



HS Management Partners, LLC Form Customer Relationship Summary November 30, 2022

HS Management Partners, LLC is registered with the Securities and Exchange Commission as an investment adviser. Brokerage and investment advisory services and fees differ, and it is important for you to understand these differences. Free and simple tools are available to research firms and financial professionals at <https://investor.gov/CRS>, which also provides educational materials about broker-dealers, investment advisers, and investing.

What investment services and advice can you provide me?

We offer investment advisory services to retail investors on a discretionary basis—we make the investment decisions and trade the accounts without obtaining client pre-approval. We have one investment strategy and invest only in stocks of publicly traded, domestic and foreign companies. Client accounts typically hold 20-25 companies, stay almost fully invested, and are concentrated by sector or industry—we do not seek to mimic any market index. We reserve the right to accept or reject accounts of any size/type. We monitor client accounts on an ongoing basis as part of our standard services and take an active approach to trading. We solely advise clients as to the assets in their accounts under our management and do not provide financial planning, tax advice, or wrap fee programs. **For additional information**, see our Form ADV, Part 2A Brochure.

Ask your financial professional:

- *Given my financial situation, should I choose an investment advisory service? Why or why not?*
- *How will you choose investments to recommend to me?*
- *What is your relevant experience, including your licenses, education, and other qualifications? What do these qualifications mean?*

What fees will I pay?

You will pay us an advisory fee based on the value of your account assets under our management. You will also bear other costs, including commissions charged by broker-dealers per trade we make and conversion/exchange fees when we trade in foreign companies, as well as other expenses charged by custodians and other parties for opening/maintaining a custodial account, money market mutual funds, and our trading with broker-dealers unaffiliated with your custodian, among other costs. You will pay fees and costs whether you make or lose money on your investments. Fees and costs will reduce any amount of money you make on your investments over time. Please make sure you understand what fees and costs you are paying.

Our fee is negotiable considering factors such as asset level, servicing requirements, and relationship with us, and we can aggregate accounts of the same client/family and sometimes sharing an institutional tie among them. HSMP has a \$10,000 annual minimum fee for accounts with less than \$1 million in assets under management. We bill our fees quarterly in arrears, prorate fees for deposits/withdrawals and account inception/termination, and bill typically based on our valuation of accounts on the last business day of each calendar quarter. Charging advisory fees based on account value provides us with the incentive to encourage clients to increase their account assets as, generally, the more assets in a client account, the more the client will pay us in fees; we aim to mitigate this conflict by not compensating our employees based directly on client contributions. Also, charging different fee rates provides us with the incentive to favor clients that pay us the most in fees; we aim to mitigate this conflict through our trading and allocation practices that seek to treat accounts fairly over time without regard to the fees they pay us. **For additional information**, see our Form ADV, Part 2A Brochure.

Ask your financial professional: *Help me understand how these fees and costs might affect my investments. If I give you \$10,000 to invest, how much will go to fees and costs, and how much will be invested for me?*

What are your legal obligations to me when acting as my investment adviser? How else does your Firm make money and what conflicts of interest do you have?

Our Firm's chief revenue source is our investment advisory fees. When we act as your investment adviser, we have to act in your best interest and not put our interest ahead of yours. At the same time, the way we make money creates some conflicts with your interests. You should understand and ask us about these conflicts because they can affect the investment advice we provide you. Here are some examples to help you understand what this means (**for additional information**, see our Form ADV, Part 2A Brochure):

- We receive products/services paid with client commissions when we trade some client accounts (which could include yours) with certain broker-dealers. This increases clients' trading costs. Not all accounts pay equally and some, including our owners, employees, and their families, do not pay at all for, but benefit from, said products/services. This creates an incentive for us to increase some client accounts' trading to generate more trade commissions, and to select broker-dealers based on the products/services they provide to us. We aim to mitigate these conflicts by complying with regulatory requirements, such as determining that compensation to broker-dealers is reasonable given the value of the products/services they provide.

- We manage accounts for our owners, employees, and their family members. These related accounts typically buy, sell, and hold the same securities as our other discretionary clients, and participate in the same transactions on an aggregated basis when we aggregate their trades with our other clients. This creates an incentive for us to favor our related accounts. We aim to mitigate this conflict through our trading and allocation practices that seek to treat accounts fairly over time as we deem advisable.

Ask your financial professional: *How might your conflicts of interest affect me, and how will you address them?*

How do your financial professionals make money?

Our partners' compensation is based on a percentage of our Firm's profits, and our employees receive a salary and discretionary bonus. Employees' compensation aims to retain skilled professionals and is based on the individual employee's experience/responsibilities, job performance/complexity, and contribution to the Firm's overall success. Our Firm's chief revenue source is our investment advisory fees; therefore, our partners' and employee's compensation, depend on client asset level, account performance, and retention. This creates an incentive for our owners and employees to increase client assets. We aim to mitigate these conflicts by not remunerating our employees based directly on client contributions, client referrals, or accounts opened, and by following our strategy and account guidelines/restrictions.

Do you or your financial professionals have legal or disciplinary history?

No. Visit <https://investor.gov/CRS> for a free and simple search tool to research us and our financial professionals.

Ask your financial professional: *As a financial professional, do you have any disciplinary history? For what type of conduct?*

Additional Information

For additional information about our services, please visit <https://adviserinfo.sec.gov/firm/summary/145480> and www.hsmanage.com. If you would like additional, up-to-date information or a copy of this document, please call 212-888-0060.

Ask your financial professional: *Who is my primary contact person? Is he or she a representative of an investment adviser or a broker-dealer? Who can I talk to if I have concerns about how this person is treating me?*