Fourth Quarter 2025
Investment Perspective

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

January 14, 2026

Investment Review

Discipline, Opportunity, and the Path Ahead

As we review the past year — and the last three years — we want to share our perspective on our returns and recent portfolio activity.

We are fully aware that our absolute returns have lagged the broad market indices during this period. In a market fueled by AI enthusiasm, concentrated momentum, and thematic excitement, our bottom-up, growth and value joined at the hip approach has not kept pace with the headline numbers.

As the graph below illustrates, these returns have been driven by a historically narrow group of companies.

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 and S&P Global as of 12/31/25. Please refer to pages 5-7 for important information.

It is important to remember that we are not just asset managers for our high net worth, family office, and select institutional clients; we are fellow investors. We manage our own assets and family money right alongside yours. When our results trail the market's momentum, we feel it together.

Errors of Omission & The Current Landscape

While we did own many of the AI hyperscalers, a primary reason for the recent divergence is clear: we sat out of the semiconductor AI trade, and most notably, we did not own Nvidia and Broadcom.

We are not dismissive of the incredible returns generated in that sector; the technology is real and the performance has been impressive. This was an error of omission. However, we also see the massive infrastructure costs and elevated expectations baked into current valuations in that space. Those prices demand a future based on high hope and nearly flawless execution. We choose not to go out on the risk curve and chase returns.

We also have no interest in the more speculative areas of the market and never will. We prefer instead to own businesses where the underlying math makes sense today.

Simultaneously, we have had to navigate fundamental slowdowns at many former "bread and butter" consumer staples names. This sector has faced a dual headwind: the hangover of inflationary price hikes and, in some cases, the impact on demand from the development of GLP-1s. More recently, we also had to navigate through tariff turmoil that has weighed on many of our discretionary holdings.

Remaining True to Who We Are

Our longevity is the direct result of a steadfast commitment to our core investment philosophy. We operate strictly within our circle of competence, utilizing a rigorous framework to ensure we only traffic in names that meet our rigorous criteria:

1. **Business Quality**: We seek fundamentally superior models with the durable competitive advantages necessary for long-term resilience.
2. **Earnings Visibility**: We limit our investments to companies where future earnings power can be reasonably assessed.
3. **Price Discipline**: Growth is only attractive at the right price. We apply a strict valuation framework to ensure we do not overpay for future potential.
4. **Proprietary Edge**: We seek opportunities where our understanding – or our unique perspective of the business – differs from broader market consensus.
5. **Transparency and Trust**: We insist on clarity regarding "how each dollar is made" and partner with management teams who have earned our confidence.

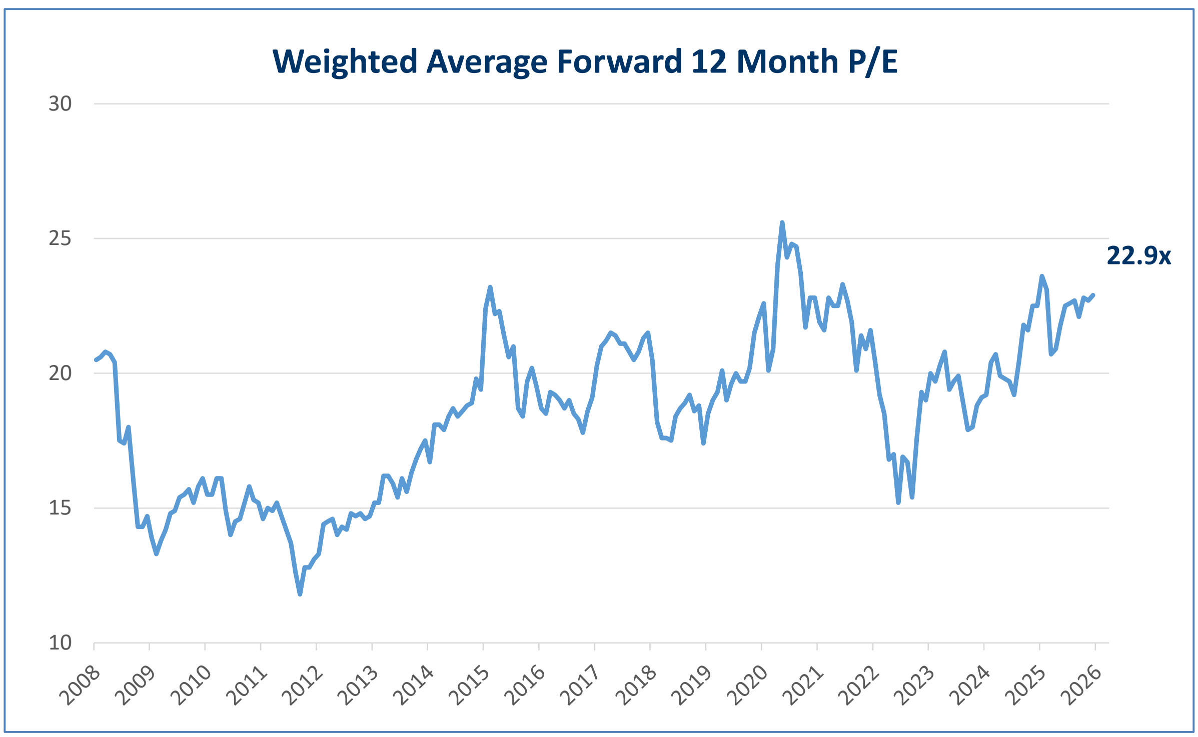
This approach isn't just prudent — it's energizing. It allows us to cut through the noise, focus on what matters, and build a portfolio with real conviction. By staying true to these principles, we believe our strategy offers not only resilience but genuine upside for those who share our commitment to thoughtful, transparent investing.

Crucially, our approach extends down the market cap spectrum. We have executed this routinely with smaller capitalization, "less in vogue" companies that others ignored. In those cases, we saw durable earnings power where the crowd saw "dinosaurs."

The Path Ahead

We believe this current landscape has created a compelling setup for our specific style of investing. While parts of the market have priced in perfection, our portfolio today trades at a weighted average price-to-earnings ratio (P/E) of approximately 23x. This is higher than where our portfolio traded at when we started this firm but view this valuation as reasonable in relationship to current U.S. Treasury 10-year bond yields.

In fact, we believe the recent market pullbacks and the relative disinterest in several of our holdings have rendered many of these positions increasingly attractive. In a world where many stocks are overvalued, we continue to see value and opportunity. In totality, we expect our companies to navigate the current environment well, and we look to earnings growth in 2026 to provide fresh fuel for capital appreciation in a portfolio that is neither crowded nor loaded with stretched valuations.



Based on HSMP estimates since inception (4/1/07) through 12/31/25. Please refer to pages 5-7 for important information.

As we head into 2026, we approach an important milestone: the completion of our 19th year of performance at the end of March. While we are proud of this longevity since founding the business in 2007, my perspective runs deeper — I have managed money with this disciplined approach for over 30 years and bring more than four decades of experience to the industry.

With that experience comes the acceptance of full accountability on my part as the firm's Portfolio Manager. As Harry Truman said, “the buck stops here.” When we make mistakes or confront challenges, we face them, learn from them, and move on — always striving to determine the absolute best use of our clients’ – and my own family's — capital.

I have lived through decades of market cycles — times of extreme fear and times of extreme greed — as well as periods of global upheaval and uncertainty, which is highly relevant to today’s environment. That experience has taught me to always remember the importance of balancing risk and reward. It is that balance that allows us to drive portfolio growth and benefit from the power of compounding over the long haul. We also never forget that the enemy of compounding is the wipeout.

We see the building blocks for that growth firmly in place for the times ahead. We are confident in the portfolio we own today and look forward to benefitting alongside you as we march toward our 20th anniversary in 2027.

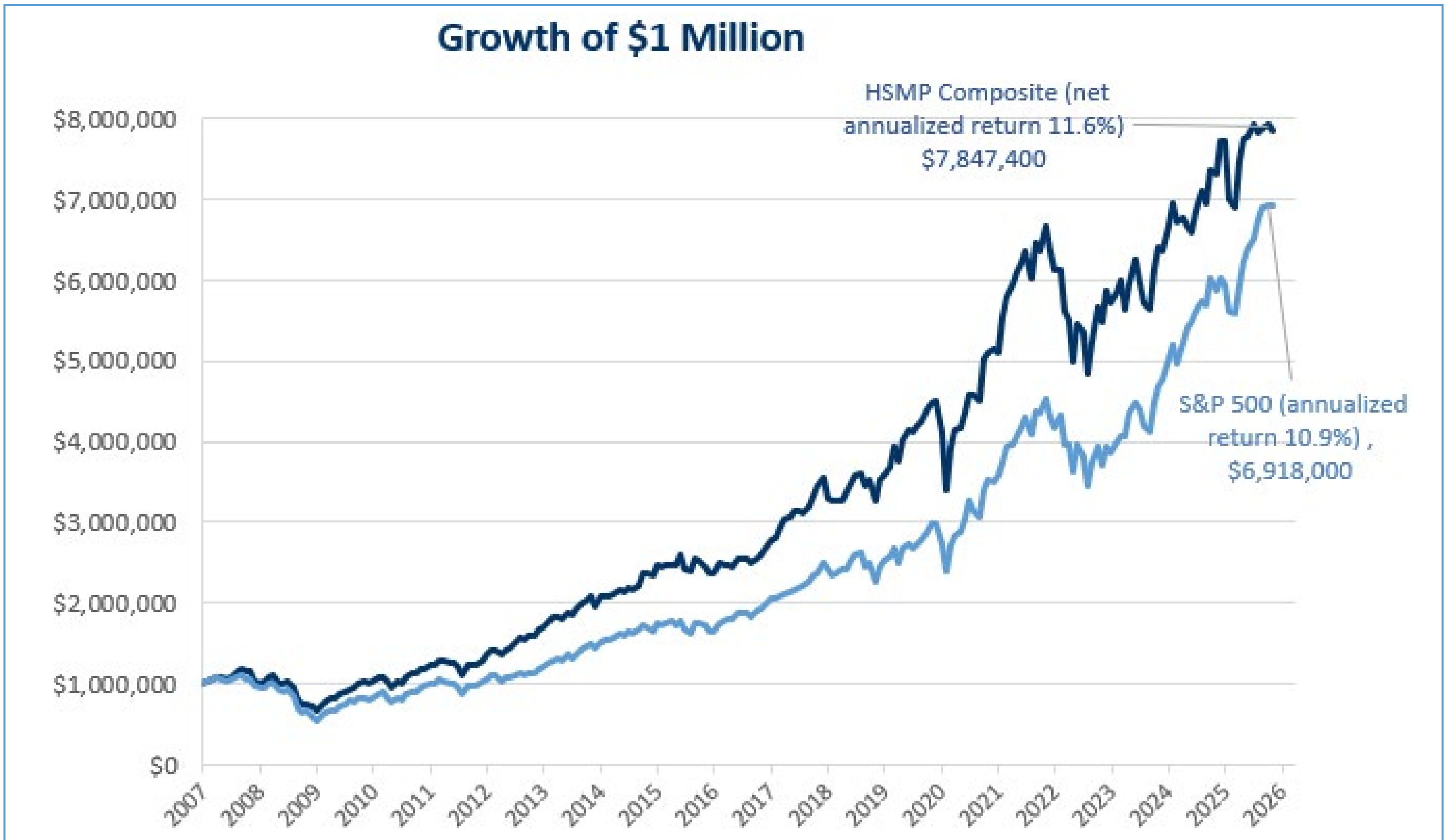
Sincerely,

Harry W. Segalas

Portfolio Profile (12/31/25)

	4Q25	2025 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)	0.4%	7.2%	12.7%	9.0%	12.4%	11.6%	684.7%
S&P 500® Index	2.7%	17.9%	23.0%	14.4%	14.8%	10.9%	591.8%

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 5-7 for important information.



For illustration/discussion only, based on HS Management Composite annual returns (net-of-fees) as of 12/31/25. There is no assurance the indicated return was attained by any client account or could be attained in the future. Annual performance for 2007 is since inception (4/1/07) through 12/31/07. Performance results include the reinvestment of dividends and other earnings. The reader should not assume that an investment in the securities identified was or will be profitable. Please refer to pages 5-7 for important information.

IMPORTANT DISCLOSURES

This piece represents our opinion as of 1/14/26 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 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 HS Management, 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.

HS Management 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). 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.

This document includes general information and has not been tailored for any specific recipient or recipients. Accordingly, the information here 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.

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