Starlight North American Equity Fund

Q1-2024 Commentary

Fund	Q1 2024	1 Year	3 Year	5 Year	10 Year	15 Year	Incept*
Starlight North American Equity Fund, Series F*	9.5%	20.5%	11.3%	13.4%	10.8%	11.4%	8.1%

*Inception date October 2001.
Source: Starlight Capital, as of March 31, 2024.

Performance Summary

- Over the first quarter of 2024, Starlight North American Equity, Series F (the Fund) returned 9.5%.

- The Fund showcased many double-digit performers over the quarter, primarily due to stock selection in Healthcare, Information Technology, and Financials. The Healthcare sector, notably overweight relative to the benchmark, was up over 15%, propelled by a handful of winners with over 20% returns, including HCA Healthcare (up 26.8%), Cencora (up 21.8%), Boston Scientific Corporation (up 21.7%), and Intuitive Surgical (up 21.5%). Within the Information Technology sector, the Fund benefitted from exposure to AI winners such as Nvidia (up 87.3%), Applied Materials (up 30.9%), and Broadcom (up 22.5%). Notable winners in the Financials sector include KKR & Co. (up 24.9%), Trisura Group (up 22.5%), and Berkshire Hathaway (up 21.1%).

Contributors and Detractors

Q1 2024 Top Five Contributors		
Stock	**Contribution to Return**	**Average Weighting**
BROADCOM INC	+ 0.8%	3.5%
NVIDIA CORP	+ 0.8%	1.2%
AMAZON.COM INC	+ 0.7%	3.2%
CENCORA INC	+ 0.6%	2.8%
HCA HEALTHCARE INC	+ 0.5%	2.2%

Q1 2024 Bottom Five Contributors		
Stock	**Contribution to Return**	**Average Weighting**
ATS CORP	- 0.5%	2.1%
IPG PHOTONICS CORP	- 0.2%	1.0%
VERISIGN INC	- 0.1%	1.9%
JAMIESON WELLNESS INC	- 0.1%	0.4%
UNITEDHEALTH GROUP INC	- 0.0%	1.3%

Source: Starlight Capital & Bloomberg Finance L.P. As of March 31, 2024.

Broadcom, a leader in various segments of technology infrastructure, was the top performer in Q1. Its exposure to AI trends and unmatched industry capabilities have solidified its leadership position in the semiconductor industry. The acquisition of VMware, a cloud infrastructure leader, further bolstered Broadcom's position.

Conversely, ATS Automation underperformed due to their Transportation segment's exposure to electric vehicle orders which saw cancellations from a key customer, leading to lowered guidance for the year. Despite this setback, we believe ATS's fundamentals remain strong, particularly in its other segments like Life Sciences & tools, Energy, and Food and Beverage, which continue to grow amidst market challenges.

Portfolio Update

Sector	Portfolio Weight %	Top %Q/Q Changes
Cash and Cash Equivalents	7.3%	+ 5.1%
Consumer Discretionary	8.1%	+ 1.9%
Real Estate	3.0%	+ 1.9%
Materials	0.0%	- 1.7%
Financials	10.4%	- 3.2%

Source: Starlight Capital & Bloomberg Finance L.P. As of March 31, 2024.

In January, we increased exposure to rate-sensitive entities such as Brookfield Corporation and Colliers. This move was designed to capitalize on the unique opportunities these companies present, given their sensitivity to interest rate fluctuations and their strong market positions.

As February drew to a close, we reduced the portfolio's weight in certain Information Technology stocks, including industry leaders like Broadcom and Nvidia. This decision was prompted by concerns over extended valuations that, in our opinion, surpassed what could be justified by the companies' fundamentals. This tactical trimming of technology stocks demonstrates the Manager's commitment to active risk management.

Although we trimmed our AI beneficiaries, we remain bullish on the Information Technology sector due to growth opportunities driven by digitization and cybersecurity trends. During the quarter, we marginally increased positions in Accenture and Palo Alto Networks, while also initiating a new position in Adobe, which we believe was mispriced relative to its earning power. Overall, this tactical shift offsets the reduction in AI exposure, making Information Technology our largest portfolio allocation.

Fund Outlook

Our strategy is to consistently target high-quality businesses across all sectors. However, we also focus on secular growth trends like digitization, deglobalization, aging population, cybersecurity, and artificial intelligence.

We place a strong emphasis on profitability, market attractiveness, potential for revenue and earnings growth, and valuation compared to historical averages and peer groups.

Despite our sector-agnostic view, we find the most attractive growth opportunities in Healthcare and Information Technology, aligned with broad themes such as digitization, deglobalization, an aging population, cybersecurity, and artificial intelligence. With nearly 20% exposure in each of these sectors at the end of the quarter and our bottom-up approach to stock selection we are positive on the growth runway ahead for the Fund. In addition to our top sector exposures, the Fund maintains an overweight position in Amazon and Google due to their strong fundamentals and growth potential in cloud services and advertising.

Regardless of the macroeconomic or political climate, our guiding principle is to pursue growth at a reasonable price.

Source: Starlight Capital

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or speak to our Sales Team.

For more information, please visit StarlightCapital.com

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