Quarterly Commentary

Q4 – 2025

January 2, 2026

Dear Client,

In 2025, investors continued to drive all the major indices to record levels despite mind numbing political discord and partisanship battles that led to a prolonged government shutdown. The economy grew at or above trend in the second half of the year, while inflation has remained in check, only about .7% above the 2% long term Fed target, despite the widespread fears of the effects of President Trump's tariff policy. The President has demonstrated a keen focus on the economy, inflation, and interest rates, and has been quick to back down and "negotiate" when a tariff appears disruptive to his objectives.

The Fed cut rates three times in 2025, citing weakness in the labor market and forecasts for slowing growth in 2026. The White House has cheered the end of Chairman Powell's term in May as it seeks more aggressive rate cuts and lower interest rates for mortgages and consumer lending. The Fed only controls short-term rates, and the yield curve will likely steepen if the economy slows, inflation remains above trend, and the dollar continues to fall. There is already significant pressure resulting from the record level of debt issuance scheduled this year by corporations and the Federal government. There has been some fallout over the Administration's "America First" policies, but there is little threat to our leadership on the global stage, particularly as it pertains to the dollar's position as reserve currency.

The broad stock market, as defined by the S&P 500, advanced over 16% in 2025, marking the sixth time in seven years it returned comparable or better results. Growth stocks again outpaced value, and while AI continued to garner headlines and Technology and Communication Services remained the recipients of the majority of Capex spending, the fourth quarter saw investors shift attention to other areas of the market. The Healthcare group far outpaced all other sectors across all capitalizations during the fourth quarter, and its much larger weighting in the Russell 2000 Growth Index allowed that benchmark to narrow the gap in performance with the large cap benchmarks.

As it has been three years since a major market correction, investors have become much more aggressive. Leadership has been among the lower quality, higher volatility names, particularly those that are unprofitable or trade at extremely high valuations. The exception has been the mega cap Tech leaders in the S&P 500, where earnings grew about 31% and stocks advanced 24%, lowering P/Es to fairly reasonable levels. The remainder of the S&P 500 saw multiples expand for a third straight year, as those with earnings advanced 13% on profit growth of about 7%.

Oak Ridge Large Cap Growth portfolios performed roughly in line during the fourth quarter, and despite solid returns for 2025, slightly trailed the Russell 1000 Growth Index benchmark for the calendar year. Technology and Communication Services are now 62% of the benchmark, having been adjusted down slightly at year-end, and are now in line with our portfolios. These areas significantly underperformed during the fourth quarter, widening their impact on our otherwise strong 2025 results. We continue to believe that earnings growth will be more visible for mega cap leaders and that valuations are relatively reasonable, already discounting competitive pressures. We experienced significant weakness in major hyperscalers, who have been severely punished due to concerns over financing capabilities for future capital expenses and their ultimate returns on these investments. Additional pressure resulted from the material decline in a long-term holding of a Telecom provider, which is facing a significant increase in competition that may lead to margin erosion. This increased risk to profit growth led to the sale of our position. A generally safe haven entertainment streaming holding was also particularly weak following its apparent victory in its attempt to acquire a leveraged media company that is perceived to be a poor fit for its business model. We remain confident in their business model and expect the market to settle down in the year ahead.

Larger cap Technology companies should continue to lead the market, but are already an enormous part of the growth benchmark. We continue to maintain a healthy exposure to this group, but alpha generation has occurred primarily through more mid cap positions in Tech and other areas.

Healthcare stocks soared during the fourth quarter and the sector provided our best returns by far. Performance was led by a resurgence in shares of the leading company in weight loss, a major European pharmaceutical adding over a dozen positive phase three trials to an already impressive lineup, and a relatively smaller breakthrough biotech innovator in autoimmune disease growing sales at near triple digit levels and now comfortably profitable. With healthcare rotating in and the strong leading positions of our holdings, we are highly optimistic about the prospects for the group to once again lead in the year ahead. The portfolio remains cautious on Consumer and Industrial stocks, which also proved to positively impact returns for the fourth quarter and YTD.

The economy has challenges with a labor market that is slowly weakening after a long period during which employers were afraid to reduce staff. The government needs to address the expiration of the ACA and provide healthcare support, which should see a resolution before mid-term elections heat up. Tax reductions for all and increased credits based on income are set, and the possibility of an added tariff dividend has been floated. Much like in early COVID times, we believe lower income recipients will spend their funds which will boost the economy, and those in higher income brackets will invest in financial assets, supporting the markets.

The stock market should be more selective and continue to broaden out, which would finally provide a positive backdrop for active managers. AI is for real and will rapidly grow into our everyday lives. It will continue to threaten jobs and create great opportunities to improve the quality of our lives, but success breeds competition and margin pressure hits profits. We were pleased to present a White Paper last November, comparing our success in the early days of the Internet with the emergence of AI. It is not our opinion that AI is comparable to Dot Com euphoria, but we do believe that the best performing stocks will be the ones in their respective industries that do a better job than their peers utilizing technology. We cited some current small cap holdings, but perhaps the most visible example is the near 40 P/E ratio the market has assigned to Walmart, compared to the 15X multiple on struggling competitor Target. Valuations do matter, as we are reminded by recent news that Cisco Systems finally reached new highs over 25 years after its Bubble Peak. We were an early investor at the start of 1991 when Cisco was a small cap emerging leader, and by the mid 1990s it graduated into our large cap portfolios before we sold (at the time a little early). Cisco is a survivor and has evolved into a position in our Dividend Growth strategy, but successful Growth style investing is more than just jumping into the fastest, most exciting situations; it also requires discipline and an ability to evaluate demand and the competitive landscape.

We appreciate your ongoing confidence and wish you a very Happy, Healthy New Year.

Sincerely,

David M. Klaskin,
CEO and Chief Investment Officer

January 2, 2026

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In 2025, investors continued to drive all the major indices to record levels despite mind numbing political discord and partisanship battles that led to a prolonged government shutdown. The economy grew at or above trend in the second half of the year, while inflation has remained in check, only about .7% above the 2% long term Fed target, despite the widespread fears of the effects of President Trump's tariff policy. The President has placed significant emphasis on economic conditions, including inflation and interest rates, and has shown a willingness to adjust or renegotiate tariff policies when they appear to conflict with broader economic objectives.

The Federal Reserve reduced interest rates three times in 2025, citing signs of labor market softening and projections for slower economic growth in 2026. The White House has expressed support for lower interest rates, particularly to ease borrowing costs for mortgages and consumer credit. While the Federal Reserve directly influences short-term rates, longer-term rates are shaped by market conditions, and the yield curve may steepen if economic growth slows, inflation remains elevated, and the dollar weakens. Additional pressure is emerging from the high volume of debt issuance planned for the year by both corporations and the federal government. Although some international response has followed the Administration's trade and economic policies, the United States' global financial position—especially the dollar's role as the primary reserve currency—remains largely intact.

The broad stock market, as defined by the S&P 500, advanced over 16% in 2025; marking the sixth time in seven years it returned comparable or better results. Growth stocks again outpaced value, and while AI continued to garner headlines and Technology and Communication Services remained the recipients of the majority of Capex spending, the fourth quarter saw investors shift attention to other areas of the market. The Healthcare group far outpaced all other sectors across all capitalizations during the fourth quarter, and its much larger weighting in the Russell 2000 Growth allowed that benchmark to narrow the gap in performance with the large cap benchmarks.

As it has been three years since a major market correction, investors have become much more aggressive. Leadership has been among the lower quality, higher volatility names, particularly those that are unprofitable or trade at extremely high valuations. The exception has been the mega cap Tech leaders in the S&P 500, where earnings grew about 31% and stocks advanced 24%, lowering P/Es to fairly reasonable levels. The remainder of the S&P 500 saw multiples expand for a third straight year, as those with earnings advanced 13% on profit growth of about 7%.

Oak Ridge All-Cap Growth portfolios marginally declined during the fourth quarter, and despite solid returns for 2025, slightly trailed the Russell 3000 Growth benchmark for the calendar year. Technology and Communication Services are now 61% of the benchmark, having been adjusted down slightly at year-end, while they are over 68% of our portfolios. While all of our underperformance during the fourth quarter can be attributed to these large sectors, they both still had a positive impact on our 2025 relative performance. We continue to believe that earnings growth will be more visible for mega-cap leaders and that valuations are relatively reasonable, already discounting competitive pressures and a pause in demand that is not assured to occur soon. We experienced significant weakness in major hyperscalers, who have been severely punished due to concerns over financing capabilities for future capital expenses and their ultimate returns on these investments. A generally safe haven entertainment streaming holding was also particularly weak following its apparent victory in its bid to acquire a leveraged media company that is perceived to be a poor fit for its business model. Larger capitalization Technology companies should continue to lead the market, but are already an enormous part of the growth benchmark. We continue to maintain a healthy exposure to this group, but alpha generation has occurred primarily through more mid cap positions in Tech and other areas.

Healthcare stocks soared during the fourth quarter and the sector provided our best returns by far, led by a resurgence in shares of the leading companies in weight loss and robotic surgery. The purchase earlier in the quarter of a small-cap home healthcare provider proved to be highly beneficial as well, as the stock advanced significantly. Extreme weakness early in the year in the largest managed care company led to its sale from our portfolio, but the effects were too great to overcome. With healthcare rotating in and the strong leading positions of our holdings, we are highly optimistic about the prospects for the group to lead in the year ahead. Industrials continued to be a drag on returns and were our worst area of 2025. Several highly successful long-term holdings have seen large corrections due mostly to macro concerns, and their strong market positions have led to a patient approach. We have less exposure than the benchmark to AI ancillary plays, but have participated with investments in datacenter infrastructure and cooling businesses.

The economy has challenges with a labor market that is slowly weakening after a long period during which employers were afraid to reduce staff. The government needs to address the expiration of the ACA and provide healthcare support, which should see a resolution before mid-term elections heat up. Tax reductions for all and increased credits based on income are set, and the possibility of an added tariff dividend has been floated. Much like in early COVID times, we believe lower income recipients will spend their funds which will boost the economy, and those in higher income brackets will invest in financial assets, supporting the markets.

The stock market should be more selective and continue to broaden out, which would finally provide a positive backdrop for active managers. AI is for real and will rapidly grow into our everyday lives. It will continue to threaten jobs and create great opportunities to improve the quality of our lives, but success breeds competition and margin pressure hits profits. We were pleased to present a White Paper last November, comparing our success in the early days of the Internet with the emergence of AI. It is not our opinion that AI is comparable to Dot Com euphoria, but we do believe that the best performing stocks will be the ones in their respective industries that do a better job than their peers utilizing technology. We cited some current small cap holdings, but perhaps the most visible example is the near 40 P/E ratio the market has assigned to Walmart, compared to the 15X multiple on struggling competitor Target. Valuations do matter, as we are reminded by recent news that Cisco Systems finally reached new highs over 25 years after its Bubble Peak. We were an early investor at the start of 1991 when Cisco was a small cap emerging leader, and by the mid 1990s it graduated into our large cap portfolios before we sold (at the time a little early). Cisco is a survivor and has evolved into a position in our Dividend Growth strategy, but successful Growth style investing is more than just jumping into the fastest, most exciting situations; it also requires discipline and an ability to evaluate demand and the competitive landscape.

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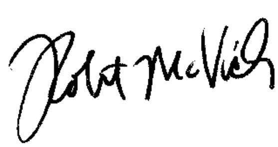
Sincerely,



Robert G. McVicker,
Executive Vice President & Lead Portfolio Manager

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January 2, 2026

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Tech leaders in the S&P 500, where earnings grew about 31% and stocks advanced 24%, lowering P/Es to fairly reasonable levels. The remainder of the S&P 500 saw multiples expand for a third straight year, as those with earnings advanced 13% on profit growth of about 7%.

Our portfolios delivered strong absolute returns for the full year, while trailing the broader index.

In Q4, the Oak Ridge Mid-Cap portfolios underperformed the Russell Midcap Growth Index, despite solid leadership from our Technology holdings.

The primary detractor was an online video gaming company, where the stock declined due to higher-than-expected investment spending. This prudent, forward-looking allocation is expected to pressure near-term margins and has temporarily reduced its appeal to pure growth-oriented investors. We remain confident in the company's multi-year growth trajectory and continue to view it as a compelling long-term holding Another notable detractor was a leading retailer of automotive parts and accessories focused on the DIY segment. Shares came under pressure amid concerns about a slowdown in DIY customer activity, as persistent inflationary pressures reduced transaction volumes. We continue to believe strongly in the company's durable competitive advantages and long-term growth potential.

The portfolio also benefited significantly from a strong rebound in the Technology sector during the third quarter, which fully reversed the first quarter's correction and emerged as one of the primary drivers of performance. Our Technology holdings delivered substantial outperformance relative to the benchmark throughout the entire year of 2025.

Healthcare also made a meaningful contribution, helped by the acquisition of one of our core positions.

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Sincerely,

Brian L. King

Senior Vice President and Lead Portfolio Manager

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The Oak Ridge Small-Mid Cap Growth portfolio finished a strong year of absolute and relative returns, with continued leadership among our Technology holdings. We extended our YTD outperformance in the sector despite the market shift away from many AI semiconductor and optical leaders; a low beta, low P/E telecommunications testing company ended the year as our largest Tech holding after a significant advance. Healthcare stocks soared during the fourth quarter, led by the most speculative areas. The sector provided our best returns, but failed to match the benchmark results, however, very strong selection, primarily in Bio/Pharma throughout the year, made Healthcare a close second behind Tech in positive attribution in 2025. Consumer stocks were highly unpredictable and we took a conservative approach, focusing on value providers and clear leaders in niche markets. This generated positive results for the year that were held back due to material weakness in an education provider and manufacturer of a popular protein shake. In both instances we feel the market overreacted and the stocks will be back on track as results reflect their strong long term prospects.

Many Small Cap Growth managers fell significantly below the benchmark due to the aforementioned narrow leadership in speculative stocks. Individual selections throughout our portfolio generated exceptional results, but we suffered in the Industrials area, partly due to very volatile names in alternative energy, power providers, and cyclical stocks leading the market, as well as some poor portfolio selections in heavy equipment leasing, housing products, air conditioning, and transportation. We made a number of changes during the fourth quarter, adding business consulting, aerospace, and areas more directly supporting AI needs.

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All investments involve risks and clients should carefully review the risks disclosed in our Form ADV Part 2 Brochure which can be found at https://adviserinfo.sec.gov/firm/summary/107066. Clients should understand these risks and have the financial ability and willingness to accept them for an extended period of time before making an investment.