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ZEVENBERGEN GROWTH EQUITY REVIEW & PERSPECTIVE

Information herein is representative of the Zevenbergen Growth Equity Model Portfolio. Investment returns referenced are specific to the Zevenbergen Growth Equity Composite; returns for the Zevenbergen Growth Equity Model Portfolio must be accessed directly through your company's model delivery platform.

There was no performance intermission in the US equity market's impressive 2024 debut. Investors set aside concerns around interest rate policy, an inverted yield curve and the continuation of mixed economic indicators. The enthusiasm for Artificial Intelligence (AI) remained prominent with the perceived "Fourth Industrial Revolution" driving select mega capitalization companies higher (those with superior financial and intellectual capital). Introducing some breadth and discovery into additional benefactors, interest in companies distributing AI products and services also emerged. The Zevenbergen Growth Equity Strategy's quarterly performance returns exceeded the benchmark with investors continuing to reward fundamental strength around portfolio holdings' revenue and earnings growth. Relative performance was bolstered by stock selection and an overweight to the benchmark within the consumer discretionary industry (diversified retailers, media agencies, consumer services, cosmetics) and stock selection within technology (semiconductors, software). Industrials (transaction processing services) and health care (biotechnology) were minor industry detractors.

Top 5 Contributors 1Q24

Ticker	Company	Average Weight	Contribution (Absolute)
NVDA	NVIDIA Corporation	8.34 %	518 bps
UBER	Uber Technologies, Inc.	5.34 %	132 bps
AMZN	Amazon.com, Inc.	6.02 %	109 bps
TTD	The Trade Desk, Inc.	5.23 %	104 bps
META	Meta Platforms, Inc.	3.18 %	102 bps
Top 5 Total		**28.11 %**	**965 bps**

Bottom 5 Detractors 1Q24

Ticker	Company	Average Weight	Contribution (Absolute)
TSLA	Tesla, Inc.	6.01 %	-238 bps
SNOW	Snowflake Inc.	3.43 %	-65 bps
BILL	Bill Holdings, Inc.	1.09 %	-45 bps
Z	Zillow Group, Inc. Class C	2.18 %	-38 bps
EXAS	Exact Sciences Corporation	3.05 %	-21 bps
Bottom 5 Total		**15.76 %**	**-407 bps**

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Contributors:

NVIDIA Corporation (NVDA):
Founder-led accelerated computing provider NVIDIA Corporation recorded its fourth consecutive quarter of financial results well-above consensus estimates. While debates swirled around AI use cases and their economic implications, investors seemed to agree on NVIDIA's role as the predominant supplier of AI "building block" technology. The company's commitment to research and development could strengthen this leading position. At its March developer conference, NVIDIA revealed a new generation of AI chips, datacenter systems, and tools that offer performance, power efficiency, and total cost of ownership improvements over predecessor products and competing alternatives.

Uber Technologies, Inc. (UBER):
Digital transportation and delivery leader Uber Technologies, Inc. saw continued positive momentum stemming from its inclusion in the S&P 500 Index at the end of last year. Shares were further propelled by strong fundamentals and an Investor Day in February that laid out longer term targets of mid-high teens bookings growth and significant margin leverage. The company continues to see strength in both its mobility and delivery units, with the benefits of having both services under one network leading to further gains in efficiency, frequency, and profitability.

Amazon.com, Inc. (AMZN):
Customer-obsessed eCommerce and cloud computing juggernaut Amazon.com, Inc. closed 2023 with accelerating growth in both eCommerce and its key AWS segment as customer optimization trends eased after a year of uncertainty. Shares rallied as the company continued showcasing cost discipline and the benefits of a rapidly scaling, high margin advertising business on overall profitability. "Day 1" investments in AI lay the foundation for future growth on the backs of strong customer relationships, differentiated technology, and mission-critical infrastructure.

Detractors:

Tesla, Inc. (TSLA):
Never far from the headlines, shares of Tesla, Inc. were back under pressure to start the year. The founder-led technology company remains in between product waves with the Model Y/3 sales still growing, but maturing, and the highly anticipated "next-generation" vehicle platform not expected to begin production until late next year. With short-term deliveries pressured by the macroeconomic environment and numerous one-time items (Berlin fire, Model 3 refresh, Red Sea conflict), investment conviction remains grounded in the longer-term product roadmap and the company's autonomous driving advancements.

Snowflake Inc. (SNOW):
Cloud data platform company Snowflake Inc. guided toward lower-than-expected revenue growth and profit margins this year on subdued customer product usage and an uptick in operating expenses. The company also announced a surprising CEO change, with Sridhar Ramaswamy, a former Google and AI start-up executive, replacing enterprise software veteran Frank Slootman at the helm. On a positive note, Snowflake reported a good quarter for remaining performance obligation, a signal for future revenue, and signed its largest deal ever in the quarter. Even though it is too early to assess company execution under new leadership, Snowflake's product development and sales investments give the company a compelling opportunity to capture share in the fast-growing data analytics and machine learning markets.

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Bill Holdings, Inc. (BILL):

Shares of founder-led financial automation software company Bill Holdings, Inc. reflected investor concerns over the financial health of the company's target market and its competitive positioning. Management issued cautious commentary on platform activity, suggesting economic uncertainty continues to weigh on customer spending. Further contributing to stock price weakness, the company disclosed Bank of America, one of its distribution partners, is developing its own payments strategy, which could jeopardize Bill's stance with the large bank if successful. While reasonable to expect manual business processes, especially those in financial functions, will digitize over time, near-term sales and margin visibility for Bill remain challenged.

Perspective:

Geopolitical tensions, a meandering path of interest rates and upcoming elections continue to unsettle investors. The outcomes of these events, even if correctly predicted, may be unrelated to portfolio performance and a company's share price. Away from these issues, many positive investment considerations mitigate some of these concerns for investors with a long-term perspective. Within the portfolio, corporate finances are generally robust, with many companies having secured low financing rates. They have also demonstrated improving productivity through the applications of new technologies and workforce recalibrations. Consumer finances remain relatively strong, bolstered by savings and wage increases. ZCI addresses the daily news headlines and opinions by investing in companies led by ambitious management teams that prioritize secular revenue, cash flow, and earnings growth. We view the current environment optimistically, with an eye for investments with significant wealth creation potential.

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