



The Edgewood Management Large Cap Growth Composite returned +1.8% for the fourth quarter of 2024 and returned +19.0% for the full year, both net of fees. The S&P 500 Total Return Index returned +2.4% and +25.0%, for the comparable periods.¹

It's worth noting that there were some divergent moves below the market surface in 2024. We saw them in the three growth buckets within our portfolio.² The securities included in bucket three, those with estimated 5-year earnings growth rates of 21%+, had positive performance during 2024. Earnings grew in that bucket as well, but there was also over 700 points of estimated earnings multiple expansion since the end of 2023. Conversely, the estimated earnings multiple in bucket two contracted by over 800 basis points and the estimated earnings multiple in bucket one was almost flat during the same period.

It is challenging to fight a market that is momentum oriented, but we believe it is the right thing to do for investment performance over the long term. As tempting as it is to let the momentum run, valuation matters for our investment strategy. The concentration, growth, and valuation risk controls we've had in place over multiple decades have demonstrated an ability to drive performance through various market cycles. Instead of playing Mr. Market, we strive to have a balanced growth rate throughout a cycle.

We believe that our allocation should serve us well as we go into 2025. The market moves have led us to take profits from bucket three and to invest in companies in buckets one and two that offer a more attractive five-year risk adjusted return based on our analysis. Today we believe the result of the 2024 reallocations has produced a portfolio of stocks with higher performance potential than the overall indices, and yet less valuation risk. As always, we remain focused on what we deem profitable, well-managed growing businesses with sustainable competitive advantages, with the potential to drive positive results over time.

Edgewood Management LLC
January 8, 2025

¹ Refer to the GIPS performance table below for net performance returns for the 1, 3, 5 and 10-year periods ending December 2024. S&P 500 Total Return Index sector performance provided by Refinitiv.

² Edgewood divides its portfolio into three buckets by estimated long-term growth rate. Bucket 1 includes securities Edgewood's Investment Committee believes will grow earnings per share at 10-15% over the next five years, Bucket 2 at 16-20%, and Bucket 3 at 21%+.

Edgewood Management LLC: Large Cap Growth Composite	Ending December 31, 2024			
	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	18.99%	-0.18%	11.92%	14.19%
S&P 500 (TR) Index	25.02%	8.94%	14.53%	13.10%
<i>Note: Returns are shown in U.S. dollar. Composite returns are net of fees.</i>				

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 Standard & Poor’s 500 Index (“S&P 500”). 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.

Edgewood Management LLC claims compliance with the Global Investment Performance Standards (GIPS®). Past performance is no guarantee of future results. Performance results reflect the reinvestment of dividends and other earnings. Performance results are expressed and calculated in U.S. dollars. To receive a list of composite descriptions of Edgewood Management LLC and/or a GIPS Report that complies with the GIPS standards, contact Kitty McBride at 212-652-9100, or write to Edgewood Management LLC, 600 Steamboat Road, Suite 103, Greenwich, CT 06830 or kmcbride@edgewood.com.

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