SWS Growth Equity

As of October 21, 2025

Inception
May 1, 2018

Benchmark
Russell 1000 Growth Index

Portfolio Managers
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Strategy Objective

SWS Growth Equity seeks to create long-term capital appreciation by investing in companies across multiple industries that have the ability to maintain or take profitable market share.

3Q2025 Performance Update

For the third quarter of 2025, SWS Growth Equity returned 8.18%/8.42% on a net/gross basis, respectively, compared to the 10.51% total return of the Russell 1000 Growth Index and the 8.12% return of the S&P 500 Index over the same period.

Firm Overview

SWS Partners is dedicated to delivering attractive long-term capital appreciation through active investment management that leverages rigorous, fundamental analysis. We invest across multiple industries, identifying companies uniquely positioned to maintain or grow profitable market share. By deeply understanding the intrinsic drivers of value creation and leveraging contemporary analytical technologies, we aim to consistently uncover compelling investment opportunities for endowments, foundations, pensions, family offices, and high-net-worth individuals.

Additional Resources

Scan the above QR Code to read more Growth Equity strategy-related insights and research.

Audio version available on Spotify

Next month marks the three-year milestone of a watershed economic turning point. The AI heard 'round the world that was ChatGPT's November 2022 launch has already become economic toothpaste unable to ever get back in its tube. As investors, our choice is the same as every management team running the publicly traded issuers that we study: either observe the bullet train from the platform as it whizzes past, or hop aboard and figure out its path, all while the AI train's acceleration hits speeds previously unfathomable. There's significance to this specific 36-month time lapse to unpack momentarily, but the 30,000 foot view on whether scaling laws are holding—which we view as the singularly most important litmus test on whether the music stops—appears to be definitely "yes." Our incremental fieldwork since our update last quarter also resoundingly supports this. The market's capacity to bear risk appears intact, and we see a path forward of continuing to be rewarded in attractive absolute and relative performance outcomes.

Back to the significance of the post-Nov 2022 timing window: the exercise of diagnosing all that has unfolded over these short 36 months helps to illuminate our "You Are Here" plot on the economic map. Earlier this year we highlighted the talent arms race unfolding across the frontier model players, which is precisely the mechanism that causes fungibility of the ideas that proliferate across value chains. The result, value gets unlocked in domains outside of the direct compute stack beneficiaries. We've seen similar talent migrations in the past, but today's iteration combines flavors of Manhattan Project level urgency with "Fairchildren" family formation trends, the latter sharing similarity in semiconductor domain expertise that went on to unlock massive economic value creation. In over/under terms relative to the $2+ trillion that the Computer History Museum credits Fairchild Semiconductor alums for having created, we're unquestionably taking the "over" on AI's aggregate value creation potential.

That said, it's never prudent to take a blind euphoria approach when underwriting the hundreds of billions of dollars of infrastructure investment being unleashed globally. The prior quarter undoubtedly waived a "caution" flag that signaled an important macro boundary crossing, in terms of balance sheet leverage. Arguably up until this point, capex outlays (which total $320 billion across the top four tech companies this year) were largely funded by the operating cash flows of entities capable of organically funding them via their existing business. Our financial point of no-return arrived with Oracle's $300 billion announcement with OpenAI, officially tipping the scales into substantial debt financing realm (e.g. ORCL generated ~$22B of operating cash flow over the prior twelve months ending Aug, over which it spent

$27B in capex, all while holding $91B in debt on its balance sheet). We wouldn't classify current levels as red-line territory just yet (e.g. ORCL maintains an entirely manageable 3.4x net debt/EBITDA posture). OpenAI's recently leaked financial update also suggests its meteoric revenue ramp (on course to exceed $13B this year after generating $4B in 2024) should prop up the valuation required to meet its spending needs, for now. However, meeting the $1 trillion in aggregate obligations over the next decade leaves little room for error in its rev ramp trajectory, all of which merits close scrutiny due to the disproportionate impact these investments have on whether that "scaling law signal" we mentioned earlier is holding.

Meanwhile, every company across every part of the economy marches forward in their respective data-fueled arms races. This dynamic was fully on display during our recent meetings with Guardant Health [GH] last month. We had the opportunity to circle back with Guardant's chief technology officer during the lunch break of the company's New York investor day. Comparing data points today to our June 2024 Palo Also onsite at company headquarters, it's eye opening how dramatic data compounding advantages have become to GH's business model. Guardant now ingests over one petabyte a week of genomic and epigenomic data, summing to a 200PB warchest on course to reach an exabyte before the end of the decade. Insights enabled here unfold in a space traditionally hampered by a dearth of longitudinal patient data (thanks in part to HIPAA regulatory restrictions). The executive summary suggests that we're on the cusp of transforming not just the manner in which we detect, diagnose, and treat cancer, but how we do the same across all diseases broadly. In GH's specific case, one of its unfair advantages stems from patients' ability to opt into prospective trial-worthy read-outs from Guardant's FDA-approved blood screening product already being utilized by physicians in colorectal cancer screening.

As we continuously pull on that string of studying talent and idea migration to see where it leads, we see numerous opportunities beyond the first-order effects of silicon accelerators manufacturers. We know agentically enabled capabilities will undoubtedly be responsible for a good chunk of the marginal output of our publicly traded investable universe. We're already seeing this unfold on the software engineering front, where large tech companies average 30-50% of their codebase being written by generative AI (startups already use it for 95% of their codebase). Given how reliant the US economy has become on services over producing manufactured goods, this proliferation will be critical to unlocking labor force productivity, especially on the ~$2 trillion spent globally on software engineering. However, physical AI capabilities stand to change this services vs. manufacturing mix, a thread in our idea generation matrix that originally led us to MP Materials Corp [MP].

Given the stock's meteoric YTD trajectory, MP kicked in a healthy amount of upside for our portfolio, which we cover in more granularity later. But the MP story unveils a critical fissure created by the backdrop of current US equity market participants. We've been waiving this banner as loudly as humanly possible without crossing the line of sounding like alarmists [hopefully], but the confluence of passive participant domination and megacap issuer distortion has caused conventional stock screening methodologies to break on an issuer like MP. Add to this backdrop the story of an issuer coming public via the SPAC issuance fast-lane, and you find a company sitting under a rock that few active management counterparts have overturned. Upon returning from our fieldwork at a Toronto metals and mining conference in September last year, we sensed shifting winds on the geopolitical front with MP, specifically towards increased recognition of the strategic importance of MP's production output with regard to our domestic economic and national security independence.

These recent regulatory gale-force tailwinds joined forces with meme-stock style hype around all-things rare earths more recently, which offered us the opportunity to book gains last week and redeploy proceeds into other positions with more attractive pricing setups. None of this changes the important role that MP will continue to play as we transition into applications that require the conversion of electrons into physical motion. Unlike battery chemistry, where many permutations exist across chemistries and anode/cathode composition, it's proven difficult to find alternative materials that do a better job than the specific light rare earths that MP extracts, refines, and now manufactures into permanent magnets. There simply is no better material that enables

performance characteristics of the actuators/motors designed into robotics, electricity producing turbines, electric vehicles, and many other products. For us, the lightbulb of mitigating technology risk in a commodity issuer producing rare earths went off upon uncovering the story of two scientists who arrived at the same conclusion on which materials proved optimal for permanent magnets. The simultaneous reveal of their findings occurred after each performed entirely independent work on separate ends of the globe back in the 1980s.

The strategic goal of *Growth Equity* continues to be to have our portfolio benefit from the largest contributors to the growth of global economic output. Closely studying how the composition of publicly traded issuers tasked by their shareholders to create value provides us the strongest odds of positioning our portfolio in value creators, while also calibrating our lens of discarding those destroying value. This skillset is particularly critical in large cap investing, as the trend of best performers also being our largest issuers by market cap reaches upper limits. We believe that we're positioned accordingly and are fueled by the conviction in our underwriting of the opportunities that lie ahead. Thanks as always for your confidence as stewards of your capital.

Raison D'être: Alpha Delivery

The third quarter saw a continuation of market strength, led by a trading dynamic similar to the second quarter following the April 7th bottom amid back-and-forth tariff rhetoric. The market is balancing what appears to be a once-in-a-generation AI buildout, now expected to exceed $1 trillion, with ever-growing geopolitical and trading tensions, where a single social-media post can send equities down more than 3%.

Despite this volatility, the market has behaved relatively rationally: rewarding key enablers of the AI buildout, punishing those perceived to be disrupted, and largely ignoring companies with limited near-term exposure. Growth outperformed value in the third quarter, with the Russell 1000 Growth and Value indices returning +10.5% and +5.3%, respectively. Small-caps outperformed large-caps (+12.4%) as industrials, materials, financials, and technology all benefited, while mid-cap growth lagged at just +2.7%, **held back by software-heavy constituents facing perceived AI disruption risk**.

***SWS Growth Equity* returned +8.2%/+8.4% (net / gross of fees)** for the third quarter, modestly underperforming its stated benchmark, the Russell 1000 Growth (RLG) +10.5%, but slightly outperforming the S&P 500 +8.1%. This quarter brings SWS Growth Equity to +25.0%/+25.8% (net / gross) year-to-date, versus +17.2% for the RLG and +14.8% for the S&P 500. **We're pleased with our year-to-date performance, particularly given our continued underweight to the mega-caps, a persistent headwind relative to small and mid-caps, offset by significant stock-specific positive catalysts within the portfolio.**

Chart 1

SWS Growth Equity Performance as of 9/30/2025

	3Q 2025	YTD	1-Year	3-Year *Annualized*	5-Year *Annualized*	Since Inception *Annualized*	Since Inception *Cumulative*
SWS Growth Equity (net wtd. avg. fee)	8.18%	24.98%	40.04%	29.59%	11.65%	16.14%	203.43%
SWS Growth Equity (gross)	8.42%	25.79%	41.26%	30.68%	12.58%	17.11%	222.61%
Russell 1000 Growth	10.51%	17.24%	25.53%	31.61%	17.58%	19.15%	266.47%
Russell 1000 Value	5.33%	11.65%	9.44%	16.96%	13.88%	9.94%	101.89%
S&P 500	8.12%	14.83%	17.60%	24.94%	16.47%	15.16%	184.79%
Russell Midcap	5.33%	10.42%	11.11%	17.69%	12.66%	10.63%	111.41%
Russell 2000	12.39%	10.39%	10.76%	15.21%	11.56%	7.75%	73.91%
NASDAQ Composite Index	11.41%	17.93%	25.42%	29.92%	16.07%	17.87%	238.44%

Source: FactSet. Data represent total return (dividends reinvested into a respective index) for the period ending 9/30/2025. Please see important disclosures on page 12. SWS Growth Equity inception 5/1/2018.

Chart 2

Growth of $1 Million in SWS Growth Equity Since Inception

$3.23M
SWS Growth Equity (gross)

$3.03M
SWS Growth Equity (net. wtd. avg. fee)

Above chart displays the value of a pro-forma $1 million investment in SWS Growth Equity since its May 1, 2018 inception, both on net of maximum advisory fee and gross of advisory fee bases.

Contributors & Detractors

The following analyses highlight the fundamental work underlying our investment process. Here we deconstruct the merits of the top contributors and detractors to portfolio performance on the quarter (with total return contributions listed):

Top Contributor

MP MP Materials Corp. **+101.6%**

MP Materials [MP], the second largest position in the portfolio as of 10/13, had a standout quarter, returning +101.6% as the long-awaited geopolitical catalysts took shape this quarter. We've written extensively about MP in the past and **think it's helpful to revisit our prior thinking to highlight why we saw asymmetrical risk/reward and grossed up our position in February of 2024**. We'd encourage investors to read our full commentary from 1Q 2024 and 1Q 2025 for more detail. Pulling some highlights, from 1Q 2024:

"While it may be odd to see a mining-specific issuer inside a "growth" portfolio, especially one with a P/Adjusted Book <1 and trading at a normalized P/EBITDA of 3.5x, it fits more with the traditional growth investment when we underwrite the future of MP Materials. The additions of MP's stage 2 and stage 3 assets have the potential to 3x normalized EBITDA with much less cyclicality. In November, we saw our investment firsthand with an on-site visit to the mine and refining facilities. We walked away more convinced of the bullish setup and had a greater appreciation of the uniqueness of the asset. There are ***numerous bullish catalysts for MP at the current juncture****, apart from the continued buildout of stage 3, as stage 2 just finished construction and is now producing refined rare earths.* ***At the current valuation, everything is on the table****, so it's no surprise for MP to be brought up in merger talks, see a large private investor take a meaningful stake, and have the company purchase ~7% of its stock in one day in March…, and there has been zero progress on a new mine in the United States in decades.* ***It's evident how unique this asset is for MP and the United States****,".*

We intend our quarterly reflections to be an update to our thesis views, reflecting on past predictions (good & bad), with the main effort on the path forward from here. When we initiated in MP materials (2022 initiation) we structured our thesis around three central tenants. First, the transition from ICE to EV vehicles and broader U.S. reindustrialization would create structural supply-demand mismatches across key commodities. Second, U.S.–China geopolitical tensions, evident since the 2018 ZTE ban, would drive policy and capital flows favoring domestic production. Third, in June 2022, with the median Russell 2000 stock down more than 50% and former SPACs hit even harder, we saw an opportunity set within deeply dislocated small-cap assets. **MP sat at the perfect intersection of all three: a former SPAC that fell 79% from peak to trough, the only rare earth mine in the Western Hemisphere, and exposure to a commodity, NdPr, where demand was projected to exceed potential supply growth through 2030, with 90% of existing production concentrated in China.**

This quarter validated that thesis in dramatic fashion. In an unprecedented public–private partnership, the U.S. government took a **10% equity stake** in MP, **guaranteed NdPr pricing at $110/kg**, and committed to purchasing **7,000 metric tons of magnet capacity**, equating to roughly **$110M in incremental EBITDA**. Overnight, MP transformed from a cyclical, China-dependent commodity producer into a vertically integrated, government-backed "national champion" with upside participation. The stock

surged more than 50% on the day, from $30 to $45, and continued higher after Apple announced an additional 2,000 metric tons of magnet purchases, fully utilizing MP's current capacity. Meanwhile, China's retaliatory export restrictions further underscored the strategic importance of this asset.

As of today's writing the stock sits near $100, up 538% YTD and ~ the same since our last purchase in February 2024 at $15.57. We executed our first major sale this week at $97 following smaller trims earlier in the year. While we still see a credible path to $1 billion in EBITDA, we recognize that as rare earths have entered mainstream market dialogue, the **risk/reward is still attractive but more normalized from the deeply asymmetric setup we originally identified.**

Top Contributor

CIEN Ciena, Corp. **+79.1%**

Ciena is one of several positions in the portfolio that benefits directly from the ongoing $1T+ AI infrastructure buildout and serves as an offset to our underweight in mega-cap names such as NVIDIA and Apple, which together represent 7–15% of major equity indices. So far, so good, **Ciena returned +79.1% in the quarter, outperforming NVIDIA +21.7%, Apple +24.4%, and the broader technology sector +14.4%.**

The company delivered another outstanding quarter of financial and operational execution. Revenue reached $1.22 billion (+30% y/y) and adjusted EPS came in at $0.67 (+91% y/y), both exceeding guidance. Orders once again surpassed revenue, setting a new quarterly record and highlighting the durability of demand across both cloud and service-provider segments. Ciena achieved 10.7% operating margin and 41.9% gross margin, despite near-term mix headwinds from new product ramps such as its Reconfigurable Line System (RLS) and coherent pluggables. This operating leverage **led management to accelerate its long-term margin target of 15–16% by one year to fiscal 2026.**

The quarter reinforced Ciena's leadership in high-speed optical connectivity that underpins AI infrastructure. Cloud providers are investing at an unprecedented pace, and **Ciena secured two "industry-first" hyperscale wins**: a dedicated AI training network interconnecting geographically distributed GPU clusters using its RLS platform and WaveLogic 6 Nano 800-gig ZR pluggables, **expected to ramp to hundreds of millions in revenue over coming quarters**, and DCOM (data-center out of band management), an out-of-band network-management solution co-developed with a hyperscaler to streamline data-center operations. **These programs exemplify Ciena's critical role in enabling AI data movement**, positioning its **interconnect portfolio to more than double again in FY 2026** following an expected doubling in FY 2025. With an 18- to 24-month technology lead and expanding relationships across all major cloud providers, Ciena's optical systems remain the de facto standard for high-capacity, low-latency connectivity.

Beyond hyperscalers, Ciena is successfully penetrating a new customer class of "neoscalers," AI compute specialists, edge service providers, and co-location operators, broadening the base of AI-related demand globally. Traditional carriers are also resuming steady investment, supported by strong demand for Managed Optical Fiber Networks (MOFN) from cloud customers. **The convergence of hyperscale, neoscale, and carrier spending represents a durable, multi-year network build-out cycle in which Ciena is uniquely positioned to benefit**. With accelerating orders, improving profitability, and renewed discipline under new CFO Marc Graff, we view Ciena as a differentiated optical hardware compounder poised to deliver substantial absolute and relative performance as AI infrastructure scales worldwide.

Top Contributor

ANET Arista Networks, Inc. **+42.4%**

Arista Networks (ANET) was a standout top contributor in the quarter returning +42.4%, delivering both exceptional operational execution and continued validation of its strategic positioning as the premier networking provider for AI and cloud infrastructure. **ANET, like CIEN above (+ Micron another SWS Growth Equity position), serves as another issuer we have identified as a key beneficiary of the AI buildout in lieu of owning NVDA**. 2Q results highlighted the company's accelerating trajectory, with revenue reaching a record $2.2 billion, up 30%, while operating income exceeded $1 billion for the first time. Management raised its full-year outlook from 17% to 25% revenue growth, now targeting $8.75 billion, citing stronger-than-anticipated demand across AI, cloud, and enterprise networking.

Momentum was further underscored at Arista's September Analyst Day, where CEO Jayshree Ullal articulated the next evolution of the company's "Arista 2.0" strategy. The firm's leadership in high-performance Ethernet fabrics is translating directly into AI-driven growth: backend AI networking, virtually nonexistent three years ago, is now tracking toward $750 million in 2025, with aggregate AI revenue expected to exceed $1.5 billion. Arista's Etherlink and EOS platforms are now foundational to large-scale GPU and XPU clusters, positioning the company at the heart of the global migration from InfiniBand to Ethernet under the Ultra Ethernet Consortium standard. **This transition from InfiniBand to Ethernet is something we have long projected and will serve as a mild headwind to NVDA if it fully comes to pass**. Additionally, management guided toward $10.5 billion in 2026 revenue, supported by rapid AI adoption and a campus networking business on pace to exceed $1 billion, boosted by the VeloCloud SD-WAN acquisition.

In short, Arista continues to demonstrate rare operating leverage and technological leadership amid the AI infrastructure buildout. Its expanding portfolio across data-center, campus, and WAN domains, anchored by a software-driven architecture, consistent execution, and deep customer entrenchment, reinforces our conviction that Arista remains one of the best-positioned beneficiaries of the multi-year network modernization cycle powering artificial intelligence and cloud workloads.

Top Detractor

GDDY GoDaddy **-24.0%**

GoDaddy (GDDY), which we profiled with our initiation last quarter, underperformed this quarter falling -24%. Mid-cap software had a rough quarter, significantly underperforming the broader market at -4%. We'll be brief here, as our thesis remains unchanged from initiation and we do not view this quarter's price action as reflective of any material change in fundamentals.

The market continues to throw the proverbial *"baby out with the bathwater"* in application software. The only relative winners have been direct hyperscalers and infrastructure software providers such as **Snowflake** and **Cloudflare**, both *SWS Growth Equity* positions. The prevailing narrative is that **if a software company does not have direct AI-related revenue, it must be at risk of disruption**. We take a different view.

Investors today must be extremely discerning within software. While some categories are indeed vulnerable to AI displacement, others stand to be enhanced. Our framework always begins with the core question: *what is a company's competitive advantage, and how is it changing?* In GoDaddy's case, **its leadership as the dominant global domain provider represents an incredible and strengthening advantage**. This asset is the first touchpoint for small businesses starting online, and the launch of GoDaddy Airo, its integrated AI assistant, **extends that reach dramatically**. Airo enables small business owners to build websites, accept payments, and launch marketing campaigns directly from their domain environment. We view this as a self-contained, pragmatic form of "vibe coding," far more aligned with how real-world entrepreneurs will adopt AI than stitching together multiple third-party tools. **Customers who activate payments spend 83x more than domain-only users, demonstrating the scale of this opportunity**.

The recent pullback provides a wider margin of safety relative to our entry. At 12x EBITDA, 12x FCF, and 19x earnings, GoDaddy trades well below its growth potential for a company capable of compounding free cash flow per share >20% annually. We recently increased our position at $131, **reflecting our conviction that the market's current skepticism offers long-term investors an attractive entry point** into an increasingly AI-enabled small-business platform.

Top Detractor

DXCM DexCom, Inc. **-22.9%**

DexCom (DXCM) underperformed in the third quarter, returning **-22.9%** versus its healthcare peers at **+4%**, extending its year-to-date decline to **-14.3%** compared to the **S&P 500's +15.1%**. As one of the portfolio's weakest performers this year, it warrants an internal review to ensure our thesis remains intact and that we're not missing a structural shift.

The stock has faced persistent concerns since a sales execution misstep last summer, the very event that created our entry point. Growth temporarily slowed from the low 20s% to just 2%, but those one-time issues have since dissipated. Over the last three quarters, sales have reaccelerated to the mid-teens. A recent short report further pressured sentiment, though it largely rehashed already disclosed G7 operational issues that have since been resolved.

We believe these headwinds are now well understood and largely behind the company. Under new CEO Jake Leach, DexCom appears poised to take a more aggressive stance, both in share repurchases and in direct competition with Abbott's Libre product line. Leach's tone at the fall conference circuit was notably more assertive about reigniting growth. One near-term catalyst that was not part of our base-case original underwriting is the **potential inclusion of Type 2 diabetes patients under Medicare coverage for continuous glucose monitors (CGMs). This cohort represents roughly 25 million incremental potential users; even a 1% adoption rate would translate into roughly 5% growth for the entire CGM category.** Additionally comments by Robert F Kennedy have emphasized CGM use as a cost-effective first-line intervention before GLP-1 adoption, signaling growing policy

support.

At just 15x EBITDA, DexCom trades at one of the lowest multiples in its history despite returning to high double-digit growth, a more shareholder-oriented capital allocation framework, and meaningful optionality from expanded reimbursement coverage. **We recently upsized our position at $66, viewing the current setup as an attractive asymmetric opportunity in a category with durable secular growth and improving execution.**

Top Detractor

CONFLUENT

CFLT Confluent, Inc. **-20.6%**

As mentioned above with GDDY and to be mentioned below with MNDY and INTU, the third quarter was a difficult one for mid-cap software. Confluent was no exception, falling -20.6% versus the broader software space at -4%. Unlike GoDaddy, however, Confluent's decline stemmed from a combination of company-specific developments and market misinterpretation rather than a lack of news.

Following its second-quarter report, **CFLT fell 32%, a move that demanded deeper review**. While software as a category has become increasingly volatile around earnings, this level of drawdown was out of the norm. We break the quarter into three parts: one legitimate negative development, one misinterpreted negative, and several overlooked positives.

The legitimate negative came from a large AI-centric customer, OpenAI, which is in the midst of an infrastructure overhaul and **decided to internalize some workloads previously handled by Confluent Cloud**. This caused a meaningful deceleration from what had been one of Confluent's top-three customers. While painful in the near term, we view this as part of a natural evolution for hyperscalers determining which workloads to manage internally versus outsource, and importantly, **OpenAI continues to use Confluent on-premise**. The second issue, a new CRO and sales reorganization, was largely misinterpreted. Confluent is transitioning its salesforce to a consumption-based incentive structure, a change we've seen successfully executed elsewhere. **The concurrent OpenAI impact made this transition appear more disruptive than it truly is**. Finally, the overlooked positive was around cloud pricing and contract structure. **Investors focused on weaker near-term pricing without noting that Remaining Performance Obligations (RPO) accelerated to >30% growth**, signaling the signing of larger, longer-term deals. These carry lower initial per-unit revenue but represent stronger customer commitment and higher lifetime value.

Taken together, the combination of these three items in a single quarter left a sizable mark on the stock, but we see no impairment to the long-term thesis. **Confluent remains a strategic leader in data streaming and processing, technologies essential to making enterprise AI actually usable**. At 4.8x sales, shares trade at record-low valuation levels, creating what we view as a valuation floor supported by likely strategic or private equity interest. **We added to our position twice following the decline, and notably, CFLT rose 16% on October 8th** after takeover rumors circulated on Wall Street. With Confluent now our largest software exposure, we believe the setup offers substantial upside should valuation compression unwind or strategic activity materialize.

Portfolio Changes

Position Initiations	Position Additions	Position Reductions	Position Exits
MNDY	NTRA	PCT	ISRG
INTU	OKTA	MP	AMAT
TER	GDDY	WDAY	
	CFLT	AMZN	
	NOW	NTRA	
	DXCM	NET	
	MELI	MU	
	GOOGL	CIEN	

New Positions

Monday.com (MNDY), one of two new software additions this quarter, is emerging as a foundational platform for modern work management. The company's cloud-based "Work OS" enables teams to design and automate workflows across functions, integrating project management, CRM, software development, and service management into a single, flexible system. Having surpassed $1.25B billion in annualized recurring revenue (ARR) last quarter and maintaining 90% gross margins, MNDY has become a category leader in unifying digital work execution. More recently, Monday CRM reached $100 million in ARR, and enterprise adoption continues to accelerate, with customers >$50K ARR up 36% y/y to 3,700+ accounts.

Importantly, we view MNDY as a beneficiary, not a casualty, of the next wave of AI adoption. While some investors question whether generative AI will disintermediate work management applications, we believe the opposite is true. Monday has embedded AI deeply into its platform, with over 67 million AI-driven actions to date and the launch of Monday magic, vibe, and sidekick all tools that enable users to auto-generate workflows, code-free applications, and proactive digital assistants that execute tasks. The company's vision has evolved from "managing work" to "doing the work," positioning Monday as the connective AI-enabled fabric of enterprise productivity.

From a portfolio standpoint, Monday.com fits our preference for durable, high-margin software franchises with strong unit economics and a long runway for reinvestment. With growth projected at ~25% next year and shares trading at 7x P/GP and 27x FCF, versus peer averages of 22x and 38x respectively, we see a compelling entry point in a business that combines sustained expansion, rising enterprise mix, and early leadership in AI-powered work automation.

Intuit Inc. (INTU), the other software position initiated this quarter, represents one of the most compelling opportunities we've seen in scaled software. Intuit operates a focused vertical SaaS platform spanning TurboTax (consumer tax), QuickBooks (SMB accounting, payroll, payments, and capital), Credit Karma (consumer finance), and Mailchimp (SMB marketing), collectively serving nearly 100 million customers globally. We came away from multiple company touchpoints this year, including the Jefferies Software Conference and September's Investor Day, among the most impressive of any management team we met. At that time, however, the stock had outperformed. **Fast-forward to today, a conservative 2026 outlook and general software weakness mentioned above have hit INTU much harder than peers, with the stock trailing the IGV since late May by 25% and the stock having a -5% return since November 2021**. We view this as a dislocation and an opportunity for the portfolio.

We see Intuit as a prime example of where **vertical SaaS differentiation limits the threat of disruption from general-purpose AI**. Its domain-specific data, deep product integration, and compliance requirements across tax, payroll, and accounting **create**

structural moats that large language models cannot easily replicate. Instead of being displaced by AI, Intuit is using it to reinforce its incumbency. The company is now deploying "agentic AI" across its platform, a virtual team of AI agents within QuickBooks that automate accounting, invoicing, cash flow, CRM, and marketing, paired with AI-enabled human experts. 2025 revenue grew 16%, led by TurboTax Live +47% and Credit Karma +32%, while FY26 guidance for 12–13% revenue and 14–15% non-GAAP operating income growth appears overly conservative.

With a $5.3 billion share buyback, a 15% dividend increase, and consistent 40% operating margins, we view Intuit as a durable compounder with a clear path to sustained double-digit revenue growth. Trading at 26x FCF, Intuit's recent underperformance has created an attractive entry point into one of the vertical SaaS franchises poised to thrive in the age of AI.

Teradyne (TER) is a global leader in automated test equipment (ATE) and industrial robotics. Within semiconductor testing, Teradyne's UltraFLEX and Magnum platforms are foundational to the testing of AI accelerators and high-bandwidth memory (HBM), two areas now driving a structural step-up in demand as compute architectures evolve. For years, Teradyne has been left behind its Japanese rival Advantest Corporation, which benefitted from NVIDIA's decision to single-source testing. **But as NVIDIA's scale and risk profile have grown, the industry increasingly expects a second source to be qualified. Even a 20–30% share gain in NVIDIA's AI test volumes would represent meaningful incremental revenue and validate Teradyne's competitiveness in AI compute**.

Testing has also become one of the most direct, under-appreciated ways to gain exposure to memory content in AI systems. With HBM now accounting for a larger portion of total system cost than the GPU itself, the complexity and intensity of testing each stack has grown exponentially. Teradyne's leadership in HBM and silicon-photonics test positions it to benefit as AI systems become more memory-bound and customers demand higher reliability and yield.

Beyond semiconductors, Teradyne owns two of the world's leading robotics franchises, Universal Robots (collaborative robot arms) and MiR (autonomous mobile robots). After a multi-year industrial downturn, the segment appears poised for inflection, anchored by **what we believe to be a large design win at Amazon supplying robotic arms for the company's next-generation "Vulcan" fulfillment robot**. We believe this could mark the start of a broader adoption cycle as AI enables more flexible, general-purpose automation. Combined with AI compute test and HBM exposure, we see multiple levers for upside to management's 2028 guidance of $5B in revenue and $8.25 in EPS, we're underwriting closer to $5.9B and $9.50.

Michael Parker, CFA Partner, Chief Investment Officer

Michael Parker, CFA, is the CIO of SWS and lead portfolio manager for the SWS Growth Equity strategy. Before joining SWS in 2017, Mike was a portfolio manager of $4 billion of long-only equity portfolios at the Ohio Public Employees Retirement System (OPERS). He leverages over 23 years of experience on both the buy-side and sell-side to bring an institutional research and portfolio management framework to SWS Partners. Prior to OPERS, Mike was responsible for investment bank equity research at FBR Capital Markets. He received his Bachelor of Science in economics, finance concentration, from the Wharton School at the University of Pennsylvania and is a CFA® charterholder.

Kurt Grove, CFA Partner, Portfolio Manager

Kurt Grove, CFA, is a portfolio manager for the SWS Growth Equity strategy. Before joining SWS in 2020, Kurt was an analyst on the internal active long-only US equity portfolios at Ohio Public Employees Retirement System (OPERS). He leverages over 11 years of experience on the buy-side and in risk management to bring an institutional research and portfolio management framework to SWS Partners. Prior to OPERS, Kurt was responsible for Quantitative Risk Management at Key Bank. He received his Bachelor of Science in business administration, finance concentration, from the Fisher College of Business at The Ohio State University and is a CFA® charterholder.

Important Disclosures

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Performance results are that of the SWS Growth Composite. GIPS® Reports and additional disclosures for the related composites may be found in the SWS Partners GIPS® Reports. Comparisons are made on a total-return basis, which include all income from dividends and interest, and realized and unrealized gains or losses. SWS Growth Equity returns are shown both gross and net of fees and are calculated by asset weighting total returns of the strategy's composite accounts. These results are geometrically linked monthly for all periods shown. Gross returns exclude advisory fees paid to the firm. Net returns include the deduction of composite accounts' weighted average wrap fee (which includes both SWS's management fee and trading costs) and assume all cash flows occur at month-end.

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This portfolio of individual equity and pass-through securities and our forward-looking statements or projections are subject to risks including but not limited to portfolio concentration risk, company-specific risk, regulatory risk, financial market risk, global economic risk, credit risk, interest rate risk, foreign market risk that may involve currency, political, and social risk.

Diversified portfolio strategies do not assure or guarantee better performance and do not eliminate the risk of investment losses. It should not be assumed that any security holding shown was or will be profitable. The portfolio's holdings and allocation are subject to change based on the discretion of SWS Partners, LLC. Different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will be suitable for a client's portfolio. Investors should consider the risks, charges, and expenses carefully before investing in this or any other strategy. Investors should ensure the strategy presented fits within their investment objectives.

The Russell 1000 Growth Index and the S&P 500 are market cap-weighted indices of common stocks incorporated within the US and its territories and may not necessarily be substantially similar to your portfolio. It is not possible to invest directly in an index.

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Our judgment or recommendations may differ materially from what may be presented in a long-term investment plan. Investors should consult with an investment advisor to determine the appropriate investment strategy and investment vehicle. Investment decisions should be madebased on the investor's specific financial needs and objectives, goals, time horizon and risk tolerance. Security information, portfolio management strategies and tactical decision processes are opinions of SWS Partners, LLC and the performance results of such recommendations are subject to risks and uncertainties.