

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:** \$267,466,715

Contact

Andrew Graham, CFA
 Founder, Managing Partner
 andrew@jacksonsquarecap.com

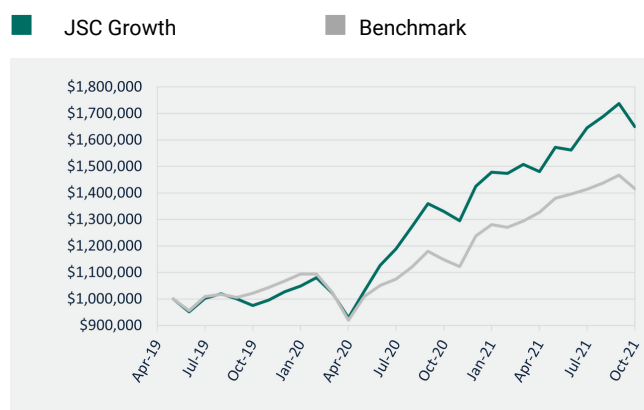
Joy Budnik
 Investment Advisor
 joy@jacksonsquarecap.com

Michael Cordano
 Investment Advisor
 michael@jacksonsquarecap.com

Cannon Allen
 Investment Advisor
 cannon@jacksonsquarecap.com

Find full bios at <https://jacksonsquarecap.com/team/>
 Request more information 415-854-5011

Performance Growth of \$1,000,000



Average Annual Total Returns (%) Net of Fees

	QTD	YTD	1yr	3yr	5yr	10yr	since inception
JSC Growth	0.26	11.63	24.02	—	—	—	23.02
Russell 1000	0.21	15.19	30.96	16.43	17.11	16.76	19.69
Benchmark	0.11	10.56	23.30	13.12	13.07	12.66	15.48

Strategy Metrics

	trailing 1 year		since inception	
	JSC Growth	R 1000	JSC Growth	R1000
Holdings	40-45	1,026	40-45	—
Max Fee (%)	1	—	1	—
Alpha (%)	(3.80)	0	6.84	0
Beta	0.90	1.00	0.82	1.00
St. Deviation	13.91	13.74	16.75	18.77
Sharpe Ratio	1.63	2.06	1.29	1.02
Upside Capture	0.84	1.00	0.95	1.00
Downside Capture	1.01	1.00	0.75	1.00
Max Drawdown (%)	(5.00)	(4.59)	(13.95)	(20.31)

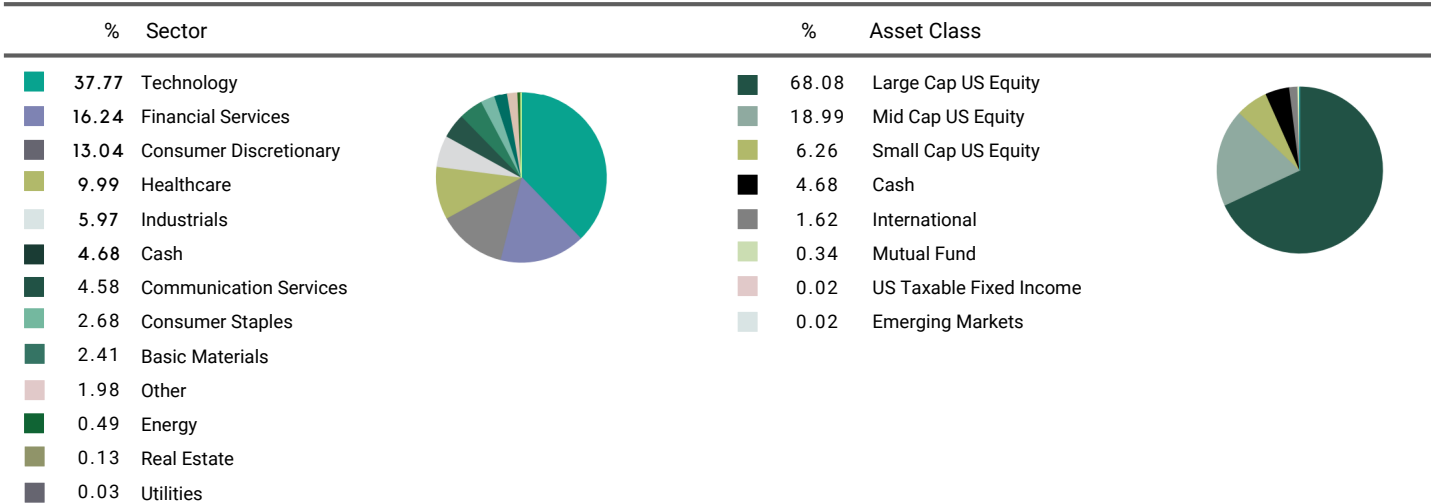
Ten Largest Holdings

Microsoft Corp.	Cloudflare Inc.
Apple Inc.	NVIDIA Corp.
Amazon.com Inc.	HubSpot Inc.
Alphabet Inc.	Thermo Fisher Sci. Inc.
Cash	Danaher Corp.

Top 10 as % of net total assets: 28.48%

Holdings

Sector and Asset Class Distribution



JSC Growth Portfolios in Action

Largest Position Changes

Buys

Victoria's Secret & Co. Tronox Holdings PLC
 SVB Financial Group Brookfield Asset Management Inc.
 Olin Corporation Amazon.com Inc.

Sells

American Eagle Outfitters Inc. Adobe Inc.
 Gap Inc. Commscope Holding Company Inc.
 Bath & Body Works Inc. DocuSign Inc.

Case study: Victoria's Secret & Co.



Victoria's Secret & Co. (VSCO) chart courtesy of FactSet.

Using a conservative multiple of 13x (average for distressed retail) and excluding any buyback on \$23 EPS results in a target price of \$103. If a \$1B buyback is included, the price target increases to \$117.

When we featured L Brands as a case study in Q1'21, it was as an under appreciated specialty retailer. Since then, the company has separated into two public companies: Bath & Body Works (BBWI) and Victoria's Secret (VSCO). Both are mispriced, and with markets set to favor value over growth stocks in coming quarters, VSCO is especially attractive.

- Undervalued relative to peers:** At \$50, VSCO trades at less than 3x 2022 EBITDA estimates, which is lower than distressed retail at ~5x and even below department stores on a path to irrelevance within ~5years. VSCO has ~15% EBIT margins vs. distressed retail at ~10% on average.
- Strong balance sheet:** At \$50, the stock trades at 7x FY 21 EPS estimates of \$7.25. The company recently told investors that a capital allocation plan will be unveiled in Q1'22. VSCO has over \$1B in cash and its debt leverage is only 1.6x. The company could buyback \$1B in stock (23% of its current market cap of ~\$4.4B) over the next 2 years and keep \$1B in cash on hand. A \$1B buyback would take our 2023 EPS estimate from \$7.90 close to \$9.

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/>

Disclosures

This material is intended for informational purposes only. It should not be construed as legal or tax advice and is not intended to replace the advice of a qualified attorney or tax advisor. The information contained in this presentation has been compiled from third party sources and is believed to be reliable. All opinions and views constitute our judgments as of the date of writing, and are subject to change at any time without notice. This presentation is not an offer or solicitation to buy or sell securities and may not be construed as investment advice and does not give investment recommendations. The performance data quoted represents past performance and does not guarantee future results. Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client or prospective client's investment portfolio. Historical performance results for investment indices and/or categories generally do not reflect the deduction of transaction and/or custodial charges, the deductions of an investment management fee, nor the impact of taxes, the incurrence of which would have the effect of decreasing historical performance results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. An investor may experience loss of principal. Investment decisions always should be made based on the investor's specific financial needs and objectives, goals, time horizon, and risk tolerance. The asset classes and/or investment strategies described may not be suitable for all investors, and investors should consult with an investment advisor to determine the appropriate investment strategy.

Investments in smaller companies carry greater risk than is customarily associated with larger companies for various reasons, such as volatility of earnings and prospects, higher failure rates, and limited markets, product lines, or financial resources. Investing overseas involves special risks, including the volatility of currency exchange rates and, in some cases, limited geographic focus, political and economic instability, and relatively illiquid markets. Income (bond) securities are subject to interest rate risk, which is the risk that debt securities in a portfolio will decline in value because of increases in market interest rates. Exchange Traded Funds (ETFs) are subject to risks similar to those of stocks, such as market risk. Investing in ETFs may bear indirect fees and expenses charged by ETFs in addition to their direct fees and expenses, as well as indirectly bearing the principal risks of those ETFs. ETFs may trade at a discount to their net asset value, and are subject to the market fluctuations of their underlying investments. Investing in commodities can be volatile, can suffer from periods of prolonged decline in value, and may not be suitable for all investors. Index performance is presented for illustrative purposes only, and does not represent the performance of any specific investment product or portfolio. An investment cannot be made directly into an index.

Jackson Square Capital, LLC's composite performance results reflect time-weighted rates of returns of a composite of actual portfolios which have traded equities, ETFs, bonds, and other securities based upon the Firm's proprietary trading strategies. Whenever possible, we attempt to use accounts with no additions or withdrawals. Accounts are excluded from the composite according to our Account Exclusion Policy. Results from these excluded accounts may differ substantially from the composite. Included accounts for the calculation of the composite return are accounts we believe to be historically representative of the portfolio strategy during the corresponding time period with a minimum account size of \$100,000. Performance results reflect the deduction of management fees and transaction fees.

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/>