Renaissance®
Investment Management
Quarter Ending 6/30/2026

Midcap Growth
Quarter-End Review—2Q2026

Stocks posted strong returns during the second quarter, bouncing back from their decline in the first quarter. The market advance in April and May was led by a small group of mega-cap technology stocks, but many of those stocks faltered in June. Even so, Information Technology was the best performing sector for the quarter, along with Industrials and Financials, while the Energy, Utilities, and Consumer Staples sectors underperformed. Bond yields crept up slightly, as the 10-year Treasury yield finished at 4.44% in June, compared to 4.32% at the end of March.

In the second quarter, the Russell Midcap Growth Index rebounded strongly following a decline to start the year. The index increased 14.5%, with broad strength across sectors led by high momentum and higher beta stocks. Information Technology and Industrials were the standouts, as the sectors benefited from a continuation of the AI theme, while Energy was the only sector that declined following favorable news on the Iran war that drove energy prices lower. Our portfolio underperformed the Russell Midcap Growth Index during the quarter, driven by unfavorable stock selection in Information Technology, Industrials, Financials, and Consumer Staples. This more than offset a favorable benefit from underweights in Consumer Discretionary and Energy.

AI-themed companies continued to lead the way, with **Comfort Systems** (FIX) and **Quanta Services** (PWR) once again taking top spots among the portfolio's best performers. The companies reported very strong beat-and-raise quarters, with sales, operating earnings, and backlog growing strongly and exceeding expectations. They were joined by **Jabil Services** (JBL), which also reported a strong beat-and-raise quarter. All of these companies are benefiting from the

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 3/31/2026	Midcap Growth Additions & (Midcap Growth Deletions)[3]
Industrials	23.8%	0.6%	
Information Technology	20.5%	1.5%	
Health Care	17.1%	1.2%	
Consumer Discretionary	13.1%	1.9%	Expedia
Financials	10.9%	-2.5%	(Houlihan Lokey)
Consumer Staples	4.9%	-0.9%	
Real Estate	4.0%	0.1%	
Cash	2.5%	-2.1%	
Utilities	1.7%	-0.1%	
Communication Services	1.4%	0.3%	
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			
FIX	Comfort Systems USA	3.22%	1.12%
JBL	Jabil	2.76%	1.01%
PWR	Quanta Services	3.17%	0.83%
SN	SharkNinja	1.87%	0.75%
APH	Amphenol	1.86%	0.68%
BOTTOM FIVE CONTRIBUTORS—MIDCAP GROWTH			
PEGA	Pegasystems	1.28%	-0.47%
TW	Tradeweb Markets	1.96%	-0.33%
HSY	Hershey	1.89%	-0.32%
LOPE	Grand Canyon Education	1.74%	-0.30%
PTC	PTC	1.33%	-0.30%

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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

infrastructure build-out to support AI, and the outlook continues to look promising. With that said, expectations have become elevated.

The bottom contributors to our performance were more of an eclectic group led by **Pegasystems** (PEGA), which produced a disappointing quarter in which the company missed across key metrics at the same time software companies were under pressure over AI competition concerns. While management believes the shortfall was primarily timing related and maintained full year guidance, it increases the risk of missing guidance. Valuation is attractive at a low double-digit price-to-earnings ratio if the company can achieve expected double-digit sales and earnings growth, but it will need to deliver better results than those reported in the most recent quarter. **Tradeweb Markets** (TW) was another large detractor from performance despite a favorable earnings report that exceeded expectations and favorable monthly updates since. The recent weakness partly reflects investor concerns that slowing share gains and fee pressure in the credit market will impact growth against a premium valuation. While we are monitoring these concerns, we like the secular theme of trading electronification, international opportunities, and the company's competitive position and are encouraged by the resumption of share gains recently. Finally, **Hershey** (HSY) declined as guidance was unchanged despite healthy upside to quarterly results. While management may be conservative, better-than-expected results partly reflect timing, which implies that sales will decelerate for the remainder of the year. Additionally, the Iran conflict and weather concerns led to an increase in cocoa prices, partially reversing a sizable decline in the first quarter, while at the same time, investors rotated away from defensive stocks. Valuation has pulled back to an attractive level, and we continue to like the company's earnings potential over the next couple of years as margins recover.

Activity was light this quarter, with **Expedia** (EXPE) the only addition to the portfolio following a pullback in the stock. The company is the largest online travel company in North America, which includes a portfolio of brands such as Expedia, Hotels.com, Vrbo, Orbitz, and Hotwire. It is also the world's largest provider of business-to-business booking services. Management has done a good job expanding margins, which still have room to improve, against the backdrop of a favorable travel environment that should support healthy sales. The risk-to-reward profile is favorable, as the double-digit growth potential of earnings is attractive relative to a low double-digit price-to-earnings ratio.

We sold **Houlihan Lokey** (HLI) following a deterioration in fundamental factors. While the company is positioned well in its markets, activity in the capital markets has not lived up to our expectations, partly reflecting geopolitical uncertainty and challenges in the software industry. As such, estimates have trended lower this year, and we moved to the sidelines until we have greater conviction that activity will accelerate.

The clear impetus for the second quarter market rally was the agreement between Iran and U.S. to end the Iran/U.S. war which led to the subsequent sharp decline in oil prices. As of this writing, the details of the understanding between Iran and the U.S. remain uncertain, with negotiations still ongoing. While oil prices have tumbled as oil shipments have resumed, prices for gasoline, fertilizer, chemicals, and other oil-related products will likely remain higher than normal for some time. Still, the decline in energy costs is clearly positive for both the stock market and the economy.

The most recent reading of the core personal consumption price index, the Fed's primary inflation gauge, showed an annual rate of inflation of 4.1%, the highest since April 2023, well above the Fed's stated 2% target. On the positive side, consumer spending rose 0.7% in May, which was higher than expected. In addition, GDP growth for the first quarter was revised up to 2.1%, 0.5% higher than prior estimates.

We are encouraged by the apparent resolution of the war, as well as by the increasing number of stocks participating in the stock market advance recently. We remain focused on identifying high-quality stocks that exhibit both good growth characteristics and attractive valuations, and we believe that our portfolio represents very good investment opportunities at current levels.

At the beginning of the year, consensus expectations were for the Federal Reserve to reduce interest rates through 2026, particularly as President Trump had an opportunity to replace Fed Chairman Powell with a more dovish nominee at mid-year. However, these expectations have not been met, largely due to the surge in inflation caused by the war in Iran. In addition, the new Fed Chairman, Kevin Warsh, has made unexpectedly hawkish comments, emphasizing an "unambiguous" commitment to 2% inflation (currently at 4.1%), and repeatedly stating that the Fed will "deliver" on that objective. As a result, consensus expectations for the Fed Funds rate are flat to slightly higher over the next twelve months.

Earnings expectations for S&P 500 companies have continued to be revised upward in recent months. Compared to estimates as of the beginning of the year, consensus estimates for earnings in calendar years 2026, 2027, and 2028 have all been revised upward by double-digit percentages. Much of the increase in estimates is due to strong profit trends among Technology and Energy companies, but the overall breadth of estimate revisions has been strong as well.

While the most recent data on inflation is concerning, market expectations for future inflation have tumbled, largely due to falling oil prices. The five-year breakeven inflation rate is the average annual inflation rate that the bond market expects over the next five years, and recent figures indicate growing confidence in an inflation rate decline. This may give the Fed more confidence in interest rate reduction in the future, even if the current level of inflation remains above the Fed's target.

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While the stock market is at all-time highs, within the market, high momentum stocks (stocks with strong past price performance) have significantly outperformed, while high quality stocks (stocks with steady profits and strong balance sheets) have lagged. Investors who have focused on stocks with strong price momentum have enjoyed a bonanza of excess returns since President Trump's "Liberation Day" announcement of sweeping global import tariff policies on April 2 last year, while those who have focused on high-quality stocks have suffered in terms of relative return.

Quality factors may tend to lead to mediocre performance during periods of market exuberance, but we believe that they contribute to good risk-adjusted returns over time when employed along with other measures, including Momentum. Markets are cyclical, and we would caution investors not to ignore measures of financial strength and quality in their portfolios, even as the market has surged in recent months.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of June 30, 2026 and are subject to change at any time due to changes in market or economic conditions.

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

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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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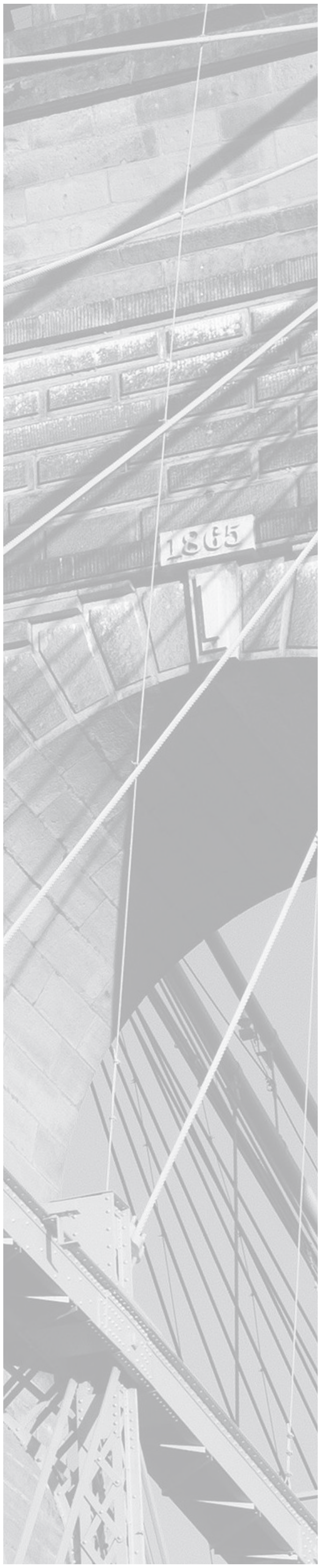

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