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MANAGEMENT PARTNERS, LLC

Year End 2021 Investment Perspective

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

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Investment Perspective

The third quarter pullback which we highlighted in our last correspondence led to more attractive valuations overall and an increase in buying opportunities. These factors contributed to a strong fourth quarter finish and the completion of a robust year for our Composite.

Our Portfolio has advanced sharply from the March 2020 lows, and Composite performance overall has been quite strong over the past 3-, 5-, and 10-year periods. We are now a far cry from 2008's experience, 2009's bear market bottom, and the third quarter 2011 price/earnings ratio lows.

These well-above average trends reflected a recovering economy, a prolonged economic expansion, low inflation, a drop in interest rates, and accommodative monetary policies. Growth was in vogue and valuations rose over this period, but the pandemic experience took matters and markets to a whole new level.

At the outset of the pandemic panic, The Federal Reserve appropriately took aggressive steps to lower rates and ease conditions further through Quantitative Easing (QE). Fiscal policy also poured ample funds into people's pockets. Credit markets unfroze. The economy recovered. Demand was strong. Earnings increased. Asset values expanded. Adjustments were made to lifestyles and work patterns. Vaccines emerged. Although new variants continued to disrupt, recovery came in the form of a significant improvement in job growth and a drop in the unemployment rate.

Although recovery powered along, the Fed maintained a highly accommodative policy… still engaging in massive QE during a time of robust growth. The Fed's balance sheet ballooned. Inflation was initially deemed transitory, but with inflation rates running hot, the transitory tag was dropped. Fiscal policy also was highly stimulative during 2021. This also contributed to strong demand, often in the face of tight supplies, in part reduced by COVID dislocations. This added to inflation pressures. Energy prices rose. Moves toward a Green economy have also discouraged the traditional supply response to higher energy prices, fueling further inflation.

Meanwhile, market speculation since the Pandemic began has run rampant. Coaxed on by highly promotional managers, retail investors — many with time on their hands and money in their pockets — have gone all in. The investment business has increasingly been driven by marketing and distribution firms, and investors have been offered an array of new products — many in the form of ETF's — and thematic investing has become the norm. As markets roared, investment managers were rewarded with additional assets for taking on more — not less — risk, even as valuations advanced. Valuation, in fact, seemed like a dirty word, or at least for the old-fashioned.

In some circles, it has become crazy land. We are now in a world where celebrities are promoting Crypto in expensive TV advertisements. And don't forget the Meme stocks, Robinhood, SPACs, IPOs, Disruptive Funds, NFTs, and sky-high market caps being awarded to companies with little or, in many cases, no cash flows. "Extraordinary Popular Delusions and the Madness of Crowds" is essential investment reading. This new chapter will fit in well after Tulipmania.

So now what? Well, it is clear the Fed realizes it's time to switch from ultra-easy to a more hawkish stance. QE is being wound down quicker than expected. Then there will be rate hikes. And last week, the Fed dared broach the subject of Quantitative Tightening (QT). The appetite for expensive and expansive fiscal policy has also cooled. And while the regulatory environment may remain aggressive, the tax rate picture is likely to be less onerous than once expected.

Demand is still good. Employment is healthy. COVID disruptions remain but the world will reopen. Supply chains will be sorted out. The question now is inflation and interest rates. And while the former has already reared its head, the latter is only now picking up. As we go from an environment in which money flooded the system and fueled asset price growth, we now must be cognizant of a world in which it will be tightened. This has real-world economic implications, but it also may well lead to an unwinding of the speculative trade. We are seeing some of that as the new year has begun.

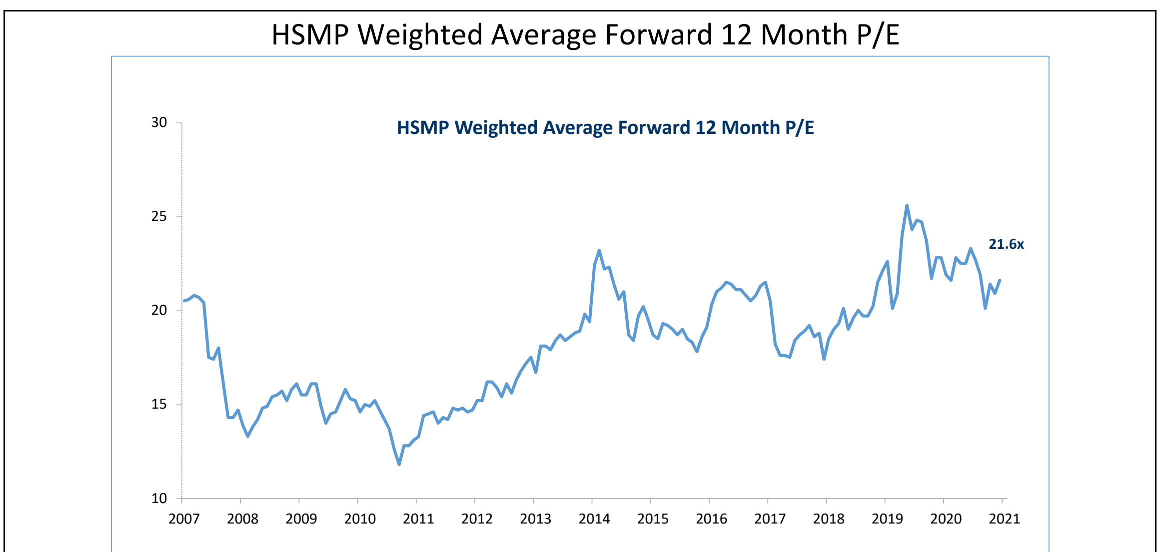
One of my mentors from my W.P. Stewart days was the late Bob Kahn. Bob used to say that the world swings between greed and fear. There is no question where the investment world has been spending its time the past several years.

From our perspective, we are always cognizant of risk and reward. We are also always disciplined about growth and valuation. And it has always started with the business and the business model. We are not drawn to asset classes that are risky in nature. We are drawn to assets… businesses that is …that have real earnings, real cash flows, and real free cash flows. In our mind, that is what investing is about. It is not the speculative game and frenzy which has taken over much of the media and investing landscape.

Since we were not playing the prevailing game and instead focusing on what we have always focused on, this leaves us looking to the same fundamental building blocks of portfolio construction, and the drive for long-term appreciation as always.

Investment Outlook

Our Portfolio sold for 21.6X forward EPS estimates at year end. This is up from 20.1X estimates earnings at 3Q21's finish. While well up from multiples 10 years ago, it is only slightly higher than when we began this investment journey 14 ¾ years ago.



Based on HSMP estimates since inception (4/1/07) through 12/31/21. Please refer to pages 5-7 for important information.

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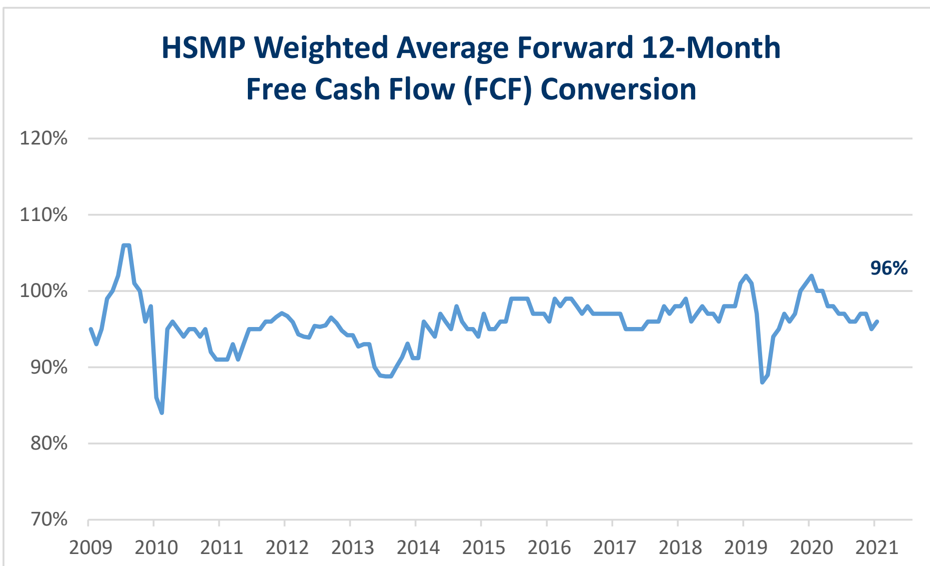
We believe the portfolio's earnings yield — at 4.6% – still looks good next to the ten-year bond yield of 1.5% at year end. As noted earlier, bond yields are on the rise and may well be in the early stages of a long-term advance, in part fueled by higher inflation. Negative yielding foreign bonds may act as a constraint on U.S. bond yields. While rising yields can cause dislocations to valuation, we feel comfortable that we own our portfolio at reasonable levels and can face somewhat higher yields. Rising bond yields may well disproportionately pressure companies with high valuations and no cash flow.

Our dividend yield of 1.6% is a source of total returns. This yield in part reflects a strong free cash flow picture. As the chart below shows, our free cash conversion rate is 96%.... meaning that for every $1 in net earnings, $0.96 are available — after capital spending and working capital requirements — for dividends, buybacks, acquisitions, or debt repayment. This characteristic may matter more in a less easy-money world.

Free Cash Flow Conversion



Based on HSMP estimates since 12/31/09 through 12/31/21. Past performance is not indicative of future results. Please refer to pages 5 -7 for important information.

"I've Got a Feeling"

One of the joys of the holiday season was the release of "Get Back," the Beatles documentary by Peter Jackson, famous for his Lord of the Rings movies. The documentary pulled lost footage from more than 50 years ago of the filming of the *Let it Be* album — which was the Beatles last released record, though as afficionados know, not the last recorded (that was *Abbey Road*). The documentary is a three-part, 6 hours plus venture — more of a full course meal than a lite bite. There is much to be admired watching the Beatles in action. Malcolm Gladwell in his book "Outliers: The Story of Success" writes about the Beatles playing in Hamburg clubs for hundreds of nights and more than a thousand shows in the early 1960's… before they hit it big and became well known. The point being that repetition, hard work and the honing of a skill set — often in obscurity — is what drove their success over time (Steve Martin makes the same point about his stand-up comedy success in *Born Standing Up*).

We sure aren't the Beatles but we do appreciate the practicing of a disciplined, consistent investment approach over time, with repetition and hard work. Investment and musical fads come and go — and many vie for their 15 minutes of fame — but as we approach our 15-year mark as a firm (and reach our 40-year mark in the business) — we remain committed to the principles of quality businesses, growing earnings and cash flows, and strict valuation disciplines. The songs — I mean the stocks — may change, but the focus on fundamentals still leads us back down this long and winding road.

Thanks, as always, for your confidence in us and we wish you and your families a happy and healthy 2022.

Sincerely,

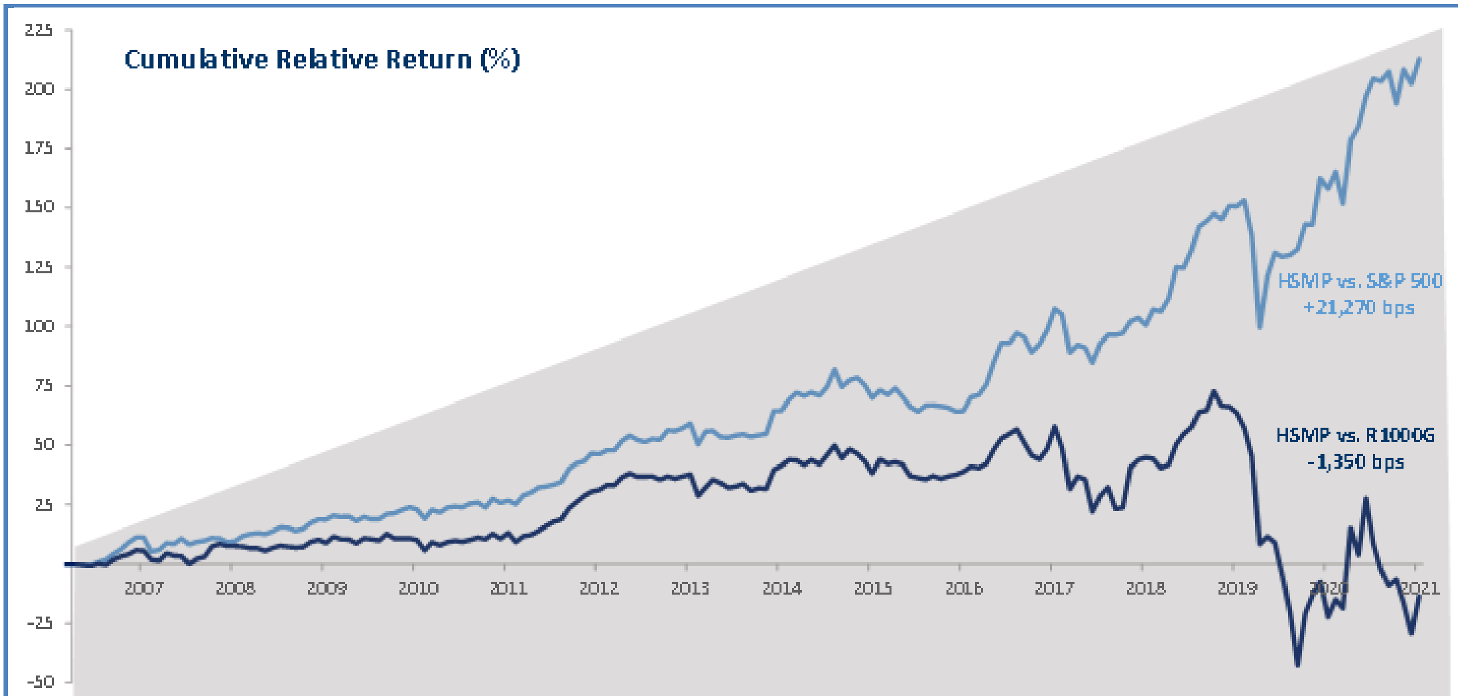
Harry W. Segalas

Portfolio Profile (12/31/21)

HSMP Composite Performance as of 12/31/21

	4Q21	2021	3 Years *Annualized*	5 Years *Annualized*	10 Years *Annualized*	*Since Inception 4/1/07 Annualized*	*Since Inception 4/1/07 Cumulative*
HSMP Composite (Net)	10.6%	30.5%	26.8%	20.8%	18.2%	13.7%	566.6%
S&P 500® Index	11.0%	28.7%	26.1%	18.5%	16.6%	10.8%	353.9%
Russell 1000® Growth Index	11.6%	27.6%	34.1%	25.3%	19.8%	13.9%	580.1%

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 & 7 for important information.



Composite performance results since inception (4/01/07) through 12/31/21. 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 6 & 7 for important information.

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IMPORTANT DISCLOSURES

When we use *HSMP*, *HS Management Partners*, or *Firm*, we mean HS Management Partners, LLC. The information in this piece represents our opinion about the mentioned companies and market conditions as of the date of this document and can change without notice. 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 or lower performance than that shown here). When we use Composite, we mean our HS Management Partners Concentrated Quality Growth Composite, and when we use the *portfolio/our portfolio/your portfolio(s),* we mean client portfolios in general from our Composite perspective (see below regarding differences between the Composite and client portfolios/accounts and differences between client portfolios/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. Some of the charts in this piece were obtained from the indicated third-party sources which we believe reliable, but we did not verify, nor do we guarantee the accuracy of this information. 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. 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 man aged 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.

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 connection with the performance references in the second paragraph of the first page of this piece, please note: (1) the March 2020 lows refer to the lowest 2020 YTD Composite performance which was -34.6% (meaning: negative 34.6%) on 3/23/20; (2) for our Composite performance for the past 3-, 5-, and 10-year periods, see our Composite performance table under Portfolio Profile in this piece; (3) our Composite performance was 30.5% as of 12/31/21, 35.1% as of 12/31/2009, and -34.8% as of 12/31/2008; and (4) the third quarter 2011 price/earnings ratio lows refer to the 9/30/2011 price/earnings ratio on the Portfolio of 11.8X. The Composite performance figures mentioned here are net of fees and include the reinvestment of dividends and other earnings. Past performance is not indicative of future results. Please refer to page 6 for our Composite performance for 4Q21, 2021, 3 Years Annualized, 5 Years Annualized, 10 Years Annualized, Since Inception 4/1/07 Annualized, and Since Inception 4/1/07 Cumulative.

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, there can be no assurance that we will achieve our investment objectives. 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.

In response to COVID-19 and in an effort to protect the safety of our team and the continuity of our critical business operations (making investment decisions, trading and settlement, and communicating with clients about the status of their accounts), our employees are working fully or partially remotely, and we generally suspended business travel and replaced in-person meetings with conference calls and video chats. We have tested our capacity to operate remotely and we believe we can continue to perform our services, assuming that conditions do not worsen dramatically, that our team and close family members do not fall ill with COVID-19, that there are no significant disruptions to our key service providers, and that our team continues to have internet connectivity and phone access from home. Although our business continuity/disaster recovery plan aims to mitigate the impact of natural disasters or catastrophic events by maintaining critical business functions while keeping the safety of our employees first, no plan can guarantee the continuity of our operations in the presence of these events.

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. The calculation methodology and a list showing every holding's contribution to the overall representative account's performance during the period shown is available upon request by calling us at 212-888-0060.

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.