

# JSC Active Management - Growth Portfolios

## Characteristics

- **Objective:** JSC's Actively Managed Growth Portfolios are carefully tailored to each individual investor, for the purpose of capital appreciation. Growth Portfolios are designed to provide low beta, low downside capture, and consistent outperformance (defined as outperformance over any 12 month period).
- **Methodology:** A multi-asset strategy is deployed based on a framework developed by Andrew Graham, CFA over a 30 year timespan.

**Investment selection** is done on a macro and micro level. Market internals, technical indicators, and broad economic conditions are utilized to identify key themes. Individual securities are then selected based on risk/reward and a combination of sell-side research and main-street perspective.

**Timing** is critical. Fundamentally attractive securities are bought at technically oversold levels when constructing a new portfolio, meaning all investments are not uniformly held across Growth Portfolios. Sell decisions are also made at the individual level, contributing to tax-efficient returns.

**Protection** is as important as growth. Per-position loss limits are a key component of JSC's pragmatic approach to active management. Fees and taxes are limited in order to control two factors that degrade real returns.

- **Benchmark:** 60% Russell 1000 Index, 20% Bloomberg Barclays US Aggregate Index, 20% MSCI EAFE Index.
- **Total assets in strategy:** \$258,412,604

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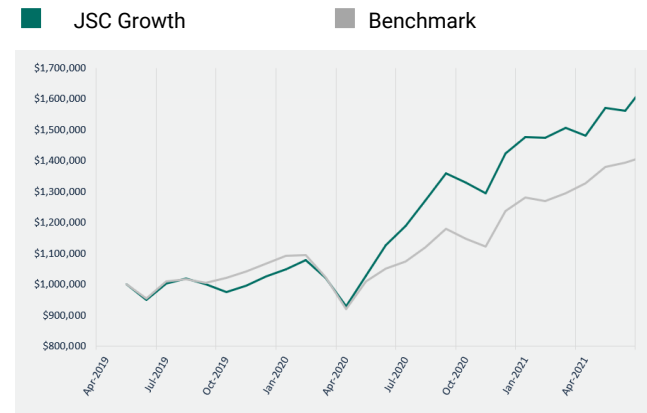
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## Performance

### Growth of \$1,000,000



### Average Annual Total Returns (%) Net of Fees

	QTD	YTD	1yr	3yr	5yr	10yr	since inception
<b>JSC Growth</b>	<b>11.11</b>	<b>11.33</b>	<b>38.40</b>	—	—	—	<b>25.84</b>
Russell 1000	7.19	14.95	43.07	19.16	17.99	14.90	22.51
Benchmark	6.58	10.44	31.59	14.84	13.90	11.24	17.35

## Strategy Metrics

	trailing 1 yr		since inception	
	JSC Growth	R 1000	JSC Growth	R1000
Holdings	<b>40-45</b>	1,024	<b>40-45</b>	—
Max Fee (%)	<b>1</b>	—	<b>1</b>	—
Alpha (%)	<b>0.87</b>	0	<b>8.00</b>	0
Beta	<b>0.87</b>	1.00	<b>0.80</b>	1.00
St. Deviation	<b>14.20</b>	14.37	<b>17.03</b>	19.33
Sharpe Ratio	<b>2.39</b>	2.73	<b>1.40</b>	1.10
Upside Capture	<b>87.58</b>	1.00	<b>94.23</b>	1.00
Downside Capture	<b>73.22</b>	1.00	<b>71.25</b>	1.00
Max Drawdown (%)	<b>(4.72)</b>	(9.34)	<b>(13.95)</b>	(20.31)

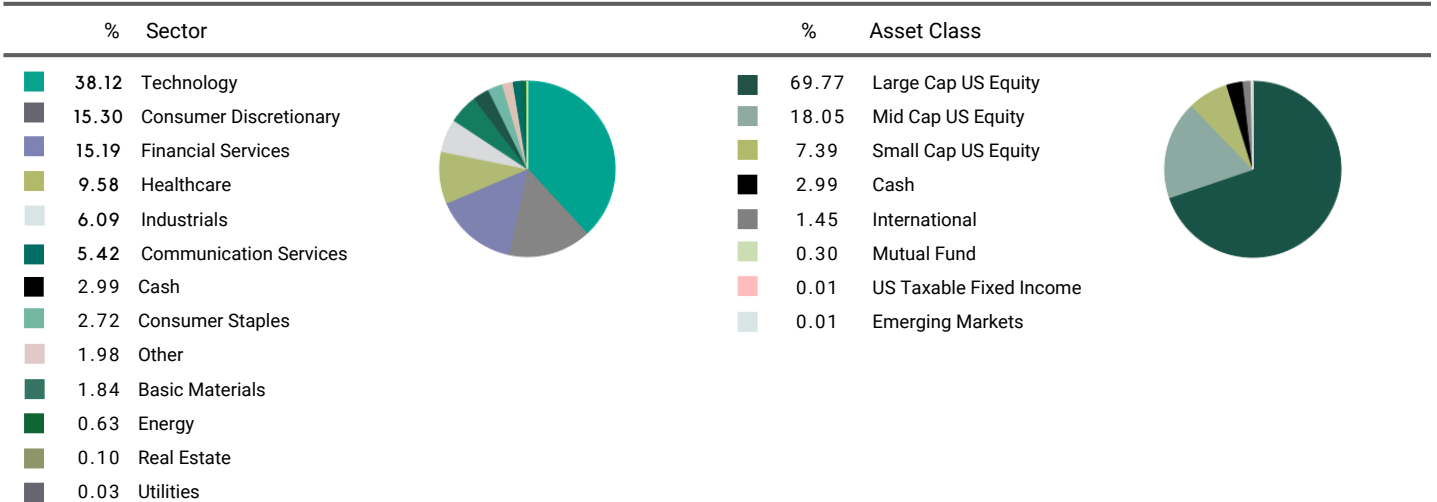
## Ten Largest Holdings

Microsoft Corp.	NVIDIA Corp.
Apple Inc.	L Brands Inc.
Amazon.com Inc.	Cloudflare Inc.
Alphabet Inc.	PayPal Holdings Inc.
Cash	Hubspot Inc.

**Top 10 as % of net total assets: 27.82%**

## Holdings

### Sector and Asset Class Distribution



## JSC Growth Portfolios in Action

### Largest Position Changes

#### Buys

Hubspot Inc.	<b>SVB Financial Group</b>
Gap Inc.	Commscope Holding Company Inc.
American Eagle Outfitters Inc.	Alphabet Inc.

#### Sells

Workday Inc.	RingCentral Inc.
Charter Communications Inc.	DexCom Inc.
Zoom Video Communications Inc.	Penn National Gaming Inc.

### Case study: SVB Financial Group

SVB Financial Group is the holding company for Silicon Valley Bank, which provides banking services to an estimated 50% of venture backed start-ups.



SVB Financial Group (SIVB) chart courtesy of FactSet.

#### Investment Selection:

- Micro factors:** During the last decade, SIVB has invested heavily in building out their product set by adding an investment bank and expanding into Europe and Asia. Client assets have increased from \$30B to \$300B, with the company's market share capture improving along with a strong network effect. Last quarter, SIVB added 1,600 new clients and grew client funds by \$45B.
- Macro factors:** Historically, SIVB earnings are among the most rate sensitive in the country with 100bps of rate increases leading to a ~20% increase in earnings. When rates rise, SIVB will be poised to lead peers in revenue, reported earnings and tangible book value growth.
- Conservatively, we estimate SIVB will surpass both PNC and USB in terms of client assets over the next 5-10 years. Independent of operating efficiencies, **this implies a tripling in SIVB's current market cap of \$32B over the period.**

Data courtesy of Orion Advisor Solutions

Investment advisory services provided through Jackson Square Capital, LLC an SEC registered investment adviser.

To learn more about Jackson Square Capital's Active Strategies visit <https://jacksonsquarecap.com/investment-management/>

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