HS MANAGEMENT

Third Quarter 2025 Investment Perspective

Concentrated Quality: Growth & Value.
Seeking Meaningful Gains. Managing Risk.

October 9, 2025

Investment Review

Market Insights: The Power of The Long View

With 43 years in the investment business, I've seen market cycles swing from enthusiasm to despair and back again. The most enduring lesson from those decades is that while the market has historically registered healthy gains over time as our economy and corporate earnings grow, its behavior is fundamentally marked by periods of both above and below average gains. We live through booms and busts along the way, driven by fundamentals and in part magnified by the powerful emotional pendulum that swings between Greed and Fear.

The environment we're in right now — marked by a multi-year "tear" and a strong risk-on environment — is a moment we find useful to put into this historical context. The S&P 500 Index has recorded three consecutive years of well above-average gains (far exceeding our own results) and has led to a period of greater market concentration and higher valuations for select equities, especially AI infrastructure companies that are currently experiencing exponential growth.

As we navigate market cycles, we remain committed to a disciplined investment strategy, diligently monitoring company developments and innovations, and managing investments with care and objectivity despite inherent market volatility.

Our investment goal is to build and preserve wealth over time. We achieve this through a disciplined focus on absolute performance, leveraging the long-term power of compounding while rigorously striving to avoid undue risk.

Our Philosophy: Growth and Value, Joined at the Hip

Our commitment to a conservative and disciplined approach is what allows us to navigate these cycles with confidence, even when our approach is not most favored. Our core philosophy is rooted in the conviction that Growth and Value are joined at the hip, believing that both are intrinsically linked and must be pursued simultaneously. We are not growthy momentum investors.

Our approach seeks to build enduring wealth that is built on a foundation of:

- Owning Superior Businesses: We focus on investing in high-quality companies with attractive business models and durable competitive advantages that can thrive across market cycles.

- Delivering Growing Earnings and Cash Flow: We attempt to make our clients owners of businesses whose earnings and cash flows in total are designed to grow steadily, year after year, and at an attractive pace over time.
- Valuation Discipline — Growth and Value Joined at the Hip: We maintain a strict focus on valuation, working to not overpay for growth. Growth and value are continuously considered together, never in isolation, strengthening both performance return potential and downside protection.

While not immune from market drawdowns, our investment approach is designed to mitigate risk and protect capital better when the market's mood inevitably shifts from Greed back to Fear.

Multi-Dimensional and Benchmark Agnostic Approach

We take a multidimensional view of quality growth seeking both dominant, defensive companies and those with faster earnings momentum – always guided by fundamentals and valuation.

Our search spans the market capitalization spectrum from the largest firms to compelling opportunities under $10 billion. We've been benchmark agnostic from the start. Our focus on earnings growth and valuation, high-growth and steadier companies, across large and smaller market capitalization stocks results in an approach that defies easy classification.

We typically hold 20-25 companies, concentrating on value-added work: new ideas, key drivers, and disciplined valuation. Our valuation analysis includes price-to-earnings (P/E) ratios (factoring in stock-based compensation), free cash flow yields, and present value estimates. We treat client capital as scarce capital, constantly reassessing allocations and making tough calls as relative values shift.

We invest our own capital alongside our clients, ensuring our interests are aligned. Our disciplined methodology and the stocks we hold are consistent across both taxable and nontaxable accounts. In nontaxable accounts, we can act more opportunistically since tax considerations are not a factor. For taxable accounts, we prioritize tax efficiency by favoring long-term gains, deferring realized gains and harvesting losses when appropriate. That said, investment decisions are the main driver. While performance between account types may diverge at times, cumulative results tend to converge.

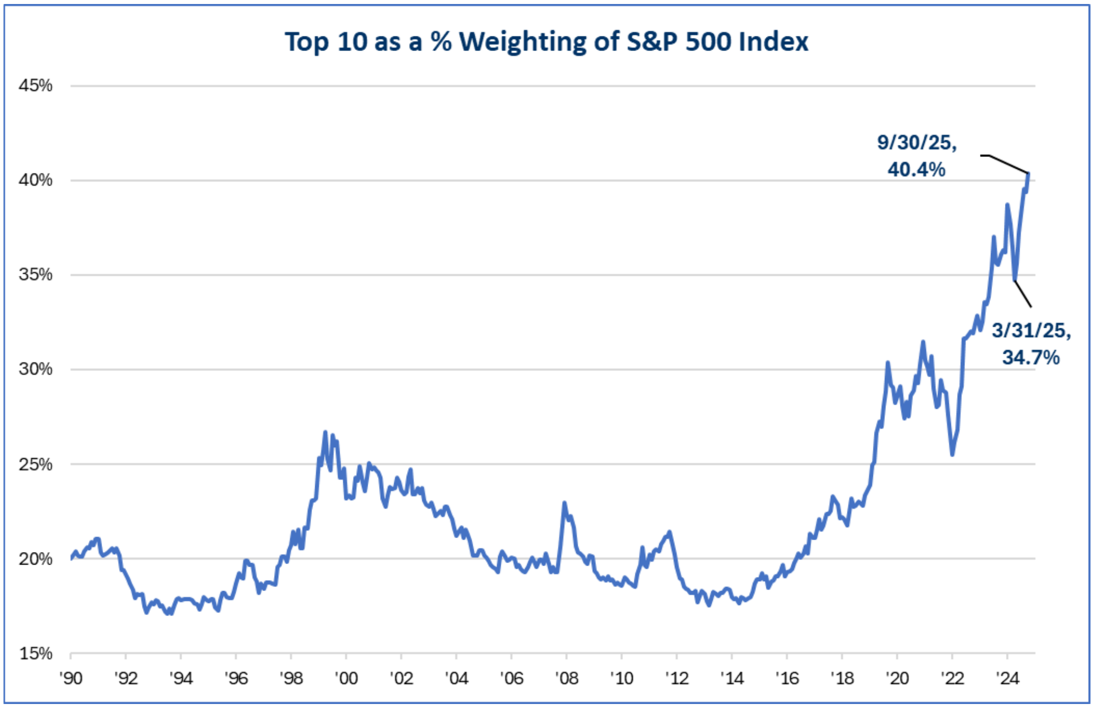
Current Environment

September portfolio performance declined, which resulted in only marginal absolute gains for the third quarter, with relative performance lagging for both the quarter and year-to-date. Most recent market gains were driven by AI infrastructure stocks away from us, while only a few of our holdings contributed positively.

Our approach remains to maintain a focus list of quality businesses, thoroughly research them, and act only when valuations are attractive. In baseball parlance, it means waiting for your pitch.

Three key observations stand out from the third quarter:

1. First, market concentration intensified, with capital and valuations increasingly flowing toward a select group of favored technology stocks.



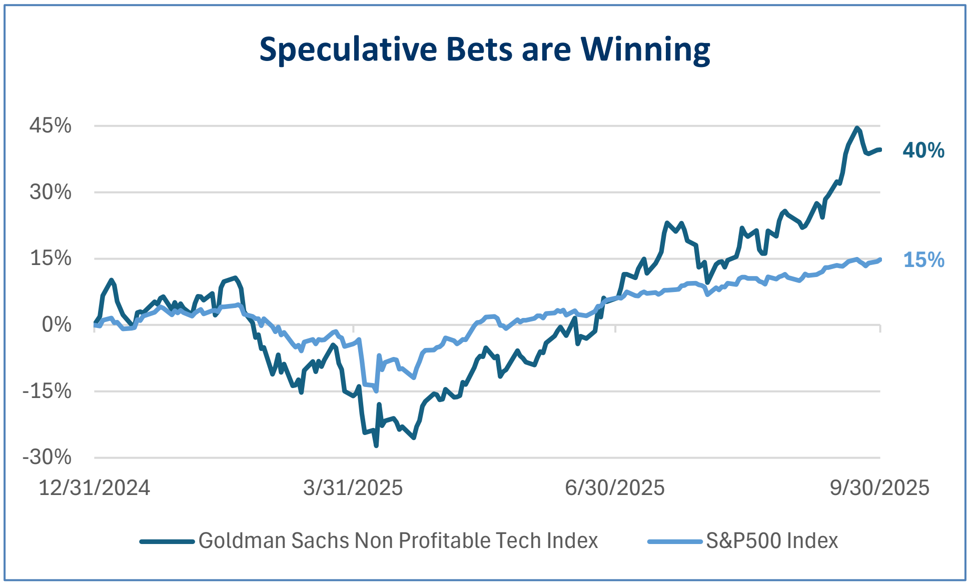
The chart refers to the percentage weighting of the top ten companies in the S&P 500 Index (market-cap weighted). HSMP compiled chart using data provided by Strategas Research Partners as of 9/30/25. Please refer to pages 6-8 for important information.

2. Second, the market's weighted valuations for the so-called "Magnificent 7" went even higher, which creates risk. While we own four of these names, our price-to-earnings (P/E) ratio overall is actually lower than it was at the start of the year due to our valuation discipline and capital allocation decisions. We do not feel extended.

Holdings Group	WTD FTM P/E Estimates as of 12.31.24	WTD FTM P/E Estimates as of 3.31.25	WTD FTM P/E Estimates as of 6.30.25	WTD FTM P/E Estimates as of 9.30.25
Magnificent Seven	36.6x	27.8x	35.3x	40.2x
HSMP Magnificent Seven (4)	26.0x	22.9x	27.6x	27.5x
HSMP Non-Magnificent Seven (21)	21.5x	20.2x	20.6x	20.5x
HSMP All holdings (25)	22.5x	20.7x	22.5x	22.1x

Based on HSMP estimates as of 9.30.25 for the HSMP Composite. Magnificent 7 stocks include Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia and Tesla. HSMP held 4 of these 7 stocks as of 9.30.25. Please refer to pages 6-8 for important information and disclosures.

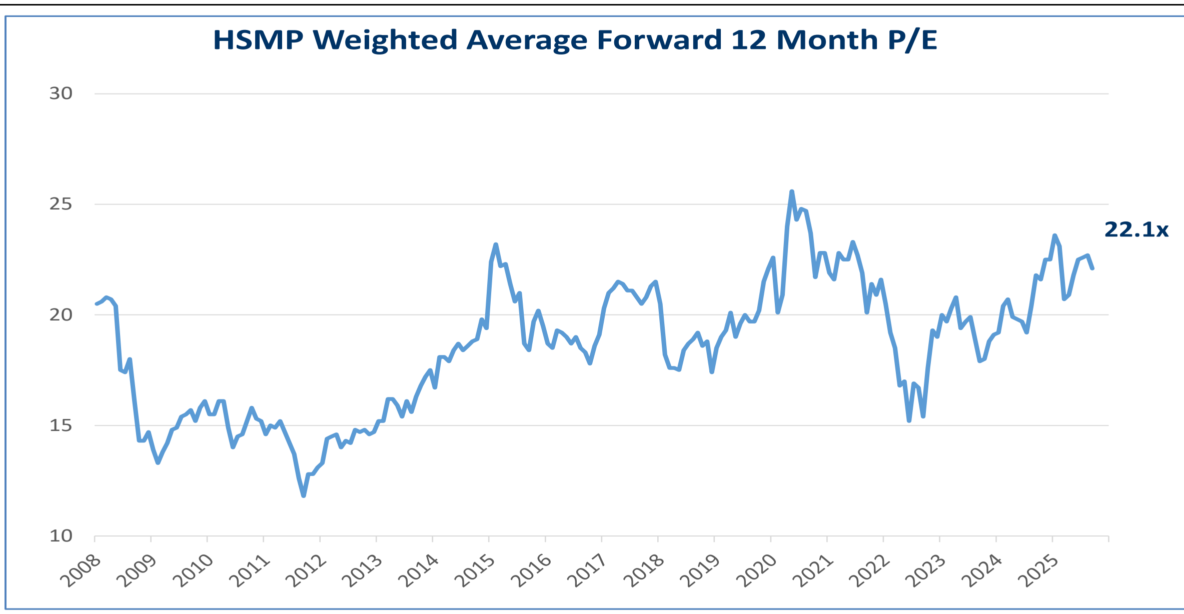
3. Third, speculative activity gained momentum, highlighted by the Goldman Sachs Index of non-profitable technology companies (GSXUNPTC), which surged 31% in the third quarter and has nearly doubled since the market low on April 8, 2025.



HSMP compiled chart using Bloomberg data as of 9.30.25. Please refer to pages 6-8 for important information.

Together, these trends point to a risk-on, speculative market environment — one that we are navigating with caution and discipline.

Despite the exuberance away from us and a soft finish to the month and quarter, we remain confident in our continued absolute progress and believe our overall valuation is still reasonable. Over our 18½-year track record, absolute gains have primarily come from earnings growth, consistent dividends, and some valuation improvement. While valuations have rebounded from historical lows, our current forward multiple of about 22x remains reasonable in our view.



Based on HSMP estimates since inception (4/1/07) through 9/30/25. Please refer to pages 6-8 for important information.

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A few salient concluding points are highlighted below:

- The portfolio's earnings yield is 4.5%, higher than the current ten-year bond yield of 4.1%.
- Owning quality companies at an earnings yield above normalized bond yields has historically supported valuations.
- Market valuations elsewhere remain elevated, with increased risk-taking that could reverse quickly.
- Future absolute returns will likely be driven by earnings, cash flow, and dividend growth — not by expanding valuation multiples.

Final Thoughts: Our Unwavering Goal and Commitment

Our mission is clear: to pursue your financial well-being and diligently grow your capital through a disciplined, absolute-return strategy. The current investment landscape is dominated by two powerful currents. The massive flows into cap-weighted passive indexes bring inherent concentration and valuation risk, relying on momentum that will ultimately leave investors exposed when the mood shifts. Simultaneously, the allure of private markets comes at the cost of illiquidity and opacity, replacing the wisdom of market-based pricing with more subjective valuations that can mask volatility and delay the recognition of risk.

We are committed to creating sustainable wealth. We achieve this not by following the crowd, but through an unwavering conviction to our core investment principles. We apply a quality-driven, active management philosophy, relying on diligent analysis and sound judgment to effectively navigate market cycles. This crucial discipline is designed to deliver three primary outcomes for our clients:

- Harnessing the power of compounding.
- A measured defense of capital during market downturns.
- Maintaining essential liquidity.

We consistently prioritize steady growth and actively managed risk for our clients, adhering to our discipline over succumbing to the temptation of the herd. We view continuous learning as essential, and every misstep is treated as a critical data point used to refine our insights and strengthen our resolve. Thank you for the trust you have placed in us; we remain dedicated to exercising our established discipline and wisdom on your behalf.

Sincerely,

Harry W. Segalas

Portfolio Profile (9/30/25)

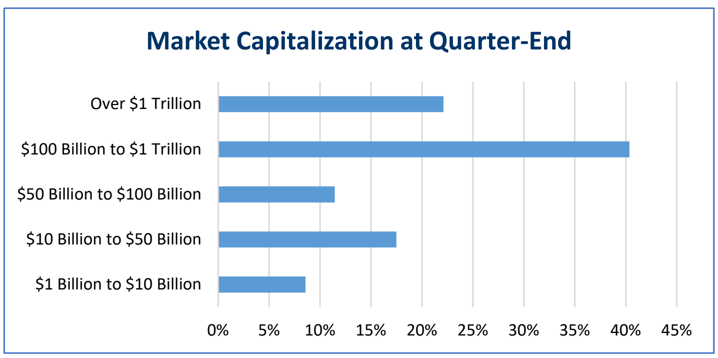
HSMP Composite Performance as of 9/30/25	3Q25	YTD	1 Year	3 Years *Annualized*	5 Years *Annualized*	10 Years *Annualized*	*Since Inception 4/1/07 Annualized*	*Since Inception 4/1/07 Cumulative*
HSMP Composite (Net)	0.8%	6.8%	10.1%	17.4%	11.3%	12.5%	11.8%	681.5%
S&P 500® Index	8.1%	14.8%	17.6%	24.9%	16.5%	15.3%	10.9%	573.9%

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 information.

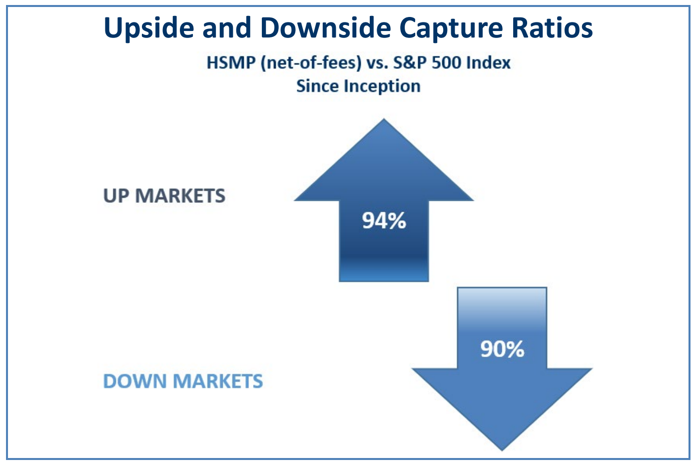
Note:

*Additional portfolio holdings commentary and portfolio data for the third quarter (including new buys/total sales and top portfolio drivers) have been **redacted** from this web version.*

*Please contact us at **clientservice@hsmanage.com** to schedule a call and/or request the original distributed full investment review version.*



Based on HSMP Composite weights as of 9/30/25. The companies represented for the specified time frame do not represent all of the securities purchased, sold or recommended for client accounts. The reader should not assume that an investment in the securities identified was or will be profitable. Please refer to pages 6-8 for important information.



Analysis of monthly Composite returns since inception (4/1/07) through 9/30/25 (net-of-fees and include the reinvestment of dividends and other earnings). Computed by dividing the cumulative annualized returns in months of positive (negative) index returns by cumulative annualized returns of the S&P 500 Index for those same months. Past performance is not indicative of future results. Please refer to pages 6-8 for important information.

IMPORTANT DISCLOSURES

This piece represents our opinion as of 10/9/25 based on our understanding of market conditions and publicly available information and is intended for Institutional and High-Net-Worth investors only. This piece is written from the perspective of our investment philosophy and strategy, Composite holdings, performance, and estimated outlook and metrics, and it does not refer to any specific client account (client accounts can have higher or lower performance than that shown here and can have some but not all of the holdings 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). Composite performance is presented net-of-fees and trading costs, and includes dividends, interest, and other earnings. 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. The securities identified and described do not represent all the securities purchased or sold and the reader should not assume that an investment in the securities identified is, was, or will be profitable.

This document may contain forward-looking statements relating to the objectives, opportunities, and the future performance of the U.S. market generally. Forward-looking statements may be identified by the use of such words as; “believe”, “anticipate”, “estimated”, and other similar terms. Examples of forward-looking statements include, but are not limited to, estimates with respect to financial condition, results of operations, and success or lack of success of any particular investment strategy. All are subject to various factors, including, but not limited to general and local economic conditions, changing levels of competition within certain industries and markets, changes in interest rates, changes in legislation or regulation, and other economic, competitive, governmental, regulatory and technological factors affecting a portfolio’s operations that could cause actual results to differ materially from projected results. Such statements are forward-looking in nature and involve a number of known and unknown risks, uncertainties and other factors, and accordingly, actual results may differ materially from those reflected or contemplated in such forward-looking statements. Prospective investors are cautioned not to place undue reliance on any forward-looking statements or examples. None of HSMP, its affiliates, principals nor any other individual or entity assumes any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. All statements made herein speak only as of the date that they were made.

Investing in securities involves significant risks, including the risk of loss of the original amount invested. The following is a summary of some material risks, not all risks, applicable to our investment strategy and advisory business, listed alphabetically.

•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 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. The technology industry is sensitive to rapid and unforeseeable innovation and product obsolescence.
•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 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.
•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 http://www.hsmanage.com/documents/ or upon request at 212-888-0060) for material risks applicable to our strategy and information regarding our Firm. The information here is solely for illustration or discussion, is subject to change without notice, should not be construed as a recommendation to buy or sell any particular security, and should not be used as a 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, a representative fee of 0.90% annually was applied to the individual accounts in the Composite 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.

In some instances, Composite performance is presented by itself on an absolute basis (without comparing it to an index or benchmark) and in other instances, the Composite is compared to the S&P 500® Index as a benchmark for market context only. The S&P 500® Index is an unmanaged market capitalization-weighted index of 500 stocks 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 the S&P 500 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 the S&P 500 Index and is much more concentrated than the S&P 500 Index in terms of companies and sectors; the average market capitalization of companies in the Composite will likely differ from the S&P500 Index; and market or economic conditions can affect positively/negatively the Composite's performance but not the S&P 500 Index to the same extent). In addition, the S&P 500 Index does not bear fees and expenses and investors cannot invest directly in the S&P 500 Index. Furthermore, we do not seek to mimic any market index in our investment approach and do not maintain limits on industry or sector weightings. For these and other reasons the Composite does not directly relate to an index. 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. 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. Client account holdings and performance can deviate from our Composite and/or from other client accounts, and also from the representative portfolio, 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.

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 some cases 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).

The price-to-earnings (P/E) ratio compares a company's stock price to its earnings per share (EPS), telling investors how much they are paying for each dollar of the company's profit. The earnings yield shows a company's EPS relative to its share price, telling investors the return in earnings for every dollar invested. The included P/E ratio and earnings yield information 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 holdings identified do not represent all the securities purchased or sold for our client accounts during the shown period. Performance results are net-of-fees and include the reinvestment of dividends and other earnings. 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.

Some charts/data were obtained from third-party sources which we believe reliable, but we did not verify, nor do we guarantee the accuracy of this information. References to indexes are hypothetical illustrations of aggregate returns and do not reflect the performance of any actual investment. Investors cannot invest in an index and an index does not reflect the deduction of the advisor's fees or other trading expenses.

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