



EDGEWOOD
MANAGEMENT LLC

View from Edgewood

1Q 2022 COMMENTARY

The Edgewood Large Cap Growth Composite was down -17.5% year-to-date, net of fees. In comparison, the S&P 500 Total Return Index was down -4.6% while the Russell 1000 Growth Index was down -9.0% for the same periods.

Current U.S. economic conditions are strong. On April 1st, the Bureau of Labor statistics reported the addition of 431,000 new jobs.¹ That is the 11th consecutive month over 400,000, the longest streak since 1939, according to the Wall Street Journal. Unemployment is 3.6%, near all-time lows. Wages are up +12.6% in the two years since February 2020. Vibrant conditions have triggered price rises. February inflation was up +7.9% year-on-year.

Early in the quarter, with the pandemic seeming to recede in earnest after the Omicron surge, the major concern was inflation fueled by scrambled supply chains, the last effect of 2021's government checks, and sharp gains in energy prices. It became evident that interest rates would have to rise this year, the extent of that rise was the unknown. Equity markets typically do not initially like a period of interest rate hikes as bonds could become competitive with stocks as an investment and higher rates could slow the economy too much.

Supply chain disruptions have been an issue for a while as domestic and overseas manufacturers and their suppliers shut plants, opened plants, and shut them again. Manufacturers then had to cope with unexpected demand as consumers' spending patterns shifted to favor goods over many areas of services (travel, restaurants) that were not available during the worst of the pandemic. Container shortages and port capacity added to the problems. We expect much of this to change as spending patterns normalize this year. There will likely be supply chain reorganizations in some areas (medical supplies, critical technology) that will take a few years to have full effect and may keep prices elevated.

Hindsight being perfect, it is now evident that the last round of government support checks approved a year ago could have been much smaller or even unnecessary. However, much of that support ended at Labor Day 2021 and we suspect that the excess savings that were created are rapidly depleting. In addition, the last several jobs reports have shown that labor force participation is increasing, which may remove some of the wage pressure felt by employers.

Energy issues are entwined with the biggest issue of the year, so far, the Russian invasion of Ukraine. There are many geopolitical changes that will flow from this event, and we will be feeling the effects for years. The most immediate effect has been the actual or potential removal of Russian oil and gas from European markets and the effects of that on the world economy. Even in the case where there have not been direct boycotts, the sanctions on financial transactions involving Russia have made it very difficult for many countries to pay for oil and gas, no matter what their stand on accepting shipments is. As the bread basket of Eurasia a sharp decline in the availability of Ukrainian wheat will affect food prices in the Middle East and Asia.

The Federal Reserve has been priming markets for its response to inflation. When Chairman Powell announced the first 0.25% hike in March, he admitted that they should have started earlier, while still believing that the 7.9% inflation rate will cool as the year progresses. They will continue to raise rates this year with some hints emerging that the next hike may be 0.5%. We believe that the rate of inflation will decline this year as government fiscal stimulus declines dramatically and some cooling of goods spending occurs. The wild card here will be energy prices. That said, the Fed will be raising rates multiple times in 2022 and their 2% inflation goal is probably not attainable this year.

As we said, equity markets do not like rising interest rates, and a long period of increases will compress the multiple of earnings (P/E) that many investors are willing to pay. During periods like this, equities can still do well. Stock appreciation becomes more dependent on strong financial performance and careful stock selection.

¹<https://www.bls.gov/news.release/empsit.nr0.htm>

FIRM OVERVIEW

Founded	1974
Employees	39
Total Assets	\$50.7 Billion (as of 3/31/2022)
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	38yrs
LAWRENCE G. CREEL	
Partner & Portfolio Manager	
Years of Experience	36yrs
ALEXANDER M. FARMAN-FARMAIAN	
Partner, Vice Chairman & Portfolio Manager	
Years of Experience	34yrs
PETER JENNISON	
Partner & Portfolio Manager	
Years of Experience	36yrs
KEVIN R. SETH	
Partner & Portfolio Manager	
Years of Experience	38yrs
NICHOLAS A. STEPHENS, CFA	
Partner & Portfolio Manager	
Years of Experience	37yrs

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 3/31/2022*

MARKET CAP (IN BILLIONS)	EDGEWOOD (%)**	COMPANIES (#)
\$30-\$75	25	6
\$75-\$125	21	5
\$125+	52	11

*Rounded to the nearest percentage

**For the equity portion of the portfolio

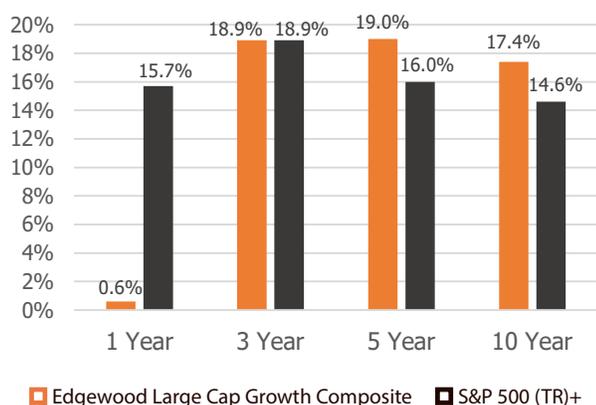
FIVE LARGEST HOLDINGS AS OF 3/31/2022*

Illumina Inc.	Snap Inc.
Intuitive Surgical Inc.	Visa Inc.
NVIDIA Corp.	

*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 3/31/2022



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 3/31/2022

	EDGEWOOD	S&P 500 ²	COMMENTS
Market Cap Mean (Billions)	\$349bn ¹	\$83bn ¹	Focused on Growth
Number of Holdings	22	505 ²	Concentrated Portfolio
Most Recent Quarter YoY EPS Growth	27% ³	25% ¹	Focused on Earnings Growth
Sales Growth ¹ (3 Years Historical)	17%	5%	Focused on Revenue Growth
LT EPS Growth ⁴	20%	11%	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 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 3/31/2022*

Medical Technology	19.9%
Financials	16.2
Business Services	12.8
Consumer Discretionary	11.9
Information Technology	11.4
Internet	6.9
Media & Advertising	5.7
Wireless	4.6
Consumer Staples	3.7
Semiconductor Mfg.	3.1
Cash	2.0
Technology	1.9

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

Edgewood Management LLC Disclosures - 1Q 2022

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, 2022)

	1 YEAR	3 YEAR ANNUALIZED	5 YEAR ANNUALIZED
Edgewood Large Cap Growth Composite	0.60%	18.92%	19.03%
S&P 500 (TR) Index	15.65%	18.92%	15.99%
Russell 1000 Growth Index	14.98%	23.60%	20.89%

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 Large Cap Model of generally 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"), the Standard & Poor's 500 Growth Index ("S&P 500 Growth") 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 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. 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 GIPS Report that complies with the GIPS standards, contact Kitty McBride at 212-652-9100, or write to Edgewood Management LLC, 600 Steamboat Road, Suite 103, Greenwich, CT 06830 or KMcBride@Edgewood.com.

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