Large-Cap Growth

FACT SHEET I 9/30/23

STRATEGY HIGHLIGHTS

Benchmark	Russell 1000 Growth Index
Style	Growth
Market Cap	>$3B
Positions	25-35
Investment horizon	3-5 years
Inception Date	4/30/2005

INVESTMENT PHILOSOPHY AND PROCESS

We seek superior returns through holding a concentrated portfolio of companies that we believe have advantaged business models and opportunities to generate consistent, long-term growth of intrinsic business value.

IDEA GENERATION/DILIGENCE

Fundamental, bottom-up approach

Generalist analyst structure

Low turnover leads to high threshold for new ideas

ESG risk and opportunity assessment

Preferred company characteristics:
- Fundamental change
- Superior business model
- Significant free cash flow generation
- High returns on invested capital (absolute and incremental)

Collaborative group vetting informs PM decisions

PORTFOLIO CONSTRUCTION

All-weather objective

Maximize stock selection risk while neutralizing style

Conviction-based weights balancing risk/reward

Applies during normal market conditions.

TEAM	INDUSTRY	WITH TEAM
BILLY MONTANA – *LEAD PM*	**14 years**	**9 years**
BRIAN TOLLES	**9**	**7**
+8 ANALYSTS	***Average:* 19**	**10**

ASSETS

Firm	$3.1 Billion
Large-Cap Growth	$274 Million

RETURNS

	Gross	Net	Russell 1000 Growth Index
3Q23	0.08	-0.07	-3.13
YTD	29.55	29.00	24.98
1 Year	33.61	32.85	27.72
3 Year	-0.16	-0.67	7.97
5 Year	6.56	6.04	12.42
10 Year	9.95	9.42	14.48
Since Inception	9.67	9.13	11.51

LARGE-CAP GROWTH STATISTICS

Risk and Return	***4/30/05 – 9/30/23***
Alpha*	-1.31
Beta	0.98
Return*	9.13
Benchmark return*	11.51
Standard deviation*	16.89
Tracking error	5.58
Information ratio	-0.33
Upside capture	92%
Downside capture	99%
Portfolio Characteristics	
Turnover LTM	33
Active Share	68
Positions	25

*Annualized
Sources: FactSet, Jackson Square
All statistics are calculated since inception, except as noted
Returns are net of advisory fees. See disclosures at end of document.
Past performance is no guarantee of future results. Investing involves risk, including possible loss of principal.

TOP 10 HOLDINGS[1]

Company	Initiated	Portfolio (%)
Microsoft Corporation	Jul-2013	12.09
Amazon.com, Inc.	Jan-2020	7.45
Mastercard Inc. Class A	Dec-2007	5.57
CME Group Inc. Class A	Dec-2022	5.01
NVIDIA Corporation	Mar-2022	4.85
Visa Inc. Class A	Mar-2008	4.74
Canadian Pacific Railway Ltd	Dec-2021	4.31
Boeing Company	Aug-2022	4.11
Uber Technologies, Inc.	Feb-2020	3.78
ServiceNow, Inc.	Oct-2019	3.73
Top 10 total		**55.64**

SECTOR ALLOCATION

	Large-Cap Growth[1]	Benchmark
Communication Services	3.64	11.53
Consumer Discretionary	9.86	15.97
Consumer Staples	0.00	4.29
Energy	0.00	0.59
Financials	20.76	6.50
Health Care	14.73	11.32
Industrials	18.16	5.91
Information Technology	24.88	42.30
Materials	5.43	0.68
Real Estate	0.00	0.88
Utilities	0.00	0.05
Cash	2.55	0.00

MARKET CAP ALLOCATION (% ex cash)

	Large-Cap Growth[1]	Benchmark
$0-20B	0.00	5.69
$20-100B	35.45	18.62
$100-200B	25.39	12.30
$200B+	39.17	63.39
Weighted Avg.	$606 B	$967 B
Median	$114 B	$16 B

1. The portfolio information shown above is based on a representative Large-Cap Growth portfolio. Holdings, weightings, and characteristics are current as of the day indicated, are subject to change, and may not reflect the current portfolio. A full list of holdings is available upon request. It should not be assumed that the Top Ten Holdings presented for the portfolio will, in the future, be profitable. Sector weights are based on the Index.

The Large-Cap Growth strategy returned -0.07% net in 3Q23 relative to the benchmark's -3.13% decline. Excluding a one-time performance benefit from a favorable litigation outcome related to a prior holding (from the 2015-2016 time period), our performance was roughly in-line with the benchmark both QTD and YTD. We have maintained pace with a strong and top-heavy benchmark in 2023 with minimal style exposure (less than 4%), ex ante. Key to performance was another positive earnings season where our names met or exceeded consensus expectations on top and bottom line at a higher rate than the index. We are also pleased to have achieved daily downside capture below 100 in both 3Q23 (93) and YTD (97). Attractive downside capture is critical as our goal remains to prepare for a wide variety of market outcomes.

While mega-cap performance and a broad "risk-on" mentality continue to dominate the YTD benchmark outcome, we observed more discernment and wider index dispersion over 3Q. We find it interesting this coincided with a shift in the market's macro tone away from expecting "Goldilocks" (soft or no-landing with declining rates) and towards a rising fear of "higher-for-longer" rates and a higher neutral interest rate than previously thought. While we deliberately position the portfolio to avoid guessing the macro, we feel confident that the current rate regime is closer to "normal" than what was experienced during Zero Interest Rate Policy ("ZIRP"). Our sense of market behavior for much of this year has been a reflexive hope that we avoid a recession while the easy money days return. However, 3Q's index decline may be an early sign of what transpires should that hope prove misguided. While we agree that we are likely approaching the end of this fiscal tightening cycle, we remain most comfortable with an all-weather approach that neutralizes macro and factor elements as much as possible – including the distinct possibility rates and yields remain elevated – and avoids betting on a Fed pivot.

Recently, GLP-1s – a class of medications addressing weight loss for obesity and T2 diabetes – are leaving an indelible mark on the public markets. Effectively any med tech name with some degree of exposure to type 2 diabetes or obesity-related comorbidities is getting sold indiscriminately. We don't believe our portfolio has any direct, material fundamental risk, but we are re-underwriting two positions, Intuitive Surgical (ISRG) and Edwards Lifesciences (EW), to make certain. ISRG sees a low-single-digit percentage of its global procedures in bariatrics (weight-loss surgery) which is facing modest headwinds, but thus far ISRG's indication mix is diverse enough and robotic penetration still early enough that it has not derailed attractive mid-teens overall procedure growth. EW's core TAVR business treats heart disease caused by a long-term buildup of plaque in very elderly patients. GLP-1s do not reduce plaque buildup and in fact may increase the life expectancy of severely obese patients who then age into the TAVR population (which has an average age of 80). From there, we are also evaluating potential longs that may benefit from the GLP-1 megatrend and will have more to say next quarter.

From an attribution perspective, only CME Group (contributor) and EW (detractor) impacted performance by greater than 50bps in the quarter. CME continues to re-rate while both volumes and pricing trend ahead of consensus as the business benefits from capital markets volatility and macro uncertainty, especially around the path forward for rates. For our portfolio, we think CME remains an inexpensive hedge against the unknown. EW's procedure volumes continue to slowly de-bottleneck after years of macro-related headwinds (covid, supply chain, and staffing shortages) but did not meet lowered consensus expectations. We remain constructive given the valuation sits at historical lows, and we predict little-to-no impairment in TAVR potential over the medium-term (from GLP-1s or macro items) as volumes gradually normalize.

In terms of outlook, we feel well-positioned if index breadth and dispersion continue increasing from here, and/or if our philosophy on portfolio balance – being prepared for a range of outcomes, including those outside the most bullish – proves prescient. If instead the "Mega 7"* continue dominating bench returns and the market increasingly rotates into low-quality aggressive growth, we would aspire to keep up but would not be surprised to lag. As ever, we prefer our trade-off of paying a modest premium over the bench for meaningfully superior growth and ROIC and believe this fundamental profile combined with an emphasis on factor neutrality is the best recipe for long-term outperformance.

* Apple, Microsoft, Amazon, NVIDIA, Tesla, Google, and Meta

Strategy Review

For the third quarter of 2023, the Large-Cap Growth portfolio outperformed its benchmark, the Russell 1000 Growth Index. On a sector level, information technology was the largest contributor and health care was the largest detractor from performance. During the quarter, the portfolio received proceeds from a class action settlement from a company it no longer owns. This settlement had a material impact on the portfolio's investment performance. This is a one-time event that is not likely to be repeated.

TOP CONTRIBUTORS	
CME Group Inc. Class A	Financials
KKR & Co Inc	Financials
Uber Technologies, Inc.	Industrials
Veeva Systems Inc Class A	Health Care
Danaher Corporation	Health Care

TOP DETRACTORS	
Edwards Lifesciences Corporation	Health Care
Waste Management, Inc.	Industrials
Intuitive Surgical, Inc.	Health Care
Boeing Company	Industrials
Nike, Inc. Class B	Consumer Discretionary

Market Review and Outlook

The third quarter saw lackluster returns in most asset classes, with commodities being a clear outlier (to the upside), as medium-term Treasury rates continued to rise despite moderating inflation. Mega-cap stocks continue to outperform other capitalization ranges –though with some divergence within the group– and concentration in the S&P 500's top 10 stocks reached its highest level in at least 30 years. AI continued to be a tailwind for perceived winners, particularly in large-cap. Both core inflation and near-term inflation expectations continued to trend downward, but strength in economic indicators persisted and the Fed maintained a hawkish tone.

Though the market has gained confidence in the prospect of a macro soft landing, it continues to grapple with the direction of interest rates. The Fed maintains its sharp focus on inflation in hopes of nudging it back to its pre-pandemic level, and as a result real rates continue to rise. We continue to see potential scenarios in which (1) the economy remains strong and nominal rates hold firm or (2) the lag from the rate hike cycle eventually catches up with the economy and forces the Fed to pivot towards prioritizing financial stability. However, as before, the hard landing and ever-increasing rates scenario does not seem likely to us. Finally, we would note that the relative underperformance of small and mid-caps vs. large-caps over the past several years remains at an all-time high.

At Jackson Square, we remain focused on the three-to-five year potential for our portfolio companies and optimizing upside/downside capture over the long term. Regardless of policy outcomes and oscillating investor sentiment, we remain consistent in our long-term investment philosophy: owning what we view as strong secular-growth companies with compelling competitive positions with the potential to grow market share and deliver shareholder value in a variety of market environments.

Please see additional disclosures on page 2 and 5.

Jackson Square Partners **Large-Cap Growth**

GIPS DISCLOSURES

COMPOSITE STATISTICS AND PERFORMANCE

					3-Year Annualized Standard Deviation (%)		As of December 31st		
Period End	Composite return gross-of-fees (%)	Composite return net-of-fees (%)	Russell 1000 Growth Index (net) return (%)	Composite Internal dispersion (%)	Composite	Russell 1000 Growth Index (net)	Number of Portfolios	Composite Assets ($mm)	Total Firm Assets ($mm)
2022	-39.0	-39.3	-29.1	n/a	24.6	23.5	<6	454	3,826
2021	8.5	8.0	27.6	0.1	18.9	18.2	10	2,935	12,342
2020	45.0	44.4	38.5	0.2	19.5	19.6	19	13,848	25,497
2019	28.0	27.5	36.4	0.1	12.7	13.1	26	11,674	19,889
2018	-2.1	-2.5	-1.5	0.2	12.4	12.1	31	11,036	16,779
2017	29.2	28.6	30.2	0.1	11.5	10.5	45	13,920	20,154
2016	-4.4	-4.8	7.1	0.4	12.4	11.2	54	12,563	19,749
2015	6.0	5.5	5.7	0.2	11.7	10.7	65	17,337	26,197
2014	13.7	13.2	13.0	0.1	10.4	9.6	64	18,358	25,753
2013	35.6	35.0	33.5	0.1	12.1	12.2	46	15,270	n/a

PERFORMANCE DISCLOSURES: LARGE-CAP GROWTH COMPOSITE

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The Composite invests primarily in mid- and large-cap common stocks of U.S. growth-oriented companies that the firm believes have long-term capital appreciation potential and may grow faster than the U.S. economy. Investing involves risk, including loss of principal. Investments in the equities markets are subject to risk. Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the portfolio’s risk is increased because each investment has a greater effect on the strategy’s overall performance. This Composite was created in May 2004. In April 2005, responsibility for Large Cap Growth investment management was assumed by the Jackson Square Partners team therefore performance of the Composite is presented since April 30, 2005 only. The Composite inception date is April 30, 2005. The Composite includes all discretionary, fee paying accounts, including pooled funds, managed in this strategy. Performance results are shown as total returns, net of dividend withholding taxes, assume reinvestment of dividends and capital gains, are presented before and after the deduction of investment advisory fees, and are calculated in U.S. dollars. The returns of some accounts in the Composite may include income from securities lending. Net returns are calculated using a model investment advisory fee derived by applying the strategy’s maximum fee schedule in effect for the respective period, monthly. The current fee schedule for the strategy is as follows: first $50 million, 0.70%; next $150 million, 0.50%; amounts over $200 million, 0.40%. Jackson Square Partners investment advisory fees are described in Part 2A of the firm’s Form ADV. Some clients may utilize a performance-based fee. Actual advisory fees can vary among clients employing this strategy and may be higher or lower than model investment advisory fees. Policies for valuing investments, calculating performance and preparing GIPS Reports are available upon request. A list of composite descriptions is available upon request. Past performance is not an indicator of future results. Internal dispersion is calculated using the asset-weighted standard deviation of the annual returns of all the portfolios that were included in the Composite for the entire year. Internal dispersion is only shown if the Composite has at least six accounts that were managed for the full calendar year. All risk measures presented are calculated using gross-of-fees returns.

The three-year annualized standard deviation measures the variability of the Composite and the benchmark over the preceding 36-month period. This measure is not required to be presented when 36 monthly composite returns are not yet available.

The benchmark for the Composite is the Russell 1000® Growth Index. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® companies with higher price-to-book ratios and higher forecasted growth values. For comparison purposes, the index is fully invested and includes the reinvestment of income. Index returns do not reflect management fees, transaction costs, or expenses. Indices are unmanaged, and one cannot invest directly in an index. Benchmark information contained herein has been obtained from third party sources believed to be reliable, but we cannot guarantee its accuracy or completeness. All third-party marks are the property of their respective owners. The benchmark returns are not covered by the report of independent verifiers.

Because the strategy expects to hold a concentrated portfolio of a limited number of securities, the strategy's risk is increased because each investment will have a greater effect on the strategy's overall performance.

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