



Growth Investing In a Higher Rate Environment

May 2024



SANDS CAPITAL

The views expressed are the opinion of Sands Capital and are not intended as a forecast, a guarantee of future results, investment recommendations, or an offer to buy or sell any securities. The views expressed were current as of the date indicated and are subject to change. Past performance is not indicative of future results. The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients. There is no assurance that any securities discussed will remain in the portfolio or that securities sold have not been repurchased.

Company logos and website images are used for illustrative purposes only and were obtained directly from the company websites. Company logos and website images are trademarks or registered trademarks of their respective owners and use of a logo does not imply any connection between Sands Capital and the company.

This communication is for informational purposes only and does not constitute an offer, invitation, or recommendation to buy, sell, subscribe for, or issue any securities. The material is based on information that we consider correct, and any estimates, opinions, conclusions, or recommendations contained in this communication are reasonably held or made at the time of compilation. However, no warranty is made as to the accuracy or reliability of any estimates, opinions, conclusions, or recommendations. It should not be construed as investment, legal, or tax advice and may not be reproduced or distributed to any person.

BCI and Sands Capital have contractually engaged in a feeder fund agreement. No compensation was provided by Sands Capital to BCI for the endorsement provided herein. Please note that this endorsement does not constitute personalized investment advice, and individual results may vary.

In the United Kingdom, this communication is issued by Sands Capital Advisors – UK Ltd (“Sands UK”) and approved by Robert Quinn Advisory LLP, which is authorised and regulated by the UK Financial Conduct Authority (“FCA”). Sands UK is an Appointed Representative of Robert Quinn Advisory LLP. This material constitutes a financial promotion for the purposes of the Financial Services and Markets Act 2000 (the “Act”) and the handbook of rules and guidance issued from time to time by the FCA (the “FCA Rules”). This material is for information purposes only and does not constitute an offer to subscribe for or purchase of any financial instrument. Sands UK neither provides investment advice to, nor receives and transmits orders from, persons to whom this material is communicated, nor does it carry on any other activities with or for such persons that constitute “MiFID or equivalent third country business” for the purposes of the FCA Rules. All information provided is not warranted as to completeness or accuracy and is subject to change without notice. This communication and any investment or service to which this material may relate is exclusively intended for persons who are Professional Clients or Eligible Counterparties for the purposes of the FCA Rules and other persons should not act or rely on it. This communication is not intended for use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.



1000 Wilson Boulevard
Suite 3000
Arlington, VA 22209,
USA
703.562.4000

sandscapital.com



MIX Paper
FSC® C001844

Impacts of Higher Rates Are Not Distributed Evenly

Leadership + Competitive Advantage = Resilience

Quality Growth Businesses In Higher Rate Environments

- 1. Set Prices**
- 2. Enable Automation**
- 3. Leverage Scale**

*“You cannot overtake 15 cars
in sunny weather . . . but you can when it’s raining.”*
- Ayrton Senna

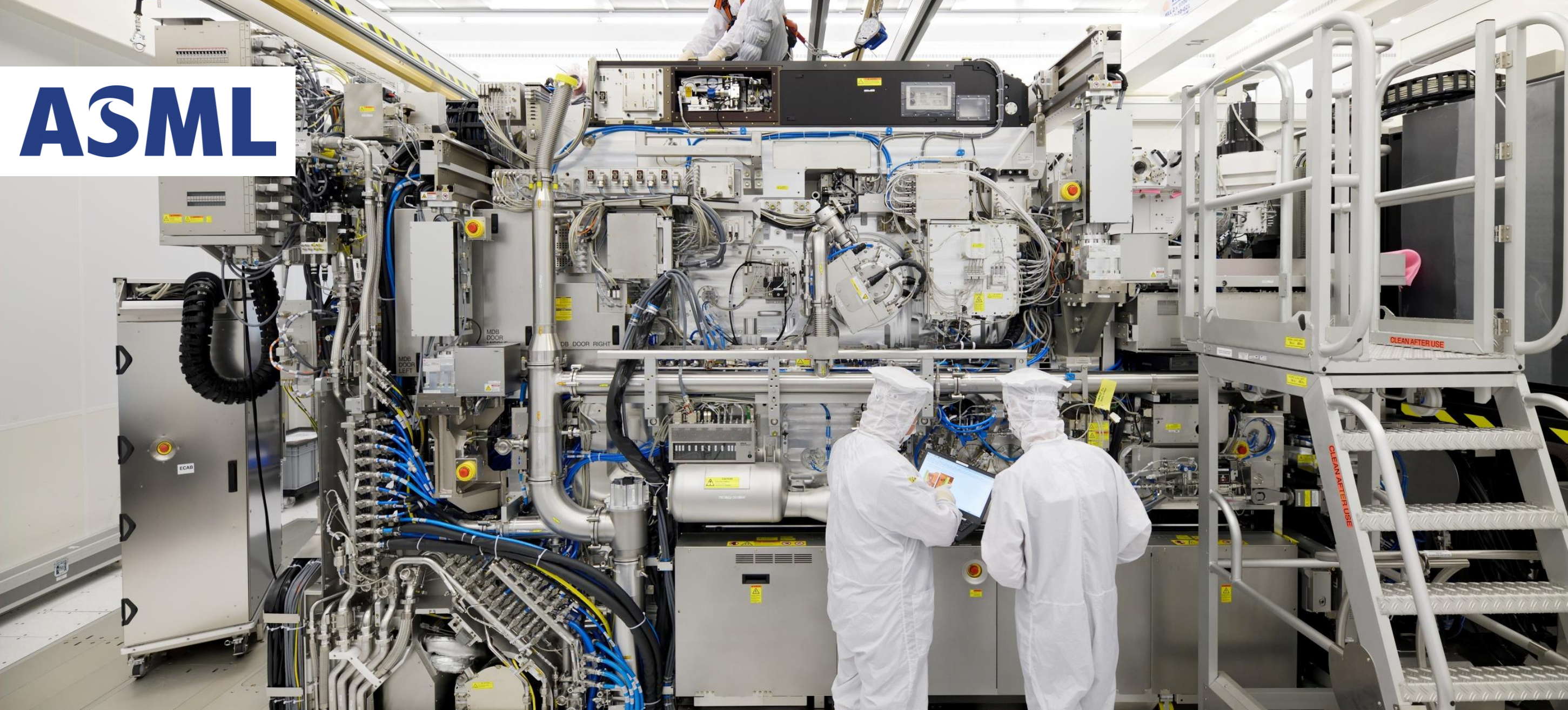


The Price Setters

Near-Monopoly Businesses That Use Their Competitive Advantage (Industry Structure) to Pass Prices to Customers



ASML



Natural “Opolies” Enable the Strongest Moats

The company illustrated was chosen as it was what the manager viewed as a fit for a “Price Setter” in Sands Capital portfolios.

The Automators

**Leading Companies That Supply Solutions That Enable
Lower Production Costs and Increased Productivity**



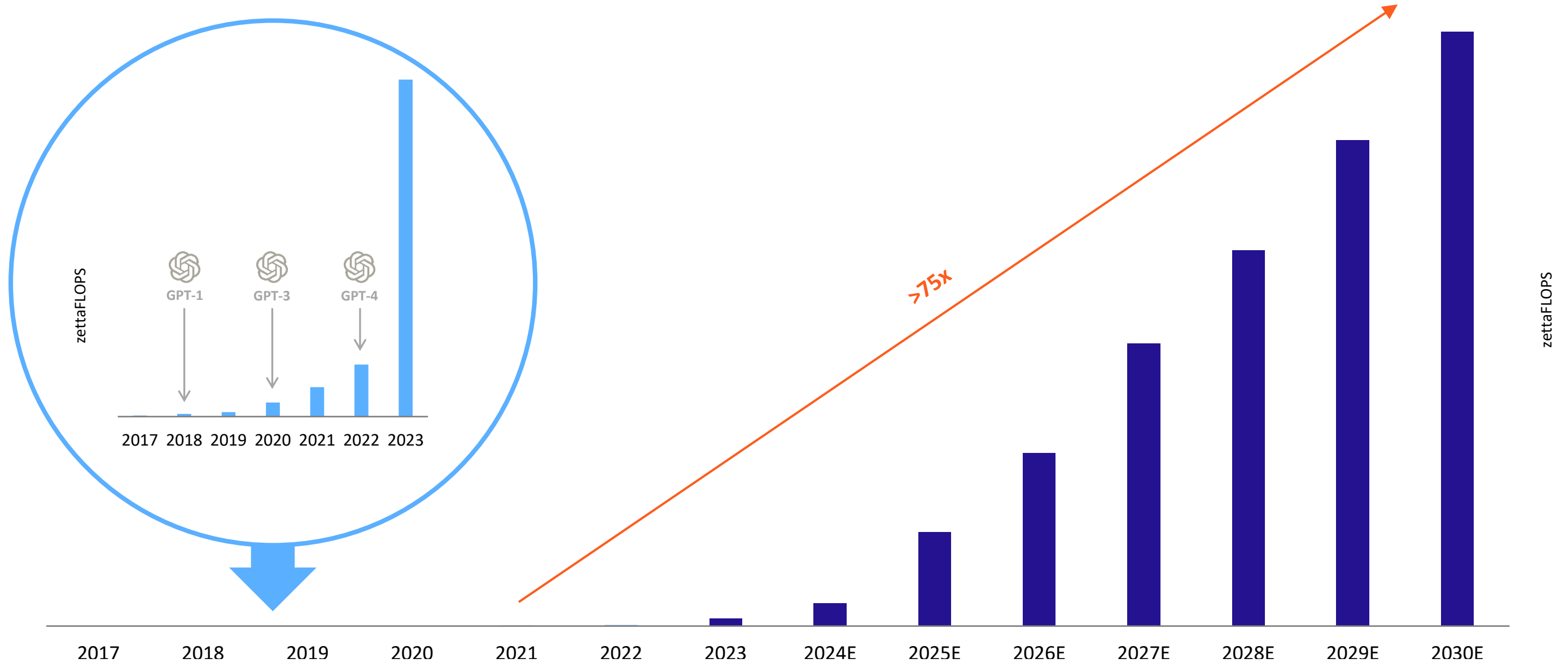
Remove Costs, Reduce Waste, or Enhance Efficiency

The Scalers

Economies of Scale Create a Competitive Advantage That Allows Larger Companies To Create Higher-Margin Value-Additive Products

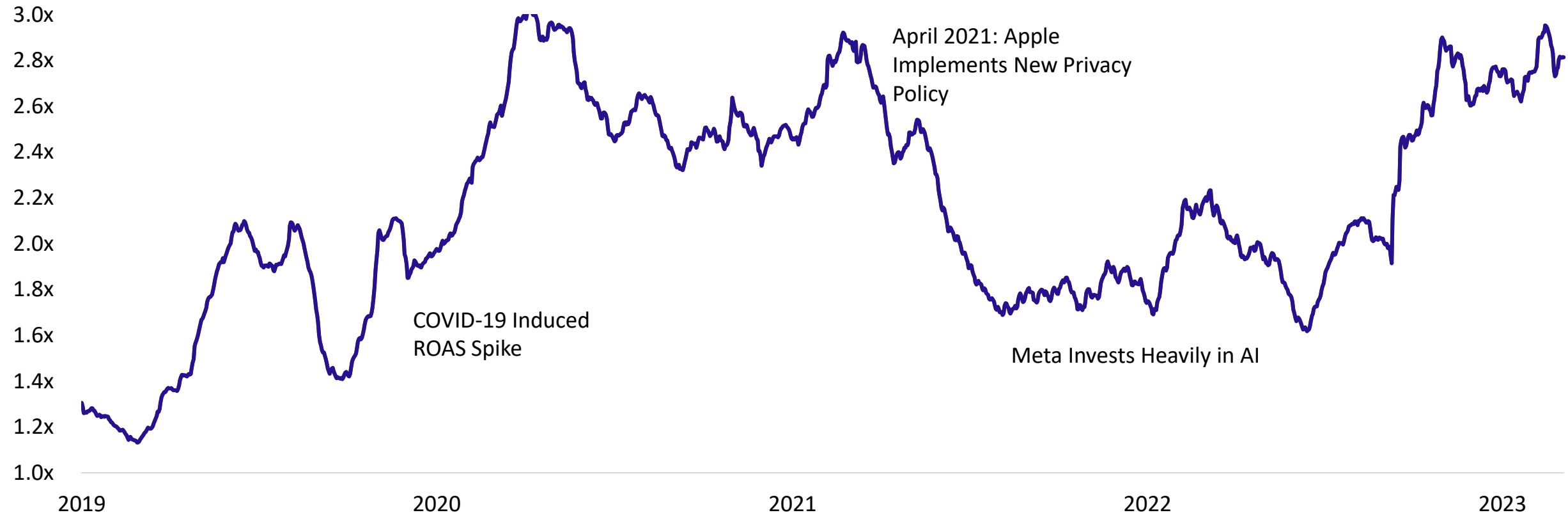
Installed Base of Compute Will Continue to Explode

Installed AI compute capacity to increase significantly

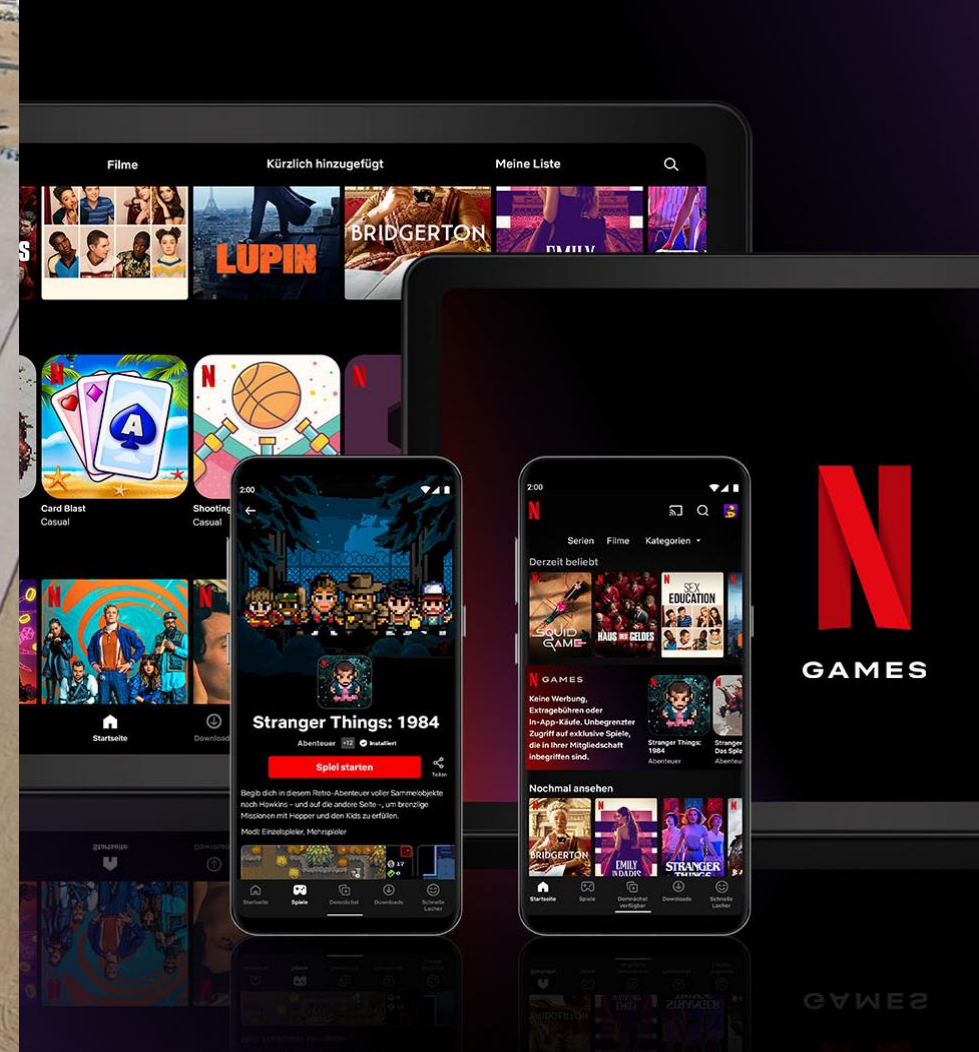


Source: Sands Capital's calculations and estimates as of 3/31/24. Installed base refers to the number of GPUs that are currently in use by customers. It provides a measurement of a company's existing customer base and the extent of their investment in a particular product or technology. A zettaflop (ZFlop) is a unit of measurement for computer processing power. It refers to the floating point operations per second (FLOPS) capacity of a processor, where one ZFlop represents 10²¹ (this will be superscript) FLOPS. For illustrative purposes only.

Return on Ad Spend (ROAS)



Scale Players Can Invest to Extend Their Advantages



Scale Players Can Invest to Extend Their Advantages

Leadership + Competitive Advantage = Resilience