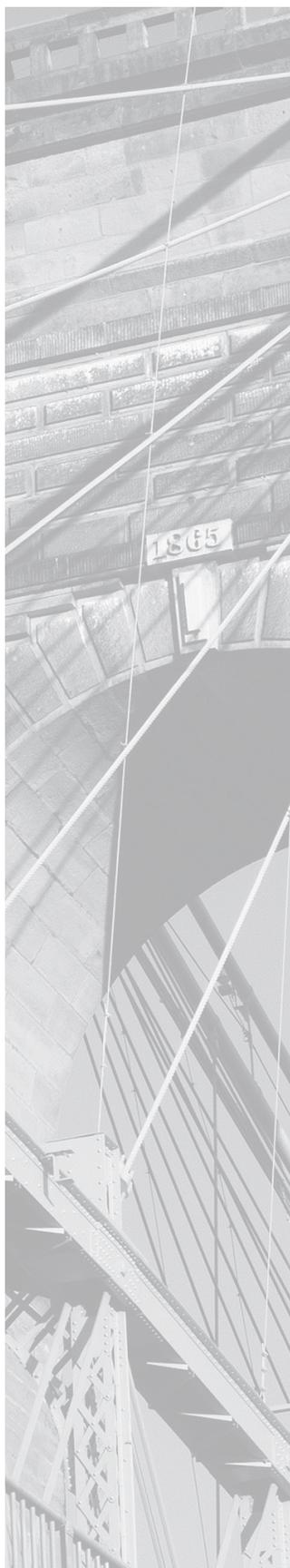


# Large Cap Growth Intra-Quarter Commentary—January 2026



The U.S. stock market started the year on a strong note, with the S&P 500 reaching new record highs. A shaky first half of the month was followed by a rebound, as reported U.S. economic data came in better than expected. Importantly, market breadth improved, with the equal-weighted S&P 500 outperforming the cap-weighted S&P 500, suggesting that market momentum is broadening beyond mega-cap technology companies. Overall, the U.S. economy remains healthy, with stable inflation, steady employment, resilient consumer spending, and improving leading economic indicators.

Meanwhile, the Federal Reserve kept interest rates steady following its January meeting, reducing the risk that inflation will meaningfully re-accelerate. The pause in rate reduction appears to be precautionary, while it also gives the next Fed Chairman, Kevin Warsh, time to chart the future path of the Federal Reserve. We believe that Chairman Warsh was the most logical choice for the role, given his professional connections with Treasury Secretary Scott Bessent. In addition, Chairman Warsh's writings prior to his appointment suggest that he will remain vigilant on the risks of fiscal dominance, U.S. deficits, and currency debasement.

Looking ahead, we remain positive on the stock market, with earnings growth expected to accelerate in 2026 and 2027, driven by elevated sales growth, record margins, and a broadening of contributors outside of mega-cap companies. Near-term, larger tax refunds from the One Big Beautiful Bill Act (OBBBA) could accelerate consumer spending, the largest contributor to U.S. GDP growth.

While macroeconomic conditions and corporate earnings growth remain solid, the last week of January experienced a quick market sell-off in precious metals. Both gold and silver suffered one

## SECTOR WEIGHTS & PORTFOLIO CHANGES <sup>(1)</sup>

Sector	Ending Weight <sup>(2)</sup>	Change from 12/31/2025	Large Cap Growth Additions & (Large Cap Growth Deletions) <sup>(3)</sup>
Information Technology	35.5%	-4.5%	(Adobe, Nutanix)
Health Care	13.0%	0.1%	
Financials	12.4%	0.2%	American Express (PayPal)
Consumer Discretionary	11.7%	1.8%	Carnival
Industrials	10.9%	1.0%	
Communication Services	7.5%	-0.9%	(Pinterest)
Consumer Staples	3.8%	3.8%	Costco Wholesale, The Hershey Company
Real Estate	2.2%	0.1%	
Utilities	1.7%	-0.1%	
Cash	1.5%	0.1%	
Energy	0.0%	0.0%	
Materials	0.0%	-1.6%	(Ecolab)

<sup>(1)</sup> 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.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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](mailto:compliance@reninv.com).

Source: Renaissance Research, FactSet

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## CONTRIBUTORS TO RETURN<sup>(1)(2)</sup>

Ticker	Company Name	Average Weight <sup>(3)</sup>	Contribution to Return
<b>TOP FIVE CONTRIBUTORS—LARGE CAP GROWTH</b>			
LRCX	Lam Research	2.38%	0.70%
AMAT	Applied Materials	2.33%	0.50%
FIX	Comfort Systems USA	2.30%	0.44%
KLAC	KLA	2.65%	0.40%
EME	EMCOR Group	2.08%	0.33%
<b>BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH</b>			
APP	AppLovin	1.60%	-0.54%
PEGA	Pegasystems	1.62%	-0.47%
INTU	Intuit	1.40%	-0.38%
MSFT	Microsoft	2.86%	-0.32%
NOW	ServiceNow	1.19%	-0.31%

<sup>(1)</sup> 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.

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<sup>(3)</sup> Average weights over the presentation period.

Sources: Renaissance Research, FactSet

of the largest single-day collapses in their historic run of gains since the end of last year, a good reminder of how quickly momentum can turn with violent corrections, as stake holders were caught off-guard even in crowded “safe haven” investments.

For January, the Russell 1000 Growth declined -1.5% while the S&P 500 returned 1.4%. Within the Russell 1000 Growth benchmark, the Communication Services and Industrials sectors were the largest contributors to returns, while the Information Technology and Financials sectors detracted the most. Smaller-cap and Value stocks materially outperformed Larger-cap and Growth stocks in January, indicative of the broadening of the market and an early sign that investors are seeking diversification from mega-cap stocks. For the month, we outperformed the Russell 1000 Growth and underperformed the S&P 500.

In January, we added a new position in the Financials sector with **American Express** (AXP), one of the largest credit card issuers. We believe that the successful refresh of the American Express Platinum card, with higher annual fees, and a revenue shift towards higher-fee products could improve earnings visibility going forward. We also believe that the Platinum card’s increasing use of partner-funded card benefits is an under-appreciated margin-enhancing opportunity. We added another new position in the Consumer Discretionary sector with **Carnival** (CCL), the largest cruise operator in the world. The entire cruise industry has recovered from the near-death experience brought on by COVID-related shutdowns, with industry leaders now experiencing record demand and profitability metrics. We like that Carnival targets all segments of the cruise market, offering premium mass-market and international cruise experiences.

Conversely, we sold our position in **PayPal** (PYPL) following a fundamental review. While the stock is trading near historically low valuation metrics, we believe that the company and the entire

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payments sector could face multiple headwinds in the near to intermediate future. Competition remains fierce, suggesting that industry growth has likely peaked. The company has been trying to improve the growth of its high-margin, branded transactions through growth initiatives and acquisitions. However, our patience has limits, and our fundamental analysis does not show much improvement in 2026. We also sold our position in **Nutanix** (NTNX) following a deterioration in fundamental factors and a qualitative review that leaves us troubled by the company's recent revenue recognition delays. While we understand that there are natural timing delays as new customers align migration timelines, earnings estimates could see further negative revisions if the contract delays are not remedied soon.

**Lam Research** (LRCX) was our best performing stock in January after reporting solid fourth quarter operating results. Importantly, Lam offered an upbeat outlook for wafer fabrication equipment growth in 2026, driven by artificial intelligence tailwinds. We believe demand trends will continue and, combined with market share gains, we expect to see upward earnings revisions for the company. Another strong performer in January was **Applied Materials** (AMAT). Similar to other semiconductor equipment companies, the company continues to see broad-based growth across all segments and financial metrics. We believe that strong demand for artificial intelligence semiconductor chipsets, coupled with secular technological transitions and federal stimulus from the CHIPS Act, should continue to provide a favorable backdrop for the company. Finally, **Comfort Systems** (FIX) continues to be a strong performer for us. The stock experienced sound follow-through after reporting solid operating results that showed an acceleration in organic revenue growth and highlighted the company's incremental margin opportunities. Importantly, growth appears sustainable, with a growing business pipeline driven by the buildout of new data centers that run AI applications.

Conversely, **AppLovin** (APP) was our worst performing stock in January. The stock sold off at the end of the month following the beta release of Alphabet's Genie, an AI online gaming platform. While Genie is in its early stages, it is a significantly competitive threat to the gaming industry. A proliferation in AI content should put distribution at a premium, requiring ads to stand out, however, which should benefit self-service ad platforms like AppLovin. Another underperformer in the month was **Pegasystems** (PEGA). Software stocks underperformed in January as investors increasingly viewed large language models such as ChatGPT and AI coding models such as Claude as key disrupters in the software development tools market. We think the sell-off was an overreaction, given that any increase in magnitude and complexity of code creation could make incumbent software providers more critical, as code quality, interoperability, compliance, and security are essential infrastructure elements. **Microsoft** (MSFT) was another underperformer in January despite reporting solid operating results. The stock suffered one of its worst one-day drops after Azure, the company's Cloud offering, saw another quarter of growth below expectations, suggesting Microsoft's growth in Cloud and AI is peaking. While 20%+ growth rates at scale are impressive, growth deceleration remains a headwind for the stock.

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The opinions stated in this presentation are those of Renaissance as of January 31, 2026 and are subject to change at any time due to changes in market or economic conditions.

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*Continued*



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## REFERENCED INDICES

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

**Russell 1000 Growth Index**—The Russell 1000<sup>®</sup> Growth Index is a market capitalization weighted index that measures the performance of those Russell 1000<sup>®</sup> 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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