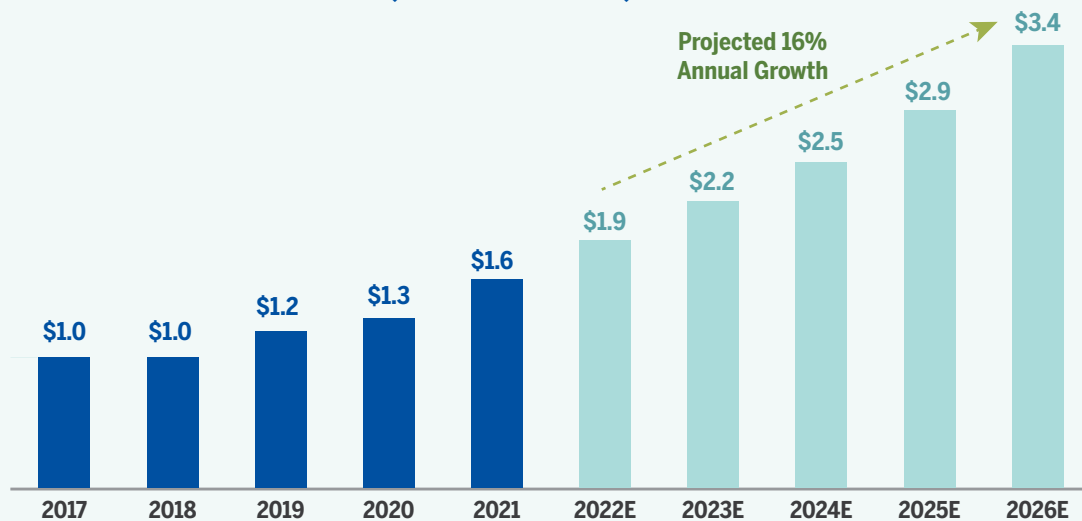


Navigating Digital Disruption

To stay competitive in today's rapidly evolving economy, businesses must embrace technological innovation, in our view. For investors, we believe the opportunity exists both in determining which businesses can adapt in this digital evolution, and in identifying the companies that offer products and services that can aid in this transition.

Worldwide Spending on Digital Transformation Technologies (in Trillions USD)



Source: International Data Corporation ("IDC"), Statista, as of October 2022. 2022-2026 data projections from IDC.

- Digital transformation refers to the adoption of technology and processes, such as cloud migration, to enable businesses to operate more effectively in the evolving digital landscape. According to the IDC, worldwide spending on digital transformation is expected to exceed \$3 trillion by 2026, a projected compound annual growth rate (CAGR) of 16% from 2022.
- In our view, digital transformation in areas such as back-office automation, security, supply chain management, research and development, and customer service may help businesses 1) increase efficiency, 2) improve decision-making, 3) increase speed to market, 4) enhance the customer experience and 5) reduce overall costs. For instance, Bank of America recently highlighted that over the past decade, the adoption of digital advancements in back-office automation and customer service enhancements has enabled the company to increase operational efficiency, allowing the company to reduce its workforce by tens of thousands of people even as it grew the business.¹
- We believe companies that could potentially benefit from this trend include those assisting other enterprises with digital transformation, such as cloud service and application providers. Additionally, businesses that have extensive proprietary data, such as those involved in healthcare, logistics, consumer and professional services may be able to better monetize this information as their operations become more digital, in our view.

¹Bank of America Corp. Q1 2023 Earnings Call (April 18, 2023).



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International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. For more information go to <https://www.idc.com/getdoc.jsp?containerId=prUS49797222>.

Statista is a German company specializing in market and consumer data. According to the company, its platform contains more than 1,000,000 statistics on more than 80,000 topics from more than 22,500 sources and 170 different industries.

The following positions represent firm wide assets under management as of January 31, 2023: Bank of America Corp 0.00%.

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