



Investment Styles Ebb and Flow...Fundamentals Never Go out of Favor...

Into the Great Wide Open

Gregory A. Nejmech, CFA

Partner & President

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Collision on Wall and Main: Disruption at the K Street Intersection

Darwinism has certain parallels in economic and business survivorship. Unlike the policy prescription afforded by the Endangered Species Act or The Paris Accord, a Zombie Reprieve has not been legislated for once proud enterprises rendered moribund by an inability to adapt, a failure to embrace change, or a denial to reimagine.

Alas, the democratization of finance may have served – at least temporarily, and most ferociously – as a pseudo-Zombie Reprieve, rescuing victory from the jaws of defeat for beleaguered enterprises. Reddit and Robinhood (with a nod to the unintended consequences of lavish liquidity bestowed by the Federal Reserve and Treasury) have done for select franchises what legitimate economic value creation could not: allow them to pen another chapter after the obituary ink had nearly dried.

Democratization of finance didn't originate with Robinhood or Reddit, though those symbiotic platforms represent the latest derivation of mass audience capital market accessibility. May Day 1975 (deregulation of commissions on stock trades), Regulation FD (requiring material corporate events be shared broadly among investors large and small), Vanguard's nascent rise and subsequent prominence, crowdfunding, exchange-traded-funds (ETF's), globalization, and no-cost/low-cost trading platforms served to reduce friction thereby yielding greater market accessibility.

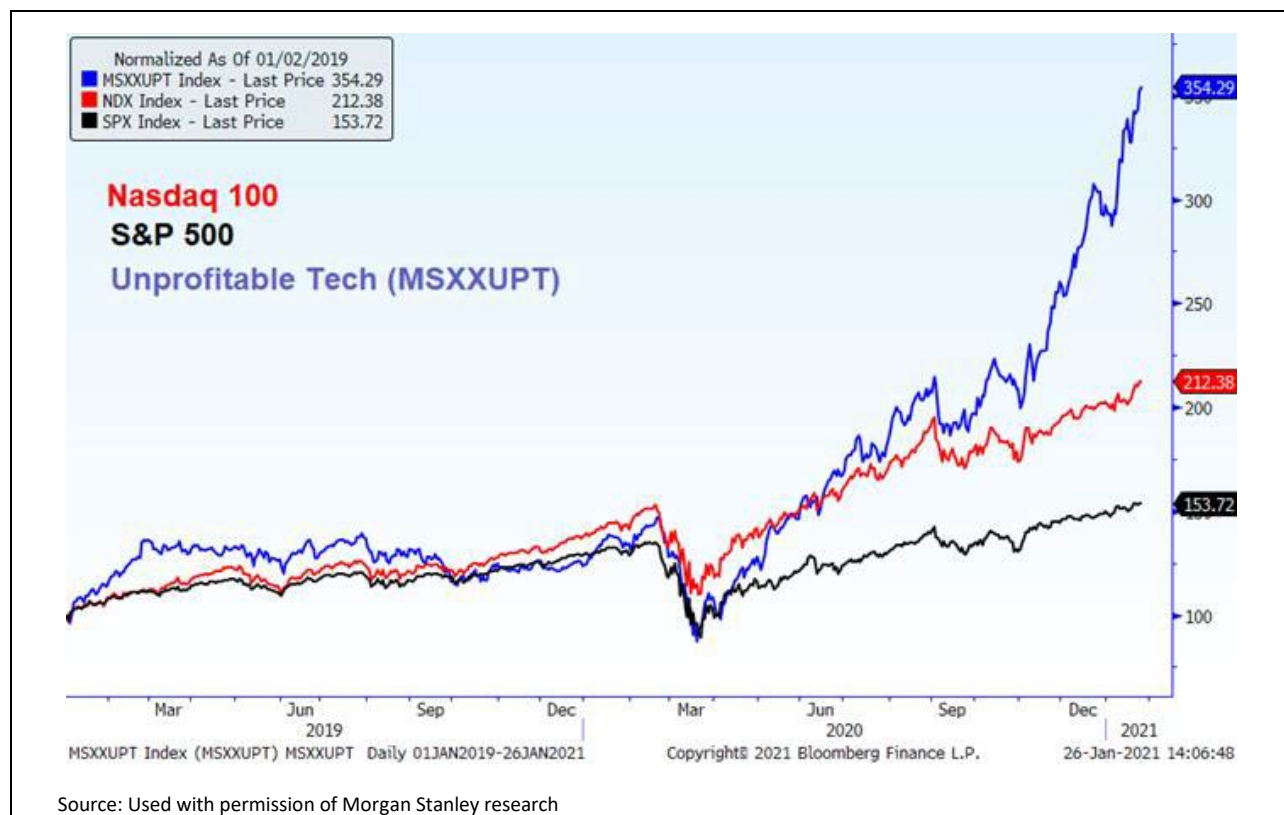
Over the course of my investment career, one of the notable changes I've witnessed has been the vast proliferation and commoditization of information. Small innovations – that internet thing, pocket mainframes that you can talk into and take pictures with – exponentially amplified the Information Age. The gathering of data to make reasoned decisions – key in my early investment days – has been overwhelmed by far too much data (and lots of misinformation) and replaced with the art of sifting for what matters. In our judgement, conceptualization – the interpretation of useful and relevant information – has become far more critical than financial model precision in determining investment outcomes.

The digital marriage of the millions of users on Reddit's communal platform to Robinhood's commission-free fintech app have colluded to shatter investment conventions. Occupy Wall Street's long shadow has become

Robinhood's abrupt rebuke, with Main Street's revolt on Wall Street's hedge fund aura a modern-day financial Armageddon. The Biden Administration and securities regulators are now engaged in the conversation.

Scorned Fundamentals & The Valuation Void

The Robinhood/Reddit tumult is real. Even so, the unfathomable moves in a number of individual securities and alternative instruments (Bitcoin, Dogecoin, et al) have in some respects permissioned such possibilities, emboldening highly prolific and increasingly speculative trading patterns. As shown in the chart below, courtesy of Morgan Stanley, a basket of unprofitable tech companies handsomely outperformed the S&P 500 - and even the notable advances enjoyed by the Nasdaq 100 - since the global pandemic induced March lows. To be sure, there are a number of tech companies with market capitalizations exceeding \$1 trillion today who spent years before becoming profitable and cash flow self-sufficient and have created great wealth for those who believed and consistently refused the instinctual urge to liquidate positions. That said, more such enterprises don't make it to the promised-land, and the agony of that defeat is as emotionally trying as it is financially damaging.



At HS Management Partners such bimodal outcomes are beyond the risk tolerance we are willing to consider when prudently managing client assets. As a team, we're proud of the discipline and resolve we've demonstrated even as we may go through stretches – sometimes long, always painful – where what we prize doesn't reconcile with what Mr. Market deems important over a given duration. And with that resolve has come a certain consistency in our investment approach. As unsettling and volatile as is the public health crisis and its impact on each of us personally and professionally, our Composite's net-of-fee performance last year of 13.9% was similar to our net compound annualized return of 12.5% that we realized since inception for the HSMP Composite (4/1/2007 thru 12/31/2019). (For more detail, see "March (23rd) On," our thought piece dated 12/21/20.)

Dimming the Noise, Staying True to Form

Warren Buffet captured the imperative to exercise non-emotional, clear minded investment judgment when market noise is deafening: “We simply attempt to be fearful when others are greedy and to be greedy only when others are fearful.” The consistency of our approach means we resist new-fangled ways of trading or investing when a Rage Against the Machine phenomenon captivates markets as has been the case in the past week. More headlines and financial media attention were directed to the Robinhood/Reddit narrative than was assigned to the earnings discussion and its portent for the markets from large technology and fintech stalwarts, and positive vaccine news. For us, it is another loud example of the importance to silence the noise and focus on the foundational principles upon which our philosophy rests: identifying companies possessive of what we deem to be good business models; assembling those businesses into a concentrated portfolio, generally ranging between 20 to 25 securities, that we think is capable of attractive future earnings/cash flow growth; and being very attentive to valuation. These disciplines guide our investment decision-making process and the manner in which we apply clients’ scarce capital day in and day out.

Our management of assets also extends beyond pure stock selection. As was true during the financial crisis and other intervals, the volatility of the equity market and associated capital requirements imposed on Robinhood and others necessitates that we consider the trading counterparties with whom we are doing business on clients’ behalf. The point is that there exist risks to be aware of and account for in our practice that extend well beyond the media captivating tweets.

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Our investment philosophy is fairly simple, as outlined above. Further, our aim is to own businesses that we understand, and that we believe will advance our ability to satisfy the goals we hope to realize on behalf of clients. We do so in a benchmark agnostic fashion, with emphasis on absolute returns that we expect, over time, will translate into attractive relative returns. Importantly, we try to conduct our affairs with a level of transparency that is straightforward for clients to understand. Similarly, with our portfolio, client access to their assets is readily available. We have no lock-up period such as may exist with other investment alternatives. This past week, investors in many hedge products and those individuals trading on Robinhood were encumbered by lack of fund liquidity and trading restrictions.

As the HSMP tagline has consistently maintained, investment styles ebb and flow...fundamentals never go out of favor.

With hedge funds in the eye of the recent market storm, we thought it useful to describe what our work has wrought since the 4/1/2007 inception of the HSMP track record. That interval of time has been characterized by considerable market/economic dislocation, two crises (Great Recession, Global Pandemic), and four different U.S. Presidents. Over the long term, the HSMP Composite net-of-fee annualized since inception performance through 12/31/2020 is more than double that of the HFRI Index, a commonly referenced composite of hedge fund performance. We cannot opine on the derivation of the index. However, some observers have suggested that, as hedge funds with poor performance close their doors, those who do provide such data may contribute to a certain survivorship bias that enhances the reported performance metrics. As well, there have been reports of January being a notably difficult month for the hedge fund community, with large losses of capital amongst some high-profile managers.

“May we live in interesting times” is a common refrain often used to describe the state of affairs we find ourselves in. A global pandemic, impeachments, social discord, the fictionalization of facts, a Capitol insurrection, climatic climate change, financial market mirages...well, if these are “interesting times,” I’m happy to volunteer for a world less interesting. As John Houseman famously pronounced in the classic Smith Barney TV commercial, “We make money the old-fashioned way...we earn it.” Enduring principles – old fashioned to some, timeless to us – will continue to be our North Star.

From all members of the HSMP team, thank you for the trust and confidence you’ve shown in us; we recognize the need to continue to “earn it.”

Stay safe and healthy, and know the news on the vaccination front continues to be encouraging.

As always, an ode of gratitude to our front-line workers for your tireless efforts on behalf of the greater good.

HSMP Composite Performance as of 12/31/20

	2020	3 Years <i>Annualized</i>	5 Years <i>Annualized</i>	10 Years <i>Annualized</i>	<i>Since Inception</i> 4/1/07 <i>Annualized</i>	<i>Since Inception</i> 4/1/07 <i>Cumulative</i>
HSMP Composite (Net)	13.9%	14.0%	16.0%	15.7%	12.6%	410.7%
S&P 500® Index	18.4%	14.2%	15.2%	13.9%	9.6%	252.7%
Russell 1000® Growth Index	38.5%	23.0%	21.0%	17.2%	12.9%	433.0%

Performance results are net-of-fees and include the reinvestment of dividends and other earnings. Past performance is not indicative of future results. Please refer to pages 5-7 for important performance and disclosures information.

HS Management Partners, LLC
Concentrated Quality Growth Composite
GIPS® Report

Year End	Firm	Composite		Performance Results					3-Year Annualized Std Deviation			
		Assets (millions)	Assets (USD) (millions)	Number of Accounts	Composite		S&P 500®	Russell 1000® Growth	Composite Dispersion (Std Dev)	Composite Gross	S&P 500®	Russell 1000® Growth
					Gross	Net						
2020	3,491	3,341	284	14.70%	13.88%	18.40%	38.49%	0.14	19.75	18.53	19.64	
4Q20	3,491	3,341	284	11.80%	11.59%	12.15%	11.39%	0.34	19.75	18.53	19.64	
3Q20	3,257	3,134	282	9.69%	9.50%	8.93%	13.22%	0.15	18.84	17.49	18.78	
2Q20	3,186	3,042	287	23.54%	23.31%	20.54%	27.84%	0.11	18.64	16.71	17.40	
1Q20	2,674	2,602	292	-24.29%	-24.42%	-19.60%	-14.10%	0.28	16.56	15.00	15.19	
2019	3,566	3,478	280	38.12%	37.13%	31.49%	36.39%	1.13	11.29	11.93	13.07	
2018	3,145	2,967	259	-4.42%	-5.07%	-4.38%	-1.51%	.28	10.04	10.80	12.12	
2017	4,028	3,840	236	33.87%	33.06%	21.83%	30.21%	.46	9.61	9.92	10.54	
2016	3,446	3,269	199	6.92%	6.25%	11.96%	7.08%	.10	10.72	10.59	11.15	
2015	3,143	3,014	176	3.94%	3.32%	1.38%	5.67%	.81	11.03	10.48	10.70	
2014	3,295	3,193	148	13.06%	12.39%	13.69%	13.05%	.26	9.85	8.98	9.59	
2013	2,392	2,298	136	31.76%	31.04%	32.39%	33.48%	.09	12.26	11.94	12.18	
2012	1,622	1,616	94	28.86%	28.16%	16.00%	15.26%	.15	13.82	15.09	15.66	
2011	884	880	72	5.55%	5.00%	2.11%	2.64%	.11	15.81	18.70	17.76	
2010	531	528	46	17.13%	16.44%	15.06%	16.71%	.28	19.54	21.85	22.11	
2009	292	290	32	35.91%	35.06%	26.46%	37.21%	.33				
2008**	172	152	27	(34.49%)	(34.80%)	(37.00%)	(38.44%)	N.A.				
2007*	-	6	5 or fewer	16.84%	16.08%	4.83%	10.51%	N.A.				

* Performance shown for 2007 is from April 1, 2007 through December 31, 2007.

** HS Management Partners, LLC charges its fees quarterly in arrears and therefore no significant fees were charged to client accounts in the first quarter of 2008. Had a modeled fee of 0.90% per annum been applied, the net of fee return for the first quarter of 2008 would be (10.82%).

N.A. - Information is not statistically meaningful due to an insufficient number of portfolios (5 or fewer) in the Composite for the entire year.

The HS Management Partners Concentrated Quality Growth Composite includes all fully discretionary, actively managed, fee paying accounts which employ our style of investing in 20-25 quality growth businesses. These accounts must have a market value exceeding \$500,000 at the time of initial inclusion in the Composite and have a market value exceeding \$300,000 to maintain inclusion.

Accounts that have contributions/withdrawals of greater than 10% of their market value (at the time of the cash flow) shall be excluded from Composite membership. Accounts that are not actively managed according to the intended strategy are excluded at the end of the last full day in which they last met the inclusion criteria. Accounts are reinstated into the Composite on the first day after the account again meets our inclusion criteria. Prior to April 1, 2009, our inclusion and exclusion criteria were applied on a monthly basis, rather than daily. Additional information regarding the treatment of significant cash flows is available upon request. Also available upon request are policies for valuing investments, calculating performance, and preparing GIPS Reports.

For benchmark purposes, the Composite is compared to the S&P 500® and Russell 1000® Growth indices, however, the Composite may contain securities not represented in either or both indices. The HS Management Partners Concentrated Quality Growth Composite was created January 1, 2008 (the inception date of the Composite was April 1, 2007). Prior to January 1, 2008 the accounts in the Composite were non-fee paying individual accounts managed by Harry Segalas in accordance with HS Management Partners' investment policies, becoming HS Management Partners accounts in December 2007.

The Composite Dispersion presented is an asset-weighted standard deviation calculated using gross performance results for accounts included within the Composite for the entire period. In addition, gross performance results are used to calculate the 3-year annualized standard deviation.

HS Management Partners, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. HS Management Partners, LLC has been independently verified for the period January 1, 2008 through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the Firm's policies and procedures related to composite, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Concentrated Quality Growth Composite has had a performance examination for the periods January 1, 2008 through December 31, 2020. The verification and performance examination reports are available upon request.

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The performance track record from April 1, 2007 through December 31, 2007 has been examined by Ashland Partners & Company, LLP and meets the portability requirements of the GIPS® standards. A copy of their report is available upon request.

HS Management Partners, LLC is an independent SEC registered investment advisor (SEC registration does not imply a certain level of skill or training). The Firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the Firm. Past performance is not indicative of future results.

The U.S. Dollar is the currency used to express performance. When international ordinary shares or ADRs are held in portfolios in the Composite, performance is shown net of foreign withholding taxes. Returns are presented gross and net of management fees and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. Prior to January 1, 2008, a representative fee of 0.90% annually was applied to the individual accounts in the Composite managed by Harry Segalas. Additional information regarding the policies for calculating and reporting returns is available upon request. Policies governing compliance with the GIPS® Standards were followed in establishing HS Management Partners' performance record and the accounts to be included therein. In that regard, certain individual accounts managed by Harry Segalas were excluded from the Composite because of material differences in the management style of those accounts and HS Management Partners' investment policies. The GIPS® standards were applied retroactively for the purposes of computing 2007 performance, and are being applied prospectively in a consistent manner.

Investment advisory fees are charged as a percentage of an account's assets under management. The annual fee schedule for accounts that are at least \$10 million under management is as follows: 0.90% on first \$25 million, 0.70% on next \$25 million and 0.50% on the balance. Accounts below \$10 million pay the greater of 1% or \$10,000. Actual investment advisory fees may deviate from the above fee schedule at the Firm's sole discretion. Please refer to our Form ADV for more information related to our fees.

IMPORTANT DISCLOSURES

When we use HSMP, HS Management Partners, or Firm, we mean HS Management Partners, LLC. When we use Composite, we mean our HS Management Partners Concentrated Quality Growth Composite. This piece is written from the perspective of our Composite holdings, performance, and estimated metrics, and it does not refer to any specific group/client account (when we use our portfolio(s)/your portfolio(s), we mean client portfolios in general from our Composite perspective – see below regarding differences between the Composite and client portfolios/ accounts). This piece represents our opinion as of 2/3/21 based on our understanding of market conditions and publicly available information. It has forward-looking statements that are by their nature uncertain and based on our assumptions (such as when we refer to possible/future/estimated earnings, cash flows, earnings-per-share (EPS), growth rates, price-earnings ratios (P/E), market conditions, or portfolio/client portfolio outlook); there is no assurance that forward-looking statements are accurate as actual results and future events can differ materially from our assumptions, particularly under current market conditions. Composite performance is presented net-of-fees (net of actual investment advisory fees and trading costs) and includes the reinvestment of dividends and other earnings. The performance shown should not be taken as an indication of how the Composite or a client account will perform in the future; past performance is not indicative of and does not guarantee future results. The information here is solely for illustration/discussion, is subject to change without notice, should not be construed as a recommendation to buy or sell any particular security, and should not be used as basis for making investment decisions. While we believe that our investment strategy will produce desired returns, we do not guarantee that this will be the case, or that we can provide any margin of safety, any actual client experience, any profit or protection against loss whatsoever, or that we will achieve our investment objectives or be successful implementing our strategy. Investing in securities involves significant risks, including the risk of loss of the original amount invested. The following is a summary of some material risks, not all risks, applicable to our investment strategy and advisory business, listed alphabetically.

- **Active Management Risk.** Active management is key to our investment strategy, and we take an incremental trading approach. This increases trading, which in turn increases trading commissions and/or other transaction costs, fees and expenses that will reduce client returns/performance. Portfolio turnover can also result in short-term capital gains, which can reduce the after-tax return for taxable clients.
- **Catastrophic Events, Civil Disturbances, Health Crises, Wars, Natural Disasters, Terrorist Attacks, Environmental Calamities, and Acts of God Risk.** All these events can significantly disrupt not only the economy and market conditions, but also exchanges, trading, our vendors' services, the performance of the companies in which we invest and their competitors, and our ability to carry out our investment advisory business, as well as making our employees, vendors and market participants more susceptible to cyberattacks
- **Concentration Risk.** Our investment strategy involves a high concentration in certain market sectors, industries, geographic regions, and number of issuers. A concentrated portfolio is subject to greater risk of loss and market impact than a more diversified account.
- **Consumer Discretionary, Consumer Staples and Technology Sectors Risk.** Our discretionary client portfolios are concentrated in these sectors, which are highly sensitive to rising inflation, increased interest rates, pandemics, wars, and other events that impact consumer confidence and behavior. The consumer discretionary and the technology sectors are especially tied to the strength of the economy. Moreover, the technology industry is very sensitive to rapid and often unforeseeable innovation and product obsolescence.
- **Cybersecurity and Other Technology Risk.** We rely heavily on technology to perform our functions and also share sensitive, confidential information with client consultants, investment advisers and custodians, as well as with other third-party service providers such as broker-dealers, software providers, network administrators, and other parties we engage in the client service, operations, legal/compliance, marketing, and Firm accounting areas, among other. Thus, client and Firm sensitive, confidential data on our network or on the networks of third parties with whom we have shared data are vulnerable to inadvertent disclosure and nefarious cyberattacks aiming to expose or exploit the data.
- **Equity Securities Risk.** We invest in equity securities, which involves several risks. Their value can decrease, potentially dramatically, in response to many factors (including general economic conditions, inflation, changes in interest rates, fluctuations in foreign currencies, and national or international political, social, governmental, tax, legal, regulatory and economic events, as well as natural disasters, environmental calamities, terrorist attacks, wars, and health crises such as epidemics or pandemics) that can negatively impact the economy in general or a particular company's financial situation, result in poor performance of some companies in certain geographical regions or economic sectors or industries, and/or adversely affect the stock market in general or overall market sentiment. Even under favorable market and industry conditions, a company's performance can be negatively impacted by internal factors, such as poor execution by company management, a cybersecurity attack or data breach, and a change in the demand for its products or services.
- **Foreign Security Risk.** Our discretionary client portfolios generally include foreign companies. Investing in foreign companies exposes clients to political, social, economic, legal and currency factors or other issues relevant to the corresponding foreign countries or regions.
- **General Economic and Market Conditions Risk.** The success of our Firm and the companies in which we invest will be affected by general economic and market conditions, such as inflation, interest rate fluctuations, a recession, the availability of credit, economic uncertainty, changes in laws, supply chain issues, labor shortages, trade barriers, currency exchange controls, energy and commodity prices, national and international political circumstances, natural disasters such as environmental calamities, and regional, national and global health crises.
- **Credit Risk.** Financial intermediaries and security issuers can experience adverse economic consequences, including impaired credit ratings, default, and bankruptcy or insolvency. All of which can cause adverse events, such as trading disruptions and credit events that can impair or erase a client's investment.
- **Legal, Tax, and Regulatory Risk.** We are a registered investment adviser regulated by the SEC. As a regulated entity, changes in laws or regulations can impact our ability to operate our business. In addition, legal, tax and regulatory developments can adversely affect the companies in which we invest or the regulatory or tax treatment of client gains.
- **Liquidity Risk.** In times of turbulent or uncertain market conditions liquidity risk for our client portfolio increases as there can be fewer market participants, or no market participant, willing to pay a stock price that is not deeply discounted from the price we paid when we invested in the stock, or willing to pay a stock price that we deem reasonable for the securities we own.
- **Low Cash Balances Risk.** Our investment strategy generally involves maintaining very low levels of cash (including cash equivalents selected by the client or the client's custodian) in client accounts, meaning client accounts are typically nearly fully invested. Therefore, client portfolios will likely be more impacted by market fluctuations than portfolios that are less invested and keep more cash available. In addition, client withdrawals of cash from an account will most likely require the sale of securities which can be at a time when prices are not favorable.
- **Market Capitalization Risk.** Although we typically invest in large capitalization companies, we have demonstrated a willingness to go down the capitalization scale. When moving down the capitalization scale, stock liquidity risk can significantly increase as the market for the stock can shrink and the stock price can decline, particularly in turbulent markets. In addition, small and mid-capitalization companies tend to be more volatile or vulnerable to adverse company specific or general economic conditions than large capitalization companies.
- **Material Non-public Information Risk.** There can be instances where we receive non-public information, voluntarily or involuntarily. In such cases, we will act in accordance with our policies and procedures relating to insider trading and determine whether the information constitutes material non-public information or is likely or possible to be considered so with the benefit of hindsight.
- **Reliance on Key Personnel Risk.** Our CIO and sole Portfolio Manager is considered a key person with respect to our investment strategy. Although other experienced Firm-partner members of the investment team can make investment decisions, the unforeseen absence of our CIO can impair our ability to successfully implement our investment strategy.

Refer to our Firm Brochure (at www.hsmanage.com/documents/ or upon request at 212-888-0060) for material risks applicable to our strategy and information regarding our Firm. The information here is solely for illustration or discussion, is subject to change without notice, should not be construed as a recommendation to buy or sell any particular security, and should not be used as basis for making investment decisions.

HSMP claims compliance with the Global Investment Performance Standards (GIPS®). HS Management Partners, LLC is an independent SEC registered investment adviser (SEC registration does not imply any certain level of skill or training). The HS Management Partners Concentrated Quality Growth Composite includes all fully discretionary, actively managed, investment advisory fee-paying accounts (even if they pay zero trading commissions), which employ our style of investing in 20-25 quality growth businesses. These accounts must have a market value exceeding \$500,000 at the time of initial inclusion in the Composite and have a market value exceeding \$300,000 to maintain inclusion. Results are based on fully discretionary accounts under management that meet our Composite's inclusion criteria, including those accounts no longer with HSMP. Results reflect accounts managed at another entity: prior to January 1, 2008, the accounts in the Composite were non-fee paying (non-investment-advisory fee-paying) individual accounts managed by Harry Segalas in accordance with HSMP's investment policies, becoming HSMP's accounts in December 2007. The U.S. Dollar is the currency used to express performance. For more information or list of composite descriptions, please contact us at 212-888-0060. A copy of our fully compliant GIPS® Report is included in this piece.

Composite performance is presented net-of-fees (net of actual investment advisory fees and trading costs). The performance shown should not be taken as an indication of how the Composite or a client account will perform in the future; past performance is not indicative of and does not guarantee future results. In some instances, Composite performance is presented by itself on an absolute basis (i.e., without comparing it to any index or benchmark). In other instances, the Composite is compared to the HFRI Equity Hedge (Total) Index for illustration/market context only. This index reflects certain hedge fund industry performance (Equity Hedge: Investment Managers who maintain positions both long and short in primarily equity and equity derivative securities. A wide variety of investment processes can be employed to arrive at an investment decision, including both quantitative and fundamental techniques; strategies can be broadly diversified or narrowly focused on specific sectors and can range broadly in terms of levels of net exposure, leverage employed, holding period, concentrations of market capitalizations and valuation ranges of typical portfolios. EH managers would typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities, both long and short.). The HFRI Equity Hedge (Total) Index is a composite of the hedge funds that employ the alternative strategies and who report their performance figures to HFRI; the number of hedge funds reporting may vary between each reporting period. This Index is calculated and presented by Hedge Fund Research, Inc. (HFRI), which does not approve of or endorse the contents of this piece. (www.hedgefundresearch.com). Our Composite annualized net-performance for the periods ending December 31, 2020 is as follows: 13.9% (last 1 year); 14.0% (last 3 years); 16.0% (last 5 years); 15.7% (last 10 years); and 12.6% (since 1/4/2007 inception). The HFRI Equity Hedge Index annualized performance for the periods ending December 31, 2020 is as follows: 17.4% (last 1 year); 7.4% (last 3 years); 8.2% (last 5 years); 5.3% (last 10 years); and 4.5% (since 1/4/2007).

The Composite is compared to the Russell 1000® Growth Index (R1000G) and the S&P 500® Index (S&P 500) as benchmarks for market context. The R1000G is an unmanaged index that measures the performance of those Russell 1000® Index companies (largest 1,000 U.S. companies based on market capitalization) with higher price-to-book ratios and higher forecasted growth values. The S&P 500 is an unmanaged market capitalization-weighted index designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries. There are meaningful differences between the Composite and each index that should be considered when comparing performance, such as in terms of composition, concentration and volatility (e.g., the Composite contains securities not represented in either index and is much more concentrated than either index in terms of companies and sectors; the average market capitalization of companies in the Composite will likely differ from that of either index; and market or economic conditions can affect positively/negatively the Composite's performance but not the indices to the same extent). In addition, neither index bears fees and expenses and investors cannot invest directly in either of them. Furthermore, we do not seek to mimic any market index in our investment approach and do not maintain limits on industry or sector weightings.

Although most discretionary client accounts are included in the Composite and dispersion is typically low over time, not all client accounts are in the Composite, and even for those in the Composite, there can be dispersion, particularly for small client accounts and also when viewed over narrow time periods. Small accounts generally experience higher dispersion from our Composite than large accounts primarily because they do not participate in trading, allocations, and aggregations to the same extent as large accounts given their size and that actual participation in trade orders depends, among other factors, on cash available in an account and on our imposed per-order share minimums, which typically range anywhere from 5 to 100 shares depending on the stock price. Also, while the investment merits of a given security drive our investment decisions, we use trading groups to facilitate trading and not all groups trade to the same extent. In sum, client account holdings and performance can deviate from our Composite and/or from other client accounts (even within the same group and even different accounts of the same client) for several reasons, such as: client restrictions, account type and size, timing and market conditions at an account's inception and contributions/withdrawals, timing and terms of trades, actual client investment advisory fees (or the lack thereof), and client directed brokerage/commission recapture instructions. Furthermore, under our sole investment strategy (HSMP Concentrated Quality Growth Equity strategy) we provide investment advice on a discretionary basis (we make all the investment decisions and trade the accounts) and also on a non-discretionary basis in the form of model portfolios for use in multimanager products (we do not make the final investment decisions nor trade the accounts); therefore, certain information here (including performance, Composite, and investment strategy implementation) is not applicable to model portfolio clients as we have no control and do not monitor the implementation (complete, partial or not at all) of model portfolios, and the performance of model portfolio clients is not attributable to us.

The chart in this piece was obtained from the indicated third-party source which we believe reliable, but we did not verify, nor do we guarantee the accuracy of this information. The performance shown should not be taken as an indication of how the Composite or a client account will perform in the future; past performance is not indicative of and does not guarantee future results. Unprofitable Tech Companies (MSXXUPT) includes US-exchange traded stocks with negative trailing 12-month net income and negative forward net income at the time of rebalance, liquidity weighted with a cap. Historical rebalance frequency is every six months back to January 2019.

We typically build a concentrated portfolio with a hard cap on company names and with an aim to keeping clients' capital nearly fully invested. Our investment advice is limited to domestic and foreign equity securities of publicly traded companies. Client accounts generally hold 20-25 companies, although in certain circumstances they may hold more or less names. We do not maintain limits on industry or sector weightings, and while we do limit portfolio positions by company, clients' portfolios are likely to be significantly concentrated by sector, industry and/or geography, among other factors.

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