



Bailard

Q2 2024 Update

# Technology Strategy

Delivering a high-conviction, durable portfolio of  
technology-focused companies

# Performance as of June 30, 2024

## Q2 2024 PERFORMANCE<sup>1,2</sup>

The Bailard Technology Strategy posted a 2Q24 total return of 9.75% net of fees, ahead of both the cap-heavy benchmark index (S&P North American Technology Index) as well as the competitor-comprised benchmarks. The Morningstar U.S. Open End Technology Category returned 3.24% and the Lipper Science and Technology Fund Index returned 5.10%, while the S&P North American Technology Index generated 9.36% and the Nasdaq-100 Index returned 8.05%. Over longer time periods of 3, 5, and 10 years, the Strategy's net returns continued to lead the competitor peer benchmarks.

Both security selection and industry allocations within the technology sector were positive for the quarter. Stock selection was strong in Semiconductors, Software, and Financial Services, while industry allocation was positive in Semiconductors, and IT services. Stock selection in Interactive Media was negative and impacted by a core holding that trailed other large social media companies in the quarter. Semiconductor and related industries led Strategy returns for 2Q24, with the semiconductor group representing large absolute and relative exposures compared to our relevant peer group.<sup>4</sup>

## TOTAL RETURN<sup>1</sup>

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bailard Composite, Gross	9.86%	28.74%	51.04%	12.69%	23.43%	20.34%
Bailard Composite, Net	9.75%	28.49%	50.48%	11.98%	22.61%	19.52%
Morningstar US OE Tech	3.24%	12.08%	23.16%	-0.04%	14.04%	14.37%
Lipper Sci & Tech	5.10%	17.90%	30.84%	4.39%	16.72%	16.01%
S&P NA Tech	9.36%	26.11%	44.55%	12.65%	22.24%	20.67%

## ACTIVE RETURN NET OF FEE<sup>1,3</sup>

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Vs. Morningstar US OE Tech	6.50%	16.41%	27.31%	12.02%	8.57%	5.14%
Vs. Lipper Sci & Tech	4.65%	10.59%	19.64%	7.60%	5.89%	3.50%
Vs. S&P NA Tech	0.38%	2.38%	5.93%	-0.67%	0.37%	-1.16%

<sup>1</sup> **Past performance is no indication of future results.** The "Bailard Composite" and the "Bailard Technology Strategy" is the Bailard, Inc. Technology Carve-Out Composite. The Technology Carve-Out Composite ("the Composite") includes a segregated account and carve-out portfolio invested primarily in the stocks of firms that predominately use technology to drive their business. "Morningstar U.S. OE Tech Category" is the Morningstar U.S. Open End Technology category average. The "S&P NA Tech" is the S&P North American Technology Index. "Lipper Sci & Tech" is the Lipper Science and Technology Fund Index. The Bailard Composite, Morningstar U.S. OE Tech Category and Lipper Tech & Sci are presented net of fee; S&P NA Tech does not have fees. Please see additional performance on page 8, and the end of this document for important disclosures. Sources: Morningstar, Bloomberg, Thomson Reuters (Refinitiv) Eikon. <sup>2</sup> The holdings identified do not represent all of the securities purchased, sold, or recommended for clients. **Past performance does not guarantee future results.** Please refer to page 3 for a list of the quarter's top contributors and detractors. <sup>3</sup> Active return is the difference between the return of the strategy and the return of the index. Performance statistics are annualized for periods greater than one year. <sup>4</sup> Relevant Peers group includes funds within the universe of the Lipper Sci & Tech Fund Index and the Morningstar US OE Tech Category that pursue a broad technology and science mandate and excludes those funds within the universe that significantly concentrate holdings in a specific subsector of either technology or health care.)

# Strategy & Sector Commentary

## Q2 2024 UPDATE<sup>1</sup>

Spending on AI infrastructure—coupled with recovery in cyclical markets, such as memory chips—underscored the improving fundamentals for semiconductors in Q2. Looking ahead, demand for high performance chips is spurring order activity for new wafer fabrication equipment, setting up a recovery in the tooling segment of technology in 2024 and a strong upcycle in 2025. We think that both wafer equipment and wafer fabrication foundries will experience above trend revenue growth for several years on rising AI infrastructure spending bolstered by US and European CHIPS acts.

Technology Hardware was the best performing tech industry group in the second quarter, led by a cyclical recovery in AI servers, data storage, smartphones, and PCs. Interestingly, several of tech's old guard are proving resilient in the new AI era. Our underweight to Technology Hardware in the quarter detracted from the Strategy's relative performance. Apple unveiled a credible suite of AI-enabled apps and stoked expectations for a sizable iPhone upgrade cycle; HP Enterprises and Dell are seeing renewed product demand across AI servers, rack systems, switching, and storage. And, in data storage, flash providers like Pure Storage, Inc. and NetApp, Inc. anticipate further wins in the hyperscale (e.g., Meta, AWS, Azure) datacenter market this year, which could meaningfully expand the TAM<sup>2</sup> for flash storage over the next several years.

Increasing the Strategy's software exposure remains a focus, and while the software group lagged the broader tech sector in 2Q24, the Strategy's stock selection in software was good.

*Continued on next page*

## Q2 2024 Composite Top Contributors/Detractors<sup>3</sup>

CONTRIBUTORS	AVG. WEIGHT	CONTRIBUTION
NVIDIA Corporation	11.6%	4.0%
KLA Corporation	5.3%	1.0%
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	3.1%	0.8%
Apple Inc.	3.3%	0.8%
QUALCOMM Incorporated	3.4%	0.7%
DETRACTORS	AVG. WEIGHT	DETRACTION
Sprout Social, Inc. Class A	0.4%	-0.7%
Uber Technologies, Inc.	3.0%	-0.3%
Shopify, Inc. Class A	1.4%	-0.2%
Advanced Micro Devices, Inc.	1.3%	-0.2%
Snowflake, Inc. Class A	0.8%	-0.2%

**Past performance is not indicative of future results.** <sup>1</sup> Specific investments described herein may represent some but not all investment decisions made by Bailard. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future. Bailard, Inc. makes no recommendation to buy or sell securities discussed in this section. <sup>2</sup> Total Available Market. <sup>3</sup> **Past performance is no indication of future results.** This performance is not indicative of the past or future performance of the Bailard Technology Strategy or any other Bailard product. Sources: Bailard, FactSet. The holdings identified do not represent all of the securities purchased, sold, or recommended for clients.

# Strategy & Sector Commentary: Q2 2024

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Building the Strategy's exposure to cybersecurity companies while avoiding the eroding moats and elongating sales cycle plaguing large CRM<sup>1</sup> players and mid-market HCM<sup>2</sup> providers, was integral to its software positioning and selection impact. The Strategy also repositioned some high-growth software exposure, moving away from ecommerce and consumer engagement software and towards companies with exposure to recovering IT workloads, application monitoring and management, and graphic design.

In addition to rotating some capital to software "Emerging Innovators," we are also finding attractive risk/reward opportunities in several "core" growth companies. Recent examples include Fiserv, Inc., which is demonstrating above market growth in bill payment and transaction processing, and Intuit, Inc., which is expanding its finance and tax management software into larger enterprises. We are optimistic that AI integration is becoming better understood by CTOs and IT departments, but we are still seeing signs of hesitation around spending in pockets of software and services. It's possible that the upcoming elections and softer economic data, particularly among small business, will weigh on IT budgets for at least another quarter.

While we are wary of consumer segments in the near term, some companies such as Spotify, Netflix, and Uber continue to innovate and offer products that both deliver value to the customer while also driving up customer value to the company. Each company solves demands through specialization and tech-forward solutions, which in turn widens their addressable markets and deepens their competitive moats. They face unique and common risks, be it autonomous machines, monetizing international markets, or anti-competitive app ecosystems, to list a few. But these companies have been winning in

the marketplace, exhibit increasing operational and financial scale, and are good examples of tech-enabled or tech-adjacent exposures in the Strategy.

Each company solves demands through specialization and tech-forward solutions, which, in turn widens their addressable markets and deepens their competitive moats.

We were net sellers of semiconductors positions in the second quarter. Although we still like the prospects for several of its segments including tools and foundries, we've trimmed semiconductor holdings broadly, partly reflecting less attractive valuations and concentrated factor risk in the group.<sup>3</sup> Fundamentally, we have some concerns that semiconductor manufacturing capacity is mostly booked through 2026 and fabrication capacity may be a limiting factor not fully discounted in industry growth expectations. New wafer fabrication equipment ordered today likely will not be in production until 2027 and beyond, so while demand remains robust, adequate supply is becoming less certain in the current cycle. Supply challenges are not just concentrated at the leading-edge logic nodes but are compounded by limited new capacity for critical high-performance compute components, such as high-bandwidth memory (HMB) used to enable AI super chips and compute clusters.

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<sup>1</sup> Customer Relationship Management. <sup>2</sup> Human Capital Management broadly captures the HR industry. <sup>3</sup> Concentration of high momentum factor scores.

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Technology Strategy | page 4

# Strategy & Sector Commentary: Q2 2024

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In one sense, slower supply growth is healthy for sustaining a longer semiconductor cycle that is not punctuated by sudden inventory builds or capacity utilization swings. However, it may also mean that revenue for the semiconductor industry is capped for the next two years. A downshift in our semiconductor revenue growth expectations is, in part, what has motivated us to reallocate some exposure to other areas of the tech sector.

Expectations are rising for a cut in the Federal Funds Rate. Markets are currently pricing in just over 2.5 rate cuts and a 4.7% (down from 5.3%) Fed Funds rate by January 2025.<sup>1</sup> We are in the camp that impending rate cuts are a two-edged sword: as long as the Federal Reserve Bank is engineering a soft landing and not responding to an impending recession by cutting rates—then risk assets, including technology and software stocks—should do well.<sup>2</sup> Unfortunately, history shows it typically doesn't work out that way and markets do not always respond favorably to the type of rate cut ahead. A recent report by research firm Strategas, Inc. looked at market returns after the first Fed rate cut following a period Fed tightening, and they found that, on average, markets fell 23% and took approximately 213 days to bottom!<sup>3</sup> The missing variable, of course, is recession and that by the time the Fed starts cutting rates, the economy is already in a recession, hence the market's unfortunate correlation with “first” rate cuts. However, rather than speculate too much or hope that it's

different this time, we are confident that the technology sector's superior revenue growth, returns on capital, profit margins, and cash generation will drive attractive investment returns throughout innovation surges and economic cycles.

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# Our Positioning

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We executed a shift away from the semiconductor industry, moving exposure down several percentage points by quarter-end. We believe that fundamental strength justifies much of the return thus far in the semiconductor industry and that the secular themes driving this strength are durable. However, we also note that valuation multiples have expanded within the group in recent months and elected to take some gains off the table.

We have increased our allocation to software stocks during the quarter. While the demand trends here are more volatile and recent data points have been mixed, we believe that price action across the industry has created long-term opportunities to add or initiate positions in fundamentally strong companies that are priced below long-term intrinsic value. We remain optimistic on the secular growth of the industry and believe the current weak demand environment reflects transitory concerns rather than structural issues. Software was our largest overweight to the benchmark from an industry perspective at the end of the quarter.

Similar to previous quarters, we have continued to look for opportunities down cap and have used our positions in megacap tech as a source of cash for funding other ideas. At the end of the quarter, our weighted average market cap was \$1,103.8bn versus the benchmark's weighted average of \$1,204bn.

- Executed a shift away from the semiconductor industry, moving exposure down several percentage points by quarter-end.
- Increased the Strategy's allocation to software stocks during the quarter. Software was our largest overweight to the benchmark from an industry perspective at the end of the quarter.
- Continued to look for opportunities down cap and have used our positions in megacap tech as a source of cash for funding other ideas.

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# Our Outlook

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Year-to-date performance within the technology sector has been greatly bifurcated. One of the core secular drivers of outperformance thus far has been the massive build out of artificial intelligence data centers. This includes compute accelerators (GPUs), data center networking, and even power suppliers. Beyond these spending priorities, the current IT spending environment can best be described as conflicted. Chief Information Officers (CIOs) are balancing budget and time spent between traditional IT needs and emerging GenAI priorities.

Our current thesis is that we are primed to see a near-term bounce in traditional spending as delayed projects are green lit. We note a similar set up to last year, where early spending hesitancy drove a strong fourth quarter budget flush. We believe this will drive significant outperformance in stocks that have struggled year to date due to a lack of a 'GenAI' story. This helps drive our rotation away from the semiconductor industry into underperforming areas like software.

We continue to believe that the application and software layer of the Generative AI boom will be the largest and most economically meaningful phase of the technology platform shift. However, the near term remains quite choppy, and recent data points suggest that meaningful revenue may be delayed until 2025 as production scale projects get pushed out. We remain well exposed to these stocks and are watching closely for early signs of adoption.

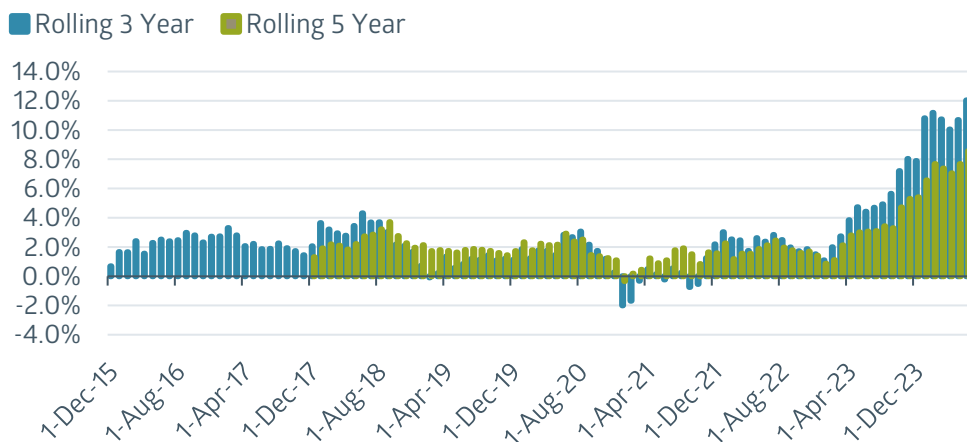
- Our current thesis is that we are primed to see a near-term bounce in traditional spending as delayed projects are green lit. We believe this will drive significant outperformance in stocks that have struggled year to date due to a lack of a 'GenAI' story.
- We continue to believe that the application and software layer of the Generative AI boom will be the largest and most economically meaningful phase of the technology platform shift. Although the near term remains quite choppy with meaningful revenue possibly being delayed until 2025, we remain well exposed to these stocks.

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# Portfolio Risk & Return

Time in the market, not timing the market

ANNUALIZED ACTIVE RETURNS RELATIVE TO MORNINGSTAR US OE TECH<sup>1,2</sup> 12/31/12 – 6/30/24 (net of fees)



PERCENTAGE OF ROLLING PERIODS BAILARD COMPOSITE TOTAL NET OF FEES RETURN EXCEEDED MORNINGSTAR

	Calculated Annually	Calculated Quarterly	Calculated Monthly
Rolling 3-Year Periods	100%	91%	93%
Rolling 5-Year Periods	100%	100%	99%

STATISTICS SUMMARY<sup>1,3</sup> for periods ending 6/30/24 (net of fees)

	Sharpe Ratio			Standard Deviation			Upside/Downside Capture vs. Broad Benchmarks			
	3 Years	5 Years	10 Years	3 Years	5 Years	10 Years	3 Years Upside	5 Years Upside	3 Years Downside	5 Years Downside
<b>Bailard Composite</b>	0.36	0.87	0.89	25.20%	23.54%	20.16%				
Morningstar US OE Tech	-0.13	0.51	0.66	23.99%	23.13%	19.48%	119%	110%	86%	89%
Lipper Sci & Tech	0.06	0.65	0.75	23.36%	22.47%	19.27%	115%	108%	95%	96%
S&P NA Tech	0.39	0.88	0.97	24.37%	22.94%	19.73%	100%	99%	101%	100%

<sup>1</sup> Past performance is no indication of future results. Please see page 2 for more returns. Please see important disclosures at the end of this document. Sources: Morningstar, Bloomberg, Thomson Reuters (Refinitiv) Eikon. <sup>2</sup> Bar graph calculated monthly; table calculated annually, quarterly, and monthly <sup>3</sup> Performance statistics are annualized. Upside/downside capture shows whether the Composite has outperformed—gained more or lost less than—the above benchmarks during periods of market strength and weakness, and if so, by how much.



# Portfolio Characteristics as of June 30, 2024

## TOP 10 HOLDINGS BY PORTFOLIO WEIGHT (%)<sup>1</sup>

NVIDIA CORP	11.5
MICROSOFT CORP	10.4
META PLATFORMS INC - CLASS A	5.8
KLA-TENCOR CORP	5.2
AMAZON.COM INC	4.3
LAM RESEARCH	4.1
APPLE INC	3.5
PALO ALTO NETWORKS INC.	3.4
TAIWAN SEMICONDUCTOR-SPONSORED ADR	3.4
MICRON TECHNOLOGY INC	3.1
<b>Total</b>	<b>54.6</b>

## PORTFOLIO STATISTICS<sup>1</sup>

Total Holdings	32
Equity Weight <sup>2</sup>	99.9%
Cash Equivalents Weight	0.1%
Weighted Avg. Market Cap	\$1,103.8B
Price/Book	9.4x
Wtd. Avg. P/E Ratio (trailing 12 mo.)	24.0x

## INDUSTRY EXPOSURE >5% (%)<sup>1</sup>

Software	33.9
Semiconductors & Semiconductor Equipment	32.5
Interactive Media & Services	7.7
Technology Hardware Storage & Peripherals	6.2

## TOP 10 OVERWEIGHTS (%)<sup>3</sup>



	Composite	Relevant Peers <sup>3</sup>	+ / (-)
KLA Corporation	5.2	1.2	4.0
NVIDIA Corporation	11.5	7.8	3.7
Insight Enterprises, Inc.	3.0	0.1	2.9
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	3.4	0.6	2.7
Pure Storage, Inc. Class A	2.7	0.1	2.6
Palo Alto Networks, Inc.	3.4	0.8	2.6
Micron Technology, Inc.	3.1	0.7	2.4
Fiserv, Inc.	2.4	0.1	2.3
Meta Platforms Inc Class A	5.8	3.6	2.2
Lam Research Corporation	4.1	1.9	2.2

<sup>1</sup> This is not a recommendation to buy or sell specific securities, there is no assurance that the securities discussed will remain in the portfolio or that securities sold have not been repurchased, the securities discussed do not represent the entire portfolio and may only represent a small portion of the portfolio, and should not assume that the securities discussed were or will be profitable or that recommendations made in the future will be profitable or will equal the performance of the securities discussed. Sources: Bloomberg, Bailard Research, Thomson Reuters (Refinitiv) Eikon. This information, while representative of the current Bailard Technology Strategy, should not be solely relied on as it may differ from client to client and may vary over time. <sup>2</sup> Technology includes information technology, communication services, and internet retail stocks. <sup>3</sup> Relevant Peers is a group developed by Bailard for comparison of the Composite's holdings to its most similar peers. Our Relevant Peers group includes funds within the universe of the Lipper Sci & Tech Fund Index and the Morningstar US OE Tech Category that pursue a broad technology and science mandate and excludes those funds within the universe that significantly concentrate holdings in a specific subsector of either technology or health care. Holdings of Relevant Peers are reflective as of the last mutual fund public disclosure and may be delayed.

# Technology Strategy Highlights

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## Focused strategy providing exposure to secular growth themes in tech and beyond

-  Seek to identify companies that utilize technology to drive sustainable, defensible competitive advantages in core markets.
-  Deeply fundamental portfolio of 30-50 names superpowered by quantitative screens.
-  Focus on thematic with exposure to emerging trends in technology (AI, Cybersecurity, Cloud/Digital Transformation).
-  Dedicated technology team with 25 years average PM experience.

# Technology Investment Team

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Seasoned portfolio managers with 20 years average tech investment experience

## Portfolio Managers

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**DAVE HARRISON SMITH, CFA**  
Portfolio Manager  
15 years' investment experience



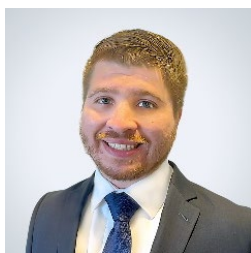
**CHRIS MOSHY**  
Portfolio Manager  
30 years' investment experience



**SONYA MUGHAL, CFA**  
Portfolio Manager  
30 years' investment experience

## Analysts

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**RYAN VASILIK, CFA**  
Equity Analyst  
11 years' investment experience



**XAVIER S. JEFFERSON**  
Equity Research  
8 years' investment experience



**IRENE LIANDO, CFA**  
Senior Analyst, International Equities  
12 years' investment experience

# Bailard Investment Team

## Our Teams Specialize In:

- ✓ Domestic Equities, including Technology and Small Cap;
- ✓ International Equities
- ✓ Socially Responsible, Impact, and ESG Investing
- ✓ Private Real Estate
- ✓ Fixed Income

### Chief Investment Officer

**Eric P. Leve, CFA**  
BA, UC Berkeley  
37 years

### Quantitative

**Thomas J. Mudge III, CFA**  
BA, Northern Michigan University  
37 years

**Daniel McKellar, CFA**  
MS, Stanford University  
14 years

**Amit Valia, CFA**  
MS, Syracuse University  
19 years

**Osman Akgun, PhD, CFA**  
PhD, UC Berkeley  
13 years

**Raj Dutta**  
MCS, Illinois Institute of Technology  
6 years

### Trading

**Glenn A. Davis, CFA**  
BS, Santa Clara University  
33 years

**Tom Sikora**  
BS, St. John's University  
19 years

### Fixed Income

**Linda M. Beck, CFA**  
MBA, University of Chicago  
31 years

**Jeremy Wager-Smith**  
BS, UC San Diego  
4 years

### Fundamental

**Sonya Mughal, CFA**  
BA, Randolph-Macon Woman's College  
30 years

**Dave Harrison Smith, CFA**  
MBA, UC Berkeley  
15 years

**Blaine Townsend, CIMC®, CIMA®**  
BA, UC Berkeley  
30 years

**Jon Manchester, CFA**  
BA, Stanford University  
23 years

**Christopher Moshy**  
MBA, Cornell University  
30 years

**Frank Marcoux, CFA**  
BA, Sacramento State  
27 years

**Joanne Howard, CFA**  
MBA, University of Wisconsin  
50+ years

**Irene Liando, CFA**  
BS, University of Southern California  
12 years

**Annalise Durante**  
BS, University of Miami  
9 years

**Ryan Vasilik, CFA**  
BS, Pennsylvania State University  
11 years

**Xavier Jefferson, MBA**  
BS, Northwestern State University  
8 years

### Real Estate

**Preston R. Sargent**  
JD, Case Western Reserve University  
40 years

**Tess Gruenstein**  
MBA, University of Wisconsin-Madison  
17 years

**James Pinkerton**  
BBus, University of Technology Sydney  
20 years

**Alex Spotswood**  
MBA, UNC at Chapel Hill  
12 years

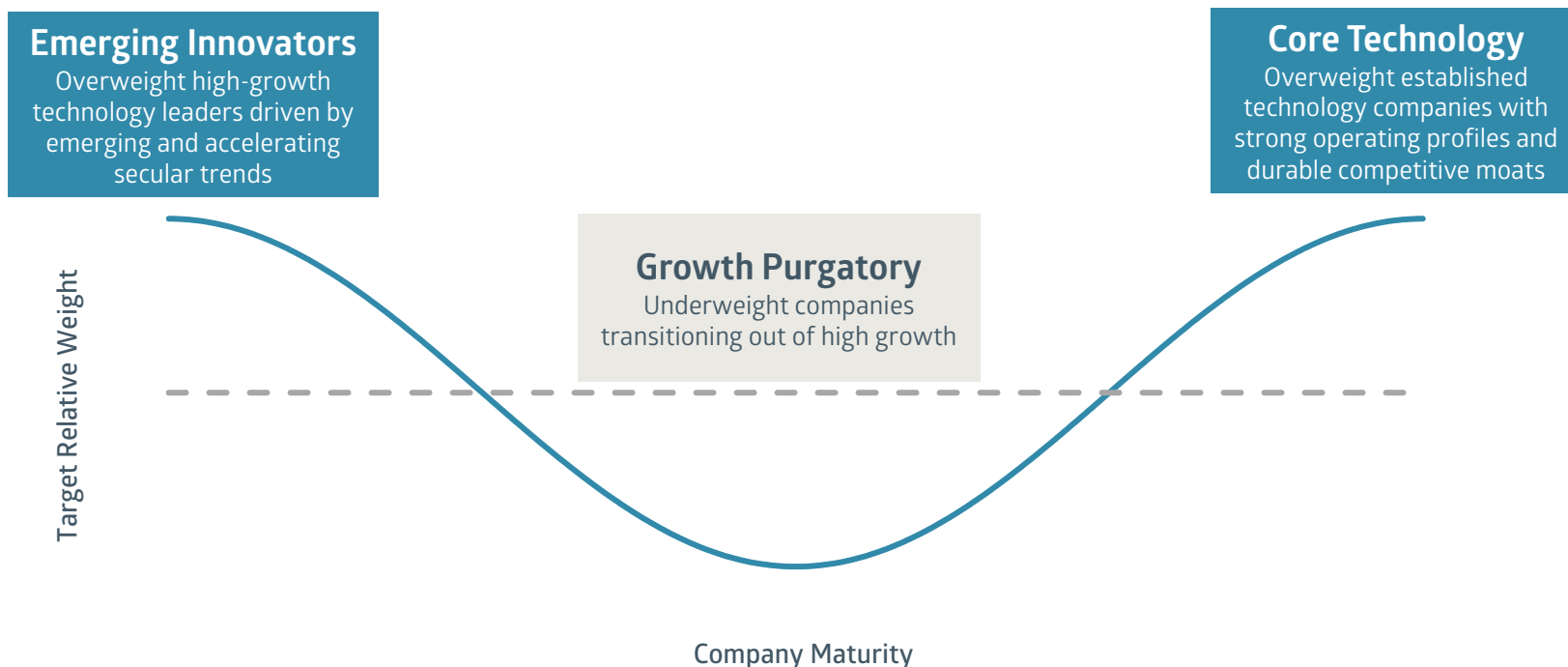
Years represent investment industry experience. Education represents credentials/industry designations held and highest level of education achieved. Data as of June 30, 2024.

# Philosophy: Barbell Core and Emerging Innovators

Our portfolios are geared to capture “core” technology opportunities and high-growth technology “emerging innovators”

## Target Segments of Technology Ecosystem

We structure our portfolios as a barbell across company lifecycles, strategically underweighting the ‘missing middle’

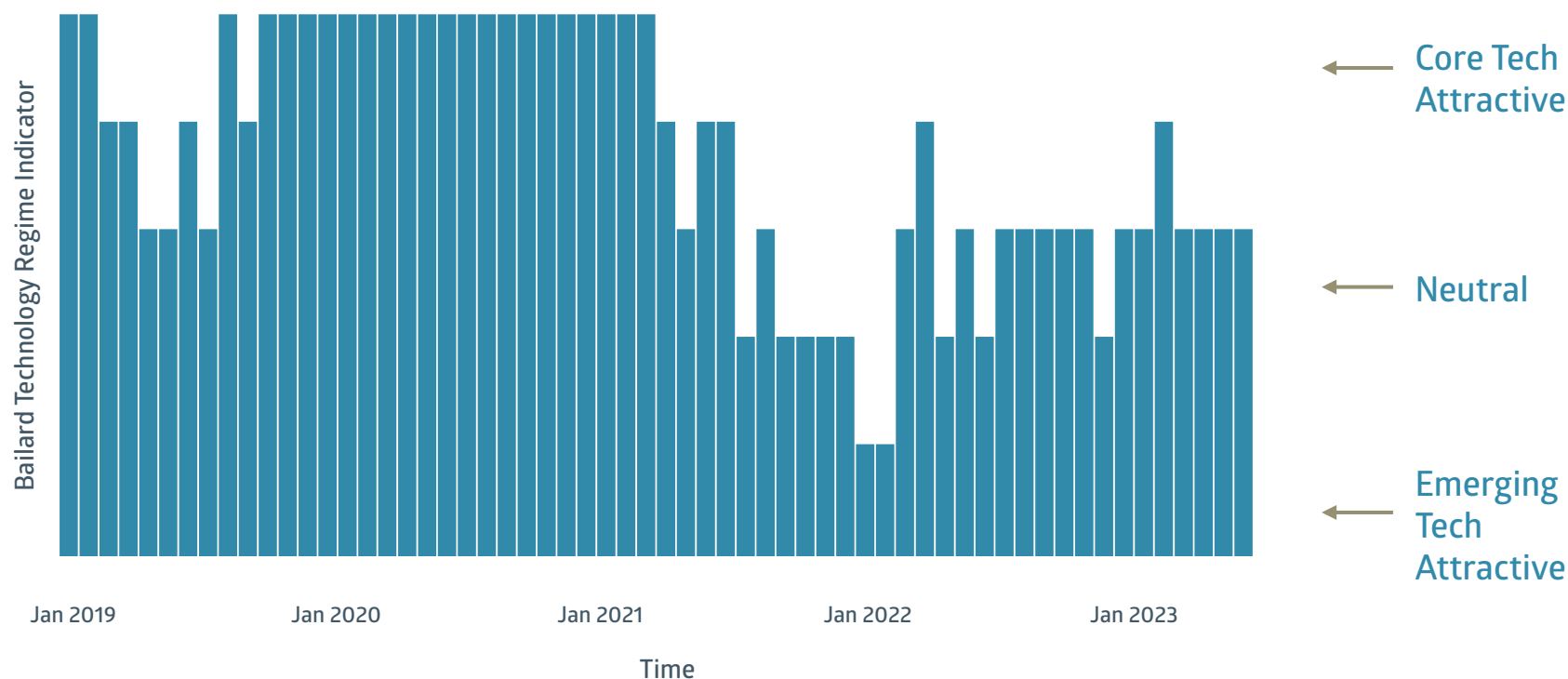


<sup>1</sup> Target relative weight is for illustrative purposes only. <sup>2</sup> We define the tech universe as the GICS Communication Services and Information Technology sectors plus the Internet Retail industry. We define high growth as the top decile of our growth rank methodology. **This chart does not reflect the past or future performance of any Baird strategy, product or account. Past performance is no indication of future results.** All investments have the risk of loss.

# Philosophy: Barbell Core and Emerging Innovators

We vary our barbell skew depending on the relative attractiveness of opportunity in emerging technology stocks

## Growth Regime Allocation Model



<sup>1</sup> Target relative weight is for illustrative purposes only. <sup>2</sup> Sources: S&P Capital IQ, Bloomberg, Bailard. The chart above reflects the perceived attractiveness of the Emerging Innovators segment, as determined by our proprietary model consisting of economic, sentiment, and valuation factors. We define the tech universe as the GICS Communication Services and Information Technology sectors plus the Internet Retail industry. We define high growth as the top decile of our growth rank methodology. **This chart does not reflect the past or future performance of any Bailard strategy, product or account. Past performance is no indication of future results.** All investments have the risk of loss.

# ESG Capture® in Technology Strategy

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We believe that ESG considerations are an important component in a comprehensive investing framework and serve to capture important sources of non-financial risk.

A portfolio with a higher Bailard ESG Capture® score is geared to better protect investors from the risks associated with poor corporate governance, subpar environmental policy management, and discriminatory workplace practices.

## Components and Features of Proprietary Scoring Process, ESG Capture®, Applied to Tech

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- ✓ Incorporates broad ESG scores from multiple leading vendors including MSCI and OWL Analytics, with excellent coverage in the technology universe
- ✓ Additional sub-components are included to express issues including governance practices, diversity and equality, climate risk, and employee relations
- ✓ Utilizes transitional assessments to augment scores, particularly in newly public and high growth companies where traditional vendor analysis may be incomplete
- ✓ Not a check-the-box system
- ✓ Provides a continuous feedback loop at the security, sector and total portfolio level
- ✓ ESG laggards (CCC MSCI ESG or equivalent) are additionally screened from consideration

MSCI provides ESG scores, as does OWL Analytics. OWL Analytics is an alternative data company that focuses on environmental, social and governance (ESG) research. OWL aggregates hundreds of sources of ESG data and research to create company scores.

# About Bailard, Inc.

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1969

## **Founded in 1969**

- Independent, established and stable
- Roots in education and financial literacy

73%

## **Current and former employee owned**

- Current and former employees own 56% and 17%, respectively
- No institutional ownership; outside ownership comprised of individuals (including founder shares)
- Broad employee ownership: 68% of current employees own stock

52%

## **Women and minority owned**

78

## **78 employees**

- Average investment professional tenure of 15 years
- 43% of employees are women
- Led by a female CEO

\$6.2B

## **Assets Under Management**

<sup>1</sup> Data as of June 30, 2024.



# Disclosures and Key Risks

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Any references to specific securities are included solely as general market commentary and were selected on criteria unrelated to Bailard's portfolio recommendations or the past performance of any security held in any Bailard account or fund. There is no guarantee Bailard or this strategy will achieve their performance or investment objectives.

**Past performance is no indication of future results. All investments have the risk of loss.**

## Key Risks

The Bailard Technology Composite is not by itself a complete investment program and is best suited for investors who can accept the above average risk generally associated with growth stocks and technology stocks. The strategy is primarily subject to the risk that the market value of investments will fluctuate as stock markets fluctuate plus the style and sector risks associated with a complete weighting in the technology sector, which may be more volatile than the overall stock market. The strategy is also subject to the size risks associated with investments in smaller market cap stocks in addition to its predominant tilt toward large cap stocks. The strategy may invest in American Depository Receipts (ADRs) and Global Depository Receipts (GDRs) which are subject to the same risks as the foreign securities that they evidence or into which they may be converted (including political or economic instability, the impact of currency rate fluctuations and different accounting standards). The strategy may invest in derivative securities, which may be volatile and may increase investment leverage.

The application of various environmental, social, and governance screens as part of a socially responsible investment strategy may result in the exclusion of securities that might otherwise merit investment, potentially resulting in lower returns than a similar investment strategy without such screens or other strategies that use a different methodology to exclude issuers or evaluate ESG criteria. Investors can differ in their views of what constitutes positive or negative ESG characteristics. As a result, the strategy may invest in issuers that do not reflect the ESG beliefs and values of any particular investor.

Adherence with strategy's ESG criteria is determined at the date of purchase. Individual equity holdings in the strategy may cease to meet the relevant ESG criteria after the initial purchase but may nevertheless remain in the strategy until a future review or rebalance by the Bailard. As a result, certain securities in the strategy or the client's portfolio as a whole, may not meet the relevant ESG criteria at all times.

In evaluating a security or issuer based on ESG criteria, we are dependent upon certain information and data from third party providers of ESG research, which may be incomplete, inaccurate or unavailable. As a result, there is a risk that we may incorrectly assess a security or issuer. There is also a risk that we may not apply the relevant ESG criteria correctly or that the strategy could have indirect exposure to issuers that do not meet the relevant ESG criteria used by the strategy. We do not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment. There may be limitations with respect to availability of ESG data in certain sectors, as well as limited availability of investments with positive ESG assessments in certain sectors. Our evaluation of ESG criteria is subjective and may change over time.

There can be no assurance that Bailard will achieve its investment objectives. All investments have the risk of loss.

# Performance and Other Disclosures

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## Other Disclosures

The information in this presentation is for informational purposes only and is not an offer to provide investment advice, an offer to sell securities or the solicitation of any offer to buy securities. Before making any investment decision, you should review Bailard, Inc.'s Form ADV Part 1A and Bailard's Form ADV Part 2A (available on the SEC's website at <https://adviserinfo.sec.gov/firm/summary/110550>), as well as Part 2B of Bailard's Form ADV (available from Bailard) and all other information that Bailard provides to you. You should also discuss all matters concerning any prospective investment that you desire with Bailard. The information provided herein is meant to demonstrate Bailard's general investment process. The outline of processes and steps taken is general in nature, and Bailard from time to time will deviate from the specific investment steps, limitations, screens, controls and overall process described.

## Technology Composite Performance Disclosures

**Composite Definition:** The Technology Composite ("the Composite") includes all portfolios invested primarily in the stocks of firms that predominately use technology to drive their business. The Technology Composite is a carve-out (the "Carve-Out") from a composite (the Bailard Inc. Technology & Science Composite) that was managed to the firm's all cap growth / technology and science equity strategy. The Carve Out's portfolio consists of all holdings in the Technology & Science Composite after filtering out health care stocks as defined by GICS. Through June 2016, cash was allocated to the Carve-Out based on the relative value of its holdings within the Technology & Science Composite. Since July 2016 the Carve-Out has been managed as a sub-portfolio with its own cash. As of June 30, 2024, the Composite from which the Carve-Out was drawn consisted of a single mutual fund portfolio, which has been managed in an advisory or subadvisory capacity since 2001. The Composite had a market value of \$187.2M as of June 30, 2024. The Composite's returns are total returns presented net of management fees ("net of fees") and assume reinvestment of dividends and other earnings. The returns do not reflect a fiduciary fulfillment fee payable to Bailard (where applicable), or custody and other account expenses not payable to Bailard.

Gross of management fee returns were calculated by Bailard's portfolio accounting system. Through June 2016, net of management fee performance was calculated by netting down the gross return by a model fee of 0.65% (applied by reducing monthly returns by 0.054%). From July 2016, net of management fee performance was calculated by netting down the gross return by a model fee of 0.75% (applied by reducing monthly returns by 0.0625%). This model fee is representative of the fees charged for a separately managed portfolio and is the highest management fee for this strategy. As disclosed in Bailard Institutional's Form ADV Part 2A, Bailard Institutional's annual fee schedule for new accounts is 0.75% of the first \$100 million and 0.70% on assets over \$100 million. The Composite's complete return history and a list of Bailard's composites are available upon request.

Individual account management and construction will vary depending on each client's investment needs and objectives, including liquidity needs, tax situation, risk tolerance and investment restrictions. Individual accounts may not have the same management fees, expenses, diversification, distributions and cash flows as the Composite account. As a result, an account's actual performance may differ from the performance presented above due to, among other things, timing of investment, contributions and withdrawals, and the client's restrictions, such as restrictions on eligibility to participate in initial public offerings. In addition, performance does not reflect the effects of taxation, which result in lower returns to taxable investors. An investment in this strategy involves a risk of loss, and the value of an investment in this strategy may decrease as well as increase. No representation is made that any account will obtain similar results to those shown above.

For more information on the calculation methodology for the top and bottom contributors and a complete list of each holding's contribution to the overall account's performance during the time period, please contact our Performance Analyst at (650) 571-5800.

# Performance Disclosures (continued)

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**Market Index and Category Definitions:** The S&P North American Technology Sector Index (“NA Tech Index”) provides investors with a benchmark that represents U.S. equity securities classified under the GICS® technology sector and internet retail sub-industry categories. This index is uninvestable, unmanaged and does not reflect transaction costs. The Morningstar US Open End Tech category (“Universe”) is composed of open-end mutual funds that buy technology and health care businesses in the U.S. or outside of the U.S. The Lipper Science and Technology Fund Index (“Lipper Sci & Tech”) measures the performance of mutual funds that invest primarily in the equity securities of domestic companies engaged in science and technology and constructs its fund index from an average of other funds in the peer group. The Universe and Lipper Sci & Tech are unmanaged and uninvestable. The NA Tech Index, the Universe, and Lipper Sci & Tech are presented on a total return basis with dividends reinvested. Unlike the NA Tech Index, the Composite may hold cash equivalents, exchange-traded funds, ADRs and GDRs (U.S. dollar denominated foreign securities). Unlike the Composite, the funds in the Universe and Lipper Sci & Tech may have different investment restrictions, may invest in health care and biotechnology stocks, and may invest in different categories of securities than the Composite account. Unlike the Composite returns, the returns of the funds in the Universe and Lipper Sci & Tech are net of all expenses. The Composite’s stock holdings can differ materially from that of the NA Tech Index, the Universe, and Lipper Sci & Tech. At times, the Composite’s market cap weighting may differ materially from the NA Tech Index, the Universe, and Lipper Sci & Tech. The Composite’s holdings may also differ from the NA Tech Index, the Universe, and Lipper Sci & Tech as it may omit certain securities that may otherwise merit investment due to the application of the screening of ESG laggards.

**Past performance is no indication of future results. All investments have the risk of loss.**

The PHLX Semiconductor Sector Index (SOX) is designed to track the performance of a set of companies engaged in the design, distribution, manufacture, and sale of semiconductors; iShares Expanded Tech-Software Sector ETF (IGV) seeks to track the investment results of an index composed of North American equities in the software industry and select North American equities from interactive home entertainment and interactive media and services industries; iShares Expanded Tech Sector ETF (IGM) seeks to track the investment results of an index composed of North American equities in the technology sector and select North American equities from communication services to consumer discretionary sectors. The S&P 500 (SPX) is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.

**Russell 1000 Growth:** The Russell 1000 Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

**Russell 1000 Value:** The Russell 1000® Value Index measures the performance of the large cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values

**Russell 2000 Growth:** The Russell 2000 Growth Index measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

**Russell 2000 Value Index:** The Russell 2000 Value Index is a commonly used index that measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

**Nasdaq-100®:** The companies in the Nasdaq-100® include 100-plus of the largest domestic and international non-financial companies listed on the Nasdaq Stock Market based on market capitalization.