Up the Down Escalator

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"If you can't fly, then run. If you can't run, then walk. If you can't walk, then crawl. But whatever you do, you have to keep moving forward" -Martin Luther King, Jr.

Independent of how one elects to measure change, we live in an era of remarkable and unprecedented transformation. The constant that is change is true whether one is considering social, political, religious, scientific or business disciplines and/or any myriad of approaches and philosophies governing the dimensions of who we are, what we believe, what we have and will become, and the conditions we pass to future generations. Enormous issues to ponder, to consider, to deliberate and, ultimately, to decide.

To borrow from one of Dr. King's many sage observations, we at HS Management Partners embrace such change with an eye toward "moving forward." From the perspective of effectively and prudently managing client assets, we believe that moving forward not only requires identifying and owning businesses whose relevancy is resonating – positive change – but also in recognizing that amidst such contours, the preservation of client capital is a vitally important element of change when headwinds small and large yield turbulence, as market participants have witnessed in recent weeks.

"Price is What You Pay, Value is What You Get" -Warren Buffett

Core to our investment approach is our valuation discipline. The valuation perch in our decision making process quantitatively complements our qualitative emphasis on identifying good businesses to invest our clients' precious capital. Our fundamental philosophy is easily understood: identify good businesses capable of demonstrating consistent and, over most intervals, above average earnings/cash flow growth; assemble those businesses into a concentrated portfolio of twenty to twenty five securities with a multi-dimensional overlay (across the growth continuum from established to rapid growth companies; up and down the market cap scale; and a willingness/ability to own non-U.S. domiciled companies provided our qualitative criteria are satisfied); and be attentive to valuation, utilizing three primary metrics – price/forward twelve month earnings, price/forward twelve month free cash flow, and an appraised present value analysis.

We have generally managed to achieve our goal of advancing the earnings and cash flows of companies comprising the HSMP Composite – moving forward, positive change – with our multi-dimensional approach in tow. Owning businesses that possess the qualitative elements we prize – a reasonably high measure of predictability to revenues/earnings/cash flows, seasoned and prudent management teams, the sale of affordable goods/services consumed/utilized on a fairly routine basis, capital lite models realizing meaningful

See pages 6-8 for important disclosures.

free cash flow, the scale to engage developed as well as developing markets, among others – represents an integral first step in our process.

Chart 1

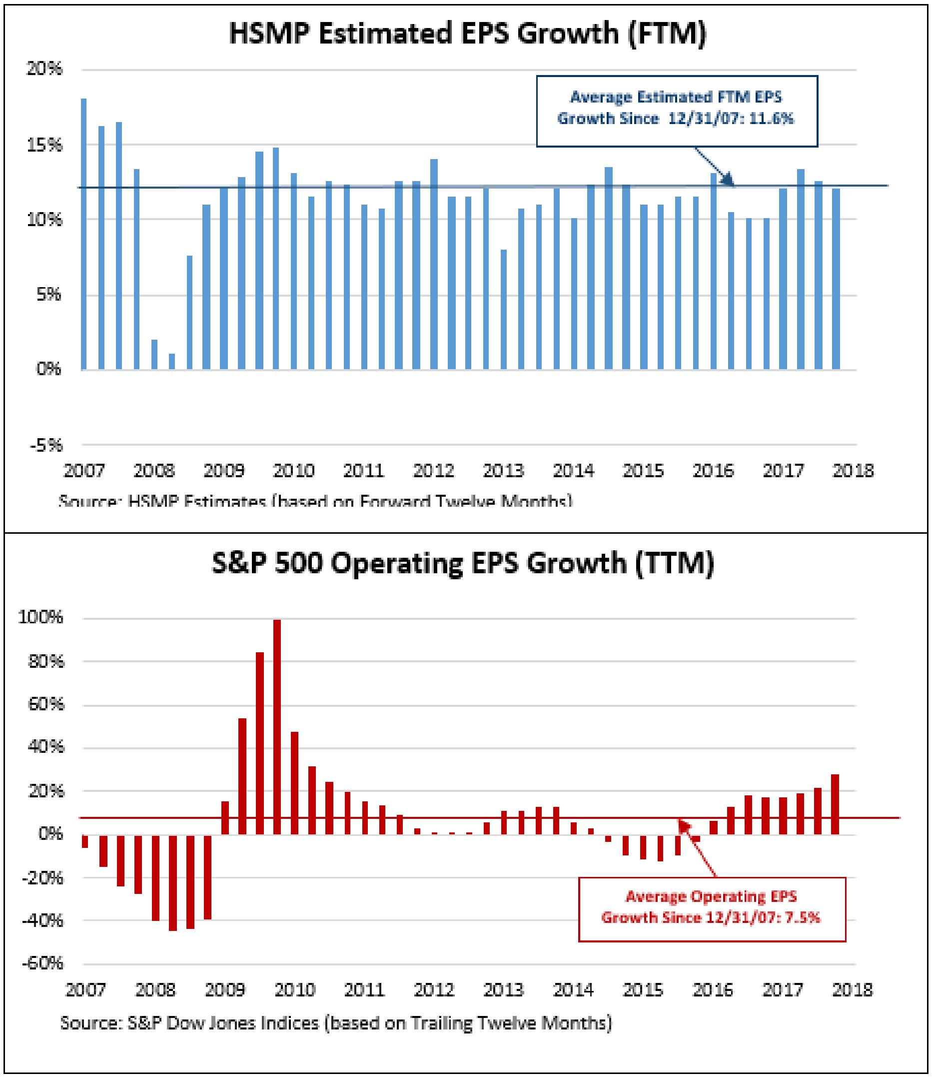
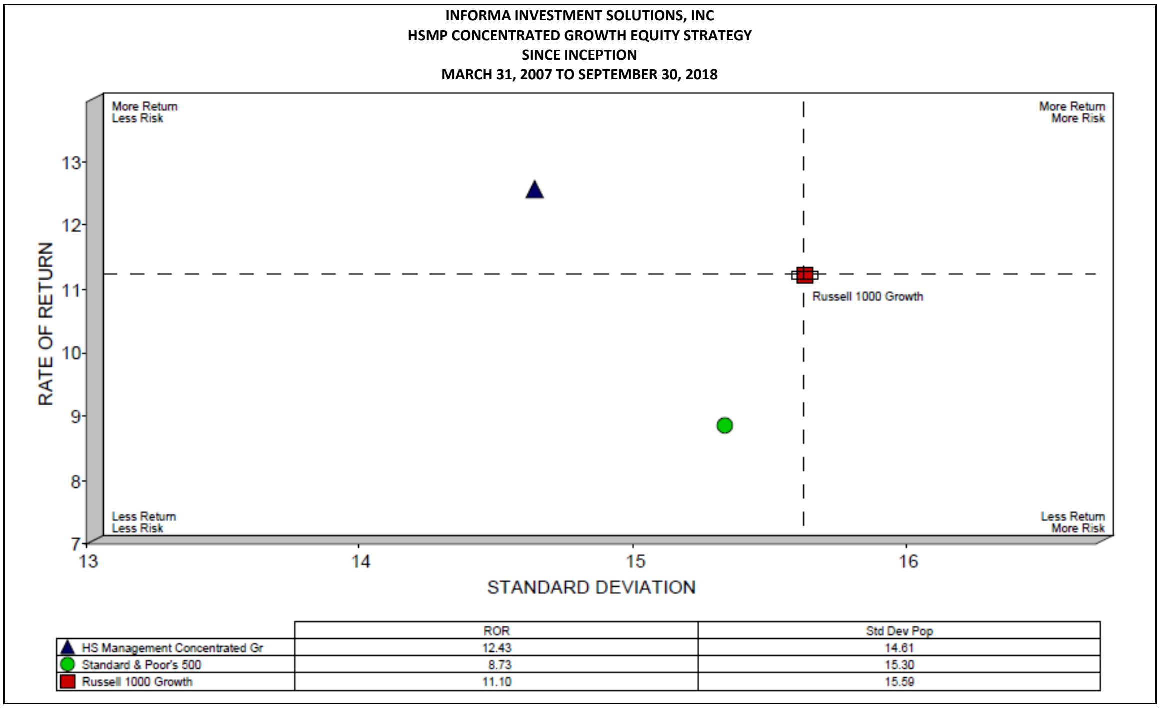


Chart 1 highlights the estimated earnings of Portfolio companies using HSMP quarterly data compared to that of quarterly operating results posted by constituents of the S&P 500 since 12/31/07. HSMP Portfolio companies in aggregate exhibited fairly consistent low double-digit growth by our estimates, and earnings grew – albeit very modestly – in 2008 when S&P 500 earnings were under considerable duress. On average, the aggregate company earnings underlying the HSMP composite have advanced at a rate approximately 400 basis points greater than that of the S&P 500 with less variability around the mean.

We remain mindful of Buffett's thoughts on the distinction between price and value, the former a moment in time subject to decision makers opining on the daily scale that is the arena for a given security, the latter a measure of the enduring cash flows an enterprise is capable of harvesting in all seasons. Indeed, and as Buffett also observed, we believe value and growth are joined at the hip. While the world of investing is routinely placed in discrete silos – asset allocation models essentially and effectively invite tidy categorization – ours has always been a benchmark agnostic approach, one in which we attempt to deliver positive absolute returns and anticipate that such positive returns will translate to attractive relative returns long term.

See pages 6-8 for important disclosures.

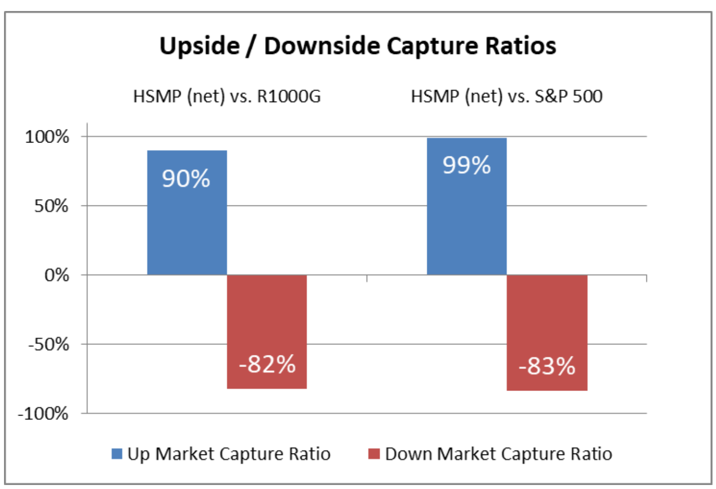
Chart 2



Note: Chart produced by Informa Investment Solutions using quarterly performance data (gross-of-fees) provided by HSMP for the HSMP Composite. The risk benchmark used in this analysis is the Russell 1000 Growth Index. Past performance is not indicative of future results. Please refer to pages 6-8 for additional performance information.

Our body of work – our since inception performance – is shown in Chart 2. Notwithstanding the humbling nature of the investment profession, we are proud of our long term track record, and we've managed to realize above average returns (shown in the above chart relative to Russell 1000 Growth) while accepting below market risk (show in the above chart based on the Standard Deviation returns) – not in every month or quarter or even year, though over time. We believe our valuation discipline serves clients well over the course of a full market cycle, though markets can go through extended stretches when business quality and valuation is less highly appreciated among investors – so called risk on periods – and times when those attributes are more highly sought– risk off intervals. We're not prescient enough to know when the mood favoring valuation is likely to change, though we are seasoned enough to know we'll never time such intervals with accuracy and reasoned enough to know valuation sooner or later ultimately matters.

Chart 3

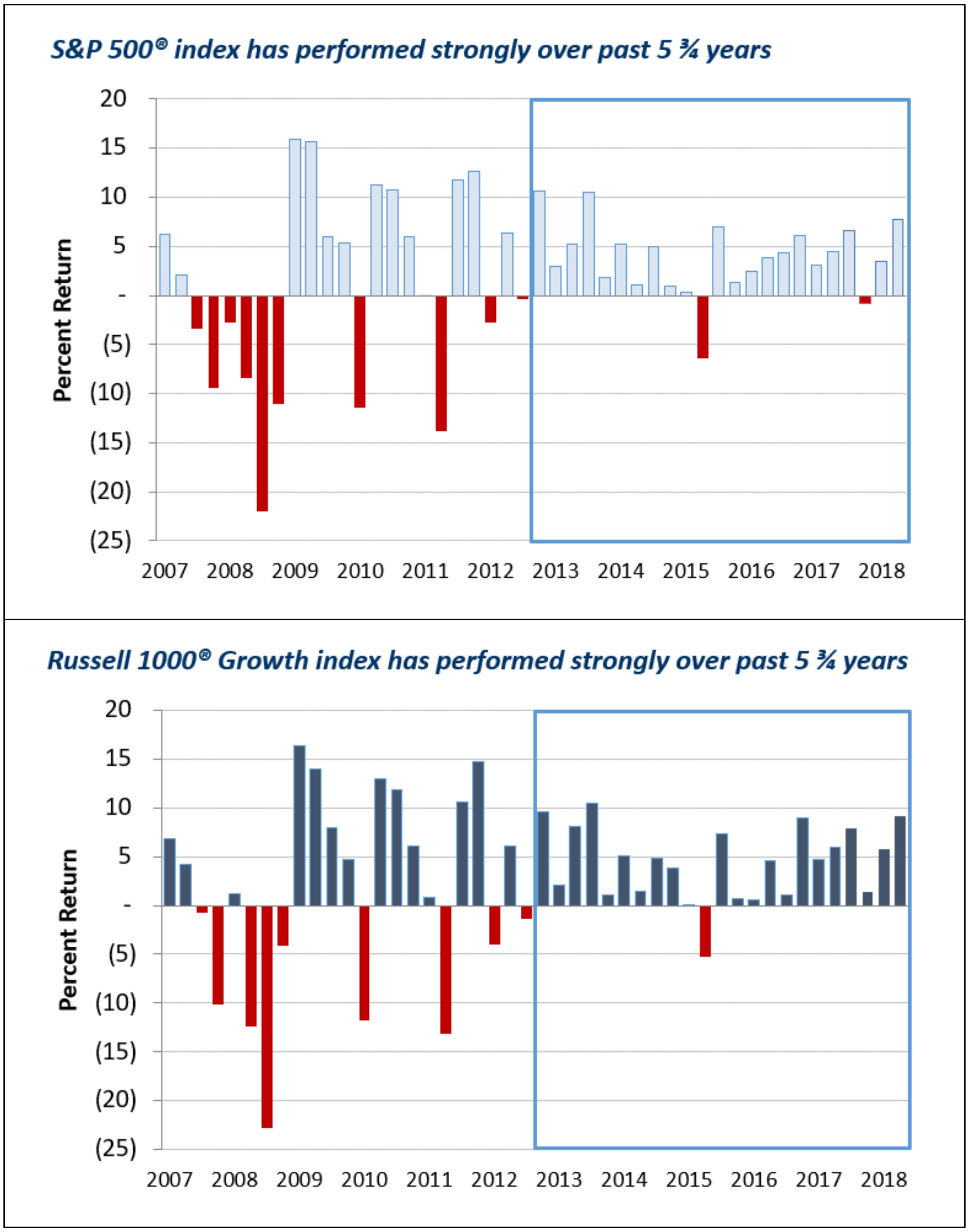


Note: Analysis of monthly returns since inception (04/1/07) through 10/31/18 (10/31/18 monthly preliminary performance has not yet been verified). Past performance is not indicative of future results. Please refer to pages 6-8 for additional performance information.

See pages 6-8 for important disclosures.

Portfolio returns are invariably a compilation of the degree to which we participate in up markets (upside capture ratio) as well the extent to which we preserve capital in tougher market climates (downside capture ratio), per Chart 3. And while we recognize the market has been decidedly risk on in the past six years – the S&P 500 exhibited two declines and the Russell 1000® Growth only one over the 23 quarter interval dating to the 1Q 2013 – October and early/mid November presented a heightened aversion to risk. We believe that the importance we assign to valuation has served clients well on a relative basis during what has been a less than joyous start to the holiday season. Stated differently, our ability to walk Up the Down Escalator has been recently tested, and we're pleased to share that we haven't forgotten the steps even though we're somewhat out of practice given the risk on orientation which has permeated markets with scant interruption in recent years (see Chart 4).

Chart 4



Note: Quarterly returns for the S&P 500® Index and Russell 1000® Growth Index from 2Q 2007 through 3Q 2018. Please refer to pages 6-8 for additional performance information.

Past performance is not indicative of future results…nor are Past conditions indicative of future conditions

The markets recently eclipsed the ten year anniversary of one of the more climatic events of The Great Recession, the September, 2008 demise of Lehman Brothers. Within four months, in March, 2019, the markets will cheer the ten year anniversary of a more welcome, celebratory milestone – the start of what has been a relentless bull market advance in asset values generally, and equity markets specifically. Aggressive global central bank cooperation fostered an age of abundant money supply, and such synchronized efforts led to a pronounced reduction in interest rates across the yield curve. Such "easy money" eventually resuscitated moribund developed and developing economies, and though the pace was uneven and initially slower (notably here in the U.S.), the trajectory both domestically and overseas quickened in late '17 and the first half of '18. Fiscal stimulus in the U.S. and a series of initiatives intended to lessen regulation proved powerful tonic for what was a steadily growing economy, and U.S. GDP eclipsed 4% in the 2Q 2018, a high level of economic output for a seemingly mature economy facing structural/demographic headwinds. Lower rates also translated to meaningfully higher price/earnings (P/E) multiples; the combination of rising earnings and rising P/Es yielded a certain common stock nirvana. Yes, the markets have done much celebrating in the last ten years, and with and for good reason.

We would like to see the party continue, and perhaps hospitable tailwinds will persist. That said, we are aware that the conditions that contributed to the rapid descent of '08 and the sustained ascent since March '09 likely won't last forever; past conditions are not indicative of future conditions any more so than investment returns.

Our investment tagline rings as true today as the day we opened our door to clients: "Investment Styles Ebb and Flow…Fundamentals Never Go Out of Favor." The fundamental precepts of identifying good businesses, of continuously advancing the earnings and cash flow stream, and of maintaining resolve with regard to valuation will remain principled HSMP tenets within an ever evolving landscape. We'll continue to don our best footwear so as to ride the elevator up and down as change takes hold, all the while applying our reasoned judgement to the attainment of our client objectives by pursuing a path to move forward.

A Happy Holiday Season to all.

HSMP Composite Performance as of 9/30/18

	YTD	1 Year	3 Years *Annualized*	5 Years *Annualized*	10 Years *Annualized*	*Since Inception* 4/1/07 *Annualized*	*Since Inception* 4/1/07 *Cumulative*
HSMP Composite (Net)	4.3%	15.4%	14.4%	13.3%	14.2%	11.8%	259.2%
S&P 500® Index	10.6%	17.9%	17.3%	14.0%	12.0%	8.7%	162.0%
Russell 1000® Growth Index	17.1%	26.3%	20.6%	16.6%	14.3%	11.1%	235.5%

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 6-8 for important disclosures.

See pages 6-8 for important disclosures.

GIPS Report

HS Management Partners, LLC

Concentrated Quality Growth Composite

Annual Disclosure Presentation

	Firm	Composite		Performance Results					3-Year Annualized Std Deviation		
Year End	Assets (millions)	Assets (USD) (millions)	Number of Accounts	Composite Gross	Composite Net	S&P 500®	Russell 1000® Growth	Composite Dispersion (Std Dev)	Composite Gross	S&P 500®	Russell 1000® Growth
3Q-18	3,985	3,733	255	7.07%	6.89%	7.71%	9.17%	.22	9.32	9.06	10.02
2Q-18	3,837	3,625	256	2.79%	2.62%	3.43%	5.76%	.19	10.48	10.02	10.90
1Q-18	3,765	3,602	249	(4.78%)	(4.94%)	(0.76%)	1.42%	.04	10.40	10.11	10.87
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 annur 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 portfolios, calculating performance, and preparing compliant presentations.

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. 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. Prior to July 1, 2011, the HS Management Partners Concentrated Quality Growth Composite was known as the HS Management Partners Concentrated Growth Composite.

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.

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 September 30, 2018. Verification assesses whether (1) the Firm has complied with all the composite construction requirements of the GIPS® standards on a firm-wide basis and (2) the Firm's policies and procedures are designed to calculate and present performance in compliance with the GIPS® standards. The Concentrated Quality Growth Composite has been examined for the period January 1, 2008 through September 30, 2018. The verification and performance examination reports are available upon request.

The performance track record from April 1, 2007 through December 31, 2007 has been examined by Ashland Partners & Company LLP and is compliant with the portability requirements of the GIPS® standards. A copy of the verification 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 on 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.

See pages 6-8 for important disclosures.

IMPORTANT DISCLOSURES

When we use (1) "HSMP" or "HS Management Partners" or "Firm" or "we" or "us" or "our" in this document, we are referring to HS Management Partners, LLC; (2) "Composite" or "Portfolio" or "HSMP Portfolio," we are referring to our HS Management Partners Concentrated Quality Growth Composite; (3) "net-of-fees," we mean net of our investment advisory fees and net of trading costs only; and (4) "gross of fees," we mean net of trading costs only (the performance does not reflect the payment of advisory fees and so actual client returns will be reduced by advisory fee payments). This piece represents the opinion of HSMP as of the date of this document based on our understanding of market conditions and reported information about benchmark indices and the companies that are or were in our Composite. It contains certain forward-looking statements that are by their very nature uncertain and based on our assumptions, such as when we refer to possible, future or estimated price-earnings (P/E) ratios, earnings-per-share (EPS), or free cash flows of a company, or possible future market conditions. There can be no assurance that forward looking statements will prove to be accurate as actual results and future events could differ materially from our assumptions. The opinions stated here are subject to change without notice and are provided solely for purposes of illustration or discussion; they should not be used as the basis for making investment decisions and should not be construed as a recommendation to invest in equities or in the market or to buy or sell any particular security.

The performance data in this piece should not be taken as an indication of how the performance of the Composite or of a client account will be in the future. Past performance is not indicative of and does not guarantee future results. Client account performance may vary from that of the Composite or from that of other client accounts for reasons such as client restrictions, type and size of the account, timing and market conditions at the account's inception and further contributions or withdrawals, timing and terms of trade execution orders, market conditions at the time of investment, and client directed brokerage and commission recapture instructions. In addition, there are meaningful differences between the S&P 500® and Russell 1000® Growth indices and our Composite and client accounts, such as in terms of composition, concentration, and volatility, that should be considered when comparing performance. Investment in securities involves significant risks that clients should be prepared to bear, including the risk of loss of the original amount invested. While we believe that our investment strategy will produce desired returns, there can be no assurance that HSMP will achieve its investment objective or will be successful in implementing its investment strategy. We encourage you to refer to our Firm Brochure (Form ADV Part 2A, which is available on our website www.hsmanage.com or upon request at 212.888.0060) for important information regarding our business, investment strategy (including portfolio construction, concentration and turnover), and some material risks applicable to our investment strategy and approach. 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.*

See pages 6-8 for important disclosures.

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 in this piece is solely for illustration/discussion, has not been tailored to any particular recipient, 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.

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.

In addition to the above, please note: (1) During certain transitional periods of selling or buying a security or due to some corporate actions such as spinoffs, or due to some other factors, client portfolios may hold more or less than 20 to 25 securities. (2) The bottom portion of Chart 1 was produced by S&P Dow Jones Indices and has not been verified by HSMP. (3) The following definitions from Informa Investment Solutions apply to Chart 2: (i) rate of return (ROR) refers to performance annualized for time periods exceeding one year and (ii) standard deviation is a measure of volatility referring to the dispersion of a set of performance data from its mean. The information in Chart 2 was produced by Informa and we have not verified the accuracy of its data. Please refer to our attached GIPS Report for additional information regarding the performance of our Composite (gross and net). (4) The upside [downside] capture ratios shown in Chart 3 were computed by dividing the cumulative annualized return of the HSMP Composite (net-of-fees) in months of positive [negative] index returns by the cumulative annualized return of said corresponding index for those same months.

This piece includes general information and has not been tailored for any specific recipient or recipients. Accordingly, the information in this document is not intended to cause HSMP to become a fiduciary within the meaning of Section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974, as amended, or Section 4975(e)(3)(B) of the Internal Revenue Code of 1986, as amended.

For information about this piece please contact us at 212.888.0060.

See pages 6-8 for important disclosures.