

JSC Active Management - Income Generating Strategy



Q3 '22 | As of 9.30.22

CHARACTERISTICS

Objective: JSC's Income Generating Strategy provides reliable investment income without sacrificing the potential for growth of principal. Like all actively managed strategies at JSC, every portfolio is carefully tailored to each individual investor.

Methodology: A multi-asset strategy is deployed based on a framework developed by Andrew Graham, CFA over a 30 year timespan.

- **Investment selection** focuses on reliable income and sustainable growth. Portfolios typically feature holdings with less price volatility than those held in our growth portfolios, and can leverage tax advantages like qualified dividends to deliver strong after-tax returns.
- **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 Income Generating 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: 70% Russell 1000 Value Index, 30% Bloomberg Barclays US Aggregate Index

Total assets in strategy: \$33,613,449

CONTACT

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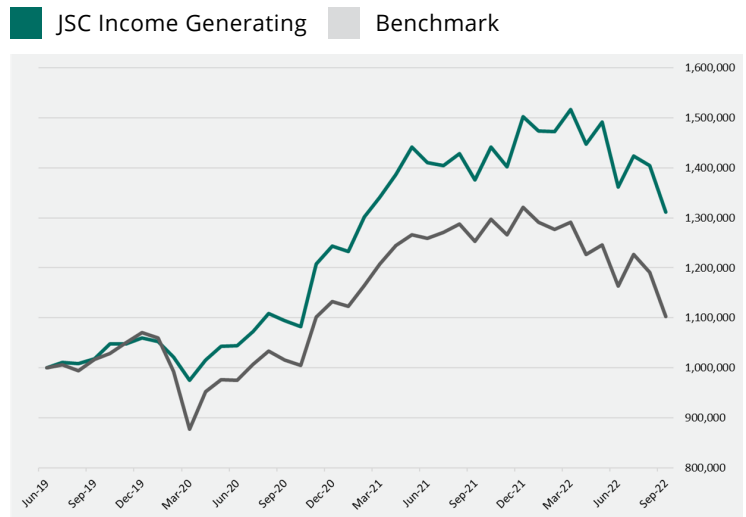
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PERFORMANCE

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



Average Annual Total Returns (%) Net of Fees

	QTD	YTD	1yr	3yr	5yr	10yr	since inception
JSC Income Generating	-3.71%	-12.74%	-4.69%	8.78%	-	-	8.68%
MSCI US IM HDY	-6.72%	-16.82%	-9.41%	2.77%	2.22%	7.36%	3.40%
Benchmark	-5.28%	-16.57%	-12.03%	2.72%	4.11%	6.99%	3.04%

STRATEGY METRICS

Statistics Presented Net of Fees

	1yr		since inception	
	JSC IG	MSCI US IM HDY	JSC IG	MSCI US IM HDY
Holdings	40-45	161	40-45	-
Max Fee (%)	1	-	1	-
Alpha (%)	4.56	0	6.31	0
Beta	0.98	1.00	0.64	1.00
St. Deviation	16.35	16.33	13.16	17.74
Sharpe Ratio	(0.24)	(0.55)	0.66	0.25
Upside Capture	1.07	1.00	0.85	1.00
Downside Capture	0.88	1.00	0.61	1.00
Max Drawdown (%)	(13.59)	(16.82)	(13.59)	(25.53)

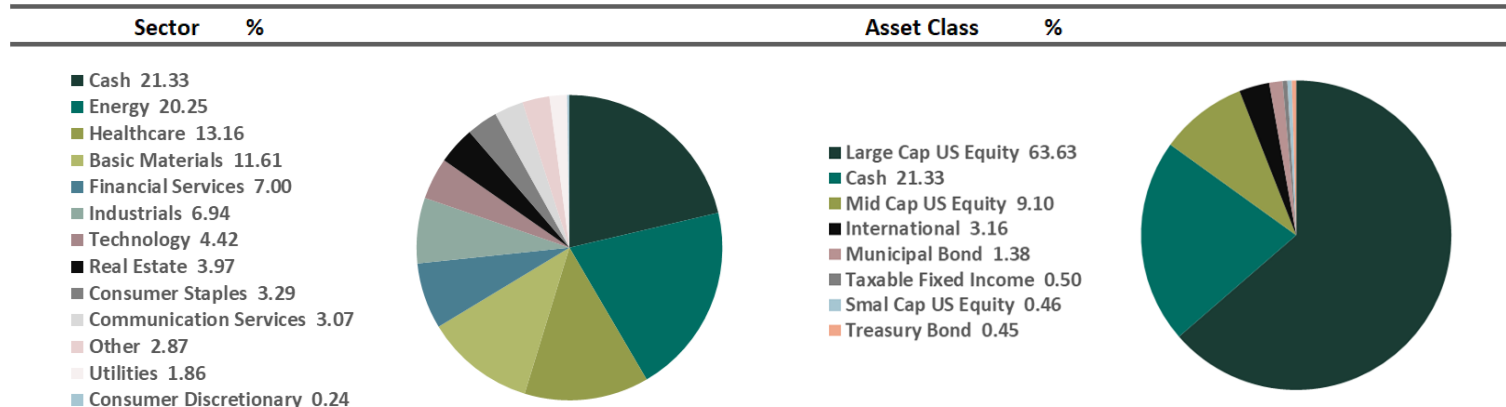
TEN LARGEST HOLDINGS

Cash	Nutrien Ltd.
Exxon Mobil Corp.	Air Products & Chemicals Inc.
AbbVie Inc.	Broadcom Inc.
Marathon Petroleum Corp.	Johnson & Johnson
Shell PLC	Vici Properties Inc.

Top 10 as % of net total assets: 46.08%

HOLDINGS

Sector and Asset Class Distribution



JSC INCOME GENERATING PORTFOLIOS IN ACTION

Largest Position Changes

Buys

Enterprise Products Partners LP
Cheniere Energy Inc.
 American Tower Corp.
 Hannon Armstrong Sustainable Infra
 Chesapeake Energy Corp.
 Dominion Energy Inc.

Sells

Phillips 66
 Dow Inc.
 Valvoline Inc.
 Lyondellbasell Industries
 Vici Properties Inc.
 CF Industries Holdings Inc.

Case Study: Cheniere Energy, Inc. (LNG)

Cheniere Energy, Inc. (LNG)

April 1, 2022 - September 30, 2022



Cheniere Energy, Inc. (LNG) chart courtesy of FactSet.

Reliable income: The company recently raised its '22 EBITDA guidance by \$1.2B to \$11.3B. This is the third time this year they increased EBITDA guidance by >\$1B. Timings and strong margins driving improvement after operational upside earlier in the year. LNG also updated its cap allocation plans with a target to generate \$20B+ of discretionary cash flow by 2026 (almost half the current market cap) with plans to grow at a 10% CAGR for several years thereafter. The company's capital allocation plan is for 30% of the \$20B to be used for buybacks, which is \$6B or 15% of its market cap. The company plans to use 20% or \$4B annually to increase the dividend. A dividend increase of \$4B this year would effectively double the dividend per share.

Sustainable growth: With its current projects, Cheniere is increasing Liquid Natural Gas (LNG) production by 50% to 60 metric tonnes per annum (mtpa) with a line of site on new projects to generate 90mtpa. There's huge demand for LNG exports today and Cheniere has the right land and opportunities to capitalize on the increased demand. LNG trades at only 3.9x EBITDA vs. private pipeline companies that trade at 12-13x EBITDA.

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.

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. The MSCI US Investable Market High Dividend Yield Index (TR Net) ("MSCI US IM HDY") is presented in the average annual total returns and strategy metrics tables as an additional benchmark for comparison purposes.

Data courtesy of Orion Advisor Solutions.

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