



JACKSON  
SQUARE  
CAPITAL

# JSC Active Management Growth Strategy

Q3 '22 | As of 9.30.22

## 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:** \$205,018,916

## CONTACT

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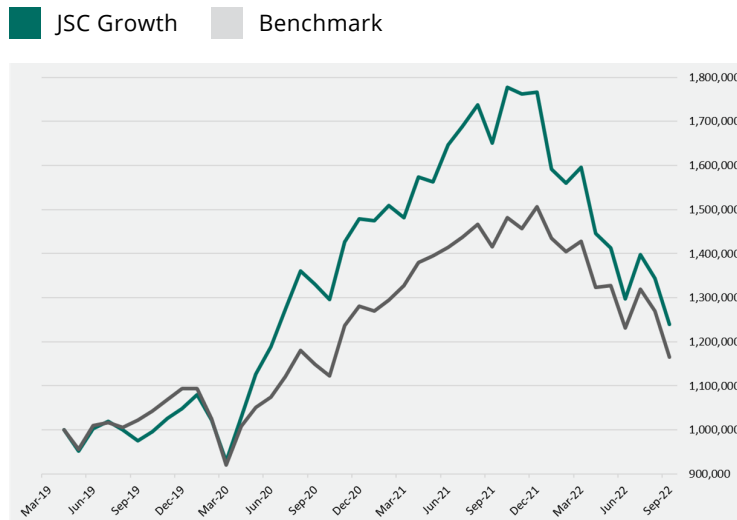
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## PERFORMANCE

### 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	-4.43%	-29.84%	-24.95%	8.32%	-	-	6.48%
Russell 1000	-4.61%	-24.59%	-17.22%	7.95%	9.00%	11.60%	7.45%
Benchmark	-5.46%	-22.71%	-17.75%	4.47%	5.75%	8.30%	4.56%

## STRATEGY METRICS

### Statistics Presented Net of Fees

	1yr		since inception	
	JSC Growth	R 1000	JSC Growth	R 1000
Holdings	40-45	1,026	40-45	-
Max Fee (%)	1	-	1	-
Alpha (%)	(8.94)	0	(0.17)	0
Beta	0.93	1.00	0.88	1.00
St. Deviation	20.22	20.76	18.94	19.96
Sharpe Ratio	(1.33)	(0.82)	0.39	0.43
Upside Capture	0.76	1.00	0.91	1.00
Downside Capture	1.10	1.00	0.93	1.00
Max Drawdown (%)	(30.30)	(24.59)	(30.30)	(24.59)

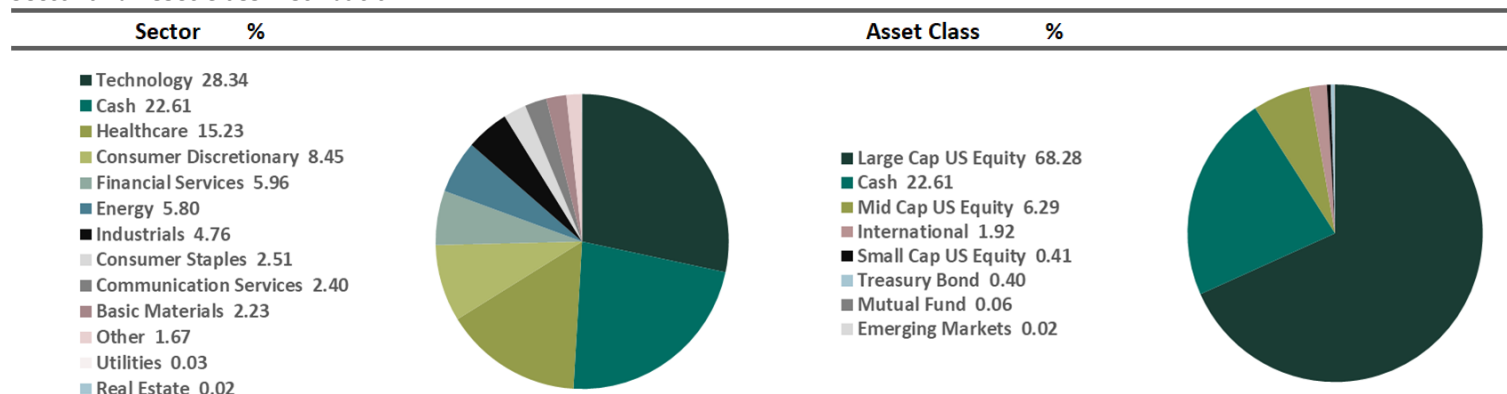
## TEN LARGEST HOLDINGS

Cash	Thermo Fisher Scientific Inc.
Microsoft Corp.	Danaher Corp.
Apple Inc.	Berkshire Hathaway Inc. Cl B
Amazon.com Inc.	Alphabet Inc.
Eli Lilly and Company	Exxon Mobile Corporation

Top 10 as % of net total assets: 51.82%

## HOLDINGS

### Sector and Asset Class Distribution



## JSC GROWTH PORTFOLIOS IN ACTION

### Largest Position Changes

#### Buys

Synopsys Inc.  
GlobalFoundries Inc.  
Analog Devices Inc.

Stryker Corp.  
Target Corp.  
NICE Ltd.

#### Sells

Sierra Oncology Inc.  
Apple Inc.  
Marathon Oil Corp.

Halliburton Co.  
Alphabet Inc.  
Royalty Pharma PLC

### Case Study: GlobalFoundries Inc. (GFS)

#### GlobalFoundries Inc.(GFS)

April 1, 2022 - September 30, 2022



GlobalFoundries Inc. (GFS) chart courtesy of FactSet.

**Timing:** Past semiconductor downcycles have bottomed out after 1) peak to trough stock declines of 25-30%; 2) 6-8 months from peak to trough; 3) 30-35% multiple compression; 4) 15%-20% out-year EPS cuts. Most of these milestones were met in early July. Semis held the July lows through the summer but recently broke through support levels when the US government imposed broader export restrictions on certain chip and manufacturing equipment to China. The document's impact is much better than the market feared, but unfortunately the damage was already done from a stock price perspective.

Overall sentiment is extremely bearish but history shows that is when the opportunity to outperform is greatest. Semi and semi cap equipment stocks have outperformed the broad market over the past 20 years, 10 years, 5 years and 3 years.

**Investment selection:** The current geopolitical backdrop favors onshoring and business continuity planning. GFS is the perfect non-Asia based CMOS foundry. QCOM recently agreed to a long-term manufacturing contract with GFS and we expect GFS will win more business as companies execute their diversification plans with the only US pure play.

## DISCLOSURES

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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.

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Data courtesy of Orion Advisor Solutions.

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