US LARGE CAP GROWTH
SECOND QUARTER 2024 INVESTMENT LETTER

July 9, 2024

Performance Review*

During the second quarter of 2024, DSM's US Large Cap Growth Composite increased approximately 8.0% post fee. In comparison, the Russell 1000 Growth total return (including dividends) increased 8.3% and the S&P 500 total return (including dividends) increased 4.3%. Over the first six months of 2024, DSM's US Large Cap Growth Composite increased approximately 25.1% post fee. In comparison, the Russell 1000 Growth total return (including dividends) increased 20.7% and the S&P 500 total return (including dividends) increased 15.3%.

The leading global technology businesses in the portfolio are benefiting from cloud, internet, software, semiconductor and security demand in addition to very well-known AI trends. During the second quarter and first half of 2024, the Composite's outperformance versus the Russell 1000 Growth Index was driven by the positive performance of NVIDIA, Arista Networks, Microsoft, Alphabet, Amazon, ASML Holding and Apple. As a group^ the technology companies we hold in the portfolio are valued at approximately 29.4x forward four quarter earnings through June of 2025 and 26.8x CY 2025 earnings. We believe that at this valuation the stocks remain attractively valued, given DSM's earnings growth estimates of 20% or more. That said, we trimmed NVIDIA three times during the quarter as its valuation moved higher and position size grew larger.

Through the first half of 2024 the market's performance was much broader than in the first half of 2023. For example, last year the S&P 500 increased 17% in the first quarter driven by an increase of 86% in the "Magnificent 7" technology stocks (as represented below by the Bloomberg Magnificent 7 Total Return Index), while more speculative securities, as represented by the Goldman Sachs Non-Profit Tech Index, increased 34%. This year in the first quarter the Bloomberg Magnificent 7 TR Index increased approximately 37% while the Goldman Sachs Non-Profit Tech Index declined (19)% and yet the S&P 500 still increased by 15%.

First Half 2023/2024 Returns

	1st HALF 2023	1st HALF 2024
RUSSELL 1000 GROWTH INDEX	29.0	20.7
S&P 500 INDEX	16.9	15.3
GOLDMAN SACHS NON-PROFIT TECH INDEX	34.2	-18.7
BLOOMBERG MAGNIFICENT 7 TR INDEX	86.4	37.0

Source: Blomberg/FactSet

In our view this data clearly demonstrates that business fundamentals and valuation are critical variables driving equity performance. Even as the market has moved upward, we believe there are still attractive investment opportunities. The exhibit below illustrates there remain many equities which in our opinion are overvalued. However, the DSM portfolio is valued at approximately 27.2x forward twelve months earnings through June 2025, with an underlying earnings growth rate of approximately 21%. Of note, the portfolio is 24.7x 2025 earnings, a valuation which, in our view, will become an important factor during the second half of the year. We believe the valuation and growth rates of DSM's holdings compares very favorably with the market as a whole as well as those quality but "expensive" equities listed below. In our opinion the portfolio provides an opportunity to generate attractive rates of return over the next few years, given strong earnings growth, reasonable valuation and its AI and technology tailwind.

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Performance Review* *cont.*

Quality But "Expensive"

SECURITY NAME	FFQ P/E to 6/25	Proj LT EPS Growth	PEG Ratio
SNOWFLAKE INC-A	199x	16%	12.4
MONGODB INC	104x	13%	7.9
CROWDSTRIKE HO-A	92x	20%	4.6
DATADOG INC-A	82x	17%	4.7
TESLA INC	96x	-7%	-13.7
PALANTIR TECHN-A	80x	27%	3.0
ZSCALER INC	62x	27%	2.3
PALO ALTO NETWOR	57x	14%	4.0
SERVICENOW INC	53x	25%	2.1
CADENCE DESIGN	49x	16%	3.2
SYNOPSYS INC	44x	17%	2.7
AMERICAN TOWER C	30x	11%	2.6
TECHNOLOGY AVERAGE:	**79x**	**16%**	**3.0**
WALMART INC	28x	8%	3.4
COLGATE-PALMOLIV	27x	8%	3.2
TJX COS INC	27x	8%	3.3
PROCTER & GAMBLE	24x	8%	3.0
COCA-COLA CO/THE	22x	6%	3.5
HOME DEPOT INC	22x	3%	6.3
PEPSICO INC	20x	7%	2.7
KEURIG DR PEPPER	17x	7%	2.3
STAPLES AVERAGE:	**23x**	**7%**	**3.5**

SECURITY NAME	FFQ P/E to 6/25	Proj LT EPS Growth	PEG Ratio
DEXCOM	59x	24%	2.5
HEICO CORP	58x	21%	2.8
FAIR ISAAC CORP	58x	19%	3.0
CHIPOTLE MEXICAN	51x	23%	2.2
COSTCO WHOLESALE	52x	10%	5.4
CINTAS CORP	44x	12%	3.7
IDEXX LABS	42x	11%	3.8
MOODY'S CORP	40x	12%	3.4
ECOLAB INC	35x	14%	2.5
EDWARDS LIFE	32x	9%	3.6
DANAHER CORP	31x	4%	8.0
S&P GLOBAL INC	32x	13%	2.4
ZOETIS INC	30x	10%	2.9
WASTE MANAGEMENT	28x	11%	2.6
LINDE PLC	27x	12%	2.3
STRYKER CORP	27x	8%	3.2
YUM! BRANDS INC	22x	11%	2.0
NON-TECH AVERAGE:	**39x**	**13%**	**3.3**

Source: Bloomberg

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

**Strategy returns are preliminary and unaudited.*

Portfolio Dashboard (as of June 30, 2024)

Portfolio Characteristics			
Calendar 2024 P/E	30.3x	Number of Holdings	23
Calendar 2025 P/E	24.7x	Weighted Avg Market Cap	$1,568 B
Price to Book Ratio	11.4x	LT Debt/Capital	29%
EPS, Forward 3-5 Years	21%	Dividend Yield	0.3%
Active Share	50%	Trailing 12 Month Turnover	41%

Portfolio Dashboard (as of June 30, 2024)

Top 10 Holdings	Location	%
NVIDIA Corp	US	12.4
Microsoft Corp	US	12.0
Alphabet Inc – Cl A	US	8.8
Amazon.com Inc	US	8.7
Apple Inc	US	7.8
Arista Networks Inc	US	7.3
Meta Platforms Inc	US	5.3
Intuit Inc	US	4.2
ASML Holding NV	NL	3.3
Novo Nordisk A/S	DK	3.3

GICS Sector Weighting	%
Information Technology	59.1
Communication Services	14.1
Consumer Discretionary	8.6
Financials	7.9
Health Care	5.4
Industrials	2.4
Consumer Staples	1.8
Energy	0.0
Materials	0.0
Real Estate/Utilities	0.0

YTD Contributors to Return - Gross (basis points)			
Top 5		Bottom 5	
NVIDIA Corp	+1181	EPAM Systems, Inc	-67
Arista Networks Inc	+277	Adobe Inc	-50
Microsoft Corp	+247	Advanced Micro Devices, Inc	-23
Alphabet Inc – Cl A	+243	Monster Beverage Corp	-22
Amazon.com Inc	+234	Paycom Software, Inc	-13

Source: FactSet, DSM

Recent Portfolio Transactions

Since our last letter we trimmed several technology positions including Amazon.com, Arista Networks, ASML Holdings, Intuit and NVIDIA. We also trimmed Fiserv and Visa. We used the proceeds from these trims to add to the portfolio's existing positions in Advanced Micro Devices, Apple, Meta Platforms and Monster Beverage.

It is worth noting that while we did not own Apple as of the end of the first quarter, it is now approximately an 8.0% position. At their developer conference in June, Apple confirmed our expectations that their efforts should gradually lead to increased iPhone unit sales and associated services. As their AI strategy advances, a more significant acceleration of sales may be possible in 2025 with the launch of the iPhone 17, thus we have continued to build the position.

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

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Recent Portfolio Transactions *cont.*

Transactions Since January 1, 2024

BUYS	DATE	% CHG	SELLS	DATE	% CHG
Novo Nordisk ADR	Apr-24	2.0	Automatic Data	May-24	-1.7
Apple Inc	May-24	4.5	Chipotle Mex Grill	May-24	-1.3
			Accenture PLC	May-24	-0.9
			EPAM Systems, Inc	May-24	-0.7

ADDS	DATE	% CHG	TRIMS	DATE	% CHG
Entegris Inc	Jan-24	0.4	Chipotle Mex Grill	Jan-24	-0.4
Uber Technologies	Feb-24	1.0	Accenture PLC	Jan-24	-1.4
EPAM Systems, Inc	Feb-24	0.5	Chipotle Mex Grill	Feb-24	-0.3
Advanced Micro Dev	Feb-24	0.5	Accenture PLC	Feb-24	-1.0
Meta Platforms	Mar-24	2.9	Adobe Inc	Feb-24	-1.7
Arista Networks	Mar-24	1.0	Accenture PLC	Mar-24	-0.4
Advanced Micro Dev	Mar-24	0.3	Adobe Inc	Mar-24	-0.5
Meta Platforms	Apr-24	1.2	Autodesk, Inc	Mar-24	-0.9
Fiserv, Inc	Apr-24	0.3	Intuit Inc	Mar-24	-0.4
Novo Nordisk ADR	May-24	1.3	Chipotle Mex Grill	Mar-24	-0.6
Uber Technologies	May-24	0.3	EPAM Systems, Inc	Mar-24	-1.3
Dynatrace, Inc	May-24	0.7	Autodesk, Inc	Apr-24	-0.2
Alphabet Inc – Cl A	May-24	0.3	Chipotle Mex Grill	Apr-24	-0.2
Apple Inc	Jun-24	3.1	Accenture PLC	Apr-24	-0.4
Advanced Micro Dev	Jun-24	0.4	EPAM Systems, Inc	Apr-24	-0.2
Monster Beverage	Jun-24	0.5	Visa Inc	May-24	-0.5
Meta Platforms	Jun-24	0.5	Charles Schwab	May-24	-0.7
			NVIDIA Corp	May-24	-1.4
			Fiserv, Inc	Jun-24	-0.5
			Intuit Inc	Jun-24	-0.3
			NVIDIA Corp	Jun-24	-2.1
			Visa Inc	Jun-24	-0.5
			Amazon.com Inc	Jun-24	-0.2
			Arista Networks	Jun-24	-0.2
			ASML Holding NV	Jun-24	-0.8

Global Economic Outlook

Over the last few years, the western world economy has been characterized by rising interest rates, continued moderate economic growth and falling inflation. In essence, we have experienced a near perfect and mostly unexpected economic outcome. In fact, on both sides of the Atlantic, employment costs have moderated even as employment levels have remained robust. The global economy continues to move forward, led by steady but possibly slowing American growth. The EU economy is muddling through with political and economic policy stress building in France and the UK. While the Indian economy is powering forward, the Chinese economy remains largely stagnant. We continue to believe global economic growth will reach 2%+ this year with US growth a bit higher and European growth lower than the global average.

It remains our long-standing belief that the most important factor driving global debt and equity markets, as well as the economic outlook over the coming year and perhaps longer, would be the extent and speed of the decline in the rate of inflation in both the US and Europe. At this time, it appears that inflation is falling around the world. The US Federal Reserve (Fed) will require additional data points indicating that inflation is nearing their 2% target before reducing American interest rates, however recent statistics have led to increasing confidence that rate cuts are possible this autumn. In Europe, the first interest rate cut has occurred, meaning the European Central Bank (ECB) believes inflation is largely under control at the 2% level. However, the ECB will also require solid evidence that inflation is largely dormant before cutting rates again.

Consumer spending has been under pressure in the United States no doubt due to the cost of inflation squeezing the consumer. As millions of low-rate mortgages come due and with more on the way over the coming years, consumers have a choice to either repay their mortgage in full or roll them over into one with a higher rate. Either way, this will likely to lead to a reduction in consumer spending possibly for years to come as additional low-rate mortgages mature and have to be refinanced at a higher rate.

With inflation in Europe measuring roughly 2.5% in June, the ECB's 2% target is within reach. Unfortunately, services inflation remains stubbornly high at about 4% likely the result of low unemployment creating wage gains in service businesses. Despite cutting rates once already with another cut possible before year end, Europe has not yet seen an improvement in economic growth. While recent manufacturing trends have been on the weaker side, services remain a bit more solid. The trade war with China may expand in the EU with increased taxes levied on low-priced products purchased from China, as well as tariffs on very competitively priced Chinese built EVs. Needless to say, trade clashes depress global economic growth, especially as more than a few EU-based automobile companies sell a significant number of vehicles in China.

On the continent, Brussels continues to impose taxes, regulations and other hurdles that increase business costs, limit startups of new businesses, slow innovation and reduce incomes as well as employment levels. Perhaps most importantly, anti-investment regulations and high taxes limit the investment necessary to enhance productivity and thereby improve living standards. Until EU tax and regulatory policies become supportive of economic growth and productivity, Europe is likely to continue to experience disappointing economic growth. The result is dissatisfied voters and election outcomes that change the political party in control, as has been the case in France and the United Kingdom over the past few weeks.

Portfolio and Market Outlook

In the US the economy is continuing to generate a nearly perfect scenario of steady growth, full employment and falling inflation. Nevertheless, many Americans are unhappy with the economy's recent performance and this dissatisfaction is registering in polling leading to the November elections. Unfortunately, the economic outlook in Europe is not as sanguine as in the US with economic growth disappointing many and election results in both France and the United Kingdom confirming the discontent of the populace. Recent statistics confirm that both US and EU inflation continues on a descending trajectory and in our view is the critical variable necessary before economic growth can accelerate, perhaps on the back of reduced interest rates.

With the war on inflation all but won, interest rates on the long end can remain largely stable while US rate cuts are likely at some point this year, perhaps beginning in the third quarter. Importantly, despite disappointment amongst voters on both sides of the Atlantic, economic growth remains more robust and inflation lower than investors expected a year ago. We continue to be of the opinion that should critical economic indicators remain strong and rate cuts are delayed or are fewer than generally expected, the market is likely to continue to move higher. On the other hand, if the economy softens and rates are lowered sooner, we believe the market may also move higher. In our view, a 4.3% ten-year yield is very low historically and will comfortably support a market with a 19x to 22x price/earnings multiple, as long as the intermediate to longer term economic outlook is reasonably positive.

In our view, the total portfolio is rationally valued at 27.2x forward four quarter earnings through June of 2025 and 24.7x 2025 earnings. Furthermore, we believe the fifteen technology-related positions in the portfolio*, which are on average valued at 26.8x 2025 earnings with a projected growth rate of roughly 22% (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.

As the economy continues to grow, albeit slowly, and inflation continues to fall, we continue to expect that global markets will trend higher despite well-publicized macro and geopolitical risks. In our view, there are few significant economic risks at this time thereby creating a relatively clear path to equity market appreciation. However, we believe that geopolitical risks emanating primarily from Russia, Iran and China remain elevated and should not be ignored, while ever-rising US government debt may create a potentially substantial economic dislocation as well. That said, as we have stated previously, "bull markets climb a wall of worry" and in our view the market's direction remains upward.

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

* DSM Second Quarter 2024 Investor Update - Wednesday, July 24th at 10:30 am (EST) *

For those who would like to participate in the webinar, please use the registration link provided below. After registering, you will receive a confirmation email about joining the webinar.

https://us06web.zoom.us/webinar/register/WN_3oRnwbIjTSmkpCNetQSJzw

Please submit your questions in advance via e-mail to questions@dsmcapital.com. DSM's investment team will answer all questions; however, we will not have a facility for "live" questions on the call.

The call is open to DSM clients, prospects, consultants, and representatives. This invitation is intended for the sole use of the recipient. Should you wish to recommend someone whom you believe should be on our invitation list, please contact DSM at clientservices@dsmcapital.com.

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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. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance. The Bloomberg Magnificent 7 Total Return Index is an equal-dollar weighted equity benchmark consisting of a fixed basket of 7 widely-traded companies classified in the United States and representing the Communications, Consumer Discretionary and Technology sectors as defined by Bloomberg Industry Classification System (BICS).

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.

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