Renaissance®
Investment Management
Quarter Ending 12/31/2023

Large Cap Growth
Quarter-End Review—4Q2023

Stock market investors enjoyed a strong rally over the last two months of the quarter, as the S&P 500 posted a return of 11.7% for the quarter as a whole. Information Technology, Real Estate, and Financials were the strongest performing sectors in the S&P 500, while Energy was the only sector that posted negative returns. Bond prices also exhibited strong gains during the quarter, as the yield on 10-year Treasury bonds declined to 3.89% at quarter-end, compared to 4.57% at the beginning of the quarter. The 10-year Treasury yield ended the quarter at roughly the same level where it started the year, despite rising as high as 5.0% in October.

For the fourth quarter, our portfolio outperformed the S&P 500 and underperformed the Russell 1000 Growth Index, which gained 14.2% during the period. Mega-cap technology stocks and other high-multiple growth stocks continued to drag down our relative performance as we saw a consistent and broad-based rotation into sectors that benefit from a lower-interest-rate environment.

Gartner (IT), a new addition to the portfolio in November, was our strongest performing stock in the fourth quarter. Gartner is a leading research and advisory company that provides objective research on technology, supply chain and digital marketing. The company reported solid operating results driven by its research and consulting segments, as customers continue to view Gartner as a strategic partner in their evaluation of next-generation network decisions. Despite a challenging macroeconomic environment, the stock also reacted positively to the resilience of Gartner's operating model. **Broadcom** (AVGO) was another large contributor to portfolio performance after reporting solid operating results and guidance. The company continues to benefit

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 9/30/2023	Large Cap Growth Additions & (Large Cap Growth Deletions)[3]
Information Technology	36.9%	+2.9%	Gartner
Health Care	19.8%	-1.5%	
Industrials	12.0%	+0.8%	Ferguson (Genpact)
Financials	11.2%	-1.1%	
Consumer Discretionary	7.5%	0.0%	
Communication Services	6.4%	+0.3%	
Consumer Staples	3.1%	-2.0%	(Altria Group)
Energy	1.6%	-0.2%	
Cash	1.6%	+0.9%	
Real Estate	0.0%	0.0%	
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. 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			
IT	Gartner	1.24%	0.66%
AVGO	Broadcom	1.90%	0.62%
MSFT	Microsoft	2.92%	0.57%
CRM	Salesforce	1.87%	0.53%
NFLX	Netflix	1.85%	0.51%
BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH			
BJ	BJ's Wholesale Club	1.54%	-0.13%
G	Genpact	0.76%	-0.11%
MO	Altria Group	0.58%	-0.10%
HUM	Humana	1.66%	-0.09%
ACGL	Arch Capital Group	1.74%	-0.09%

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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

from its leading position in several end markets, including data centers, artificial intelligence, and cloud infrastructure, which boast favorable secular growth trends. Broadcom is also seeing margin expansion and improved visibility, as its mix of software revenues increased following the acquisition of VMWare (VMW). Finally, **Microsoft** (MSFT) outperformed the broader market. Despite an uncertain macro environment, the company is seeing broad-based demand, helped by renewals and market share gains. Importantly, Microsoft's cloud offering continues to deliver strong growth at scale and remains a prime beneficiary from growth in artificial intelligence.

On the negative side, **BJ's Wholesale Club** (BJ) was the weakest performer in the portfolio. While BJ's continues to benefit from membership growth and value-conscious consumers who drive positive traffic trends, same-store-sales metrics remain weak. Similar to what many U.S. retailers have reported, consumers are under increasing pressure which has affected discretionary spending across the entire retail sector. Another underperformer in the quarter was **Genpact** (G). Despite reporting solid third-quarter earnings, revenue growth remains challenging, as a slowdown in corporate IT discretionary spending is causing delays in contract closings and lowering demand from certain verticals. In addition, investors are trying to figure out if new-use cases for artificial intelligence will ultimately disrupt the entire IT services sector. Lastly, **Altria Group** (MO) declined. Recent operating results confirm that volume growth in premium cigarettes has peaked in the U.S., and there are few identifiable growth catalysts in the near-to-medium term. Furthermore, the company's high dividend yield has become less attractive now that short-term U.S. Treasuries are yielding more than 5%. Looking ahead, Altria will continue to face market share losses and deteriorating pricing power. We sold our position in Altria Group during the quarter and used the proceeds from the sale to fund our purchase of Gartner in November.

Most recently, we also added a new position in the Industrials sector with **Ferguson** (FERG), a specialty distributor of plumbing, infrastructure, HVAC, appliances, fire, and fabrication products. The company has a proven strategy of producing industry-leading growth, margin expansion, and market-share gains by bundling value-added solutions that help its customers improve productivity. Ferguson should also benefit from several favorable secular themes such as the reshoring of U.S. manufacturing and increased government support for infrastructure spending through the Infrastructure Investment and Jobs Act. Conversely, we sold our position in **Genpact** (G) following a deterioration in fundamental factors. We believe that the prudent decision is to step aside from our investment until we see evidence of a recovery in corporate IT spending. In addition, the company gave initial 2024 guidance that revealed lower confidence in its ability to achieve double-digit earnings growth in the near term, as recent macroeconomic weakness has resulted in fewer deals and smaller deal sizes overall.

The immediate impetus for the stock and bond market rallies during the quarter was dovish commentary by the Federal Reserve, which suggested that interest rates are likely to be reduced over the course of 2024 and beyond. However, it is doubtful that the Fed would suggest future cuts in interest rates if it weren't for the significant improvement in inflation that occurred over the past year and a half. After peaking at close to 9% in mid-year 2022, the annualized change in the Consumer Price Index (CPI) declined to 3.1% through November--a remarkable drop over such a short period--and continues to move closer to the Fed's stated 2% inflation target. The Fed's preferred measure of inflation, the Personal Consumption Expenditures (PCE) Index, has declined to 2.6%, with the annualized rate over the past six months ending November falling even further to 1.9%.

In December 2022, a story in The Economist stated that 85% of economists polled said that they expected a recession to occur over the next 12 months (i.e., 2023). The fact that the majority of economists proved to be wrong should serve as a cautionary tale to anyone who makes economic projections. In 2023, the financial markets weathered the Federal Reserve's raising of interest rates 11 times over the preceding 18 months to their highest level in over 20 years, weakness in regional banks and a significant bank failure (Silicon Valley Bank), the ongoing war in Ukraine, and the renewed war in the Middle East. Few would have expected that these events would be associated with a 20%+ gain in the stock market, but these results have nonetheless occurred, lending credence to the adage that "the stock market tends to climb a wall of worry".

After the Federal Reserve's Open Market Committee (FOMC) meeting in early November, Fed Chairman Powell stated, "The fact is, the Committee is not thinking about rate cuts right now at all." However, just six weeks later in mid-December, Fed officials forecast a series of interest rate cuts in 2024, with the majority of FOMC officials expecting the Fed Funds rate to fall to 4.6% by the end of 2024. The "real" Fed Funds rate (the Fed Funds rate minus inflation) is at the high end of its range over the past 20 years, which suggests room for rate declines, especially if inflation continues to recede.

The price-to-earnings (P/E) ratio of the S&P 500 based on estimated earnings over the next 12 months rose from 17.9x at the beginning of 2023 to 22.1x by the end of December. This 24% increase, which accounted for virtually all of the S&P 500's gain in 2023, was an unusual occurrence given the increases in short-term interest rates over the year. The median P/E over the past 30 years was 17.9x, and current readings rank in the highest 18% of past periods, suggesting that further increases in the P/E are less likely.

While the market P/E is relatively high, earnings growth for the S&P 500 appears to be transitioning to growth. The fourth quarter of 2023 is estimated to see positive growth after several quarters of negative year-over-year comparisons. Consensus forecasts now suggest double-digit growth in earnings for 2024, which, if achieved, may support further price gains in the market.

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The fourth quarter return for the equal-weighted S&P 500 was virtually the same as the cap-weighted index, but the equal-weighted index lagged the cap-weighted S&P by -12.4% for the year 2023 as a whole, marking the worst relative performance by the equal-weighted index since 1998. The poor performance was a direct result of the outperformance of a relatively small group of mega-cap stocks over the past year. The largest 10 stocks in the S&P 500 accounted for 86% of the overall index return in 2023 and accounted for a record 32.1% weight in the index at year-end, according to JP Morgan. Notably, a similar period of outperformance by mega-cap companies occurred in the late 1990s, followed by strong outperformance by the equal-weighted index over subsequent periods extending out from 3 to 20 years. We continue to believe that a willingness to look beyond the recent mega cap market leaders will result in good relative returns going forward.

We continue to focus our efforts on identifying high-quality companies with good growth opportunities that are selling at reasonable valuations. While the market outlook for 2024 is just as difficult to predict as it was in 2023, we believe that our disciplined investment approach will continue to reward patient investors with good long-term returns.

DISCLOSURES

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

GICS SECTOR INFORMATION

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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.

Personal Consumption Expenditures Index—The Personal Consumption Expenditures (or "PCE") Index Personal Consumption Expenditures (PCE) includes a measure of consumer spending on goods and services among households in the U.S.

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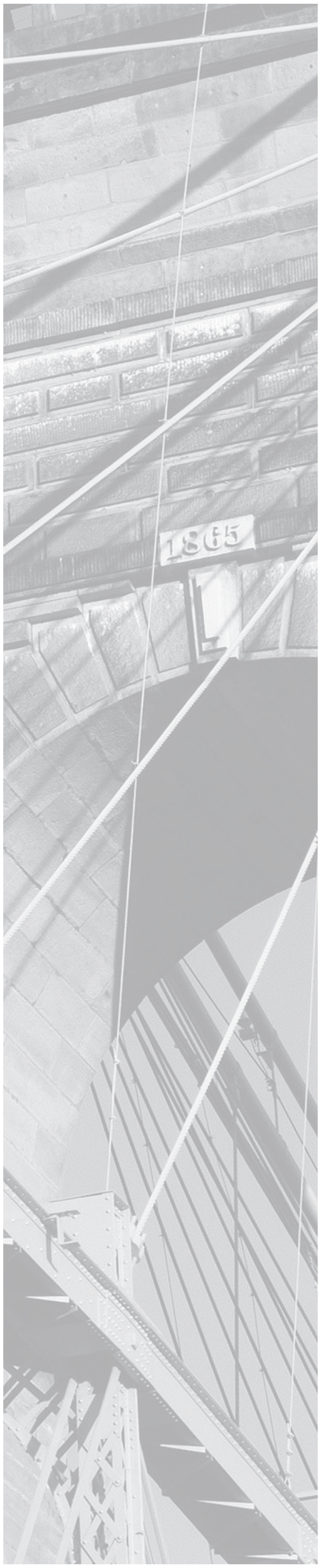

Russell 1000 Growth Index—The Russell 1000® Growth Index is a market capitalization weighted index that measures the performance of those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values.

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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