

EDGEWOOD
MANAGEMENT LLC

View from Edgewood

3Q 2020 COMMENTARY

The Edgewood Large Cap Growth composite gained 10.2% in the third quarter of 2020 and has returned 26.8% for the year to date, both net of fees. Over the same time period the S&P 500 Total Return Index gained 8.9% and 5.6%, the S&P 500 Total Return Growth Index returned 11.8% and 20.6% and the Russell 1000 Growth Index advanced 13.2% and 24.3%.

The third quarter saw a shift of national attention from COVID-19 most of the time to also focusing on the presidential campaign. In a year already fraught with turmoil from the pandemic and protests, the campaign has been a third leg undergirding the country's stress level. As important as the election is, the first reaction of many is: it cannot end soon enough. A Biden victory without the Senate changing hands will likely logjam a lot of changes in tax laws that Biden has proposed. This would include an important part of the climate change debate: a carbon tax. Under Biden there would be a reinstatement of many of the environmental regulations Trump has tried to roll back and we would see some tightening of financial regulations. While the U.S. would try to patch up relations with European and Asian allies, the harder line on China would not change very much. The biggest short-term threat to the economy and the stock market is a disputed election; the next several weeks of the campaign should clarify how likely that is to occur. The recently announced COVID-19 infection of President Trump further muddies the water in terms of the election and overall White House stability. Uncertainty is never a friend of the stock market.

As we said last quarter, vaccines are likely to be widely available look by late winter or spring and the question will become the rate and speed of inoculation. Travel, restaurants, hotels, live performing arts, in-person sports attendance and full reopening of schools will not come back until a vaccine has brought some level of immunity to a majority of the population. The pharmaceutical industry has too much reputational risk to not provide transparent data free from politics and we believe vaccines will be accepted by most of the population as 2021 progresses.

The stock market had a strong summer before hitting a bumpy period in September. We view it as a healthy consolidation, after an almost unbroken upward trend from the March low. The market has reacted not only to pre-election jitters, but to the lack of another economic support bill from Congress and worries that colder weather could bring a virus resurgence. In a year filled with crises, it is more surprising that the market went up for six months and stopping to reassess the macro environment actually provides a positive underpinning. We feel that as long as the Federal Reserve remains committed to its low interest rate policy (it has let it be known that 2023 is the earliest it sees rates rising) the valuation of growth stocks will remain attractive assuming that earnings continue to advance.

We hope you and your families remain safe.

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	\$46.6 Billion (as of 9/30/2020)
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	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	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 9/30/2020*

MARKET CAP (IN BILLIONS)	EDGEWOOD (%)**	COMPANIES (#)
\$20-\$40	11	3
\$40-\$75	14	4
\$75-\$125	23	5
\$125+	50	11

*Rounded to the nearest percentage

**For the equity portion of the portfolio

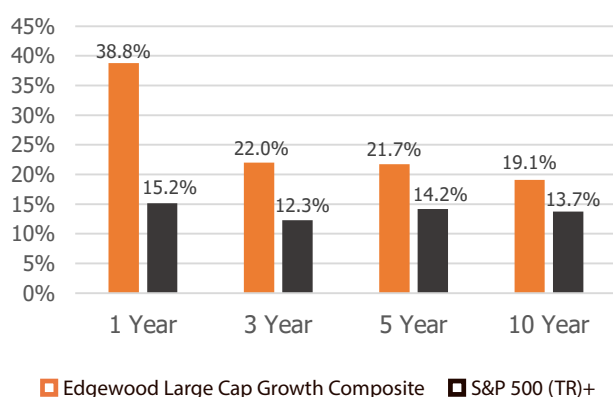
FIVE LARGEST HOLDINGS AS OF 9/30/2020*

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 9/30/2020



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 9/30/2020

	EDGEWOOD	S&P 500 ²	COMMENTS
Market Cap Mean (Billions)	\$334bn ¹	\$61bn ¹	Focused on Growth
Number of Holdings	23	505 ²	Concentrated Portfolio
Most Recent Quarter YoY EPS Growth	4% ³	-10% ¹	Focused on Earnings Growth
Sales Growth ¹ (3 Years Historical)	19%	0.5%	Focused on Revenue Growth
LT EPS Growth ⁴	18%	8%	Earnings Outlook

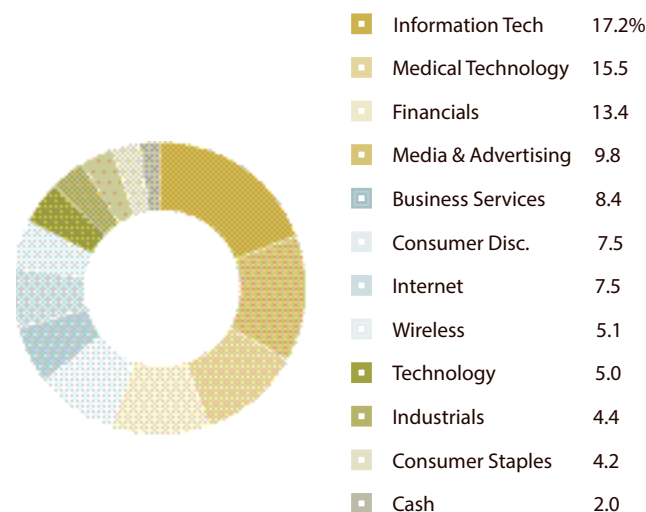
¹Provided by Bloomberg and are rounded to the nearest whole number.

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.

³ American 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 9/30/2020*



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

Edgewood Management LLC Disclosures - 3Q 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 September 30, 2020)

	1 YEAR	3 YEAR ANNUALIZED	5 YEAR ANNUALIZED
Edgewood Large Cap Growth Composite	38.79%	21.97%	21.74%
S&P 500 (TR) Index	15.15%	12.28%	14.15%
Russell 1000 Growth Index	37.53%	21.68%	20.10%

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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