Large Cap Growth
Quarter-End Review—4Q2024

In the fourth quarter, U.S. stocks produced solid returns, with the S&P 500 seeing positive results for the fifth consecutive quarter. Stocks experienced a strong rally following the election of President Trump on expectations of a more favorable environment for corporate earnings growth. However, the enthusiasm was tempered in December following hawkish commentary from the Federal Reserve, which curtailed rate cut expectations for 2025.

The past two years have been among the strongest back-to-back periods of stock market gains in the past quarter-century. However, the breadth of the market has been unusually narrow, as only 26.0% of the stocks in the S&P 500 outperformed the overall index in 2024, even lower than 2023's figure of 27.0%. The S&P 500 on an equal-weighted basis posted a return of 13.0% for 2024, far below the cap-weighted return of 25.0%.

The last time the market experienced two back-to-back years of such poor breadth was in 1998–1999, a period similar to today, when technology stocks significantly outperformed the rest of the market. The 1998–1999 period was followed by wider market breadth over the following years. We believe that the current investment environment presents similar potential for wider market breadth going forward. While technology stocks remain the largest portion in our portfolio, we continue to find good investment opportunities in other areas of the market as well.

For the fourth quarter, the Russell 1000 Growth returned +7.1% and the S&P 500 returned 2.4%. Large cap stocks outperformed mid and small-cap stocks and Growth materially outperformed Value. Returns were largely driven by a narrow group of mega-cap technology stocks, as enthusiasm for stocks with exposure to artificial intelligence (AI) remains unabated. In contrast,

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 9/30/2024	Large Cap Growth Additions & (Large Cap Growth Deletions)[3]
Information Technology	33.9	-0.7%	Jabil (Applied Materials, Lam Research)
Industrials	14.7	+4.4%	Booz Allen Hamilton, Comfort Systems USA, Uber Technologies
Financials	14.1	+0.4%	Apollo Global Management (WEX)
Consumer Discretionary	11.2	-0.7%	(Airbnb)
Communication Services	8.8	+2.4%	Pinterest
Health Care	8.6	-2.3%	Cardinal Health (The Cigna Group, Danaher)
Materials	4.7	-0.7%	
Real Estate	1.7	-0.1%	
Consumer Staples	1.6	+0.1%	
Cash	0.7	-1.2%	
Utilities	0.0	0.0%	
Energy	0.0	-1.5%	(EOG Resources)

(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—LARGE CAP GROWTH			
APP	AppLovin Corp. Class A	2.73%	2.74%
AVGO	Broadcom Inc.	2.64%	0.80%
RCL	Royal Caribbean Group	1.91%	0.53%
NFLX	Netflix, Inc.	2.15%	0.48%
AMZN	Amazon.com, Inc.	2.56%	0.40%
BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH			
HCA	HCA Healthcare Inc	1.48%	-0.46%
BAH	Booz Allen Hamilton Holding Corporation Class A	0.70%	-0.42%
ICLR	ICON Plc	1.16%	-0.40%
KLAC	KLA Corporation	1.53%	-0.33%
UBER	Uber Technologies, Inc.	0.61%	-0.31%

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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

the broader market was much weaker, with interest-rate sensitive sectors such as Real Estate and Utilities underperforming along with defensive sectors like Health Care and Consumer Staples. For the fourth quarter our portfolio outperformed the S&P 500 and underperformed the Russell 1000 Growth.

AppLovin (APP) was our strongest performing stock in the fourth quarter. Early indications from third-party advertising agencies are further confirming that AppLovin's e-commerce platform is producing solid returns on targeted advertising spending. Momentum in growing its software advertising platform signals the company's ability to diversify into e-commerce, opening up much larger revenue opportunities in web advertising. We also see the company's data-driven improvements generating an exponential increase in data accumulation that is integral to both the development and refinement of its AI models. **Broadcom** (AVGO) was another large contributor in the quarter after reporting solid operating results. The company presented an optimistic outlook, driven by its dominant position in artificial intelligence application-specific chipsets. In addition, the company should continue to benefit from its leading position in several end markets including data centers and cloud infrastructure, which have favorable secular growth trends. Broadcom is also seeing margin expansion and improved visibility, as the mix of software revenues increases, following the acquisition of VMWare.

On the negative side, **HCA Healthcare** (HCA) was our worst contributor in the quarter. Hospital stocks, in general, underperformed following the U.S. Presidential election, as hospitals benefited immensely from the decades-long growth in government money for Medicaid and Affordable Care Act (ACA) subsidies which are set to expire after 2025. In addition, President-elect

Trump previously indicated that government healthcare spending is an area where he wants to cut spending. At this point, we believe that the perceived risk to ACA subsidies is overblown, as the thought of 10 million people losing health insurance ahead of mid-term elections would not be politically practical. From a fundamental viewpoint, health care utilization remains strong, while inflationary costs remain stable, which suggests that HCA should continue to provide positive earnings leverage. Another underperformer was **Booz Allen Hamilton** (BAH). For the most part, defense-related stocks reacted negatively after the Wall Street Journal reported the new Department of Government Efficiency (DOGE), headed by Elon Musk and Vivek Ramaswamy, will look at unnecessary and wasteful spending in the U.S. Department of Defense's budget, which could have a negative impact on overall Defense spending. However, we believe that Booz Allen Hamilton is an essential government service provider. The company is focused on upgrading the Defense Department's technology infrastructure, protecting against cybersecurity threats, and building a platform to ultimately utilize artificial intelligence applications.

We made several changes to the portfolio in the fourth quarter. Most recently, we added a new position in the Communication Services sector in December with **Pinterest** (PINS), a leading visual search and discovery platform with a unique curation function that enables users to find and display new ideas and creations that focus on interests such as fashion and home décor among other consumer goods. Since 2022, a new management team has transformed Pinterest into a shopping platform, providing more value and capabilities to advertisers including direct connection with users, resulting in higher profits. In addition, the company was an early adopter of AI to increase personalization, advertising relevance options, and automated processes to increase ease-of-use for smaller advertisers. In the near term, we expect Pinterest to see monetization improvements with upside to Average Revenue Per User (ARPU) and traction in new categories and international markets. Conversely, we sold our position in **WEX** (WEX) following a deterioration in fundamental factors. The stock has been under pressure following several quarters of disappointing operating results, with the company citing macroeconomic volatility and higher fuel prices affecting consumer spending behavior, leading to a deceleration in transactional volume growth. Meanwhile operating expenses remain elevated, pressuring core margins, while the loss of a large customer earlier in the year continues to create growth headwinds for the company. We believe that the prudent decision was to step aside until we see evidence of stabilization or improvement in operating metrics.

The Federal Reserve's decision to reduce interest rates on September 18 marked its first reduction in interest rates since 2020 and a reversal from the Fed's previous policy of raising rates. While in past periods, bond yields have subsequently declined following Fed rate reductions, since the rate cut in September, the yield on 10-year Treasuries has soared over 90 bps (0.9%). Concerns about rising Federal deficits and debt are likely a contributing factor to the rising bond yields, which could ultimately lead to a headwind to higher stock prices and a hurdle for the U.S. economy in terms of their effect on mortgage and other financing rates.

Offsetting the impact of rising bond yields to some extent is optimism over corporate earnings. Consensus earnings estimates for the S&P 500 call for a 14.6% gain in 2025, and initial estimates for 2026 earnings suggest a further gain of 13.5%. However, consensus estimates for 2025 have declined in recent months, reflecting the potential impact of higher bond yields and a slower policy of interest rate reductions by the Fed on economic growth.

After sharp contractions in 2022, measures of stock market index concentration have soared over the past two years, reaching historically unprecedented levels. As the weight of the largest and most expensive stocks has expanded, the impact of the largest stocks on overall market valuation has expanded as well. The ten largest stocks in the S&P 500 sell at an average P/E multiple using estimated 2025 earnings of 30.8x but excluding the ten largest stocks the other 490 sell at a multiple of only 18.5x.

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We continue to seek high-quality, reasonably priced companies with good growth characteristics across a range of economic sectors for our portfolio. While there will undoubtedly be periods of market volatility over the next year, we believe that disciplined long term investors will be well rewarded.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of December 31, 2024 and are subject to change at any time due to changes in market or economic conditions.

GICS SECTOR INFORMATION

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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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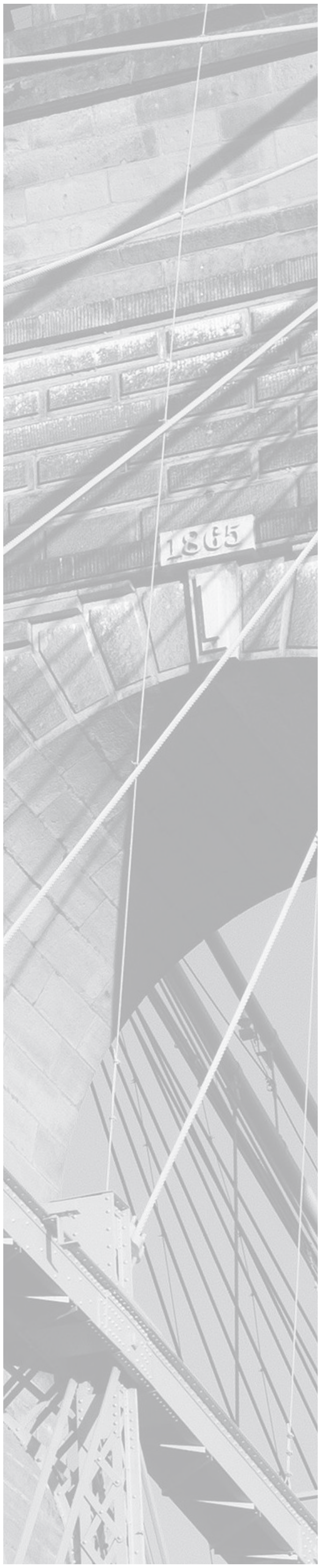

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