

# ZEVENBERGEN GENA FUND

SECOND QUARTER 2020

ZVGNX

ZVGIX

*Zevenbergen Capital Investments LLC's high conviction approach seeks to provide clients the potential for higher returns and greater opportunity for wealth creation.*

## QUARTERLY REVIEW

*Re-emergence:* Attempting to reboot after COVID-19, the U.S. economy slowly emerged from arguably the worst recession in history in phasic fashion, with states reopening activities (limited) and lifting severe restrictions. Dueling stories of economic improvement and the reality of still significantly depressed metrics highlighted a profound trend brought about by the pandemic. With the strong rebound from March lows (supported by a series of fiscal and monetary stimulus measures), equity gains appeared increasingly divorced from economic reality. Conventional wisdom would explain the market's forward-looking tendency to have already accounted for the expected cataclysmic drop in 2Q20 activity. On the other hand, the pandemic has likely forever changed the landscape of business and consumerism, coincidentally playing to the strengths of those able to invest and innovate, pivot and shift, emerging successfully with accelerating growth relative to competitors. While many economic uncertainties remain, COVID-19 acted like an accelerant to ZCI's existing secular investment trends, as the wake-up call to hasten digital transformation pulled demand fast-forward compared to preceding decades. Portfolio holdings in technology (ecommerce platform) and consumer discretionary (electric vehicles, online advertising) propelled The Zevenbergen Genea Fund's returns well ahead of the Russell 3000<sup>®</sup> Growth Index (see performance highlights on page 3), posting the largest absolute quarterly gain in ZCI's history.

## PERSPECTIVE

*The halves and half-nots:* Having been in the underperforming camp at times throughout ZCI's history, we have empathy when investment strategies go unloved. For ZCI, 2Q20 was the antithesis of being neglected, as the quarter proved to be the "right place, right time" for growth and ZCI's high conviction approach. The alchemy of performance was not the result of new investment themes or strategy; rather, the rapid adoption of trends where we've been investing for some time (ecommerce, cloud adoption, contactless payments, digital entertainment, cyber security). What would have taken two-to-four years to develop in the past, appeared to accelerate into months (COVID years, we call them). Technologies that are faster, less expensive and more productive have been galvanized by the crisis. Investors who favor economic certainty might not find much to be constructive about in the near term (unfortunately, a large contingent may even be market side-lined). From our view, the faster pace of digital transformation in the economy is here to stay, and we remain enthusiastic participants.

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## SIGNIFICANT CONTRIBUTORS - 2Q20

	% of NAV	
Shopify Inc.	6.4%	<i>SME ecommerce platform</i>
		Shelter-in-place mandates during the pandemic accelerated the shift of consumer purchases online, contributing to strong revenue performance.
Tesla, Inc.	6.3%	<i>Electric vehicle/storage and solar panel manufacturer</i>
		Revenue and profitability better than expected, with strong sales of the Model Y in China. Model Y deliveries in March posted profits at outset.
The Trade Desk, Inc.	5.9%	<i>Cloud-based platform for digital advertising campaigns</i>
		The company was a beneficiary from stay-at-home mandates with early leadership in Connected TV advertising.

## SIGNIFICANT DETRACTORS - 2Q20

	% of NAV	
Luckin Coffee Inc.	0.0%	<i>Chinese coffee chain</i>
		An internal investigation into misconduct (fabrication of online orders and expenses) was announced and the position was sold.
Beyond Meat, Inc.	1.7%	<i>Producer of plant-based meat substitutes</i>
		Challenging conditions for foodservice customers led to suspension of the company's 2020 financial outlook.
Virgin Galactic Holdings, Inc.	0.5%	<i>Commercial spaceline and vertically integrated aerospace company</i>
		Company raised cash through \$25 million stock sale to support struggling leisure business.

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[HTTP://BLOG.ZCI.COM](http://blog.zci.com)

## PERFORMANCE RETURNS (AS OF 06/30/20)

	Quarter to Date	Year to Date	One Year	Three Year Annualized	Since Inception (08/31/15) Annualized
ZVGNX - GENE A FUND INVESTOR CLASS	61.98%	49.82%	44.18%	33.05%	28.38%
ZVGIX - GENE A FUND INSTITUTIONAL CLASS	62.07%	50.02%	44.49%	33.25%	28.69%
RUSSELL 3000® GROWTH	27.99%	8.98%	21.94%	18.21%	16.59%

Performance shown is the result of favorable returns from concentrated positions within the consumer discretionary and technology sectors, and investors should not expect these types of returns to be achieved on a consistent basis. Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. The Fund imposes a 1.00% redemption fee on shares held for 90 days or less. Performance data does not reflect the redemption fee. If it had, return would be reduced. Current performance of the fund may be lower or higher than the performance quote. Performance data current to the most recent month end may be obtained by calling 1.844.986.2746. The Investor Class Gross Expense Ratio is 2.09%, and the Net Expense Ratio is 1.40%. The Institutional Gross Expense Ratio is 1.80% and the Net Expense Ratio is 1.10%. Shareholders pay the net expense ratio. The Adviser has contractually agreed to keep fund expenses at or below the net expense ratio through 10/31/20.

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# ZEVENBERGEN GENEALOGY FUND

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Zevenbergen Capital Investments LLC (ZCI) is the investment adviser of the Zevenbergen Funds which are distributed by Quasar Distributors, LLC.

Opinions expressed are those of ZCI and are subject to change, are not guaranteed and should not be considered investment advice.

Fund holdings are as of 06/30/20. They are subject to change and should not be considered a recommendation to buy or sell any security.

**Earnings growth is not representative of the Fund's future performance.**

**Russell 3000® Growth Index:** A market capitalization weighted index based on the Russell 3000® index. The Russell 3000® Growth Index includes companies that display signs of above average growth. The index is used to provide a gauge of the performance of growth stocks in the U.S. One cannot invest directly in an index.

*The Fund's investment objectives, risks, charges and expenses must be considered carefully before investing. The statutory and summary prospectus contain this and other important information about the investment company, and may be obtained by calling 1.844.986.2746, or by visiting [www.zci.com/funds](http://www.zci.com/funds). Read it carefully before investing.*

Mutual fund investing involves risk, including the loss of principal. The Funds invest in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Non-diversified funds may hold a significant percentage of their assets in the securities of fewer companies and therefore events affecting those companies have a greater impact on the funds than on a diversified fund. If the Funds invest in a few sectors they may have increased exposure to price movements of those sectors. Small and medium capitalization companies tend to have limited liquidity and greater price volatility than large capitalization companies.

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