



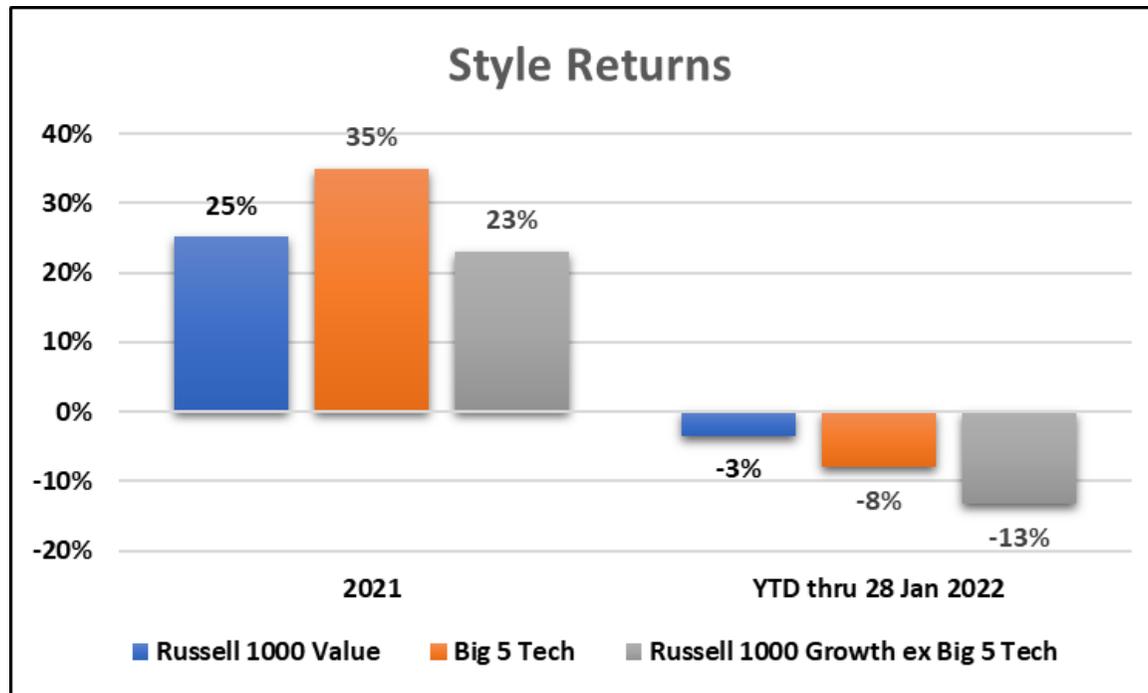
SECOR Asset Management

US Growth versus Value – Impact of the Big 5 Technology Companies

Impact of the Big 5 on the US Growth Index

The US Growth index is dominated by the large technology-related companies.

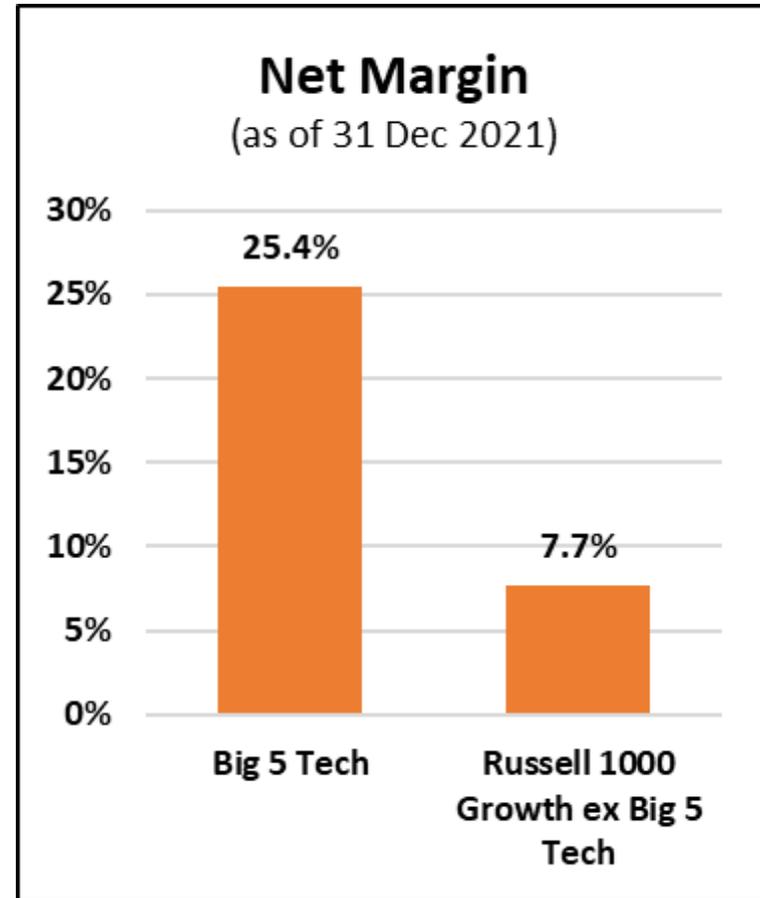
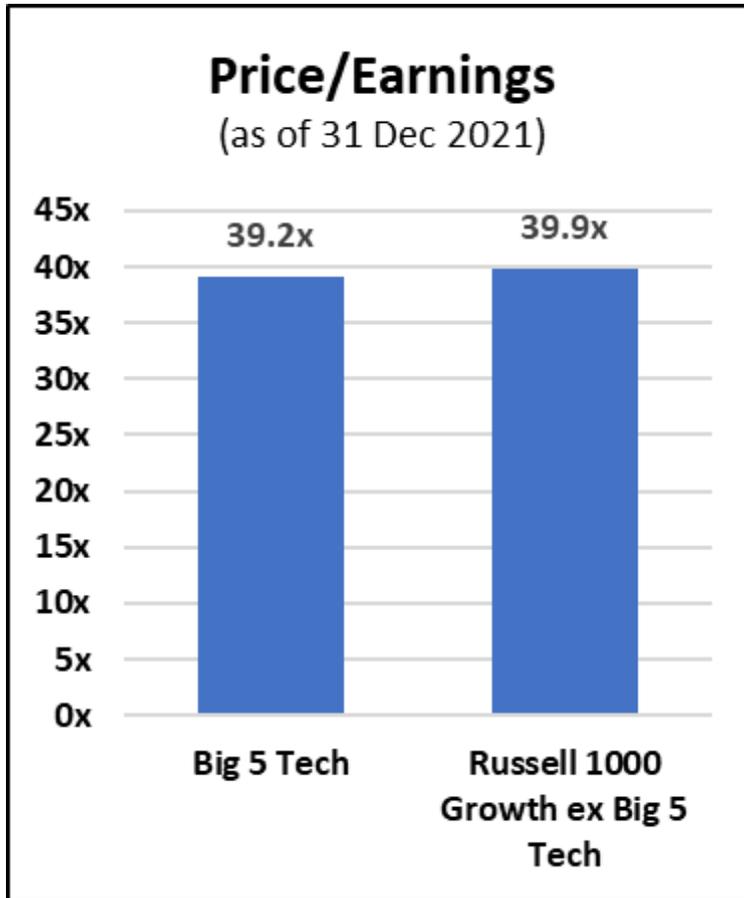
- Apple, Microsoft, Alphabet, Amazon and Meta Platforms account for nearly 40% of the weight of the Russell 1000 Growth index.
- While Value stocks have begun to perform better relative to Growth in the last year, relative performance has been driven by the non-Big Tech Growth stocks that have lagged.
- Many of these companies currently have no earnings but have high expectations.



Sources: FTSE Russell, Bloomberg, SECOR.

Big 5 Profitability

The Big 5 Tech companies are valued at roughly the same P/E multiple as the remainder of the Growth index, yet they are far more profitable.

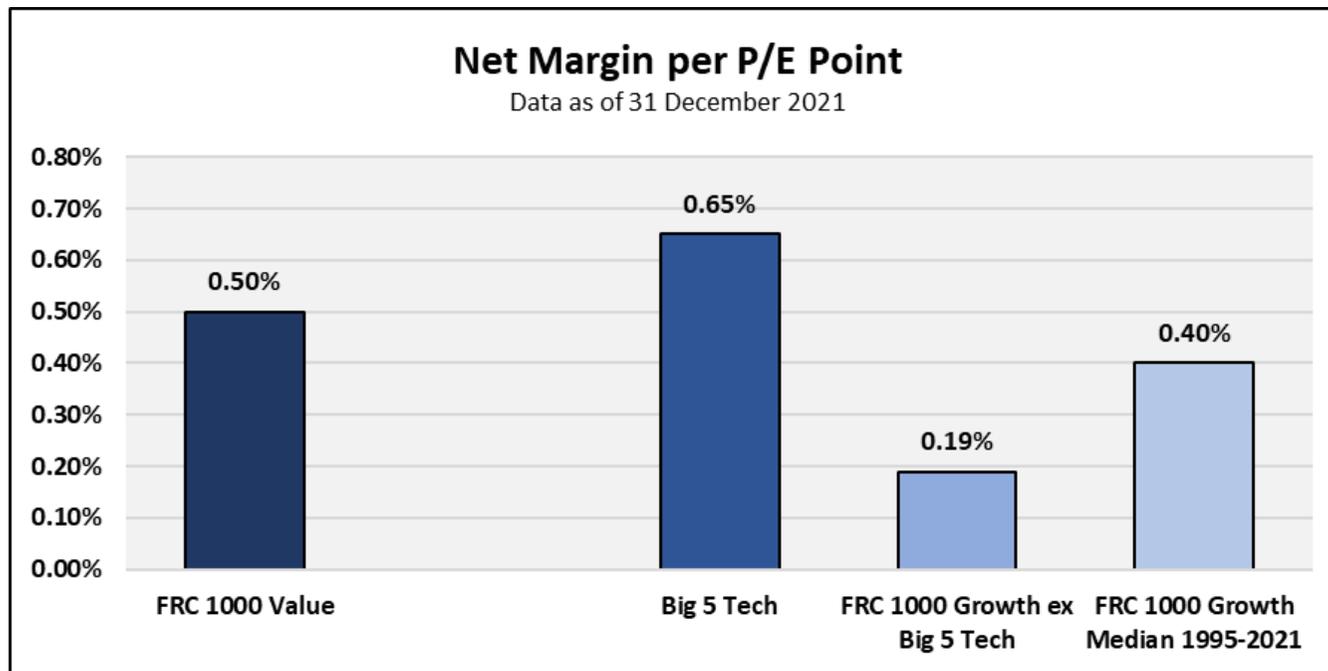


Sources: FTSE Russell, Bloomberg, SECOR.

Valuations and Profitability – Two-Tier Growth Universe

When margins are considered along with valuations, the Value universe looks attractive relative to the Growth universe excluding the Big 5 Tech companies, but less so versus the Big 5 Tech companies that have backed up their lofty valuations with exceptional profitability.

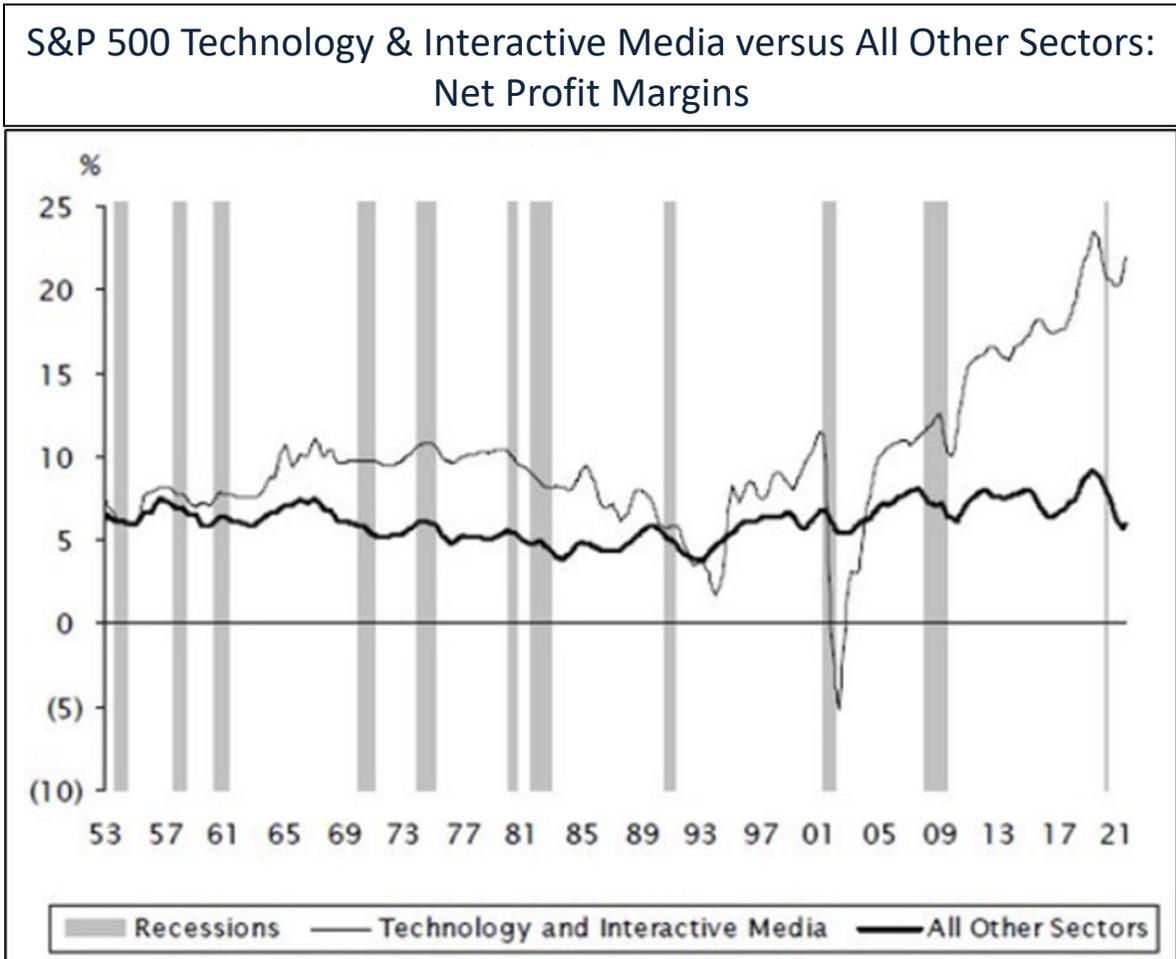
- A sustained Value rally appears unlikely in the absence of margin compression among the Big 5 Tech stocks that dominate the Growth index.



Sources: FTSE Russell, Bloomberg, SECOR.

Tech Margin Expansion – Not Just a Covid Phenomenon

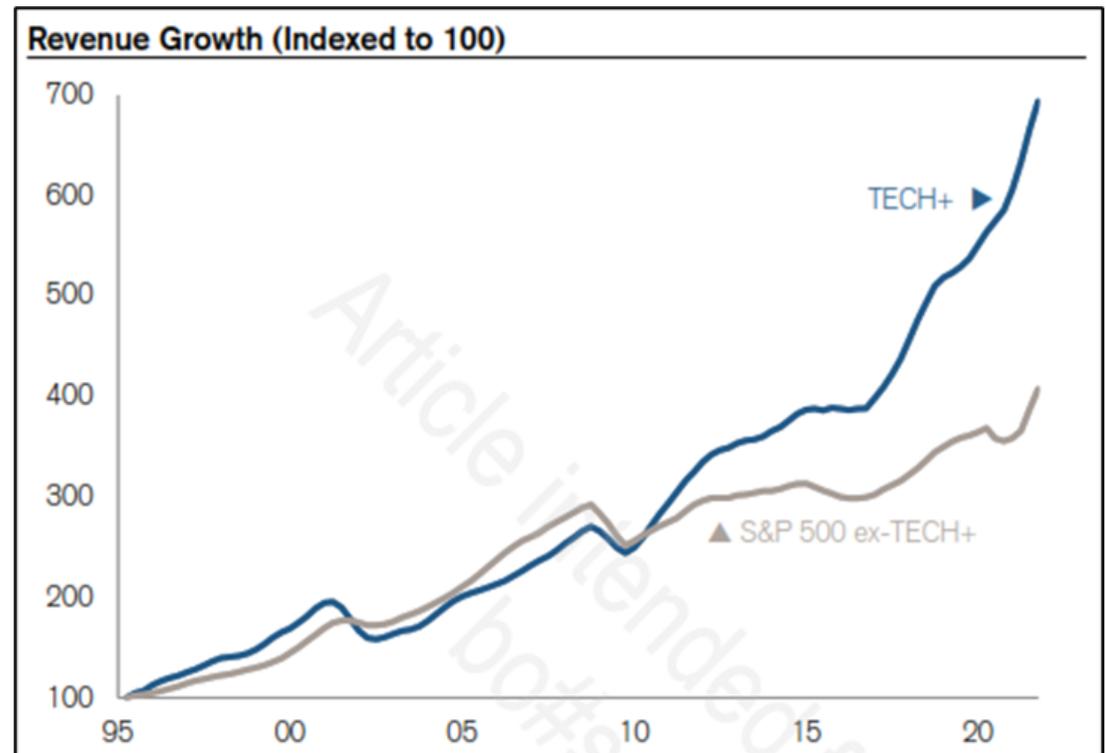
Technology margins have been positively impacted by the pandemic and remote work environments, but Tech margin expansion was underway well before COVID.



Comparing Earnings to Index Weights

Technology and Interactive Media comprised approx. 40% of the S&P 500 index weight at year-end 2021, but only approx. 30% of its earnings.

- In order for its earnings contribution to match its index weight in ten years, Tech stocks must maintain their post-GFC revenue growth advantage of 5.0%/yr. while maintaining their current level of profit margin.
- Most direct path to Tech margin compression, especially among the Big 5, is through increased regulation; however, to date, talk has far surpassed action.



Summary



The US Growth index is dominated by the large technology-related companies.

The P/E multiples of these large Tech companies appear justified relative to their profitability unlike the remainder of the index.

When margins are considered along with valuations, the Value universe looks attractive relative to the Growth universe excluding the Big 5 Tech companies.

But Value is less attractive when compared to the Big 5 Tech companies whose high valuations are supported by exceptional profitability.

The Big 5 Tech companies can justify their S&P 500 index weighting by maintaining their revenue growth and margin advantages.

Disclaimer

This document is confidential, is intended only for the person to whom it has been directly provided and under no circumstances may a copy be shown, copied, transmitted or otherwise be given to any person other than the authorized recipient without the prior written consent of SECOR Investment Management, LP (“SECOR”). The information and opinions contained in this presentation are for background purposes only and do not purport to be full or complete. No reliance may be placed for any purpose on the information or opinions contained herein. SECOR does not give any representation, warranty or undertaking, or accept any liability, as to the accuracy or the completeness of the information or opinions contained herein.

This presentation does not constitute an offer or solicitation to any person in any jurisdiction. Any such offering will only be made in accordance with the terms and conditions set forth in a private placement memorandum or other offering document.

Recipients should not rely on this material in making any future investment decision. We do not represent that the information contained herein is accurate or complete, and it should not be relied upon as such. Opinions expressed herein are subject to change without notice. Certain information contained herein (including any forward-looking statements and economic and market information) has been obtained from published sources and/or prepared by third parties and in certain cases has not been updated through the date hereof. While such sources are believed to be reliable, SECOR and its affiliates do not assume any responsibility for the accuracy or completeness of such information. SECOR does not undertake any obligation to update the information contained herein as of any future date. Any views or opinions expressed may not reflect those of the firm as a whole.

This document may include projections or other forward-looking statements regarding future events, targets, intentions or expectations. Due to various risks and uncertainties, actual events or results may differ materially from those reflected or contemplated in such forward-looking statements. Past performance is no guarantee of future results. Investments are subject to risk, including the possible loss of principal. There is no guarantee that projected returns or risk assumptions will be realized or that an investment strategy will be successful. No representation, warranty or undertaking is made as to the reasonableness of the assumptions made herein or that all assumptions made herein have been stated. Different types of investments involve varying degrees of risk, and there can be no assurance that the future performance of any specific investment, investment strategy, or product made reference to directly or indirectly in this document, will be profitable, equal any corresponding indicated performance level(s), or be suitable for your portfolio.

Illustrative models or investments presented in this document are based on a number of assumptions and are presented only for the limited purpose of providing a sample illustration. Any sample illustration is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond SECOR’s control. Any sample illustration may not be reflective of any actual investment purchased, sold, or recommended for investment by SECOR and are not intended to represent the performance of any investment made in the past or to be made in the future by any portfolio managed or advised by SECOR. Actual returns may have no correlation with the sample illustration presented herein, and the sample illustration is not necessarily indicative of an investment that SECOR will make. It should not be assumed that SECOR’s investment recommendations in the future will accomplish its goals or will equal the illustration provided herein.

Indexes are not available for direct investment and do not reflect the deduction of fees and expenses.

The information contained in this document is based on matters as they exist as of the date of preparation of such material and not as of the date of distribution or any future date and SECOR does not undertake any obligation to update the information contained herein as of any future date. This document does not constitute advice or a recommendation or offer to sell or a solicitation to deal in any security or financial product. It is provided for background purposes only and on the understanding that the recipient has sufficient knowledge and experience to be able to understand and make its own evaluation of the information described herein, any risks associated therewith and any related legal, tax, accounting or other material considerations. To the extent that a reader has any questions regarding the applicability of any specific issue discussed above to his/her/its specific portfolio or situation, it is encouraged to consult with the professional advisor of his/her/its choosing.

Investment advisory services are provided by SECOR Investment Advisors, LP (“SIA”) and SECOR Investment Advisors (UK), LLP, (“SIA-UK”), each subsidiaries of SECOR Asset Management, LP. Portfolio solutions are provided by SECOR Investment Management, LP (“SIM”), a subsidiary of SECOR Asset Management, LP. Alpha strategies are provided by SECOR Capital Advisors, LP (“SCA”), a subsidiary of SECOR Asset Management, LP. SIA UK is authorized and regulated by the Financial Conduct Authority. Each of SCA, SIA and SIM are registered as an investment adviser with the Securities and Exchange Commission. Registration as an investment adviser with the Securities and Exchange Commission does not imply any level of skill or training.