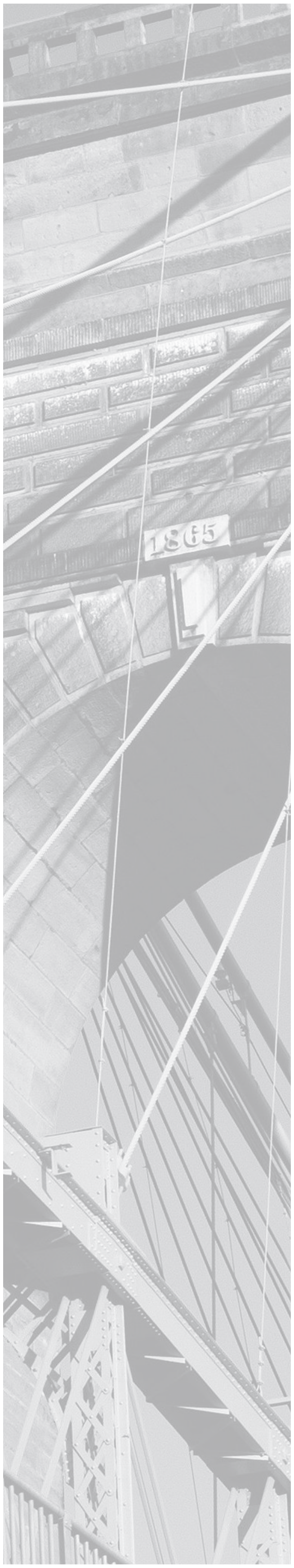
Renaissance®
Investment Management
Month Ending 8/31/2023

Small 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.

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

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 7/31/2023	Small Cap Growth Additions & (Small Cap Growth Deletions)[3]
Information Technology	28.3%	-1.8%	(Grid Dynamics)
Industrials	24.7%	+0.1%	Shoals Technologies Group (Forward Air)
Health Care	15.7%	-0.9%	InMode (Evolent Health)
Consumer Discretionary	13.9%	+0.1%	
Financials	4.8%	+0.4%	
Energy	3.9%	+0.1%	
Consumer Staples	3.9%	+0.1%	
Materials	2.0%	+2.0%	Livent
Real Estate	1.8%	0.0%	
Cash	1.1%	0.0%	
Utilities	0.0%	0.0%	
Communication Services	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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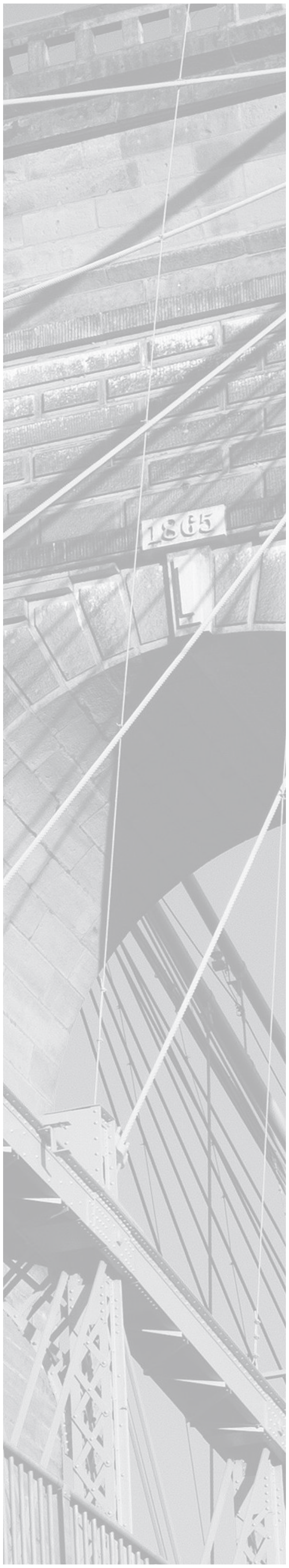

CONTRIBUTORS TO RETURN[1][2]

Ticker	Company Name	Average Weight[3]	Contribution to Return
TOP FIVE CONTRIBUTORS—SMALL CAP GROWTH			
STRL	Sterling Infrastructure	3.18%	1.08%
MTDR	Matador Resources	1.87%	0.26%
QLYS	Qualys	2.11%	0.24%
AXON	Axon Enterprise	1.62%	0.23%
KNSL	Kinsale Capital Group	2.74%	0.19%
BOTTOM FIVE CONTRIBUTORS—SMALL CAP GROWTH			
FWRD	Forward Air	0.87%	-0.85%
PAYC	Paycom Software	1.66%	-0.40%
LNTH	Lantheus Holdings	1.54%	-0.39%
AMN	AMN Healthcare Services	1.96%	-0.39%
SWAV	Shockwave Medical	2.18%	-0.37%

[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] 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

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.

After posting solid gains in June and July, the Russell 2000 Growth Index declined in August. Our Small Cap Growth Strategy outperformed the index for the month of August and remained ahead of the benchmark for the year to date as well. The best performing sector in the index was Energy, as oil prices remained resilient and closed the month near their high for the year. Consumer Staples was the second-best performing sector as a result of the defensive nature of its constituents. Our portfolio's relative outperformance was led by stock selection in both the Information Technology and Industrials sectors. Detracting the most from relative performance was stock selection in Health Care and our underweight position in Energy.

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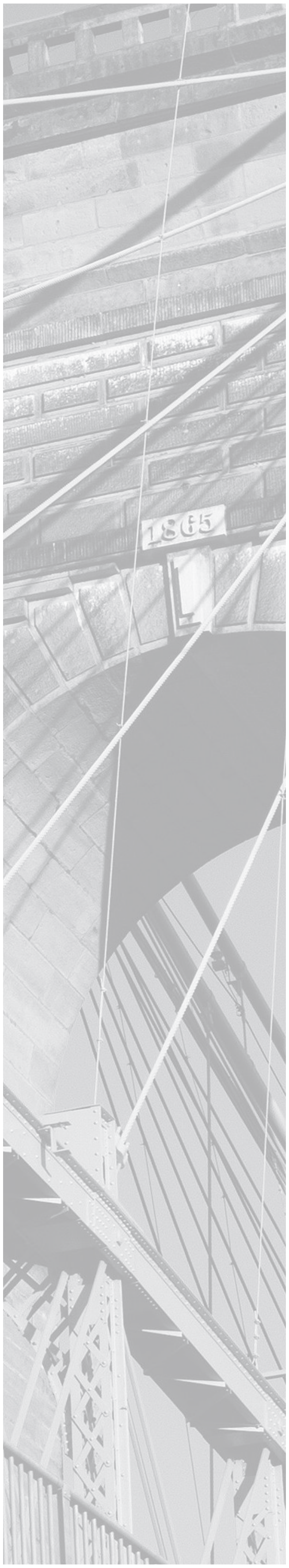

Sterling Infrastructure (STRL) contributed the most to our performance in August as the company reported robust results for the second quarter. Earnings and revenues handily beat expectations and full-year earnings guidance was increased by 20%. The company also reported record bookings in the second quarter for its E-Infrastructure Solutions, driven by next-generation manufacturing and data center projects. In addition, the company saw solid demand and margin improvement in its Transportation and Building Solutions divisions.

Forward Air (FWRD) detracted the most from performance as it announced disappointing earnings results for the second quarter and later announced a major acquisition that significantly changed its revenue mix. While the earnings disappointment caused some weakness in the stock, the acquisition announcement led to a significant decline. With the acquisition, the company is entering the transportation logistics business while moving away from its core trucking operations. The acquisition introduces significant execution risk in the integration of logistics operations, and the company will now be competing with some of its key trucking customers. This rather drastic change in strategy led us to exit our position, as our investment thesis for owning the stock became invalid.

We added a new position in August with **Shoals Technologies Group** (SHLS), a connectivity solutions provider for solar energy fields and EV charging stations. The company has designed "plug-and-play" products that can be installed by customers without the need for a certified electrician. Shoals' products are manufactured in a factory that offers superior quality, reliability, and safety relative to products that are assembled at a job site. Currently, 85% of revenue is derived from the company's solar fields, but its EV charging station revenues are growing rapidly. Similar to its solar field technology, its charging station products are also plug-and-play, allowing for more efficient deployment. Shoals' solutions are agnostic of the provider of the actual charging station and the company estimates potential revenue of $5000 per station, translating into a $3.5 billion additional market opportunity. We see the transition to green energy for the U.S. power grid and the market share growth of EVs as long-term secular growth drivers for the company.

We exited our position in **Evolent Health** (EVH) as earnings revisions have turned negative along with a rising share count due to expanding stock compensation. These issues coupled with a higher valuation made the stock relatively unattractive.

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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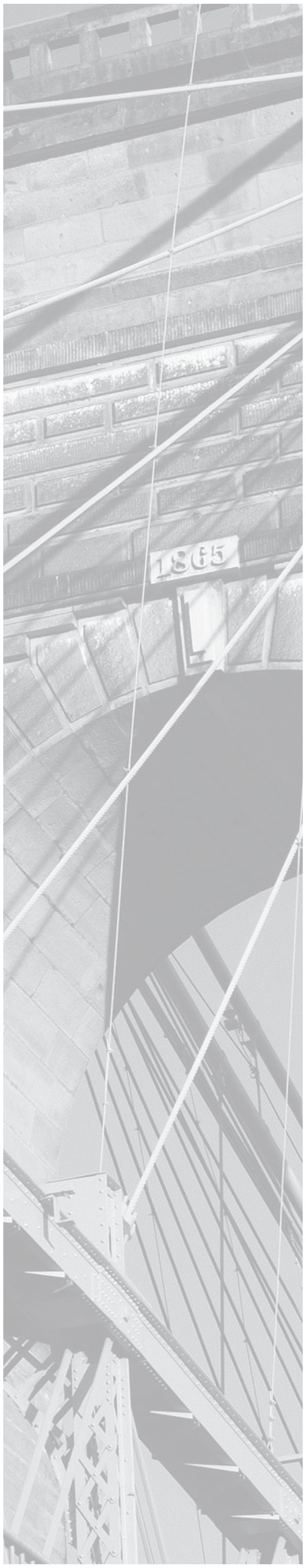

The value of an investment may fall as well as rise. Please note that different types of investments involve varying degrees of risk and there can be no assurance that any specific investment will either be appropriate or profitable for a client or prospective client's investment portfolio. Investor 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.

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 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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