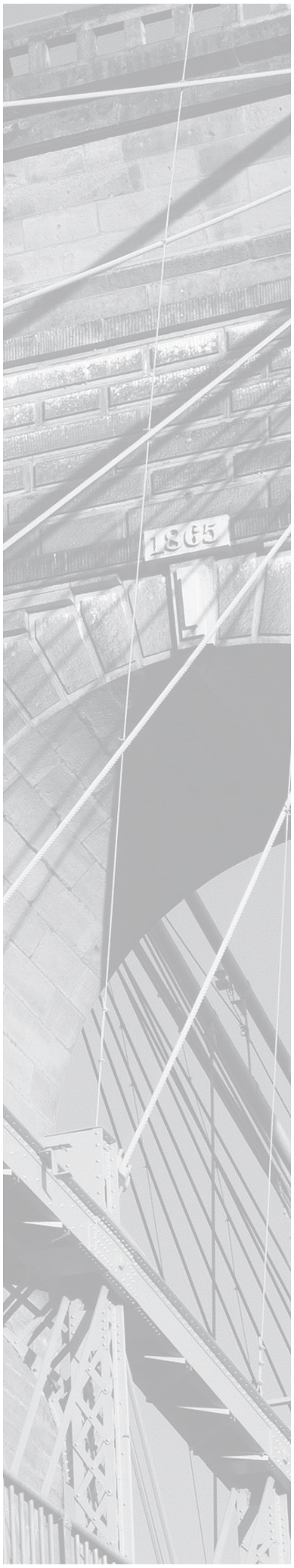
Renaissance®
Investment Management
Month Ending 5/31/2021

Small 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	Small Cap Growth Additions & (Small Cap Growth Deletions)[3]
Information Technology	26.7%	+1.1%	ChannelAdvisor (Envestnet)
Consumer Discretionary	22.2%	-2.1%	1-800-Flowers.com (Helen of Troy)
Industrials	18.8%	-1.1%	
Health Care	16.4%	+1.9%	Amphastar Pharmaceuticals
Financials	9.6%	+0.2%	
Consumer Staples	1.8%	-0.2%	
Communication Services	1.7%	+0.2%	
Real Estate	1.7%	-0.1%	
Cash	1.0%	0.0%	
Energy	0.0%	0.0%	
Materials	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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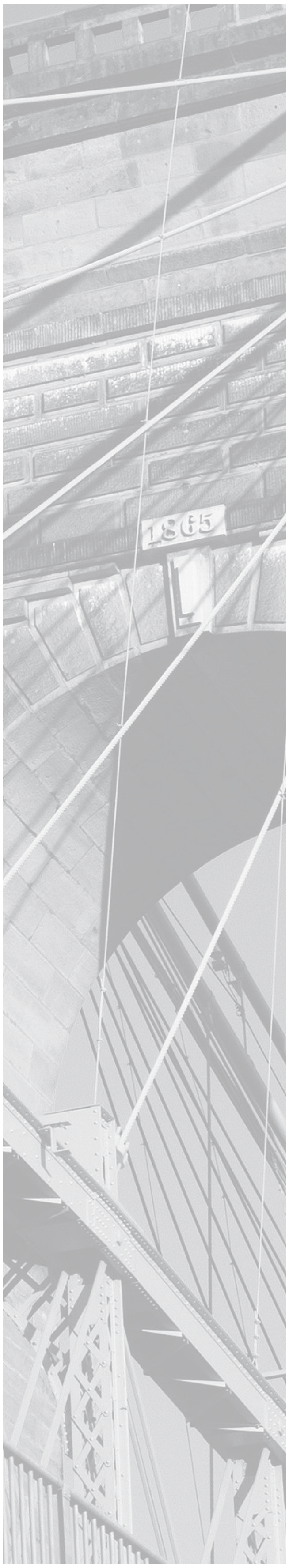

CONTRIBUTORS TO RETURN(1)(2)

Ticker	Company Name	Average Weight(3)	Contribution to Return
TOP FIVE CONTRIBUTORS—SMALL CAP GROWTH			
EVRI	Everi Holdings	2.18%	0.36%
MIME	Mimecast	1.98%	0.29%
HLI	Houlihan Lokey	1.96%	0.25%
CARG	CarGurus	1.69%	0.22%
AMN	AMN Healthcare Services	2.05%	0.21%
BOTTOM FIVE CONTRIBUTORS—SMALL CAP GROWTH			
UPLD	Upland Software	1.45%	-0.30%
CHGG	Chegg	1.58%	-0.27%
SAM	Boston Beer Company	1.84%	-0.26%
JOUT	Johnson Outdoors	1.59%	-0.23%
TREX	Trex Company	2.02%	-0.22%

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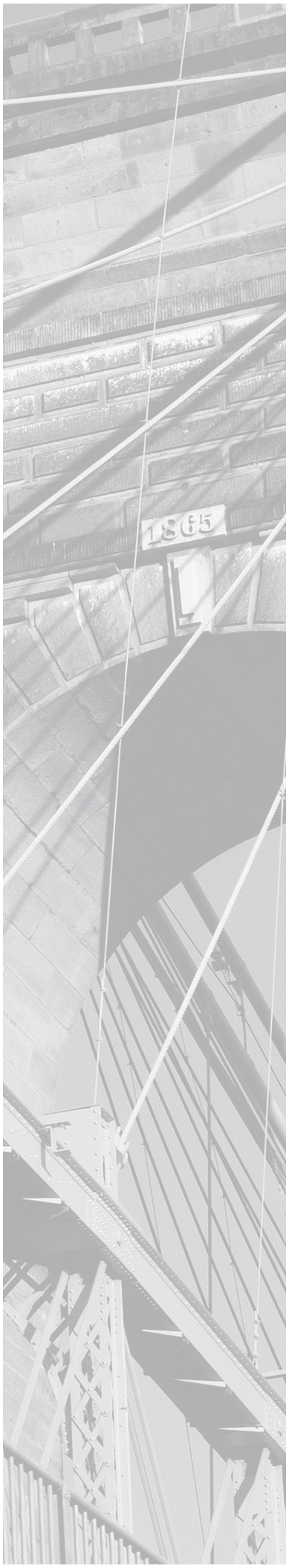
(2) Average weights over the presentation period.

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.

Our Small Cap Growth portfolios declined during the month of May and outperformed the Russell 2000 Growth Index. The top performing sectors in the Index were the Energy, Materials, and Consumer Staples sectors. The worst performing sectors were Health Care, Real Estate, and Communication Services. The outperformance of the Small Cap Growth Strategy was led



by stock selection and our underweight position in the Health Care sector and stock selection in the Information Technology sector. Detracting from performance was stock selection in the Consumer Discretionary and Consumer Staples sectors.

Everi Holdings (EVRI) was the top contributor to performance during the month as the company reported meaningful upside to estimates for the first quarter. The company is seeing strength in both of its business segments—video and mechanical reel slot machines and payment systems for casinos. We believe the company is positioned to see continued improvement in its business as cash flow in casinos improves due to the reopening economy. That, in turn, should lead to higher spending on Everi's products for several quarters.

Upland Software (UPLD) detracted the most from performance as the company is seeing decelerating growth in 2021. The company's email marketing software sales benefited from increased political spending during the 2020 election in the second half last year. The company communicated that this would be a temporary acceleration in its business, but it nonetheless seems to continue to weigh on the stock. The company continues to add strategic products through acquisitions and to execute on its strategy of cross selling its products to increase the average revenue per customer. We believe the fundamentals remain solid with an attractive valuation.

During the month of May, we initiated new positions in **Amphastar Pharmaceuticals** (AMPH), **1-800-Flowers.com** (FLWS), and **ChannelAdvisor** (ECOM). Conversely, we exited our positions in **Helen of Troy** (HELE) and **Envestnet** (ENV). 1-800-Flowers.com saw its business meaningfully accelerate during the pandemic, although many believed that it would reverse this year. Moreover, the company continues to see positive business trends, and management expects to achieve double-digit revenue growth this year. We see the stock as attractively valued and believe the move to online ordering for the company's products will continue to expand. We exited our position in Envestnet as the company is accelerating its spending this year, and this will have a negative impact on margins. The benefits of the higher spending are not expected to impact revenue growth until sometime in 2022; therefore, we have moved to the sidelines for now and will revisit the company when there is better visibility on its growth.

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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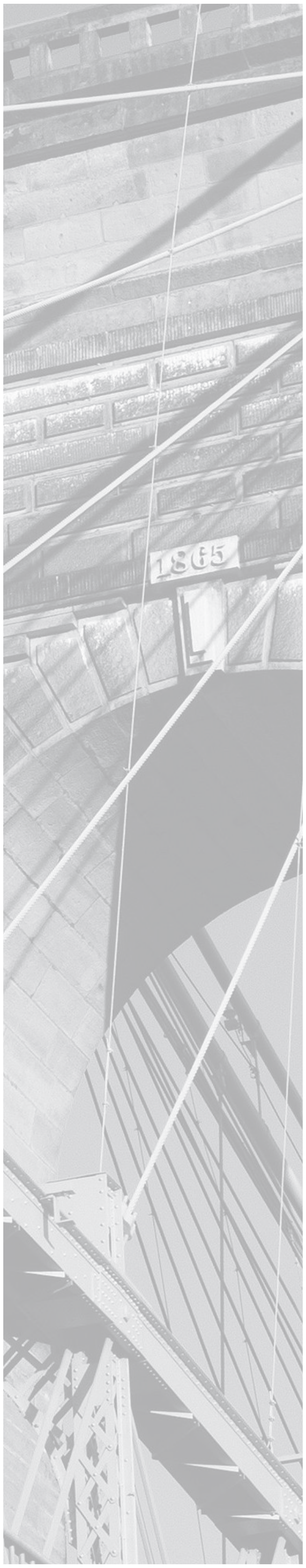

any particular client. Benchmark results are shown for comparison purposes only. The benchmark presented represents unmanaged portfolios whose characteristics differ from the composite portfolios; however, they tend to represent the investment environment existing during the time periods shown. The benchmark 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.

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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 2000 Growth Index—The Russell 2000 Growth Index is composed of the smallest 2,000 of the 3,000 largest U.S. companies based on total market capitalization with higher price-to-book ratios and higher forecast growth values.

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