First Quarter 2021 Update

April 5th, 2021

The NZS Capital Growth Strategy had a gross return of *6.87% (6.7% net)* in the first quarter of 2021 compared to its global market index benchmark, which was up *4.78%*. Over the prior twelve months the strategy has returned *109.74% (108.42% net)* compared to the benchmark's *54.57%*. The NZS Capital Select strategy returned *11.37%* gross *(11.2% net)* in the first quarter of 2021 and *128.06% (126.63% net)* over the last twelve months. The table below contains the performance for the three NZS Capital strategies.

Through March 31, 2021

NZS Capital, LLC	NZS Growth			NZS Select			NZS Technology		
	Q1 2021	1 Year	SI *	Q1 2021	1 Year	SI *	Q1 2021	1 Year	SI *
Gross Strategy Return	**6.87%**	**109.74%**	**56.33%**	**11.37%**	**128.06%**	**64.39%**	**5.23%**	**104.11%**	**104.11%**
Net of Fees	*6.70%*	*108.42%*	*55.31%*	*11.20%*	*126.63%*	*63.31%*	*5.06%*	*102.82%*	*102.82%*
Index Return**	4.78%	54.57%	16.76%	4.78%	54.57%	16.76%	3.48%	68.67%	68.67%

** Inception for Growth and Select is 12/31/19. Inception for Global Tech is 3/31/20. Returns greater than one year are annualized.*

*** For Growth and Select, Morningstar Global Target Market Exposure NR USD. For Tech, Morningstar Global Technology and Communication Services NR USD.*

Market Commentary

The research process at NZS Capital is always guided by the unpredictability of the world around us. Our lens on the world, which does not rely on narrow predictions of the future, is ideally suited to the current state of the markets. We believe companies that maximize non-zero-sum outcomes for all of their constituents, including employees, customers, suppliers, society, and the environment, will also maximize long-term outcomes for investors. These adaptable businesses will take share as the economy continues its decades long transition from analog to digital, sector by sector. Our view of the world informs our portfolio construction process, which combines a relatively small number of Resilient companies (larger positions) with a long tail of Optionality companies (smaller positions). Resilient businesses have very few predictions underpinning their success and a narrow range of outcomes, while Optionality businesses have a wider range of outcomes and their success hinges upon a more specific view of the future playing out. This combination of long-duration growth and asymmetric upside is well suited to navigating the increasing pace of change throughout the global economy.

A few months ago in our Q4 2020 letter, we discussed the high valuations present for many stocks across the market:

> You cannot invoke the term bubble without concurrently discussing time horizons and hurdle rates. The idea of a bubble in the present time implies that valuations will correct down over the short term. High starting points for valuations also imply that long-term returns will be lower. However, if your expectation of equity returns over the next decade is lower than historical figures, then even valuations on some stocks today are not high when measured against a 3-5% hurdle rate. Most of us, however, strive to do much better than single digit returns on equities, and, therefore, many stocks today become uninvestable even on a five- to ten-year time horizon. Low interest rates are of course at play when any investor considers their hurdle rate for

long-term returns. And, the lower rates drop, the more short-term valuations are sensitive to small changes in interest rates.

Almost like clockwork, amidst fear of rising inflation, the ten-year interest rate for US treasuries jumped on February 16th, 2021, coinciding with a near-term peak in expensive stocks. Some of these high-multiple stocks subsequently plunged 20% to 40% in short order. We tend to invest long term at NZS Capital, and do not overly worry about timing short-term moves in the market. Instead, we target a double-digit expected return averaged across the portfolio over the long term. To maintain our targeted expected returns, we tend to shift a modest percentage of the portfolio back and forth between our long-duration Resilient and higher asymmetry Optionality investment categories. After making a shift toward Resilience in Q4 2020, we began gradually adding back to some of our Optionality positions in the first quarter of this year.

As we have discussed in the past (most recently at the end of the SITALWeek newsletter #287), we believe the digital transition of the global economy will be more disinflationary than inflationary on a long time horizon. Sources of structural inflation are scarce; however, we are aware of potential pressure from labor costs, housing, and climate change. We have viewed periods of short-term inflation due to economic expansion as generally positive or neutral for long-term performance for the types of business we invest in, and we have therefore not made any material changes to the portfolio as interest rates have moved up to approximately where they were before the pandemic began.

We were pleased to welcome our third anchor institutional client in the first quarter. In addition to institutional investors, we started working with accredited US investors in Q1. In Q2, we will launch our growth strategy for investors outside of the US through our partnership with Jupiter Asset Management. For inquiries about NZS Capital investment strategies, please contact info@nzscapital.com.

Performance Discussion

The following first quarter 2021 performance discussion references the NZS Growth strategy, which represents our broadest approach in terms of number of names and sectors. Information technology remained our largest weighting at 58.18%. Our technology investments were up 6.4% compared to the technology component of the benchmark, which rose 2.13% in the quarter. Other significant contributors to performance in the quarter were our stock selection and overweighting of communication services. Performance was weighed down by our underweighting of energy, materials, and financials, all of which did well owing to rising rates and potential for inflation. In the first quarter, our top contributors were ViacomCBS and semiconductor companies Lam Research, ASML Holding, and Texas Instruments. We substantially reduced our position in ViacomCBS as the stock appreciated, and subsequently took advantage of volatility to increase our position throughout the quarter. Our bottom contributors in the first quarter included several companies that are perceived to be less advantaged by shifting behavior after the economy reopens. These included Ball Corp, Zendesk, Salesforce.com, and Take-Two Interactive Software. We added to Ball Corp in the quarter as we view their long-term prospects in aluminum cans and aerospace to be strengthening, and we are less focused on the short-term potential impact of people shifting back to consuming beverages at restaurants instead of in the home.

Thank you for your continued trust, interest, and support.

Net returns are calculated by subtracting the highest applicable management fee (.65% annually, or .0542% monthly) from the gross return. The management fee includes all charges for trading costs, portfolio management, custody and other administrative fees. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The fees are available on request and may be found in Form ADV Part 2A. Index performance does not reflect the expenses of managing a portfolio as an index is unmanaged and not available for direct investment.

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Morningstar Developed Markets Technology NR USD measures the performance of companies engaged in the design, development, and support of computer operating systems and applications. This sector also includes companies that provide computer technology consulting services.

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