jurisdiction have been satisfied. This document is not intended for public use or distribution. While all the information prepared in this document is believed to be accurate, TimesSquare Capital Management, LLC, makes no express warranty as to the completeness or accuracy, nor can it accept responsibility for errors, appearing in the document.

TimesSquare Capital Management, LLC claims compliance with the Global Investment Performance Standards (GIPS®).

Firm and Composite Information

TimesSquare Capital Management, LLC ("TimesSquare") is a registered investment adviser that is owned by the former equity management team of TimesSquare Capital Management, Inc. ("TimesSquare Inc.") and Affiliated Managers Group, Inc. TimesSquare was formed to manage TimesSquare Inc.'s growth equity investment advisory business which was sold to TimesSquare in a transaction that closed on November 19, 2004.

This composite invests in stocks with market capitalizations at time of purchase generally within the range of capitalizations of stocks in the Russell Mid Cap Growth Index. The process is fundamental research driven. The investment style is growth. Primary selection criteria include quality management, distinct competitive advantage, and strong, sustainable growth. Portfolios will hold approximately 60-80 stocks. Historical turnover has averaged 51% per year. Composite inclusion threshold \$5mm. Fee basis is 80 basis points. The composite creation and inception date is October 1, 2000.

From 04/01/2015 until 12/31/16, accounts are removed from the composites when significant cash flows occur. A significant cash flow is defined as an external flow that exceeds 10% of the composite's market value on the day of the cash flow. Effective January 1, 2017 this composite does not have a significant cash flow policy.

In July 2014, TimesSquare modified its purchase capitalization range to match the changes in the mid cap market as represented by the Russell Midcap® Growth Index. The purchase range was amended to reflect a range bounded by the approximate value of the smallest security in the index (in most cases) and the approximate value of 75% of the largest security's capitalization. These targets will be maintained for the subsequent 12 months, and may be adjusted based on the above rules each July following the reconstitution. In that manner, the targets would be responsive to higher or lower capitalization profiles of the indexes over time. Previously, in August 2007, TimesSquare had modified its purchase capitalization range to match the mid cap market as represented by the Russell Midcap® Growth Index at that time, with a change from \$1.5 billion to \$10 billion at time of purchase to \$2.5 billion to \$15 billion.

The opinions and information expressed and provided are for general information only and are not intended to provide specific advice or recommendations but rather, a basis from which strategies can be built, taking into account the specific objectives of each portfolio, in terms of return, time horizon, and risk constraints, as well as diverging investment perspectives and assumptions. All material has been obtained from sources believed to be reliable, but its accuracy and completeness are not guaranteed.

TimesSquare's list of composites is available upon request. Past performance does not guarantee future results. The firm's list of limited distributed pooled funds are available upon request.

Benchmark

Performance is measured against the Russell Midcap® Growth – a market capitalization-weighted index that measures the performance of those Russell Midcap® companies with higher price-to-book ratios and higher forecasted growth rates. All indexes, including the Russell Midcap® Growth Index, are based on gross-of-fee returns. FTSE Russell is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto.

Benchmark returns are not covered by the report of independent verifiers.

Performance Calculations

The performance figures shown are calculated in U.S. dollars on a size-weighted basis and reflect the reinvestment of dividends and other earnings, and the deduction of brokerage commissions and other transaction costs. Performance is provided on a gross basis (before the deduction of management fees) as well as net of the highest fee level from the standard fee schedule listed for this strategy during the period presented. Investment advisory fees generally charged by TimesSquare are described in Part 2A of its Form ADV. This composite may contain some accounts that have used performance based fees. To illustrate performance net of fees, assume \$20,000,000 is placed under management for ten years and sustains 10% annual gross return for each year during this period. If an advisory fee of 0.80% of average assets under management is charged per year, for each year of the ten-year period, the resulting annual net return would be 9.2%. The ending dollar value of the account would be \$48,223,239, as compared to \$51,874,849 if the advisory fees had not been deducted.

Internal dispersion is calculated using the equal-weighted standard deviation of all accounts included in the composite on a gross basis for the entire year; it is not presented for periods less than one year or when there were five or fewer portfolios in the composite for the entire year.

The three-year annualized standard deviation measures the variability of the composite and the benchmark returns on a gross basis over the preceding 36-month period. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. To receive additional information regarding TimesSquare Capital Management, LLC, including a GIPS Composite Report for the strategy presented in this commentary, contact TimesSquare at info@tscmlc.com.

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.

**TIMESQUARE**
CAPITAL MANAGEMENT, LLC

75 Rockefeller Plaza, 30th Floor, New York, NY 10019

☎ 800-541-5156

✉ tscmlc.com

© 2026 TimesSquare Capital Management, LLC All rights reserved.