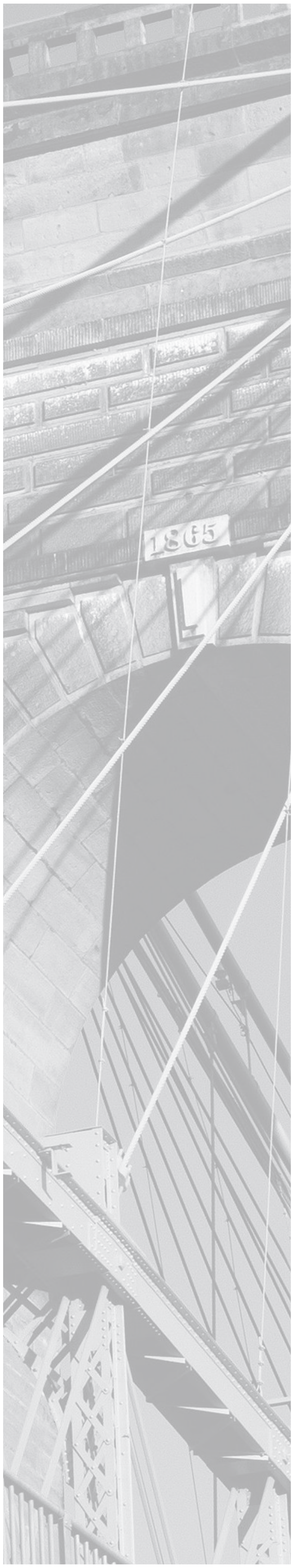
Large Cap Growth
Intra-Quarter Commentary—January 2024



The U.S. stock market started the year on a high note, with the S&P 500 continuing the positive momentum we've seen since the August lows. After a shaky first week, the pace of the rebound accelerated through the rest of the month, driven by increasing certainty that the Federal Reserve has navigated the U.S. economy to a soft landing. The improving inflation data and record high employment, propelled by robust jobs growth and wage increases, alleviated many of the recessionary fears that have been prevalent over the last two years. Meanwhile, the end of the Fed's monetary tightening cycle reduces the risk that rising rates will eventually choke off economic growth. We believe the Fed is following a prudent course given the slowdown in manufacturing, an increase in layoff announcements, and weakness in interest rate-sensitive sectors such as commercial real estate.

Looking ahead, the Federal Reserve has signaled a desire to cut the Fed Funds rate three times in 2024 on expectations that inflation will continue to trend lower toward the Fed's target rate of 2%. What is unknown is the impact of the Fed's prior interest rate hikes which began almost two years ago. We are also unsure if investors are factoring in the potential impact of quantitative tightening and the impact this may have on market liquidity as the Fed continues to reduce its balance sheet.

Overall, the U.S. economy grew a very healthy 3.3% in the fourth quarter of 2023, with job and wage growth remaining strong. Through January, with 35% of S&P 500 companies having reported fourth-quarter earnings thus far, 70% have exceeded revenue expectations and 75% have

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 12/31/2023	Large Cap Growth Additions & (Large Cap Growth Deletions)[3]
Information Technology	36.9%	0.0%	
Health Care	18.2%	-1.6%	(Johnson & Johnson)
Industrials	11.8%	-0.2%	
Financials	11.6%	+0.4	
Consumer Discretionary	7.6%	+0.1%	
Communication Services	6.5%	+0.1%	
Consumer Staples	3.1%	0.0%	Target (Procter & Gamble)
Materials	1.8%	+1.8%	Ecolab
Energy	1.5%	-0.1%	
Cash	1.1%	-0.4%	
Real Estate	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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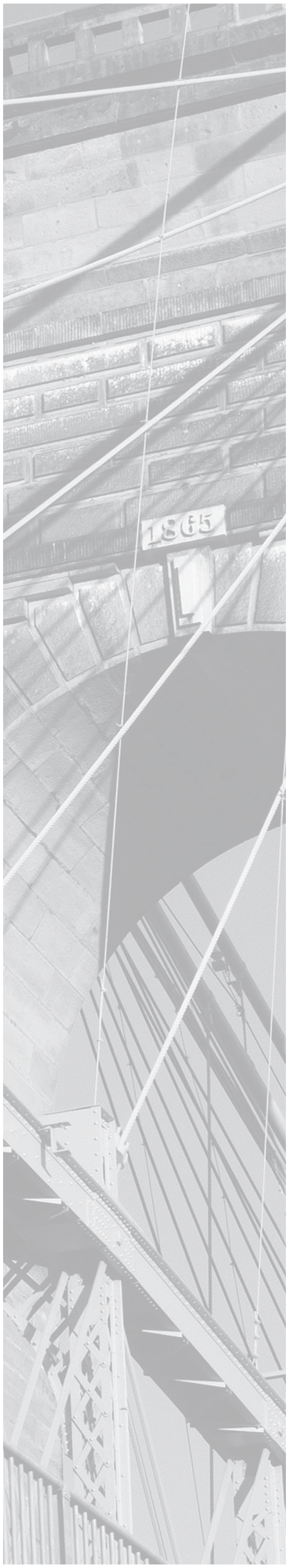

CONTRIBUTORS TO RETURN[1][2]

Ticker	Company Name	Average Weight[3]	Contribution to Return
TOP FIVE CONTRIBUTORS—LARGE CAP GROWTH			
NFLX	Netflix	2.01%	0.30%
COR	Cencora	1.83%	0.23%
HCA	HCA Healthcare	1.72%	0.21%
META	Meta Platforms	1.94%	0.20%
MSFT	Microsoft	3.00%	0.17%
BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH			
HUM	Humana	1.35%	-0.25%
ANSS	ANSYS	1.70%	-0.18%
AAPL	Apple	3.16%	-0.14%
EOG	EOG Resources	1.50%	-0.09%
LMT	Lockheed Martin	1.42%	-0.07%

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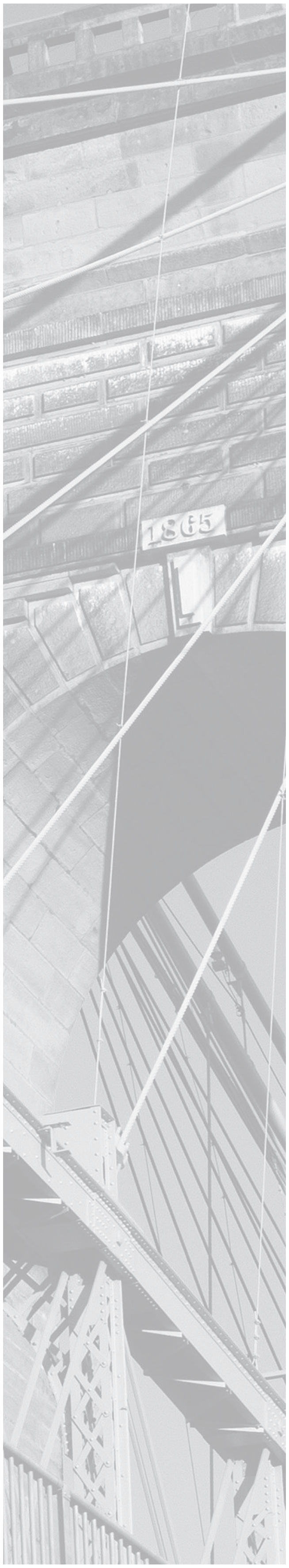
(3) Average weights over the presentation period.

Sources: Renaissance Research, FactSet

exceeded earnings expectations. This is mostly in line with 5-year historical averages of 69% and 77% respectively (*Source: FactSet*). Currently, S&P 500 corporate earnings are expected to grow 11% in 2024. With valuation at the upper end of historical ranges, the S&P 500 is currently trading at a forward 12-month price-to-earnings ratio of 19.9x, above the 10-year average of 17.2x. As such, additional P/E multiples expansion would likely require a line of sight on much better GDP growth in the near to intermediate future.

The Russell 1000 Growth returned 2.5% and the S&P 500 returned 1.7% in January. Growth outperformed Value with the Information Technology and Communication Services sectors providing the largest contributions to January returns. Similar to last year, results were driven predominantly by mega-cap technology and internet stocks. Conversely, the Consumer Discretionary and Real Estate sectors were the largest detractors from performance. Larger-cap stocks outperformed smaller-cap stocks, as investors continued to gravitate toward the mega-cap stocks. For the month, we outperformed both our Russell 1000 Growth benchmark and the S&P 500 Index.

In January, we made a few changes to the portfolio, including the addition of a new position in the Materials sector with **Ecolab** (ECL), a leading provider of chemicals and equipment primarily used for cleaning, sanitation, and water treatment. We are attracted to Ecolab's asset-light model with high recurring revenues and solid pricing power, which results in a value proposition that helps customers lower their total cost of operations. Looking forward, we believe Ecolab could see structurally higher profit margins that are driven by revenue growth, an improving cost inflation environment, and a continuation of the company's value-based pricing model. Conversely, we sold our position in **Johnson & Johnson** (JNJ) following a deterioration in



fundamental factors. We believe the stock could face multiple headwinds in the near to intermediate future. Beginning in 2025, Stelara, a psoriasis and arthritis drug that accounts for almost 9% of revenues, will face new biosimilar competition after its patent expires. In addition, litigation risks related to its talc-based products and various cancers remain a concern. While the company has made progress in reaching tentative agreements with states' attorneys general, efforts to use bankruptcy proceedings to settle the remaining claims continue to face opposition from both plaintiffs and the bankruptcy courts.

Netflix (NFLX) was our best performing stock in January after reporting solid fourth quarter operating results due to new subscriber totals that were much higher than expected. The company continues to benefit from its password sharing crackdown initiated last year. Importantly, subscriber growth was broad based across all regions, demonstrating the power of the company's platform despite a slowing global macro environment. We also like how management continues to focus on profitable growth with expectations for continued margin expansion into 2024. Another strong performer in January was **Meta Platforms** (META). The company also reported solid fourth quarter operating results that saw better performance from its core advertising segment, driven by better overall advertising spending and market-share gains. In addition, usage data across Meta's social media properties continues to accelerate, which allowed the company to issue guidance for the upcoming year that exceeded expectations. We are encouraged by management's continued focus on profitability and capital returns to shareholders, as they announced the first ever dividend for the company.

Conversely, **Humana** (HUM) was our worst performing stock in January. The company is focused exclusively on the Medicare Advantage market, which recently experienced an industry-wide acceleration in medical usage and costs, offsetting any benefits from higher membership growth. The elevated medical usage levels amongst Humana's members is expected to have a significantly negative impact on earnings in both 2024 and 2025 as the company reprices medical policies on a lag. Another underperformer in the month was **Apple** (AAPL). Despite reporting solid operating results where iPhone sales exceeded expectations, investors were focused on the continued deceleration in revenue growth, which is extending to a slowdown in the company's Services segment. In addition, initial guidance for 2024 was below expectations, as Apple will likely experience a continued slowdown in sales in both its iPhone and China businesses.

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Continued

Renaissance®
Investment Management
Month Ending 1/31/2024

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REFERENCED INDICES

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

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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