

CS McKee Large Cap Growth Characteristics

As of September 30, 2026

Characteristics Summary

	Large Cap Growth*	Russell 1000 Growth Index
Number of Holdings	68	371
Weighted Average Mkt Capitalization (\$Mil)	2,316,874	2,299,758
Dividend Yield (%)	0.29	0.42
LT Debt/Capital (%)	29.10	27.96
Price/Book	11.86	12.58
Price/Sales	6.53	7.08
Price/Cash Flow	30.34	27.94
P/E Ratio (FY1 Est)	27.63	25.98
P/E Ratio (FY2 Est)	23.44	22.49
EPS Growth – Next 3–5 Years (% Est)	30.84	33.44
Predicted Beta	0.95	1.00
Active Share (%)	33.48	
Turnover (TTM %)	72.29	

Top 10 Holdings

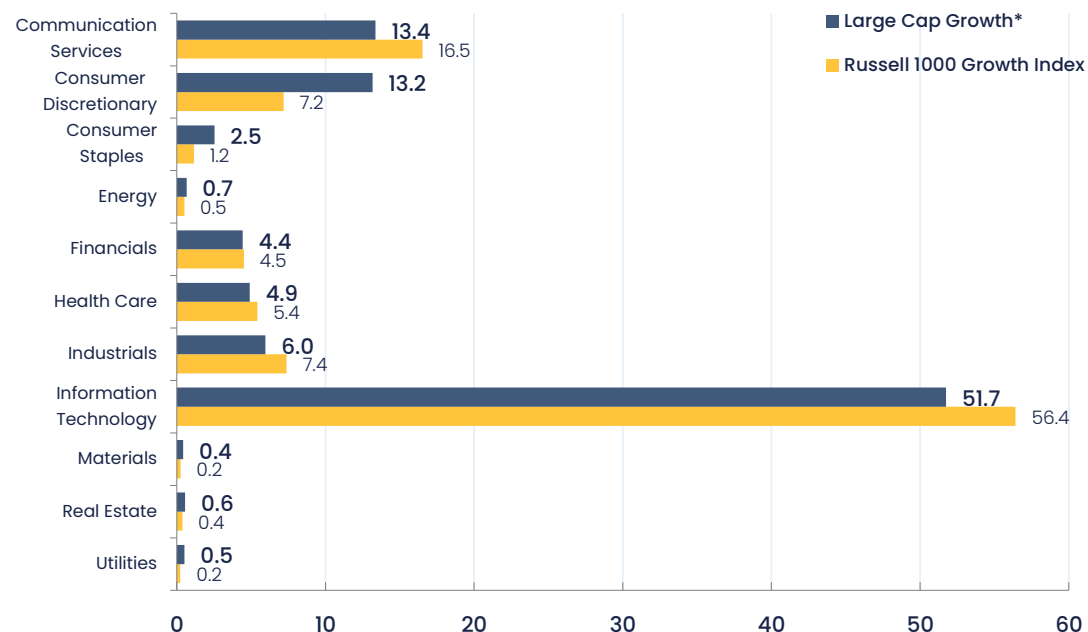
Company	Large Cap Growth*	Russell 1000 Growth Index
NVIDIA Corporation	12.97	15.67
Apple Inc.	12.60	7.67
Alphabet Inc. Class A	10.57	5.90
Amazon.com, Inc.	7.07	0.59
Broadcom Inc.	4.75	4.81
Eli Lilly and Company	3.13	2.72
Advanced Micro Devices, Inc.	3.05	2.93
Tesla, Inc.	2.98	3.05
Visa Inc. Class A	2.09	1.79
Mastercard Incorporated Class A	1.58	1.31

Best & Worst Contributors to Performance[†]

Contributors	Rel Effect (%)	Weight (%)	Detractors	Rel Effect (%)	Weight (%)
Apple Inc.	0.76	12.52	Microsoft Corporation	-1.52	0.00
Micron Technology, Inc.	0.43	0.98	Meta Platforms Inc Class A	-0.61	1.36
Alphabet Inc. Class C	0.22	0.00	ARM Holdings PLC Sponsored ADR	-0.42	1.41
Intel Corporation	0.19	0.61	NVIDIA Corporation	-0.35	12.40
Amazon.com, Inc.	0.16	7.14	KLA Corporation	-0.26	0.89

[†] Best & Worst contributors are calculated using an attribution methodology, based upon the relative weights of securities versus the benchmark index, including securities not held within the portfolio. Weight shown represents average portfolio weight during the quarter.

Sector Allocation (GICS)



“Significant relative contributions from the Consumer Discretionary and Industrials sectors were offset by a sizable drag from the Communication Services selection.”

How did the portfolio perform?

The CS McKee Large Cap Growth model returned 0.61% on a total return basis during the third quarter of 2026, behind the Russell 1000 Growth index return of 0.92% by 31 basis points.

What factors had the greatest impact on the portfolio?

Underperformance in the third quarter was driven largely by Industry Exposures. Significant relative contributions from the Consumer Discretionary and Industrials sectors were offset by a sizable drag from Communication Services selection. It was an unusually narrow quarter: a handful of AI leaders carried the indices while the 10-year Treasury yield climbed to a two-decade high and the Federal Reserve delivered its first rate hike since 2023. Within growth, leadership rotated sharply inside Information Technology, from accelerators and memory early in the quarter toward server CPUs and foundry in September, as agentic AI began to reshape the expected mix of data center compute. Our overweight in Consumer Discretionary, which fell 11.15% in the benchmark, cost 68 basis points in allocation, and our underweight in Information Technology cost another 25 basis points. Our underweight in Industrials, which fell 16.80%, added 27 basis points and partly offset those costs.

What sectors provided the greatest contribution to portfolio return?

The strongest performing sectors from an attribution perspective in the third quarter were Consumer Discretionary, Industrials, and Financials, adding 41, 23, and 12 basis points, respectively, to relative performance. In Consumer Discretionary, stock selection added 109 basis points and more than offset a 68 basis point allocation drag from our overweight. Our holdings declined 3.56% versus an 11.15% drop for the benchmark sector, supported by our overweight in Amazon (+4.54%).

Were there any sectors that hindered the portfolio's performance?

The most significant headwinds came from the Communication

Services and Information Technology sectors, which detracted 53 and 37 basis points, respectively. In Communication Services, adverse selection was the issue: our holdings fell 2.38% versus a 1.09% gain for the benchmark sector, chiefly because of our underweight in Meta. In Information Technology, our underweight to the sector cost 25 basis points, and not owning Microsoft outweighed strong results from Apple, Micron and Intel.

What were among the strongest performing securities in the portfolio?

Intel (INTC) declined 13.89% over the full quarter. Because we built the position during the quarter and the shares rallied 34.32% in September, it contributed 19 basis points to relative performance. Intel is not a benchmark constituent, which makes it one of our largest active positions. Our thesis is that Intel becomes the American foundry of choice for leading-edge capacity; the quarter added two catalysts, tightening server CPU supply as agentic workloads ramp and reports of a potential partnership with SK Hynix.

What were the weakest performing securities in the portfolio?

Arm Holdings (ARM), also outside the benchmark, returned -18.31% and detracted 42 basis points. The stock gave back part of its earlier gains as the debate shifted to valuation, even as fundamentals moved in our direction: the launch of Meta's Muse agent highlighted how agents running around the clock shift the compute mix toward general-purpose CPUs, and management disclosed roughly \$2 billion of demand for its AGI CPU.

Meta Platforms (META) returned 28.83% and detracted 61 basis points. Our underweight (1.4% average weight versus 3.4% for the benchmark) limited our participation in a rally driven by its Muse agent; the stock gained more than 20% after Muse launched on September 8.

In Information Technology, not owning Microsoft (MSFT +37.76%) and Zscaler (ZS +41.28%) more than offset the contribution from our holdings. Microsoft alone cost 152 basis points after its late-July earnings report, which showed Azure topping \$100 billion in annual revenue and guided to 45% Azure growth, sparked a sharp rally.

“Unlike software, the marginal cost of AI is not zero, and that moves the profit pool toward compute...”

Outlook

The market enters the fourth quarter on narrower footing than the index level suggests. Earnings delivery remains exceptional, and with estimates rising faster than prices, the S&P 500's forward multiple has de-rated by roughly three turns this year. The pressure comes from the cost of capital: the energy shock tied to the Iran conflict has kept core inflation elevated, the Federal Reserve hiked in September and signals one more move before year-end, and long-term yields have reached their highest level in two decades. In this setting we expect dispersion to remain the defining feature of the growth universe. AI is no longer a single trade; the market is sorting winners from losers within it, and the sorting is driven by economics rather than narrative. Unlike software, whose near-zero marginal cost rewarded the leaders of the last decade, the marginal cost of AI is not zero, and that is moving the profit pool toward those who design and build the compute and away from those who rent it out or whose products agents can replicate.

Bottom-up, stock specific risk is the predominant driver of active risk for the strategy. Our approach is sector neutral at the GICS level, with active risk concentrated in stock selection. Our holdings reflect three convictions. First, agentic AI shifts the compute mix toward server CPUs, foundry capacity and memory alongside accelerators; we express this partly through holdings outside the benchmark, such as Intel and Arm. Second, as the installed base grows, replacement demand becomes a floor rather than a cycle, a structural change the market still prices with a cyclical framework. Third, we remain selective in software, favoring cybersecurity, where AI expands the attack surface, over application vendors whose functionality agents can absorb. We are more cautious on the hyperscalers, where capex is absorbing free cash flow and AI-era cloud returns look structurally lower than in the SaaS era.

SECTOR POSITIONS

CONSUMER DISTRECTIONARY
Overweight

Our largest active sector weight (+5.97%), driven by Amazon (6.95% vs. 0.59% for the benchmark), complemented by MercadoLibre, off-price retailers TJX and Ross, and travel platforms Booking, Marriott and Hilton. These are businesses with scale advantages and durable consumer demand.

CONSUMER STAPLES
Overweight

Overweight (+1.37%) through Costco and Walmart, whose scale-driven pricing power and membership models provide steady growth and ballast against the volatility of our AI-linked holdings. Monster Beverage rounds out the exposure.

UTILITIES
Overweight

Modest overweight (+0.28%) through Constellation Energy, the largest U.S. nuclear operator. It is positioned to supply round-the-clock power as data center demand grows, consistent with our view that the AI profit pool is shifting toward physical compute infrastructure.

INFORMATION TECHNOLOGY
Underweight

Underweight (-4.67%), reflecting no position in Microsoft and a modest NVIDIA underweight, consistent with our caution on hyperscaler capital intensity. We favor the broader compute stack: server CPUs, memory and storage and cybersecurity.

COMMUNICATION SERVICES
Underweight

Underweight (-3.16%), driven by a below-benchmark position in Meta, where 2026 capex guidance of \$125 billion to \$145 billion is absorbing free cash flow. Alphabet remains our core holding in the sector, alongside Netflix and SpaceX.

INDUSTRIALS
Underweight

Underweight (-1.43%). We concentrate on power and electrical infrastructure tied to data center buildouts (GE Vernova, Quanta, Vertiv, Eaton, Trane, Bloom Energy, Caterpillar) and aerospace (GE Aerospace, Howmet). We own little outside those themes, having exited Axon, TransDigm and Verisk earlier in the year.



CS McKee

General Firm Disclosure

Disclosure

CS McKee is an independent registered investment adviser specializing in institutional and retail investment management. Registration does not imply a certain level of skill or training. On April 25, 2025, CS McKee acquired the assets of Foundry Partners LLC. Historical Foundry performance has been retained for all Foundry strategies that were adopted by CS McKee. A list of composite descriptions and broad distribution pooled funds are available upon request.

The securities or positions shown or discussed do not represent a complete listing of portfolio holdings. Actual holdings will vary based on account size, client-imposed restrictions, cash flows, and other factors. There is no assurance that any securities discussed remain in the portfolio or that securities sold have not been repurchased. It should not be assumed that past decisions were or will be profitable. A complete list of holdings is available upon request.

Performance is presented in U.S. dollars and reflects total returns. "Gross" returns are shown before deduction of investment management fees, while "Net" returns reflect the deduction of actual investment management fees charged to client accounts included in the composite, which may vary. For illustrative purposes only, a \$100 million account paying a 0.50% annual management fee and earning a 10% gross return compounded over 10 years would result in an approximate 9.5% net return. This example is hypothetical and not representative of actual client performance or fee arrangements. Fees are detailed in Part 2A of CS McKee's Form ADV. Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.

Information shown is as of the date indicated. All data, including top holdings and characteristics, is subject to change without notice. Holdings shown are for illustrative purposes only and are not a recommendation to buy or sell any security. Holdings and characteristics may differ between client accounts managed under the same strategy. CS McKee does not guarantee the accuracy of third-party data.

Benchmark returns are shown for comparison and reflect reinvested dividends. Benchmarks are unmanaged, not investable, and do not incur fees or expenses. Strategy differences—such as risk, holdings, or asset mix—may materially affect results. Benchmark data is from sources believed reliable, but accuracy is not guaranteed.

CS McKee claims compliance with the Global Investment Performance Standards (GIPS®). Composite characteristics, including the number of accounts, assets under management, and dispersion measures, are provided in the GIPS® Composite Report. Please refer to the report for additional important information or to view a list of composite descriptions by visiting: www.csmckee.com/gips