

EDGEWOOD
MANAGEMENT LLC

View from Edgewood

1Q 2021 COMMENTARY

The Edgewood Large Cap Growth composite returned 1.51% in the first quarter of 2021 (net of fees). In comparison, the S&P 500 Total Return Index gained 6.17% while the S&P 500 Growth Index returned 2.12% and the Russell 1000 Growth Index gained 0.94% in the same time period. Turning the page on 2020 has changed the political and economic outlook for the United States, probably for the better. It also heralds a change in stock market leadership, at least for a while, as the economy emerges from most of the effects of the pandemic.

The year began with the final political eruption of 2020 in the storming of the U.S. capital on January 6th. While it shook the country, and the world, its effect on the financial markets was short lived. The more relevant economic factor was the support bills passed in late December under Trump and the much larger one passed in March under Biden. The size of the second bill can be debated, but it is now a fact. With all of the support bills passed since the pandemic began the US savings rate has soared, and most household balance sheets are in good shape. The bond market sees these factors and quite rightly anticipates large pent up demand and the possibility of an economic boom beginning in the summer; this could overheat the economy and cause an inflation outbreak or it will cause a large economic rebound for the next twelve months before settling into a sturdy period of GDP growth. We do expect inflation indices to increase for the first two quarters of 2021 as prices get back to pre-COVID levels after actual declines (remember the price of oil went negative in April) in the first half of 2020. The bigger question is will this extend to later in the year and next year?

Economists are throwing around growth rates for the US GDP in 2021 of 5 to 7%, numbers not seen since the early 1980s. While we all want strong economic growth the bond market's worry about inflation has already caused the benchmark ten year Treasury note to run from its pandemic low of .5% to 1.69%. This is a large move in yields, yet it is still below the ten year yield of 1.89% at the beginning of 2020, when the economic outlook was for decent growth (and of course no pandemic). The head of the Federal Reserve has made it clear that a short term inflation spike will not stop their plan to keep short term rates near zero until perhaps 2023, the course of inflation will determine how long they can adhere to that commitment.

Anticipating strong economic growth is a positive, but the large increase in yields does affect relative valuations of stocks and after the large gains in growth stocks in 2020 some reassessment of earnings and expected returns is not surprising. Growth stocks, and the Edgewood portfolio should participate in the economic expansion, but some of that has been anticipated by last year's rise in prices. So called value stocks are currently getting the markets' attention as the more cyclical nature of their earnings caused large underperformance last year. This is reflected in much lower earnings per share growth and currently lower valuations. This factor combined with the rise in longer term interest rates could cause growth to underperform for a couple of quarters, something that typically happens in the early stages of an economic recovery.

We continue to believe that over the long term earnings per share growth drives stock prices; our long term horizon allows for living with slowdowns in stock price gains as long as we can confidently forecast growth in earnings that meets our parameters for the Edgewood 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	38
Total Assets	\$51.1 Billion (as of 3/31/2021)
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	37yrs
LAWRENCE G. CREEL Partner & Portfolio Manager Years of Experience	35yrs
ALEXANDER M. FARMAN-FARMAIAN Partner, Vice Chairman & Portfolio Manager Years of Experience	33yrs
PETER JENNISON Partner & Portfolio Manager Years of Experience	35yrs
KEVIN R. SETH Partner & Portfolio Manager Years of Experience	37yrs
NICHOLAS A. STEPHENS, CFA Partner & Portfolio Manager Years of Experience	36yrs

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 3/31/2021*

MARKET CAP (IN BILLIONS)	EDGEWOOD (%)**	COMPANIES (#)
\$20-\$40	6	2
\$40-\$75	19	5
\$75-\$125	26	6
\$125+	48	10

*Rounded to the nearest percentage

**For the equity portion of the portfolio

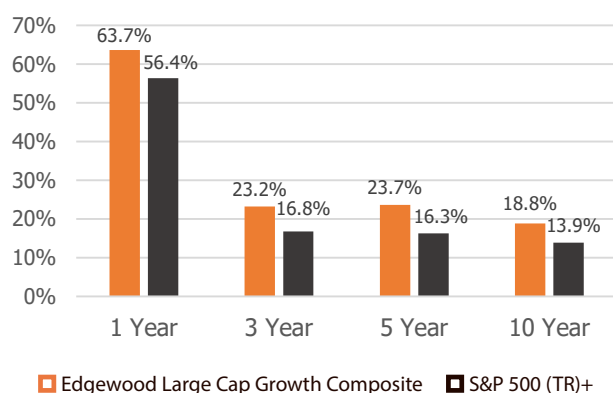
FIVE LARGEST HOLDINGS AS OF 3/31/2021*

Facebook Inc.	Snap Inc.
NVIDIA Corp.	Visa Inc.
PayPal Holdings, 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

Portfolio holdings are shown in alphabetical order.

NET LARGE CAP GROWTH COMPOSITE RETURNS (%) AS OF 3/31/2021



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.

+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 returns basis with dividends reinvested.

PORTFOLIO CHARACTERISTICS AS OF 3/31/2021

	EDGEWOOD	S&P 500 ²	COMMENTS
Market Cap Mean (Billions)	\$324bn ¹	\$74bn ¹	Focused on Growth
Number of Holdings	23	505 ²	Concentrated Portfolio
Most Recent Quarter YoY EPS Growth	30% ³	5% ¹	Focused on Earnings Growth
Sales Growth ¹ (3 Years Historical)	15%	1%	Focused on Revenue Growth
LT EPS Growth ⁴	22%	12%	Earnings Outlook

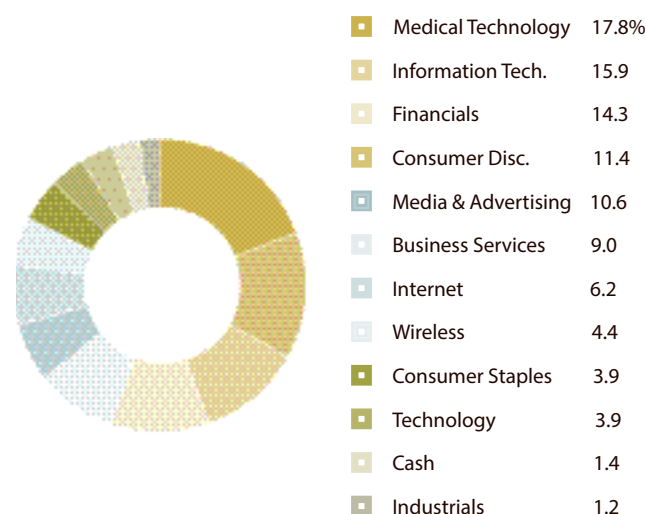
¹Provided by Bloomberg and are rounded to the nearest whole number.

²Provided by S&P Dow Jones Indices. 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 returns basis with dividends reinvested.

³American Tower's and Equinix's EPS figures are actually Adjusted Funds from Operations per share figures as we believe they are the most relevant valuation metric. Netflix's growth rate in the most recent quarter is calculated using reported GAAP Operating Income growth instead of EPS as we believe this metric is most representative of underlying business growth.

⁴Bloomberg estimates using the weighted average calculation methodology for Edgewood and the index fundamental value methodology for the S&P 500.

SECTOR DIVERSIFICATION AS OF 3/31/2021*



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

Edgewood Management LLC Disclosures - 1Q 2021

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 March 31, 2021)

	1 YEAR	3 YEAR ANNUALIZED	5 YEAR ANNUALIZED
Edgewood Large Cap Growth Composite	63.67%	23.23%	23.67%
S&P 500 (TR) Index	56.35%	16.78%	16.29%
Russell 1000 Growth Index	62.74%	22.80%	21.05%

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. The S&P 500 Growth Index is a market capitalization weighted index consisting of those stocks within the S&P 500 Index that exhibit strong growth characteristics 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 GIPS Report 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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