



The Edgewood Management Large Cap Growth Composite returned +15.1% for the first quarter 2023, net of fees. The S&P 500 Total Return Index rose +7.5% and the Russell 1000 Growth Index gained +14.4% in the comparable period. Since the beginning of the fourth quarter 2022, the Edgewood Large Cap Growth Composite is up +25.8% versus +15.6% for the S&P 500 Total Return Index and +16.9% for the Russell 1000 Growth Index.

After the excessive volatility of 2022, the year began in a relatively placid mode until the bank crisis at the beginning of March. The Federal Reserve took its overnight Funds rate to 5.0% to continue its inflation battle and the economic data indicates it is succeeding. The February consumer price index (CPI) was 6.0%, versus 6.4% in January, down for eight consecutive months and well off the 9.1% June 2022 peak. Since June, the annualized rate of inflation is just 3.5%.¹ The 3-month U.S. Treasury Bill yields 4.7% and is below the overnight Fed Fund rate of 5%; this shows financial markets believe the worst of the inflation battle is now behind us and Fed rates are at or near a peak.² There are still risks in the U.S. economy, with commercial real estate, specifically office buildings, getting attention. The head of JP Morgan, Jamie Dimon, recently said he believes the worst of the issues with the banks are behind us.

Many of the securities in the Edgewood portfolio have seen price appreciation over the past six months based on strong fundamental results, as can be seen from the six-month performance returns. One of our recent portfolio additions, Lululemon Athletica (LULU), closed out the quarter on a strong note after posting impressive 4Q results and issuing solid FY24 guidance. We believe investors gained increasing confidence in management's ability to handle excess COVID-related inventory and consumers' continued appetite for the brand, as LULU took several points of market share from competitors in the U.S. while gaining traction internationally. We continue to be pleased with execution at LULU and expect 2023 to be another year of good growth.

A long time holding, NVIDIA (NVDA), has had a sharp price bounce back after its market value peaked in the fall of 2021. NVDA has become the world's leading chip company, both in the performance of its powerful processors and in the software ecosystem that has been built to support chip developers and users. The company's quarterly results have been good over the last six months, but one major new technology in particular helped drive the 90% price appreciation in the first quarter 2023.

Artificial Intelligence (AI) gained a lot of the media and investment news attention this quarter after exploding onto the world stage with OpenAI's launch of ChatGPT. The Edgewood portfolio has many leaders in the space. ASML equipment makes the NVIDIA chips that run the trillions of calculations. Microsoft has applied it across many of its offerings including the Bing search engine. ServiceNow's newest "Utah" software is AI powered. Intuit uses it for customer tax preparation and will be applying it to their other business lines. Applications are multiplying daily.

AI will likely upend many business models, but accelerate others. We believe our research approach has found, and will continue to find, well managed businesses that move quickly to deploy this technology. We expect the businesses that use AI to harness the power of their data will create value for the Edgewood portfolio.

Edgewood Management LLC

April 7, 2023

¹ <https://www.bls.gov/opub/ted/2023/consumer-price-index-up-0-4-percent-over-the-month-6-0-percent-over-the-year-in-february-2023.htm>

² <https://fred.stlouisfed.org/series/DTB3>

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Edgewood Management LLC: Large Cap Growth Composite				
	Ending March 31, 2023			
	Net 1 Year Performance Returns	Net 3 Year Performance Returns (Annualized)	Net 5 Year Performance Returns (Annualized)	Net 10 Year Performance Returns (Annualized)
Edgewood Large Cap Growth Composite	-16.54%	11.17%	9.45%	14.04%
S&P 500 (TR) Index	-7.73%	18.60%	11.19%	12.24%
Russell 1000 Growth Index	-10.90%	18.58%	13.66%	14.59%

Note: Returns are shown in U.S. dollar. Composite returns are net of fees.

Edgewood Management LLC is a registered investment adviser specializing in growth oriented investment management. The Edgewood Large Cap Growth Composite is comprised of individual and institutional accounts that invest in Edgewood’s Large Cap Model of generally 22 large capitalization growth companies chosen by using fundamental analysis and an internal valuation discipline. The composite returns are benchmarked to the Standard & Poor’s 500 Index (“S&P 500”) and the Russell 1000 Growth Index (“R1000 Growth”). The S&P 500 is an unmanaged index with no expenses which covers 500 industrial, utility, transportation and financial companies of US markets. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The R1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates and dividends are reinvested.

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