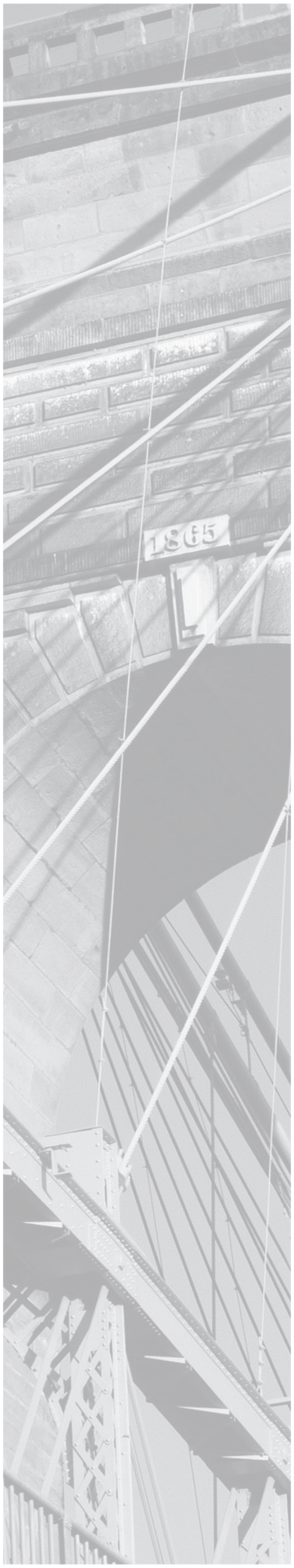
Renaissance Investment Management

Month Ending 2/28/2021

Large Cap Growth

Intra-Quarter Commentary—January 2021



The S&P 500 produced solid returns in February despite a late-month rally in interest rates that saw the yield on 10-year Treasury notes briefly surge above 1.5%. However, bond yields have been steadily rising since the October lows, driven by strong corporate earnings, fiscal and monetary stimulus, and the availability of new coronavirus vaccines. We are not surprised by the higher move in rates, especially considering that higher rates are reflecting a pickup in growth, earnings expectations, and a healthy recovery in the U.S. economy. Interestingly, the quick surge in bond yields in late February also shifted the focus to the upward pressure on real rates, with investors reassessing their expectations for future growth and inflation. Unsurprisingly, shares in many popular high growth technology and internet stocks underperformed in this environment, given that concerns about stretched valuations have been building for a while. Meanwhile, it was encouraging to see early cycle stocks that typically lead in a traditional recovery continue to outperform the overall market.

The S&P 500 gained 2.8% and the Russell 1000 Growth was essentially flat in February. Smaller-cap stocks outperformed larger-cap stocks and Value outperformed Growth. These trends have continued over the past several months, likely driven by expectations that Democrats will ramp up infrastructure spending and resume more generous stimulus checks to households. As a result, cyclical sectors that benefit from rising rates such as Energy and Financials outperformed, while defensive parts of the market such as Utilities, Real Estate and other bond proxies underperformed.We outperformed the Russell 1000 Growth Index and underperformed the S&P 500 benchmark slightly, with positive contribution from stock selection.

SECTOR WEIGHTS & PORTFOLIO CHANGES(1)

Sector	Ending Weight(2)	Change from 1/31/2021	Large Cap Growth Additions & (Large Cap Growth Deletions)(3)
Information Technology	37.6%	-0.9%	
Health Care	16.9%	+0.1%	Abbott Laboratories (Merck)
Industrials	11.6%	1.4%	
Consumer Discretionary	10.8%	-0.3%	
Communication Services	10.5%	-0.1%	
Materials	3.5%	-0.2%	
Financials	3.2%	0.0%	
Consumer Staples	2.9%	-0.2%	
Real Estate	2.2%	+0.4%	
Cash	0.8%	-0.2%	
Energy	0.0%	0.0%	
Utilities	0.0%	0.0%	

(1) Based on a representative account of the strategy discussed. Portfolio characteristics (e.g., sector weights, valuation, growth rate) are based on a representative account that we believe is illustrative of the strategy. Characteristics and/or holdings may not be the same for all accounts invested in the strategy due to factors such as pending trades or account restrictions. Additions/Deletions reflect security transactions completed by the date stated on this presentation, and the securities mentioned may not be held by all accounts invested in the strategy.

(2) Weights as of the end of the presentation period. Cumulative total weighting may not add up to 100% due to rounding of percentages to the nearest decimal place.

(3) Any securities referenced should not be considered a recommendation to purchase or sell a particular security. These securities may represent a portion or all of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. Non-performance based criteria have been used to select the securities listed. The past performance of these securities is no guarantee of future results. The specific securities identified and described may not represent all of the securities purchased, sold or recommended for this strategy. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. Portfolio holdings may not be current recommendations to buy or sell any security, and may no longer be held in the representative account. To request a complete list of portfolio holdings recommendations for the past year, the calculation methodology, or a list showing the contribution of every holding to the representative account's performance for the time period stated, please contact Renaissance at compliance@reninv.com.

Source: Renaissance Research, FactSet

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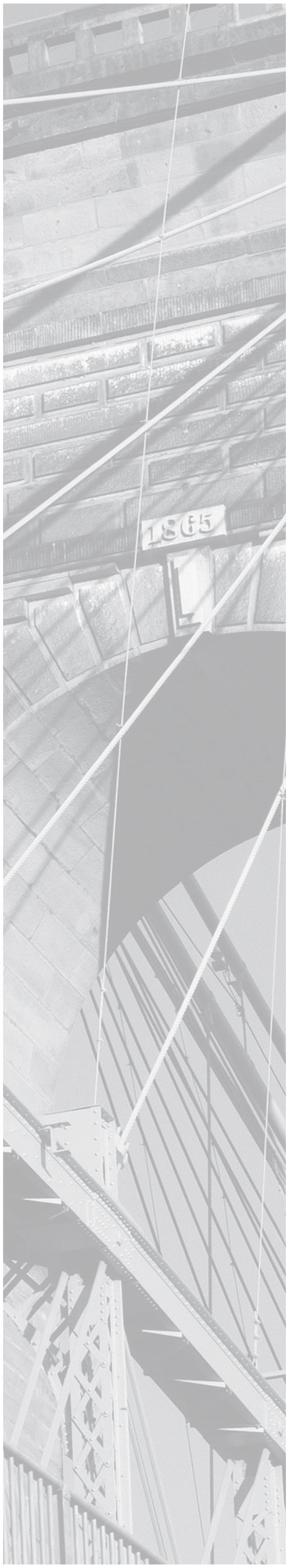

CONTRIBUTORS TO RETURN[(1)(2)]

Ticker	Company Name	Average Weight[(3)]	Contribution to Return
TOP FIVE CONTRIBUTORS—LARGE CAP GROWTH			
CBRE	CBRE Group	1.99%	0.42%
HZNP	Horizon Therapeutics	1.82%	0.39%
IAC	IAC/InteractiveCorp	2.11%	0.33%
CDW	CDW	1.83%	0.31%
MLM	Martin Marietta Materials	1.96%	0.31%
BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH			
AAPL	Apple	3.10%	-0.23%
PKI	PerkinElmer	1.58%	-0.22%
AKAM	Akamai Technologies	1.45%	-0.22%
TMO	Thermo Fisher Scientific	1.67%	-0.20%
BAH	Booz Allen Hamilton	1.56%	-0.14%

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(3) Average weights over the presentation period.

Source: Renaissance Research, FactSet

We made one change to the portfolio in February, adding a new position in the Health Care sector with **Abbott Laboratories** (ABT), a large medical devices, diagnostics, and pharmaceutical company. We like Abbott's diversified revenue stream, evident by its broad portfolio of products, which provides a stable revenue profile. We also like Abbott's pipeline of new products, which we expect will support growth for the next several years, particularly in diabetes and cardiovascular conditions.Conversely, we sold our position in **Merck** (MRK).We believe it is prudent to move to the sidelines ahead of a material change in management following the retirement of well-respected and long-tenured CEO Kenneth Frazier. The pandemic has also highlighted the company's exposure to physician-administered drugs, in which growth has been hampered due to lockdowns. We believe the persistence of COVID could steer Merck to acquire new growth, limiting future operating leverage and EPS upside.

Companies have reported better-than-expected operating results through the end of February. With 96% of the S&P 500 companies having reported fourth quarter results, blended earnings have surprisingly rebounded into positive territory at 3.9%. The positive earnings growth comes one quarter ahead of expectations and is much better than the original estimates for an 8.8% decline just before the start of earnings season *(Source: FactSet)*. Meanwhile, the number of upside surprises remain near record levels, with 76% of companies exceeding revenue expectations and 80% exceeding earnings expectations. As a result of the strong earnings upside, the current consensus expectation for S&P 500 earnings growth is24% in 2021 *(Source: FactSet)*. Historically, positive earnings growth is positive for the markets, and we remain constructive on stocks. Despite broad-based strength in corporate earnings, stock performance was not as broad.

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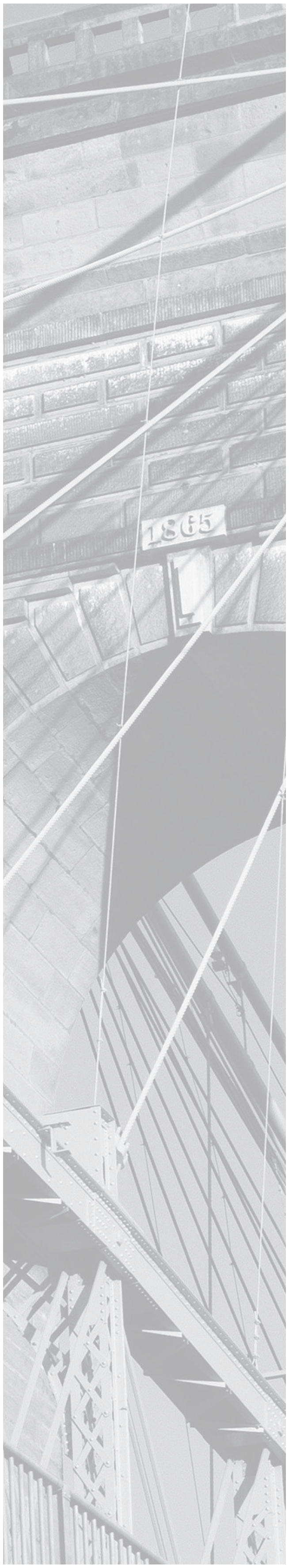

Companies that had benefited from the stay-at-home environment created by the pandemic underperformed as investors questioned the sustainability of growth. Conversely, the improving economic environment drove a rotation into pro-cyclical stocks that should benefit from the economy reopening. As we near the end of four-quarter earnings, our portfolio had another relatively strong quarterly earnings season. In fact, 94% of the portfolio companies exceeded revenue expectations and 98% exceeded earnings expectations.

Martin Marietta Materials (MLM) was one of our best performing stocks in February. The company reported another strong quarter that saw aggregate and concrete demand benefit from strong residential construction. In addition, investors believe the Democratic sweep could potentially result in large and longer-term funding for infrastructure stimulus packages, benefitting aggregate and materials providers.Another strong performer for the month was **CBRE Group** (CBRE). The company has shown that the move to a higher recurring revenue model has reduced the cyclical nature of its business. In addition, CBRE guided to double-digit earnings growth over the next few years despite headwinds from the office sector, as recurring revenues and the rebound of industrial sectors should have a positive impact on future growth.

Conversely, **Akamai** (AKAM) was one of our worst performers in February. Despite reporting solid operating results, the stock declined on decelerating growth in its content delivery network (CDN), with the segment facing tough year-over-year comparisons. We believe Akamai will benefit as cloud computing moves closer to the end user, driven by new applications in 5G wireless, driverless cars and the continued proliferation of the Internet-of-Things. Another underperformer in February was **PerkinElmer** (PKI). The company has been a beneficiary of the tremendous growth of COVID-19 testing. However, with the launch of COVID vaccines from Moderna and Pfizer, there is a belief that testing revenues will decline. We agree with management that testing will become a "new normal" as both public and elected officials remain extra vigilant to protect against new variants of the virus.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of February 28, 2021 and are subject to change at any time due to changes in market or economic conditions.

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(Indices are unmanaged and are not available for direct investment.)

Russell 1000 Growth Index—The Russell 1000® Growth Index is a market capitalization weighted index that measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values.

S&P 500 Index—The S&P 500 Stock Index is a market capitalization weighted index and consists of 500 stocks chosen for market size, liquidity and industry group representation.

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