NewBridge Large Cap Growth Equity Quarterly Commentary

A VICTORY CAPITAL® INVESTMENT FRANCHISE

As of June 30, 2024

Executive Summary

- Equity markets continued to move higher in the second quarter despite uncertain Federal Reserve policy. Stable economic growth continued, and corporate financial results proved to be solid.
- NVIDIA Corporation and Apple Inc. contributed more than half of the Russell 1000® Growth Index's second quarter total return. Growth continued to outperform value during the quarter.
- The portfolio posted a positive return but underperformed its benchmark, the Russell 1000® Growth Index, in the second quarter.
- We continue to monitor potential risks, including inflationary pressure, Fed policy decisions, credit tightening in the banking system, higher interest rates, the wars in Ukraine and Gaza, strained U.S.-Sino relations, consumer spending, and other factors. Overall, however, it is our contention that the opportunities should outweigh the risks and be supportive for our diversified growth portfolio.
- As always, our focus is on company fundamentals. We will continue to manage the portfolio by investing in companies with market leadership, solid financial bases, responsible management teams, and sustainable revenue and earnings growth.

Market Review

While the second quarter proved to be positive for equity returns, April was a challenging (negative return) period for markets and the portfolio. After a strong start to the year in the first quarter, investor expectations going into the April earnings season were generally high and investors punished stocks that reported mixed financial results and management guidance. From a macro perspective, April was reminiscent of September 2023, where higher interest rates and Federal Reserve (Fed) policy uncertainty weighed heavily on investor confidence. Fed watchers had entered March believing that the Fed was likely set to cut interest rates three times in 2024. Higher-than-expected inflation readings poured cold water on those potential policy decisions. The path to rate cuts became more uncertain, leading to investor angst. Given stickier inflation data, the 10-year U.S. Treasury note's yield rose 11.5% in April to close the month at 4.68% and weighed on equity valuations. In addition, a lower-than-expected preliminary March GDP report combined with still stubborn inflation led to speculation that the economy could be entering a dreaded episode of stagflation. While we believed the prospect of stagflation was unlikely to materialize, it was not a zero-chance event.

One of the other risks for the equity markets heading into the April earnings season was that stocks may have gotten ahead of themselves, especially large-cap growth technology leaders. Many market observers believed we were in "overbought" conditions that could result in a long-awaited sell-off. In March, it was not clear if one would occur given overall solid company financial results and a more accommodative Fed. However, a sell-off in April ensued – one related mostly to potentially less favorable Fed policy and elevated investor expectations. Whether the drawdown was simply a pause taking some perceived froth out of the market – or something more sustainable – was yet to be determined. At the time, we believed the market's next direction would likely be contingent on commentary from Fed Chair Powell (May 1 statement and press conference), additional readings on inflation, interest rates, economic conditions, and of course, more company financial results as earnings season progressed.

May was a more favorable month for the equity markets following a challenging April. Equity investors were motivated by tamer inflation data and, in many cases, better-than-expected company financial results reported during the month. The 10-year U.S. Treasury note's yield fell 3.8% in May to close the month at 4.50%. That said, the path to rate cuts continued to remain uncertain. The minutes from the FOMC's early May meeting revealed that members noted "disappointing" readings on inflation. Unfortunately, this sentiment likely meant that it would take longer than previously thought for the body to gain confidence that inflation was heading back to the target, 2.0%. Additionally, some members stated that they would be willing to tighten policy further if deemed necessary. While policy remained restrictive in the Fed's mind, such language pointed to a cut being highly unlikely this summer – maybe one in September, depending on the data. Overall, however, investors seemed to grow relatively comfortable with current conditions, as evidenced by the rebound in equities in April.

Conversely, investors did not grow comfortable with stocks that even slightly missed quarterly financial results and forward guidance. High-expectation stocks were punished mercilessly, as they were in April. Notably, the last two trading days of May experienced a significant sell-off in software companies following a disappointing report from Salesforce, Inc. Its stock was down 20% on May 30 (its worst trading day in 20 years) and drove others lower in sympathy. For example, the portfolio's holdings in ServiceNow, Adobe, and Palo Alto Networks were all down at least 4% on the same day. The sell-off in many technology stocks continued the last trading day of May. Encouragingly, in June, the portfolio saw a rebound in several of its software stocks that traded down in sympathy with Salesforce.

In general, the more favorable environment for equities in May continued through June. However, many investors expressed concern that market breadth remained narrow and questioned the sustainability of the performance leaders (at least in the near term). As a clear example, NVIDIA Corporation's stock, while still up 12.7% in June, sold off from its all-time high earlier in the month. The same trading pattern held true for other artificial intelligence (AI) players and AI-adjacent beneficiaries. Investors contemplated whether this was just a natural and temporary dip after such a significant run or if the rotation may be part of a longer-term trend that favors lagging sectors. Time will tell, but many (including us) believe that the AI "trade" is still in its early innings, with considerable secular growth ahead for several sectors.

In addition to questions regarding AI enablers/beneficiaries, investors continued to focus on Federal Reserve policy. Commentary from the FOMC's meeting on June 12 indicated that, while inflation in May showed modest progress, there is no guarantee that the Fed will cut interest rates in September. The body remains data dependent, and Chair Powell was loathe to indicate specifically what levels of various metrics would cause them to loosen their restrictive policy. The bottom line is that the Fed likely needs to see a more significant (and sequential) downshift in inflation before cutting rates. However, given the positive month for equity markets, investors seemed to be mostly comfortable with current economic conditions. Investors will remain focused on Fed policy, second quarter earnings season (starting in July), and the progress of the U.S. presidential race. Following President Biden's troubling debate performance, the recent sell-off in the bond market appears to suggest that there could be a Republican sweep, which could lead to higher inflation and yields ahead due to increased tariffs and a higher deficit resulting from the extension of the Trump tax cuts. Time will tell.

Portfolio Review

During the second quarter, the NewBridge Large Cap Growth Strategy posted a positive return but underperformed its benchmark, the Russell 1000® Growth Index. April proved to be the most challenging month during the second quarter for the portfolio and its benchmark. The general question exiting the first quarter was, "Have high-growth stocks gotten ahead of themselves?" Investor expectations were indeed heightened entering earnings season in April. Stocks that did not meet those expectations were punished, including several in the portfolio. Combined with uncertain Fed policy and higher interest rates, the sell-off was not terribly surprising. Importantly and encouragingly, growth stocks rebounded in May and June, as investors gained greater comfort in their company-specific prospects and with economic conditions supportive of growth stocks, which still appear solid. That said, market breadth tightened

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during the second quarter, which created some investor anxiety. The Russell 1000® Growth Index and the S&P 500 outperformed the Russell 1000® Value Index by over 1,000 bps and over 600 bps, respectively, during the quarter. The indexes' largest positions were, once again, among their largest return contributors. This, too, was the case for the portfolio, where its biggest positions were among its top contributors. Technology and Communication Services were the top performing sectors in the portfolio, the Russell 1000® Growth Index, and the S&P 500. The portfolio continued to benefit from favorable equity style tailwinds.

While many investors believe that to have a sustainably healthy market, breadth needs to improve, we remain confident that the portfolio's underlying company-specific growth drivers remain intact. We believe that lower interest rates and ensuing multiple expansion were principal drivers of equities over the last few quarters and continue to believe investors may put a greater emphasis on company financial results as the year progresses. As always, we will focus on the fundamentals of the portfolio's companies and look for opportunities to improve the portfolio's composition of growth and quality.

The best relative performing quantitative factors during the second quarter were primarily Momentum and Quality types. Momentum – 12 Month, Composite Momentum, Change in Net Margin (Value), ROIC (Value), Operating Magin (Value) and Momentum – 6 Month during the quarter. The portfolio was overweight each of the Momentum factors but underweight the Quality factors. The portfolio was overweight in five of the six largest detracting factors during the quarter, including Inverse of Market Cap (Risk), Volatility (Risk), Low CapEx/Depreciation (Quality), Forward Earnings Growth (Growth), and Beta (Risk). Overall, the distribution of factor leadership and factor detraction was generally negative, given the portfolio's overweight exposure to Risk and Growth.

We maintained our high-growth, high-quality mandate throughout the quarter. The portfolio is composed mostly of Emerging Growth and Established Growth cycle* companies, along with a smaller allocation to Mature Growth companies. At the end of the quarter, two growth cycle categories made up 92% of the portfolio. Emerging Growth, at 49%, was the portfolio's largest growth cycle constituent versus the Russell 1000® Growth Index's allocation of 28%. The portfolio's Established Growth holdings represented 43% of the portfolio, whereas the benchmark had 54%. The Mature Growth category represented 5% of the portfolio and 13% of the benchmark. The Emerging Growth category stocks contributed the most to the portfolio's return during the quarter, followed by the portfolio's Established Growth holdings. The benchmark holds 5% in Traditional Value stocks. Traditional Value and Mature Growth underperformed during the quarter.

As of June 30, 2024, the portfolio consisted of 30 companies, with the top ten representing 53.7%. Sector (GICS) weights at quarter-end: Information Technology (41.6% vs. 46.8% for the Index weight); Communication Services (15.5% vs. 12.7%); Consumer Discretionary (13.0% vs. 14.1%); Health Care (10.7% vs. 10.1%); Industrials (8.8% vs. 5.1%); Financials (3.9% vs. 5.7%); Real Estate (1.7% vs. 1.6%); Consumer Staples (1.2% vs. 3.8%); Materials (0.0% vs. 0.6%); Energy (0.0% vs. 0.5%). Active share was 60%.

Return Attribution

The portfolio posted a positive return but underperformed its benchmark in the second quarter. The portfolio's companies reported financial results during the second quarter that were encouraging in aggregate. Throughout the quarter, most of the portfolio's companies posted "beat and raise" quarters, while just a few portfolio companies were subjected to negative earnings revisions.

In the second quarter, the portfolio's Technology sector holdings showed the greatest outperformance relative to the benchmark. NVIDIA Corporation was the portfolio's best performing Technology stock; it is also its largest holding. The company reported strong quarterly financial results and issued guidance in May that continued to drive shares higher. Strong returns from Arista Networks, Inc. and Broadcom Inc. also contributed to the portfolio's outperformance during the quarter. Like NVIDIA, they also reported strong financial results and have benefited from investments in artificial intelligence. Not owning shares in Apple Inc. detracted from the portfolio's relative performance as shares rebounded significantly in the second quarter. Apple's contribution to the benchmark was about 28% of its total quarterly return. Outside of not owning Apple, Cadence Design Systems, Inc. was the portfolio's largest detractor from relative performance within the Technology sector. The stock is a core holding in the portfolio, and we continue to have confidence in its growth prospects. The portfolio's second-best performing sector was Communication Services. Alphabet Inc. Class C was the top performer in the sector, but between both Alphabet share classes, the portfolio does not have as large a weight as that of the benchmark, and it therefore detracted from relative performance. Within the sector, Netflix, Inc. and Trade Desk, Inc. outperformed and contributed to the portfolio's relative return, while Meta Platforms underperformed and detracted from relative performance. In the Consumer Discretionary sector, On Holding AG was the best performing stock, as investors continued to be encouraged by the company's brand strength, market share gains, and overall growth prospects. Conversely, Lululemon Athletica Inc. was the portfolio's worst performing Consumer Discretionary stock. Sales in the U.S. continue to be pressured; we sold it from the portfolio in early June. The portfolio's Industrials sector holdings outperformed the benchmark but were in aggregate lower during the quarter. Trane Technologies plc was the portfolio's top performer during the quarter, but was offset by Uber Technologies Inc., which was a larger position in the portfolio. The portfolio's sole Real Estate sector stock, CoStar Group, Inc., underperformed the benchmark. CoStar experienced a positive response to its refreshed Homes.com site in the first quarter, but investors have become wary that new subscription sales to agents may have slowed during the second quarter.

Each of the portfolio's Financials sector stocks held during the quarter underperformed. Visa Inc. was the portfolio's best relative performer, while MSCI Inc. had a more challenging quarterly performance. Visa remains a core position in the portfolio due to our continued conviction in its growth prospects. The portfolio's Health Care sector stocks underperformed the benchmark's sector holdings. Strong returns from Intuitive Surgical, Inc. and Eli Lilly were not enough to offset weakness in Veeva Systems Inc. and DexCom, Inc. Veeva reported quarterly results on the eve of the last day of May. Results were mostly in line with consensus expectations, but management lowered full-year guidance by a little more than 1%. The 10% sell-off that day appeared overdone, but maybe not surprising considering the very near-term environment for software company stocks at the time. We continue to believe that Veeva remains well-positioned, as evidenced by its continued major pharmaceutical company contract wins. The portfolio's sole Consumer Staples position, Celsius Holdings, Inc. (CELH), was a disappointment. The stock, which is one of the portfolio's most volatile holdings, sold off precipitously in June. Investors have been concerned about the energy drink category's slowing sales over the last several weeks as measured by store scanner data (competitors have been affected, as well). For CELH specifically, sales estimates came down as the company disclosed that its largest distribution partner, PepsiCo, slowed its inventory build of CELH products during the month. Visibility remains somewhat cloudy, as PepsiCo tries to manage its inventory closer to the expected sell-through. The sell-off in CELH was exacerbated by its premium valuation. We believe that the energy drink category remains attractive and that CELH will continue to gain share within the category as it expands shelf space and distribution points but understand that market share data can vary from week to week depending on competitive promotional activity.

While we were disappointed that the portfolio underperformed its benchmark in the second quarter, overall we were encouraged by the portfolio's company-specific fundamentals and remain confident that its constituents should be able to show solid financial results in the future. We sold portfolio holdings that demonstrated more questionable fundamental growth characteristics. The portfolio's second quarter return was promising given April's challenging start to the quarter.

Portfolio Actions

We made several changes to the portfolio in keeping with our long-term, "bottom-up" investment approach. During the quarter, we bought Celsius Holdings, Inc., Trane Technologies plc , and Vertiv Holdings Co. and sold Lululemon Athletica Inc., MSCI Inc., and UnitedHealth Group Incorporated from the portfolio. We also increased and trimmed several existing positions during the quarter. We continue to be diligent in our search for investment opportunities and expect to continue our efforts to upgrade the portfolio while maintaining our investment discipline.

New Positions:

Celsius Holdings, Inc. (CELH) – Celsius is a rapidly growing developer and marketer of functional drinks and liquid supplements. Its assortment of "better for you" flavored beverages has gained share in a large, highly competitive market. The company's biggest competitors include Red Bull and Monster Beverage. Most of Celsius's sales are derived from North America (~95%), but the company has recently announced expansion into Europe and the U.K. The company's distribution agreements with PepsiCo and Suntory will contribute significantly to the company's future growth and international expansion.

We believe that Celsius is not simply an "energy drink" brand but more of a lifestyle brand. The company enjoys a wide demographic profile, as consumers focus on health, wellness, and function. About half of Celsius users are women, which shows broader appeal versus its larger competitors. Its "Live Fit" brand message has resonated well and has gained share from existing energy drink customers while drawing new customer groups into the brand and category. We have also found that its appeal is widespread regionally throughout the United States.

Celsius products are sold through retail stores, convenience and gas, food service and club stores, and online. Each distribution point has seen greater sales, and we expect the expansion to continue as the company gets more product facings in coolers and more shelf space in non-refrigerated spaces.

While the company continues to grow its existing formulation drinks, new categories like hydration and lower caffeine options could be in the cards over time. Product innovation is a key driver for Celsius and the industry.

We expect sales to grow in a mid-30% range over the next few years and believe operating margins will continue to expand as the company gains greater scale in the marketplace. We believe that having strong distribution partners like PepsiCo and Suntory, compelling product innovation, and greater brand awareness will contribute to market share gains over the next several years.

Trane Technologies plc (TT) – Having owned Trane Technologies in the past, we are familiar with the company's business mix, opportunities, and risks. Trane is a leading global manufacturer and servicer of innovative indoor climate systems and refrigerated transport solutions. We view Trane as a high-quality industrials company with significant levers to grow attractively over the near to long term. While the pandemic had accelerated opportunities for Trane to improve indoor air quality across commercial and residential buildings, its objective to help its customers reduce energy costs and reduce emissions is a secular opportunity – driven by the megatrends of energy efficiency and sustainability. These global megatrends will continue to be top-of-mind considerations driving companies' and homeowners' decisions for air conditioning options.

Trane became a pure play following a corporate action in March 2020 that separated its climate businesses from the other assets of Ingersoll Rand. The company is domiciled in Ireland, with U.S. corporate headquarters in Davidson, North Carolina. Seventy-eight percent of Trane's sales are derived from the Americas, while EMEA accounts for 14% of sales and Asia Pacific contributes 8% of sales.

Trane is heavily leveraged to commercial sales (~65% of sales) which present opportunities and risks. The clearest opportunity is for building owners to improve the energy efficiency of their HVAC systems through new systems or retrofits using Trane's innovative product and service solutions. Economic slowdowns and/or dislocations in commercial verticals are risks. Data centers, pharmaceutical, healthcare, semiconductors, and education verticals have been areas of recent strength. While investor enthusiasm has focused on Trane's opportunity for high growth potential in data centers, this vertical likely represents a low-double-digit percentage of overall sales. That said, with the increasing use and rapid expansion of AI, Trane will continue to benefit from data center growth. Residential market sales (~20% of sales) have been relatively weak across the industry but are expected to improve. Also expected to improve are sales in the company's transportation (refrigerated truck cooling units) business (~15% of sales).

The company is expected to have top-line growth in the mid-single-digit range over the next few years. Trane can drive earnings at a higher growth rate than sales through cost reductions, manufacturing efficiencies, and sales leverage.

Trane is well-prepared to take advantage of the long-term megatrends of sustainability and energy efficiency. The company's products and services are aligned with these megatrends and should lead to solid financial results in the coming quarters and years.

Vertiv Holdings Co. (VRT) – Vertiv is a leading critical digital infrastructure technology company that should benefit from strong growth tied primarily to the buildout and expansion of data centers and associated needs of AI technologies, including graphics processing units (GPU). The company's cooling and power management products have earned significant traction in the marketplace, and we believe Vertiv will continue to gain market share in what is a long-tailed opportunity. The company's leadership position in direct-to-chip liquid cooling technology has been a competitive advantage. Foremost GPU chip manufacturer NVIDIA has recognized Vertiv as a strong partner. The computing requirements of AI will continue to accelerate data center infrastructure growth, which is still in a nascent stage. Vertiv's cooling and power management products are vital to run data centers efficiently and safely. About 75% of Vertiv's revenue is derived from "the data center." Among its competitors, it is the most exposed to this vertical.

We believe the company can grow revenue in the low-double-digit percentage range, while we expect significant margin expansion and share buybacks should allow EPS to grow in the mid-20% range over the next few years.

In our view, Vertiv is complementary to the portfolio's Industrials sector holdings in Trane Technologies and Quanta Services, which are also benefiting from megatrends surrounding power management and expansion and cooling efficiency.

Eliminated Positions:

Lululemon Athletica, Inc. (LULU) – While we believe that the LULU brand is still strong and that the company has significant opportunities to grow its business internationally, we have become increasingly concerned that sales in the U.S. will continue to show just modest growth. Apart from an execution issue surrounding lack of color and sizing missteps in the first half of the year, we believe that other brands, such as Alo and Vuori, are gaining share in what has become a more competitive market environment. The mis-execution mentioned above is likely fixable and we don't believe that there are structural issues at the company. However, we believe LULU will remain a "show me" stock for the foreseeable future, and therefore decided to exit the holding in favor of stocks we believe are better positioned for growth.

MSCI Inc. (MSCI) – MSCI reported first quarter financial results that did not meet our expectations. Contributing to the woe were the completion of the merger of UBS and Credit Suisse and elevated fund closures and restructuring. It may be that the worst of the cancellations is over, but we fear that the sales environment could remain challenged. While we believe MSCI is a high-quality company, we do not see near- to medium-term catalysts that could drive shares higher. We used the proceeds to fund existing positions in the portfolio.

UnitedHealth Group Incorporated (UNH) – Having purchased UNH in November of 2022, we decided to sell the entire position in favor of more attractive investment opportunities elsewhere. Multiple issues have conspired to negatively impact UNH shares thus far in 2024, and the outlook and time to resolve these concerns remain uncertain. During Q1:24, UNH and peers reported Q4:23 results that pointed to higher utilization rates and therefore higher costs and lower margins. While UNH provided the best results of its peers on this front – Medical Loss Ratio (MLR) of 85% – and issued guidance suggesting that higher utilization/costs from Q4:23 results would likely not spill into 2024, shares still suffered as the increased utilization was viewed as industry-wide and likely to impact UNH in the future. Since that time, UNH has also found itself in the crosshairs of the Department of Justice as the regulator has opened a formal investigation into potential anti-competitive behavior, including the relationship between its health insurer, United Healthcare, and the physician network, Optum. Beyond these two concerns, UNH was also the subject of a high-profile cyberattack at its Change Healthcare unit and the full consequences of that breach are still unknown. And finally, the managed care organization (MCO) industry was dealt a blow in early April when the 2025 Medicare Advantage payment proposal final rate was released with "no positive adjustment" to the initial proposed rate. Investors had expected a 100 bps improvement in the rate given the historical ten-year precedent of raising the initial proposal when the final rate was released. These near-term pressures for UNH, coupled with more enticing investment opportunities both within and outside the current portfolio, led us to sell our remaining position in UNH.

Strategy & Outlook

As outlined above, the market environment was generally favorable to the portfolio in the second quarter. As we have written in previous commentaries, we believe we have identified the areas of the portfolio with the greatest risks and have trimmed those holdings or eliminated them. We continue to own several high-growth, longer duration stocks and are confident in their ability to grow over time; common to them all are rapidly growing, disruptive product and services offerings, which we believe warrant a premium. We have also initiated or added to positions in historically less volatile, high-quality growth compounders. While the more defensive end of the growth spectrum did not perform as well as the highest growth end during the quarter and year-to-date, we remain confident in their underlying fundamentals. We continue to own secular growth stocks that in our estimation deserve premium valuations and will look for opportunities to add others.

We maintained our investment discipline, philosophy, and process by focusing on company fundamentals in our search for investment opportunities. We believe our portfolio is comprised of industry-leading growth companies that should continue to post attractive financial results in what may continue to be a volatile period for stocks.

We live in a dynamic world where economic data, corporate news, and geopolitical shocks can rapidly shift investor sentiment. As we exit the second quarter, we recognize several risks to the portfolio and to the equity market in general. Some of those potential headwinds include economic slowdown or recession, bank credit tightening, continued inflationary pressures, higher interest rates, political gridlock, geopolitical risks, and equity valuations and equity style rotations. However, we remain optimistic for the future, as employment remains resilient, corporate profits still appear supportive for our companies, business digitization continues, and liquidity remains in the system. Overall, it is our contention that the opportunities should outweigh the risks and be supportive for our diversified growth portfolio.

Top 5 Contributors (% Contribution to Return)	
NVIDIA Corporation	4.04
Alphabet Inc. Class C	1.04
Broadcom Inc.	0.96
Arista Networks, Inc.	0.79
Palo Alto Networks, Inc.	0.49

Top 5 Detractors (% Contribution to Return)	
lululemon athletica inc.	-0.36
Celsius Holdings, Inc.	-0.50
Veeva Systems Inc Class A	-0.51
CoStar Group, Inc.	-0.55
DexCom, Inc.	-0.70

Source: FactSet.

Top 10 Holdings (% of Portfolio)	
NVIDIA Corporation	11.92
Amazon.com, Inc.	6.15
Meta Platforms Inc Class A	5.58
Alphabet Inc. Class C	5.21
Broadcom Inc.	5.08
Arista Networks, Inc.	4.29
Microsoft Corporation	3.99
Visa Inc. Class A	3.91
Cadence Design Systems, Inc.	3.90
ServiceNow, Inc.	3.64

Source: Factset

				ANNUALIZED RETURNS			
Composite Performance (%)	QTR	YTD	1-YR	3-YR	5-YR	10-YR	Since Inception
NewBridge Large Cap Growth Equity (gross of fees)	6.15	22.80	39.90	5.87	15.22	13.20	6.95
NewBridge Large Cap Growth Equity (net of fees)	5.98	22.40	39.00	5.18	14.47	12.46	6.22
Russell 1000® Growth Index	8.33	20.70	33.48	11.28	19.34	16.33	8.26

Source: Zephyr. Since Inception date of 4/1/99.

Past performance does not guarantee future results. Returns for periods greater than one year are annualized. Returns are expressed in U.S. dollars and reflect the reinvestment of dividends and other earnings. Composite and benchmark returns are presented net of non-reclaimable withholding taxes. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV. Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines, and other factors. The representative account is believed to most closely reflect the current portfolio management style. Returns are expressed in U.S. dollars and reflect the reinvestment of dividends and other earnings. The NewBridge Large Cap Growth Equity Composite includes all accounts, except wrap fee paying accounts, that invest in high-quality companies with growing earnings, strong financial foundations, market leadership, and superb management teams for long-term growth of capital with a minimum equity commitment goal of 80%-90%. The benchmark is the Russell 1000® Growth Index. The composite creation date is 2Q99.

The Russell 1000® Growth Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 1000® Index (which consists of the 1,000 largest companies in the Russell 3000® Index) with higher price-to-book ratios and higher forecasted growth values.

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All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class.

*Growth Cycles: A growth and value score is calculated for each company, which is utilized to assign companies into five baskets. Growth score components include: long-term forward growth, 1-year forward EPS growth rate, 5-year earnings growth trend, and 5-year sales growth trend. Value score components include: price to book, dividend yield, and forward price to earnings.

Glossary of Quantitative Factors (in order of appearance):

Momentum – 12 Month (Momentum): Total return over prior 13 months excluding the most recent month.

Composite Momentum (Momentum): Equal weight composite of "Momentum - 12Month", "Momentum - 6Month", and "Earnings Revisions".

Change in Net Margin (Quality): 1-Year change in net margin

ROIC (Quality): Trailing 12-month net income divided by average invested income

Operating Margin (Quality): Trailing 12-month operating income divided by sales.

Momentum – 6 Month (Momentum): Total return over prior 7 months excluding the most recent month.

Inverse of Market Cap (Risk): Long the lowest market cap quintile ("most risky"), short the highest market cap quintile.

Volatility (Risk): Standard deviation of trailing 36 monthly returns.

Low Capex / Depreciation (Quality): Capex / depreciation, sorted from low (good) to high (bad).

Forward Earnings Growth (Growth): Consensus FY2 EPS minus FY1 EPS divided by price.

Beta (Risk): Trailing 36-month regression beta relative to the Russell 1000

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