DSM CAPITAL PARTNERS

US LARGE CAP GROWTH
MID-SECOND QUARTER 2024 INVESTMENT LETTER

May 28, 2024

Performance Review*

At the close of the market on Friday, May 24, DSM's US Large Cap Growth Composite had increased approximately 17.1% post fee year-to-date. In comparison, the Russell 1000 Growth total return (including dividends) increased 14.4% and the S&P 500 total return (including dividends) increased 11.8%.

**Strategy returns are preliminary and unaudited.*

Investment Outlook

We believe many investors may feel uncertain about the American political leadership and are generally disappointed with European leadership as well. Needless to say, geopolitical events in Ukraine and the Middle East heighten investor concerns, as do threats from China, Iran and North Korea. Lingering concerns over inflation and the general economy remain as well. However, offsetting these uncertainties are positive factors including steady 3% global economic growth, low and falling inflation, historically low interest rates, reasonable valuations, strong earnings and technology-driven productivity. In our opinion, as long as the negative factors do not become materially worse, the market should continue to climb the investor "wall of worry".

In our view, equity valuations today are "normal" or "realistic" given a global economy supported by low inflation and steady economic growth. Despite the strength in the market thus far this year, we continue to find investment opportunities we believe have attractive valuations and solid growth prospects, and believe the economic and equity market backdrop for the portfolio remains quite positive. Based on our calculations, the projected approximate 20% earnings growth of the DSM portfolio should well outstrip that of the Russell 1000 Growth Index and the S&P 500 Index, each with long term earnings growth rates of 5% to 10%. Furthermore, the portfolio has a weighted average P/E of 28.5x 2024 earnings and 23.2x 2025 earnings. These valuations are very consistent with DSM's history, and 2025 is just six months away.

Most importantly, the ongoing bull market has been driven by superb businesses with great balance sheets, strong profitability and for many, an Artificial Intelligence (AI) tailwind that may last for a number of years. Given the reasonable valuation of the portfolio along with its continued strong earnings and a potential AI tailwind, it is our belief that the portfolio will continue to benefit from accelerating technological trends over the coming years.

Portfolio Dashboard (as of May 24, 2024)

Portfolio Characteristics			
Calendar 2024 P/E	28.5x	Number of Holdings	23
Calendar 2025 P/E	23.2x	Weighted Avg Market Cap	$1,399 B
Price to Book Ratio	10.7x	LT Debt/Capital	28%
EPS, Forward 3-5 Years	22%	Dividend Yield	0.3%
Active Share	54%	Trailing 12 Month Turnover	40%

Top 10 Holdings	Location	%
NVIDIA Corp	US	13.2
Microsoft Corp	US	12.3
Alphabet Inc – Cl A	US	9.0
Amazon.com, Inc	US	8.8
Arista Networks, Inc	US	7.0
Meta Platforms Inc	US	4.9
Apple Inc	US	4.5
Intuit Inc	US	4.5
ASML Holding NV	NL	4.0
Visa Inc	US	3.6

GICS Sector Weighting	%
Information Technology	58.2
Communication Services	13.6
Financials	9.6
Consumer Discretionary	8.8
Health Care	5.2
Industrials	2.2
Consumer Staples	1.5
Energy	0.0
Materials	0.0
Real Estate/Utilities	0.0

YTD Contributors to Return (basis points; gross of fees)			
Top 5		Bottom 5	
NVIDIA Corp	+888	Adobe Inc	-79
Alphabet Inc – Cl A	+193	EPAM Systems, Inc	-62
Microsoft Corp	+188	Meta Platforms Inc	-24
Arista Networks, Inc	+173	Autodesk, Inc	-22
Amazon.com, Inc	+165	Advanced Micro Devices, Inc	-15

Source: FactSet, DSM

First Quarter 2024 Earnings

With twenty-six of the twenty-seven companies in the portfolio as of March 31, 2024 having reported, first calendar quarter revenue and earnings grew 42% and 106% respectively, based on our calculations (if we exclude NVIDIA, revenue and earnings growth for the portfolio were 9% and 32% respectively.) Autodesk reports in June, so it has been excluded from this analysis.

Within the first quarter earnings results, twenty-two companies reported better-than-expected results vs. Wall Street consensus and one reported in-line results. Three companies missed expectations this quarter. The weighted average earnings result for the reporting companies was a “beat” of 8% versus expectations.

We have reviewed the change in Wall Street consensus earnings estimates for our portfolio companies vs. three-months and six-months ago. We calculate that the weighted average of the consensus estimates for calendar 2024 for the companies in the portfolio at this time is approximately 2% higher versus three-months ago and 7% higher versus six-months ago (again, if we exclude NVIDIA, estimates are 1% higher versus three-months ago and 3% higher versus six-months ago). We believe the longer-term earnings power of the businesses we own have been enhanced by the ongoing evolution of AI and related technological trends.

Long Term Earnings Results

In order to provide a longer-term perspective, we have included the revenue and earnings history of the portfolio since 2015 below. As is clear from the table, the portfolio has strong and consistent revenue and earnings growth.

Portfolio Earnings Results				
	EPS YOY Growth (% ex options)^	EPS vs. Consensus (%)*	Revenue YOY Growth (%) ^	Fwd 4Q P/E^
1Q 2024	**32>**	**8**	**9>**	**27.2x**
2023+	26	11	22	25.0x
2022	7	4	12	21.9x
2021#	33	9	26	28.2x
2020	18	12	15	27.8x
2019	19	8	17	23.8x
2018	28	7	20	20.7x
2017	33	7	24	22.7x
2016	24	5	25	18.6x
2015	19	4	19	17.9x

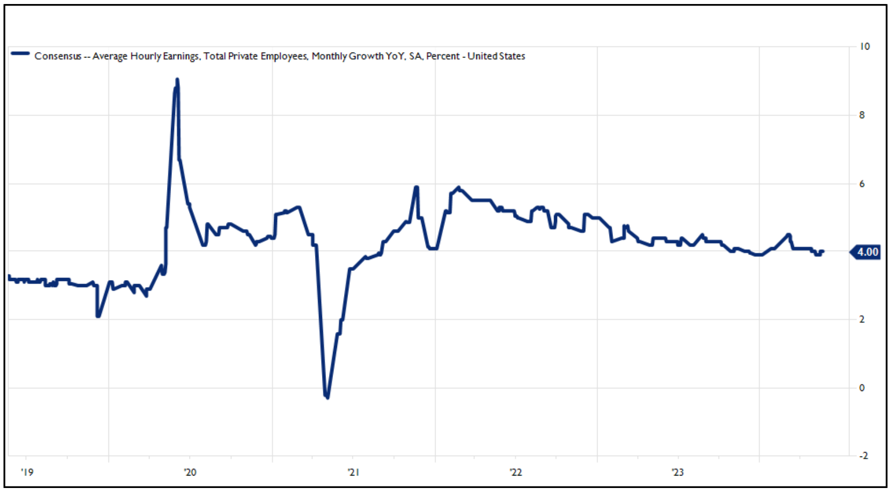
**Source: Bloomberg. ^Source: DSM. P/E from date of mid-quarter letter. >1Q 2024 excludes NVIDIA's earnings growth of 585% and revenue growth of 262% (including this portfolio earnings and revenue grew by 106% and 42% respectively YOY.) +For 2023, 4Q excludes NVDA's earnings growth of 790% (including this portfolio earnings grew by 89% YOY); 3Q excludes NVDA's earnings growth of 593% (including this portfolio earnings grew by 75% YOY); 2Q excludes AMZN's earnings growth of 246% and NVDA's of 425% (including these portfolio earnings grew by 70% YOY.) #For 2021, 2Q excludes BSX's earnings growth of 400% (including BSX, portfolio earnings grew by 51% YOY); 1Q excludes AMZN's earnings growth of 215% (including AMZN, portfolio earnings grew by 49% YOY.) For 2015-2023, quarterly results are averaged. P/E for those years is from 4Q. See additional notes on the last page of this letter.*

Global Economic Outlook

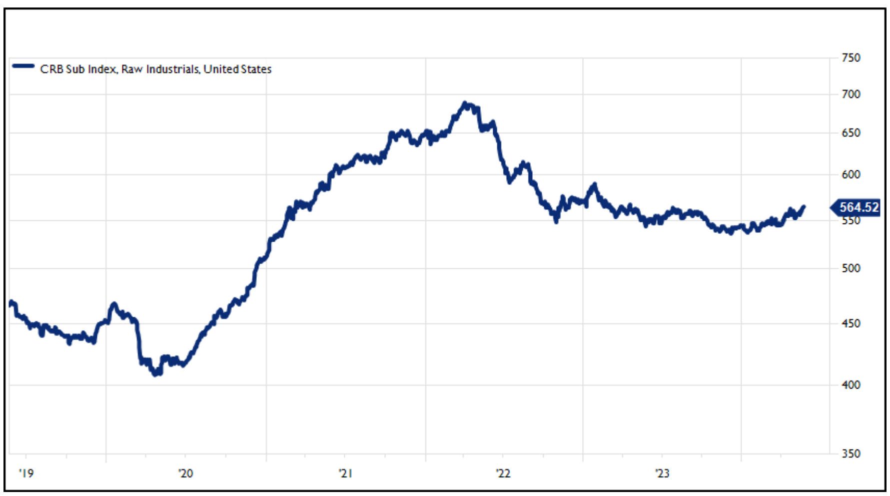
Consistent global growth of 3% over the past few years, with similar expectations over the next several, continues to please investors. In the United States economic growth remains surprisingly steady while inflation declines, albeit at a pace too slow to enable rate cuts before the fourth quarter. Nevertheless, wages and overall inflation continue to moderate, even as commodity prices remain flattish over the past two years and down from three years ago.

Global Economic Outlook *cont.*

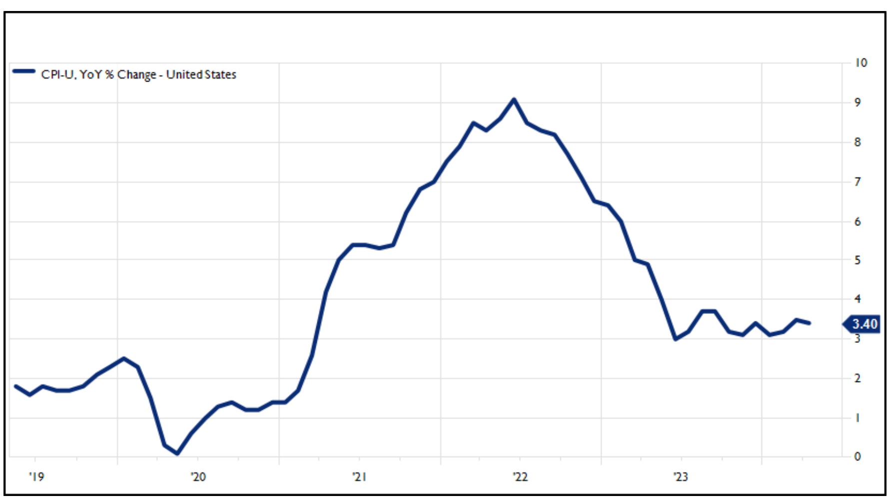
Average Hourly Earnings



CRB Sub Index, Raw Industrials



US CPI YOY Growth



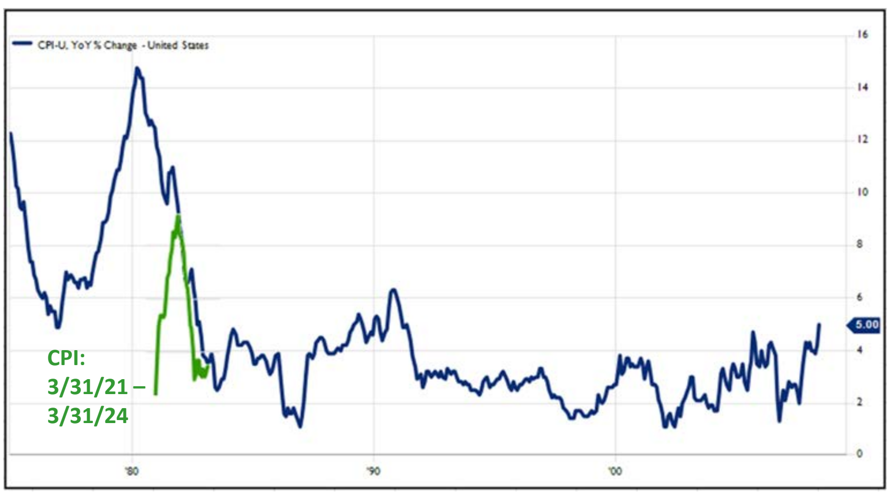
Source: FactSet

Global Economic Outlook *cont.*

We believe the fact that western world inflation has fallen to roughly 3.5% provides the business community and financial market investors with the confidence to make long term financial commitments. Low inflation characterizes a stable cost environment, which is the key support for investment decisions of all types. When inflation is high, it is very difficult to estimate the true economic cost of a project, making it challenging to plan and budget capital-intensive investment decisions. Similarly, financial markets are valued quite differently when inflation is high and the ten-year US Treasury yields 8% versus today, when yields are roughly 4.5% in the US and even lower in Europe due to moderating inflation. In both the United States and Europe, we are seeing a more stable cost environment of late, creating a positive backdrop for the "real economy" as well as financial markets.

With inflation a crucial economic variable, evaluating the success of Chairman Powell's leadership of the US Federal Reserve (the Fed) in reducing inflation, and guesses as to the Fed's next move on rates, have become popular topics. As the exhibit below demonstrates, the Powell Fed has brought inflation down from the peak 9% level at the same rate at which the Paul Volker-led Fed accomplished that feat in the 1980's. The policies of the Powell Fed, at least thus far, appear to have been as effective as those of the Volker Fed. However, the Volker Fed and the Alan Greenspan-led Fed that followed, did not push inflation to the targeted 2% level overnight. It took several years for inflation to reach 2% and it may well take the Powell Fed some time as well.

The Fed and Inflation



Source: FactSet

We believe that neither the Fed nor the European Central Bank (ECB) are likely to reduce rates until they are certain inflation has been vanquished. However, three decades of rising markets demonstrate that rate cuts are not a prerequisite for market appreciation with rates at current levels. From the early-to-mid 1980's, as inflation fell to the 3-4% level, the economy consistently expanded and markets appreciated for more than thirty years until the Financial Crisis of 2008 created a significant economic downturn. Accordingly, we believe that with inflation and interest rates today at the same level or lower than they were from roughly 1985 through 2007, the outlook for both the economy and western world financial markets is positive. At this time, with interest rates low and perhaps moving lower, we believe the possibility of a financial crisis seems unlikely over the near term. On the other hand, geopolitical factors in Ukraine, Taiwan and the Middle East create market risks that cannot be predicted or ignored. Similarly, in the US, the upcoming presidential election and the possibility of a government debt driven crisis may result in market uncertainty as well.

Recent Portfolio Transactions

Since our last letter we sold Accenture, EPAM Systems and Paycom Software due to disappointing earnings results, while Boston Scientific and Chipotle Mexican Grill were sold due to price appreciation and valuation. Automatic Data Processing remains a solid company, however the position was sold in order to fund what we believe are better investment opportunities at this time. Similarly, Autodesk and Charles Schwab were trimmed to fund new investment ideas, while appreciation led us to trim NVIDIA.

We used the proceeds of these sales to add to the portfolio's existing positions in Meta Platforms, Fiserv, Uber Technologies, Dynatrace and Alphabet, each of which reported solid quarterly earnings. We also initiated new positions in Apple and Novo Nordisk.

We have always viewed Apple as a great company built on one of the best consumer business franchises in history. However, it is also a company whose growth has been challenged over the past five to ten years, with revenue growth of approximately 6% and earnings growth of 10% due in large part to a tax rate that was cut in half and an enormous share repurchase program. In our view, Apple's valuation was too high over the past decade as investors bought the stock for its dividend yield while interest rates were near zero. In addition, Apple's growth has been increasingly challenged due to its reliance on iPhone sales, as a lack of significant improvements between models has elongated the consumer upgrade cycle. However, with the emergence of AI-enabled technologies such as ChatGPT, it appears that Apple has a new-found opportunity to induce consumers to upgrade their phones more frequently. We believe the company has made a dramatic effort to accelerate its technology development in order to create a coherent AI dual-track strategy with limited on-device functionality and a cloud-based large language model partnership. We anticipate a demonstration of some of that progress at Apple's World-Wide Developer Conference in June and at the iPhone 16 rollout in September. It is our expectation that Apple's efforts will begin to drive small and over time, growing, tailwinds to iPhone unit sales and associated services. We believe a more significant acceleration of sales is likely with the iPhone 17 in CY25. Longer-term, we believe that Apple is well-positioned in consumer AI use cases, especially given their unparalleled consumer franchise in smartphones.

Our purchase of Novo Nordisk reflects our confidence in the company's ability to maintain their leadership position in the rapidly growing anti-obesity therapeutics market. Novo is the number one producer of GLP-1 drugs for both diabetes and obesity in the world. In the United States alone, there are an estimated 105 million adults who have a body mass index of 30 or higher. As a result, these individuals face significantly greater risk of experiencing a range of potentially catastrophic illnesses including diabetes, heart attack, stroke, and cancer. With clear and convincing data from several recently published studies, we now know definitively that both Ozempic and Wegovy from Novo can help reduce those risks. We see an unusually large end market opportunity for the company and an enormous capital commitment in the form of $6 billion in capital expenditures during 2024 alone aimed at ramping production to meet that demand. We believe Novo can deliver high-teens to low 20%'s EPS growth over our three-to-five year investment horizon.

Transactions Since January 1, 2024

BUYS	DATE	% CHG	SELLS	DATE	% CHG
Uber Technologies	Jan-24	1.2	Linde PLC	Jan-24	-1.8
Advanced Micro Dev	Jan-24	2.0	Thermo Fisher	Feb-24	-1.0
Dynatrace, Inc	Feb-24	0.5	Boston Scientific	Apr-24	-2.2
Meta Platforms	Feb-24	1.2	Paycom Software	May-24	-0.5

Recent Portfolio Transactions *cont.*

Transactions Since January 1, 2024

BUYS	DATE	% CHG
Novo Nordisk ADR	Apr-24	2.0
Apple Inc	May-24	4.5

SELLS	DATE	% CHG
Automatic Data	May-24	-1.7
Chipotle Mex Grill	May-24	-1.3
Accenture PLC	May-24	-0.9
EPAM Systems, Inc	May-24	-0.7

ADDS	DATE	% CHG
Entegris Inc	Jan-24	0.4
Uber Technologies	Feb-24	1.0
EPAM Systems, Inc	Feb-24	0.5
Advanced Micro Dev	Feb-24	0.5
Meta Platforms	Mar-24	2.9
Arista Networks	Mar-24	1.0
Advanced Micro Dev	Mar-24	0.3
Meta Platforms	Apr-24	1.2
Fiserv, Inc	Apr-24	0.3
Novo Nordisk ADR	May-24	1.3
Uber Technologies	May-24	0.3
Dynatrace, Inc	May-24	0.7
Alphabet Inc – Cl A	May-24	0.3

TRIMS	DATE	% CHG
Chipotle Mex Grill	Jan-24	-0.4
Accenture PLC	Jan-24	-1.4
Chipotle Mex Grill	Feb-24	-0.3
Accenture PLC	Feb-24	-1.0
Adobe Inc	Feb-24	-1.7
Accenture PLC	Mar-24	-0.4
Adobe Inc	Mar-24	-0.5
Autodesk, Inc	Mar-24	-0.9
Intuit Inc	Mar-24	-0.4
Chipotle Mex Grill	Mar-24	-0.6
EPAM Systems, Inc	Mar-24	-1.3
Autodesk, Inc	Apr-24	-0.2
Chipotle Mex Grill	Apr-24	-0.2
Accenture PLC	Apr-24	-0.4
EPAM Systems, Inc	Apr-24	-0.2
Visa Inc	May-24	-0.5
Charles Schwab	May-24	-0.7
NVIDIA Corp	May-24	-1.4

Portfolio and Market Outlook

Given ongoing solid global economic growth we are updating our upside-downside market expectations. Just six months ago we expected S&P 500 earnings in CY 2025 to approximate $265 in a "normal economy" and $250 in a "weak economy". However, we have increased calendar year 2025 S&P 500 earnings estimates to $275 in a "normal economy" and $260 in a "weak economy", representing a $10 increase in both scenarios. On the other hand, our expectations for the market's valuation remains unchanged. With inflation lower and interest rates remaining moderate (from the perspective of a longer-term historical context) we continue to believe that a P/E of as much as 21x 2025 earnings in January of 2025 is a reasonable expectation. To the downside, a recession caused by higher rates due to

Portfolio and Market Outlook *cont.*

(very unexpectedly) higher inflation might cause an annual market decline, as earnings growth is limited and disappointed investors must live through a correction. It remains our view, excluding the very real risk of negative geopolitical events, that it is significantly more probable that the market moves higher, rather than lower.

ASSUMPTIONS @ JANUARY 1, 2025

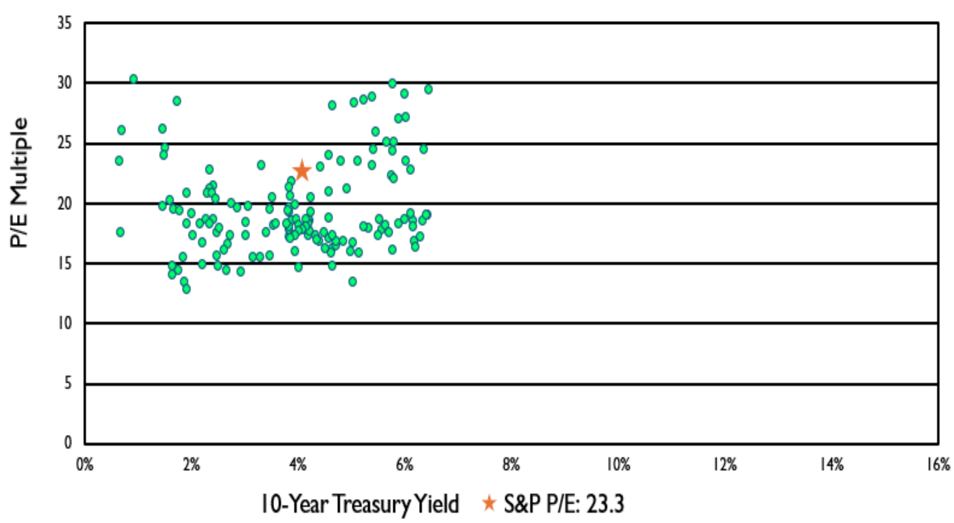
10 YEAR TREASURY = 3% to 5%

SPX PRICE @ 1/1/24 = $4770

	NORMAL RECOVERY	WEAK RECOVERY
FY2025 SPX EPS	$275	$260
P/E	21X	17X
SPX PRICE TARGET @ 1/1/25	$5775	$4420
RETURN	+21%	-7%

Our macro views of the market's valuation also remain unchanged. As the chart below demonstrates, typically when the ten-year US Treasury yields 6% or less, the S&P 500 has an average P/E of 18x and sometimes more. At present, the S&P 500 has a forward price/earnings ratio of about 20x. In periods of low inflation 20x is an average multiple. Accordingly, we believe the valuation of today's market is at a "normal" level not at a "bubble" or "extended" valuation level as is so often stated in the media or by investors. Today we have a solid, albeit, slowly growing global economy; inflation is falling; the ten-year US treasury is at a post WWII low level of 4.5%; Europe's rates are low as well; AI creates a tailwind for productivity growth that has not yet kicked in; and very importantly, improving productivity pushes inflation downward, grows the economy and enhances consumer spending power. Against this favorable fundamental backdrop, we believe great businesses with, in some cases, an AI tailwind can be purchased at reasonable valuations.

S&P 500 P/E Ratio and 10-Year Treasury Yield Less than 6.5% (1962-Present)



Source: Bloomberg

Portfolio and Market Outlook *cont.*

To investors looking for the next great idea, the AI theme is perhaps beginning to sound a bit tired. We continue to add new positions to the portfolio, both AI-related and not, when appropriate as well. We believe that the portfolio holds market dominant and attractively valued companies which, in our view, are poised to benefit from AI and other digital drivers over the years to come. We believe that these companies continue to be very attractive investments. In our view, the total portfolio is very rationally valued at 28.5x 2024 EPS and 23.2x 2025 earnings.

Furthermore, we believe the sixteen technology-related positions in the portfolio*, which are on average valued at 25x 2025 earnings with a projected growth rate of roughly 23% (based on DSM's internal calculations) are very attractively priced. Moreover, we believe it is possible that the AI earnings upside in these companies is not fully reflected in their stock prices at this time. Finally, we believe that lower inflation is supportive of lower interest rates and provides a solid and essential foundation on which the market may move steadily higher. As we have said repeatedly over the years, "bull markets climb a wall of worry" and in our view (barring unfavorable geopolitical events) the market's direction remains upward.

**Includes NVDA, MSFT, AMZN, GOOGL, ANET, INTU, META, ASML, AAPL, AMD, ADBE, UBER, ADSK, FTNT, ENTG, DT.*

DSM CAPITAL PARTNERS

Pursuant to Rule 3a-4 of the Investment Company Act of 1940, as amended, DSM Capital Partners LLC ("DSM") is required to remind you on a quarterly basis to contact us if your financial situation or investment objectives have changed in any way, or if you wish to impose new, or modify existing, restrictions on your account. Pursuant to Rule 206(4)-2 of the Investment Advisers Act of 1940, as amended, DSM is required to notify you periodically that you should be receiving, at least quarterly, a statement showing transactions from your custodian, and urge you to compare your custodial statement to the statement from DSM.

The Russell 1000 Growth Total Return Index includes dividends reinvested in the Russell 1000 Growth Index as reported by the FTSE Russell Company. S&P 500 Total Return includes dividends reinvested in the S&P 500 index, as reported by Standard & Poor's.

Portfolio Characteristics, Top Holdings, and Sector Weighting information refers to a representative account and is provided for illustrative purposes only - individual client accounts will vary. Contributors to return represents the holdings that most significantly impacted performance during the measurement period. The securities were selected in a mechanical and objective manner by using a calculation to show their relative impact on overall performance; they were not included or excluded for any other reason. The calculation computes the contribution of each holding by calculating the weight (i.e., percentage of the total account) invested in each holding multiplied by the rate of return for that holding during the measurement period. The result shows each holding's contribution to the overall return during the measurement period without regard to fees or expenses. If fees or expenses were applied, it would cause a detraction from the performance presented. The securities listed does not represent all of the securities purchased, sold, held or recommended or that these reflect current or past holdings for any particular client. You should not assume that the securities identified or discussed are currently held or will be profitable, or that any client account was or will attain the same or similar performance as the securities listed. DSM's standard fee is detailed in its Form ADV.

Weighted average market capitalization represents the average value of the companies held in the portfolio. When that figure is weighted, the impact of each company's capitalization on the overall average is proportional to the total market value of its shares. Price-to-earnings ratio is an equity valuation measure defined as market price per share divided by annual earnings per share. Earnings Per Share is another valuation measure. It is a company's total earnings or net income divided by its shares outstanding. Earnings per share, price to earnings ratios and other valuation models do not guarantee future performance or results. DSM may not be successful in predicting EPS growth or P/E ratios and, as a result, investors may experience losses. The price-to-cash flow ratio is a stock valuation indicator or multiple that measures the value of a stock's price relative to its operating cash flow per share. The price-to-sales ratio is calculated by taking a company's market capitalization and divide it by the company's total sales or revenue over the past 12 months. The price to book ratio is used to compare a company's current market value to its book value. Return on Equity is a measure of the profitability of a business in relation to the equity. Long-Term Debt to Capital denotes the weighted average of each security's long-term debt divided by the total capital of the security. Dividend yield is the dividend per share divided by the price per share. Measured in percent, Active Share represents the portion of a portfolio that differs from its benchmark. It is calculated as half the sum of the absolute active weights of all securities in a portfolio. It ranges from 0% for an index-tracking fund to 100% for a portfolio with no overlap with its benchmark. The higher the percentage, the more "active" the manager is. Portfolio turnover is a measure of how frequently assets are bought and sold. DSM's year-end revenue growth projections and earnings growth projections are an average of DSM's quarter-end revenue growth and earnings growth projections for the securities held in the portfolio.

Please contact DSM at (561) 618-4000 or at operations@dsmcapital.com if we can be of assistance.