

NZS Growth Equity Strategy

Third Quarter 2024

	QTD	YTD	1Y	3Y (ann)	SI (ann)*
Growth Gross	4.13%	22.57%	42.40%	5.58%	18.37%
Growth Net	3.97%	21.98%	41.51%	4.89%	17.60%
Morningstar Global Target Market Exposure Index (NR)	6.56%	18.59%	31.61%	8.17%	10.84%
Morningstar Global Growth Target Market Exposure Index (NR)	4.53%	20.34%	35.59%	6.55%	11.95%
Difference (Net vs. Global TME Index)	-2.59%	3.39%	9.89%	-3.28%	6.76%

Vs Core Index	
Morningstar Global TME	
Information Ratio	0.7
Tracking Error	9.5%
Active Share	91.5%
Upside Capture	155.7%
Downside Capture	104.4%
Beta	1.23

Vs. Growth Index	
Morningstar Global Growth TME	
Information Ratio	0.77
Tracking Error	7.24%
Active Share	88.7%
Upside Capture	142.8%
Downside Capture	105.2%
Beta	1.19

Other Measures	
Adj Annualized Turnover	35.6%
Standard Deviation	23.3%

Portfolio statistics are since inception (January 1, 2020) and annualized if appropriate.

The above information is considered supplemental to the GIPS presentation for these composites which may be found in the appendix of this presentation. Past performance is no indication of current or future performance. Gross returns reflect the deduction of administrative expenses but do not reflect the deduction of investment management fees. Net returns are calculated using the maximum investment management fee of 0.65%. Periods greater than one year are annualized.

*Since inception: January 1, 2020. Global Equity Index: Morningstar Global Target Market Exposure Index. Global Growth Equity Index (style benchmark): Morningstar Global Growth Target Market Exposure Index. Periods greater than one year are annualized data. You cannot invest directly in an index. Index returns do not represent investment returns. Please see full track record at the end of the presentation. Source: NZS Capital, LLC., Bloomberg, Morningstar

Investment Commentary

NZS CAPITAL THIRD QUARTER 2024

PERFORMANCE OVERVIEW

The portfolio rose in the quarter but lagged its broad core global index. (See performance chart). Our performance was in line with our global growth index, however, reflecting that growth lagged in the quarter. To some extent, the quarter marked a change in focus for the market. The excitement over AI, semiconductors and technology overall waned and performance shifted to other sectors, such as financials, industrial and consumer staples.

In the portfolio, the underperformance of IT stocks hurt our relative performance. Against a core index, the portfolio is overweight IT, although much less so versus the growth index. Much of the performance gap relates to this difference, especially within the semiconductor and semiconductor equipment sub-sector. Offsetting the drag, however, was strength in some of our companies in the financials and industrials sectors. In financials, Progressive's growth in insurance policies in force exceeded expectations as it accelerated reinvestment back into its data-driven growth engine, funded by outperformance against its targeted level of profitability. Fiserv and Adyen provided encouraging updates on their fundamentals in the quarter as well. In industrials, United Rentals and Trane Technologies continued their outperformance relative to their industrial peers and the broader indices. Detracting stocks included Lam Research and ASML, two semiconductor capital equipment stocks caught in the downdraft, and Moderna, a pharmaceutical firm that disappointed markets with its updated outlook on the pipeline and the timeline of reaching breakeven profitability.

PORTFOLIO POSITIONING

At the end of the quarter, the IT sector represented 39% of the portfolio, about three percentage points above the growth version of our global index and 14 percentage points from the core version. Healthcare and financial services account for almost 23% of the portfolio combined, while industrials and consumer discretionary each comprise about 10% of the portfolio.

In the quarter we added American Tower, the telecom infrastructure company, as a resilient position and promoted Roper Technologies to resiliency. Roper provides vertical market software. Our exposure to AI at a portfolio level did not change much, but American Tower and Roper diversified the exposure in the resilient part of our portfolio. We trimmed Microsoft and Nvidia and added back to Lam Research, Cadence and Lattice on more attractive valuations provided by the market rotation. Elsewhere, we added Copart, a digitally enabled automotive auctioneer, and we exited Netflix.

OUTLOOK

We remain bullish about the long-term implications of AI and we are increasingly incorporating it into our research process and investment meetings. This quarter, however, the market's focus shifted somewhat to consider the returns on the massive investments in the space, reflecting concern around the wide range of outcomes. While there has been value created at the infrastructure layer of AI, we are still awaiting the revenue generating 'killer apps' that stem from this generational technological shift. As these business models are taking shape, the question remains whether these apps emerge from the current power law winners in the software industries or from companies founded in

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*Net returns are calculated using the maximum investment management fee of 0.65%. Please see important information at the end of presentation for details regarding model fees.

Investment Commentary

this new paradigm. We have been deliberate to incorporate a wide range of outcomes in our assessment of the growth of AI.

Overall, we are positive about the outlook for our portfolio. Some headline multiples are high in some areas, but we are also cognizant about the potential for long-awaited cyclical recoveries in end markets, including industrials, healthcare, real estate, home improvement and telecom. Further clarity on the pace of rate cuts by the Fed and a conclusion to the U.S. election could help some of those cycles turn up in 2025, improving earnings and justifying the multiples for many companies.

DRIVING SHARE

In our process, we search for disruptive change in the economy. One common theme is companies adopting digital technologies in previously analog industries. We own companies in the portfolio that sell the building block technology to enable these changes. Progressive Insurance, a holding in the resilient sleeve, is a great example, however, of a company using digital technology to disrupt an analog industry. Most drivers likely view auto insurance as a requirement, relatively homogenous but expensive, and a purchase that should be price-shopped frequently. For much of the last 25 years, GEICO's direct-to-consumer model and laser focus on being the lowest cost provider, in terms of underwriting expenses, allowed it to grow market share.

Auto insurance may seem homogenous to car owners, but to insurers, drivers differ greatly. Notably, while most people believe they are better-than-average drivers, data – and common sense – suggest otherwise. Enter Progressive and its technology. Progressive pioneered telematics, the ability to monitor how safely a driver drives. At first it was a device in the car but now it's a phone app, but either way Progressive can use technology to better assess who actually is above average and who is merely overconfident. Progressive can offer price discounts to good drivers and increase rates for poor drivers. The poor drivers may leave Progressive, perhaps even moving to GEICO, but the risk pool improves for Progressive. Thus, while GEICO is still more efficient in its underwriting costs, Progressive's cost of paying customers' claims is below GEICO's and in recent years has more than offset GEICO's underwriting cost advantage.

Further, with an industry-leading combined ratio, which compares claims paid and underwriting expenses to premiums collected, Progressive can offer savings to customers and invest in marketing. Again, with a data-driven approach, effective marketing allows the business to grow its policy book faster than GEICO and the industry overall, nearly doubling market share in the last decade. Progressive is now the second largest auto insurer, trailing State Farm. The auto insurance industry remains fragmented and we expect Progressive's digitally enabled share gains can continue.

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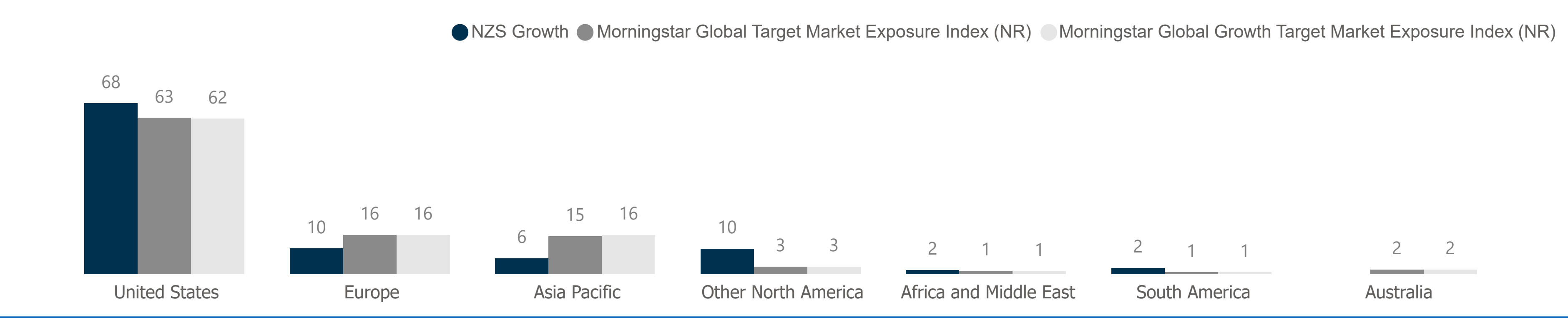
Top 5	Avg Weight (%)	Port Return (%)	Impact (%)
PROGRESSIVE CORP	4.3	22.2	0.86
FISERV INC	3.9	20.5	0.74
UNITED RENTALS INC	2.9	25.5	0.66
TRANE TECHNOLOGIES PLC	2.8	18.5	0.50
DANAHER CORP	4.1	11.4	0.44

Bottom 5	Avg Weight (%)	Port Return (%)	Impact (%)
LAM RESEARCH CORP	2.6	-23.1	-0.70
ASML HOLDING NV	2.8	-19.3	-0.62
MODERNA INC	0.9	-43.7	-0.51
ALPHABET INC-CL C	4.2	-8.7	-0.42
MICROCHIP TECHNOLOGY INC	2.5	-11.8	-0.35

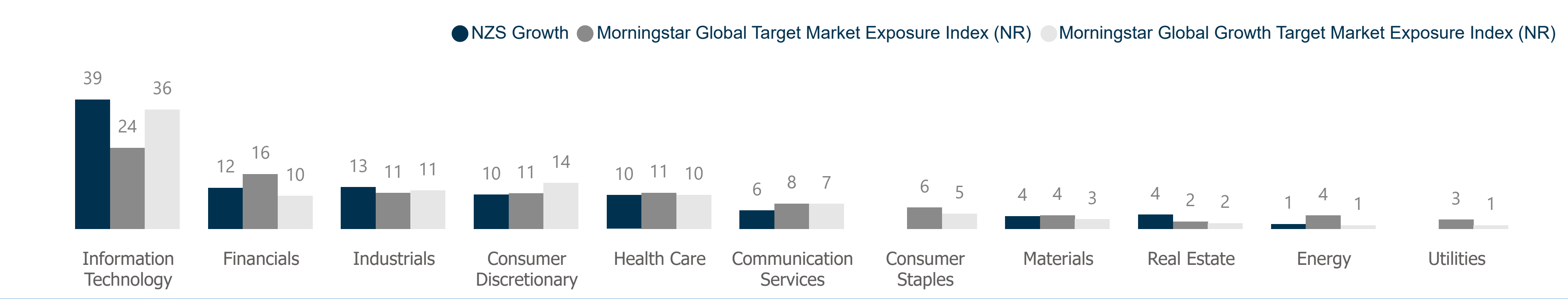
Certain metrics normalized for outliers and missing data. Representative account as of Dec. 31, 2023. Global Equity Index: Morningstar Global Target Market Exposure Index. Global Growth Index (style benchmark): Morningstar Global Growth Target Market Exposure Index. Top 5 and Bottom 5 Contributors and Detractors is extracted performance. All extracted performance is calculated after deducting the pro-rata portion of the maximum annual management fee of 0.65% (0.1625% per quarter) from each position, based on the security's average weight over the period. There are limitations to this approach and actual net performance may vary slightly. However, our goal is to provide returns that reflect the impact of management fees as accurately as possible. Source: NZS Capital, LLC., Bloomberg

Composite Characteristics

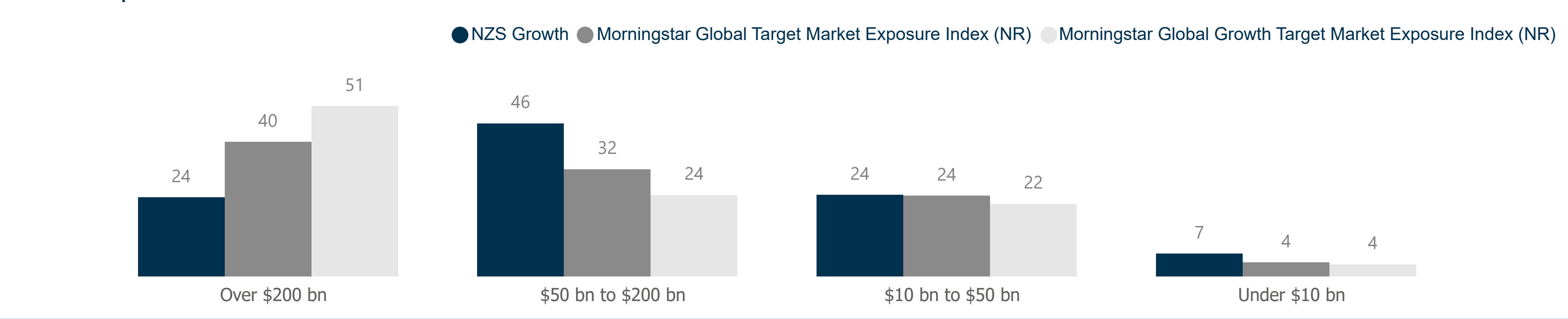
Geographic Breakdown



Sector Breakdown



Market Cap Breakdown



Important Information

Certain Disclosures for NZS Strategies & Composite Account Information

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Past performance is no guide to the future. Investing involves risk and possible loss of principal capital.

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INDEX DEFINITIONS

Morningstar Global Target Market Exposure NR USD is a rules based, float market capitalization-weighted index designed to cover 85% of the equity float-adjusted market capitalization of the Global equity markets.

Morningstar Developed Markets Technology NR USD measures the performance of companies engaged in the design, development, and support of computer operating systems and applications. This sector also includes companies that provide computer technology consulting services.

Morningstar US Target Market Exposure index is designed to provide exposure to the top 85% market capitalization by free float in the US equity market.

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