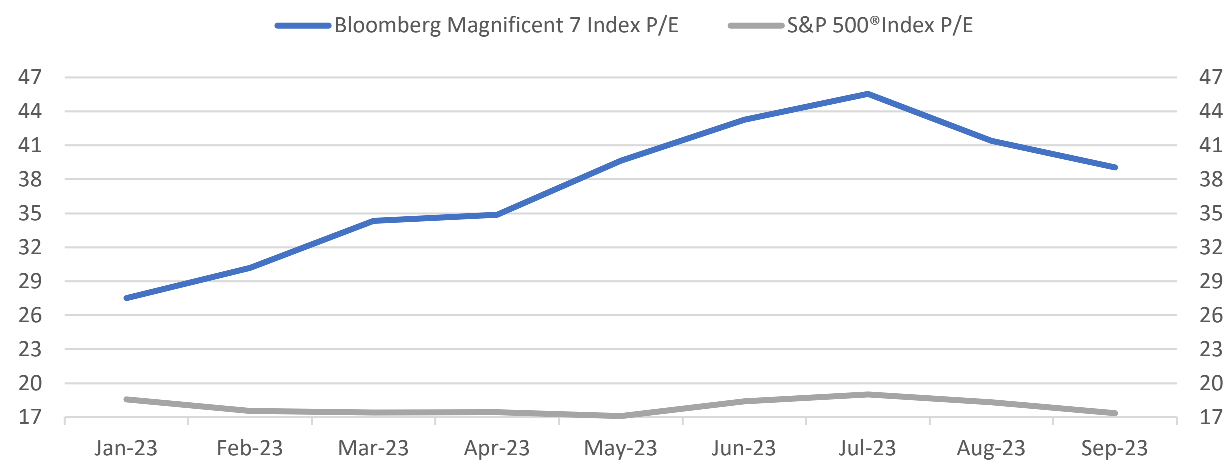
The Case for Large Cap Active Equity Investing & Index Concentration

We believe Mar Vista's Strategic Growth portfolio is advantageously positioned relative to the highly concentrated, passive ETFs. The robust performance of the Russell 1000® Growth Index and the S&P 500® Index has largely been driven by the seven biggest stocks, the Magnificent Seven, which are dearly valued and benefited from expanding P/E multiples. Now that interest rates are normalizing, we believe Strategic Growth's diversified portfolio of high quality, reasonably priced growth equities is poised to outperform, as market leadership potentially shifts and valuations normalize to higher rates.

Over the past 10 years, the proliferation of ETFs, and the increased concentration of top holdings within the ETF universe, has had a profound impact on active equity management. In 2013, the top 10 holdings in the Russell 1000® Growth Index and the S&P 500® Index represented 27% and 18%, respectively. Today, the level of concentration has ballooned to 53% and 32%, respectively. Moreover, many of these top securities are in the information technology and communications services sectors and carry higher multiples and position sizes far larger than are contractually or prudently allowable in active funds.

Having larger active share relative to the benchmarks has been anathema for most of the bull market cycle that began in 2009 as the concentration of the top 10 benchmark names increased. Alpha generation relative to the benchmarks became far more challenging as benchmark returns grew more tightly correlated to the performance of the top 10. Year-to-date returns in the S&P 500® Index through Q3 2023 were heavily driven by the Magnificent Seven, leading these seven stocks to become even more richly valued. Surprisingly, the P/E multiples for this small cohort of stocks expanded despite the material rise in long-term interest rates (see Charts 1 & 2). However, we anticipate the mirror image of this phenomenon will occur in the next market cycle as new leadership takes hold. We believe index investors are exposed to inconspicuous risks which can lead to outsized drawdown and longer time horizons to recover those losses.

The P/E ratio for Bloomberg's Magnificent 7 increased in 2023 to nearly 40x from 28x (Chart 1)



Source: Bloomberg, Mar Vista Investment Partners Note: The Bloomberg Magnificent 7 Total Return Index and the S&P 500® Index are both equal-weighted.

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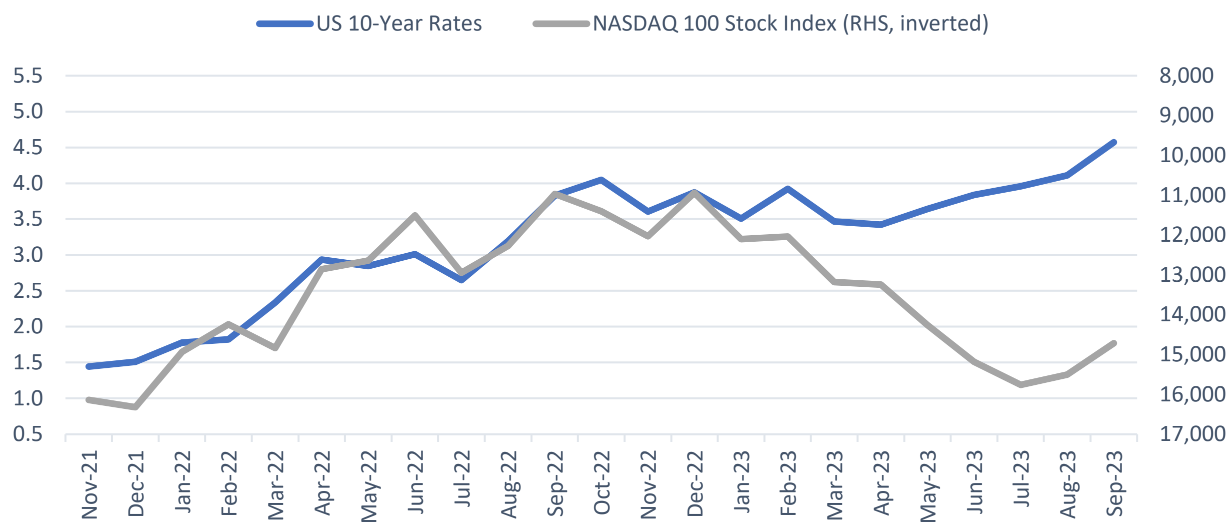
The Stock Market is Disconnected from 10-Year Rates (Chart 2)

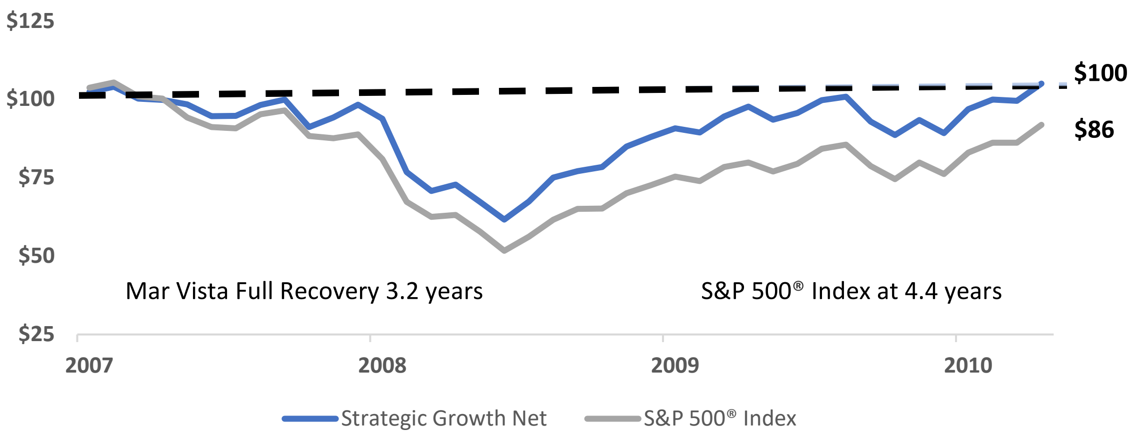


Source: Bloomberg, Mar Vista Investment Partners

In addition to the aforementioned concentration of top holdings within the Russell 1000® Growth Index and the S&P 500® Index, we believe there is an unperceived risk tied to the higher-for-longer interest rate environment. Higher interest rates and slowing growth create P/E multiple contraction risk for more premium valued, higher growth and longer duration equities like NVDA, APPL, MSFT, AMZN and TSLA. These are among the strongest businesses in the world and we own many of them in our portfolios. However, given recent valuations and fundamental outlooks, our weighting in these types of names is significantly lower. We think this is the opportunity for Mar Vista's Strategic Growth strategy to shine as leadership changes in the next market cycle and the correlation between larger weighted names and the benchmarks compresses.

In this type of market environment, we believe Mar Vista's focus on quality growth franchises that trade at reasonable valuations will be critical to capital preservation and decorrelated returns to index funds as volatility rises in equity markets. Our portfolios are positioned to offer the potential for differentiated returns relative to the top-heavy, passive ETFs. During periods of unprecedented volatility like the Great Financial Crisis, Mar Vista's maximum drawdown was less than the benchmarks, -40.73% vs the S&P 500® Index at -50.95%, and its recovery time from those losses was materially shorter than the S&P 500® Index (see Chart 3). It is the unique combination of better downside protection and faster recovery times after market leadership change occurs that makes Mar Vista's Strategic Growth portfolio a compelling offering relative to other large cap options in the marketplace and the index alternative. We strive to construct portfolios that deliver superior, risk-adjust returns in all market environments.

Drawdown & Recovery Periods (Global Financial Crisis) (Chart 3)



Source: eVestment, Mar Vista Investment Partners

Mar Vista's Commitment to Our Investors

Though there are never guarantees in investing results, the Mar Vista team remains committed to the foundation of our success:

- Focus on the process, not the outcome
- Emphasize capital protection as much as upside potential
- Think like rational business analysts first, not traders of individual stocks
- Identify excellent capital allocators that optimize returns to the benefit of shareholders
- Exploit the manic-depressive nature of Wall Street
- Take concentrated positions when the expected returns relative to the risk are favorable
- Expand our circle of competence and latticework of mental models
- Align our economic incentives with our investors

As always, we appreciate the trust you have instilled in us as stewards of your capital. Our role as fiduciary is paramount to everything we do and open communication about how we are managing your capital is an important part of that responsibility.

Please let us know of any questions, comments or concerns you may have. We look forward to the opportunity to discuss our investment philosophy and thoughts with you through these updates, conference calls and personal meetings. We can be reached by phone at (310) 917-2800, via email at info@marvistainvestments.com or our website at www.marvistainvestments.com.

All the best,

The Mar Vista Investment Team

of investment advice to the investor and (II) Mar Vista has a financial interest in the investor's investment in the strategy on account of the fees and other compensation the Firm expects to receive from the client. Mar Vista Investment Partners, LLC, a Delaware limited liability company, offers investment advisory services to individuals, pension and profit-sharing plans, trusts, estates, corporations, as well as other institutional clients. For purposes of compliance with GIPS®, Mar Vista has defined itself to include bundled/wrap fee accounts in the Firm's assets. Prior to January 1, 2018, Mar Vista defined itself to not include bundled/wrap fee accounts in the Firm's assets. Mar Vista maintains a complete list and description of Firm composites, which is available upon request.

On 7/12/07, Silas Myers and Brian Massey formed Mar Vista to manage various large-cap equity strategies. On 12/1/07, all of the assets under their management at Roxbury transitioned to Mar Vista through a sub-advisory arrangement. Information provided for the period from January 2004 through November 2007 represents the performance of portfolios managed by Mr. Myers and Mr. Massey while employed by Roxbury. On 1/20/15, Mar Vista finalized an agreement whereby the preferred share class that was owned by Roxbury was extinguished and Mar Vista is majority employee owned. All assets under management are managed by Mar Vista. Mar Vista claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Benchmark returns are not covered by the report of independent verifiers. For the entire period presented, Mr. Myers and Mr. Massey have been substantially responsible for the all the investment decisions of the large-cap equity strategies. Performance prior to 12/01/07 meets GIPS® portability requirements. ACA served as the verifier, conducted a verification and examined the composite's performance history that was ported over to Mar Vista prior to 12/01/07.

The Strategic Growth Composite was created 12/01/07, with an inception date of 12/31/03. All returns are based in U.S. dollars and are computed using a time-weighted total rate of return. The composite is defined to include all fully discretionary portfolios with no minimum or maximum account value, managed in accordance with Mar Vista's Strategic Growth strategy, and that paid for execution on a transaction basis. Prior to 1/01/06, the composite was defined to include only taxable portfolios with no minimum or maximum value. The results in the column marked net of fees for the periods 8/01/08 through the present, include a standard management fee applied to any non-fee-paying portfolio for performance calculation purposes. The primary benchmark is the Russell 1000® Growth Index, defined as an unmanaged, capitalization weighted index of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The secondary benchmark is the S&P 500® Index, defined as an unmanaged, capitalization weighted index of the common stocks of 500 major U.S. corporations. Index returns include dividends and/or interest income and, unlike composite returns, do not reflect fees or expenses. In addition, unlike the composite, which periodically maintains a significant cash position, the Russell 1000® Growth Index and the S&P 500® Index are fully invested. Investors cannot directly invest in an index. The dispersion in gross-of-fee composite returns shown herein was measured using an asset-weighted standard deviation formula.

Performance results presented reflect the reinvestment of dividends and other earnings. Net performance is net of any transaction costs, applicable performance-based fees and actual management fees, but before any custodial fees. All returns are calculated net of withholding taxes on dividends and interest. Actual results may differ from composite results depending upon the size of the portfolio, investment objectives and restrictions, the amount of transaction and related costs, the inception date of the portfolio and other factors. Policies for valuing portfolios, calculating performance, and preparing GIPS® composite reports are available upon request.

The Firm's Strategic Growth fee schedule is as follows: First $25 million – 0.75%; Next $25 million - 0.60%; Next $50 million – 0.50%; Over $100 million - Negotiable. Special circumstances may cause fees to vary from this schedule and Mar Vista reserves the right to negotiate fees with clients. Fees are payable quarterly in arrears or advance based on 1/4th of the annual rate.

Portfolio data provided as supplemental information to the Strategic Growth GIPS® Composite Report. A Strategic Growth GIPS® Composite Report is available upon request by contacting Mar Vista directly at (310) 917-2800 or by emailing at info@marvistainvestments.com. Benchmark returns are provided for informational purposes only and are not calculated or verified by ACA Compliance Group or Mar Vista. Some of the securities mentioned in this letter were held in the account of a Strategic Growth client that Mar Vista believes to be representative of the accounts that Mar Vista manages for this investment strategy during the period ending September 30, 2023. Other Mar Vista clients managed with different investment objectives may hold different securities than those listed. The securities listed in this letter should not be considered a recommendation to purchase or sell any particular security. The reader should not assume that investments in the specific securities identified herein were or will be profitable. Past performance is not a guarantee of future results. Not FDIC insured, no bank guarantee, may lose value. Investments involve risk, principal loss is possible.