International and Global Growth Equities

CHAUTAUQUA CAPITAL MANAGEMENT
A DIVISION OF BAIRD

MARKET RECAP

Global equity markets staged another broad rally for a second consecutive quarter. The U.S. market led again globally, followed by international developed markets, and then emerging markets. Additionally, growth style stocks again outperformed value style stocks. Interest rate cuts for the Federal Reserve and other major central banks have been pushed out, but they are still broadly predicted. Equity markets rallied despite the hawkish repricing of Fed estimates.

We invest with a long-term time horizon that can look through shorter-term economic perturbations. Furthermore, our investment philosophy emphasizes businesses that benefit from secular trends and possess strong competitive advantages and market positions. We purposefully select portfolio companies that earn attractive profit margins, carry strong balance sheets, and generate cash on a consistent basis. We believe these attributes hold tack even if the macro backdrop is soft or deteriorating. And we deploy this strategy in concentrated and conviction-weighted portfolios. For these reasons, portfolios have the ability to outgrow market growth rates over an investment cycle.

In this inflationary environment, we have continued to make ongoing adjustments to emphasize holdings that we believe are well-suited to transmit pricing power or are valued more attractively. These attributes should help protect against two of the most pernicious effects of inflation for equity investors: compression of profit margins and compression of valuation multiples.

In the first quarter of 2024, the Chautauqua International Growth Equities composite increased +5.39% (gross of fees)/+5.21% (net of fees), outperforming the MSCI ACWI ex-U.S. Index® ND, which increased +4.69%. The Chautauqua Global Growth Equities composite increased +9.36% (gross of fees)/+9.17% (net of fees), during the quarter, outperforming the MSCI ACWI Index® ND, which increased +8.20%.*

MARKET UPDATE

For the MSCI ACWI ex-U.S. Index, growth style outperformed value style. Within the MSCI ACWI Index, growth style outperformed value style, and large capitalization stocks outperformed small capitalization stocks. In emerging markets, growth style also outperformed value style.

Sector performance, with real estate the exception, was positive, and country performance was mixed but mostly positive for the quarter.

MSCI Sector and Country Performance (QTD as of 03/31/2024)

Sector	Performance
Information Technology	12.12%
Communication Services	11.46%
Energy	9.66%
Financials	9.43%
Industrials	9.21%
Health Care	7.23%
Consumer Discretionary	5.97%
Consumer Staples	2.78%
Materials	1.97%
Utilities	1.70%
Real Estate	-0.71%

Country	Performance	Country	Performance
Ireland	15.72%	Canada	4.18%
Netherlands	15.48%	Indonesia	2.64%
Denmark	15.32%	Australia	0.81%
Taiwan	12.51%	Singapore	0.15%
Japan	11.16%	Switzerland	-0.87%
United States	10.41%	China	-2.19%
India	6.12%	Hong Kong	-11.67%
France	5.94%		

Source: FactSet. Based on select MSCI country returns.

***Performance data is preliminary, represents past performance and does not guarantee future results. Current performance data may be lower or higher than the data quoted. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the maximum management fee of 0.80% from inception through June 2021 and 0.70% from July 2021 forward. Actual investment advisory fees may vary across accounts and result in different net returns.**

In the U.S., the primary concern was the persistence of core inflation, as evidenced by higher-than-anticipated consumer price index (CPI) figures in January and February. Therefore, the Federal Reserve opted to maintain interest rates in their recent meetings. However, the Fed also signaled the recent uptick had not derailed the Fed's longer-term disinflationary outlook. In a Congressional testimony, Chairman Powell even went so far as to say that the Fed was not far from having the confidence to cut. The median dot plot in the Fed's most recent set of economic projections was unchanged at three interest rate cuts for 2024.

Market predictions have now adjusted to the prospect of the Fed commencing its easing cycle by June. Rate cuts have been pushed out but are still broadly anticipated. The futures market recalibrated assumptions, which were previously overzealous, to align with the Fed's guidance. That said, monetary policy dynamics were viewed as supportive for overall risk appetite, and equity markets rallied despite the hawkish repricing of Fed estimates.

This dynamic was attributed to several factors, particularly a firmer growth backdrop that fit with the soft landing narrative. U.S. gross domestic product (GDP) growth for the fourth quarter and estimates for the first quarter were both revised up. Consumer spending has remained a bright spot, and the overall labor market strength has remained persistent.

In Europe, the focus was also on central bank policy decisions and economic data releases. Macroeconomic indicators were positive overall, and data in both the eurozone and the U.K. offered a more optimistic outlook despite early recession fears. Both regions saw an encouraging, albeit modest, stabilization of economic activity. In the eurozone, inflation moved in the right direction overall.

Ongoing disinflation prompted a shift towards policy easing, and policy signals from the region's central banks changed in tone during the quarter. At first, central bankers uniformly pushed back against aggressive easing projections. Initially, the Bank of England (BOE) maintained a hawkish view due to concerns over inflation and wage growth. However, dovish signals emerged later with the BOE becoming more open to easing given a soft landing scenario. The European Central Bank (ECB) left its policy rates unchanged but hinted at rate cuts in June after reducing inflation forecasts, which it believes will align with policy targets by 2025. Attention has now shifted to the number of rate cuts this year once the ECB begins its rate cut cycle. Additionally, the Swiss National Bank became the first major central bank to cut rates in March.

China held its annual plenary session, which unveiled a host of economic targets for 2024. The most important indicator is the GDP growth target of "around 5%." While the target is the same as last year, it will be harder to achieve as post-pandemic tailwinds fade and the comparison base is tougher. The government also set a fiscal deficit target that is in line with estimates, but the central government is shouldering more responsibility as local governments struggle under debt. Moreover, the government appears to have shunned a bazooka-style stimulus this year, and the property sector is still in a slump and was not directly addressed in the planning. On the positive side, the government separately released economic data that showed the manufacturing purchasing managers' index (PMI) returned to expansion and was at its strongest level in nearly the past year. Additionally, non-manufacturing PMI, which covers both services and construction activity, was also in expansion and recorded its strongest level since the middle of last year.

COMPOSITE PERFORMANCE AS OF MARCH 31, 2024*

	Total Return (%)	Average Annual Total Returns (%)				
	QTR	1 Year	3 Year	5 Year	10 Year	Since Inception (01/01/2009)
Chautauqua International Growth Equity - Gross	5.39	7.00	1.79	10.73	7.90	11.23
Chautauqua International Growth Equity - Net	5.21	6.26	1.07	9.90	7.08	10.37
MSCI ACWI ex-U.S. - ND Index	4.69	13.26	1.94	5.97	4.25	6.95
MSCI ACWI ex-U.S. Growth - ND Index	5.91	11.22	-0.76	6.24	5.12	7.54
Excess Returns *(Gross vs MSCI ACWI ex-U.S. - ND Index)*	*0.70*	*-6.26*	*-0.15*	*4.76*	*3.65*	*4.28*

*These are preliminary figures from our portfolio accounting system. Returns over one year are annualized unless otherwise specified. Performance data represents past performance and does not guarantee future results. Current performance data may be lower or higher than the data quoted. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the maximum management fee of 0.80% from inception through June 2021 and 0.70% from July 2021 forward. Actual investment advisory fees may vary across accounts and result in different net returns.

COMPOSITE PERFORMANCE AS OF MARCH 31, 2024*

	Total Return (%)	Average Annual Total Returns (%)				
	QTR	1 Year	3 Year	5 Year	10 Year	Since Inception (01/01/2009)
Chautauqua Global Growth Equity - Gross	9.36	17.40	5.87	13.61	11.74	15.06
Chautauqua Global Growth Equity - Net	9.17	16.58	5.12	12.77	10.88	14.17
MSCI ACWI - ND Index	8.20	23.22	6.96	10.92	8.66	10.60
MSCI ACWI Growth - ND Index	9.50	28.21	6.74	13.57	11.02	12.49
Excess Returns (Gross vs MSCI ACWI - ND Index)	*1.16*	*-5.82*	*-1.09*	*2.69*	*3.08*	*4.46*

*These are preliminary figures from our portfolio accounting system. Returns over one year are annualized unless otherwise specified. Performance data represents past performance and does not guarantee future results. Current performance data may be lower or higher than the data quoted. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using the maximum management fee of 0.80% from inception through June 2021 and 0.70% from July 2021 forward. Actual investment advisory fees may vary across accounts and result in different net returns.

PERFORMANCE ATTRIBUTION

The Chautauqua International Growth Equity portfolios outperformed their benchmark during the quarter. Holdings in industrials, as well as lack of exposure to consumer staples and materials, contributed most to relative returns. While the relative overweight to information technology contributed, stock selection in this sector and in the consumer discretionary sector detracted most from relative returns. Regionally, holdings in Europe and North America—particularly the Netherlands and Canada—contributed while holdings in Asia and the Pacific Basin—predominately in Australia, India, and China—were the largest relative detractors. The largest contributors to relative returns in the portfolio were Adyen, ASML, and Safran. The largest detractors were Atlassian, Temenos, and HDFC Bank.

The Chautauqua Global Growth Equity portfolios outperformed their benchmark during the quarter. Stock selection and allocation effect were both positive for the period, with holdings in information technology contributing most to returns. Lack of exposure to consumer staples and materials and holdings in industrials also contributed to relative returns. Stock selection in health care and utilities, as well as holdings and relative underweighting in communication services, detracted. Regionally, holdings in Europe and North America—particularly the Netherlands and the U.S.—contributed while holdings in Asia and the Pacific Basin—predominately in India, Australia, and China—were the largest detractors. The largest contributors to relative returns in the portfolio were Nvidia, Novo Nordisk, and Adyen. The largest detractors were HDFC Bank, Atlassian, and WuXi Biologics.

Chautauqua International Growth Top & Bottom Contributors for Q1 2024

Top 5 Contributors

Security	Avg. Weight
Adyen NV	4.29
ASML Holding NV	5.27
Safran SA	3.71
Taiwan Semiconductor	5.24
Novo Nordisk A/S	5.25

Bottom 5 Contributors

Security	Avg. Weight
Atlassian Corporation	3.65
Temenos AG	2.72
HDFC Bank Limited	3.78
WuXi Biologics	0.73
Brookfield Renewable	2.07

Chautauqua Global Growth Top & Bottom Contributors for Q1 2024

Top 5 Contributors

Security	Avg. Weight
Nvidia Corporation	4.01
Novo Nordisk A/S	4.86
Adyen NV	3.11
Micron Technology, Inc.	2.14
ASML Holding NV	3.59

Bottom 5 Contributors

Security	Avg. Weight
HDFC Bank Limited	2.44
Atlassian Corporation	2.15
WuXi Biologics	0.55
Temenos AG	1.27
Brookfield Renewable	1.62

Source: FactSet. The holdings identified do not represent all the securities held, purchased or sold for the portfolios during the period; past performance does not guarantee future results. Contributors are based on a representative account relative to the benchmark and do not reflect the impact of fees. To obtain information about the calculation methodology and a list showing all holdings and their contribution, please contact Chautauqua.

Largest Contributors

Adyen
Adyen delivered a great set of results for the second half of 2023, substantially beating consensus earnings expectations. Net revenue growth accelerated to 26% y/y. Importantly, profit margins also displayed significant operating leverage, helped by both the acceleration in top line growth and deceleration in headcount growth.

ASML (International)
ASML reported better-than-expected earnings with strong bookings. AI fueled demand growth for advanced logic and memory chips, which in turn drove demand for more advanced EUV tools from ASML. The semiconductor industry is clearly in cyclical recovery as channel inventory and pricing improve. Thus, ASML will benefit from both a secular AI growth and an industrywide cyclical recovery.

Safran (International)
Safran posted in-line earnings for the second half of 2023 and issued 2024 guidance that was ahead of expectations. While 2023 represented the peak in y/y growth rates in Safran's Civil Aftermarket segment post-Covid, the company remains well-positioned to benefit from the ongoing difficulties Boeing and Airbus face in delivering new narrowbody aircraft, which will extend the current upcycle of high-margin aftermarket spare parts and services demand.

Nvidia (Global)
Nvidia reported a great set of earnings results, substantially beating consensus estimates. Revenue growth was 265% y/y and 22% q/q. Its datacenter business drove the results, with growth in both training and inference applications and across a broad set of industries. The company predicts demand to remain strong and outstrip supply in the near-term and that supply will increase sequentially throughout the rest of the year.

Novo Nordisk (Global)
Novo Nordisk reported better-than-expected sales and earnings driven by strong performance in its diabetes division. Novo bought Catalent, a contract manufacturer, to address the manufacturing constraints on its weight loss drug Wegovy. On its Capital Markets Day presentation, it also announced an oral weight loss pipeline candidate that achieved 13.1% weight loss after 12 weeks, which is best-in-class efficacy.

Largest Detractors

Atlassian
Atlassian reported a strong quarter, with sales, earnings, billings, margins, and free cash flow all ahead of expectations. However, some investors are concerned about slower cloud migration. Another concern is that small- and medium-sized businesses are slow at seat expansion because these businesses are more impacted by macro headwinds such as higher interest rate and inflation.

HDFC Bank
HDFC Bank reported a weak set of earnings results for Q3 FY2024, marking a modest y/y earnings decline. The company had previously communicated net interest margin would bottom out following the merger with HDFC Ltd., and this metric would gradually improve over 2024. The long-term thesis remains that HDFC Bank has a best-in-class deposit franchise and superior asset quality and loan book, which position it well to be the long-term winner in Indian banking.

Temenos (International)
Temenos was named in a negative research report by Hindenburg Research. Temenos refuted the allegations and has hired independent third parties - two top law firms (in Switzerland and in the U.S.) and a top accounting firm - to clarify allegations in the report. Temenos provided some data to counter the report, such as excellent customer retention (3% churn rate), industry leading net promoter score, strong operating cash flow, low bad debt in receivables, etc.

WuXi Biologics (Global)
WuXi Biologics was mentioned in a draft bill on biological security introduced to the U.S. House of Representatives while another bill introduced in the Senate mentioned WuXi Apptec and its subsidiaries. Though WuXi Biologics is not a subsidiary of WuXi Apptec, there are concerns these bills will make it difficult for WuXi Biologics to gain business from U.S. companies. Chance of these bills being enacted is low and the scope will likely be narrower as they are discussed. WuXi Biologics continues to grow strongly with over 37% ex-Covid revenue growth in 2023 due to its high-quality services.

PORTFOLIO HIGHLIGHTS | BUYS AND SELLS

For the Chautauqua International Growth strategy, 78% of companies that reported earnings during the quarter were in-line with or exceeded consensus estimates.

For the Chautauqua Global Growth strategy, 79% of companies that reported earnings during the quarter were in-line with or exceeded consensus estimates.

Our conviction weighting process, which considers our estimates for growth, profitability, and valuation, is key to our portfolio management strategy and has been additive to returns over the long run.

In the International strategy, we exited a position in SolarEdge and reduced positions in Adyen, Aptiv, ASML, Constellation Software, Fairfax Financial, Hong Kong Exchanges and Clearing, Novo Nordisk, Safran, Taiwan Semiconductor, Tata Consultancy, and Waste Connections. Proceeds were used to increase the portfolio's positions in Atlassian, BeiGene, Brookfield Renewable, Coloplast, Fanuc, KE Holdings, Keyence, and Prosus.

In the Global strategy, we exited a position in SolarEdge and reduced positions in Aptiv, Constellation Software, Fairfax Financial, Hong Kong Exchanges and Clearing, Novo Nordisk, Nvidia, Safran, and Taiwan Semiconductor. Proceeds were used to increase the portfolio's positions in Atlassian, BeiGene, Brookfield Renewable, Coloplast, Fanuc, KE Holdings, and Keyence.

OUTLOOK

Global growth is set to remain modest, with the impacts of tight monetary policies and soft business and consumer confidence all being felt. A growing divergence across economies is presumed to persist in the near term. There continues to be mild near-term growth in most major economies, relative weakness in Europe, and clear signs of strong near-term momentum in India and Indonesia. Consumer confidence also remains subdued relative to longer-term norms in many developed economies, as well as in China, but it has held up better in other emerging market economies.

According to the Organization for Economic Cooperation and Development (OECD), global GDP growth of 3.1% in 2023 will be followed by a mild slowdown to 2.9% in 2024. Compared with earlier projections, these growth numbers have been revised up, largely on account of upside surprises, particularly in the U.S., in late 2023. Still, this would be the third consecutive year of growth moderation. GDP growth in the U.S. is projected to moderate to 2.1% in 2024. In the eurozone, GDP growth is projected to be 0.6% in 2024. Asia is predicted to continue to account for the bulk of global growth in 2024. China is estimated to slow to 4.7% in 2024, on the back of ongoing stresses in the real estate sector and subdued consumer demand. GDP growth is projected to be more than 6% for India and 5% for Indonesia.

Headline inflation has fallen in almost all economies. Core inflation has also fallen but remains high. Global demand is easing, supply disruptions are fading, and commodity prices are moderating, while monetary policies remain restrictive. In the absence of further adverse supply shocks, cooling demand and the ongoing effects of prior rate hikes should allow headline and core inflation to fall further in most economies. In some countries, annual headline inflation has already fallen back to or below official targets. However, with core inflation still above target in most countries, it is too soon to declare that the coast is clear.

Economic conditions among the emerging market economies are very diverse. China continues to struggle with its property sector, and successive waves of stimulus have aimed to offset that sector's ongoing contraction. Meanwhile, low consumer confidence in the country and its high savings rates have hindered the growth of private consumption. In contrast, GDP growth in the other major Asian emerging economies, including India and Indonesia, is projected to expand in 2024.

Over the last two-plus years, we have reduced Greater China weightings on a net basis, inclusive of holdings in Mainland China, Hong Kong, and Taiwan. In International portfolios, roughly 17% of assets are invested in Greater China holdings, which is modestly overweight relative to the benchmark. In Global portfolios, roughly 11% of assets are invested in Greater China holdings, which is overweight relative to the benchmark. We believe our Chinese holdings are at valuation levels, in the context of their long-term growth outlooks and competitive positioning, that more than compensate us for the risks. Our Chinese holdings are exposed to secular growth areas of the domestic economy (private consumption and health care) that align with government priorities, have strong balance sheets and resilient cash flows, and are not reliant on restricted Western technology inputs for future growth.

Our investment philosophy emphasizes businesses that should benefit from secular trends and possess strong competitive advantages and market positions. Over longer investment horizons, some of the most exciting growth areas can be relatively agnostic to the global picture or the specific situations impacting certain regions. These include our many investments in and adjacent to cloud computing, software-as-a-service, digitalization, artificial intelligence, semiconductor advancement, e-commerce and payments, industrial automation, electric vehicles, and novel biologic and biosimilar therapies. Other exciting growth areas pertain to rapidly expanding consumer classes, broadly in emerging economies and especially in Asia, which are propelling the uptake of various consumer goods and financial products.

We do not anticipate the current environment of weakening economic growth will dislodge the long-term staying power of these investment themes, nor the business models or market positions of portfolio companies. Furthermore, we purposefully select portfolio companies that earn attractive profit margins, carry strong balance sheets, and generate cash on a consistent basis. In other words, portfolio companies we believe are on solid footing, even when times are tough. For these reasons, portfolios have the potential to outgrow market growth rates over the long-term.

We have also taken great care to try to insulate against the most pernicious risks that inflation poses to equity investments, namely pressure on company profit margins and compression of valuation multiples. First, we have emphasized companies that we believe have pricing power because of the mission-critical or value-add nature of their products and services. Because of these features, these companies are able to transmit price in inflationary environments, and therefore protect their profit margins. Furthermore, we have made incremental adjustments to portfolios to emphasize companies with more attractive valuations, in light of higher market discount rates.

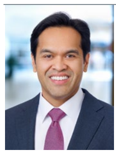
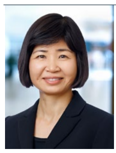
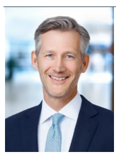
BUSINESS UPDATE

There have been no changes to the investment team at Chautauqua Capital Management nor have there been changes to the ownership structure of our parent company, Baird.

Respectfully submitted,

The Partners of Chautauqua Capital Management – a Division of Baird

INVESTMENT TEAM	KEY PILLARS OF OUR INVESTMENT PROCESS	ORGANIZED FOR INVESTMENT SUCCESS
▪ **Generalists with specialized skills** ▪ **Average more than 23 years investment experience**	▪ **Security selection drives returns** ▪ **Long-term focus** ▪ **Concentrated conviction-weighted portfolios**	▪ **Autonomous institutional boutique** ▪ **Employee owners** ▪ **We invest alongside our clients** ▪ **Self-imposed limit of growth**

Investment Professional		Educational Background	Years of Experience	Prior Affiliation
	**Jesse Flores, CFA** Partner	MBA, Stanford University BS, Cornell University	17	Roth Capital Partners Blavin & Company Lehman Brothers
	**Haicheng Li, CFA** Managing Partner	MBA, Stanford University MMSc, Harvard Medical School MS, Harvard University BA, Rutgers University	22	TCW
	**David Lubchenco** Partner	MBA, University of Denver BA, The Colorado College	31	Marsico Capital Management Transamerica Investment Management Janus Capital
	**Nate Velarde** Partner	MIDS, UC Berkeley MBA, University of Chicago BA, University of Chicago	22	PIMCO Nuveen Investments TCW

This commentary represents portfolio management views and portfolio holdings as of 03/31/24. Those views and portfolio holdings are subject to change without notice. The specific securities identified do not represent all the securities purchased, sold or held for accounts and you should not assume these securities were or will be profitable.

The Chautauqua International and Global Growth equities strategies invest in foreign securities, which involve additional risks such as currency rate fluctuations and the potential for political and economic instability, and different and sometimes less strict financial reporting standards and regulations. They may also hold fewer securities than other strategies, which increases the risk and volatility because each investment has a greater effect on the overall performance.

The MSCI ACWI Index® is a free float-adjusted market capitalization weighted index that is designed to represent performance of the full opportunity set of large- and mid-cap stocks across 23 developed and 24 emerging markets, including the United States. The MSCI ACWI Growth Index® captures large- and mid-cap securities exhibiting overall growth style characteristics across 23 developed and 24 emerging markets. The MSCI ACWI ex-U.S. Index® is a free float-adjusted market capitalization weighted index that is designed to capture large- and mid-cap stocks across 22 of 23 developed markets countries, excluding the United States, and 24 emerging markets countries. The MSCI ACWI ex-U.S. Growth Index® captures large- and-mid cap securities exhibiting overall growth style characteristics across 22 of 23 developed markets countries and 24 emerging markets countries. Indexes are unmanaged and direct investment is not possible. "ND" represents net of dividends returns for the benchmark.

Performance results will vary among client accounts. The actual return and value of an account will fluctuate and at any point in time could be worth more or less than the amount invested. The performance results displayed herein represent the investment performance records for the Chautauqua composites that include fully discretionary fee paying client accounts. The composites' returns are total, time weighted returns expressed in U.S. dollars. Composite returns reflect the reinvestment of dividends and other earnings. The net performance reflects the deduction of investment advisory fees and transactions costs and the gross performance is net of transaction costs, but gross of advisory fees.

The separate accounts are available to institutions and persons with a minimum account asset value of $100,000,000, which is negotiable in certain instances.

For additional important information about the fees, expenses, risks and terms of investment advisory accounts at Baird, please review Baird's Form ADV Brochure, which can be obtained from your financial advisor and should be read carefully before opening an investment advisory account.