

JSC Active Management Growth Strategy

Q2 '22 | As of 6.30.22

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 out performance 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: \$217,444,714

CONTACT

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

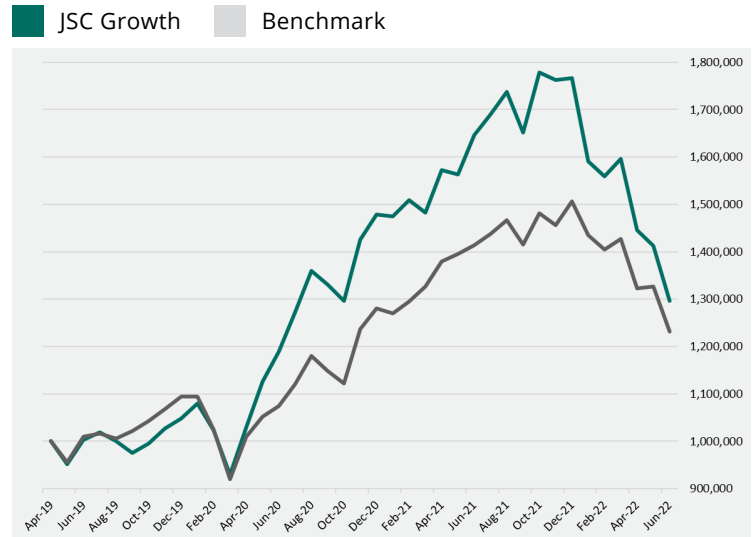
Joy Budnik
Investment Advisor
joy@jacksonsquarecap.com

Michael Cordano
Investment Advisor
michael@jacksonsquarecap.com

Find bios at <https://jacksonsquarecap.com/team>
Request more information +1-415-854-5011

PERFORMANCE

Growth of \$1,000,000 Net of Fees



Average Annual Total Returns (%) Net of Fees

	QTD	YTD	1yr	3yr	5yr	10yr	since inception
JSC Growth	-18.78%	-26.59%	-21.26%	8.94%	-	-	8.55%
Russell 1000	-16.67%	-20.94%	-13.04%	10.17%	11.00%	12.82%	9.68%
Benchmark	-13.72%	-18.24%	-12.90%	6.86%	7.78%	9.50%	6.81%

STRATEGY METRICS

Statistics Presented Net of Fees

	1yr		since inception	
	JSC Growth	R 1000	JSC Growth	R 1000
Holdings	40-45	1,021	40-45	-
Max Fee (%)	1	-	1	-
Alpha (%)	(8.02)	0	(0.10)	0
Beta	1.02	1.00	0.89	1.00
St. Deviation	18.15	16.96	18.49	19.18
Sharpe Ratio	(1.22)	(0.74)	0.51	0.55
Upside Capture	0.81	1.00	0.92	1.00
Downside Capture	1.19	1.00	0.93	1.00
Max Drawdown (%)	(27.07)	(20.94)	(27.07)	(20.94)

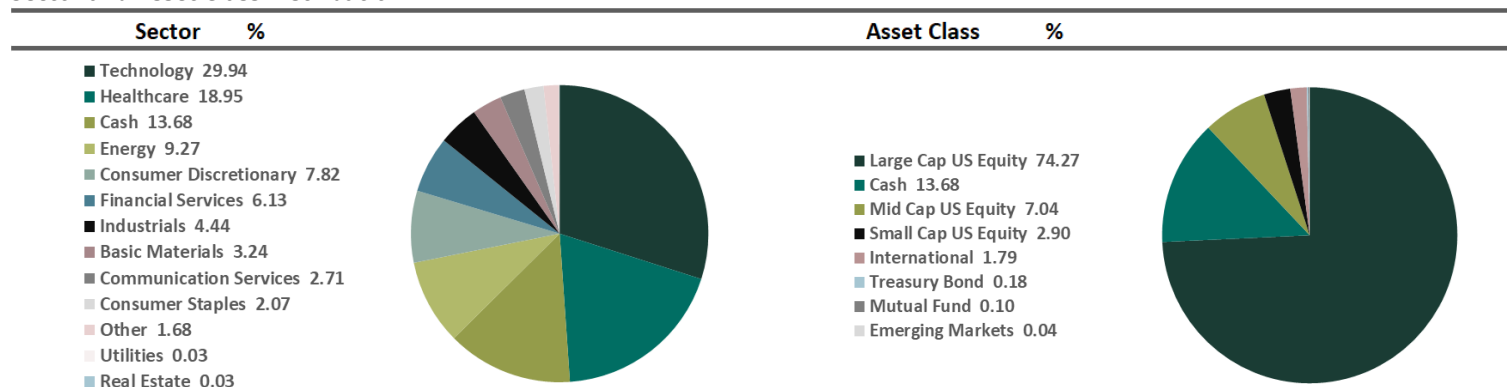
TEN LARGEST HOLDINGS

Cash	Alphabet Inc. Cl A
Apple Inc.	Thermo Fisher Scientific Inc.
Microsoft Corp.	Berkshire Hathaway Inc. Cl B
Eli Lilly & Co.	Sierra Oncology Inc.
Amazon.com Inc.	Danaher Corp.

Top 10 as % of net total assets: 43.14%

HOLDINGS

Sector and Asset Class Distribution



JSC GROWTH PORTFOLIOS IN ACTION

Largest Position Changes

Buys

Shell PLC A Spons ADR	Snowflake Inc. A
UnitedHealth Group Inc.	Halliburton Co.
Air Products & Chemicals Inc.	Marathon Oil Corp.

Sells

Bath & Body Works Inc.	SVB Financial Group
First Republic Bank	American Express Co.
Ciena Corp	Marvell Technology Inc.

Case Study: Eli Lilly & Co (LLY)

Eli Lilly and Company (LLY)

January 3, 2022 - June 30, 2022



Eli Lilly and Company (LLY) chart courtesy of FactSet.

Health Care is attractive for defensive growth, high margins, pricing power and shareholder yield at reasonable valuations. Of the group, we find LLY's strong pharmaceutical lineup and pipeline attractive.

Investment selection: LLY is launching Tirzepatide in diabetes this year, with strong uptake expected early next year once payer access is achieved. A second indication in obesity next year is anticipated for the medication and we expect the obesity market to become a larger addressable market for LLY than diabetes. We now expect peak Tirzepatide sales in obesity to be >\$10B vs. our prior estimate of \$6-8B.

We see Tirzepatide reaching peak sales of >\$25B by the end of the decade, which could take LLY from earnings \$8.80/share this year to almost \$30/share by 2030. This doesn't include any contribution from the firm's Alzheimer's candidate Donanemab, which could add another \$5-\$10 to its current peak earnings estimate. Two catalysts to watch include: 1) LLY filing for obesity in H2'22 and 2) cardiovascular outcome studies from Wegovy. Reimbursement on Wegovy in obesity is still less than 50% of accounts and we see that changing dramatically over time. Good cardiovascular outcomes data on Wegovy in Q4 will take reimbursement rates much higher and should pull LLY's Tirzepatide forward into early '23.

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Data courtesy of Orion Advisor Solutions.

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