Portfolio Manager Commentary
First Quarter 2024

Portfolio / Index	Q1-24 Return	1-Year Return	3-Year CAGR	5-Year CAGR	Since Inception CAGR
Focused Growth Composite	+15.2%	+48.8%	+6.0%	+14.6%	+13.6%
S&P 500 Total Return Index	+10.6%	+29.9%	+11.5%	+15.1%	+13.2%

Returns are net of fees as of 3/31/23 and annualized if period is greater than 1 year

Dear Client,

We have often said that we prefer an environment in which stock movements are predicated on individual company fundamentals rather than broader macro factors. So it was in the first quarter of 2024. While we didn't make it out of the Q4-23 earnings season completely unscathed, for the most part results across the broader portfolio ranged from solid to exceptional. As such, our Focused Growth portfolio delivered strong first quarter results with returns of 15.1% in the period. This compares favorably to the 10.6% gain in the S&P 500 during the first quarter. The artificial intelligence revolution was the key area of focus in the market during the first quarter and figures to be for the foreseeable future. Once again, Nvidia was front and center as the poster child for this change. The only certainty at this time is that an enormous amount of capital is being invested to deliver the compute power necessary to deliver the AI applications of the future and that Nvidia is so far out in front of the pack in this race that the horses vying for second place sometimes think they are leading. While real money is being spent laying the necessary AI infrastructure and the leader in this space is clear, the ensuing acts of the AI revolution are occurring in fits and starts and the early winners are less clear. What we mean by this is that the AI revolution will unfold over a long period of time and come in three overlapping phases: investment to build a massive amount of computing power, the development of and implementation of AI driven enterprise software applications, and the utilization of these applications to drive productivity gains that will have material positive implications for businesses, the broader economy and overall quality of life. The first phase is clearly underway, but the ensuing phases are going to take some time to materialize. Indeed, one of the recurring themes from our enterprise software holdings during this quarter was that while the development of AI driven applications was underway, adoption was going to take place over years rather than quarters and as such, the financial benefits will not be immediate but rather realized over a longer period of time as well. While the financial opportunity in the area of AI application development is enormous, so too is the risk of disruption. This is a dynamic environment and we will be working diligently to identify real instances of disruption while seeking to tune out the increased frequency of noise that is certain to occur. As we look out to the remainder of the year, we expect a fairly peaceful period from the Fed as rates are modestly adjusted lower in an effort to promote

stable growth with continued moderation in inflation. Politically speaking, the relative tranquility of the first quarter is sure to be fleeting as the Trump/Biden rematch kicks into full gear over the Summer and Fall. While this is certain to heighten emotions on both sides, it is important to keep in mind that from an investing standpoint the yawning gap between what is promised and the reality of what is possible makes much of the life or death rhetoric we will hear in months to come little more than noise. All told, we are hopeful that from a stock market standpoint, the remainder of 2024 will be determined by performance on a company by company basis. In today's environment, that can come with its share of pitfalls but for us, this remains our preferred field of battle.

During the first quarter of 2024, the will they or won't they debate regarding the Federal Reserve shifted from the question of how much more they would be raising rates to when they would start cutting rates. During the quarter, projections for the beginning of the rate cutting cycle were pushed back and the number of cuts forecast for this cycle were reduced due to a stronger than anticipated economy. Yes, the last mile of inflation reduction has proven challenging but a lot of this is due to a resilient job market and corresponding resilience in consumer spending. Further, businesses and consumers seem to be adjusting to higher rates. This is all good news in our view. We get questions regarding the disconnect between the underlying economic numbers and surveys that show Americans, for the most part, do not share the view that the economy is on solid footing. This is understandable as even though inflation is slowing, slower inflation still means that prices are rising and wage increases for the broader population have not kept up with the step function change in prices that occurred in 2022/2023. The easiest way to say it is that the economy smiles on Wall Street a little more than it does on Main Street at the present time.

First Quarter Contributors and Detractors:

Table 1:

Notable Q1-24 Performers					
Positive Contributors			**Negative Detractors**		
	Performance	**Contribution**		**Performance**	**Contribution**
Nvidia	+82.5%	+7.6%	Charter	-27.6%	-1.5%
Meta Platforms	+37.2%	+2.2%	Snowflake	-8.8%	-0.4%

Returns are from a representative account; individual account returns may vary.

Table 1 shows some notable performers during the quarter in terms of both absolute performance as well as total contribution (% increase/decrease x weighting) to overall portfolio returns. As discussed above, most of

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our portfolio companies delivered solid to exceptional Q4-23 earnings reports leading to the strong first quarter results so there are plenty of positive contributors to choose from. While this would usually be an opportunity to highlight some companies that don't already dominate CNBC coverage, the first quarter performance of Nvidia and Meta demands attention. As for the negative contributors, we discuss both Charter and Snowflake in-depth in the purchases and sales portion of this letter, so keep reading for the autopsy of what went wrong with those two.

Nvidia: In our last investor letter, we explained why the appreciation in Nvidia's stock during 2023 was earnings driven and not simply due to an AI hype cycle. Last year, earnings per share increased from $3.33 in 2022 to $12.49 in 2023 and the consensus estimates for 2024 EPS increased from $6 to roughly $19. Hence, last year's share price gains were driven by materially better than expected results in 2023 and Nvidia entered 2024 with excellent visibility for another strong year. The controversy in the stock heading into this year was whether the 2023/2024 AI driven demand was the proverbial pig passing through the python or whether it was a new base from which growth could continue. It's a pig alright, but we think it's a pig being followed by a rhinoceros or maybe even a modest sized elephant. About 10 days into the quarter at an investor conference, Nvidia CFO Colette Kress said that management expected to grow again in 2025 even after another year of well above trend growth in 2024. Six weeks later Nvidia released Q4-23 earnings and issued Q1-24 guidance and consensus EPS estimates of $19 in 2024 moved north of $25 and estimates for 2025 moved from $20 to $30 (we are currently at $27 and $35 for 2024 and 2025 respectively). This is how a stock can rally 83% in 3 months without valuation becoming intolerable.

Fundamentally speaking, Nvidia sits at the intersection of two major trends: the AI Revolution and the reinvention of the legacy data center architecture. AI is expected to drive a trillion dollars of data center demand in the next several years as large language models are trained and applications are created to generate business insights from this data. There was a thought that while Nvidia was the runaway leader in training large language models for AI applications, the generation of business insights (inference) was an area in which future leadership was still up for grabs. This line of thinking took on water when Nvidia CEO Jensen Huang noted that over 40% of existing data center workloads run on Nvidia chip sets were for inference. If you step back for a minute, this really shouldn't be too surprising. Nvidia is the unquestioned leader in accelerated computing. Inference, like training, requires an enormous amount of compute power. Why wouldn't Nvidia dominate the inference market as it dominates the training market? The other major trend that Nvidia sits at the center of is the reinvention of the trillion dollars of legacy data center infrastructure that is taking place. Presently, CPUs are the dominant

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presence in the data center. Going forward, this dominance is going to shift materially to GPUs as the future of computing will be generative AI and the compute power necessary for this future is going to require the parallel processing and accelerated computing that can only be achieved with GPUs. Jensen Huang estimated that 95% of current data center calculations could be done more efficiently using GPUs rather than CPUs. We are already seeing evidence of this transformation in play as most cloud service providers have recently extended the estimated useful life of their existing data center infrastructure. This tells you that they either think they are just fine without having to replace aging CPU technology or that they are letting the existing CPU centric infrastructure roll off over time while they switch to a more GPU centric data center architecture. Jensen would tell you that the answer is the latter. We agree.

So, the story on Nvidia is similar today to what it has been over the last year since the investing world gained greater awareness of the opportunity brought forth by the AI revolution. Analysts, ourselves included, are grappling with just how large this opportunity is and trying to get a sense as to how the competitive dynamic in the space will ultimately play out. There is going to come a time when the answer to these questions is better understood and Nvidia's quarter to quarter performance more closely resembles expectations. At that point, the stock will settle down and the debate over what is the appropriate multiple to assign to Nvidia's stream of earnings can begin in earnest. For now, it is clear we aren't there yet. Thus far in 2024, Nvidia shares have delivered exceptional returns but, just as it was in 2023, these returns are directly linked to business momentum and an earnings outlook that continues to far exceed expectations.

Meta: Earlier in this letter, I talked about the three overlapping phases of the AI revolution that will play out over the next decade: the laying of the infrastructure, the development of the applications and the implementation of AI applications to drive productivity. Meta is an early leader in all three phases. From an infrastructure standpoint, Meta has already invested heavily in Nvidia GPUs and Mark Zuckerberg said earlier this year that they plan to purchase at least another 350,000 Nvidia chipsets. That makes sense given the massive amounts of data that Meta collects and must decipher. What might set Meta apart at this time is how far the company is along the path of developing AI applications and implementing them across its family of apps. Necessity is the mother of invention and when Apple decided to restrict the data it allowed Meta to collect by tracking user's web activity on their iPhones a couple of years ago, Meta was forced to redesign its social graph using artificial intelligence rather than data gleaned from actually tracking user activity in order to target and measure the efficacy of ads. By virtue of necessity, Meta was forced to embrace and integrate artificial intelligence into its core business earlier than most major enterprises that are just now coming to understand

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the competitive imperative of AI. As such, Meta seems further along in the path towards developing AI applications and using them to deliver actionable business insights and drive productivity. Remember, the Meta family of apps is not just Facebook and Instagram, which are already heavily monetized. It also includes WhatsApp, Messenger and Reels which are all in varying places on the road to monetization. We think that the learnings Meta has gleaned from the last couple of years when AI usage became a necessity rather than a luxury will help quicken the path to monetization from Apps that are not quite as mature as Facebook and Instagram.

First Quarter Portfolio Activity:

Table 2 shows the adjustments we made to the portfolio during the first quarter of 2024. After a quiet quarter in terms of activity in Q4-23, this was a relatively busy quarter as some watch list companies we had been monitoring became ripe for purchase and disappointing earnings outlooks caused us to move on from Charter and Snowflake. All told, we initiated new positions in Lowes and Novo-Nordisk during the first quarter, welcomed Adobe back into the portfolio after an 18 month absence and increased Airbnb while liquidating our positions in PayPal, Charter and Snowflake and pairing back some gains in Meta Platforms for risk management purposes alone.

Table 2:

New Purchases / Additions
Adobe (new position)
Lowe’s (new position)
Novo-Nordisk (new position)
Airbnb (increased weighting)

Eliminations / Reductions
Charter (eliminated)
PayPal (eliminated)
Snowflake (eliminated)
Meta (minor reduction)

Adobe: A couple of weaker than expected revenue guides coupled with the final resolution of the proposed acquisition of Figma gave us the opportunity to add Adobe back into the portfolio. Adobe was previously a long-time holding of ours due to the company’s unquestioned leadership in creative content software. We sold our position in late 2022 following the announced plans to acquire Figma for $20B, as we had serious reservations about the price tag as well as concerns over what the need to acquire Figma rather than innovate internally past it said about the efficacy of Adobe’s R&D program. After 15 months of wrangling with global regulatory bodies, Adobe’s proposed acquisition of Figma was called off in December. We think that the way things ultimately played out on this one represents a break for Adobe. First and foremost, the $20B price tag that we initially had trouble with became $30B given the appreciation in Adobe’s stock from the depths of the 2022 growth stock collapse to its December 2023 levels. Further, in the 15 months since the Figma transaction was proposed, the imperative in the creative content space has moved from web based design to generative AI applications and Adobe has assumed leadership in this area with the introduction of its Adobe Firefly product.

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After a tolerable resolution to the proposed Figma transaction, we needed something to break the momentum that had been in the stock since the March 2023 launch of Adobe Firefly, the company's first generative AI product, without calling into question the company's long-term competitive position. This happened in December with the announcement of Q4-23 results and the initiation of 2024 guidance. Adobe's initial revenue guide for 2024 was for 10% growth. This was below expectations driven by the excitement surrounding Firefly and ended the stock's recent upward trend in the $630 level. Management explained on that call that it remained excited about the long-term opportunity in generative AI but also noted that customer adoption and the expected pricing uplift would take place over the course of years, not quarters. Fast forward to the release of Q1-24 results in March. By this time, we had seen from the results reported by enterprise software leaders ServiceNow, Salesforce and Snowflake that widespread adoption of AI driven upgrades was more complicated in reality than simply punching numbers into a model. Adobe's Q1 results further validated this thought. The Q1 numbers were fine and the full year guidance was maintained, but the outlook for the second quarter fell short of expectations and the stock dropped 13% on the news. This was our opportunity and we acted, taking advantage of an aggregate 20% price break in the stock over a 4 month period in an otherwise upward trending market to repurchase a position in what we still view as the industry leader in creative content software.

Lowes: Home Improvement Retail is a large, growing and somewhat cyclical industry that operates as a benign duopoly between Home Depot and Lowes. In recent years, the industry has been a bit more boom bust than normal. Home improvement spending went parabolic during the pandemic when people were largely confined to their homes and pulled forward any upgrade/remodeling projects they could imagine. Following the pandemic, this pull forward of demand had to be digested and HI spending was depressed. The pandemic and post pandemic behavior amplified the underlying cyclicality of this industry. Typically speaking, home improvement demand is going to be impacted by the age of the housing stock (it's old in this country and getting older), household formations (millennials and Gen Zers are late to the game but finally starting to move out of their parent's basements and into their own homes) and housing turnover. While the age of the housing stock has been a fairly constant positive demand driver, household formation trends are driven by population cohort growth rates and housing turnover is driven by interest rates. At this time, having finished the digestion of the pandemic driven demand pull forward, home improvement spending has two favorable drivers (housing stock and household formation) and one materially negative driver (interest rates). We've been waiting for the point of peak macro pain before making an investment in this space and we think that this occurred with the issuance of tepid, but beatable 2024 guidance.

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We view the Home Improvement industry as a benign duopoly led by two rational competitors, Home Depot and Lowes. When we say that this industry is a benign duopoly, this isn't to say that the companies collude on price or that they aren't highly competitive with one another. It is simply to say that long ago both major players realized that offering price discounts on a hammer wasn't going to drive a customer to buy two hammers when they only need one like price discounts on cotton t-shirts might do. In terms of picking Lowes over Home Depot, this was simply a tactical decision as the valuation gap between the two companies was about 10% higher than historical averages and we think Lowes might have a little more room for some self-help to drive share gains in the Pro space than Home Depot at the present time.

Novo Nordisk: There are two types of late. One is arriving at the movie theater and missing the coming attractions before settling in for a great feature presentation. The other is arriving at a wedding as the bride is leaving, not approaching the altar. With regards to Novo Nordisk, we believe our tardiness on this stock is more akin to the former than the latter. Novo Nordisk is the world's leading pharmaceutical company in the area of diabetes. Presently, the leading treatment for Type II Diabetics is a class of drugs known as GLP 1s, short for glucagon-like peptide 1. The first GLP 1 was launched in 2005 and Ozempic, the world's largest GLP 1 drug, was launched by Novo Nordisk in 2017. In addition to efficacy in treating diabetes, people began to notice that taking Ozempic also led to weight loss. In June of 2021, Wegovy, the obesity specific brand name for Ozempic was approved by the FDA for weight loss. Having a drug class with almost 20 years of a demonstrated safety record approved for a condition that afflicts an estimated 764 million people worldwide is a big deal. In the Fall of 2023, Zepbound, Eli Lilly's obesity brand name for its diabetes drug Mounjaro was also approved by the FDA. Together, Novo Nordisk and Eli Lilly own the only FDA approved drugs for obesity. Since Wegovy's approval in the Summer of 2021, shares of Novo Nordisk have doubled. We believe that this will prove to be the coming attractions portion of the movie.

To coin a phrase from Winston Churchill, we think we are at the end of the beginning not the beginning of the end for obesity treatments. Common sense tells us that obesity is a contributor to just about every major category of disease. Unfortunately, the FDA requires more scientific rigor than simply exercising common sense. Along those lines, in November, Novo Nordisk announced the results of a 5 year, 17,000 person study that indicated that Wegovy reduced the risk of cardiovascular death by 20% versus a placebo in patients without diabetes. These are the types of studies that are going to lead to broader insurance coverage for obesity drugs from both private insurers and world governments. Lilly has a similar study underway with results for diabetics expected in 2024 and results for non-diabetics expected by 2027. Both companies are studying additional

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indications beyond cardiovascular for these drugs. The implications for success in reducing risk across a variety of major diseases are enormous.

While we think broader insurance adoption for obesity drugs is going to be a major positive catalyst in the coming years, the immediate issue facing both Lilly and Novo at this juncture is supply. Both Wegovy and Zepbound are complex drugs that are challenging to make. This isn't as simple as adding another manufacturing line for Cheerios. Along those lines, both Novo and Lilly are working furiously to secure the equipment and manufacturing capacity necessary to meet the rapidly growing demand for these drugs. This makes the next couple of years more about adding supply than taking market share. Presently, Zepbound has demonstrated slightly higher levels of weight loss than Wegovy. While this would be cause for concern if the companies were slugging it out for market share in a static pie, it is less so given the explosive growth potential for the total obesity market. Further, we expect that as time passes, the two companies will release "new and improved" versions of their treatments such that the issue of efficacy becomes more a game of leap frog. As supply challenges are met and additional disease indications are discovered, we think Novo Nordisk and the broader obesity market have a long and profitable path to follow before the full potential of this drug class is realized.

Airbnb: We increased our weighting in Airbnb during the first quarter as we believe that this company stands to be an early beneficiary of artificial intelligence applications. The Holy Grail of the travel industry is the ability to guide demand to available supply. What does this mean? Airbnb currently has over 7 million listings on its site. There has literally never been a day in which all available supply has been exhausted. The trick is to point demand towards the places where available supply exists. One of the impediments to this is that people may be less willing to take a chance on a more remote vacation spot if they don't have confidence that the same ancillary entertainment options will be available that would be available at the more heavily trafficked location. Take a trip to South Beach in Miami as an example. Vacationers to South Beach know that they will have access to plenty of restaurants, bars and water activities as well as the impromptu opportunity to serve as an extra in an episode of Cops. There are plenty of beaches that offer the same amenities but putting together a plan for a trip to a lesser known area can be daunting. Comparing plans across numerous similar destinations can be time consuming. What if you were able to use artificial intelligence to do this instantly? Creating an AI supported travel assistant seems like a logical and achievable project that could greatly support the goal of better matching demand to available supply while also creating a big market to sell incremental experiences to travelers. We think this is where things are headed and think Airbnb is the company to drive this innovation.

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Charter: This was a tough one because not only has Charter been a long-term holding, but we continue to believe that the dynamics in the cable space are on the verge of turning after a couple of challenging years. So, why now, after all this time, sell Charter? The tipping point on this one was the expiration of the Affordable Connectivity Program (ACP) which is scheduled to sunset in April. ACP is a program in which the government basically paid broadband providers a $30 monthly stipend to connect low income consumers who qualified for the subsidy. Early in the year, the topic of ACP expiration began gaining more traction in the investment community, including a piece in the Wall Street Journal accusing Charter of being overly aggressive in their sign-up practices. This piece had all the hallmarks of either well-timed investigative reporting or a topic helped along by unnamed short-sellers, but I digress. Comcast was the first of the broadband providers to release earnings and they indicated that they had 1.4M broadband customers that were utilizing the ACP program, most of whom were paying customers prior to the subsidy. This equates to a little over 4% of Comcast's broadband subscriber base and while management expressed its desire to see the program continue, they noted that this was an issue they would be able to manage through. When Charter got the same question the next week on their earnings call, I almost spit out my coffee when they said they had over 5M current broadband subscribers receiving the subsidy. This is roughly 18% of the subscriber base and given the relative weakness in current subscriber trends compared to Comcast without the ACP headwind, investors needed some tangible reassurance that Charter could still deliver mid-single-digit EBITDA growth in 2024 despite this potential headwind. Unfortunately, no such reassurance was provided and when management was pressed repeatedly for additional comments surrounding the 2024 EBITDA outlook, they declined to offer any. I've expressed frustration in the past with the investor communication strategy at Charter, but on further reflection I don't believe this to be an issue of communication strategy but rather, I think it's more likely that they just don't know. The range of outcomes on the ACP expiration could go from "manage through it" to material for Charter. Normally, for us, a transitory issue that could lead to a short-term profit hit for a company is not necessarily a deal breaker. For Charter, which is already levered at a debt/EBITDA ratio of 4.4x, it is. Following its poorly received earnings release, Charter's equity market capitalization was roughly $45B, its debt load was $98B. Small moves in the operating profit outlook trigger outsized moves in the stock price. This is the downside of Charter's levered equity strategy. There are still many things to like about Charter, but this one looks like a clear skies stock and the emergence of ACP expiration at a time when we are still a little over a year out from the removal of the Fixed Wireless drag on broadband trends is one cloud too many for a company with Charter's debt load. This is one we will continue to monitor for repurchase as a levered equity cash return strategy is great when it is working, but during this period of continued uncertainty we will maintain our cable exposure with the more financially secure Comcast.

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PayPal: We sold our position in PayPal following its fourth quarter earnings release and the outline of a new strategic plan that, while reasonable, is one that was going to take some time to bear fruit. As has been discussed previously in these letters, 2023 was a year that saw PayPal embark on a leadership change while simultaneously pursuing various cost cutting opportunities. We viewed both of these developments favorably and decided to hold on to the stock while the new management team took some time to formulate a strategic plan. Alex Chriss was named CEO in September and took the final quarter of 2023 to put his team in place and decide on the path forward that was to be announced during the Q4-23 earnings call. To be fair to Mr. Chriss, after several years of disappointment with this company, our bar to maintain this position was a high one. We wanted to see an ambitious cost cutting plan, increased focus on the core business, and an innovation initiatives within the core business that could drive growth without incurring an earnings reset. We knew this was a big ask going in, but the modest valuation made the risk reward payoff on hitting this strategic trifecta worth the added patience in our view. The new strategic plan included a modest reduction in overhead that would generate savings that would then be used to fund new innovations around the core. 2024 would be the proverbial "investment" year as cost savings would be used to fund growth initiatives with an uncertain path to meaningful returns which meant that the earnings forecast for 2024 was lowered materially. While the plan contained some of what we were looking for, the magnitude of the cost cutting fell short of our hopes while the uncertainty surrounding the payback from the new innovations and the earnings reset led us to conclude that better opportunities lie elsewhere.

Snowflake: From a distance, our investment philosophy is one that may lead you to believe that we approach earnings releases with the serene calm of a duck sitting on a placid lake. While I wish this were so, I can assure you that my blood pressure in the moments before an earnings announcement for one of our holdings does not reflect the calm looking duck, but rather the feet that are paddling furiously underneath the surface. This was not the case for Snowflake's Q4-23 earnings release. As the numbers were set to cross the wire, my blood pressure was a smooth 120/80 or as close to that reading as I am able to get at the present time. Then, the headlines hit. Q4 revenues better than expected, check. CEO Frank Slootman announces retirement effective immediately, wait what?! 2024 revenue outlook +22% below expectations of 30%+, uh oh. Once I came to, there was a lot to unpack.

The Q4 revenue results showed the continuation of improved consumption trends that we expected. Frank Slootman retiring with no prior warning was a shocker. Slootman is an outstanding CEO and his guidance of Snowflake through its late stage venture capital stage to one of the largest public IPOs in history is a fitting

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capstone on a distinguished career. The one problem with Frank Slootman from our standpoint is that his history is one of setting companies on a sustainable strategic path, guiding them through the IPO process and leaving once that job is complete. We always knew he was not going to be a 20 year CEO at Snowflake, we just wished we could have had him a bit longer or at least had a little warning before his decision to retire. When you lose a CEO like Frank Slootman, your stock is going to take a hit. When this happens concurrent with a material reduction in guidance, your stock is going to get crushed. That's what happened at Snowflake. The reduction in the outlook drove our decision to sell. The conference call was a bit of a disaster as the CFO seemed to try to walk back the guidance as conservative while simultaneously blasting any analyst questions trying to gain additional insight as to just how big of a sandbag the 2024 outlook was. From our standpoint, we fully believe that there was an element of sandbagging related to the 2024 guide designed to get the new CEO, Sridhar Ramaswamy, off to a good start with regards to meeting or exceeding numbers. That said, there is also an element of delay in seeing all of the new AI applications that have been discussed/envisioned over the prior year show up in the P&L in a meaningful way. To be fair to Snowflake, this has been a consistent theme throughout other leading cloud based enterprise software companies such as ServiceNow, Salesforce and Adobe. This doesn't mean that the AI boost that these companies and their clients will realize will be any less than anticipated, it just means that the realization of these gains will not occur in a linear manner. The problem that was unique for Snowflake that drove us to sell our position rather than simply wait out the arrival of these products is that because this company is in an earlier stage of its growth cycle, there is currently no valuation support for the stock for us to fall back on while we wait. This coupled with a new CEO at the helm and the possibility that we could be wrong as to the magnitude of the AI opportunity for Snowflake drove our decision to watch from the sidelines while things settle down and the road forward becomes more clear.

Meta Platforms: We funded the bulk of our first tranche of Novo Nordisk that was purchased during the quarter by pairing back our weighting in Meta Platforms. To be clear, this decision says more about risk management and a desire to initiate a foothold position in Novo Nordisk than it does about our belief in Meta's ability to continue to be a good investment. Indeed, even after the reduction, we maintain a sizeable weighting in Meta and remain upbeat as to its future prospects.

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The first quarter of 2024 was a good quarter for the broader equity markets with all major averages showing solid gains. That said, this was also a quarter that showed a separating of the wheat from the chaff along earnings lines. Nowhere was this more evident than in the “Magnificent 7” stalwarts that drove market performance throughout much of 2023. Within that group, Nvidia and Meta deliver massive gains of 83% and 37% respectively, Amazon (+19%), Microsoft (+12%) and Alphabet (+8%) were largely in-line with broader indices, and Apple (-11%) and Tesla (-29%) endured material declines. This was a stock pickers market. With a macro backdrop featuring a quiet Fed and a lot of political white noise, we think the remainder of 2024 shapes up to be fundamentals driven as well. This is an environment we like. We thank you for the confidence and trust you place in us. As always, don’t hesitate to reach out if you have any questions or topics you would like to discuss in greater detail.

Regards,

Ken Burke
Chief Investment Officer

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Disclosure

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