

EDGEWOOD
MANAGEMENT LLC

View from Edgewood

2Q 2020 COMMENTARY

The Edgewood Large Cap Growth composite gained 30.0% in the second quarter of 2020 and has returned 15.0% for the year to date, both net of fees. This compares favorably to the 20.5% gain and 3.1% decline for the S&P 500 Total Return Index, the 26.2% gain and the 7.9% return for the S&P 500 Total Return Growth Index and the 27.8% gain and 9.8% return for the Russell 1000 Growth Index over the same periods. In the midst of one of the worst years for the world in recent times this was the best quarter for the market in 20 years.

There is no doubt that the second quarter of 2020 will be one of the worst economic quarters in U.S. history. The only uncertainty is the extent of the decline that will be reported in July. The Federal Reserve quickly enacted huge monetary support in March and actually expanded it to include the purchase of corporate bonds in May. They have also signaled that they will keep short term interest rates low for a long time and may even try something called yield curve control that was last used during World War II; this would be an attempt to keep long term rates from rising too quickly. The Congress has not yet approved a fifth fiscal package. For the first time, after quickly approving three tranches totaling \$2.7 trillion there are some murmurings about deficits and debt among politicians, although the surge in cases in states that opened quickly may change the view of their representatives in Washington in favor of more support. Economists of almost all political stripes have taken the stance that this is like a war, you spend what you need to survive, and that, once the threat is passed, you figure out/argue about how to pay for it all.

In the midst of the ongoing global pandemic, and the added new focus on civil rights and race issues, the stock market seemed to defy the tumultuous news and staged an extraordinary rally in the second quarter of the year. Part of this was the market deciding to look past the chasm of the second quarter. Economic activity did in fact start to rebound in late April, as some states began to reopen and the health news from the badly affected states started to sound less dire. Some areas reopened aggressively in May and are now starting to see infection growth matching rates seen in the early part of the pandemic in the Northeast. Texas and Florida are slowing their reopening plans. While we all would hope for a V shaped recovery, there is no way for this to happen when travel, leisure and mass entertainment are mostly closed, and even retail and restaurant spaces will at best be constrained in the size of the crowds they can admit for some time. The Economist ran a story in April called the "90 percent economy."¹ As they said, this is better than a 50 percent economy, but it will still be a restraint on economic growth.

It looks like mask wearing and social distancing will be the stopgap solution to bring down infection rates while we wait for a vaccine. On that score we are pretty optimistic that several could be approved by the end of 2020. The advances in medical technology (thanks to genomics and the understanding of cellular biology and virology) in the last 20 years could and should lead to several of the over 100 worldwide vaccine programs being successful. How quickly they can be mass produced will be a big hurdle, but even that will be overcome. Several companies and organizations are funding vaccine manufacturing facilities with the understanding only some of them will be used. "Spending millions of dollars to save billions of dollars," is a rough paraphrase of the way Bill Gates has put it.

The companies you own, with strong balance sheets and market positions, could be the winners both in this COVID-19 world and in the newly normalized economy that emerges after a deployed vaccine. With the US Treasury 10-year note yield at historic lows, the valuations on growth stocks are reasonable and in some cases still compelling. As always, we look to maintain the balance between compelling growth and prudent capital allocation.

As previously communicated, Edgewood activated its business continuity and disaster recovery plan in March in response to COVID-19, successfully transitioning employees to a work-from-home model. In an abundance of caution, Edgewood secured office space in Greenwich, Connecticut as a supplemental option to working from home and the New York City office. All Edgewood employees can still be reached through our main phone number, as well as their respective direct lines.

We hope that you and your families are and stay safe.

1. The Economist, "The 90% Economy: Life after lockdowns" April 30, 2020

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	\$41.9 Billion (as of 6/30/2020)
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	34yrs
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	36yrs
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 6/30/2020*

MARKET CAP (IN BILLIONS)	EDGEWOOD (%)**	COMPANIES (#)
\$20-\$40	11	3
\$40-\$75	24	6
\$75-\$125	14	3
\$125+	50	10

*Rounded to the nearest percentage

**For the equity portion of the portfolio

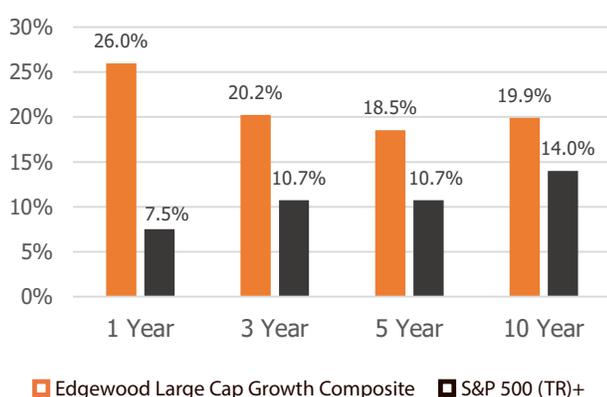
FIVE LARGEST HOLDINGS AS OF 6/30/2020*

American Tower Corp.	PayPal Holdings Inc.
Facebook 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 6/30/2020



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 6/30/2020

	EDGEWOOD	S&P 500 ²	COMMENTS
Market Cap Mean (Billions)	\$317bn ¹	\$56bn ¹	Focused on Growth
Number of Holdings	22	505 ²	Concentrated Portfolio
Most Recent Quarter YoY EPS Growth	13% ³	-9% ¹	Focused on Earnings Growth
Sales Growth ¹ (3 Years Historical)	19%	3%	Focused on Revenue Growth
LT EPS Growth ⁴	16%	9%	Earnings Outlook

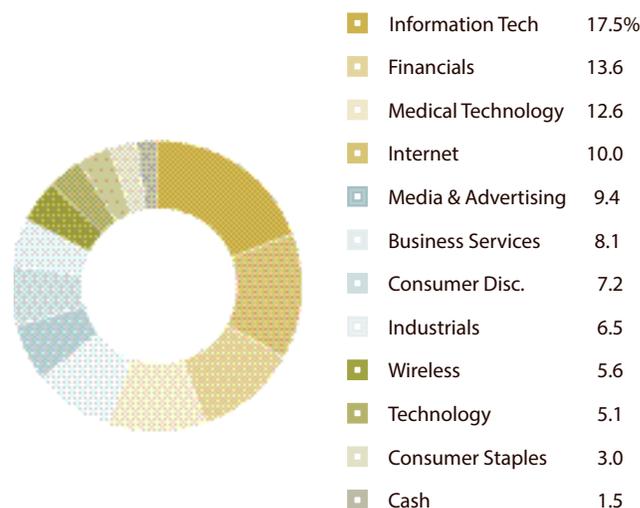
¹Provided by Bloomberg and are rounded to the nearest whole number.

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. Alphabet's growth rate is calculated using reported GAAP Operating Income growth ex-legal fees and excludes one-time unrealized gains/losses on investment which are not indicative of the underlying business on a go-forward basis. Netflix's growth rate in the most recent quarter is calculated using reported GAAP Operating Income growth instead of EPS due to one-time items that impacted EPS including a change in tax structure.

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 6/30/2020*



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

Edgewood Management LLC Disclosures - 2Q 2020

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, 2020)

	1 YEAR	3 YEAR ANNUALIZED	5 YEAR ANNUALIZED
Edgewood Large Cap Growth Composite	25.98%	20.22%	18.51%
S&P 500 (TR) Index	7.51%	10.73%	10.73%
Russell 1000 Growth Index	23.28%	19.00%	15.89%

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

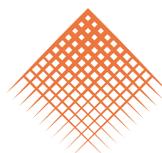
Edgewood Management LLC is a registered investment adviser specializing in growth oriented investment management. The Edgewood Large Cap Growth Composite is comprised of individual and institutional accounts that invest in Edgewood's portfolio of 22 large capitalization growth companies chosen by using 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.

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 compliant presentation, 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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