

Small Cap Growth Intra-Quarter Commentary—April 2022



In April, the U.S. stock market experienced the worst month of performance since March 2020, leading to one of the worst four-month starts for the S&P 500 in decades. The technology-laden NASDAQ fared even worse, with the index putting up its worst month since the financial crisis in October 2008. The NASDAQ is now firmly into bear market territory after declining 24% from its peak at the end of last year. In a troubling sign, several of the seemingly impervious mega-cap technology and internet stocks that had powered through prior economic slowdowns also succumbed to the rising intensity of negative economic and geopolitical headwinds. Current market weakness has been brewing for several months as investors have contemplated the economic headwinds resulting from persistently high inflation, the war in Ukraine, and rising interest rates as the Federal Reserve pivots toward a monetary tightening cycle. At this point, a 50-basis-point hike in the Fed Funds rate is a foregone conclusion. Ironically, this will be the Fed's first 50-basis-point hike since March 2000 during the run-up into the Internet bubble. Current expectations are for several additional rate increases and the start of quantitative tightening this summer. We believe that the Fed is in an unenviable position as it focuses on reducing aggregate demand to gain control of inflation without throwing the U.S. economy into a recession.

Russia also remains at the forefront of investors' concerns after Moscow recently weaponized Russian energy resources by cutting off supplies to Poland and Bulgaria. While Poland and Bulgaria are smaller NATO economies, the worry is that Moscow may eventually target larger European

SECTOR WEIGHTS & PORTFOLIO CHANGES⁽¹⁾

Sector	Ending Weight ⁽²⁾	Change from 3/31/2022	Small Cap Growth Additions & (Small Cap Growth Deletions) ⁽³⁾
Information Technology	32.5%	+1.4%	Grid Dynamics Holdings, SPS Commerce (Napco Security Technologies)
Industrials	19.9%	+2.6%	The Shyft Group
Health Care	14.1%	-3.2%	(Globus Medical)
Consumer Discretionary	13.5%	-0.7%	(Malibu Boats)
Financials	11.4%	+0.2%	
Energy	2.7%	0.0%	
Consumer Staples	2.3%	+0.4%	
Communication Services	2.1%	-0.3%	
Cash	0.9%	-0.1%	
Real Estate	0.8%	-0.3%	
Utilities	0.0%	0.0%	
Materials	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
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TOP FIVE CONTRIBUTORS—SMALL CAP GROWTH

SMPL	Simply Good Foods	2.12%	0.16%
BOX	Box	2.61%	0.13%
GMED	Globus Medical	0.19%	0.04%
FWRD	Forward Air	1.84%	0.01%
UFPI	UFP Industries	1.94%	0.00%

BOTTOM FIVE CONTRIBUTORS—SMALL CAP GROWTH

SITM	SiTime	2.14%	-0.79%
STAA	STAAR Surgical	1.85%	-0.59%
CARG	CarGurus,	2.43%	-0.58%
SHYF	Shyft Group	1.53%	-0.54%
AMED	Amedisys	1.74%	-0.48%

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⁽³⁾Average weights over the presentation period.

Source: Renaissance Research, FactSet

economies, potentially tipping the entire region into a recession. With oil and gas sales accounting for 40% of Russia's revenues, it would be irrational for Russia to risk its most lucrative source of foreign income. Nevertheless, history has shown that ruthless dictators are adept at inflicting immediate pain on perceived enemies, even at the cost of their own peoples' suffering.

April was a difficult month for the Russell 2000 Growth as rising interest rates and fears of an economic slowdown weighed on the index. While the Renaissance Small Cap Growth strategy was also lower, it outperformed the benchmark. All sectors of the index declined during the month with the Consumer Staples and Energy sectors declining the least. Conversely, the Health Care and Communication Services sectors performed the worst. The relative outperformance of the Small Cap Growth strategy was led by our underweight and stock selection in the Health Care sector followed by our stock selection in the Industrials sector. Detracting the most from relative performance was our stock selection in the Real Estate and Communication Services sectors.

Our top contributor during the month was **Simply Good Foods (SMPL)** as the company reported better-than-expected revenues and earnings in the most recent quarter. In addition, management raised guidance for full year revenue growth. Although costs have been rising for the company's nutritional foods and snacks, management has been able to increase pricing to offset some of the inflation. Moreover, another price increase is planned for later in the year. Management's ability to reduce the impact of inflation and sustain strong growth has boosted investor confidence in the company's execution.

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SiTime (SITM) detracted the most from performance during the month as semiconductor stocks, in general, were weak. Investors are concerned that an economic slowdown will have an outsized impact on the cyclical group after years of strong growth. SiTime continues to see above-industry growth and has the opportunity to gain market share in a number of end markets including autos and data centers. We believe the long-term outlook remains bright and are maintaining our position in the company.

A new position added this month was **Grid Dynamics** (GDYN), an IT consulting company that assists enterprises on their digital transformations. The stock came under significant pressure when the conflict in Ukraine began, as over half of the company's workforce was located in either Ukraine or Russia at that time. However, in early April, the company announced that first quarter revenues would be above expectations and that it was ending operations in Russia. The company has done an outstanding job of diversifying its workforce and aggressively expanding it to other locations. The company grew revenues 90% before the conflict started and we believe it can continue to grow as much as 25-30% in the future. After a sharp correction in the stock, we added it to the portfolio.

We exited our position in **Napco Security Technologies** (NSSC) as the company's profitability has been hurt by supply challenges that are currently affecting many enterprises. While the company is doing all it can to alleviate these issues, we cannot be sure when operations will return to normal.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of February 8, 2022 and are subject to change at any time due to changes in market or economic conditions.

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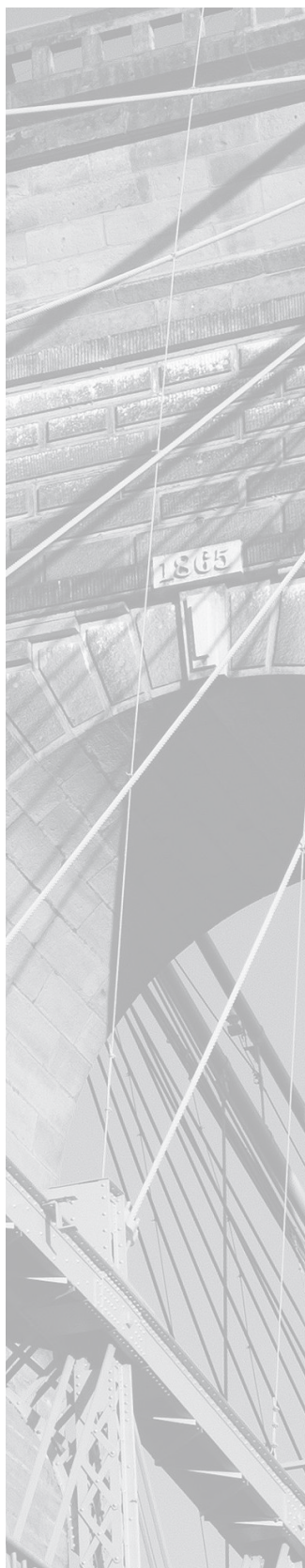
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REFERENCED INDICES

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

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.

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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