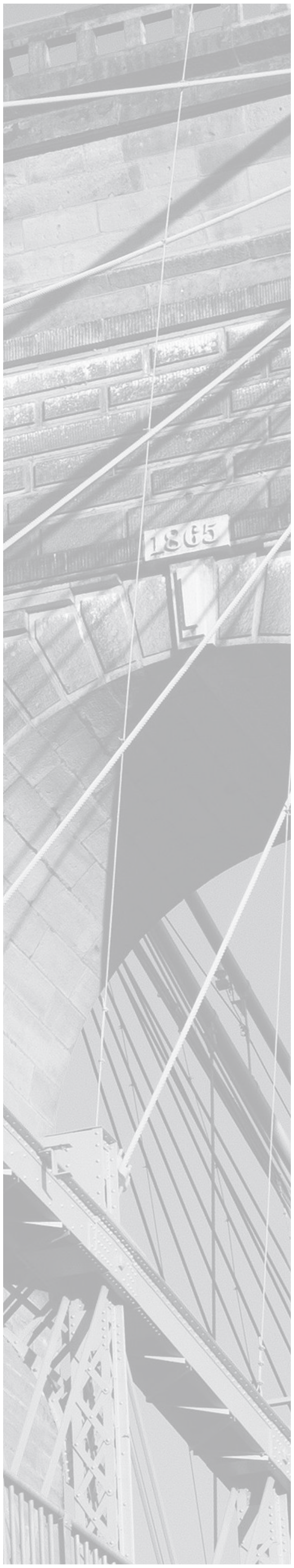
Renaissance Investment Management

Month Ending 5/31/2021

Large Cap Growth

Intra-Quarter Commentary—May 2021



The stock market ground to a halt in May after higher-than-expected inflation numbers spooked investors. The Consumer Price Index (CPI), which measures what consumers pay for goods and services, jumped 4.2% in April. This is the highest increase since 2008 and was driven predominantly by transitory factors such as higher energy and used vehicle prices. While the headline inflation number was high on an absolute basis, it was somewhat meaningless taking into account last year's "base effect"—set when the beginning of the pandemic caused a plunge in inflation as prices for consumer goods and services dropped sharply following a collapse in consumer demand driven by the start of economic lockdowns. Nonetheless, it was troubling to see the unexpected month-over-month increase in ***core*** inflation, which strips out the base effect of price declines in April of 2020. By this measure, inflation rose 0.8% from March, significantly higher than the 0.3% expectation and the biggest one-month increase since 1981. (Source: *The Wall Street Journal*).

We want to remind our readers that a headline increase in inflation was widely expected given the recent strength in the economy which saw first-quarter GDP up 6.4% and second-quarter expectations trending higher. In addition, low inventories, rising commodity prices, supply chain shortages, and limited labor supply have already been widely discussed. However, we were still surprised by the stock market's negative reaction to the inflation data, especially given that both the Fed and investors have been planning for higher inflation. It may be only fitting to quote Mike Tyson, who famously said, "Everyone's got a plan until they get punched in the face."

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 4/30/2021	Large Cap Growth Additions & (Large Cap Growth Deletions)[3]
Information Technology	34.8%	+0.1%	No Large Cap Growth portfolio additions or deletions during the period.
Health Care	18.5%	+0.2%	
Industrials	13.7%	+0.1%	
Communication Services	10.9%	0.0%	
Consumer Discretionary	10.8%	-0.7%	
Materials	3.5%	-0.2%	
Financials	3.4%	0.0%	
Real Estate	1.9%	+0.1%	
Consumer Staples	1.5%	0.0%	
Cash	1.1%	+0.4%	
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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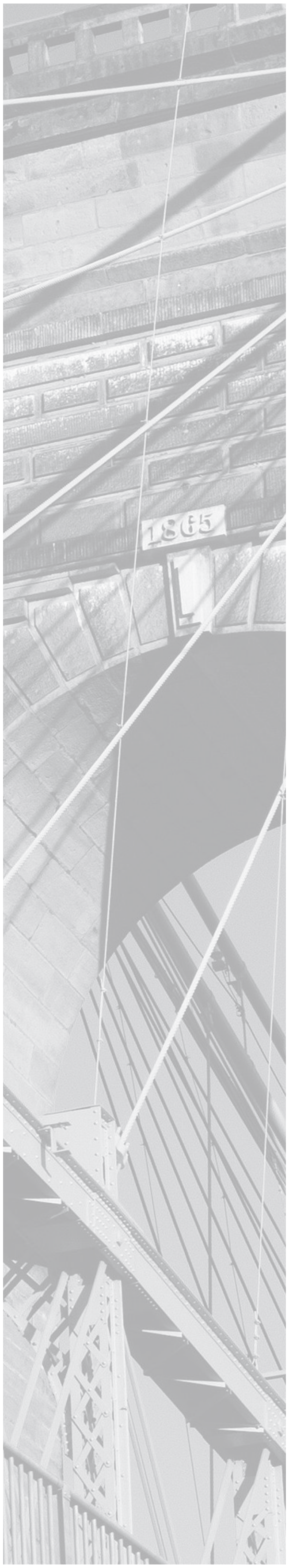

CONTRIBUTORS TO RETURN[(1)(2)]

Ticker	Company Name	Average Weight[(3)]	Contribution to Return
TOP FIVE CONTRIBUTORS—LARGE CAP GROWTH			
PKI	PerkinElmer	1.86%	0.21%
NVDA	NVIDIA	1.93%	0.17%
MSI	Motorola Solutions	1.80%	0.15%
FTNT	Fortinet	1.80%	0.13%
HCA	HCA Healthcare	1.80%	0.12%
BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH			
AMZN	Amazon.com	2.37%	-0.18%
AAPL	Apple	2.85%	-0.15%
CDW	CDW	1.70%	-0.12%
VMEO	Vimeo	0.10%	-0.11%
NOW	ServiceNow	1.56%	-0.11%

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(3) Average weights over the presentation period.

Source: Renaissance Research, FactSet

The inflation punch was a reminder that pandemic stimulus coupled with a demand spike from the economy reopening could eventually drive inflation beyond "transitory", prompting the Fed to tighten sooner than expected. In effect, it was not surprising that high growth technology and internet stocks, which trade at premium valuation multiples, declined the most as higher interest rates reduced the value of future earnings.

In an ironic twist, cryptocurrencies also plunged during the month despite being touted as an inflation hedge. Paradoxically, the catalyst for the reversal came from one of crypto currencies largest proponents, Elon Musk. During his guest-host appearance on *Saturday Night Live*, Mr. Musk called Dogecoin, a heretofore relatively unknown cryptocurrency, a "hustle". Regardless of whether you agree with Mr. Musk's Dogecoin comment, the fact is, at its peak in May, Dogecoin was worth more than 75% of the companies in the S&P 500! (Source: *Jefferies*) In perspective, Dogecoin was created over eight years ago as a parody of Bitcoin—in other words, it was created as a joke. Unsurprisingly, the following week, Tesla (TSLA), the company run by Elon Musk, announced it would no longer accept Bitcoin as payment. Shortly thereafter, The People's Bank of China had to reiterate that digital tokens cannot be used as a form of payment. Hopefully, people are listening this time.

The Russell 1000 Growth declined 1.38% and the S&P 500 returned 0.70% in May. The market momentum was similar to the first quarter of the year when strength came primarily from cyclical sectors and lower-valuation stocks. The U.S. dollar continued to weaken while commodities rallied, with many commodities nearing levels last seen prior to the great recession. Value outperformed Growth with the Health Care and Industrials sectors outperforming, while the

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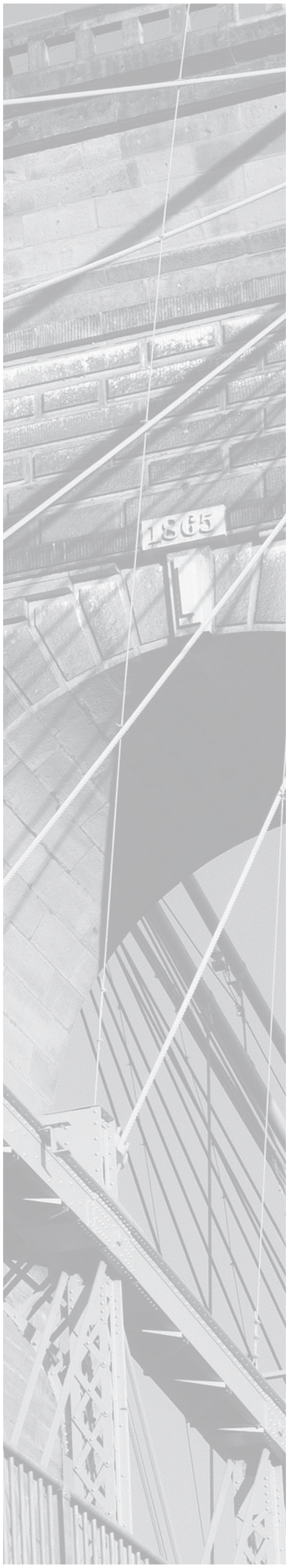

Information Technology and Consumer Discretionary sectors underperformed. Many of these factors are consistent with expectations for economic growth driven by the sudden reopening of the U.S. economy. Our portfolio outperformed the Russell 1000 Growth and underperformed the S&P 500 with positive contribution from both stock selection and sector allocation relative to the Russell 1000 Growth benchmark. We did not make any changes to the portfolio during the month.

PerkinElmer (PKI) was our best performing stock in the month. The company reported strong quarterly results driven by accelerating revenue growth in its core business segments. The strength in its core businesses should overcome growth headwinds from its COVID-19 testing revenues following the successful rollout of the COVID-19 vaccines. Another strong performer in the month was **Motorola Solutions** (MSI). The company reported strong operating results and, importantly, the upside was driven by its Video and Software segments. The growth in these newer segments will move Motorola toward a higher recurring revenue model with higher operating margins which should reduce the cyclical nature of its business. In addition, the ongoing economic recovery and recent stimulus payments to cities and states should alleviate investor fears of budgetary constraints.

Conversely, **Amazon.com** (AMZN) was the worst performer in May. Despite reporting solid operating results that saw broad-based growth across all segments, the stock underperformed on fears of rising interest rates, which has the effect of reducing the value of future earnings and cash flows. Another underperformer in the month was **CDW** (CDW). The company has benefited from the pandemic-driven trend toward remote work environments. However, CDW will start facing difficult comparisons in upcoming quarters, especially in its education segment, as schools return to in-person learning. In addition, the company acknowledged that semiconductor supply constraints are expected to be a headwind for the remainder of this year and possibly into early 2022.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of May 31, 2021 and are subject to change at any time due to changes in market or economic conditions.

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PERFORMANCE

If Renaissance or benchmark performance is shown, it represents historically achieved results, and is no guarantee of future performance. All performance is shown in U.S. dollars unless otherwise stated. Future investments may be made under materially different economic conditions, in different securities and using different investment strategies and these differences may have a significant effect on the results portrayed. Each of these material market or economic conditions may or may not be repeated. Therefore, there may be sharp differences between the benchmark or Renaissance performance shown and the actual performance results achieved by any particular client. Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, they tend to represent the investment environment existing during the time periods shown. The benchmark cannot be invested in directly. The returns of the benchmark do not include any transaction costs, management fees or other costs. The holdings of the client portfolios in our composites may differ significantly from the securities that comprise the benchmark shown. The benchmark has been selected to represent what Renaissance believes is an appropriate benchmark with which to compare the composite performance.

Continued

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The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. Investor principal is not guaranteed and investors may not receive the full amount of their investment at the time of sale if asset values have fallen. No assurance can be given that an investor will not lose invested capital. Consultants supplied with these performance results are advised to use this data in accordance with SEC guidelines. The actual performance achieved by a client portfolio may be affected by a variety of factors, including the initial balance of the account, the timing and amount of any additions to or withdrawals from the portfolio, changes made to the account to reflect the specific investment needs or preferences of the client, durations and timing of participation as a RIM client, and a client portfolio's risk tolerance, investment objectives, and investment time horizon. All investments carry a certain degree of risk, including the loss of principal and are not guaranteed by the U.S. government.

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REFERENCED INDICES

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

Consumer Price Index— The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care. It is calculated by taking price changes for each item.

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.

GICS SECTOR INFORMATION

Sector Listing according to MSCI and S&P Dow Jones data: MSCI and S&P Dow Jones do not make any express or implied warranties or representations and shall have no liability whatsoever with respect to any GICS data contained herein.