

The background of the slide is a photograph of a modern office building's interior, featuring a long wall of floor-to-ceiling windows. The view outside the windows shows a city skyline at dusk or dawn, with buildings and streets visible under a soft, blue-tinted sky. The office floor is dark, and the window frames are thin and dark.

Bailard

Q3 2024 Update

## Technology Strategy

Pursuing broad, impactful investment opportunities through a high-conviction portfolio of technology-focused companies.

# Performance as of September 30, 2024

## Q3 2024 PERFORMANCE<sup>1,2</sup>

The Bailard Technology Strategy achieved a total return of -1.65%, net of fees. This performance trailed the S&P North American Technology Index and other competitor benchmarks. The Morningstar U.S. Open End Technology category returned 2.42%, the Lipper Science and Technology Fund Index returned 1.37%, the S&P North American Technology Index generated 1.86%, and the Nasdaq 100 Index returned 2.12%. However, over 3, 5, and 10 years, the Strategy's net returns outperformed the competitor peer benchmarks.

Both security selection and industry allocation within the technology sector were negative for the quarter. The software, technology hardware, and semiconductor industries largely drove the departure in security selection. In the software industry, our exposure to higher-growth consumption-based companies, which continued to lag core software, was negative to stock selection; and a down quarter for memory-focused semiconductor companies had an adverse impact. However, this was offset by positive selection in core mid-cap software companies and by avoiding lower quality companies within the semiconductor industry. Exposure to semiconductors and underweight technology hardware and the communications equipment industry were headwinds in allocation.

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

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bailard Composite, Gross	-1.54%	26.75%	52.25%	12.78%	23.16%	19.97%
Bailard Composite, Net	-1.65%	26.37%	51.65%	12.11%	22.36%	19.16%
Morningstar US OE Tech	2.42%	14.78%	33.70%	1.73%	14.90%	14.60%
Lipper Sci & Tech	1.37%	19.52%	38.86%	5.66%	17.25%	16.11%
S&P NA Tech	1.86%	28.45%	50.50%	13.42%	22.37%	20.55%

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

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Vs. Morningstar US OE Tech	-4.07%	11.58%	17.96%	10.38%	7.47%	4.56%
Vs. Lipper Sci & Tech	-3.02%	6.85%	12.79%	6.45%	5.11%	3.04%
Vs. S&P NA Tech	-3.51%	-2.09%	1.15%	-1.31%	-0.01%	-1.39%

<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 12, and the end of this document for important disclosures as well as index and category definitions. Sources: Morningstar, FactSet, Thomson Reuters (Refinitiv) Workspace. <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.

# Strategy & Sector Commentary

*Our approach to this quarter's update was to share data and commentary taken from our latest Bailard Technology Strategy slide presentation that we use in investor updates and inquiries.*

*We've highlighted key investment themes and positioning currently at work in the Strategy, along with some graphics, which are also captured from the slide presentation.*

## Q3 2024 UPDATE<sup>1,2</sup>

The technology sector has witnessed significant shifts over the past few quarters, driven by both cyclical recovery and secular growth trends. Key sectors like semiconductors and software are navigating a complex landscape shaped by supply chain stabilization, inventory normalization, and the rapid emergence of AI infrastructure and applications. As we move deeper into 2024, the evolving dynamics within these industries continue to present both opportunities and challenges for long-term investors. This quarterly report explores how the Strategy's positioning has adapted in light of these changes, particularly in the semiconductor, AI infrastructure, and software sectors, providing an outlook for the remainder of the year.

*Continued on next page*

## Q3 2024 Composite Top Contributors/Detractors<sup>3</sup>

CONTRIBUTORS	AVG. WEIGHT	CONTRIBUTION
Meta Platforms Inc Class A	6.1%	0.9%
Fiserv, Inc.	2.8%	0.5%
Smartsheet, Inc. Class A	2.1%	0.5%
Shopify, Inc. Class A	1.6%	0.4%
Spotify Technology SA	2.2%	0.4%
DETRACTORS	AVG. WEIGHT	DETRACTION
Microsoft Corporation	10.3%	-0.4%
CrowdStrike Holdings, Inc. Class A	1.2%	-0.4%
Pure Storage, Inc. Class A	2.5%	-0.6%
Micron Technology, Inc.	2.6%	-0.7%
Lam Research Corporation	3.5%	-1.0%

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# Positioning: Semiconductors and WFE

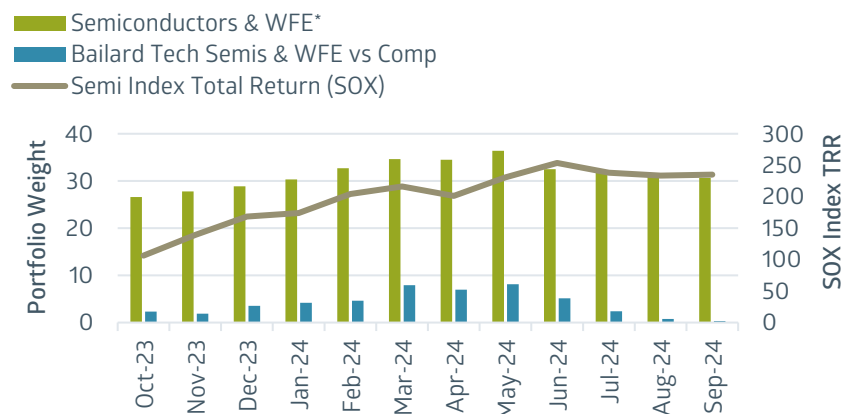
Over the past two years, the Strategy's positioning in the semiconductor industry has been driven by two key components. The first involves cyclical dynamics, including the stabilization of the supply chain, normalization of channel and customer inventories, and recovery in core demand—particularly in handsets and PCs. However, the broader cyclical recovery has been tempered by slower growth in the automotive, industrial (including IoT), telecoms, and consumer electronics sectors. Nevertheless, we remain optimistic about continued recovery in personal computing and devices, spurred by new operating systems for both Windows and iOS, and enhanced AI integration in upcoming applications.

The second component—secular growth opportunities around AI infrastructure development—became a focal point in early 2023. In our 1Q23 Quarterly Update, we observed the rapid momentum of AI, stating, “The biggest fundamental shift for long-term technology investors is the emergence of Generative AI... Nvidia remains the ‘AI King’ due to its leading GPUs for training AI models, supported by its expanding AI software stack.” This remains true today, although market dynamics are now better understood.

Towards the end of 2Q24, we significantly reduced our semiconductor and related exposure from our largest overweight industry position relative to our peer group to slightly underweight, where it still stands at the end of the third quarter. We believe the growth rate of AI infrastructure spending may be reaching its near-term peak. While overall spending remains robust, planned capacity expansions in the foundry sector are mostly understood and modeled through 2026, with limited upside from a constraining supply chain. This view,

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## Bailard Tech Semi & WFE Exposure and Index Returns



WFE = Wafer Fabrication Equipment. Sources: Bloomberg, Bailard.

combined with expanded valuation multiples and heightened expectations, led us to shift away from the industry. That being said, we are increasingly aware that the recent retrenchment in semiconductors and related stocks likely represents a mid-cycle pause rather than a cyclical peak, though distinguishing between the two is becoming more challenging. For instance, Taiwan Semiconductor (TSM) has moved forward some of its capacity expansion plans from 2026 to 2025 to meet high-performance compute demand, and Nvidia's latest AI compute accelerator superchip, Blackwell, is likely to exceed investor expectations for 4FQ24. Windows 10 reaches end of life next fall and Apple Intelligence is expected to rollout broadly next year, both potentially catalyzing stronger hardware sales in 2025.

# Positioning: AI from infrastructure hardware to application software

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Although AI infrastructure capital intensity may be approaching a near-term peak, we anticipate a shift in IT budgets towards AI-enabled platforms and applications. We believe that after a period of discovery and testing we are beginning to see the signs of more widespread adoption. Particularly interesting to us are data rich platforms such as enterprise resource planning (ERPs), data lakes, business analytics, cybersecurity, workflow management. These platforms continue to be in an enviable position as AI innovations can be rolled out rapidly to solve organization-specific pain points. We continue to expect AI applications and process implementations aimed at improving productivity to take center stage in the coming quarters and years.

Consumer-facing applications like ChatGPT are making significant strides, empowering users in areas such as search, writing, coding, image generation, and simple productivity tasks. However, even more impactful are the productivity gains that enterprises are achieving through AI-based solutions. We believe that as more success stories emerge, enterprises will increase their spending on platforms and applications to fine-tune and implement AI protocols tailored to their specific needs.

## Here are some recent examples of enterprise success in implementing AI solutions:<sup>1</sup>

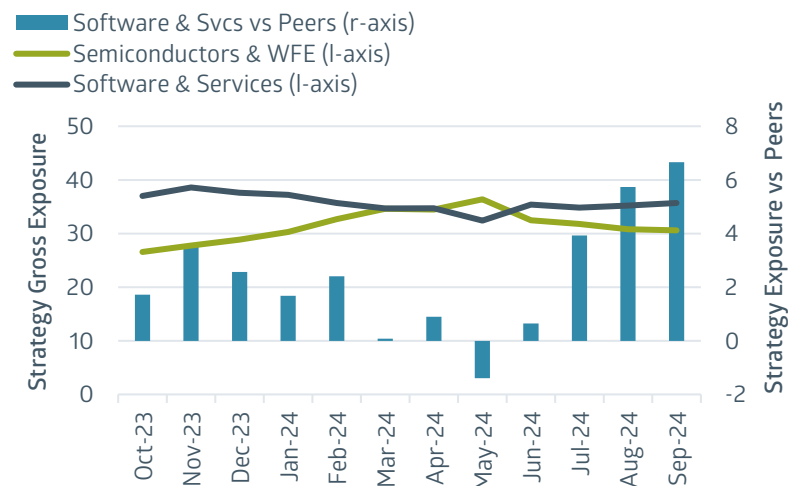
- Walmart Inc.: "We've used multiple large language models to accurately create or improve over 850 million pieces of data in the [product] catalog. Without generative AI, this work would have required nearly 100 times the current headcount to complete in the same amount of time."
- Palo Alto Networks, Inc.: "We had approximately 300 people solving employee tickets... Last week, we launched what we call the internal AI employee experience, allowing us to reduce headcount by 50%. We believe it could go down to 80% as we've automated many tasks and used generative AI to answer employees' questions."
- Amazon.com, Inc.: "The average time to upgrade an application to Java 17 dropped from the typical 50 developer days to just a few hours. We estimate this has saved us the equivalent of 4,500 developer-years of work (yes, that number is crazy, but real)."

These examples underscore the increasing success enterprises are experiencing with AI, which will likely drive further investment in AI-specific platforms and applications.

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# Positioning: Overweight Software

## Bailard Technology Strategy Software & Semiconductor Exposure



Sources: Bloomberg; Bailard. Comp is Relevant Peers. See definition below in disclosures.

The growth rate in the software sector has broadly slowed to pre-COVID levels. However, we are beginning to see early signs of a potential bottom, presenting a rich opportunity for investment. The rapid introduction of generative AI into the IT landscape caused CTOs and CFOs to reassess their multi-year technology roadmaps, leading to extended budgeting processes and prolonged sales cycles for IT vendors. Importantly, it appears there is less evidence of IT budget cuts—only delays in spending as IT companies adjust headcount and integrate AI initiatives into budgets.

2023 can be described as the ‘year of optimization’ by software investors as companies with significant exposure to consumption-based revenue models (major cloud players, for example) saw customers dial back spending. Growth commensurately slowed for many of these companies. Unlike consumption-based software subscriptions, most software licenses are tied to longer-term contracts. Over the past 18 months, we have observed CTOs and CFOs using license expirations and renegotiations as opportunities to consolidate vendors and reduce spend that had expanded significantly during the pandemic. Based on our work and company contacts, we now believe this phase of vendor consolidation and seat optimization is nearing its end. We have noted a tick up in spending urgency and a shift back to ‘normal’ spend patterns, which we believe indicates that the pressure to optimize is easing, and the focus is shifting towards adding new seats and broadening service offerings within existing contracts.

Recovery rates vary among industry players. Spending pressure persists in certain industries, particularly those serving technology companies, where overspending was most pronounced and there has been limited recovery in venture funding outside of AI. As a result, we continue to prioritize software with exposure to enterprises over SMBs, and we are selective on industry exposure. Cybersecurity remains a central focus in our positioning, with exposure to companies like Palo Alto Networks, CrowdStrike, and Varonis.

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.

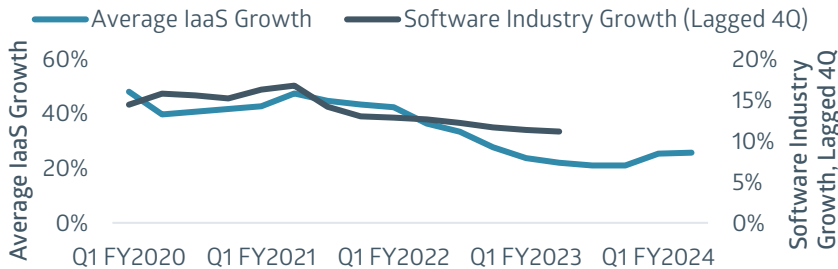
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# Positioning: Overweight Software

Although tech-focused, seat-based models remain under pressure, we are seeing subscription stabilization, price increases holding, and companies getting traction migrating clients to higher service tiers. Moreover, cloud activity of IaaS companies appears to have bottomed in early 2024, and we have observed that there is typically a four-quarter lag before consumption-based software sees an upturn. While it may still be early to engage, it appears the foundation is being set for a broader recovery within the software sector.

## Software and IaaS Growth Rates

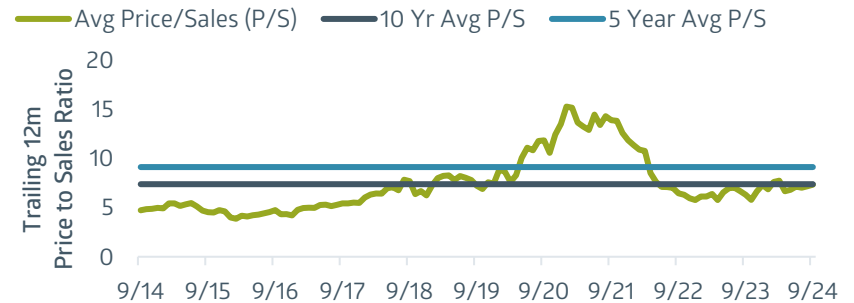


Software revenue growth lagged 4 quarters suggests an upturn is in sight. ( $R^2=0.61$ )

Unsurprisingly, valuations within the software sector have improved significantly over the past few years, with the average price-to-sales ratio now below the long-term mean. Despite this, industry growth continues to outpace GDP growth.

Sources: Capital IQ; Bailard. **Past performance is not indicative of future results.** 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. Please see important disclosures at the back of this presentation.

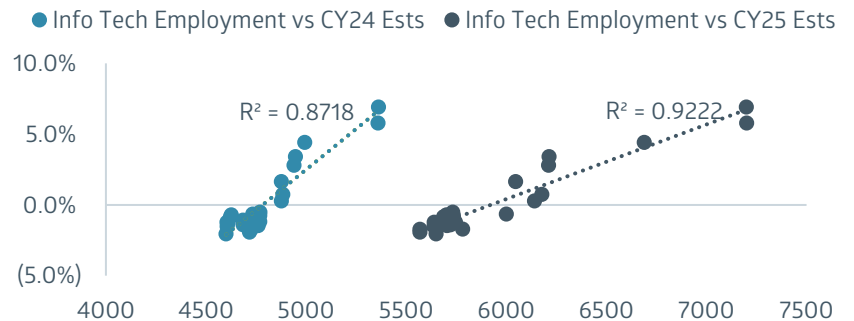
## Software Sector Valuations - Price/Sales Last 10 Years



Software Sector Valuations have improved from recent years, now at about the 10-year average.

Also not surprisingly, tech-focused, seat-based software vendors' earnings have a strong correlation with information technology employment. We are watching for a bottom in job growth and continued fundamental traction to get more constructive on this high quality group.

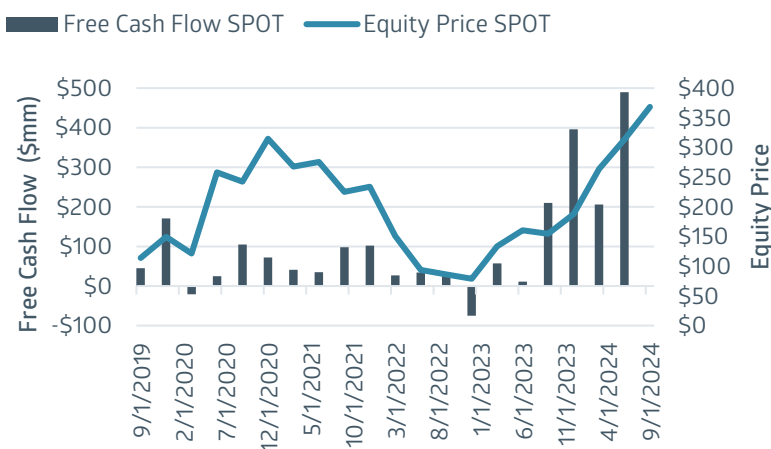
## Software Earnings and Tech Employment



Tech Employment's high correlation with tech-focused, seat-based software vendors earnings

# Positioning: Specialization at Scale

## Spotify Technology SA



Price data through 9/30/24; free cash flow through 6/30/2024 as 9/30/24 data not available yet. Sources: Bloomberg; Bailard

A core investment thesis within the Strategy is the concept we call, "Specialization at Scale." This refers to companies that demonstrate deep specialization in their respective markets while achieving market and operational scale, which, in turn, expands their total addressable market (TAM), builds competitive moats, and delivers compelling financial returns compared to industry averages. Companies that exemplify this phenomenon include Spotify (SPOT), Netflix (NFLX), Uber (UBER), and Shopify (SHOP), among others, several of which were held in the Strategy as of quarter end. These

firms effectively leverage their specialized expertise in technology-enabled markets to drive growth and solidify their competitive positions.

Spotify serves as a prime example of specialization at scale in the audio entertainment industry. The company's relentless focus on product excellence and the depth of its offerings has allowed it to build a competitive moat, which has facilitated the expansion of its TAM and adjacencies. Initially focused on music streaming, Spotify has since successfully branched into adjacent markets such as podcasts, audiobooks, and integrated live entertainment in-app advertising. This strategic expansion highlights how specialization, combined with operational scale, can drive financial performance as demonstrated by Spotify's free cash flow growth. Further, our experience has shown with other tech-enabled specialists at scale—such as Netflix and Uber following similar paths—that when financial scale reaches free cash flow inflection, it can be a rewarding period for investors.

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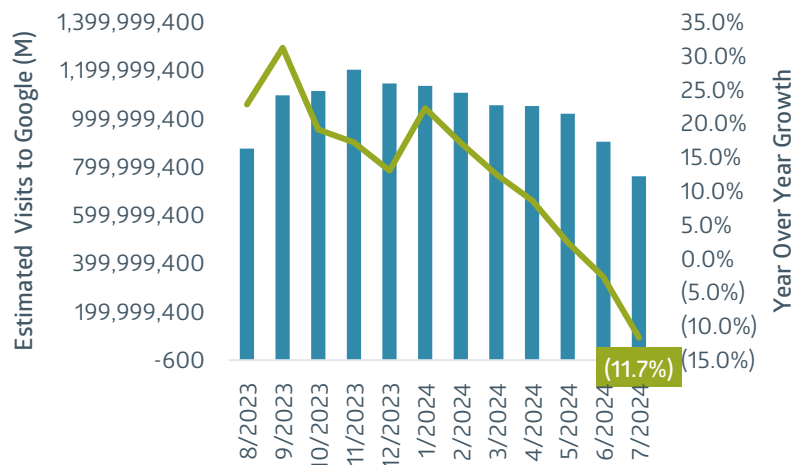


# Positioning: Search and Ad Tech

The rise of AI-powered search engines is beginning to disrupt the dominance of traditional players in the online search market. This market is exhibiting classic characteristics of the “Innovator's Dilemma,” a concept coined by Clayton Christensen, where established companies struggle to adopt new technologies that challenge their existing business models. Key features of this dilemma include the emergence of a rapidly advancing technology, the presence of deeply entrenched incumbents, and strategic challenges informed by game theory.

## Visits to Traditional Search are Slowing

Data through 07/31/2024



Source: UberSuggest

Alphabet Inc., the parent company of Google, finds itself in a precarious position, facing a situation with few clear winning strategies for its core search business. While Google remains the dominant player in online search with an overwhelming share of total search traffic, signs are emerging that this lead may not be as secure as it once seemed. AI-driven search engines, leveraging the latest advancements in machine learning and natural language processing, are beginning to gain traction, offering users more personalized and efficient search experiences. As these alternative search engines grow in popularity, Google is witnessing the early stages of a potential decline in search traffic.

In Google's case, the challenge is compounded by game theory dynamics. Should the company invest heavily in promoting its own AI-powered search, AI Overview, to compete with emerging rivals, it risks cannibalizing its own lucrative ad-based search business. Conversely, if it fails to innovate quickly enough, or pivot to newer models, it may lose ground to nimbler competitors who are more agile in adopting and deploying cutting-edge AI technology.

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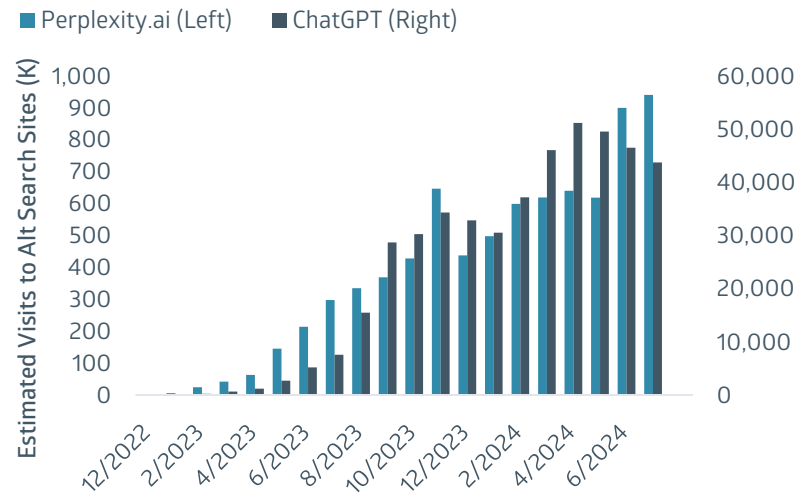
# Positioning: Search and Ad Tech (continued)

Although Google’s absolute number of searches still far surpasses that of its competitors, the critical question is for how long this will hold. As AI-based search solutions continue to rise, it is likely that this trend will eventually impact Google’s revenue growth and, by extension, investor sentiment. The shift in consumer behavior toward AI-powered alternatives could lead to a reduction in advertising revenue, which remains the lifeblood of Google’s business model.

As we look ahead, the ongoing transformation within the technology landscape—particularly in AI-enabled applications and software—continues to redefine investment opportunities. While cyclicality remains a key factor, the integration of AI at both the infrastructure and application levels presents a robust long-term growth narrative. We remain mindful of sector-specific trends, from semiconductor cyclicality to software recovery, as we navigate the opportunities and risks presented by these shifts.

## ...As Visits to AI Search Alternatives Soar

Data through 07/31/2024



Source: UberSuggest

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# Investment Philosophy

## Why We Invest

As outlined in our investment thesis, we believe that technological innovation is a key driver of economic growth. The development of new technology products and services creates expanded market opportunities and enhances business productivity and competitiveness. Further, through rigorous fundamental research and factor analysis, we can identify innovations, anticipate the impact of emerging product and service trends, and assess companies positioned to benefit from both cyclical and secular growth opportunities. This approach underscores our portfolio strategy that is geared to outperform peers during periods of strong technology sector performance while aiming for stable, sector-aligned returns during industry drawdowns.

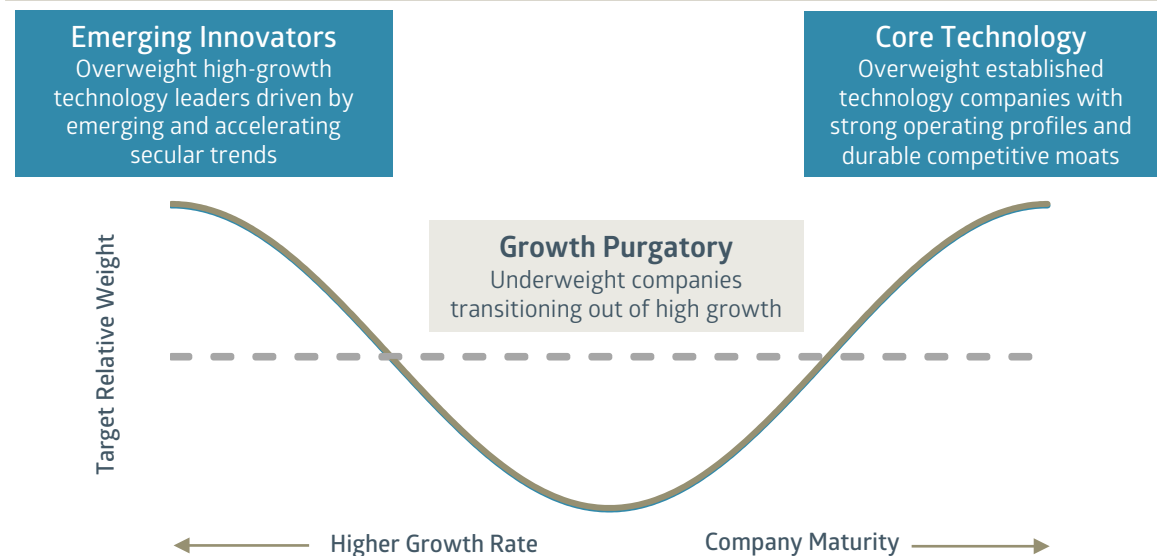
## Where We Invest

We take a barbell approach when constructing our portfolios. On one side, we focus on “Core Technology” companies. These are the established players with strong operating profiles, continuous innovation, and durable competitive advantages. These companies have proven themselves over time, and we believe their stability and market presence offer long-term value.

On the other side of the barbell, we overweight “Emerging Innovators.” These are the high-growth technology leaders that are driving forward with emerging, disruptive technology products and services.

### Target Segments of Technology Ecosystem

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

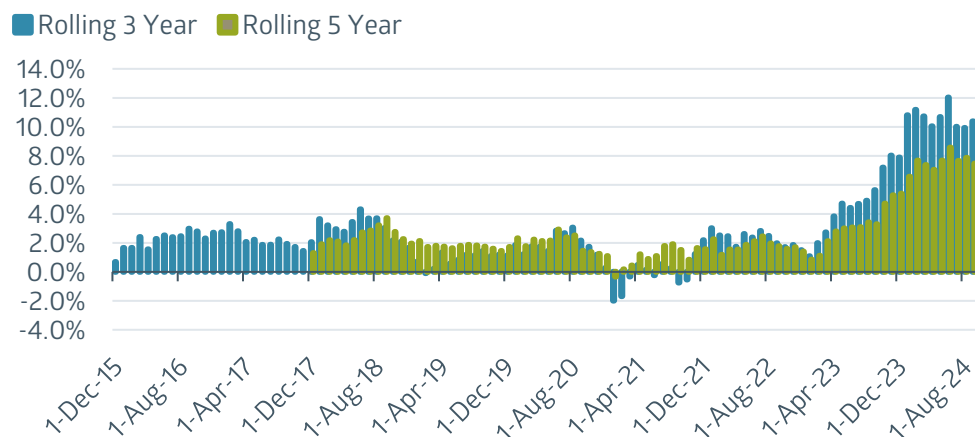


<sup>1</sup> Target relative weight is for illustrative purposes only. <sup>2</sup> We define the tech universe as the GICS Communication Services and Information Technology sectors plus the Internet Retail industry. We define high growth as the top decile of our growth rank methodology. **This chart 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.

# 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 – 9/30/24 (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%	92%	93%
Rolling 5-Year Periods	100%	100%	99%

### STATISTICS SUMMARY<sup>1,3</sup> for periods ending 9/30/24 (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>	0.35	0.85	0.87	24.90%	23.54%	20.19%				
Morningstar US OE Tech	-0.07	0.55	0.67	23.73%	23.04%	19.42%	118%	109%	89%	91%
Lipper Sci & Tech	0.09	0.67	0.75	23.13%	22.41%	19.23%	113%	108%	96%	98%
S&P NA Tech	0.41	0.87	0.96	24.07%	22.93%	19.74%	99%	99%	102%	101%

<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, FactSet, Thomson Reuters (Refinitiv) Workspace. <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 September 30, 2024

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

NVIDIA Corporation	11.5
Microsoft Corporation	10.3
Meta Platforms Inc Class A	6.8
KLA Corporation	5.1
Amazon.com, Inc.	4.3
Apple Inc.	4.0
Palo Alto Networks, Inc.	3.5
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	3.5
Insight Enterprises, Inc.	3.3
Lam Research Corporation	3.3
<b>Total</b>	<b>55.5</b>

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

Total Holdings	32
Equity Weight <sup>2</sup>	99.8%
Cash Equivalents Weight	0.2%
Weighted Avg. Market Cap	\$1,106.4B
Price/Book	10.5x
Wtd. Avg. P/E Ratio (trailing 12 mo.)	35.3x

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

Software	33.5
Semiconductors & Semiconductor Equipment	30.3
Interactive Media & Services	8.4
Technology Hardware Storage & Peripherals	6.0

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




	Composite	Relevant Peers <sup>3</sup>	+ / (-)
KLA Corporation	5.1	1.6	3.5
Insight Enterprises, Inc.	3.3	0.0	3.3
Palo Alto Networks, Inc.	3.5	0.5	3.0
Meta Platforms Inc Class A	6.8	3.8	3.0
Fiserv, Inc.	3.1	0.1	3.0
Taiwan Semiconductor Manufacturing Co., Ltd. Sponsored ADR	3.5	0.8	2.6
Microsoft Corporation	10.3	7.6	2.6
Uber Technologies, Inc.	3.1	0.7	2.4
Smartsheet, Inc. Class A	2.4	0.0	2.4
NVIDIA Corporation	11.5	9.1	2.3

<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: FactSet, Bailard. 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

16 years' investment experience



**CHRIS MOSHY**  
Portfolio Manager

31 years' investment experience



**SONYA MUGHAL, CFA**  
Portfolio Manager

31 years' investment experience

## Analysts

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**RYAN VASILIK, CFA**  
Equity Analyst

11 years' investment experience



**XAVIER S. JEFFERSON**  
Equity Research

9 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  
15 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  
34 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  
31 years

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

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

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

**Christopher Moshy**  
MBA, Cornell University  
31 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, UC Berkeley  
9 years

### Real Estate

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

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

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

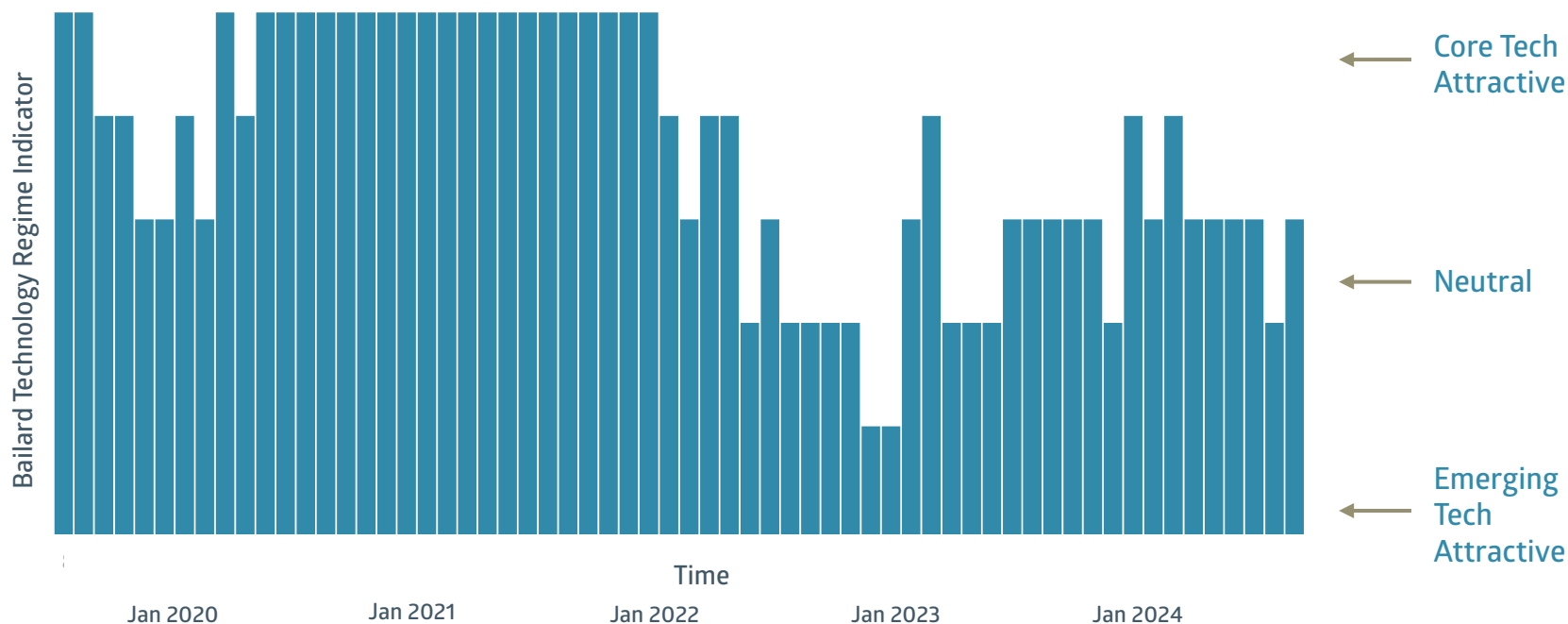
**Alex Spotswood**  
MBA, UNC at Chapel Hill  
12 years

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

# 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: FactSet and CapIQ. 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 **Baird 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 ClarityAI, with established 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 are subject to additional screening and fundamental consideration

Both MSCI and ClarityAI act as core data providers for broad ESG scores. ClarityAI is an alternative data company that focuses on sustainable investing and reporting.

# About Bailard, Inc.

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1969

## **Founded in 1969**

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

72%

## **Current and former employee owned**

- Current and former employees own 56% and 16%, 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
- 47% of employees are women
- Led by a female CEO

\$6.4B

## **Assets Under Management**

# Disclosures and Key Risks

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This presentation is confidential and may only be used by investment professionals. It may not be reproduced in whole or in part or distributed to anyone else without the permission of Bailard. It is not for retail use. It does not constitute a recommendation of, or an offer to sell or a solicitation of an offer to buy any particular security or investment product. It does not take into consideration the particular investment objectives, financial situations, or needs of individual clients.

The information is current as of the date indicated and Bailard undertakes no duty to update any of the information contained in this presentation. The presentation contains some forward-looking statements, which involve a number of risks and uncertainties, and actual results may differ materially from these forward looking statements.

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 Depositary Receipts (ADRs) and Global Depositary 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 September 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 \$181.8M as of September 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.