DSM CAPITAL PARTNERS

US LARGE CAP GROWTH
THIRD QUARTER 2024 INVESTMENT LETTER

October 2, 2024

Performance Review*

During the third quarter of 2024, DSM's US Large Cap Growth Composite decreased approximately (0.1)% post fee. In comparison, the Russell 1000 Growth total return (including dividends) increased 3.2% and the S&P 500 total return (including dividends) increased 5.9%. Over the first nine 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 24.5% and the S&P 500 total return (including dividends) increased 22.1%.

The Composite's outperformance versus the Russell 1000 Growth Index over the first three quarters of 2024, was primarily driven by the positive performance of NVIDIA, Arista Networks, Apple and Microsoft. However, during the third quarter several of these positions underperformed the Russell 1000 Growth Index. Although DSM's third quarter performance trailed the index, we firmly believe that the outlook is very bright for the leading global technology businesses in the portfolio, driven by continued growth in cloud, internet, software, semiconductor and security demand in addition to very well-known AI trends. As a group^ the technology companies we hold in the portfolio are valued at approximately 28.1x forward four quarter earnings through September of 2025 and 26.5x CY 2025 earnings. We believe that at this valuation the stocks remain attractively valued, given DSM's earnings growth estimates of 20% or possibly more.

The outperformance of US equities versus non-US equities continues this year. However, many commentators believe that both Europe and Emerging Markets will in time outperform US equities as market returns revert to historic averages. Despite what history might imply, we believe US markets will continue to outperform, driven in large part by the technology stocks we own and discussed above. The exhibit below illustrates that historic US growth rates of 6% to 7%, as represented by the S&P 500 in 2007, have accelerated to over 8% in 2023 primarily as a result of the technology revolution that US companies largely dominate. Earnings growth of the Russell 1000 Growth Index has also accelerated to about 12% from 8% to 9% previously, again in large part due to the strong growth of US technology shares.

Comparable Index EPS Growth Rates

Russell 1000 Growth:	2023	2019	2016	2010	2007
8 Year Trailing	11.5%	9.8%	9.5%	8.8%	8.5%
5 Year Trailing	12.0%	10.1%	9.5%	8.7%	8.6%
3 Year Trailing	13.1%	10.4%	9.7%	9.1%	8.3%
S&P 500:					
8 Year Trailing	8.6%	7.9%	7.8%	7.0%	6.6%
5 Year Trailing	8.4%	8.2%	7.5%	6.9%	6.6%
3 Year Trailing	8.8%	8.5%	7.7%	7.6%	6.1%
Russell Value:					
8 Year Trailing	5.5%	5.3%	5.9%	5.1%	4.6%
5 Year Trailing	5.0%	5.5%	5.0%	5.2%	4.2%
3 Year Trailing	5.6%	5.6%	5.0%	6.5%	3.6%
MSCI Europe:					
8 Year Trailing	6.9%	4.9%	4.1%	3.9%	3.9%*
5 Year Trailing	7.6%	5.4%	4.3%	3.2%	4.2%
3 Year Trailing	8.9%	5.8%	4.8%	3.3%	3.7%
MSCI Emerging Markets:					
8 Year Trailing	1.3%	0.5%	0.7%	3.8%	5.2%
5 Year Trailing	0.9%	1.2%	0.1%	2.1%	5.1%
3 Year Trailing	1.1%	1.0%	0.7%	1.8%	3.5%

**6 Year Trailing MSCI Europe EPS Growth %*

Source: Bloomberg

Performance Review* *cont.*

As shown above, the MSCI Europe has experienced an earnings acceleration as well, from roughly 4% in 2007 to 8% in 2023, driven by the luxury goods companies such as LVMH Moet Hennessy Louis Vuitton, Hermes and L'Oreal, as well as ASML Holding NV, SAP SE, Novo Nordisk and AstraZeneca among others. However, at this point in time China's purchases of luxury products has softened, and the growth rates of the health care companies are slowing. Accordingly, going forward we expect a slowdown in MSCI Europe earnings growth.

In the US, many market pundits believe Value stocks will soon outperform Growth stocks, but a review of the growth rates of the Russell Value Index reveals only a minor improvement in earnings growth over the last sixteen years. While some will also argue that Value stocks are "cheap", our review of valuations does not support that claim. In our opinion, given the earnings growth generated, European and US Value stocks have performed exactly as they should have over these past years.

As for the potential for Emerging Markets to outperform western world markets (we exclude China given the "political risk" facing its economy and markets), we would argue that these markets are dominated by slower growth financial, auto and commodity companies. While a robust global economy could drive stronger earnings growth for European, Emerging Markets and Value equities, leading to a short period of outperformance versus US growth stocks, commodity booms only last so long before the inevitable decline takes hold. Not to be forgotten, growth stocks and especially tech stocks would also benefit from a strong global economy.

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

**Strategy returns are preliminary and unaudited.*

Portfolio Dashboard (as of September 30, 2024)

Portfolio Characteristics			
Calendar 2025 P/E	25.2x	Number of Holdings	25
Calendar 2026 P/E	20.8x	Weighted Avg Market Cap	$1,535 B
Price to Book Ratio	11.9x	LT Debt/Capital	29%
EPS, Forward 3-5 Years	21%	Dividend Yield	0.3%
Active Share	48%	Trailing 12 Month Turnover	39%

Top 10 Holdings	Location	%
NVIDIA Corp	US	12.2
Microsoft Corp	US	11.6
Apple Inc	US	8.7
Amazon.com, Inc	US	8.4
Arista Networks, Inc	US	8.0
Meta Platforms Inc	US	7.2
Alphabet Inc – Cl A	US	6.4
Intuit Inc	US	4.0
Novo Nordisk A/S	DK	3.1
Visa Inc	US	2.8

GICS Sector Weighting	%
Information Technology	60.7
Communication Services	13.6
Consumer Discretionary	8.4
Financials	7.2
Health Care	5.7
Industrials	4.1
Consumer Staples	0.0
Energy	0.0
Materials	0.0
Real Estate/Utilities	0.0

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Portfolio Dashboard (as of September 30, 2024)

YTD Contributors to Return - Gross (basis points)			
Top 5		**Bottom 5**	
NVIDIA Corp	+1156	Adobe Inc	-67
Arista Networks, Inc	+356	EPAM Systems, Inc	-67
Microsoft Corp	+202	Monster Beverage Corp	-45
Amazon.com, Inc	+202	Neurocrine Biosciences, Inc	-25
Apple Inc	+154	Entegris, Inc	-24

Source: FactSet, DSM

Recent Portfolio Transactions

Since our last letter we trimmed Alphabet due to concern that antitrust issues might create downward valuation pressure on the stock as the Department of Justice (DOJ) case against Google is litigated over the next few years. We used the proceeds to initiate positions in Howmet Aerospace and GE Vernova.

Howmet Aerospace emerged as a result of multi-year shareholder disputes and a subsequent resolution to separate the highest value-added businesses from Alcoa and its spin-off company, Arconic. The majority of Howmet's revenues come from deep-moat, highly regulated products primarily serving the aerospace market. The company's most attractive segment, Engine Products, commands high margins across both OEM and aftermarket sales, while its Fasteners and Structures divisions are exposed to OEM sales across the industry. As a result, Howmet has been able to "have it both ways", benefiting not only from the surging demand for engine aftermarket parts, but also the decade long aircraft order backlog at the major OEMs. Despite the myriad issues at both Boeing and Pratt & Whitney, Howmet has generated mid-to-high teens revenue growth and 35-50% EPS growth over the past few quarters as favorable business tailwinds have accelerated.

GE Vernova was the final piece spun-off from the former General Electric conglomerate, which is now known as GE Aerospace. We believe GE Vernova is the premier company to capitalize on surging global demand for power generation and grid modernization from electrification, datacenters and AI. Led by an experienced management team focused on maximizing revenue growth and profitability, the company's two great businesses, the razor/blade model of Gas Power and the critical grid infrastructure parts of Electrification, should drive its growth. While the Offshore Wind business has been challenged over the years to generate consistent profitability, management plans to manage the business to a profitable size by avoiding unprofitable contracts going forward. We are already seeing evidence that this strategy is paying off with a strong rebound in earnings this year. Across its businesses, GE Vernova has a multi-year and expanding backlog with strong pricing power and a prioritized focus on profitability.

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
Cadence Design Sys	Aug-24	1.1	Accenture PLC	May-24	-0.9
Synopsys, Inc	Aug-24	1.1	EPAM Systems, Inc	May-24	-0.7
Abbott Laboratories	Aug-24	0.8	Entegris, Inc	Aug-24	-1.6
GE Vernova Inc	Sep-24	0.5	Monster Beverage	Aug-24	-1.9
Howmet Aerospace	Sep-24	1.0	Charles Schwab	Aug-24	-1.3

Transactions Since April 1, 2024

ADDS	DATE	% CHG	TRIMS	DATE	% CHG
Meta Platforms	Apr-24	1.2	Autodesk, Inc	Apr-24	-0.2
Fiserv, Inc	Apr-24	0.3	Chipotle Mex Grill	Apr-24	-0.2
Novo Nordisk ADR	May-24	1.3	Accenture PLC	Apr-24	-0.4
Uber Technologies	May-24	0.3	EPAM Systems, Inc	Apr-24	-0.2
Dynatrace, Inc	May-24	0.7	Visa Inc	May-24	-0.5
Alphabet Inc – Cl A	May-24	0.3	Charles Schwab	May-24	-0.7
Apple Inc	Jun-24	3.1	NVIDIA Corp	May-24	-1.4
Advanced Micro Dev	Jun-24	0.4	Fiserv, Inc	Jun-24	-0.5
Monster Beverage	Jun-24	0.5	Intuit Inc	Jun-24	-0.3
Meta Platforms	Jun-24	0.5	NVIDIA Corp	Jun-24	-2.1
Meta Platforms	Aug-24	1.0	Visa Inc	Jun-24	-0.5
Dynatrace, Inc	Aug-24	0.3	Amazon.com Inc	Jun-24	-0.2
Novo Nordisk A/S	Aug-24	0.5	Arista Networks	Jun-24	-0.2
			ASML Holding NV	Jun-24	-0.8
			Alphabet Inc – Cl A	Sep-24	-1.5

Global Economic Outlook

We continue to believe the global economy will experience a "soft landing" in 2024 in large part due to continued American economic growth of about 2.5% this year with a second half forecast of nearly 3% at this time. Next year we see global economic growth in excess of 2.5%, while US economic growth is expected to downshift towards 2% or a bit lower. However, the US economy in recent years has consistently surprised to the upside and perhaps 2025 will surprise as well with better-than-expected growth.

Global Economic Outlook *cont.*

Our long-standing view of a soft landing in the US is based on several facts. First, with inflation nearing its target of 2%, interest rates have been cut by a significant 50 basis points (bps), with more to follow. Second, long-term interest rates remain historically low and housing, with the decline in rates, is perhaps beginning to recover. In addition, employment growth remains strong and unemployment is low with both supporting decent consumer spending. Finally, consumer net worth is rising due to the housing and equity markets, which is also quite supportive of spending. An alternative economic analysis might conclude that given the steady performance of the US economy, including its low unemployment and inflation near 2%, the US Federal Reserve (the Fed) has cut too much, too soon. While we don't necessarily agree, there is logic to support the conclusion. If true, however, then in response the Fed can slow the rate cut cycle going forward.

Unfortunately, the economic growth outlook in Europe remains at about 1%, with the UK a recent bright spot. Inflation has declined to about 2.5%, not far from the 2% target, enabling the European Central Bank (ECB) to institute a couple of rate cuts, with more likely to follow. European incomes are increasing as inflation declines, which should be supportive of consumer spending. However, consumer confidence is weak thus dampening spending, with automobile sales declining substantially. Clearly the economy has been slow to respond to the rate cuts with negative GDP growth in Germany becoming a real possibility. Higher income tax rates are also being discussed across Europe, as well as wealth taxes in a few nations. In our view, higher taxes would only serve to worsen Europe's economic prospects. While Europe's many capable private sector companies could accelerate economic growth if provided appropriate economic incentives, EU policy appears to be moving in the opposite direction.

Despite some concerns, the US is sustaining a nearly perfect scenario of moderate-steady growth, full employment and falling inflation. However, the inflationary impact of the "free money" distributed during the pandemic era has negatively impacted the real incomes of millions of Americans, who clearly remain unhappy with their economic situation. The same can be said of voters in Europe and the UK where recent elections have resulted in leadership changes in nations such as France and the United Kingdom. The upcoming US elections in November are too close to call at this time for both the Presidency and House of Representatives. However, the Senate appears likely to shift to Republican control from Democratic control currently. Whatever the outcomes in each of the three branches of government, political power in Washington will likely remain "divided" with limited possibilities of noteworthy legislative actions, which is very likely the outcome favored by the majority of Americans.

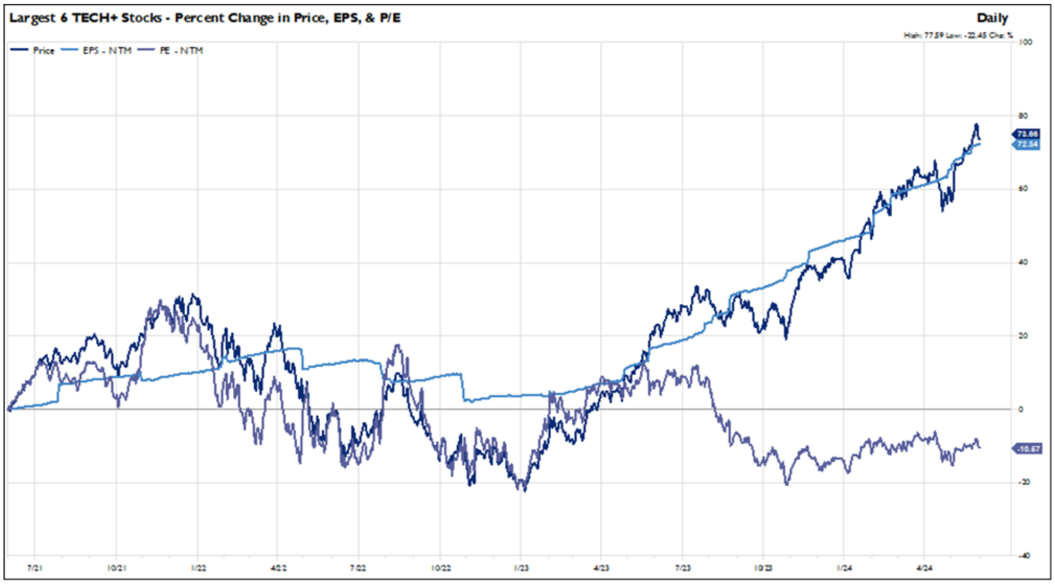
Portfolio and Market Outlook

Paraphrasing an unknown and wise market sage, *"the market has predicted five of the last one recessions"*. Some months ago, that observation was repeated when consensus concluded that a recession was nearing, the economic growth cycle was over and the market would decline. Nervous investors in a rush to "save their gains" quickly sold their big winners, including many of the leading technology companies. As technology stocks declined, many analysts concluded it was time to rotate into US Value, European or Emerging Markets equities. We disagreed. Misplaced fears of recession led many investors to sell growth stocks because of their desire to preserve their profits in tech, not due to newly identified factors indicating sustained outperformance by US Value, European or Emerging Market shares.

Importantly, in the case of recession, we believe growth stocks would continue to grow, albeit at a slower rate, while EU, EM and value stocks might experience a *decline* in earnings. Importantly, the valuations (grey line) of the largest six technology companies (Apple, NVIDIA, Microsoft, Amazon.com, Alphabet and Meta) have been largely steady over the past several years. The prices of these companies (dark blue line) have been driven higher by earnings growth (light blue line). As a result, the valuations of these six technology names, in our opinion, remain quite reasonable.

Portfolio and Market Outlook *cont.*

Largest 6 TECH+ Stocks - % Change in Price, EPS & P/E



In our view, the war on inflation in both the United States and Europe is now in the rearview mirror. We believe US and European equities are normally valued and therefore, looking forward, returns should be roughly in line with historic rates. We firmly believe that a 3.8% 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. We believe the total portfolio is attractively and rationally valued at 26.6x forward four quarter earnings through September of 2025 and 25.2x 2025 earnings. Furthermore, we believe the sixteen technology-related positions in the portfolio^, which are on average valued at 26.5x 2025 earnings with a projected growth rate of roughly 22% (based on DSM's internal calculations) are very attractively priced. Moreover, we continue to believe it is possible that the "long runway" of AI earnings growth in these companies is not fully reflected in their stock prices at this time.

As the global economy continues to grow, albeit slowly, and inflation continues to fall, we 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, AAPL, AMZN, ANET, META, GOOGL, INTU, AMD, ASML, ADSK, FTNT, ADBE, DT, CDNS, SNPS.

* DSM Third Quarter 2024 Investor Update - Wednesday, October 23rd 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_bdkQsNRYQ92AP0jEkZv3UA

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.

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