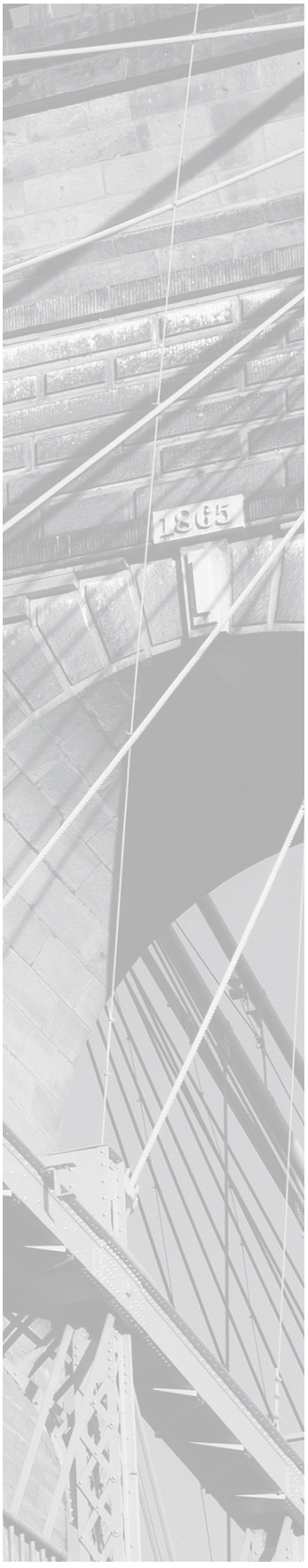
Renaissance®
Investment Management
Quarter Ending 9/30/2026

# Midcap Growth
## Quarter-End Review—3Q2026




Stocks eked out a small gain during the third quarter, with the S&P 500 returning 2.3%. Energy, Technology, and Health Care outperformed, while Utilities, Industrials, Real Estate, and Consumer Discretionary posted negative returns. The S&P 500 Index ended the quarter just 1.9% below the all-time high reached on August 13, but market breadth during the quarter was extremely narrow. The average stock in the index finished the quarter 20.9% below its 52-week high, and more than 22.9% of index constituents closed at least 30% below their 52-week highs.

In the third quarter, the Russell Midcap Growth Index gave back some of the gains generated in the second quarter. The index declined 5.8%, as a rebound in oil, higher interest rates, and concerns over the sustainability of AI infrastructure spending weighed on sentiment. Market breadth was narrow, as Industrials, Utilities, Communication Services, and Consumer Discretionary experienced double-digit declines. Energy was the standout performer, with Health Care also a solid contributor, which reflects a more defensive market posture. The strategy outperformed the benchmark, supported by favorable stock selection in Industrials, Health Care and Consumer Discretionary.

The top performing holdings this quarter benefited from favorable quarterly results despite uncertainty surrounding their businesses. **Veeva Systems** (VEEV) was our top contributor in the second quarter. The company reported solid earnings, benefiting from accelerating revenue growth and margin expansion driven by strength across the business. We are encouraged by the company's AI platform commentary and multiple top-20 CRM wins during the quarter,

## SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

| Sector | Ending Weight[2] | Change from 6/30/2026 | Midcap Growth Additions & (Midcap Growth Deletions)[3] |
|---|---|---|---|
| Information Technology | 23.2% | 2.7% | ON Semiconductor, Autodesk (Pegasystems) |
| Industrials | 21.2% | -2.6% | IES Holdings (Copart, Lennox International, Carlisle) |
| Health Care | 19.6% | 2.5% | Centene |
| Consumer Discretionary | 11.7% | -1.4% | |
| Financials | 9.0% | -1.9% | (Kinsale Capital, Arch Capital) |
| Real Estate | 4.0% | 0.0% | |
| Cash | 3.4% | 0.9% | |
| Consumer Staples | 2.7% | -2.2% | (BJ's Wholesale Club) |
| Communication Services | 2.4% | 1.0% | |
| Energy | 1.7% | 1.7% | TechnipFMC |
| Utilities | 1.1% | -0.6% | |
| 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*

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## CONTRIBUTORS TO RETURN[1][2]

| Ticker | Company Name | Average Weight[3] | Contribution to Return |
|---|---|---|---|
| **TOP FIVE CONTRIBUTORS—MIDCAP GROWTH** | | | |
| VEEV | Veeva Systems | 2.04% | 0.98% |
| HALO | Halozyme Therapeutics | 2.50% | 0.77% |
| NTNX | Nutanix | 1.76% | 0.53% |
| DT | Dynatrace | 1.77% | 0.48% |
| IT | Gartner | 1.38% | 0.34% |
| **BOTTOM FIVE CONTRIBUTORS—MIDCAP GROWTH** | | | |
| APP | AppLovin | 1.42% | -0.84% |
| JBL | Jabil | 2.47% | -0.75% |
| NRG | NRG Energy | 1.39% | -0.55% |
| FIX | Comfort Systems USA | 2.88% | -0.53% |
| ODFL | Old Dominion Freight Line | 1.85% | -0.37% |

[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] 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*

which should help dispel some of the competitive fears that had plagued the stock. **Halozyme Therapeutics** (HALO) was the next largest contributor this quarter. Halozyme reported solid second quarter operating results driven by strong royalties from demand for their subcutaneous therapies, with recent product launches starting to scale. We expect revenue momentum to continue, supported by additional product launches, market expansion opportunities, and potential acquisitions in upcoming quarters. **Nutanix** (NTNX) was another meaningful contributor. Quarterly results exceeded all guided metrics, supported by solid underlying demand and bookings momentum. Guidance remained conservative due to supply chain constraints and geopolitical uncertainty, but the company is executing well following a revenue recognition timing hiccup late last year and is benefiting from a long-term market share opportunity.

The worst performing holdings in the portfolio were AI-themed companies, marking a reversal from recent quarters, when they had consistently been among the top contributors to performance. **AppLovin** (APP) was the worst performer, which reflects a disappointing quarter and concerns of increased competition. While management believes the shortfall is temporary and reflects the normal ebb and flow of its model performance, the market is taking a more skeptical view. Valuation is attractive at a mid-teens price-to-earnings ratio if the company can achieve expected double-digit sales and earnings growth, but it needs to deliver better results. **Jabil** (JBL) was another large detractor from performance despite a favorable earnings report that exceeded expectations. The recent weakness reflects investor concerns that AI spending growth may be peaking, which is not unique to Jabil. While demand remains strong and we are comfortable with our position, we continue to monitor this risk. Finally, **NRG Energy** (NRG) faced a few headwinds this quarter that weighed on sentiment and results, including higher interest rates,

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adverse weather, and data center regulatory concerns. We believe some of these headwinds are transitory, and the company's earnings potential over the next several years is attractive given the increasing demand for power in the US. Valuation has pulled back to an attractive level, with the company trading at 10x 2027 EPS despite the potential for double-digit earnings growth.

Portfolio activity increased this quarter as we took advantage of pullbacks in several companies to enhance the portfolio's profile. One such purchase was **Autodesk** (ADSK), a leader in design software that supports architects, manufacturers, engineers and digital media creators. The company has expanded its addressable market, most recently through the acquisition of MaintainX, which moves the company into physical asset operations and provides a more complete solution to drive productivity throughout the asset's lifecycle. Recent weakness in the share price reflects concerns over AI displacement and higher interest rates, which could impact the company's cyclical end markets. However, we believe the current valuation of 17x 2027 EPS reflects a favorable entry point, given that Autodesk is a "Rule of 50" company with double-digit sales growth, a high proportion of recurring revenue, and very healthy margins. We are also encouraged by recent M&A activity in the industry, which supports the view that design software will continue to play an important role in an AI-driven world.

We sold **Copart** (CPRT) following a deterioration in fundamental factors. The company is facing a challenging insurance environment at a time when competition has intensified. Earnings growth has collapsed, and earnings estimates are trending lower. While the company still holds a strong market position, the environment remains too challenging, and the timing of any recovery is too uncertain.

Bonds posted significantly negative returns during the quarter as the yield on the 30-year U.S. Treasury rose to its highest level since 2007. The rise in government bond yields was not limited to the United States; yields in Japan, the United Kingdom, France, and Germany also increased sharply. Deteriorating fiscal outlooks contributed to the rise in yields, as many governments continued to run large deficits while spending increasing sums on defense and aging populations. Higher energy prices resulting from the war with Iran also pushed inflation above where it otherwise might have been. In addition, the AI investment boom affected credit markets as hyperscalers and other companies issued substantial amounts of debt to finance data centers and related infrastructure, increasing competition for the global pool of savings.

Although bond yields may appear high relative to recent history, the true outliers were the unusually low yields that followed the 2008 Global Financial Crisis and culminated in yields below 1% during the COVID-19 pandemic. From 1990 through 1999, the 30-year U.S. Treasury yield averaged 7.0%, compared with 5.6% today. Despite those higher average yields, the S&P 500 generated an annualized total return of 18.2% during the decade, suggesting that stocks can still deliver attractive returns in a higher-yield environment.

On September 16, the Federal Open Market Committee unanimously voted to raise the federal funds target range by 25 basis points, marking the first rate increase since 2023. Federal Reserve Chair Warsh characterized the increase as "the removal of some accommodation," language that may suggest additional rate increases. The economy appears to be growing faster than the Fed had expected, and the labor market remained robust. At the same time, inflation remains stubbornly above the Fed's 2% target, helping to motivate the Fed's decision. Market expectations for the future path of short-term interest rates have risen significantly during the year, with futures prices as of September 30 implying a federal funds rate of approximately 4.78% in 2027.

Through the second quarter, S&P 500 earnings increased approximately 52% year-over-year, according to FactSet—a remarkable result. However, the index's reported earnings were boosted by mark-to-market investment gains, particularly those recorded by Alphabet and Amazon on their holdings in SpaceX and Anthropic. Excluding those gains, Reuters estimated that S&P

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500 earnings still grew by approximately 33%. The increase in corporate profitability led analysts to continue raising index earnings estimates, including those for calendar years 2027 and 2028, providing a favorable fundamental backdrop for the market.

Earnings growth expectations remained strong, but the outlook for free cash flow has been less uniform. Historically, the Magnificent 7 generated substantial free cash flow through highly profitable, capital-efficient business models. Over the past 18 months, however, elevated spending on AI and data centers constrained free-cash-flow growth as capital expenditures consumed a larger share of operating cash flow.

In contrast, free-cash-flow growth is expected to strengthen across the broader market as earnings growth expands. Companies in electrical equipment, power generation, construction, semiconductors, HVAC, and industrial automation have benefited from AI-related investment. As cash-flow prospects improved across a wider range of companies, the case for broader market leadership continues to strengthen.

## DISCLOSURES

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

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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.)*

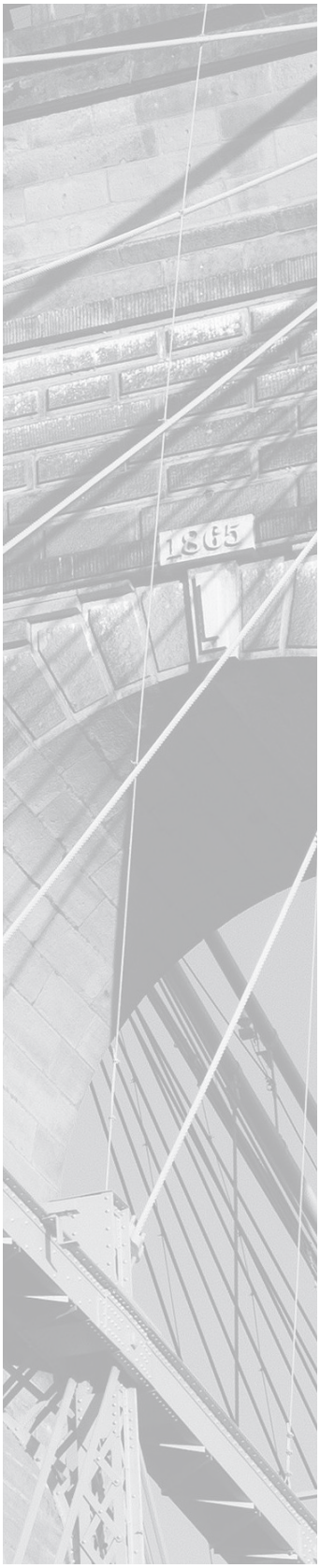
**Russell Midcap Growth Index**—The Russell Midcap® Growth Index measures the performance of the Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values.

**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.

*Continued*

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