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MANAGEMENT PARTNERS, LLC

Third Quarter 2021 Investment Perspective

investment styles ebb and flow . . . fundamentals never go out of favor

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Investment Perspective

While our Composite's absolute performance has advanced notably since the darkest days of 2020 and is solidly higher on a year-to-date basis, we have been going through a correction of late. This correction has been broader and deeper under the surface than a quick glance at major indices would suggest.

Most Individual Names Already Down Double-Digits

Index % Decline From High	
S&P 500	-5.3%
Nasdaq 100	-6.5%
Russell 2000	-6.6%
Average Stock % Decline From High	
S&P 500	-13.2%
Nasdaq 100	-15.7%
Russell 2000	-27.8%

Source: Used with permission of Strategas Research Partners as of 9/30/2021. Please refer to pages 3-5 for additional information.

We have also experienced a pullback with our Composite off 5.6% from its peak this year and the average stock currently in the portfolio down 10.8% from 52-week highs.

There is a long list of possible ingredients for this retreat (China Evergrande, growing supply chain issues, higher than expected transitory inflation, a bump up in long bond rates, a nasty budget battle, and fiscal stimulus fights to name some of the specials). But I would pick the likely end of super-cheap money as the main course, with rising energy costs and stretched valuations for the growthiest of names as side dishes.

Our menu is unchanged — serving a consistent set of choices focused only on concentrated quality growth companies with a heaping helping of valuation. This recipe also features investing in businesses across the growth continuum — so long as the fundamentals are good and the valuation is attractive, along with a view that our client's capital is scarce capital, and that active management adds value.

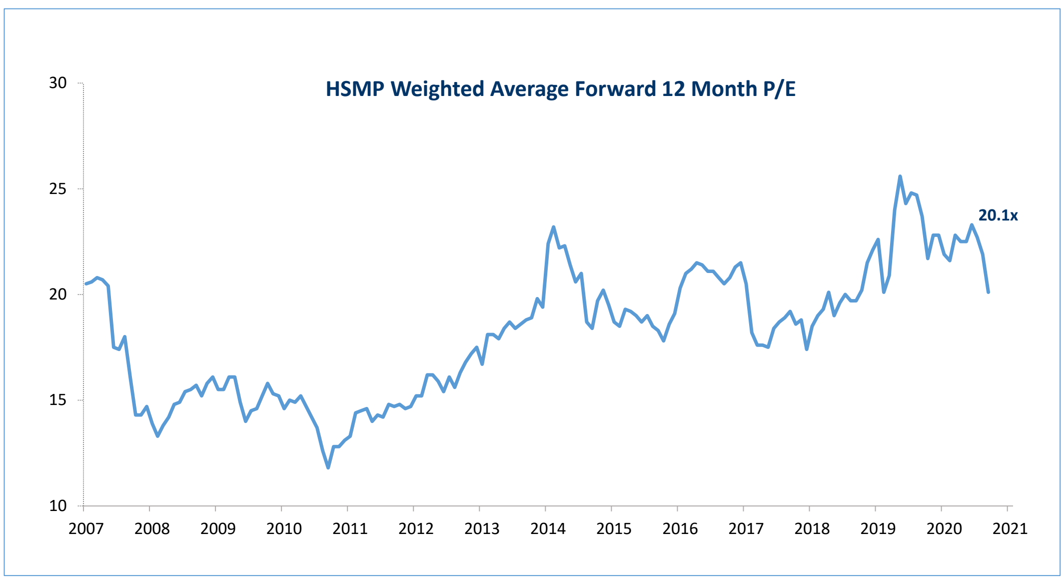
Investment Outlook

To be sure, sales and earnings growth will be slower going forward for us and Corporate America at large than experienced in the early stages of the pandemic recovery. Comparisons are more difficult, wage costs are rising, supply chain problems are disruptive and commodity shortages create pressures. Valuations may be challenged by higher federal debt levels, higher inflation, higher bond yields, and the removal of monetary stimulus. There is also a move to higher tax rates and the Federal government is tacking toward fiscal policies aimed at the redistribution rather than creation of wealth.

That said, our view is that the market pullback we have been experiencing makes the portfolio outlook more attractive. While our companies are not immune from broad-based economic pressures, we believe they do have scale and adroit managements. There is likely to be greater distinction in results of best-in-class companies relative to secondary and tertiary players, less well equipped to handle market stresses. A global re-opening will also provide a tailwind to economic activity. U.S. household net worth is at a record and savings rates are high. Despite challenges ahead, we continue to believe that portfolio earnings growth will be 10% or better over time.

Moreover, the portfolio's price/earnings ratio has retreated to about 20X estimated forward 12-month estimates. This is in part due to the market pullback but also due to active portfolio changes. The dividend yield on the portfolio is 1.7%. Bond yields have backed up to above 1.5%, but we are comfortable with the portfolio's earnings yield of 5% even in the face of rising yields.

HSMP Weighted Average Forward 12 Month P/E



Based on HSMP estimates since inception (4/1/07) through 9/30/21. Please refer to pages 3 - 5 for important information.

We do believe there remain areas of considerable froth in the market. IPOs are still at their highs, cryptocurrencies are still the rage, and go-go investment styles still take center stage. We think our focus on quality, focus on fundamentals, and focus on valuation will hold us in good stead over investment cycles. Our efforts remain squarely on driving positive absolute returns for our clients' portfolios in the years ahead. We appreciate your confidence in us and wish the best to all as we head toward 2021's end.

Sincerely,

Harry W. Segalas

Portfolio Profile (9/30/21)

HSMP Composite Performance as of 9/30/21

	3Q21	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)	-1.3%	18.0%	31.7%	18.8%	18.9%	18.4%	13.2%	502.8%
S&P 500® Index	0.6%	15.9%	30.0%	16.0%	16.9%	16.6%	10.2%	308.8%
Russell 1000® Growth Index	1.2%	14.3%	27.3%	22.0%	22.8%	19.7%	13.3%	509.2%

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 4 & 5 for important information.

Composite performance results since inception (4/01/07) through 9/30/21. Performance is net of fees and include the reinvestment of dividends and other earnings. Past performance is not indicative of future results. Please refer to pages 4 & 5 for important information.

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IMPORTANT DISCLOSURES

When we use *HSMP*, *HS Management Partners*, or *Firm*, we mean HS Management Partners, LLC; and when we use the *portfolio/our portfolio/your portfolio(s),* we mean client portfolios in general. This piece is written from the perspective of our Composite holdings, performance, and estimated metrics, and it does not refer to any specific client account (client accounts can have higher/lower performance than that shown here—see below regarding differences between the Composite and client accounts and between client accounts themselves. This piece 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 will prove to be accurate as actual results and future events can differ materially from our assumptions. The performance shown here 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. Investing in securities involves significant risks, including the risk of loss of the original amount invested. 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.

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 for a copy of our fully compliant GIPS® Report and/or list of composite descriptions, please contact us at 212-888-0060.

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 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.

Our portfolio metrics and estimates (e.g., EPS, P/E, and portfolio dividend yield) on this piece are through 9/30/21 and bond yields as of 9/30/21. The table on the first page is presented for market context only and it was obtained from a third-party we believe reliable, but we did not verify nor can guarantee its accuracy: (1) the "Index % Decline From High" refers to each mentioned index's highest point through 9/30/21 (the highest point for the S&P 500 was 9/2/21; for the Nasdaq 100 was 9/7/21; and for the Russell 2000 was 3/15/21); and (2) the "Average Stock % Decline From High" refers to the 52-week high for each stock in each respective mentioned index. The Composite comments/figures on the first page refer to our Composite absolute performance (not comparing it to any index): (1) the lowest 2020 YTD Composite performance was -34.6% on 3/23/20; (2) Composite performance was 13.88% for the full year 2020; (3) the highest 2021 YTD Composite performance was 25.1% on 9/1/21; (4) Composite performance was 18.0% YTD through 9/30/21; (5) the Composite cumulative return from 9/1/21 through 9/30/21 was -5.6%; and (6) the average stock in our portfolio figure refers to the 52-week high for the stocks in our Composite on 9/30/21—see page 4 for our Composite performance for 3Q21, YTD, 1 Year, 3 Years Annualized, 5 Years Annualized, 10 Years Annualized, Since Inception 4/1/07 Annualized, and Since Inception 4/1/07 Cumulative. All Composite performance figures are net of fees and include the reinvestment of dividends and other earnings. Past performance is not indicative of future results.

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 (client accounts can typically have over 50% exposure to the consumer discretionary, consumer staples and/or technology sectors). Cash is not a major component of our investment strategy, and we tend to keep client accounts almost fully invested with less than 1% residual cash position after a trading day. Our portfolio has typically been invested in what are generally considered more established, large cap names (over traditionally growth companies and mid-small cap companies).

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. We encourage you to refer to our Firm Brochure (which is available on our website—www.hsmanage.com—or upon request at 212-888-0060) for some material risks applicable to our investment strategy and additional information regarding our Firm. 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.

The price-earnings (P/E) ratio, earnings yield, free cash flow yield, and earnings yield/bond yield are weighted averages of the Composite holdings and are based on our estimates on a 12-month forward projected basis as of the indicated reporting date (our estimates can be inaccurate; actual results and future events can differ, even materially, from our assumptions). The earnings yield/bond yield is based on the 10-year bond yield as of the indicated period. The dividend yield is a weighted average of the Composite holdings based on the most recently announced company gross dividend (annualized) divided by the last stock price as of the indicated reporting date.

This document 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.