



The Edgewood Management Large Cap Growth Composite returned +13.2% for the first quarter 2024, net of fees. The S&P 500 Total Return Index returned +10.6% and the Russell 1000 Growth Index returned +11.4% for the same period.<sup>‡</sup>

Depending on which expert you listen to, the impact of artificial intelligence (AI) has the potential to be as transformational as the steam engine or electricity. While the pace of adoption is unclear, we do believe that AI and accelerated computing will have a profound and material impact on all of the companies in our investible universe and portfolio.

The current debate surrounding AI focuses on when and if the billions of dollars already spent will generate a positive return on investment (ROI). It is still early, but our initial research suggests that AI investments are already generating positive ROI for many companies across industries. A prime example is NVIDIA's recent GPU Technology Conference (GTC) in San Jose in late March. We have attended each GTC since 2017 and have watched attendance grow from 7,000 in-person attendees to an estimated 300,000 in-person and digital attendees in 2024. This year featured over 900 sessions and 200+ exhibits. There were the companies you would expect to present at an AI conference such as Amazon, Alphabet, Meta, and Microsoft, but also many more you would not typically expect such as ExxonMobil, Ford, Genentech, JP Morgan, Lowe's, and Merck to name a few.

Several of the companies that presented at GTC are Edgewood holdings. Netflix presented on how its early embrace of AI has changed the streaming industry; changing the narrative from "content is king" to "targeted distribution is king." Netflix's AI enhanced audience targeting algorithms are driving incremental viewership. For example, the drama "Suits" generated ~5 billion hours viewed over the 25 weeks it was streaming on Peacock. After "Suits" was added to Netflix, viewership jumped to ~58 billion hours over a similar timeframe.

Adobe also presented at GTC. They are an early adopter of AI but have only recently started to monetize the opportunity. We attended the recent Adobe Summit Investor Meeting in Las Vegas where the company shared that they are experiencing the most significant product development and innovation in the company's history. One example is Copilot for Acrobat. It allows users to summarize, ask the document questions to which Copilot responds, and ascertain key concepts and conclusions from a PDF document. It is free in Beta to current paying Adobe customers but the company aims to monetize it during the second quarter 2024.

The market is early in the transformative and investable trend of AI. We believe there is a long way to go to realize revenue enhancing and cost leveraging effects. In our opinion, the portfolio is well-positioned to take advantage of this powerful tool.

## **Edgewood Management LLC April 2024**

<sup>‡</sup>Refer to the GIPS performance table on pg. 2 for net performance returns for the 1, 3, 5, and 10-year periods ending March 2024.

Sources: GTC; Adobe Summit; company press releases, SEC filings and earnings transcripts; Business Insider.

Edgewood's commentary on specific securities is for informational purposes only and is intended to show how we believe artificial intelligence has impacted the portfolio and the markets. No recommendation is made, positive or otherwise, regarding individual securities mentioned. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities identified were or will be profitable. For information about the whole portfolio, please contact [kmcbride@edgewood.com](mailto:kmcbride@edgewood.com).

**Edgewood Management LLC: Large Cap Growth Composite**

	Ending March 31, 2024			
	Net 1 Year Performance Returns	Net 3 Year Performance Returns (Annualized)	Net 5 Year Performance Returns (Annualized)	Net 10 Year Performance Returns (Annualized)
Edgewood Large Cap Growth Composite	37.48%	4.89%	14.04%	15.16%
S&P 500 (TR) Index	29.88%	11.49%	15.05%	12.96%
Russell 1000 Growth Index	39.00%	12.50%	18.52%	15.98%

*Note:* Returns are shown in U.S. dollar. Composite returns are net of fees.

Edgewood Management LLC is a registered investment adviser specializing in growth oriented investment management. The Edgewood Large Cap Growth Composite is comprised of individual and institutional accounts that invest in Edgewood’s Large Cap Model of generally 22 large capitalization growth companies chosen by using fundamental analysis and an internal valuation discipline. The composite returns are benchmarked to the Standard & Poor’s 500 Index (“S&P 500”) and the Russell 1000 Growth Index (“R1000 Growth”). The S&P 500 is an unmanaged index with no expenses which covers 500 industrial, utility, transportation and financial companies of US markets. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The R1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates and dividends are reinvested.

Edgewood Management LLC claims compliance with the Global Investment Performance Standards (GIPS®). Past performance is no guarantee of future results. Performance results reflect the reinvestment of dividends and other earnings. Performance results are expressed and calculated in U.S. dollars. To receive a list of composite descriptions of Edgewood Management LLC and/or a GIPS Report that complies with the GIPS standards, contact Kitty McBride at 212-652-9100, or write to Edgewood Management LLC, 600 Steamboat Road, Suite 103, Greenwich, CT 06830 or [KMcBride@Edgewood.com](mailto:KMcBride@Edgewood.com).

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