

# JSC Active Management – Income Generating Strategy



Q3 '24 | As of 9.30.24

## 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.

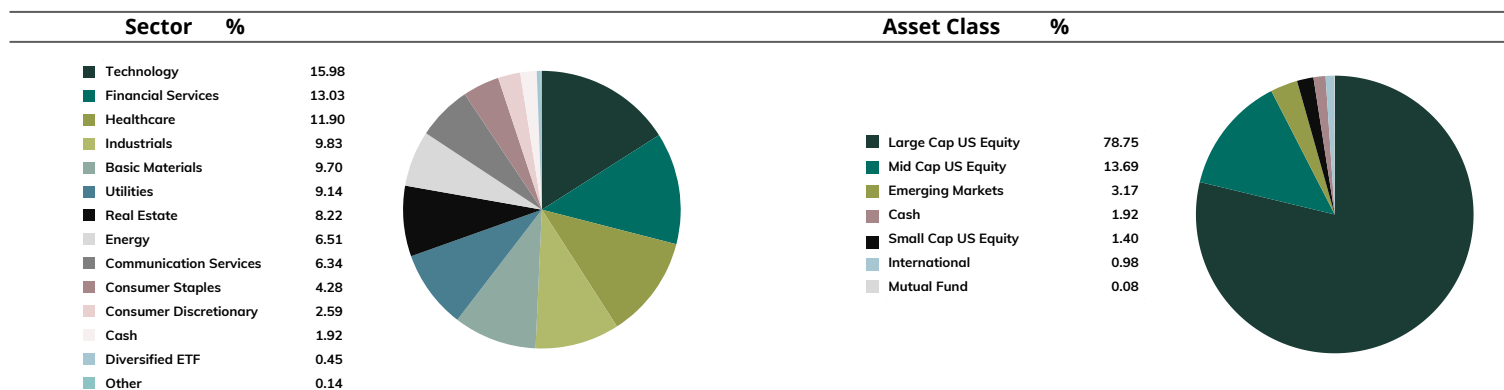
- **Investment selection** focuses on reliable income and sustainable growth. Portfolios typically feature holdings with less price volatility than those held in our growth portfolios, and can leverage tax advantages like qualified dividends to deliver strong after-tax returns.
- **Timing** is critical. 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:** \$52,451,106

## HOLDINGS

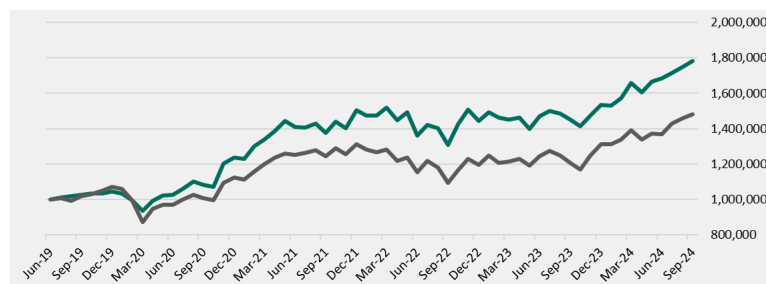
### Sector and Asset Class Distribution



## PERFORMANCE

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

■ JSC Income Generating ■ Benchmark



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

	QTD	YTD	1yr	3yr	5yr	since inception*
JSC Income Generating	5.79%	15.97%	22.76%	9.03%	11.64%	11.62%
MSCI US IM HDY	9.18%	17.09%	27.78%	8.76%	9.04%	9.15%
Benchmark	8.15%	12.94%	22.77%	5.98%	7.80%	7.76%

\*Inception date 7/1/2019.

## TEN LARGEST HOLDINGS

Broadcom Inc.	Caterpillar Inc.
Eli Lilly & Co.	TSMC Ltd ADR
AbbVie Inc.	Western Alliance Bancorp.
AT&T Inc.	Eastman Chemical Co.
NextEra Energy Inc.	Linde PLC

**Top 10 as % of net total assets: 36.21%**

## CONTACT THE TEAM

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Composite performance inception date 7/1/19; Data courtesy of MSCI, Orion Advisor Solutions, and Longs Peak Advisory Services. Investment advisory services provided through Jackson Square Capital, LLC an SEC registered investment adviser.

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## STRATEGY METRICS

Statistics Presented Net of Fees

	1yr				since inception			
	JSC IG vs. MSCI US IM HDY	MSCI US IM HDY	JSC IG vs. Benchmark	Benchmark	JSC IG vs. MSCI US IM HDY	MSCI US IM HDY	JSC IG vs. Benchmark	Benchmark
Alpha (%)	1.38	0	3.98	0	4.46	0	4.42	0
Beta	0.71	1.00	0.77	1.00	0.72	1.00	0.90	1.00
St. Deviation	8.82	11.15	8.82	10.32	13.12	16.72	13.12	13.44
Sharpe Ratio	1.80	1.81	1.80	1.55	0.74	0.48	0.74	0.46
Upside Capture	0.79	1.00	0.92	1.00	0.84	1.00	1.04	1.00
Downside Capture	0.65	1.00	0.70	1.00	0.66	1.00	0.83	1.00
Max Drawdown	(3.08)	(3.64)	(3.08)	(3.75)	(13.72)	(25.53)	(13.72)	(18.39)

## JSC INCOME GENERATING PORTFOLIOS IN ACTION

## Largest Position Changes

## Buys

Best Buy Inc.	Corning Inc.
DuPont de Nemours Inc.	Cisco Systems Inc.
PNC Financial Service Corp.	Digital Realty Trust Inc.

## Sells

Lockheed Martin Corp.	Lyondellbasell Industries
TotalEnergies SE	Anglo American PLC ADR
Paccar Inc.	Phillips 66

## Case Study: Best Buy Co Inc. (BBY)

## Best Buy Co Inc (BBY)

April 1, 2024 - September 30, 2024



Best Buy Co. Inc (BBY) chart courtesy of FactSet.

**Growth:** The opportunity in Best Buy may be underappreciated considering the degree of replacement demand building in key categories, easing comps, and the tendency to over-extrapolate sales trends at large retail competitors.

Key categories will benefit from an improving existing home sales environment, which currently sits at 40-year lows, as well as growing innovation in computing. Strong sales during Covid-19 created difficult comps and a painful reversion to baseline demand, but now presents an opportunity for future beat and raise quarters. Finally, given BBY's profit margin structure, small moves in margin can yield large changes in EPS. We believe profitability will be stronger than most models suggest.

**Income:** Best Buy's 3.8% dividend yield is compelling.

## DISCLOSURES

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