Renaissance Investment Management
Quarter Ending 3/31/2026

Midcap Growth
Quarter-End Review—1Q2026

Stocks tumbled during the first quarter, with virtually all of the decline occurring in March due to the Iran conflict. Within the S&P 500, the Energy and Materials sectors were notable outperformers, while the Financials and Consumer Discretionary sectors were significant underperformers. Even the Mag 7 stocks that led the market last year dropped an average of 12.2% during the quarter. Bond yields edged up, with 10-year Treasury yields ending March at 4.32% compared to 4.11% at the end of 2025.

In the first quarter, the Russell Midcap Growth Index decreased 6.3%, which largely reflected the challenging environment in March, with the conflict in Iran driving prices throughout the month. The market was broadly weak, with most sectors in the red. Energy was the standout performer due to higher oil prices. Materials and Industrials were the only other positive sector performers in the index, with Industrials partly benefiting from companies tied to AI infrastructure. Despite the increased volatility, our portfolio outperformed the Russell Midcap Growth Index during the quarter, driven by favorable stock selection in Financials, Information Technology, Consumer Discretionary and Consumer Staples. This more than offset an allocation drag from our underweight in Energy.

AI-themed companies led the way during the quarter, with **Keysight Technologies** (KEYS) taking the top spot. The company reported a strong beat-and-raise quarter, with sales, operating earnings, and strong backlog growth that exceeded expectations. AI-related infrastructure demand remained strong, while it was also good to see a broadening in demand across other test and measurement segments. The outlook continues to look promising, although expectations

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 12/31/2025	Midcap Growth Additions & (Midcap Growth Deletions)[3]
Industrials	23.2%	1.1%	
Information Technology	19.0%	-4.9%	(KLA)
Health Care	15.9%	-1.0%	
Financials	13.4%	-1.6%	(Brown & Brown)
Consumer Discretionary	11.3%	3.9%	Carnival, SharkNinja
Consumer Staples	5.8%	2.5%	The Hershey Company
Cash	4.6%	0.7%	
Real Estate	4.0%	-0.3%	
Utilities	1.8%	-0.1%	
Communication Services	1.1%	-0.4%	
Energy	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

CONTRIBUTORS TO RETURN[1][2]

Ticker	Company Name	Average Weight[3]	Contribution to Return
TOP FIVE CONTRIBUTORS—MIDCAP GROWTH			
KEYS	Keysight Technologies	2.13%	0.83%
FIX	Comfort Systems USA	2.32%	0.78%
PWR	Quanta Services	2.38%	0.53%
ODFL	Old Dominion Freight Line	1.91%	0.44%
KLAC	KLA	0.47%	0.42%
BOTTOM FIVE CONTRIBUTORS—MIDCAP GROWTH			
APP	AppLovin	1.78%	-0.95%
SOFI	SoFi Technologies	1.66%	-0.77%
ICLR	ICON	1.38%	-0.67%
IT	Gartner	1.13%	-0.55%
PEGA	Pegasystems	1.55%	-0.52%

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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

have become elevated. **Comfort Systems** (FIX) once again held a top spot among the portfolio's best performers. The company produced another strong report as it continues to benefit from the infrastructure build-out to support AI. Backlog grew significantly and the pipeline of projects remains robust, which bodes well for future growth. **Quanta Services** (PWR) also benefited from the infrastructure build-out to support AI, as results exceeded expectations, including record backlog. The company closed on multiple acquisitions including data centers and high-voltage transmission during the quarter to expand its capabilities and finish a more active year of M&A.

Our bottom performers were more of an eclectic group, led by **AppLovin** (APP). The company had a difficult start to the year despite a strong earnings report. The stock initially saw weakness following the beta release of Alphabet's Genie, an AI online gaming platform that could become a competitive threat to incumbent gaming platforms. Software stocks, in general, started to underperform as the quarter progressed, as investors increasingly viewed large language models such as ChatGPT and AI coding models like Claude as key disruptors in the software development tools market. We think that the sell-off has been 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. **SoFi Technologies** (SOFI) was another large detractor from performance despite a favorable earnings report that exceeded expectations. The company continues to experience favorable traction with customers, as evidenced by healthy new-member growth. However, heightened economic and credit concerns have pressured the stock, which we will continue to monitor. With that said, we continue to like the company's position in the market, and valuation has become more attractive. **ICON** (ICLR) declined meaningfully this quarter following a revelation

of material accounting weaknesses. While the company provided an initial estimate of the impact that appears relatively modest, with no impact on customers, uncertainty will remain until management provides an update in April. The stock has started to rebound, however, and we are encouraged by the improvement in funding and activity among biotech and pharma customers.

During the quarter, we purchased **SharkNinja** (SN)**,** which provides household products and small appliances through its two brands – Shark and Ninja. With a focus on design and innovation, it has acted as a disruptor that has taken share in existing categories, rising to market leadership in multiple categories. The company has a broad product lineup, with a large pipeline of new ideas and plenty of runway in international markets. The risk-to-reward profile is favorable, as the growth potential of double-digit sales and earnings is attractive relative to a high-teens price-to-earnings ratio.

We sold **Brown and Brown (BRO)** following a deterioration in fundamental factors. The company faces a difficult insurance market as premium pricing is under pressure, while it is also experiencing idiosyncratic competitive pressure.

Oil prices surged over 50% during the quarter because of the Iran War. The ripple effects of the oil-price spike included higher bond yields, rising costs for other petroleum-related materials, rising inflation expectations, and falling consumer confidence. As of March 31, the situation remained incredibly fluid, with daily news headlines leading to sharp movements in the market, both up and down. However, oil traders seem to believe that the spike in oil prices will be short-lived. Oil futures prices for nine months ahead are well below current prices and are also below their levels of only two years ago. If these expectations play out, they imply a significant drop in oil prices over the next several quarters.

Value stocks outperformed Growth stocks during the quarter, continuing a trend that began late last year. The extraordinary developments relating to artificial intelligence (AI) and technology along with increasing adherence to momentum strategies on the part of some investors helped propel many growth stocks to exceptionally high valuations over the past several years. As investors have focused more on valuation in recent months, Value stocks have staged a comeback. We continue to believe that consideration of valuation in addition to growth metrics is key to achieving good, risk-adjusted returns over the long term and is likely to be particularly effective today.

Elevated oil prices are clearly not positive for economic growth, as higher energy costs can negatively impact consumer spending and corporate profitability. Nevertheless, the United States has become markedly more efficient in its energy use over the past several decades. As the country has moved from a manufacturing-oriented economic base to a more service-related economy, the relative amount of energy consumed has steeply declined from the levels of the 1970s and early 1980s. Efforts toward energy efficiency and conservation have also reduced energy consumption. As a result, a surge in oil prices similar to the surge we experienced in the 1970s and 1980s is unlikely to result in the same level of negative economic effect as it did then.

Inflation expectations have risen as the surge in oil prices have led to higher gas prices and transportation costs. Trailing 12-month inflation through February was only 2.4%, but expectations for the 12 months ending March 31 are currently above 3%. Fed Chairman Powell stated in late March that he sees inflation expectations as “still grounded” despite rising energy prices, and therefore the central bank did not need to respond with higher interest rates. However, market expectations at the beginning of the year were for the Fed’s targeted Fed Funds rate to decline meaningfully. Tracking those same expectations as of the end of March suggests that market participants no longer expect a significant decline in the rate this year.

Earnings expectations for S&P 500 companies have been in a strong uptrend for calendar years 2026, 2027, and 2028, and have continued to rise even after the onset of the Iran War. Some

estimates suggest that if oil prices continue near current levels over the next year, there might be a roughly 5% negative impact on overall S&P 500 earnings (Source: Jeffries). We expect that the upward momentum in earnings forecasts may falter over the next several months given recent events but underlying earnings remain strong.

While we remain cognizant of the possible market risks in the current environment, we also remain alert to investment opportunities emerging from the first meaningful market decline of the past several years.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of March 31, 2026 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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REFERENCED INDICES

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

Russell Midcap Growth Index—The Russell Midcap® Growth Index measures the performance of the Russell Midcap 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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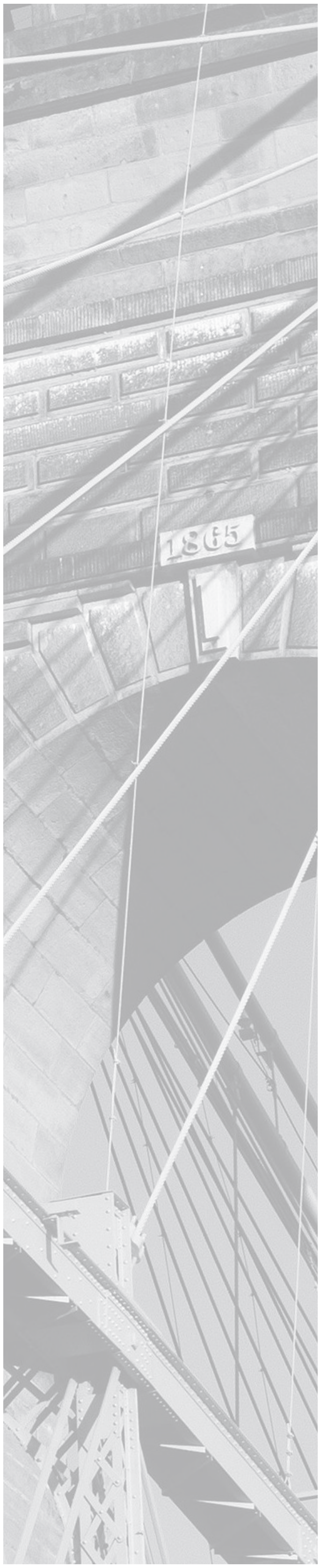

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