

BEYOND THE MAG 7: How Oak Ridge's Process Identifies Beneficiaries of Technological Transformation

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Oak Ridge Investments employs a disciplined bottom-up investment approach emphasizing the identification of companies with a demonstrated ability to deliver consistent earnings growth, maintain reasonable valuations, and exhibit sound fundamentals relative to their peers. Since our firm was founded in 1989, our process has helped us navigate a variety of technological shifts and disruptions and to invest in what we believe are the highest quality companies for our growth oriented strategies.

In 1990, the world was changing rapidly as a result of the advent of the internet. Our fundamental analysis led us to investments in a number of businesses that were both driving and benefitting from the development of the internet. Cisco (CSCO) was one of these investments. We identified CSCO as an emerging and increasingly dominant networking company that was repeatedly meeting and beating earnings expectations. We invested in CSCO in early 1991 believing that its consistent earnings growth would continue to accelerate as demand for the efficiency and cost savings its networking capabilities provided would increase. CSCO was the strongest performer for Oak Ridge for many years and was the best performing stock in the S&P 500 in the 1990s - we sold the stock in the late 1990s as its valuation became extreme and CSCO's business became more commoditized. Though we didn't sell at CSCO's peak, we meaningfully preserved our clients' capital and avoided the stock's collapse when the internet bubble burst.

Throughout the 1990s, we had purchased companies that were at the forefront of technological advancement, but by the late 1990s, almost none of the real "technology" companies could justify their high valuations. Our positioning by the time the internet bubble burst was focused on companies that were taking advantage of technological advances to grow their business and be more efficient (such as those in the Financials, Health Care, and Consumer sectors), rather than weighted toward overpriced technology stocks. In 2000, our Small-Mid Cap Growth strategy was up roughly 18% (gross of fees) while our benchmark, the Russell 2000 Growth Index, was down 22% and the S&P 500 was down 9.1%¹. Our process' emphasis on reasonable valuations is an important component in how we think about risk management.

Today, much of the market conversation is dominated by the "Magnificent 7" and the perceived opportunities and threats created by artificial intelligence (AI). The potential for expansion and development spurred by AI reminds us of the new opportunity set in the 1990s when the internet was created. One difference between now and the 1990s is that, in the 1990s, there was some skepticism over the extent of the internet's potential impact and opportunities. We were able to buy CSCO at a P/E of 30 when it had been growing over 100% for multiple years. Today's AI-related companies are significantly more expensive and have more competition. In this more competitive and expensive market, we believe our process is once again helping us to identify businesses that are well positioned to grow in the midst of technological transformation.

¹ For more information, please see the performance return table and important disclosures for the Small-Mid Cap Growth strategy at the end of this letter.

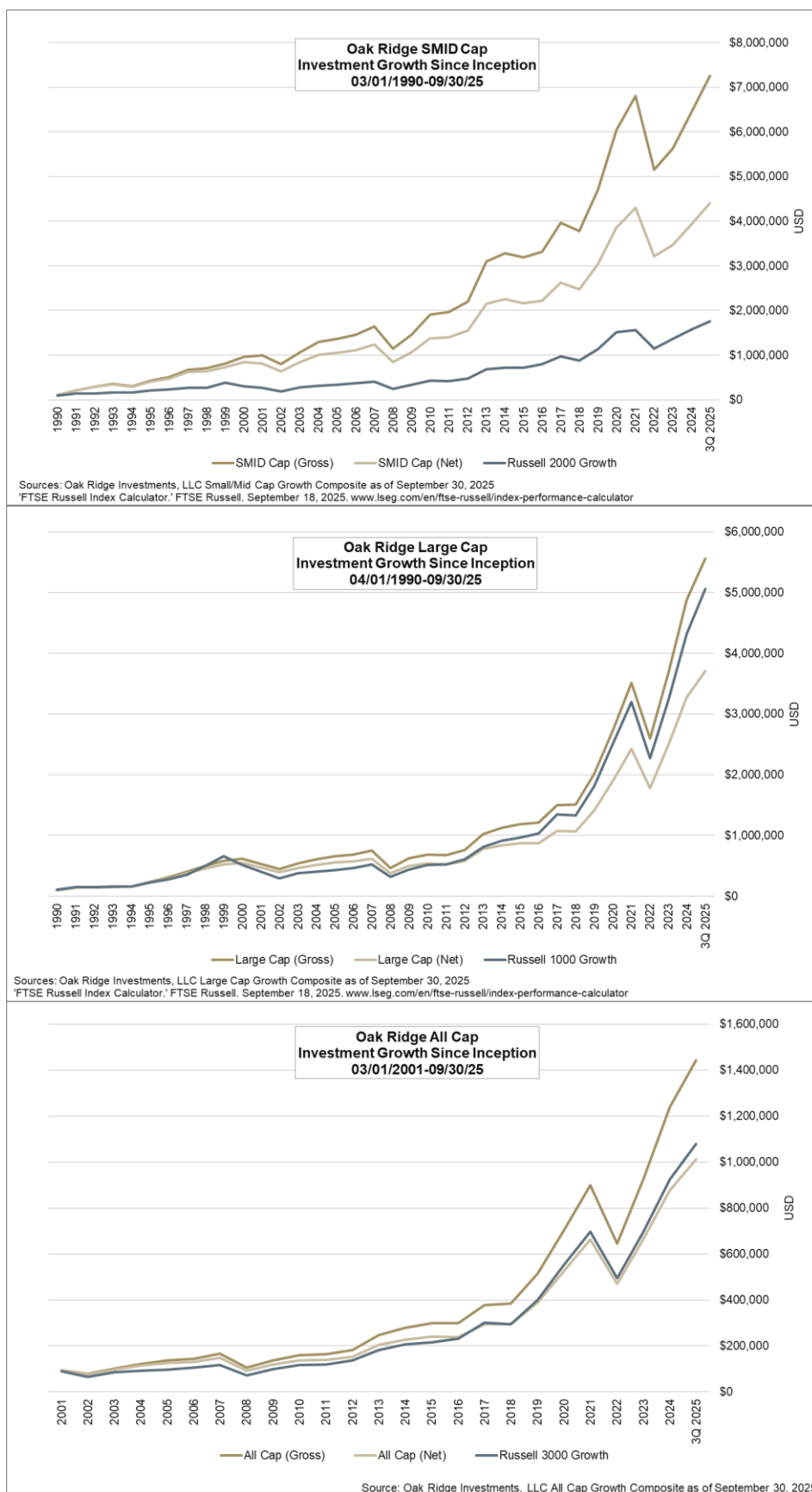
We see opportunities in the “Magnificent 7,” but, as we did in past periods of technological innovation, we have used our process to scrutinize and selectively identify other businesses that are benefiting from the next wave of AI. Below are a few examples of stocks we hold in our portfolios across a range of sectors and market caps that are not only leveraging AI to enhance their current operations—improving productivity, monetization, and customer engagement—but are also investing strategically to capture future opportunities as AI reshapes industries and unlocks new revenue streams.

- **Broadcom (AVGO)** has been a long term holding for Oak Ridge. The company appealed to us as a traditional semiconductor manufacturer that was diversifying into software. AVGO was a consistent earner and paid a hefty dividend. Broadcom, in our opinion, was a lower-risk, less-concentrated business than other semiconductor manufacturers. In recent years, Broadcom has been able to successfully deploy its research and development (R&D) spending to become a dominant company benefitting from AI-related growth and demand.
- **Wingstop (WING)**, a fast casual restaurant offering poultry products like chicken wings, might not come to mind as an AI beneficiary. However, WING has used technology to implement a new ordering system that has reduced wait times, improved guest satisfaction, and made restaurants run more efficiently. WING's utilization of AI capabilities has helped them better forecast demand (based off of variables including weather, sales trends, and sports) and improve order accuracy – WING anticipates this will result in better store throughput.
- **Palomar (PLMR)** is a leading high-growth specialty insurer focused on catastrophe-exposed markets in the United States. They employ an analytic-driven underwriting framework that leverages data science for improved risk selection and portfolio management. Palomar's sophisticated analytical underwriting framework and deployment of AI has led to material pricing advantages, lower loss ratios, and a lower cost base than their competitors. Further, Palomar has also incorporated AI and machine learning through partnerships that has allowed them to enter new business lines, diversify products, and maintain its analytically driven approach without fully building all capabilities in-house.

As the above examples illustrate, our process helps us find businesses that we believe are poised for consistent fundamental outperformance no matter what market environment we are in or what technological transition is taking place. That focus on consistency, as well as our emphasis on reasonable valuations and avoiding investing in businesses whose valuations have become distorted or excessive, has helped us to outperform our benchmark over time, meaningfully so in turbulent markets. As an example, since our inception in 1989, our Small-Mid Cap product has outperformed its benchmark, the Russell 2000 Growth Index, on a gross of fees basis each quarter (11 of 11) when the benchmark was down more than 15%.

As illustrated above, our capital preservation and downside support have been meaningful during periods of market volatility and, over the long term, our strategies have generated strong returns through a variety of market environments. As you can see in the charts below for three of our strategies, our time-tested process has helped these returns compound over the long term for our clients. We believe that our portfolios are well positioned to continue to provide superior returns and meaningful downside support versus our benchmark and peers as AI continues to transform and impact businesses across all sectors and market caps.

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Performance History		Annualized					
GIPS® Composite Information							
Reporting Date for all Data:							Since ¹
September 30, 2025	QTR	1 YR	3 YR	5 YR	7 YR	10 YR	Inception
Oak Ridge Small/Mid Cap (%; "Pure" Gross Rate of Return) ²	7.6	15.88	14.13	7.78	5.96	8.78	12.3
Oak Ridge Small/Mid Cap (%; Net Rate of Return)	7.31	14.63	12.95	6.61	4.78	7.52	10.92
Russell 2000 Growth Index (%; Rate of Return)	12.19	13.56	16.68	8.41	6.62	9.91	8.38
Russell 2500 Growth Index (%; Rate of Return)	10.73	12.62	15.97	7.76	8.05	10.93	9.89

Performance History		Annualized					
GIPS® Composite Information							
Reporting Date for all Data:							Since ¹
September 30, 2025	QTR	1 YR	3 YR	5 YR	7 YR	10 YR	Inception
Oak Ridge Large Cap (%; "Pure" Gross Rate of Return) ²	8.19	19.76	30.06	17.41	17.82	17.36	11.68
Oak Ridge Large Cap (%; Net Rate of Return)	7.91	18.55	28.81	16.32	16.73	16.19	10.43
Russell 1000 Growth (%; Rate of Return)	10.51	25.53	31.61	17.58	18.1	18.83	12.56
Standard & Poor 500 Index (%; Rate of Return)	8.12	17.6	24.94	16.47	14.45	15.3	10.77

Performance History		Annualized					
GIPS® Composite Information							
Reporting Date for all Data:							Since ¹
September 30, 2025	QTR	1 YR	3 YR	5 YR	7 YR	10 YR	Inception
Oak Ridge All Cap (%; "Pure" Gross Rate of Return) ²	9.64	22.72	32.12	17.85	17.99	17.86	11.46
Oak Ridge All Cap (%; Net Rate of Return)	9.27	21.09	30.37	16.3	16.41	16.26	9.87
Russell 3000 Growth (%; Rate of Return)	10.41	24.79	30.76	17.03	17.38	18.26	9.19
Russell 3000 Index (%; Rate of Return)	8.18	17.41	24.12	15.74	13.71	14.71	10.13

Composite results are calculated using a time-weighted total rate-of-return formula and are U.S. dollar-based. The composite returns are asset-weighted based upon beginning period market values. Returns include dividends net of withholding taxes if applicable, interest, realized and unrealized gains or losses. The "net of fees" performance results reflect the deduction of wrap fees or fees in lieu of commissions on wrap-fee accounts and advisory fees and trading commissions paid by non wrap-fee separately managed accounts in the Composite since inception. Account performance is based on total assets in the account, including cash and cash equivalents. Historical performance results include the results of accounts which are no longer managed by the Firm. The composite returns presented represent past performance, which is not a reliable indicator of future results, which may vary.

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