

EDGEWOOD
MANAGEMENT LLC

View from Edgewood

2Q 2017 COMMENTARY

In the second quarter of 2017, the Edgewood Large Cap Growth Composite gained 8.6% net-of-fees, compared to 4.4% for the S&P 500 Growth Index and 3.1% for the S&P 500 Total Return Index. The year-to-date Edgewood composite has returned 23.2% net-of-fees with the S&P 500 Growth Index returning 13.3% and the S&P 500 Total Return up 9.3%.

In contrast to the volatile daily and weekly political news since January, the stock market continued on its steady upward march during the second quarter. A strong first quarter earnings season and a go-slow approach to interest rate increases contributed to sustaining the rally that began another upward leg at the beginning of the year. While the market may be discounting a tax reform bill, the rally since the election has seen a larger gain in value than the expected effect on corporate earnings from a revised tax rate. More importantly, the large cap technology sector's strong growth in profits and cash flow over the last four quarters has only recently been reflected in stock prices after a subpar 2016 performance. Earnings in 2016 were also strong but similarly, these results were not reflected in share prices until this year.

In addition, the Federal Reserve has now carefully raised interest rates three times since December (twice in 2017) and is now committed to just one more increase this year. In the second quarter, commodity prices, led by oil, declined and lowered the Fed's favored inflation gauge to an annual rate under 2%. Likewise, the benchmark ten year Treasury note yield has fallen since its post-election surge from a high of 2.60% to 2.15% at the end of June. Declining expectations for massive fiscal stimulus, which would probably lead to more frequent rate increases, as well as quiescent inflation, make the low interest rate scenario likely for a longer period of time than originally expected. This will continue to support stock valuations and aid price performance.

Over the long term, the markets may become more volatile but barring a major exogenous event, there is little reason in the near term to expect an end to the current period of historically low market volatility. A solid second quarter earnings season, which we expect at least for the Edgewood Large Cap Growth portfolio, should continue the current upward trend as strong company profit performance supports stock valuations. The recent stock performance may have some investors nervous and questioning whether the market has "run ahead of itself" with extended valuations. In that context, it is worth noting that over the past 18 months, the S&P 500 Total Return Index is up +22.4% and the Edgewood Large Cap Growth Composite's portfolio is up about +27.4% net-of-fees. That is an impressive return but does not seem excessive when compared to corporate earnings growth over the same time period. Looking at the Edgewood Composite's Portfolio, we saw a year-over-year aggregate average growth of earnings of +25% for the full year 2016 (the Large Cap Growth Composite's portfolio gained just 3.4% net-of-fees in 2016). If you add the first six months of 2017 earnings growth to the 2016 earnings growth, and assume roughly about the same pace of expansion, then the 18-month rise in underlying portfolio profits suggest price appreciation of an estimated +40%; well above the equity returns over the same time period.

In the quarter we again did not add or sell any stock positions, but we did trim several stock holdings and re-deploy that capital within the portfolio.

Our goal at Edgewood Management is to deliver clients sustainable long-term performance by investing in companies Edgewood considers to be high-quality growth companies.

FIRM OVERVIEW

Founded	1974
Employees	36
Total Assets	\$20.8 Billion (as of 6/30/2017)
Ownership	100% Employee Owned
Investment Strategy	Large Cap Growth Equity
Separate Account	\$5 Million Minimum*

*Please refer to Edgewood's Form ADV Part 2A and 2B Brochure regarding account minimums.

PORTFOLIO MANAGEMENT

ALAN W. BREED President & Portfolio Manager Years of Experience.....	34yrs
LAWRENCE G. CREEL Partner & Portfolio Manager Years of Experience.....	31yrs
ALEXANDER M. FARMAN-FARMAIAN Partner, Vice Chairman & Portfolio Manager Years of Experience.....	31yrs
PETER JENNISON Partner & Portfolio Manager Years of Experience.....	32yrs
KEVIN R. SETH Partner & Portfolio Manager Years of Experience.....	33yrs
NICHOLAS A. STEPHENS, CFA Partner & Portfolio Manager Years of Experience.....	33yrs

INVESTMENT APPROACH

Edgewood's Large Cap Growth Equity strategy pursues long-term capital growth through a portfolio of 22 stocks of large-sized companies that are distinguished by their financial strength, levels of profitability, strong management, and an ability to deliver long-term earnings power. Our goal is to purchase companies that trade at discounts to their fair value and believe that, over time, the stock prices of high-quality companies will rise to reflect the true value of the underlying company. The Large Cap Growth Equity strategy's performance is typically benchmarked against the S&P 500 Index over a full-market cycle.

INVESTMENT PROCESS HIGHLIGHTS

Edgewood's Large Cap Growth Equity strategy pursues a bottom-up investment process to construct a portfolio of U.S. large-cap growth companies. The investment team looks for potential investments across the economy where it can find growth irrespective of the sector or industry.

Edgewood's investment process focuses on two distinct areas:

Stock Selection – The team's investment process begins by identifying companies that are distinguished by their financial strength, levels of profitability, strong management, and an ability to deliver long-term earnings power. The team searches for companies that are well positioned for long-term growth, driven by demand for their products and services, trading at discounts to their fair value, and are at an early stage in their profit cycle to benefit from the increased cash flows produced by the profit cycle.

Capital Allocation – Based on the investment team's fundamental analysis of a company's profit cycle and using a five-year discount to present value model, portfolio holdings evolve through three phases: Phase One investments are in the early part of their profit cycle and will warrant a more sizeable weighting once their profit cycle begins to grow; Phase Two investments are companies that are being increased to a larger weighting due to the relative attractiveness of their valuation which are moving through the strongest part of their profit cycle; and Phase Three investments are companies that are being reduced to a lesser weighting because they are nearing the team's estimate of full valuation or their profit cycle has begun to deteriorate.

MARKET CAP DISTRIBUTION AS OF 6/30/2017*

MARKET CAP (IN BILLIONS)	EDGEWOOD (%)**	COMPANIES (#)
Less than \$20	7%	2
\$20-\$40	24	6
\$40-\$75	21	5
\$75-\$125	24	5
\$125+	22	4

*Rounded to the nearest percentage

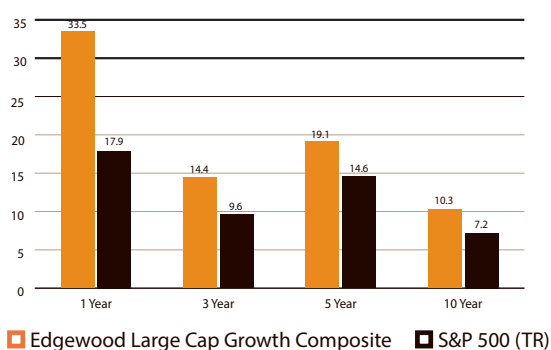
**For the equity portion of the portfolio

FIVE LARGEST HOLDINGS AS OF 6/30/2017*

Amazon.com Inc.	The Priceline Group Inc.
Celgene Corp.	Visa Inc.
Facebook Inc.	

*The specific securities identified and described do not represent all of the securities purchased, sold, or recommended for advisory clients, and the reader should not assume that investments in the securities identified were or will be profitable

NET LARGE CAP GROWTH COMPOSITE RETURNS (%) AS OF 6/30/2017



Performance is rounded to the nearest tenth. Returns are net of management fees. Returns shown here are annualized. Past performance does not guarantee future results.

PORTFOLIO CHARACTERISTICS AS OF 6/30/2017*

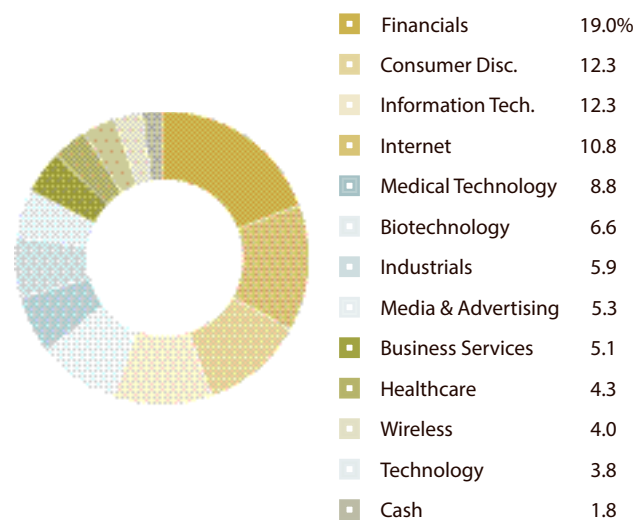
	EDGEWOOD	S&P 500	COMMENTS
Market Cap Mean (Billions)	\$139bn	\$45bn	Focused on Growth
Number of Holdings	22**	505	Concentrated Portfolio
Most Recent Quarter YoY EPS Growth	23%^	13%	Focused on Earnings Growth
Sales Growth (3 Years Historical)	18%	1%	Focused on Revenue Growth
LT EPS Growth***	18%	9%	Earnings Outlook

*All portfolio characteristics produced by Bloomberg and are rounded to the nearest percentage.

^Edgewood's calculation using (i) Adjusted Funds from operations per share figures for American Tower and Equinix's EPS figures as we believe they are the most relevant valuation metric and (ii) Netflix's YoY EPS Growth is excluded from the portfolio average as we feel that it artificially inflates the average growth rate of the portfolio.

***Bloomberg estimates using the weighted average calculation methodology for Edgewood and the index fundamental value methodology for the S&P 500.

SECTOR DIVERSIFICATION AS OF 6/30/2017*



*Sectors defined by Edgewood's Investment Committee and are rounded to the nearest tenth.

Edgewood Management LLC Disclosures - 2Q 2017

No recommendation is made, positive or otherwise, regarding individual securities mentioned. Past performance does not guarantee future results. The performance figures include the reinvestment of dividends. The specific securities identified and described do not represent all of the securities purchased, sold or recommended for advisory clients, and the reader should not assume that investments in the securities identified and discussed were or will be profitable. A list of all recommendations during the preceding period of not less than one year will be provided upon request, free of charge and include (1) the name of each security recommended; (2) the date and nature of each recommendation; (3) the market price at the time of the recommendation; (4) the price of the security when the recommendation was to be acted upon; (5) the market price of each such security at the most recent practicable date and (6) a disclaimer stating it should not be assumed that the recommendations made in the future will be profitable or will equal the performance of the securities on the list.

EDGEWOOD MANAGEMENT LLC: LARGE CAP GROWTH COMPOSITE (Ending June 30, 2017)

	1 YEAR	3 YEAR ANNUALIZED	5 YEAR ANNUALIZED
Edgewood Large Cap Growth Composite	33.50%	14.39%	19.13%
S&P 500 (TR) Index	17.90%	9.61%	14.63%
Russell 1000 Growth Index	20.42%	11.11%	15.30%

Note: Returns are shown in U.S. dollars. Composite returns are net of fees.

Edgewood Management LLC is a registered investment adviser specializing in growth oriented investment management. The Edgewood Large Cap Growth Composite is comprised of individual and institutional accounts that invest in Edgewood's portfolio of 22 large capitalization growth companies chosen by using fundamental analysis and an internal valuation discipline. The composite returns are benchmarked to the Standard & Poor's 500 Index ("S&P 500") and the Russell 1000 Growth Index ("R1000 Growth"). The S&P 500 is an unmanaged index with no expenses which covers 500 industrial, utility, transportation and financial companies of US markets. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested. The R1000 Growth measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth rates and dividends are reinvested.

Edgewood Management LLC claims compliance with the Global Investment Performance Standards (GIPS®). Past performance is no guarantee of future results. Performance results reflect the reinvestment of dividends and other earnings. Performance results are expressed and calculated in U.S. dollars. To receive a list of composite descriptions of Edgewood Management LLC and/or a presentation that complies with the GIPS standards, contact Kitty McBride at 212-652-9100, or write to Edgewood Management LLC, 535 Madison Avenue, 15th Fl., New York, NY 10022 or KMcbride@Edgewood.com.

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