Renaissance®
Investment Management
Quarter Ending 3/31/2025

Large Cap Growth
Quarter-End Review—1Q2025

The S&P 500 posted a loss of 4.3% for the first quarter, as uncertainty about technology stock valuations and the U.S. government's economic policies raised investor concerns. However, seven of the S&P 500's eleven economic sectors actually posted positive returns for the quarter, with the strongest results coming from the Energy, Health Care, and Utilities sectors. Virtually all of the weakness in the S&P 500 came from negative performance within the Consumer Discretionary, Information Technology, and Communication Services sectors. The S&P 500 on an equal-weighted basis declined only 0.6% for the quarter.

The Federal Reserve elected to hold interest rates steady at its meeting in March. This marked the second meeting in a row in which the Fed has held rates unchanged. The Fed's decision came after data showed some slowness in the economy and inflation that remained above the Fed's target of 2%. Apprehension over how the economic policies of the Trump administration will impact government spending cutbacks, layoffs of government employees, and volatile changes in proposed tariffs contributed to the Fed's decision to hold interest rates steady. The Fed slightly reduced its estimate of expected economic growth and increased its inflation forecast relative to its December projections.

The so-called "Mag 7" stocks were among the weakest performers in the first quarter. While these stocks as a group have been extremely strong performers in recent years, they are not immune to concerns over valuation (Nvidia) or slowing earnings growth (Tesla). Even after recent declines, the Mag 7 stocks account for almost 30% of the S&P 500 and 42% of the Russell 1000 Growth Index by market capitalization.

SECTOR WEIGHTS & PORTFOLIO CHANGES[1]

Sector	Ending Weight[2]	Change from 12/31/2024	Large Cap Growth Additions & (Large Cap Growth Deletions)[3]
Information Technology	30.4%	-3.6%	
Financials	18.1%	+4.1%	Brown & Brown, Moody's
Industrials	13.5%	-1.2%	Copart, EMCOR Group (Ferguson Enterprises, Honeywell International, Quanta Services)
Health Care	11.9%	+3.4%	AbbVie
Consumer Discretionary	9.3%	-1.9%	(Marriott International)
Communication Services	8.4%	-0.4%	
Materials	3.3%	-1.4%	(Sherwin-Williams)
Consumer Staples	2.2%	+0.6%	
Real Estate	1.7%	+0.1%	
Cash	1.1%	+0.4%	
Energy	0.0%	0.0%	
Utilities	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—LARGE CAP GROWTH			
BJ	BJ's Wholesale Club	1.87%	0.42%
BRO	Brown & Brown	1.83%	0.38%
ORLY	O'Reilly Automotive	1.95%	0.35%
MCK	McKesson	1.89%	0.31%
UBER	Uber Technologies	1.75%	0.30%
BOTTOM FIVE CONTRIBUTORS—LARGE CAP GROWTH			
AVGO	Broadcom	2.31%	-0.68%
ANET	Arista Networks	1.88%	-0.56%
NOW	ServiceNow	1.84%	-0.48%
AAPL	Apple	3.33%	-0.43%
GOOGL	Alphabet	2.29%	-0.43%

(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

While the S&P 500 has not suffered a "correction" (a decline from a recent high of 10% or more) since 2023, typically, a correction can be expected to occur every couple of years. However, we continue to find good investment opportunities, particularly among high-quality, reasonably priced stocks that have not kept pace with concentrated market indices over the past several years.

For the first quarter, the S&P 500 declined 4.3% and the Russell 1000 Growth Index declined 10.0%. Large-cap stocks outperformed smaller-cap stocks and Value outperformed Growth. For the quarter, our portfolio returns exceeded the Russell 1000 Growth benchmark and lagged the S&P 500.

BJ's Wholesale Club (BJ) was our top contributor in the first quarter. The company reported solid operating earnings, which showed an acceleration in organic growth and margin expansion driven by an improvement in general merchandising. We were particularly encouraged by the company's progress in both its national expansion strategy and membership growth. **Brown & Brown** (BRO) was another top performer. The stock benefited from the company's stable and predictable business model, seen as a desirable attribute in the current economic environment. In addition, Brown & Brown currently sees solid pricing trends, which should support near-term growth projections.

On the negative side, **Broadcom** (AVGO) declined despite reporting strong operating results driven by demand for artificial intelligence semiconductors and connectivity solutions. We believe Broadcom will continue to see growth from future large-scale AI deployments and a shift to AI inferencing. However, semiconductor stocks in general underperformed in the first quarter, following the launch of a low-cost artificial intelligence model from China. **Arista Networks** (ANET) dropped after reporting in-line forward guidance, leading to increasing questions

around the sustainability of capital investments that have driven the company's growth. While we were disappointed with Arista's stock reaction, we remain encouraged by strong demand for the company's data center switching products, which remain essential to the secular growth of cloud computing.

During the first quarter, we made several changes to further improve the overall quality of our portfolio. We added a new position in the Industrials sector with **Copart** (CPRT), the largest provider of salvage-car auctions through the company's network of physical auction yards and online platforms. We particularly like the company's competitive position, where their leading position provides advantages of connecting buyers and sellers, and its logistical infrastructure. Looking forward, we believe the company should benefit from increasing vehicle complexity, resulting in both higher frequency of total losses and higher prices for salvaged autos. We also added a new position in the Health Care sector with **AbbVie** (ABBV), a large biopharmaceutical company focused on immunology, virology, and oncology. We are attracted to AbbVie's stable and highly profitable business model which generates a high free cash-flow yield. AbbVie is coming off recent subdued growth following the patent expiration of Humira, its largest drug. We expect growth from its pharmaceutical portfolio to begin reaccelerating this year, with a solid drug pipeline that can be additive to future growth.

Conversely, we sold our position in **Marriott International** (MAR) following a deterioration in fundamental factors. From a qualitative perspective, we believe that despite solid consumer travel demand and a development pipeline that is conducive to future market share gains, Marriott could face a soft pricing environment as both federal and corporate travel is curtained. We also sold our position in **Honeywell International** (HON) following a deterioration in fundamental factors and following several quarters of disappointing operating results. Honeywell faces subdued demand from its industrial segment as customers continue to digest post-COVID spending, leading to a shortfall in our short-cycle product growth expectations. We believe it is prudent to move to the sidelines as these external forces will likely remain challenges for the foreseeable future.

Much of the blame for the market decline in the first quarter can be placed on increased uncertainty over U.S. government economic policy. Whether the focus is on proposed regulatory changes, federal budget issues, tax changes, or tariffs, the range of possible outcomes from government actions has meaningfully increased. An index of economic policy uncertainty has surged to over 300, its highest level since the onset of the COVID crisis in early 2020.

This index was consistently above 200 from March 2020 through January 2021. Even so, the S&P 500 posted strong gains over the following year in all of these months. In fact, after the index first moved above 200 in March 2020, the S&P 500 achieved a robust 53.7% price gain over the following 12 months. Looking at every month from 1984 to the present, when the index was above 200, we found that the S&P 500 averaged a gain of 23.7% over the ensuing 12 months, with positive returns 88% of the time.

Of course, positive returns 88% of the time also means that returns were negative 12% of the time. Most notably, after the index rose above 200 in September 2001 the S&P 500 dropped 21.7% over the next 12 months before the market began another uptrend in late 2002 and early 2003.

Consumer confidence fell in March to its lowest level since 2022, according to a survey by the University of Michigan. The same survey also indicated that consumer expectations for the rate of inflation over the next year rose sharply to 5%. The combination of lower sentiment and higher expected inflation may present a headwind for consumer spending over the next several quarters.

Historically, stock market drawdowns have occurred in every calendar year since 1980 (a drawdown is defined as a decline in the price of the S&P 500 at some point in the year from a previous high price in that year). The average drawdown in all calendar years since 1980 was 14%.

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A significant drawdown does not necessarily mean a poor year for the market overall, as over half of the drawdowns of more than 10% occurred in years when the market return was positive over the full year. Given the uncertainty surrounding government economic policies, market volatility will likely remain high over the coming months. However, we believe that disciplined long-term investors will benefit from the investment opportunities presented from any drawdowns in the stock market.

DISCLOSURES

The opinions stated in this presentation are those of Renaissance as of March 31, 2025 and are subject to change at any time due to changes in market or economic conditions.

GICS SECTOR INFORMATION

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REFERENCED INDICES

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

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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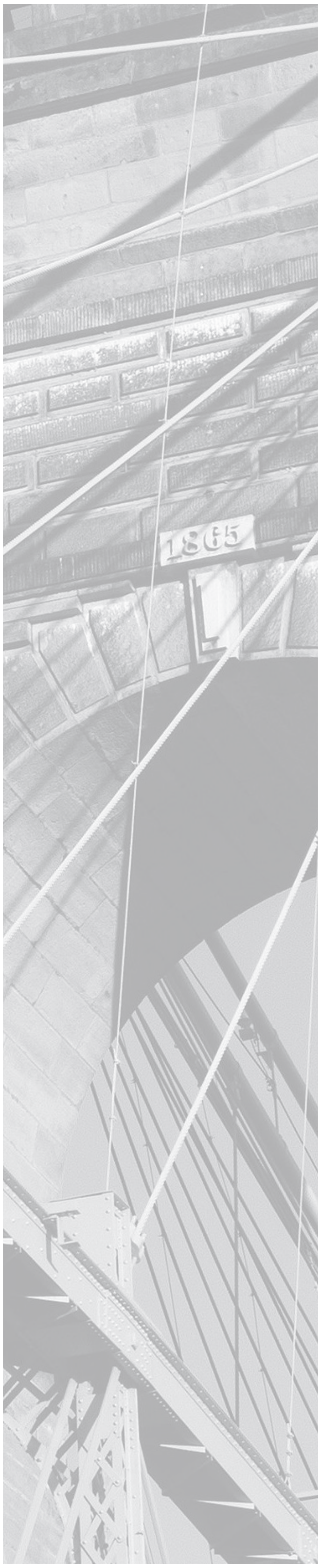

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