Select Growth

Quarterly Report
September 30, 2023

SANDS CAPITAL

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On the Cover
The Spheres are three spherical conservatories that are part of the Amazon headquarters campus in Seattle, Washington. Designed to serve as an employee workspace, The Spheres house more than 40,000 plants consisting of 400 different species. Amazon has been a Select Growth portfolio business since 2015.

Select Growth (USD)

Quarterly Report - September 30, 2023

OVERVIEW

Select Growth focuses primarily on U.S. businesses at the forefront of the most vital areas of positive structural change in our economy. These businesses are built on disruptive innovation, and generate growth by inspiring profound change within existing industries or creating entirely new ones.

INVESTMENT CRITERIA

1. Sustainable above-average earnings growth
2. Leadership position in a promising business space
3. Significant competitive advantage/unique business franchise
4. Clear mission and value-added focus
5. Financial strength
6. Rational valuation relative to the market and business prospects

KEY ATTRIBUTES

CONCENTRATED AND CONVICTION WEIGHTED

27
Businesses

60%
Top Ten Weight

LONG-TERM INVESTMENT HORIZON

25%
Turnover-Annual Avg.

5+ Yrs
Expected Holding Period

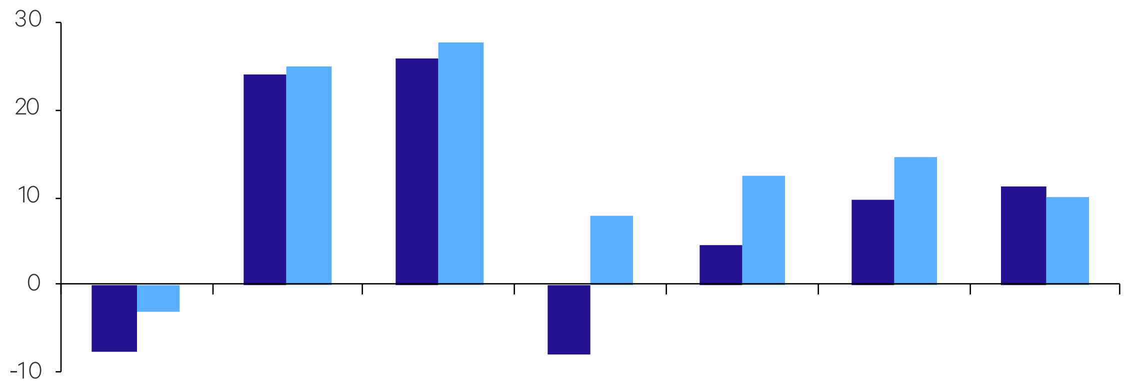
ABOVE-AVERAGE EPS GROWTH FORECAST

31%
Select Growth

18%
Russell 1000 Growth Index

INVESTMENT RESULTS (%)

Select Growth vs Russell 1000 Growth Index



Inception: 02/29/1992	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Portfolio (Net)	-7.7	23.9	25.9	-7.9	4.5	9.6	11.3
Benchmark	-3.1	25.0	27.7	8.0	12.4	14.5	9.9
Value Added (%)	-4.6	-1.1	-1.9	-15.9	-7.9	-4.9	1.4

CALENDAR YEAR RETURNS (%)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	YTD
Portfolio (Net)	8.9	2.9	-7.1	35.1	6.8	33.3	71.4	4.9	-49.1	23.9
Benchmark	13.0	5.7	7.1	30.2	-1.5	36.4	38.5	27.6	-29.1	25.0
Value Added (%)	-4.1	-2.7	-14.2	4.9	8.3	-3.1	32.9	-22.7	-20.0	-1.1

Inception date is 2/29/1992. Returns over one year are annualized. The investment results shown are net of advisory fees and expenses and reflect the reinvestment of dividends and any other earnings. The investment results are those of the Select Growth Tax Exempt Institutional Equity Composite. Net of fee performance was calculated using Select Growth Tax Exempt Institutional Equity Composite's actual fees and performance fees if applicable. Past performance is not indicative of future results. GIPS Reports found here.

PORTFOLIO CHARACTERISTICS

	Portfolio	Benchmark
Portfolio Businesses	27	446
Active Share	71%	n/a
5-Year Historical EPS Growth	31%	26%
Consensus Long-Term EPS Growth	31%	18%
Consensus Forward P/E - Next 12 mos.	34x	24x
Strategy Assets	$12.1B	n/a
Weighted Avg. Market Cap (USD)	$510.0B	$966.6B
Median Market Cap (USD)	$42.1B	$16.2B
Turnover - Trailing 12 mos.	26%	n/a
Weighted Average Carbon Intensity	11.4	31.1

RETURN & VOLATILITY METRICS

(Trailing 5 Years Net of Fees)	Portfolio	Benchmark
Annualized Excess Return	-7.9%	n/a
Beta	1.15	1.00
Information Ratio	-0.7	n/a
R-Squared	82.9%	100.0%
Sharpe Ratio	0.1	0.5
Standard Deviation	26.6%	21.1%
Tracking Error	11.4%	n/a
Up Capture	93%	100%
Down Capture	114%	100%

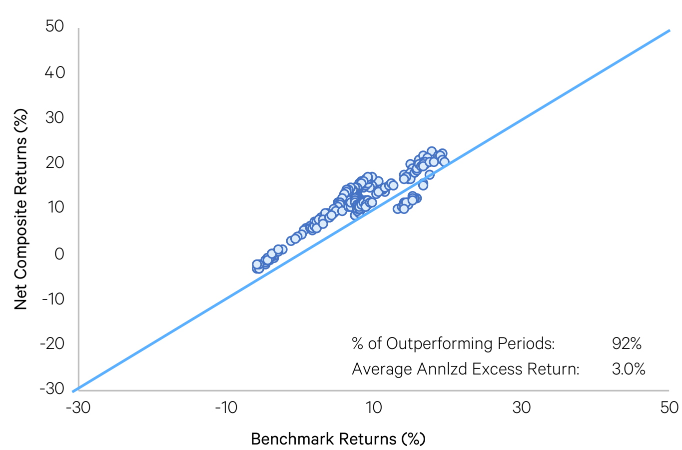
TOP TEN HOLDINGS (60.0% OF ASSETS)

Company	Sector	Domicile	Portfolio(%)	Owned Since
Microsoft	Information Technology	United States	9.4	2023
ServiceNow	Information Technology	United States	7.8	2016
Amazon	Consumer Discretionary	United States	7.6	2015
NVIDIA	Information Technology	United States	7.4	2022
Visa	Financials	United States	6.0	2008
Dexcom	Health Care	United States	5.4	2020
Meta Platforms	Communication Services	United States	4.7	2023
Atlassian	Information Technology	United States	4.2	2018
CoStar Group	Real Estate	United States	3.8	2017
Uber Technologies	Industrials	United States	3.7	2020

SECTOR EXPOSURE

	Portfolio	Relative to Benchmark
Information Technology	45.7	3.6
Consumer Discretionary	13.8	-2.2
Communication Services	11.5	-0.1
Health Care	10.4	-0.9
Financials	9.0	2.4
Real Estate	3.8	2.9
Industrials	3.7	-2.3
Consumer Staples	-	-4.3
Materials	-	-0.7
Energy	-	-0.6
Utilities	-	-0.1
[Cash]	2.0	2.0

ROLLING 10 YEAR INVESTMENT RESULTS*



* Average annualized excess returns are calculated based on monthly rolling periods beginning 2/29/1992 (composite inception date). The investment results shown are net of advisory fees and expenses and reflect the reinvestment of dividends and any other earnings. Net of fee performance was calculated using Select Growth Tax Exempt Institutional Equity Composite's actual fees and performance fees if applicable. Investment results presented are those of the Select Growth Tax Exempt Institutional Equity Composite. Past performance is not indicative of future results. GIPS Reports found here.

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PORTFOLIO HOLDINGS BY SECTOR

SECTOR/COMPANY	GICS INDUSTRY	DOMICILE	PORTFOLIO (%)	BENCHMARK (%)	OWNED SINCE
Communication Services			11.5	11.6	
Match Group	Interactive Media & Services	United States	1.8	0.0	2018
Meta Platforms	Interactive Media & Services	United States	4.7	3.2	2023
Netflix	Entertainment	United States	3.6	0.8	2015
Sea	Entertainment	Singapore	1.5	-	2019
Consumer Discretionary			13.8	16.0	
Airbnb	Hotels Restaurants & Leisure	United States	1.7	0.3	2020
Amazon	Broadline Retail	United States	7.6	5.5	2015
DoorDash	Hotels Restaurants & Leisure	United States	2.6	0.1	2020
Floor & Decor	Specialty Retail	United States	1.8	0.0	2018
Consumer Staples			-	4.3	
Energy			-	0.6	
Financials			9.0	6.6	
Block	Financial Services	United States	3.0	0.0	2020
Visa	Financial Services	United States	6.0	1.8	2008
Health Care			10.4	11.3	
10X Genomics	Life Sciences Tools & Services	United States	1.4	0.0	2021
Align Technology	Health Care Equipment & Supplies	United States	1.6	0.1	2018
Dexcom	Health Care Equipment & Supplies	United States	5.4	0.2	2020
Edwards Lifesciences	Health Care Equipment & Supplies	United States	1.2	0.2	2015
Ultragenyx Pharmaceutical	Biotechnology	United States	0.8	0.0	2023
Industrials			3.7	6.0	
Uber Technologies	Ground Transportation	United States	3.7	0.4	2020
Information Technology			45.7	42.1	
Atlassian	Software	United States	4.2	0.1	2018
Cloudflare	IT Services	United States	1.8	0.1	2021
Datadog	Software	United States	3.1	0.1	2022
Entegris	Semiconductors & Semiconductor Equipment	United States	2.7	0.0	2023
Lam Research	Semiconductors & Semiconductor Equipment	United States	3.6	0.4	2022
Microsoft	Software	United States	9.4	11.2	2023
NVIDIA	Semiconductors & Semiconductor Equipment	United States	7.4	4.9	2022
ServiceNow	Software	United States	7.8	0.5	2016
Shopify	IT Services	Canada	2.9	-	2021
Snowflake	IT Services	United States	2.9	0.2	2020
Materials			-	0.7	
Real Estate			3.8	0.9	
CoStar Group	Real Estate Management & Development	United States	3.8	0.1	2017
Utilities			-	0.0	
Cash			2.0	-	

Data presented is that of the Select Growth Tax Exempt Institutional Equity Composite. The index represented will differ in characteristics, holdings, and sector weightings from that of the composite. The index does not contain cash. Rounding may cause figures to vary from 100.0%. GIPS Reports found here. Source: Sands Capital, FactSet, MSCI

Quarterly Letter

Dear clients, consultants, and friends,

It's been a difficult quarter. Rising interest rates, fears of recession, geopolitical conflict, and the outbreak of war between Israel and Hamas have collided to pressure equities. As is typical during periods of disruption, many investors shorten their focus, see only alarmist headlines, and sell anything considered risky, which can often include long-duration growth assets. During this challenging time, we have been fortunate to connect with many clients, consultants, and prospective investors, including at recent multi-investor events, to discuss what matters most, now and going forward.

Firstly, we have been here before. Changing market and geopolitical environments are just part of the equation for long-term investors. As human beings we hope for peace, economic certainty, and public safety, but as active investors, we are prepared to manage through trying times as we have during periods of war, economic decline, and pandemic over the past 30 years. The only constant is that change is inevitable.

While change creates uncertainty, distortion, doubt, and extreme volatility in financial markets, it also unleashes countless opportunities for many of the companies we own and for those businesses that are still emerging. If we can successfully identify and own the businesses that disproportionately benefit from those changes or—even better—create those changes, we should be able to uncover potential opportunities for wealth creation over the long term.

Innovation Matters

Throughout history, change has inspired and often forced innovation. Businesses lost little time adapting to new consumer needs during the coronavirus pandemic. Today, we see more innovation happening than ever before. As investors in long-term growth businesses, we believe that companies that are driving real value-added innovation can create wealth for consumers, society, and investors.

For instance, as the dust settles after a few rocky post-pandemic years, we are witnessing the emergence of a pattern that we have experienced following past periods of disruption. What we believe to be the best businesses with the strongest fundamentals are emerging stronger and with consolidated competitive positions in their respective market categories. These businesses are improving their free cash flow and profitability profiles. In select businesses, we are now seeing some of the most compelling valuations of the past decade, creating a prime entry point for investors and a strong case for active growth investing.

Long-term Focus Matters

Undoubtedly active management has come under fire during the last years of market turmoil, and investors are questioning its utility. Indeed, it has been a challenging time for us and other active managers.

However, we believe that our approach to active management works over the long term. That being said, getting to the long term will not always be a smooth journey. As we have recently experienced, volatility may reign supreme when the collision of changes—pandemic, inflation, interest rate increases, technological disruption, and geopolitical tensions—creates distortion and sows doubt. However, we believe, and our numbers support, that the long-term gains outweigh the short-term pain. In other words, we believe the rewards will be worth the wait. Over the past 30-plus years, if we look to the results of our longest-running strategy, we see that significant drawdowns have typically been followed by long periods of excess returns. (See Exhibit 1)

EXHIBIT 1

SELECT GROWTH HAS TYPICALLY OUTPERFORMED FOLLOWING ITS ALL-TIME WORST DRAWDOWNS

10 Worst Peak-to-Trough Drawdowns

DRAWDOWN VALLEY	MAX DRAWDOWN PERCENTAGE	CURRENT DRAWDOWN PERCENTAGE	3Y FORWARD ANNUALIZED RELATIVE RESULTS	5Y FORWARD ANNUALIZED RELATIVE RESULTS	10Y FORWARD ANNUALIZED RELATIVE RESULTS
9/30/2002	-58.4	-	7.5	2.8	3.7
9/30/2022	-55.6	-44.1	-	-	-
2/28/2009	-54.1	-	13.0	10.6	4.2
12/31/2018	-17.5	-	-0.2	-	-
2/28/2016	-15.7	-	5.4	7.3	-
8/31/1998	-14.8	-	6.7	7.2	3.9
9/30/2011	-13.7	-	3.8	0.0	2.5
3/31/2020	-12.8	-	-12.7	-	-
4/30/2014	-10.9	-	-3.1	0.6	-
9/30/2015	-10.6	-	1.2	3.5	-

Investment results shown are those of the Select Growth Tax Exempt Institutional Equity Composite beginning 2/29/1992 (composite inception date) through 9/30/2023. They are net of advisory fees and expenses and reflect the reinvestment of dividends and any other earnings. Net of fee performance was calculated using Select Growth Tax Exempt Institutional Equity Composite's actual fees and performance fees if applicable. Relative investment results shown against the Russell 1000 Growth Index Index. Past performance is not indicative of future results. You should not assume that any investment is or will be profitable. GIPS Reports found here.

When mired in doubt and uncertainty, it's difficult for investors and business owners to believe the best is yet to come. We have come to call the pattern of capacity building and adjusting during and after the pandemic the *bullwhip effect*. (See Exhibit 2)

Many businesses, especially those that were digitally oriented, experienced spikes in demand at the beginning of the pandemic. Shortages lead to stockpiling of everything from toilet paper to semiconductors. These temporary dynamics obscured the long-term fundamentals for many businesses. Sales and profits grew faster than expected as businesses moved to hire staff and increase capacity. Recall how consumers rushed to buy technology enabling them to work from home. Many companies used these windfall profits to reinvest in their businesses, expand their capacity, and take market share from competitors.

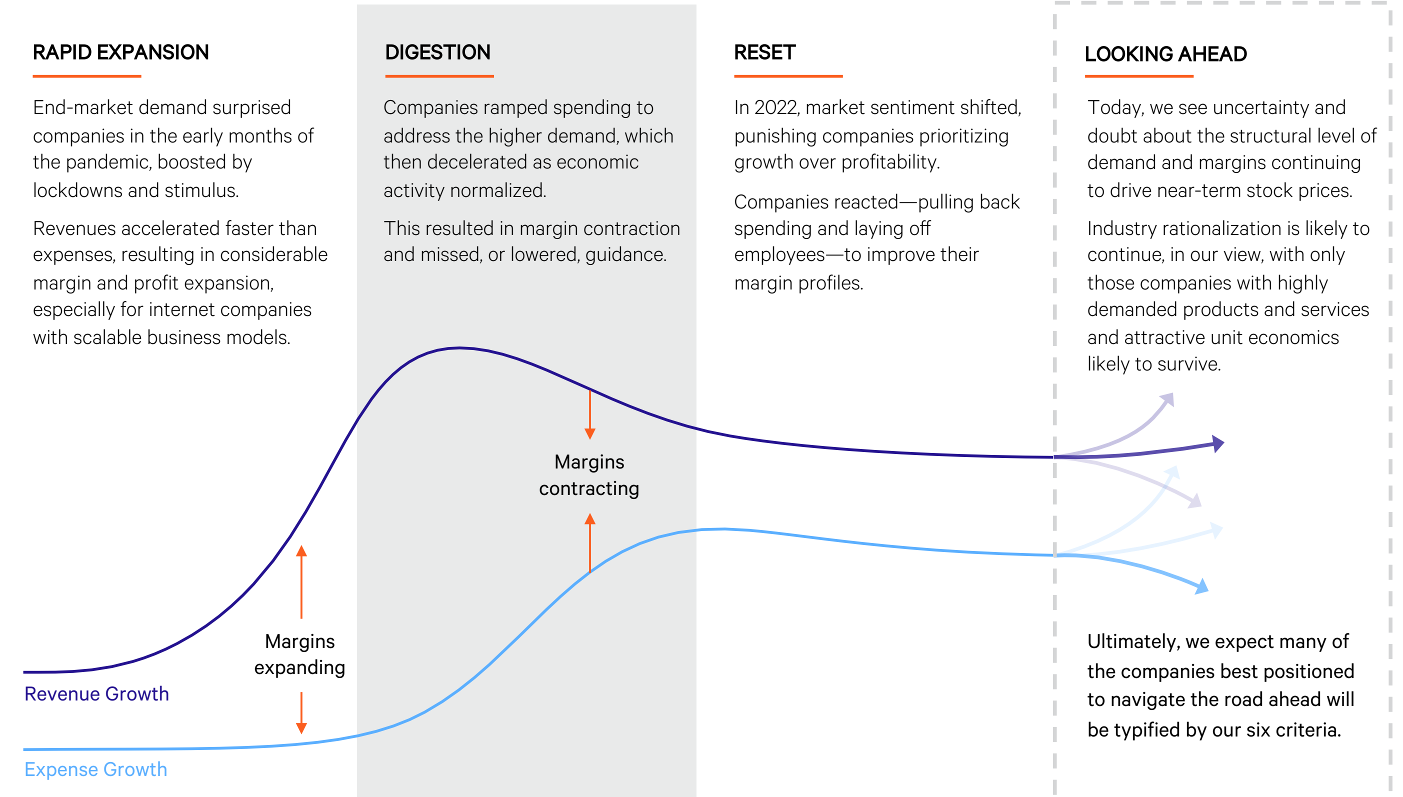
And then society opened, and the elevated demand began to subside, normalizing as consumers and businesses returned to work, the gym, the grocery store, and to a lesser extent the mall. This proved to be challenging, as demand peaked but investment levels remained elevated, weighing on margins and near-term profitability. Investors increasingly called into question whether certain growth businesses were flashes in the pan, or merely navigating a reset. Instead of taking the time to discern the difference, the fastest Federal Reserve interest-rate hiking cycle in over 40 years caused investors to simply dump high valuation equities without regard for the potential profitability certain companies were well positioned to achieve. However, we believe that while many businesses were investing for the present, leaders were positioning for the future. They were essentially sowing the seeds for future growth, innovation, and profitability in a world that would eventually return to normal.

As an active manager in innovative growth companies, we are well aware of how sensitive valuations of high-growth stocks are to changes in macroeconomic conditions and are willing to accept the resultant short-term share price volatility in exchange for potential long-term wealth creation. For sure the meteoric rise to a nearly two-decade high for 10-year U.S. Treasury yields spooked investors, who worried how a rising cost of capital would affect the ability of companies to fund future growth. But in adhering to our six criteria, we are able to look right past that short-term news.

We don't invest in companies that borrow their way to growth. We invest in financially strong companies with category leadership, strong unit economics, and pricing power. These characteristics often enable them to go on the offensive and use adversities created by downturns and panics to their advantage. Two examples in recent years include the shake-up in U.S. food delivery and Brazilian ecommerce markets. We have seen many of our companies expand their market share, make selective acquisitions to consolidate a market, innovate to find new ways to add value for their customers, and benefit from more favorable

EXHIBIT 2

THE BULLWHIP: HOW THESE CHALLENGES HAVE AFFECTED MANY GROWTH BUSINESSES



For illustrative purposes only. The above image and descriptions generalize the experience of many growth businesses from the pandemic era, or 2020 to present.

terms with suppliers and/or lease agreements when they are able to continue to invest in growth while competitors are not. Financial strength is also critical for companies to not just survive but to thrive coming out of downturns because when rates rise, as they have just done, access to capital can completely dry up, especially for small- and medium-sized enterprises.

Over time, as the dust cleared, industries rationalized from these Wild West phases, and the long-term promise and the dominance of leading companies shone through more than ever. Leaders emerged and strengthened their competitive moats. Ecosystems and chokepoints began to shift. Companies that had intentionally delayed profitability to bolster competitiveness are beginning to demonstrate the power of their unit economics, allaying fears that these businesses were incapable of ever making money. Importantly, for many of the previously unprofitable businesses that we own, they are improving their margins while still growing faster than the overall market. For them, as we expected, profitability was more of a choice than a hope.

This quarter, in particular, we have seen how this bullwhip pattern has separated the contributors from the detractors. Businesses that have been able to normalize operating expenses, absorb excess supply, and balance their workforces have in many instances performed well, while companies still burdened by pandemic-induced spending and hiring patterns have been among our top detractors.

Overall this rationalization phase has favored those companies with highly demanded products and services and strong operating leverage and unit economics

Growth Matters

Fortunately, we are well positioned for these periods when investors stop gawking at the short term and focus returns to fundamentals.

At Sands Capital, our goal is to outperform our benchmarks over rolling long-term periods. To do so, we believe we must own companies with durable, above-average earnings growth, since earnings growth is the primary driver of stock returns over the long run. While price-to-earnings multiples can help or hurt in any given year or environment, over the long run fundamentals tend to drive the bulk of the market's—and our—results.

However, not all growth is created equally. To that end, we are exclusively focused on identifying secular growth opportunities with companies that have competitive advantages that we believe can achieve sustainable growth.

To do so, it is more important than ever to be true to our research process and ruthless with our investment criteria.

Conviction Matters

The recent sell-off has presented us an opportunity to increase positions in our highest conviction names. We have seen equity markets that tend to bottom before economic cycles, providing potentially good entry points for investors who can look past the panic and toward the future.

And to us, it appears that many of our businesses are well positioned to move into a future in which investors are more skeptical of valuations, earnings, and end markets. We believe the fundamental outlook of these businesses is strong, and in many cases, stronger than it was before the disruptive phases and sell-offs of the past three years.

As we've seen following previous bear markets, businesses with strong fundamentals will likely lead the way higher. As active managers, our job is to use the market's indiscriminate selling as an opportunity to identify high-quality assets at discounts to their long-term potential value.

Change Creates Opportunity

We began this letter by asserting that change creates opportunity. We believe that is a constant. Many panic when they see volatility—a short-term dynamic often unrelated to fundamentals—and equate it to risk. But we have a long time horizon and believe that earnings tend to drive stock prices over long periods. With that in mind, we view risk as anything that can erode the earnings power of a business. Nothing we have seen over the past three years changes our enthusiasm about the potential opportunities that lie ahead.

Where do we find these opportunities? Typically, at the intersection of change and innovation. We look for indications of changing habits and spending patterns among consumers and businesses. These changes in behavior or spending habits produce winners and losers. So we want to be investing in the businesses that are either creating the change or benefiting from it.

In our portfolio, we believe select businesses that are creating or benefiting from technological advances that enable better, faster, and less expensive access to commerce, healthcare, and off-premises work remain attractive. We have embraced companies that are creating a better shopping, ordering, and delivery experience for their customers. We are excited about advances in medical devices that allow more precise and personalized and sometimes wearable solutions for patients. And we are only beginning to imagine the possible uses of generative artificial intelligence that is bolstering semiconductor demand and transforming the enterprise.

As long-term investors, we have to remember that many of our businesses are essentially creating the future, and this takes time. We have to have the patience to ride through that process with our businesses on a road that will undoubtedly be strewn with potholes of all kinds. Investors tend to fixate on the now with all the roadblocks and noise that obscure it. This is when we hold on to the wheel and stay the course. If we remain focused on what matters most—our six criteria—we are confident that the short-term distractions will pass and business fundamentals will lead the way forward.

Sincerely,

THE INVESTMENT TEAM

Contribution Analysis

CONTRIBUTION ANALYSIS (NET %)

Top Absolute Contributors

Quarter to Date

Company Name	Average Weight	Return	Contribution
Atlassian	3.7	20.0	0.6
NVIDIA	7.1	2.7	0.2
Uber Technologies	3.5	6.4	0.2
Meta Platforms	4.4	4.5	0.1
Airbnb	1.6	7.0	0.1

Trailing 1 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	4.2	258.0	4.7
Shopify	3.6	102.0	3.3
ServiceNow	7.4	47.4	2.9
Visa	7.5	29.9	2.6
Netflix	4.2	59.8	2.4

Trailing 3 Year

Company Name	Average Weight	Return	Contribution
NVIDIA	1.6	160.8	3.9
Lam Research	1.3	28.9	1.3
Visa	7.2	16.4	1.3
Sarepta Therapeutics	1.5	-11.9	1.0
CoStar Group	3.5	-10.5	0.7

Trailing 5 Year

Company Name	Average Weight	Return	Contribution
ServiceNow	6.9	183.4	7.5
NVIDIA	1.0	159.6	3.9
Visa	7.5	56.2	3.5
CoStar Group	3.6	80.4	3.1
Netflix	5.7	-1.4	2.6

Bottom Absolute Detractors

Quarter to Date

Company Name	Average Weight	Return	Contribution
Dexcom	5.5	-27.5	-1.6
Block	3.9	-33.6	-1.4
Microsoft	8.9	-7.2	-0.7
Netflix	3.8	-14.4	-0.6
CoStar Group	3.8	-13.7	-0.5

Trailing 1 Year

Company Name	Average Weight	Return	Contribution
Atlassian	3.7	-4.9	-1.2
Sea	2.2	-22.2	-0.9
Match Group	2.1	-18.6	-0.5
Snowflake	3.0	-10.7	-0.5
Ultragenyx Pharmaceutical	0.3	-15.4	-0.2

Trailing 3 Year

Company Name	Average Weight	Return	Contribution
Block	5.5	-73.9	-5.2
Sea	6.0	-72.6	-4.2
Match Group	3.4	-65.7	-3.1
Cloudflare	1.6	-52.8	-2.4
Atlassian	3.3	9.7	-2.4

Trailing 5 Year

Company Name	Average Weight	Return	Contribution
Block	3.7	-40.1	-2.6
Cloudflare	1.0	-54.0	-2.4
Snowflake	1.4	25.0	-1.4
10X Genomics	0.5	-75.0	-1.2
Align Technology	2.4	-24.3	-1.0

3Q23 CONTRIBUTOR

Meta Platforms shares rose following second-quarter business results that, in our view, reflected improving business fundamentals aided by its artificial intelligence (AI)-related investments.

Second-quarter results revealed management's expectation for third-quarter revenues to accelerate to a year-over-year growth rate between 15 percent and 24 percent, exceeding consensus estimates. Contributing to improving expectations, daily active users increased across regions as AI-recommended content and Reels drove engagement higher.

Consistent with our investment thesis, we expect momentum in these trends to persist. We view business results as an early sign that Meta Platforms will likely benefit from an accelerating pace of content creation as its AI capabilities improve content recommendation and advertising performance. We expect this dynamic to continue, which, combined with improving monetization of Reels, will result in sustainable above-average earnings growth, in our view.

3Q23 DETRACTOR

Dexcom shares declined following fears that increasing adoption of new weight-loss drugs (GLP-1s) would shrink the population of Type 2 diabetics that would utilize continuous glucose monitors (CGMs). Other cardiometabolic device businesses also declined after preliminary clinical data suggested that usage of weight-loss drug Wegovy reduced the risk of major adverse cardiac events in nondiabetic obese patients and that these drugs would demonstrate similar effects across a range of diseases—potentially shrinking addressable markets.

Our research indicates that CGMs, such as those offered by Dexcom, and GLP-1s are more complementary than competitive. As a monitoring device, we expect CGMs to be used in conjunction with GLP-1s to help implement lifestyle changes that help with the management of users' diabetes.

In our view, the market reaction undermines the long-term opportunity for Dexcom. CGM penetration of the total domestic diabetic population is roughly 5 percent today, and we expect this share to grow as payers increasingly recognize the cost savings from CGMs. We expect Dexcom to sustain above-average earnings growth as it sees adoption grow across subsets of the diabetic population, gains share versus competitors, and drives efficiency gains from its higher-margin, next-generation G7 CGM.

TRAILING 1 YEAR CONTRIBUTOR

Netflix shares rebounded after the business demonstrated progress with its new growth initiatives. For context, in 2022, Netflix announced new initiatives to re-accelerate user and revenue growth, including ad-supported pricing tiers and restrictions on password sharing.

Despite launching less than a year ago, average revenue per user for the ad-tier plan has already exceeded the standard non-ad plan in the U.S. Importantly, Netflix's content has lower "ad load"—a measure of ad time per hour of viewing—than its main streaming competitors. This suggests that the business has room to grow ad load—and revenues—without increasing prices. Over time, the ad tier is also supportive of higher net adds than otherwise, due to its positive impact on churn via lower prices.

The password-sharing crackdown first went into effect in 2023's first quarter in four markets. Early results in Canada—a reliable indicator for the U.S.—suggested that the initiative is driving higher net additions and revenues. While churn has been higher than expected, pricing incentives will likely discourage account turnover. The U.S. rollout began in May, and Netflix reported more customer sign-ups than at the peak of the pandemic.

These growth initiatives are at least partly responsible for Netflix's substantial free-cash-flow generation. The company raised 2023 free-cash-flow guidance from $3 billion to more than $3.5 billion, and we estimate the company will actually generate over $4 billion this year. Much of this excess cash will be returned to shareholders via repurchases.

TRAILING 1 YEAR DETRACTOR

Snowflake shares have suffered from concerns surrounding the cyclical downturn in consumption-based software spending as investors have struggled to find conviction in out-year estimates. However, the business faced multiple recent headwinds that should moderate in 2023, and Snowflake remains a key beneficiary of one of our highest-conviction long-term themes: cloud adoption.

Our research indicates consensus expectations for cloud-based software growth, including Snowflake, are bottoming. In assessing near-term expectations, we found that current estimates across cloud software imply declines in sales efficiency and incremental revenue growth similar to what comparable software businesses experienced during the Great Financial Crisis of 2007 to 2008, which we view as overly conservative.

Due to this and other fading headwinds, we are encouraged by the potential for Snowflake to outperform expectations in 2023. Specifically, Snowflake will face year-over-year comparisons that ease progressively throughout the year while the headwinds from foreign exchange, enterprise-wide cloud optimization, and further weakness from heavily affected tech customers fade.

Over the long term, our conviction in Snowflake is unchanged. We view Snowflake's data infrastructure solutions as a key piece of enterprise digital transformation strategies, and we are encouraged by the pace of innovation at the company with new products that should support strong growth over the long term.

The companies identified above represent a subset of current holdings in the Select Growth portfolio and were selected based on the performance measures presented.

Purchases & Sales

PURCHASES	SALES
No transactions for this period.	No transactions for this period.

The securities identified represent full purchases and sales within the prior two quarters but do not include weight changes. In-progress purchase investment actions are not included. Upon request, a complete list of securities purchased and sold will be provided. It should not be assumed that these holdings were or will be profitable. GIPS Reports found here.

Stewardship

CARBON EXPOSURE - REPORTED SEPTEMBER 30, 2023

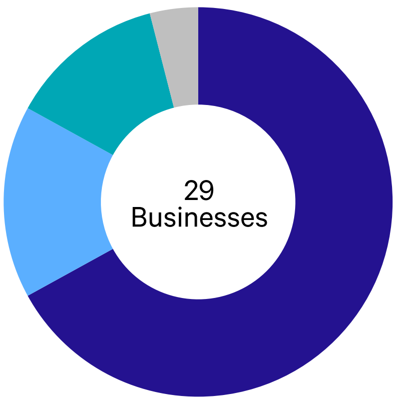
	Carbon Footprint				
	CARBON EMISSIONS	TOTAL CARBON EMISSIONS	CARBON INTENSITY	WEIGHTED AVERAGE CARBON INTENSITY	CARBON EMISSIONS DATA AVAILABILITY
Select Growth	2.1	2,140	14.0	11.4	100%
Russell 1000 Growth	11.3	11,262	47.5	31.1	100%
	tCO2e/$M Invested	tCO2e	tCO2e/$M Sales		Market Value

Carbon Intensity allows comparison of emissions across companies of different sizes and in different industries. At a business level, MSCI ESG Research calculates Carbon Intensity as Scope 1 & 2 carbon emissions per dollar of sales. The portfolio-level Weighted Average Carbon Intensity is the sum product of the business weights and their intensities.

VOTING ACTIVITY - TRAILING 12 MONTHS ENDING SEPTEMBER 30, 2023

VOTES	BUSINESSES	RESOLUTIONS	%
Cast in Favor of Management	18	270	96%
Cast Against Management	8	11	4%
Abstentions	0	0	0%
		281	**100%**

ENGAGEMENT ACTIVITY - TRAILING 12 MONTHS ENDING SEPTEMBER 30, 2023



- Business Strategy: 67%
- Governance: 16%
- Social: 13%
- Environment: 4%

TOPICS ADDRESSED

Governance
Executive compensation
Capital structure
Board structure or composition
Increasing transparency and disclosure
Management accountability
Shareholder protections and rights
ESG strategy and oversight
Regulation

Social
Human capital management
Regulation
Diversity and inclusion
Data security and privacy
Product safety and impact
Human rights
Health and safety
Labor rights

Environmental
Environmental policy and strategy
GHG emissions or climate change strategy
Energy use and efficiency
Materials use and sourcing
Pollution and waste management
Regulation

We may refrain from voting when issues arise that cause us to determine that voting proxies is not in the best interest of our clients or that it is not reasonably possible to determine whether voting proxies will be in the best interests of clients. Additionally, we do not vote in certain countries that require "share blocking," due to the possible liquidity constraints that could result in the cost of voting outweighing the benefit to the client. Shares out on loan also may not be voted.

Sands Capital regularly engages with the management teams and, if appropriate, board members of portfolio businesses to better understand each business's long-term strategic vision and management of risks and opportunities, including those pertaining to environmental, social, and governance (ESG) matters. More information is available in the Sands Capital Engagement Policy at https://sandscapital.com/media/Sands-Capital-Engagement-Policy-Statement.pdf.

Atlassian

Business: Atlassian is a leading software application vendor that creates tools to enhance team collaboration and productivity.

Key issues: Executive compensation; greenhouse gas emissions or climate change strategy.

Atlassian is a U.S.-domiciled enterprise software company that many software developers favor due to its Jira product set, which allows users to plan, track, and release software efficiently. Atlassian is also viewed as a leader among its peers as it pertains to environmental, social, and governance (ESG) initiatives. While the company's privacy and data security practices are viewed by MSCI as leading the industry in its management of these risks, we believe the company could improve in certain environmental and governance areas. Recently, we had our first opportunity to speak with the company's head of sustainability. We took this opportunity to discuss several topics, including executive compensation and greenhouse gas emissions.

The CEO compensation at Atlassian differs from many of its peers. This founder-led company is run by dual CEOs who take the legal minimum wage in Australia for their annual salaries. Additionally, both executives opt out of their annual bonus and long-term incentive plans, leaving their existing shares of Atlassian stock as their only other form of compensation. We believe this aligns these two members of the executive team with shareholders, such as Sands Capital, who are interested in long-term value creation at Atlassian.

During our engagement with the company's head of sustainability, we spoke about the broader executive team's compensation. We encouraged the company to provide more disclosures around compensation and suggested the company consider further performance-based compensation metrics in addition to cloud revenue growth. When asked how our analysts are seeing other companies incorporate ESG metrics into executive compensation, we shared publicly available information of a comparable company that includes diversity, equity, and inclusion metrics as well as retention measurements in its executive compensation, which we think would better align management's incentives with minority shareholders.

During this meeting, we also had a dialogue with representatives at Atlassian regarding its greenhouse gas emissions. As a software company, the firm has a relatively small direct carbon footprint when compared to businesses in other industries. A material amount of its greenhouse gas emissions is the result of Atlassian's upstream and downstream activities, such as the company's purchased goods and services or the use of the firm's products. Atlassian seems focused on managing its scope 3 emissions, and it disclosed to us that it engages with its largest suppliers around this issue. Instead of simply requesting its suppliers decrease their own absolute emissions, Atlassian provides frameworks on how companies may understand their baseline emissions and set science-based targets. We believe these resources demonstrate the emphasis Atlassian places on this topic.

As a result of our meeting with Atlassian, we reaffirmed our stance that the company remains a leader in ESG matters. We believe that Atlassian leads by example on these topics that may have a material impact on the company's financial performance. While we plan to provide the company with examples of ESG metrics being tied to executive compensation as a follow-up from this meeting, we generally approve of the policies Atlassian has in place regarding sustainability. We look forward to future engagements with this company as it continues to demonstrate strong ESG practices.

Sands Capital is an active, long-term investor in leading innovative growth businesses, globally. Our approach combines analytical rigor and creative thinking to identify high-quality growth businesses that are creating the future. Through an integrated investment platform spanning venture capital, growth equity and public equity, we provide growth capital solutions to institutions and fund sponsors in more than 40 countries. Sands Capital is an independent, staff-owned firm founded in 1992 with offices in the Washington, D.C. area, London, and Singapore.

ALL-IN CULTURE

We are one team dedicated to one mission and one philosophy. As a fully independent and staff-owned firm, we attract and retain strong talent, focus on long-term outcomes, and are highly aligned with our clients' interests.

GLOBAL PERSPECTIVE WITH LOCAL UNDERSTANDING

Innovation-driven growth knows no geographic boundaries. Neither does our research team. We are hands on, on-the-ground, deeply immersed in the ecosystems in which our businesses operate.

INSIGHT DRIVEN

Businesses that can build a sustainable advantage are few and far between. To seek them, we apply six criteria to separate signal from noise, identify what matters most, and construct differentiated views on tomorrow's businesses, today.

HIGH CONVICTION FOR HIGH IMPACT

All our strategies concentrate investments in only our best ideas and avoid mediocrity. With the intent to own businesses for five years or longer, we seek to create value for clients through the compounding of business growth over time.

Select Growth Tax Exempt Institutional Equity Composite (TEIEC) GIPS Report

			TEIEC			R1000G				
YEAR END	NUM OF ACCTS	END OF PERIOD AUM (USD $M)	NET RETURNS	GROSS RETURNS	ANN. 3 YR. STD. DEV. (NET)	R1000G	ANN. 3 YR. STD. DEV.	NON-FEE PAYING % OF COMPOSITE	ASSET WGT'D STD. DEV. (GROSS)	FIRMS TOTAL ASSETS (USD $M)
2022	88	$6,625.17	-49.14	-48.88	28.26	-29.14	23.47	0.00	0.19	$40,707.08
2021	78	$10,733.38	4.89	5.36	20.99	27.60	18.17	0.00	0.23	$75,340.29
2020	82	$12,888.65	71.42	72.15	22.42	38.49	19.64	0.00	0.71	$68,621.83
2019	84	$10,063.97	33.34	33.91	17.22	36.39	13.07	0.00	0.15	$44,636.85
2018	90	$9,140.97	6.77	7.27	17.03	-1.51	12.13	0.00	0.19	$35,387.67
2017	102	$11,646.37	35.15	35.74	15.07	30.21	10.54	0.00	0.48	$41,331.26
2016	115	$10,192.82	-7.13	-6.70	15.58	7.08	11.15	0.00	0.18	$34,914.29
2015	146	$14,686.78	2.92	3.40	14.56	5.67	10.70	0.00	0.50	$44,192.42
2014	155	$17,737.17	8.95	9.63	14.51	13.05	9.59	0.00	0.18	$47,659.83
2013	155	$16,244.61	42.19	42.95	15.55	33.48	12.18	0.00	0.17	$42,067.92

Net Returns

As of 09/30/2023	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception (2/29/1992)
TEIEC	-7.7	23.9	25.9	-7.9	4.5	9.6	11.3
R1000G	-3.1	25	27.7	8	12.4	14.5	9.9

Effective 5/31/2022, the name of the composite changed from Tax Exempt Institutional Equity Composite to Select Growth Tax Exempt Institutional Equity Composite. As of October 1, 2021, the firm was redefined to be the combination of Sands Capital Management, LLC and Sands Capital Ventures, LLC. Both firms are registered investment advisers with the U.S. Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940, as amended. The two registered investment advisers are combined to be one firm for GIPS purposes and are doing business as Sands Capital. Sands Capital operates as a distinct business organization, retains discretion over the assets between the two registered investment advisers, and has autonomy over the total investment decision making process. Prior to October 1, 2021, the firm was defined as: Sands Capital Management, LLC, is an independent registered investment adviser. Sands Capital claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Sands Capital has been independently verified for the periods February 7, 1992 through December 31, 2022. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Select Growth Tax-Exempt Institutional Equity Composite ("TEIEC") has had a performance examination for the periods February 29, 1992 through December 31, 2022. The verification and performance examination reports are available upon request. The TEIEC contains all fee and non-fee paying, tax-exempt institutional accounts managed in the Select Growth strategy. The Select Growth strategy is a concentrated portfolio that normally consists of the equity securities of 25 to 30 primarily large and mid-capitalization growth businesses. Portfolio companies are primarily domiciled in the U.S. but may also include ADRs and the equity securities of foreign issuers in other developed and emerging markets that are listed on U.S. exchanges. The strategy may experience losses as it is subject to equity securities risk, market and issuer risk, selection risk, growth style risk, concentration risk, and other economic risks that may influence the returns of this strategy. The benchmark for the TEIEC is the Russell 1000 Growth Index ("R1000G"). The R1000G measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The TEIEC holds securities that are not included in the R1000G, and Sands Capital may invest in securities not covered by the index. The minimum account size for this composite is $3 million. The annual composite dispersion presented is an asset-weighted standard deviation calculated of performance dispersion for accounts in the composite for the entire year, using beginning of period values. Gross and net performance includes the reinvestment of all income and is presented net of expenses, interest income, and capital gains. For periods prior to 2013, gross returns are shown as supplemental information and are stated gross of all fees and transaction costs for bundled fee accounts; net returns are reduced by all fees and transaction costs incurred. Net returns presented are calculated using actual fees and performance fees if applicable. Bundled fee accounts pay a fee based on a percentage of assets under management. Other than brokerage commissions this fee may have included portfolio monitoring, consulting services, and in some cases, custodial services. As of January 1, 2013, bundled fee accounts are no longer included in the TEIEC and in 2012, bundled fee account assets represented 0.9% percent of the composite. The U.S. Dollar is the currency used to express performance. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. A list of composite descriptions, pooled fund descriptions for limited distribution pooled funds, and broad distribution funds is available upon request. Past performance is not indicative of future results. The investment management fee schedule for separate accounts is 0.75% on the first $50 million of assets under management and 0.50% on assets under management greater than $50 million. Accounts may also pay a performance-based fee that consists of a base fee plus a percentage of the annualized excess return versus the benchmark. Additional information regarding performance fees is available upon request. Actual investment advisory fees incurred by clients may vary which will result in performance that may be higher or lower. The TEIEC was created on February 29, 1992 and the inception date for performance is February 29, 1992. Russell 1000® Growth Index is a trademark of the Frank Russell Company. 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.