H S MANAGEMENT PARTNERS, LLC

First Quarter 2025 Investment Perspective

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

CELEBRATING 18 YEARS 2007 2025

April 16, 2025

Investment Review

Markets began to discount an economic slowdown during the first quarter, and this was especially noticeable in your portfolio during the month of March. For the quarter, the HSMP Composite declined 4.2% post-fee, and the S&P 500 Index dropped 4.3%.

We also began to see a marked diminution of enthusiasm for more favored technology names during the period. The Magnificent 7 (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) along with many other technology/artificial intelligence (AI) favorites, were under pressure in the quarter and saw multiples compress notably. Valuations for your portfolio, the Magnificent 7, AI related companies, and the S&P 500 Index at large fell as sentiment waned (in part due to anticipation of forthcoming tariff announcements).

Holdings Group	WTD FTM P/E Estimates as of 12.31.24	WTD FTM P/E Estimates as of 3.31.25
Magnificent Seven	36.6x	27.8x
HSMP Magnificent Seven (4)	26.0x	22.9x
HSMP Non-Magnificent Seven (21)	21.5x	20.2x
HSMP All holdings (25)	22.5x	20.7x

Based on HSMP estimates as of 3.31.25 for the HSMP Composite. HSMP held AMZN, GOOG, META, MSFT as of 3.31.25. Please refer to pages 6-8 for important information and disclosures.

March 31st, 2025 represented the 18-year mark for the HSMP Composite which advanced at an 11.4% compound annual rate versus a 10.1% annual gain in the S&P 500 Index. Over the more recent 5- & 10-year periods, our Composite registered healthy absolute gains but lagged the S&P 500 Index in those times which favored growthier momentum investing over our "growth and value joined at the hip" approach (especially in 2023 and a good part of 2024). This also contributed to the modest advance of the HSMP Composite in the past one year, which was far less than the S&P Index. Relative returns have begun to rebound since last summer, which was the high-water mark for AI enthusiasm.

Composite Performance (As of 3/31/2025)	1 Year	5 Years *Annualized*	10 Years *Annualized*	*Since Inception 4/1/07 Annualized*
HSMP Composite (net-of-fees)	1.0%	15.7%	11.1%	11.4%
S&P 500® Index	8.3%	18.6%	12.5%	10.1%

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 6-8 for important information and disclosures.

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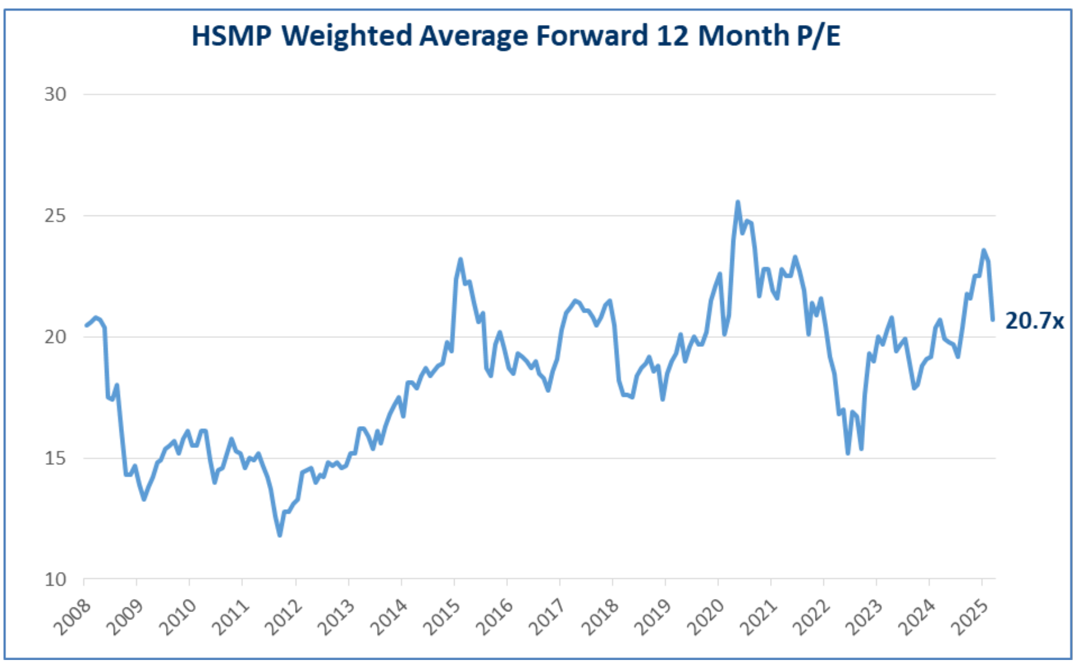
Investment Outlook

Markets have taken a tumble so far in April in response to the initiation of much larger than expected broad-based tariffs, and what is the emergence of economic warfare between the United States and China. Policy uncertainty has become a risk in itself as consumers may choose to defer spending and companies may choose to defer investing in favor of waiting for greater clarity. It is too soon to calculate precise earnings impacts from tariffs given the fluid situation and the fact that companies have some ability to mitigate, especially leading companies with inherent scale advantages. There are also offsetting impacts, such as a weaker U.S. dollar, which will enhance overseas local currency results.

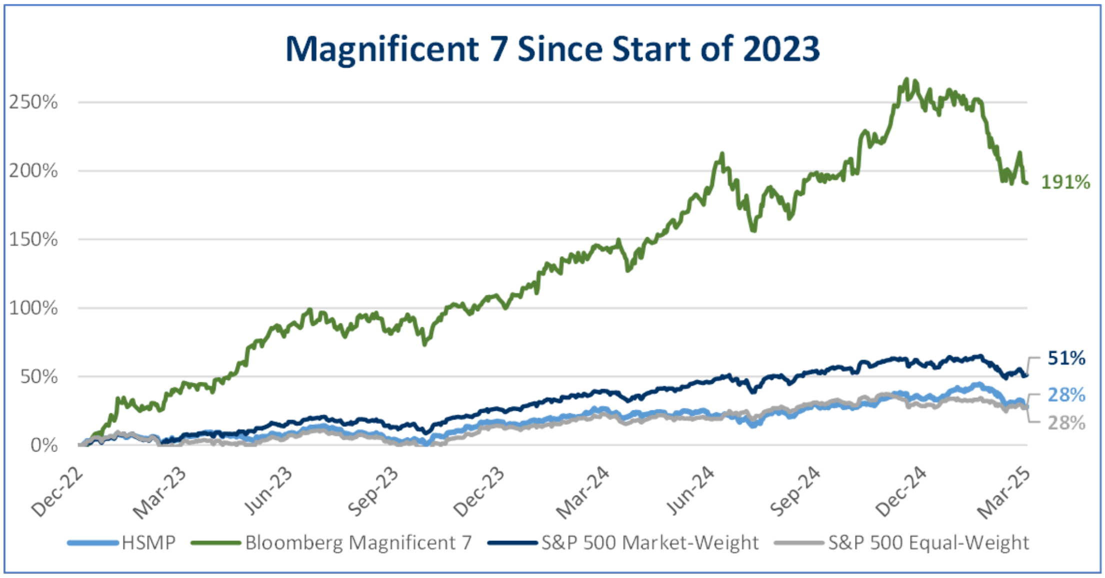
That said, the probability of a potential recession or a period of stagflation has increased. We will adjust as needed to keep the portfolio earnings stream moving forward, even at a more modest pace. We are keeping an eye on balance sheet metrics and believe balance sheet and cash flow strength will be of paramount importance in a time of stress. We are also mindful of valuation and dividend support.

We are striving to be nimble and adjust to the extreme volatility, leaning into weakness in some instances (if valuation warrants) and taking capital out of some holdings (to fund). At the time of this writing, it is difficult to get a firm gauge of estimated 12-month profits and the portfolio's P/E. That said, we believe our bent towards quality provides resilience to future earnings power. We also sense that the market has rapidly discounted the potential drop in estimates due to weaker demand and higher costs. The issue going forward will be the level of earnings growth attainable in a slow growth world. The dividend yield of almost 1.5% on the portfolio is supportive and many companies can aggressively purchase shares at an accretive level.



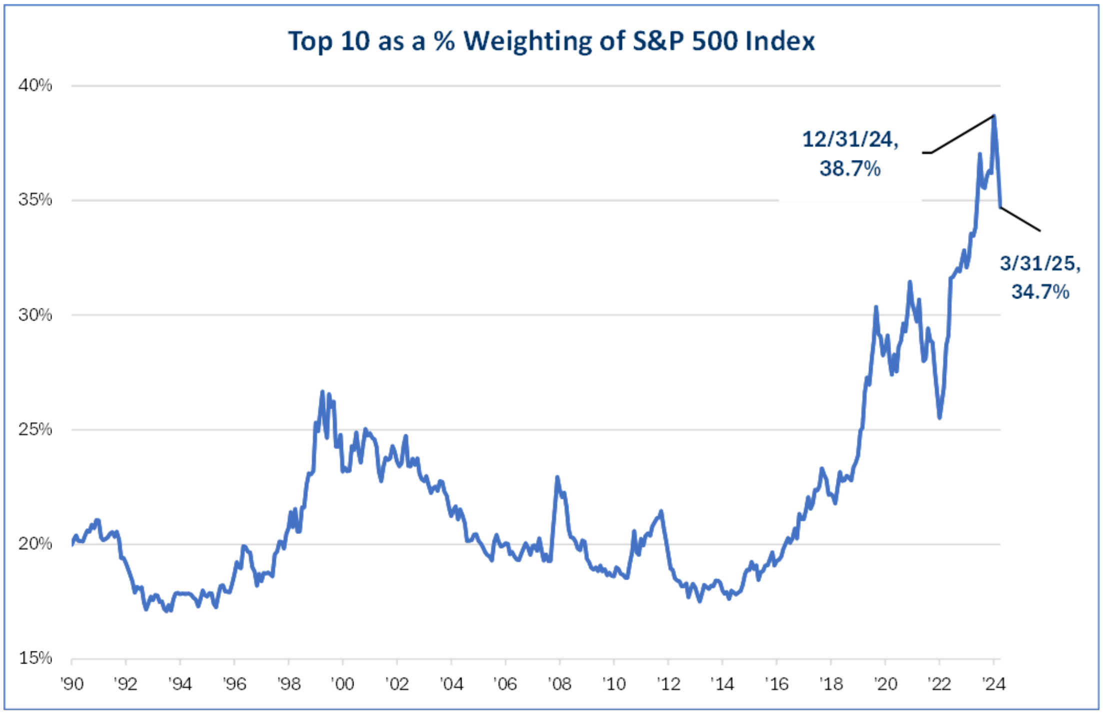
Based on HSMP estimates since inception (4/1/07) through 3/31/25. Please refer to pages 6-8 for important information.

Reactions like what we have seen recently remind us of similar periods of panic including the pandemic's onset and The Great Financial Crisis. Stepping back, I would also draw an analogy to the early 1970's. Much like today, there was a second term President that was a polarizing figure. Back in the early 1970's, Nixon made a self-inflicted mistake with price controls. The intention was good, but the implementation and misunderstanding of how markets worked led to unintended consequences, exacerbating the economic problems they were intended to solve and ultimately leading to stagflation.



HSMP compiled chart using data provided by Bloomberg. Performance returns include the two-year period from 12/31/22 through 3/31/25. Performance returns for the Magnificent Seven (gross-of-fees) and HSMP Composite (net-of-fees) include the reinvestment of dividends and other earnings. Past performance is not indicative of future results. Please refer to the 1, 5, 10 Year performance table on page 5 and refer to pages 6-8 for important information.

From a market perspective, the analogy to the early 70's also carries weight. Back then, the "Nifty Fifty" was in favor and the mantra was that they were "one-decision" stocks. The idea was that these companies were so strong and reliable that investors only needed to make one decision: to buy and hold them indefinitely, and the prevailing belief was that their consistent growth would justify their high valuations over the long run. Up to more recently, it has been the "Magnificent Seven" and the unrelenting move to passive investments that represent today's "one-decision" that many investors have made, and which has led to the increased concentration in the S&P 500 Index. Another decision that institutional investors have made is to move asset allocations aggressively from public to private vehicles (both equity and credit) which, by definition, are less transparent and not very liquid.

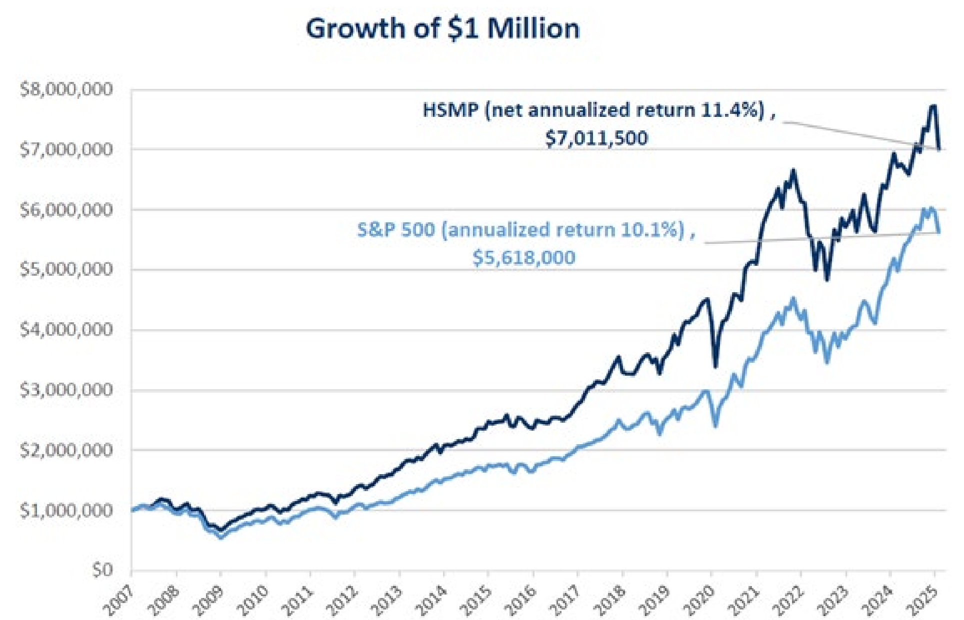


The chart refers to the percentage weighting of the top ten companies in the S&P 500 Index (market-cap weighted). HSMP compiled chart using data provided by Strategas Research Partners as of 3/31/25. Please refer to pages 6-8 for important information.

The "Nifty-Fifty" period was followed by the 73-74 bear market. We are not market prognosticators but do feel what worked in the past so many years—that one decision to "buy the index"—will not work as well in the future. While off their peaks, both concentration and valuations of many previously favored names are still high. We also believe that liquidity risk for investors lurks, especially in an economic slowdown. We are also mindful of recent weakness in the U.S. dollar, and a back-up in bond yields—both unusual phenomena during market scares—as potential signs of stress and a reflection of reduced confidence in the United States.

We believe that an active, benchmark agnostic, and more nimble approach—emphasizing "growth & value" rather than "momentum" will deliver superior absolute and relative returns in the years ahead while taking less risk and providing valued liquidity. This approach offers the flexibility to lean into balance sheet and cash flow strength as the best defenses against unpredictable economic and market dislocations. It also incorporates opportunities across the quality growth spectrum and up and down the market capitalization scale.

Since starting in the business 43 years ago, I have lived through a multitude of market setbacks and times of crisis. I noted earlier that we just hit the 18-year mark of our performance track record. It is worth remembering that the first full calendar year of our firm's existence was 2008, the onset of the Great Financial Crisis, which resulted in a severe market decline. Nonetheless, we were able to deliver attractive absolute returns over this 18-year period and benefit from the power of compounding by staying true to our concentrated quality growth methodology (see below since inception growth). Notwithstanding the market turbulence we face today, we believe that the building blocks of future long-term appreciation—owning quality businesses, growing the earning stream yearly, and paying an attractive valuation—remain in place and that active management will add value in the times ahead.



Based on HSMP Concentrated Quality Growth Composite performance returns (net-of-fees) since inception 4/1/07 through 3/31/2025 and includes the reinvestment of dividends and other earnings. For illustration/discussion and there is no assurance that the indicated return was attained by any client account or could be attained in the future. Past performance is not indicative of future results. Please refer to the 1, 5, 10 Year performance table on page 6 and refer to pages 6-8 for important information.

Thanks so much for the confidence you have in us and please feel free to reach out if we can be of any assistance, especially in these periods of market volatility. Moments like now can be challenging and while no fun to go through, please know that we are up for this task on your behalf. We have the team in place for the times ahead and I enthusiastically look forward to the many years to come.

Sincerely,

Harry W. Segalas

Portfolio Profile (3/31/25)

HSMP Composite Performance as of 3/31/25	1Q25	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)	-4.2%	1.0%	4.6%	15.7%	11.1%	11.4%	601.2%
S&P 500® Index	-4.3%	8.3%	9.1%	18.6%	12.5%	10.1%	461.8%

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 6-8 for important information.

Note:

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

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

HS MANAGEMENT PARTNERS, LLC

IMPORTANT DISCLOSURES

This piece represents our opinion as of 4/16/25 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 except for the representative portfolio used to provide the top-5/bottom-5 portfolio-drivers charts, 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 and earnings 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).

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. The S&P 500® index used in the Magnificent 7 chart refers to the equal-weighted version of the S&P 500 Index (S&P 500 EWI). The S&P 500 EWI has the same constituents as the capitalization weighted S&P 500, but each company in the index is allocated a fixed weight of 0.20% at each quarterly rebalancing.

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.

HS Management Partners, LLC ("HSMP", "HS Management Partners", or the "Firm"). For information or questions please contact us at 212-888-0060 or clientservice@hsmanage.com, or visit our website at www.hsmanage.com.