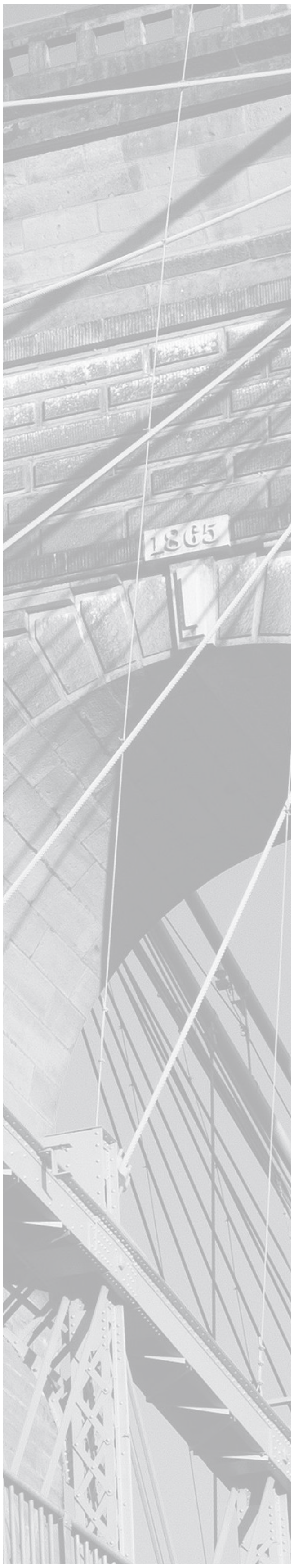
Renaissance®
Investment Management

Month Ending 8/31/2023

Large Cap Growth
Intra-Quarter Commentary—August 2023



In their first decline since February, U.S. equities finished lower in August. Several factors contributed to the market's weakness, including Fitch's downgrade of U.S. government debt and an unexpected increase in supply of government debt after the U.S. Treasury came to market with a larger-than-expected issuance. Bond yields reacted accordingly, with 10-year U.S. Treasury yields spiking to 4.36%, their highest levels since 2007, and 30-year mortgage rates hitting their highest levels since 2001. The rise in mortgage rates resulted in a drop to multi-decade lows in both mortgage loan applications and housing affordability. This is potentially troublesome to future economic growth given that housing contributes approximately 15-18% to the U.S. economy. (*Source: National Association of Home Builders (NAHB)*). Yet, if we've learned anything this year about the near-term predictive ability of economic data points, it is that they are not reliable predictors of stock market performance. Therefore, it was not a complete surprise to see housing prices showing little signs of weakness with the NAHB sentiment index firmly in positive territory and homebuilder stocks nearing all-time highs. The stability of housing prices has vexed many housing professionals and, while we are not experts, we try to adhere to Occam's razor, which states that the simplest explanation is usually the correct one. We believe that the current housing environment simply reflects supply and demand. The fact is, supply has been limited as many homeowners are locked into sub-4% mortgage rates, while over 70 million Millennials are at peak ages to start families. This suggests housing should remain stable unless there is a sudden spike in housing supply.

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 7/31/2023	Large Cap Growth Additions & (Large Cap Growth Deletions)[3]
Information Technology	35.0%	-0.5%	
Health Care	20.6%	0.0%	
Financials	12.4%	+1.8%	
Industrials	9.5%	-1.7%	
Consumer Discretionary	7.6%	+0.2%	
Communication Services	6.1%	+1.7%	Netflix
Consumer Staples	4.9%	-1.2%	(Dollar General)
Energy	2.0%	0.0%	
Real Estate	1.4%	+0.1%	
Cash	0.6%	-0.4%	
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. All accounts in the strategy are invested identically in the same securities unless a client has imposed restrictions. Characteristics and/or holdings on a given date may vary due to pending trades.

(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 represent a portion of the companies held in a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. 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. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at compliance@reninv.com.

Source: Renaissance Research, FactSet

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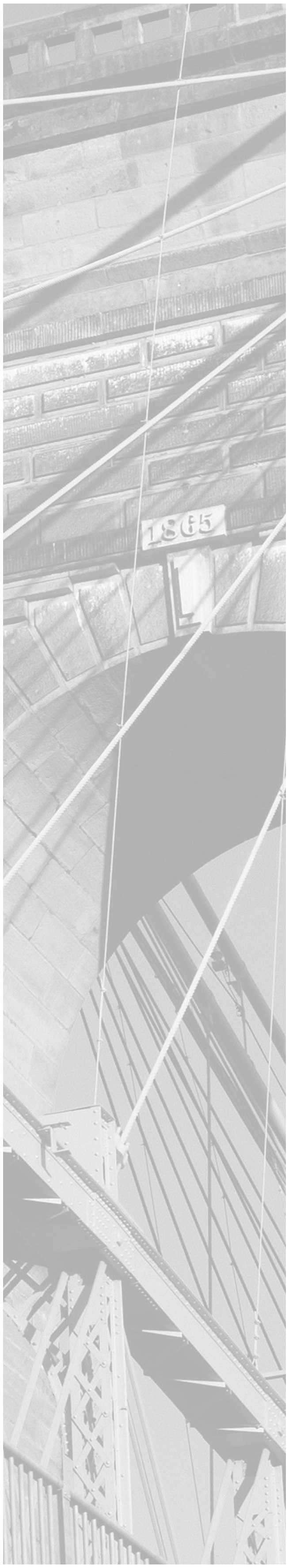

CONTRIBUTORS TO RETURN[1][2]

Ticker	Company Name	Average Weight[3]	Contribution to Return
TOP FIVE CONTRIBUTORS—LARGE CAP GROWTH			
CDW	CDW	1.76%	0.21%
MA	Mastercard	1.86%	0.09%
AMZN	Amazon.com	2.35%	0.07%
DHR	Danaher	1.83%	0.07%
NFLX	Netflix	0.24%	0.07%
BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH			
FTNT	Fortinet	1.47%	-0.41%
KEYS	Keysight Technologies	1.64%	-0.32%
PYPL	PayPal Holdings	1.42%	-0.29%
META	Meta Platforms	1.93%	-0.15%
AAPL	Apple	3.25%	-0.14%

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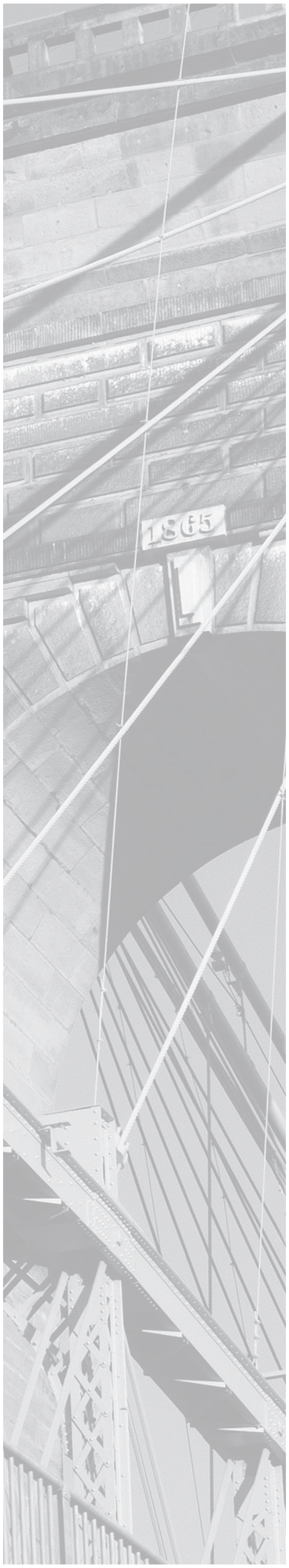
(2) The securities listed should not be considered a recommendation to purchase or sell a particular security. These securities represent the top five and bottom five contributors by weight to the performance of a representative account in this strategy as of the date stated and are intended for informational purposes only. The reader should not assume that investments in the securities identified or discussed were or will prove to be profitable. 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. To request a complete list of holdings recommendations for this strategy over the past year or a list showing the contribution of every holding to the performance of the representative account for the time period stated, please contact Renaissance at compliance@reninv.com.
(3) Average weights over the presentation period.

Sources: Renaissance Research, FactSet

Despite interest rate volatility and bond market turmoil, U.S. stocks rallied in the back-half of August following better-than-expected U.S. economic data that pointed towards a soft-landing scenario for the economy. There were also no surprises following the Federal Reserve's meeting at Jackson Hole, where it remained steadfast in stating that interest rates will remain at heightened levels and that fighting inflation remains its top priority.

Negative economic data began when the Chicago Purchasing Manager's Index (PMI) plunged on rising input prices and supply shortages almost two years ago. This was followed by a decline in consumer sentiment caused by rising prices for food and gasoline along with concerns over the emergence of the Delta Covid variant. Over the past twenty months, economic data has continued to soften, and S&P 500 earnings revisions have been negative. The U.S. economy continues to face several headwinds such as elevated inflation, high interest rates, a weakening consumer, and impacts from quantitative tightening. To say there is a lot of uncertainty in the future would be an understatement, but we remain vigilant in seeking to identify good long-term investment opportunities despite this environment.

For the month of August, the S&P 500 declined 1.6% and the Russell 1000 Growth declined 0.9%. Large-cap stocks outperformed smaller-cap stocks and Growth outperformed Value. Within the Russell 1000 Growth index, notable performance continued to come from some of this year's best-performing mega-cap stocks, with **NVIDIA** (NVDA), **Amazon.com** (AMZN) and **Alphabet** (GOOGL) all outperforming the broader market. However, the largest contributor to the Russell 1000 Growth's performance in August was **Eli Lilly** (LLY) after the company reported strong demand for its weight loss drug. Not surprisingly, Health Care was the largest-



contributing sector to the index's performance, with the Financials sector also delivering solid returns. Meanwhile, the Consumer Staples and Information Technology sectors were the largest detractors from the index's performance. For the month, our performance was in line with the S&P 500 but underperformed the Russell 1000 Growth benchmark.

We made one change to the portfolio in August, adding a new position in the Communication Services sector with **Netflix** (NFLX), the leading streaming video provider, with almost 240 million subscribers worldwide. We are attracted to Netflix's leading market position and believe that the secular growth in streaming video services will continue to support sustainable subscriber growth. The company's recent initiative to prevent password sharing will help reaccelerate subscriber growth following several past quarters of deceleration that was partially driven by tough comparisons stemming from the pandemic-driven growth of 2021. Improving subscriber growth metrics combined with potential price increases next year should position the company to exceed future earnings expectations. Conversely, we sold our position in **Dollar General** (DG) following a deterioration in fundamental factors. We believe the company will face multiple headwinds in the foreseeable future. The weakening macro environment is having a disproportionate impact on Dollar General's lower-income consumers who were caught off guard by lower tax refunds and a reduction in Supplemental Nutrition Assistance Program benefits. Similar to other retailers, the company is also dealing with wage inflation, a reduction in pricing power, and heightened inventory levels. We believe it is likely that these pressures will result in both slowing growth and margin compression.

As we concluded the second quarter's earnings season, our large-cap portfolio holdings reported relatively solid earnings results. In fact, 78% of our portfolio companies exceeded revenue expectations while 93% met or exceeded earnings expectations. In comparison, results for S&P 500 companies remained generally subdued, with a challenging revenue growth environment offset by better-than-expected earnings growth. Overall, 63% of the S&P 500 companies exceeded revenue expectations and 80% exceeded earnings expectations *(Source: FactSet)*. Earnings estimates for 2023 remain challenging and now stand at $220—a significant reduction from the $244 estimate at the beginning of the year (Source: FactSet). With multiple macroeconomic headwinds, we would not be surprised if earnings estimates continue to move lower for the remainder of the year as consumer demand slows and the Federal Reserve remains tighter for longer.

CDW (CDW) was our best performing stock in August. The company reported solid quarterly results driven by strong government spending and a return to normal in enterprise seasonal-purchasing patterns. While revenue growth begins to recover and demand stabilizes, the company remains conservative in its outlook, with consumers becoming increasingly cautious and its core enterprise customers focusing on mission-critical investments. Another strong performer for the month was Amazon.com. The company also reported solid quarterly results despite a generally tough environment for retailers, with strength across all operating segments and improvements in operating margins. Importantly, Amazon Web Services (AWS) continues to see strong demand despite macroeconomic headwinds, with management guiding towards further acceleration in AWS growth in upcoming quarters.

Conversely, **Fortinet** (FTNT) was our worst performer in August despite reporting results that exceeded expectations. Unfortunately, persistent macroeconomic weakness is causing several large customers to defer purchases for network security products. In addition, there is evidence that some customers double ordered in prior quarters, accounting for global supply chain issues, which resulted in higher cancelation rates in Fortinet's backlog. Another underperformer in August was **Keysight Technologies** (KEYS). The company reported solid second-quarter results but weakness in China, partially a function of technology restrictions put in place by the Biden administration, along with continued caution from its enterprise and service provider customers, resulting in another quarter in which orders came in weaker than expected. With the company's backlog returning to normal levels, any further weakness in orders could impact future revenue growth.

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DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of August 31, 2023 and are subject to change at any time due to changes in market or economic conditions.

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.

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REFERENCED INDICES

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

Chicago Manufacturing PMI —The Manufacturing Purchasing Managers' Index (PMI) measures the activity level of purchasing managers in the manufacturing sector. A reading above 50 indicates expansion in the sector, while below 50 indicates contraction.

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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