

Q4 2023

## Performance

The Global Growth portfolio returned 11.5% (Gross) in Q4 and 10.7% (Net) versus 11.0% for the MSCI All Country World Index (ACWI) and 12.7% for the ACWI Growth.

## Optimism over a Soft Landing Dominated

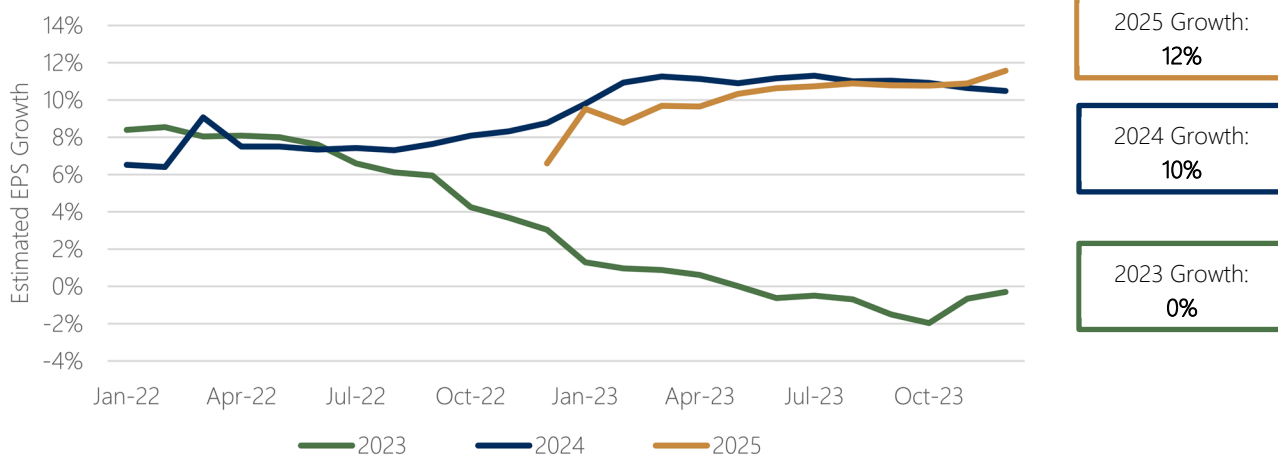
Global markets posted their best quarter since the Covid-rebound in 2020 as investors cheered an improving inflation backdrop. While U.S. and European central banks held rates steady during the quarter, given easing inflationary pressures, market expectations for rate cuts in 2024 rose, driving developed market bond yields significantly lower. Falling yields supported a strong rally in global bonds and long-duration equities.

Economic growth remained resilient in the U.S. with a better-than-expected Q3 GDP report showing 4.9% annualized real growth, driven by strong consumption, raising expectations for a “soft landing”. The economic backdrop was more muted in other developed markets, however, with GDP declining 0.5% and 2.9% on an annualized basis (quarter-to-quarter) in the Euro area and Japan as weak consumption and business spending weighed on economic activity. In contrast, growth came in better-than-expected in Mexico and Brazil, where falling inflation also supported expectations for further rate cuts. Growth in China also surprised to the upside with Q3 GDP increasing 4.9% (year-over-year) as stimulus measures appear to have begun having a positive effect. Continuing concerns around the country’s property market, policy actions, and relations with the West, however, weighed on investor sentiment as foreign investors reversed themselves and pulled nearly all the money that had flowed into China’s stock market earlier in the year. Overall global earnings growth expectations moved higher during the quarter, reflecting a generally resilient global economic backdrop and rising expectations for a “soft landing” in the U.S.

## Highlights

- The portfolio posted a strong absolute return of 11.5% (Gross) and 10.7% (Net) versus 11.0% for the MSCI All Country World Index (ACWI) and 12.7% for the ACWI Growth.
- For the year, the portfolio returned 28.2% (Gross) and 24.5% (Net) versus 22.2% for the ACWI and 33.2% for the ACWI Growth.
- The business quality characteristics we seek in companies (pricing power, recurring revenues, and less debt) performed better during the quarter providing a more favorable investment environment although companies with stable sales growth were not rewarded for the year.
- The largest contributors to Q4 performance were Microsoft, Workday, and Amazon, while the largest detractors were Mengniu Dairy, Aon, and STERIS.
- We trimmed positions in MercadoLibre, Workday, S&P Global, and Atlassian on strength and added to positions in Danaher, Canadian Pacific Kansas City (CPKC), Autodesk, Novo Nordisk, Alcon, and Aon on weakness; no positions were liquidated, and no new positions were initiated during the period.
- Portfolio revenues and earnings are expected to grow by 12% and 15%, respectively, over the next three years consistent with historic levels.

MSCI ACWI EPS Growth Progression



Source: FactSet, MSCI

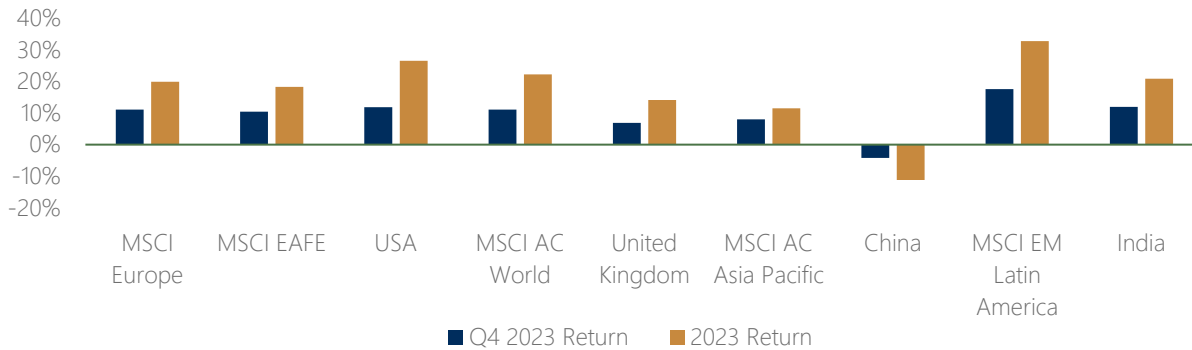
Please see table included in this commentary for full performance presentation.

## Global Growth Commentary

While current expectations reflect a more sanguine inflation backdrop, risks to current expectations remain. A broadening of the conflict in the Middle East could disrupt global energy markets while fragility in global shipping routes was highlighted by recent disruptions as Houthi rebels in Yemen attacked ships in the Red Sea, posing uncertainty to routes that carry about 40% of Europe's trade with Asia. While economic growth has remained resilient, headwinds from depleting excess consumer savings, tight bank lending standards, deglobalization trends, still high interest rates and high sovereign debt levels may continue to put pressure on growth moving forward.

The Q4 market advance was broad-based as only 4 countries out of the 47 included in the ACWI index posted negative returns for the quarter, most notably China which declined over 4% for the period. More than half of the markets delivered double-digit returns.

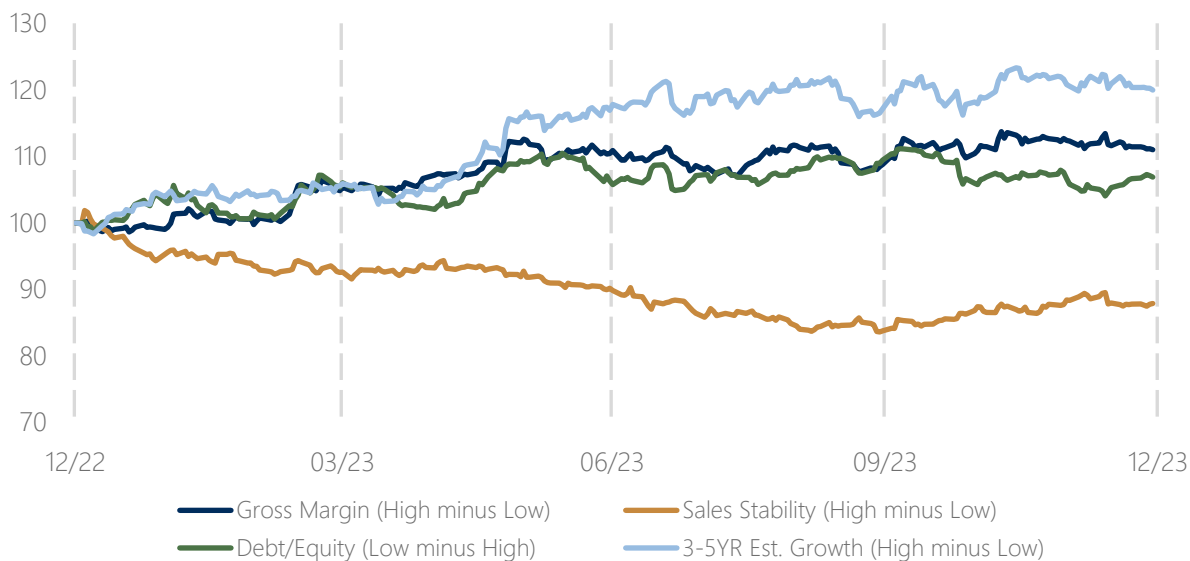
### Q4 and 2023 Regional Returns



Source: FactSet, MSCI. Please see table included in this commentary for full performance presentation.

The market environment was generally supportive for our approach during the quarter with factors most closely related to the quality characteristics we seek in companies outperforming. Our portfolio benefited from its growth bias for the year, however, our focus on more predictable revenue generation was not rewarded by the market. This is well illustrated by the underperformance of companies with greater sales growth stability. While not factor-focused in our stock selection, we would expect a more conducive backdrop for our style in the coming years given a likely muted and choppy growth environment, which should make predictable and sustainable growth companies with strong financial characteristics attractive.

### 2023 MSCI ACWI Quality Factors



Source: FactSet, MSCI

### Largest Contributors

**Microsoft** was the largest contributor to performance in Q4 posting 12% revenue constant currency growth for Q3 together with a 24% rise in operating income. Azure showed renewed strength with sales up 28% on a constant currency basis versus 27% last quarter. We were pleased to see operating margins grow to 47.6% on continued cost management. We continue to see attractive growth opportunities over our 3–5-year investment horizon particularly for Microsoft’s Office and Cloud businesses and maintained a larger than average weight position in the stock.

**Workday** was the second largest contributor to performance in Q4. The company’s business performed well across customer segments (large and medium enterprises), and geographies (U.S. vs. EMEA) as it strengthened its competitive position and saw its win rate for new business continue to improve. The company posted strong results with subscription revenues growing 18% year-over-year, and total backlogs growing 31%. Forward guidance for the year increased while the Capex guide was reduced, as management also seemingly remained conservative in setting expectations for durable and sustainable growth in 2024. Following the stock’s significant appreciation, we trimmed the position from an overweight to an average weight but remain very positive on the company’s 3-5-year growth opportunity as it continues to expand its product portfolio and overseas sales.

**Amazon** was the third largest contributor to performance in Q4. The company posted strong overall results with revenues growing 13% year-over-year, at the high end of expectations. Operating margins also exceeded expectations with North American results improving significantly and Amazon Web Services (AWS) normalizing back to prior levels benefitting from reduced headcount. Management was balanced in their forward guidance. For AWS, they highlighted that the intensity of corporate optimizations was attenuating, and new business flow in Q4 was already stronger than Q3. We continue to see tremendous opportunity for Amazon’s AWS offering as well as its ability to grow its retail Prime business more broadly via opportunities such as Buy with Prime, Pharma, Gen AI and Prime Video among others. We maintained a larger than average weight position in the stock.

The fourth and fifth largest contributors to performance were **Intuit** and **S&P Global**.

### Largest Detractors

**Mengniu Dairy** was the largest detractor from performance in Q4 as the stock was negatively impacted by weakness in Chinese equities and investors’ disappointment in the country’s economic rebound. Overall retail sales in China deteriorated through 2023 driven by low consumer confidence and a continued slump in property sales and home values which negatively impacted household wealth. Given more moderate economic growth, more discretionary items such as normal-temperature yogurt and flavored milk beverage have failed to recover their sales growth against easy comparisons from last year, and therefore disappointed some investors. With mid-single-digit organic growth for the full year and margin improvement, leading to continued double digit recurring profit growth, we continue to hold a position in the stock, but acknowledge it is one of the slower growers within the portfolio at this time. We maintained a below average weight position in the stock.

**Aon** was the second largest detractor from performance in Q4 after the stock underperformed due to the announcement of its planned acquisition of NFP, a leading middle market provider of risk, benefits, wealth, and retirement plan advisory solutions. The acquisition is expected to be dilutive in the near-term but, in our view, will be valuable in the long-term. Meanwhile, the company reported 6% organic revenue growth with 15% earnings per share growth. The company’s commercial risk segment marginally trailed expectations due to continued weakness in M&A activity while the reinsurance and health businesses posted double-digit revenue growth. Free cash flow growth was slightly below expectations due to short-term issues with the company’s invoicing platform which are being addressed. Management also announced a restructuring program aimed at increasing its technology spend to enhance data and analytics offerings while reducing headcount. The restructuring and acquisition of NFP are in line with the company’s long-term growth plans, however we recognize it will have a negative impact on near-term earnings and free cash flow. We maintained an average weight in the stock as we continue to expect Aon to generate predictable high single-digit earnings growth over our 3-5-year investment horizon.

**STERIS** was the third largest detractor from portfolio performance in Q4 after reporting mixed quarterly results. Organic revenue growth of 8% was good, helped by strong growth in capital equipment sales and a recovery in hospital procedures.

## Global Growth Commentary

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The company continued to see weakness in its smaller dental business, however, while results for their AST business (Applied Sterilization Techniques), which provides sterilization services to MedTech and Life Sciences companies, were weaker-than-expected. We expect the ongoing weakness in the bioprocessing industry, which has impacted Steris' AST business recently to bottom out in the coming year, and strong demand from MedTech companies to lift growth for the AST business in the second half of 2024. Overall, operating profits and EPS grew 6% and 2% respectively for the quarter as M&A costs, interest costs, and negative mix shift due to weakness in AST weighed on profitability. Looking ahead, we see an improving backdrop for Steris and expect the company to deliver steady double-digit growth over our 3-5 investment horizon.

The two smallest contributors were **Alcon** and **Nestle**.

## Portfolio Attribution

Portfolio performance benefited primarily from stock selection within the Information Technology and Consumer Discretionary sectors due largely to positions in Workday, Salesforce, Intuit, MercadoLibre, and Amazon. A lack of exposure to Energy also contributed to relative returns unlike Q3 when the sector benefited from rising energy prices. From a regional perspective, stock selection in the United States was strong while selection in the non-U.S. developed markets detracted for the quarter.

## Portfolio Activity

During the quarter, we trimmed positions in MercadoLibre, Workday, S&P Global, and Atlassian on strength and added to positions in Danaher, Canadian Pacific Kansas City (CPKC), Autodesk, Novo Nordisk, Alcon, and Aon on weakness given our strong conviction in the investment opportunities offered by the companies. No positions were liquidated during the period and no new positions were initiated.

## Outlook

Q4 and all of 2023 continued to perplex many strategists and market observers as equity markets defied fundamental economic headwinds to generate double-digit returns. Optimism over the likelihood of interest rate cuts in 2024 and a soft-landing offset concern over the lagged impact of higher interest rates and their eventual effect on a still tight labor market. We have spoken at length about the fundamental economic headwinds present in the market and why we continue to expect slowing profit growth even though the markets continue to forecast accelerated growth in 2024 and 2025. We continuously stick to our discipline of identifying businesses that can compound free cash flows and grow their earnings at above market rates over the next 3-5 years regardless of the macro-economic or geopolitical environment present. Over the next three years, the portfolio is expected to generate 12% revenue growth and 15% earnings growth versus a consensus expectation for 3% and 9%, respectively, for the Index. Unfortunately, this does not mean that the market will reward such predictable growth every quarter or year, but we have found that it provides our clients with strong risk-adjusted returns over longer periods of time. Historically, this earnings growth has been achieved with lower variability than the market, which has been valuable in protecting client capital in difficult market environments. We believe that earnings and cash flow growth ultimately are rewarded and that protecting client capital in tough market environments is critical to attractive long-term returns. We look forward to answering any questions you may have and thank you for your confidence and support this year. We wish you all the very best in the new year ahead.

## Organizational Update

In Q4, we parted ways with one of our more recently added analysts, Jon Richter, who had joined SGA in June of 2019. Jon had a limited number of stocks on our Qualified Company List and his research coverage had been reassigned to other analysts in May. Each company is also covered by a secondary analyst consistent with our approach to research. We wish Jon well in any future endeavors.

We also wanted to let you know that co-founding partner George Fraise will retire from the firm effective June 30, 2024. As you may recall, George had relinquished his remaining research coverage in January of 2022 and has been focused on leading our client service and new business development efforts since. These responsibilities will be taken on by existing

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personnel. George will leave the firm's Executive Committee upon his retirement but become a member of our Advisory Board, serving as a consultant to the firm's Executive Committee moving forward.

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*Results are presented gross and net of management fees and include the reinvestment of all income. For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the client's custodian. Returns are calculated net of withholding taxes on dividends. The Net Returns are calculated based on the deduction of a model fee of 3.00% being the highest applicable fee that may be charged to SGA clients for the Global Growth WRAP strategy. Net Returns do account for custodian and brokerage fees. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and may be found in Part 2A of its Form ADV. The largest contributors and detractors are determined using a ranking of the absolute contribution to portfolio return by each security held over the period under consideration. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Upon request, free of charge, SGA can provide a list of all portfolio holdings held in SGA's Global Growth WRAP portfolio for the past year. SGA's earnings growth forecast data is based upon portfolio companies' non-GAAP operating earnings.*

### Performance Results

	Q4 2023	1-Year	3-Year	5-Year	10-Year	Since Incep.
SGA Global Growth (Gross)	11.5%	28.2%	1.7%	13.1%	11.2%	12.0%
SGA Global Growth (Net)	10.7%	24.5%	-1.3%	9.8%	7.9%	8.8%
MSCI ACWI Index (Net TR)	11.0%	22.2%	5.7%	11.7%	7.9%	8.3%
MSCI ACWI Growth Index (Net TR)	12.7%	33.2%	3.7%	14.6%	10.1%	10.1%

Period	Total Return				Number of Portfolios	Composite Dispersion	3 Year Standard Deviation			Total Assets in Composite at Period End (USD millions)	Total Firm Assets at Period End (USD millions)	Percentage of WRAP accounts
	Before Fees	After Fees	MSCI ACWI Net TR Index	MSCI ACWI Growth Net TR Index			SGA Composite	MSCI ACWI Net TR Index	MSCI ACWI Growth Net TR Index			
Feb. 1 - Dec. 31, 2011	4.91%	2.07%	-8.78%	-7.85%	Five or Fewer	N/A				1	2,686	0%
2012	17.61%	14.18%	16.13%	16.69%	8	N/A				1,204	4,278	0%
2013	21.77%	18.22%	22.80%	23.17%	10	0.3%				1,482	5,611	0%
2014	2.40%	-0.63%	4.16%	5.43%	12	0.3%	11.26%	10.50%	10.53%	1,368	5,332	0%
2015	9.82%	6.59%	-2.36%	1.55%	13	0.2%	11.99%	10.79%	10.73%	949	5,318	0%
2016	4.47%	1.39%	7.86%	3.27%	14	1.0%	12.92%	11.06%	11.28%	1,234	5,672	0%
2017	34.27%	30.40%	23.97%	30.00%	15	0.5%	12.36%	10.36%	10.72%	2,309	9,971	0%
2018	-0.87%	-3.81%	-9.41%	-8.13%	21	0.3%	12.00%	10.48%	11.47%	2,935	9,096	0%
2019	33.42%	29.56%	26.60%	32.72%	24	0.4%	11.58%	11.22%	12.09%	3,727	12,347	0%
2020	31.88%	28.06%	16.25%	33.60%	24	0.8%	16.67%	18.13%	18.16%	6,238	18,780	0%
2021	9.86%	6.63%	18.54%	17.10%	30	0.5%	16.16%	16.84%	16.55%	8,078	22,899	0%
2022	-25.32%	-27.58%	-18.36%	-28.61%	30	0.4%	20.76%	19.86%	21.51%	6,469	18,407	0%
Since Inception (Feb. 1, 2011)	10.79%	7.54%	7.17%	8.32%			15.29%*	14.55%*	15.41%*			

N/A- Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

The 3 Year Annualized Standard Deviation for years 2011, 2012, and 2013 is not shown as 36 months or returns not available

\* Since Inception Annualized Standard Deviation. SGA Composite Dispersion based on Gross Returns.

*Sustainable Growth Advisers, LP ("SGA") was formed in 2003 and is a registered investment advisor under the Investment Advisers Act of 1940. SGA manages portfolios of publicly traded equity assets according to its "Large Cap Growth Equity" investment approach for pooled funds, institutions, trusts and private accounts. SGA is an operationally independent investment management firm that and is an affiliate of Virtus Investment Partners. The SGA Global Growth WRAP Composite was created in September 2019. The firm maintains a complete list and description of all composites, which is available upon request.*

*Sustainable Growth Advisers, LP claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Sustainable Growth Advisers, LP has been independently verified for the periods July 1, 2003 – December 31, 2022.*

*A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.*

## Global Growth Commentary

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SGA Global Growth WRAP Composite contains fee-paying large cap global growth equity portfolios under full discretionary management of the firm. For comparison purposes the composite is measured against the MSCI ACWI Growth TR Index (Net) and MSCI ACWI TR Index (Net).

The composite includes non-wrap accounts only, from 2/1/11 to 12/31/22.

The composite calculation has been appropriately weighted for the size of each portfolio on a time-weighted, total return basis. Monthly portfolio returns have been used in the construction of the composite. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm.

The U.S. Dollar is the currency used to express performance. Results are presented gross and net of management fees and include the reinvestment of all income. For interest and capital gains, SGA does not withhold taxes. For dividends, SGA will withhold taxes as reported by the Client's custodian. Returns are calculated net of withholding taxes on dividends. Wrap fees include management, transaction, custody and other administrative fees. The Net Returns are calculated based upon the highest published fees. The net performance has been calculated by reducing the gross performance by the amount of the highest published wrap fee that may be charged to SGA clients, 3.00%, employing the Global Growth WRAP strategy during the period under consideration. Actual fees charged to clients may vary depending on, among other things, the applicable fees schedule and portfolio size. SGA's fees are available upon request and also may be found in Part 2A of its Form ADV. The annual dispersion presented is an asset-weighted standard deviation calculated using gross returns for the accounts in the composite the entire year. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. **Past performance is not indicative of future results.**

The standard wrap fee schedule in effect is 3.00% on total assets. Actual investment advisory fees incurred by clients used in the composite may vary from the standard fee schedule.

Indices are unmanaged, hypothetical portfolios of securities that are often used as a benchmark in evaluating the relative performance of a particular investment. An index should only be compared with a mandate that has a similar investment objective. An index is not available for direct investment and does not reflect any of the costs associated with buying and selling individual securities or management fees.

### Risks:

**Equity Securities:** The market price of equity securities may be adversely affected by financial market, industry, or issuer-specific events. Focus on a particular style or on small, medium, or large-sized companies may enhance that risk.

**Foreign & Emerging Markets:** Investing in foreign securities, especially in emerging markets, subjects the portfolio to additional risks such as increased volatility, currency fluctuations, less liquidity, and political, regulatory, economic, and market risk.

**Market Volatility:** The value of the securities in the portfolio may go up or down in response to the prospects of individual companies and/or general economic conditions. Local, regional, or global events such as war or military conflict, terrorism, pandemic, or recession could impact the portfolio, including hampering the ability of the portfolio's manager(s) to invest its assets as intended.

**Limited Number of Investments:** Because the portfolio has a limited number of securities, it may be more susceptible to factors adversely affecting its securities than a portfolio with a greater number of securities.

**Industry/Sector Concentration:** A portfolio that focuses its investments in a particular industry or sector will be more sensitive to conditions that affect that industry or sector than a non-concentrated portfolio.

**Technology Concentration:** Because the portfolio is presently heavily weighted in the technology sector, it will be impacted by that sector's performance more than a portfolio with broader sector diversification.

**ESG:** The portfolio's consideration of ESG factors could cause the portfolio to perform differently from other portfolios. While the subadviser believes that the integration of ESG factors into the portfolio's investment process has the potential to contribute to performance, ESG factors may not be considered for every investment decision and there is no guarantee that the integration of ESG factors will result in better performance.

**Currency Rate:** Fluctuations in the exchange rates between the U.S. dollar and foreign currencies may negatively affect the value of the portfolio's shares.

**Depository Receipts:** Investments in foreign companies through depository receipts may expose the portfolio to the same risks as direct investments in securities of foreign issuers.

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