

Large Cap Growth

Intra-Quarter Commentary—August 2025



With the S&P 500 delivering positive returns for the fourth straight month and marking multiple all-time highs, U.S. equities delivered solid returns in August. However, August was not without drama. The beginning of the month experienced a sharp market sell-off sparked by a surprisingly weak jobs report combined with larger-than-expected negative revisions to both the May and June jobs reports. The disappointing employment figures brought Fed rate cut expectations in September to a near certainty, with additional rate cuts now expected through the end of the year. Remarkably, U.S. stocks quickly rallied back, driven by rate cut expectations and strong corporate earnings, with S&P 500 companies producing earnings growth of 12% for the second quarter, compared to initial expectations of 4.8% (*Source: FactSet*).

There were also no surprises following the Federal Reserve's meeting at Jackson Hole, where Chairman Powell's speech effectively confirmed the first rate cut for September. With core-CPI data continuing to show inflation risk stabilizing, albeit at a higher rate, the Fed is now shifting to the labor market where the weakness in jobs growth may become more problematic. Despite the beginnings of an easing cycle, the U.S. economy still faces several near-term headwinds such as macroeconomic policy uncertainty from the lagged effects of previous tariffs and future reciprocal tariffs, elevated borrowing rates, and a notable weakening in the lower-end consumer. In this environment, we must remain vigilant in identifying good long-term investment opportunities at reasonable valuations.

For the month of August, the S&P 500 gained 2.0% and the Russell 1000 Growth gained 1.1%. The market broadened with the equal-weighted S&P 500 slightly outperforming the cap-weighted index. Small-cap stocks also had their best month since November 2024, outperforming

SECTOR WEIGHTS & PORTFOLIO CHANGES ⁽¹⁾

Sector	Ending Weight ⁽²⁾	Change from 7/31/2025	Large Cap Growth Additions & (Large Cap Growth Deletions) ⁽³⁾
Information Technology	36.7%	-1.0%	
Industrials	14.0%	1.6%	Rockwell Automation
Financials	13.7%	-1.4%	(Arch Capital Group)
Consumer Discretionary	10.1%	2.0%	Ulta Beauty
Health Care	9.7%	0.2%	
Communication Services	9.0%	0.0%	
Real Estate	1.9%	0.2%	
Materials	1.8%	0.1%	
Utilities	1.6%	-0.3%	
Cash	1.5%	0.1%	
Consumer Staples	0.0%	-1.5%	(BJ's Wholesale Club)
Energy	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
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TOP FIVE CONTRIBUTORS—LARGE CAP GROWTH

APP	AppLovin	2.12%	0.44%
HALO	Halozyne Therapeutics	2.02%	0.41%
RCL	Royal Caribbean	2.10%	0.29%
AAPL	Apple	2.45%	0.27%
GOOGL	Alphabet	2.44%	0.26%

BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH

INTU	Intuit	1.81%	-0.30%
IT	Gartner	0.81%	-0.29%
NRG	NRG Energy	1.75%	-0.24%
AMAT	Applied Materials	1.81%	-0.20%
NTNX	Nutanix	1.67%	-0.19%

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⁽³⁾Average weights over the presentation period.

Sources: Renaissance Research, FactSet

large-cap stocks, while Value outperformed Growth. Within the Russell 1000 Growth Index, notable contributors to performance came from some of this year's worst performing sectors, such as Health Care and Consumer Discretionary, while the Financials sector was also a positive contributor to performance, driven by expectations for upcoming interest rate cuts. Meanwhile, the Utilities and Industrials sectors were the largest detractors from the index's performance. For the month, we underperformed both the S&P 500 and the Russell 1000 Growth benchmarks.

We made changes to the portfolio in August, adding a new position in the Consumer Discretionary sector with **Ulta Beauty** (ULTA), a leading retailer of beauty products and salon services. We believe the company is well positioned to see revenue growth reaccelerate following a difficult operating environment in 2024 that saw same-store-sales decelerate and operating margins compress. Importantly, our fundamental analysis indicates that revenue growth expectations are currently too conservative, and we expect the company to exceed analysts' estimates as it executes on its new marketing strategy with a focus on increasing third-party e-commerce sales. In addition, following a recent period of investments in growth, we believe the company can expand operating margins back to historical levels, resulting in positive earnings revisions.

Conversely, we sold our position in **BJ's Wholesale Club** (BJ) following a deterioration in fundamental factors. We concluded that the company achieved our original investment thesis for buying the stock back in September 2022. BJ's has meaningfully grown its membership base and its new store base, while also expanding its operating margins. Looking ahead, our fundamental

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work shows we may be entering a period when same-store sales and new membership growth begin to decelerate, leaving fewer catalysts for positive earnings revisions.

AppLovin (APP) was our best performing stock in August. The company reported solid quarterly results driven by strong mobile gaming trends. AppLovin also demonstrated solid momentum in growing its e-commerce platform, with strong demand from advertisers who want to join the platform. Importantly, data-driven improvements are driving an exponential increase in the amount of data accumulation that is integral to the development and refinement of its artificial intelligence models. Another strong performer for the month was **Halozyne Therapeutics** (HALO). Halozyne also reported solid quarterly results driven by strong royalties from demand for its subcutaneous therapies. In addition, the company expects positive incremental contributions from its new ENHANZE deal, while new product launches, market expansion opportunities and potential acquisitions should continue to drive growth in upcoming quarters.

Conversely, **Intuit** (INTU) was our worst performer in August despite reporting operating results that exceeded expectations, with solid demand coming from both its Credit Karma and Pro Tax segments. However, Intuit's stock reacted negatively after the company gave initial fiscal-year 2026 guidance that was slightly below expectations. Looking ahead, we expect Intuit to execute on its core initiatives in AI, middle-market share gains, and TurboTax Live, to drive near-term growth. Another underperformer in August was **Gartner** (IT). While the company reported second quarter results that exceeded expectations, Contract Value (CV) revenue growth moderated more than expected, as the sales environment for tech vendors experienced a slowdown due to tariffs and delays in federal government expenditures. In addition, there are increasing concerns surrounding the impact of Generative AI and whether it can disintermediate the value of Gartner's proprietary technology research.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of August 31, 2025 and are subject to change at any time due to changes in market or economic conditions.

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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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