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This Brochure (ADV Part 2A) provides information about the qualifications and business practices of **HS Management Partners, LLC** (known prior to February 2, 2009 as Agility Asset Management, LLC and referred to in this document as “HSMP”). If you have any questions about the contents of this Brochure, please contact Ronald R. Staib, Chief Compliance Officer of HSMP at (212) 888-0060. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

HSMP is an investment adviser registered with the SEC. Registration of an investment adviser does not imply any certain level of skill or training.

Additional information about HSMP is available on the SEC’s website at www.adviserinfo.sec.gov. You can search this site by a unique identifying number, known as a CRD number. The CRD number for HSMP is 145480.

Item 2 – Material Changes

When we use “HSMP” or “Firm” or “we” or “us” or “our” in this Brochure, we are referring to HS Management Partners, LLC.

We have enhanced and reorganized much of the disclosure in this Brochure to provide immaterial clarifications and more detailed information in some cases, to make the entire Brochure easier to read and understand in general, and to update certain disclosures. We urge all readers to carefully review this Brochure, including those readers familiar with our previous versions.

This section discusses only material changes since the last annual update of this Brochure, which occurred on March 26, 2014.

- **Items 4** (Advisory Business) **and 5** (Fees and Compensation) provide additional information regarding the treatment of unsupervised assets in certain client accounts and the dividends or other earnings generated by such unsupervised assets.
- **Item 8** (Methods of Analysis, Investment Strategy, and Risk of Loss) provides a more thorough explanation of our investment approach and how we generally implement our investment strategy when building client portfolios. It includes additional material risks that may be applicable to our investment strategy.
- **Item 12** (Brokerage Practices) expands the disclosure on the type of soft-dollar research products and services we receive. It provides additional information regarding our allocation practices on a pro-rata and non-pro-rata basis. It contains more detail on our error policy.
- **Item 17** (Voting Client Securities) clarifies that we will vote proxies for securities held in client accounts when this is specifically delegated to us in the investment advisory agreement (including for ERISA and non-ERISA accounts). It provides more detail regarding the imposition of client restrictions on our voting authority and examples of situations in which we generally will not vote proxies. It clarifies that we do not advise clients regarding particular solicitations when they have chosen to vote their own proxies. It updates the disclosure regarding our proxy voting policy when we believe that there is a conflict of interest.

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Item 4 – Advisory Business

HS Management Partners, LLC is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (“Advisers Act”). The Firm’s SEC registration became effective as of October 25, 2007 (SEC registration does not imply a certain level of skill or training). HSMP is structured as a limited liability company governed under Delaware law. Our sole office location is in New York City, at the address indicated on the cover page. We are an independent investment adviser and do not have any parent, subsidiary or affiliate.

Harry Segalas (Managing Partner & Chief Investment Officer) established HSMP in June 2007. In October 2007, David Altman (Partner & Director of Research), Greg Nejme (Partner & President) and Bart Buxbaum (Partner & Director of Client Service) joined the Firm as partners. HSMP’s four partners independently capitalized the Firm. Harry Segalas and David Altman each own over 25% of the Firm but no one partner owns a majority stake.

HSMP offers one sole investment strategy: HSMP Concentrated Quality Growth Equity strategy (see Item 8 for a description of our investment process). We manage investment advisory accounts for various types of clients (see Item 7 for a description of the types of clients to which we provide advisory services) only on a discretionary basis. We seek to apply our investment strategy to all client accounts with the goal of minimizing dispersion and providing similar investment results across accounts, absent client restrictions, directed brokerage, commission recapture or other considerations, such as the timing of client contributions or withdrawals, or the type and/or size of the account.

The decision to open an account with HSMP is that of the client, and therefore it is up to each client to determine whether HSMP’s management strategy is appropriate for his/her specific situation. We solely advise clients as to the portion of their assets for which we have been given discretionary management in accordance with our investment strategy. We do not advise clients on their overall financial plan. Further, we do not take into consideration clients’ assets or investments outside of our management when implementing our strategy in their accounts at HSMP.

We generally implement our investment strategy uniformly across all accounts; however, we may tailor our investment advice to clients in certain circumstances. Clients may impose reasonable restrictions on investing in certain securities in their accounts, but HSMP has the right, in its sole discretion, to reject or terminate an account for any reason, including upon a client imposing restrictions that we believe are not reasonable in light of our strategy and may be detrimental to our ability to implement our investment strategy for that account. Restrictions must be submitted to us in writing and clients are generally responsible for notifying us of any changes to their restrictions. An account’s investment performance may deviate from other client accounts managed in accordance with our strategy for several reasons, including account size (see the discussion of our allocation procedures in Item 12) and client imposed investment restrictions.

As an accommodation to certain clients, in the past HSMP has allowed them to keep, in the same custodial accounts under our management, some assets for which we do not provide advisory services of any kind, either of a discretionary or non-discretionary nature (“unsupervised assets”). If unsupervised assets in client accounts generate dividends or any other form of earnings, such dividends or other earnings will be automatically treated as discretionary assets managed by us in accordance with our investment strategy. We have made the decision to no longer accommodate unsupervised assets; we have informed clients with unsupervised assets that they should remove the assets from the account, and we expect the removal to take place as soon as practicable. Please see Item 5 for a complete discussion of the treatment of unsupervised assets.

HSMP does not participate in, or offer, wrap fee programs.

HSMP’s assets under management as of March 6, 2015 was \$3,283,111,794 all of which was managed on a discretionary basis. HSMP does not manage any assets on a non-discretionary basis.

Item 5 – Fees and Compensation

We charge our clients an investment advisory fee based on a percentage of an account’s assets under management. Fees are structured with tiered rates that have the effect of applying different rates to different portions of the account’s assets, so that both the effective annual blended and actual fee rates decrease (or increase) as assets in the account increase (or decrease).

Investment Advisory Fees

The following standard fee schedule became effective for new accounts opened on or after January 1, 2014 (accounts managed by HSMP prior to January 1, 2014, continue to be billed at their already agreed-upon fee rates which may differ from those fee rates listed below):

Standard Fee Schedule* (\$10 million minimum account size)	
Account’s Assets Under Management	Annual Percentage
First \$25 million	0.90%
Next \$25 million	0.70%
Additional amounts over \$50 million	0.50%
*The above fee schedule applies to accounts that have a minimum account size of \$10 million (HSMP may, in its sole discretion, accept or reject accounts of any size). It should be noted that the annual advisory fee for accounts below \$10 million is the greater of 1% of the account’s assets under management or \$10,000. Therefore, an account with \$1 million in assets under management would pay an annual fee of 1% and an account with less than \$1 million would pay an annual fee higher than	

1%, given the imposition of the \$10,000 minimum fee. Clients should be aware that they may pay more or less if they obtain the same or similar services through other advisers.
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As of the first quarter of 2014, we do not charge investment advisory fees for the accounts of employees, their spouses and their children.

Generally, we will not negotiate fees and will adhere to the above stated standard fee schedule; however, we reserve the right to negotiate fees at our sole discretion. In determining whether to negotiate fees and the fee schedule to be applied, we may consider several factors such as the client's level of assets under management, type of client or account, servicing requirements, historical ties and overall relationship with HSMP. When a client has multiple accounts managed by us, we generally aggregate the client's assets across accounts and may decide to also aggregate them with those accounts related to the client, so that they benefit from a lower fee tier. The decision to aggregate particular accounts for purposes of fee tier determinations is solely that of HSMP. It should be noted that similar client accounts may be billed different fees as a result of us honoring fee schedules in place prior to January 1, 2014, through the aggregation of client assets across accounts, or through fee negotiation with a client. Charging different fee rates to different accounts may provide HSMP a financial incentive to favor those accounts with higher fee rates. However, we offer only one investment strategy, which we endeavor to implement fairly across all accounts without regard for their fees.

Unsupervised Assets

As an accommodation to certain clients, in the past HSMP has allowed them to keep, in the same custodial accounts under our management, some assets for which we do not provide advisory services of any kind, either of a discretionary or non-discretionary nature. These unsupervised assets are not under our management or supervision and, therefore, we do not charge an advisory fee for these assets, nor include them when calculating account performance or assets under management. Any unsupervised assets held in a client's account are solely the responsibility of the client.

Effective March 30, 2015, if unsupervised assets in client accounts generate dividends or any other form of earnings, such dividends or other earnings will be automatically treated as discretionary assets managed by us in accordance with our investment strategy. Such dividends or other earnings will then be subject to our advisory fees and will be included in the computation of performance and assets under management. Moreover, if the client effects any purchase or sale of unsupervised assets or if the type and/or amount of the unsupervised assets changes for any reason, the client shall notify us in writing of any such purchase, sale or change, on the same date. We are under no obligation to effect sales of unsupervised assets on behalf of a client. However, we reserve the right, in limited circumstances and as an accommodation to a client, to do so at the direction of the client and with the understanding that we are not responsible for the sale. Further, proceeds from the sale of unsupervised assets will remain as unsupervised assets, unless the client informs us in writing that said proceeds should be added to the client's assets managed on a discretionary basis. In this case, said proceeds will be commingled with the

assets under our management for that account, will be subject to advisory fees, and will be included in the computation of the performance and assets under management for that account.

We have made the decision to no longer accommodate unsupervised assets. We have informed clients with unsupervised assets that they should remove the assets from the account, and we expect the removal to take place as soon as practicable.

Payment of Investment Advisory Fees

Advisory fees are billed quarterly in arrears. For purposes of fee calculation, unless agreed otherwise, the market value of an account's assets under management is determined on the last business day of each calendar quarter or on the date an account is terminated, as valued in our internal portfolio accounting system (this valuation may differ from a client's custodian valuation). We may consent to accommodate clients who prefer a different method of calculating their account value for billing purposes, such as when a client requests that the billing be based on the client's custodian's market value or on an average of each month-end value during the billing period.

Fees are adjusted and/or prorated, as applicable, where changes to the account occur mid-billing cycle. For example, fees may be adjusted and/or prorated for a client's deposits and/or withdrawals during the billing period. Fees may also be adjusted and/or prorated for accounts opened or closed during the corresponding quarter to reflect the number of days in the quarter that the account was under our management.

Clients may elect to either be billed directly for advisory fees or authorize us to direct debit the fees from their accounts, provided direct debit is operationally possible by the account custodian. If direct debit is authorized by a client, we will send the client, only at the client's request, a copy of the fee invoice showing the amount deducted; this amount should also be reflected on the custodian's account statement. If direct debit is not authorized by a client, we will send the client or the party designated by the client (such as the account custodian) a fee invoice generally due within twenty calendar days upon receipt. Our fee invoice indicates the account's assets under management, the annual fee percentage applied, any adjustment or proration applicable for the corresponding billing period and the total amount of fees due or deducted, as applicable.

Other Fees and Expenses

In connection with HSMP's advisory services, clients will incur and are responsible for the commissions and other transaction expenses charged by broker-dealers. In addition, clients may incur and are responsible for the fees and expenses charged by custodians, money market mutual funds and other third parties, including fees charged by third-parties associated with unsupervised assets in those cases in which we have permitted clients to hold unsupervised assets in their accounts with us. Our advisory fees are exclusive of and in addition to any fees and expenses charged by broker-dealers, custodians, money market mutual funds and other third parties. Except for soft dollars, we do not derive any financial benefit from such other fees and expenses. We use client commissions to obtain soft-dollar

research and brokerage products and/or services. Please refer to Item 12 for additional information regarding our brokerage practices.

Item 6 – Performance-Based Fees and Side-By-Side Management

HSMP only charges investment advisory fees based on a percentage of an account's assets under management as described in Item 5. Fees are not calculated based on the capital appreciation of the assets in client accounts.

Item 7 – Types of Clients

We manage advisory accounts primarily for domestic and some foreign institutions, both taxable and non-taxable, and high net worth individuals. Clients include charitable organizations, endowments, foundations, pensions and profit sharing plans (both ERISA and non-ERISA eligible), government entities, insurance companies, individuals, trusts, and family offices/high net worth individuals. The Firm is also retained by other investment management firms to act as a sub-adviser with respect to certain clients, such as pooled investment vehicles, including offshore funds, domestic private funds and registered investment companies.

HSMP reserves the right to accept or reject accounts of any size.

Item 8 – Methods of Analysis, Investment Strategy, and Risk of Loss

Methods of Analysis and Investment Strategy

HSMP applies a focused, bottom-up, fundamental approach to growth equity portfolio management. We analyze company business models and evaluate their long-term potential by accessing Street research and publicly available information, such as company conference calls, press releases, SEC filings and other research. Our experienced senior investment team members seek to identify the key factors that are unique and important to a company's attainment of projected earnings and cash flow potential. Our analysis varies by company and industry, and the process may encompass accessing industry contacts, conference calls and meetings with company management, on-site visits, and/or attending industry conferences. We do not use expert networks.

Suitable investment candidates for us typically include companies that we believe possess: strong management teams, superior business models, enduring competitive advantages, high free cash flow characteristics, global platforms, and/or strong, albeit reasonably attainable, earnings prospects. In addition to established, leading companies that we have known for many years, we seek to identify "up and coming" candidates that we think meet our quality criteria. Examples include businesses that in our opinion have substantial assets and promising new leadership, companies that have been freed of legacy issues, franchises moving from niche markets to mainstream, and/or companies with exciting new products and/or services.

An idea with attractive investment potential is placed on our Focus List (this list tracks companies in which we invest and companies that we are considering for investment) and we begin the process of better understanding the company and its prospects. If the company's fundamentals appear strong and validated by HSMP's qualitative and quantitative analysis, and if we find the valuation of its shares attractive, we may initiate a position in the stock. The investment team works in a cohesive and collaborative manner, and Harry Segalas, as our Chief Investment Officer ("CIO") and our sole Portfolio Manager, makes all final portfolio decisions.

Three primary considerations influence our decision to fully or partially sell a stock position: (1) if there is a loss of confidence in a company's business model or its ability to realize the earnings stream as we previously anticipated, (2) if a stock looks richly priced based on our valuation tools and growth assumptions, or (3) if a better investment opportunity is identified. A change in company fundamentals typically results in a liquidation of the shares, whereas sales prompted by valuation considerations and/or a better investment opportunity might be incremental in nature.

In implementing our investment strategy, we typically build a concentrated portfolio with a hard cap on company names and with an aim to keeping our client's capital nearly fully invested. Client accounts generally hold 20 to 25 companies, although in certain circumstances they may hold more or less names. Cash is not a major component of our strategy and we tend to keep very low cash balances in client accounts. Although we primarily invest in domestic securities, client portfolios can include foreign issuer equity securities as American depository receipts or ordinary shares. As bottom-up, fundamentals-first investors, we do not maintain limits on industry or sector weightings, and while we do limit portfolio positions by company, clients' portfolios are likely to be significantly concentrated by sector, industry and/or geography, among other factors (for example, clients' portfolios can have over 50% exposure to the consumer discretionary, consumer staples and/or technology sectors). We take an incremental approach to actively managing client portfolios. Historically, our annual portfolio turnover rate has ranged generally between 60% to 90% (measured in dollars), and is comprised of new names and incremental changes to existing positions.

Risk of Loss

Investing in equity securities involves significant risks, including the risk of loss of the original amount invested. This Brochure does not include every potential risk associated with the investment strategy implemented by HSMP for its client accounts. The following are some material risks that may be applicable to our investment strategy:

- **Active Management Risk.** Historically, our portfolio strategy has resulted in an annual turnover rate of generally between 60% to 90% (measured in dollars). Active management is consistent with our investment strategy and incremental trading approach, and will increase commissions that may impact performance over time. Portfolio turnover can also result in short-term capital gains, which can reduce the after-tax return for taxable clients.

- **Concentration Risk.** Our investment strategy involves high concentration in certain market sectors, industries, geographic regions or issuers and limits the number of portfolio holdings to generally 20 to 25. A concentrated account has the potential to be subject to greater risk than a more diversified account.

- **Consumer Discretionary, Consumer Staples and Technology Sectors Risk.** Our client portfolios can be concentrated in these sectors, which are particularly susceptible to changes in consumer spending and preferences. In addition, participants in these sectors tend to be well established companies with many resources, making these industries highly competitive. Moreover, the technology industry is very sensitive to rapid and often unforeseeable innovation, and product obsolescence. As such, investments in these sectors may be more exposed than others to investor confidence and price volatility.

- **Equity Securities Risk.** We invest in equity securities and the value of the assets in an account may decrease, potentially dramatically, in response to many factors, such as general economic conditions, changes in interest rates, fluctuations in foreign currencies, and national or international political, social, governmental, tax, legal, regulatory and economic events. These factors, among others, may negatively impact a particular company's financial situation, result in unanticipated poor performance of some companies in certain geographical regions or economic sectors or industries, and/or adversely affect the stock market in general or overall market sentiment. Moreover, U.S. and non-U.S. stock markets have experienced periods of substantial price volatility in the past and may do so again in the future.

- **Foreign Security Risk.** Our client portfolios can include foreign companies. Investing in foreign companies through American depository receipts or ordinary shares exposes client accounts to events that may exclusively impact either type of security with respect to foreign countries, regions and/or their currencies.

- **Legal and Regulatory Risk.** HSMP is a registered investment adviser regulated by the SEC. As a regulated entity, changes in laws or regulations may impact our ability to operate our business.

- **Low Cash Balances Risk.** Our investment strategy generally involves maintaining low levels of cash (including cash equivalents selected by the client or the client's custodian) in client accounts; meaning client accounts are typically nearly fully invested. Therefore, client portfolios may be more impacted by market fluctuations than portfolios that are less invested and keep more cash available. In addition, client withdrawals of cash from an account may require the sale of securities at a time when prices may not be favorable.

- **Market Capitalization Risk.** Although we typically invest in large capitalization companies, we have demonstrated a willingness and ability to go down the capitalization scale. When moving down

the capitalization scale, security liquidity risk may increase. One way that we seek to manage liquidity risk is to adjust position size weighting as we deem appropriate under the circumstances.

- **Reliance on Key Personnel Risk.** Our CIO and sole Portfolio Manager is considered a key person with respect to our investment strategy. Although other experienced Firm-partner members of the investment team are capable of making investment decisions, the unforeseen absence of our CIO may impair, at least temporarily and to some degree, our ability to successfully implement our investment strategy.

Item 9 – Disciplinary Information

HSMP and our management persons have not been involved in any legal or disciplinary action that would require disclosure under this Item 9.

Item 10 – Other Financial Industry Activities and Affiliations

Neither HSMP nor its management persons are registered or have an application pending to register as a broker-dealer, registered representative of a broker-dealer, futures commission merchant, commodity pool operator, commodity trading advisor or an associated person of the foregoing entities.

HSMP and our management persons are not affiliated with any financial institution including banks and broker-dealers. We are retained by other investment management firms to act as a sub-adviser with respect to certain clients. This relationship does not create a material conflict of interest with non-sub-advisory clients. We do not recommend or select other investment advisers for our clients.

Item 11 – Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading

Code of Ethics and Personal Trading

HSMP has adopted a Code of Ethics as required under Rule 204A-1 of the Advisers Act and Rule 17j-1 of the Investment Company Act of 1940 (“Investment Company Act”). In our Code, we set forth the ethical standards of business conduct that our employees must follow based on our fiduciary duties and applicable federal laws and regulations. Our Chief Compliance Officer (“CCO”) reviews our Code at least annually and updates it as appropriate. All of our employees must attest to reading and understanding the Code when they join the Firm and annually or whenever it is amended thereafter. Clients and prospective clients can request a copy of our Code of Ethics. Requests should be sent in writing to our CCO at our address listed on the cover page of this Brochure.

Our Code prohibits our employees to trade on material nonpublic information for both client and employee personal trading. When an employee believes that he/she has had access to material nonpublic information, the employee must refrain from using or communicating that information and must promptly inform the CCO. We will then take appropriate action, which may include placing the related company on our Restricted List. This list contains stocks in which transactions are prohibited in

client accounts and employees' personal accounts not managed by us, without prior written approval from our CCO and our President.

Our Code also includes certain requirements with respect to personal trading. Employees must submit personal holding reports annually and personal transaction reports quarterly to our CCO. Employees must also obtain written pre-clearance on certain personal security transactions, such as when they buy a stock in their personal accounts not managed by HSMP. In addition, employees are not permitted to purchase, in their personal accounts not managed by HSMP, securities that appear on our Focus List. Personal trading is also subject to certain blackout and holding periods.

We do not participate in principal or cross transactions. We do not, acting for our own account, buy or sell securities from or to our client accounts. In addition, we do not buy or sell securities directly from one client account to another client account. All purchases and sales for client accounts are sent to our selected broker-dealers, none of which are affiliated with us, to be placed in the open market.

Participation or Interest in Client Transactions

HSMP manages accounts for employees and their family members. Our employees, their spouses and their children do not pay an advisory fee, but their accounts are managed according to the same equity strategy we use for all our other clients. As a result, employee accounts will generally hold the same securities as our other clients, and where trades are aggregated, our employee and related accounts will generally participate in the same transactions on an aggregated basis. One way we aim to mitigate any potential conflict of interest associated with managing employee and other client accounts is through our trading and allocation guidelines.

Our trading and allocation guidelines primarily focus on account size and type, account restrictions, target percentage holdings, and available account cash, among other factors, regardless of employment status. Absent certain circumstances like client restrictions and directed brokerage, employee accounts will generally participate in the same aggregated brokerage orders as our other clients at the same average price and brokerage cost (for more information regarding aggregation and allocation please refer to Item 12). In addition, our trade orders specify in writing the identity of the client or trading group. Moreover, we typically invest in highly liquid stocks; therefore, participation of employee accounts in an order is unlikely to materially affect the price or availability of shares for our other clients.

Item 12 – Brokerage Practices

Best Execution

HSMP's discretionary investment authority includes selecting executing broker-dealers and negotiating commission rates for transactions in client accounts; however, clients are responsible for selecting a custodian with which to custody their assets. Our Best Execution Committee approves, reviews and removes broker-dealers from our Approved Broker-Dealer List (the list of broker-dealers that our Best Execution Committee has approved for trading), establishes and adjusts our annual commission

brokerage budget, and generally assesses the overall quality of execution our clients receive. The Committee meets each quarter or more frequently, as needed. It is comprised of our President, Director of Research, CCO, Senior VP of Investments & Operations, and Senior VP of Trading.

When evaluating broker-dealers for inclusion in or exclusion from our Approved Broker-Dealer List, and when ranking them and establishing or adjusting our annual commission brokerage budget for each approved broker-dealer, our Best Execution Committee considers various factors. These factors include the overall quality of the research provided, execution efficiency, cost of execution, commission rate, promptness and accuracy of their back-office operations in terms of clearance, settlement and support, and general industry reputation (we give research the highest weight if we believe that all other factors are competitive and that the amount of client commission paid is reasonable in light of the value of products or services provided). Furthermore, when our trader places orders guided by our commission brokerage budget, he/she considers other relevant factors in the particular circumstances at hand, such as the size of the order, the type of security, and market conditions. In addition, and as a measure of the overall quality of the execution provided by our approved broker-dealers, the Committee reviews our comparison of the execution prices obtained for our clients versus the VWAP (volume weighted average price for all trades executed in the market for a given security on a given day) during our sampled period.

Soft Dollars

In return for the trade commissions that our clients pay, broker-dealers may provide to us certain research and brokerage products and services, both proprietary and third-party, that we consider valuable in making our investment decisions. This type of arrangement is referred to as soft dollars because we pay using client commissions instead of the Firm's own money. We currently use soft dollars to pay for research products and services, such as eligible reports and publications, analysis and forecasts, research oriented computer software, attendance at seminars and conferences, and discussions and meetings with research analysts and company management (we do not use expert networks). All the products and services that we receive with soft dollars are eligible under the safe harbor provisions of Section 28(e) of the Securities Exchange Act of 1934. We do not use client commissions to pay for any services related to the administration of the Firm.

We may use a broker-dealer who provides what we consider valuable research and securities transaction services, even though a lower commission may be charged by other broker-dealers, including those who offer no research services and minimal securities transaction assistance. In other words, clients may pay commissions higher than those charged by other broker-dealers in exchange for soft dollar benefits. We believe that the investment research products and services we obtain with soft dollars provide lawful and appropriate assistance to us in performing our investment decision-making responsibilities on behalf of our clients.

We apply the benefits of the soft-dollar products and services we receive to the formulation and implementation of our sole investment strategy. Thus we believe that our use of soft dollars generally and over time benefits all clients overall without regard for the amount of commission attributable to a

single client account. We do not seek to allocate soft-dollar benefits to client accounts proportionately to the soft-dollar credits that each account generates.

Given that we obtain soft-dollar products and services using clients' commissions, we may have an incentive to select broker-dealers based on the soft-dollar benefits they provide to us, rather than selecting those broker-dealers who may provide lower cost execution to our clients. We could also have an incentive to cause clients to engage in more securities transactions than would otherwise be optimal for them in order to generate a larger amount of commissions. To alleviate these potential conflicts of interest, we only accept soft-dollar benefits in accordance with the Section 28(e) safe harbor, and make a good faith determination that the commissions paid by clients are reasonable in relation to the value of the soft-dollar products and services we receive. That is, before placing orders with a particular broker-dealer, we determine through our best execution analysis that the compensation paid to that broker-dealer is reasonable in relation to the value of all the soft-dollar products and services they provide to us directly or through a third-party research provider.

Directed Brokerage

At our sole discretion and under certain circumstances, we can allow our clients to restrict our ability to select broker-dealers by directing us to the broker-dealers with whom they want us to trade some or all orders for their accounts. We may allow directed brokerage requests, including commission recapture, on a case-by-case basis considering several factors, including if the broker-dealer is on our Approved Broker-Dealer List, if we believe it is operationally feasible, and if we determine that it will not hinder our overall ability to effectively implement our investment strategy.

When clients direct us to use a specific broker-dealer, we may be unable to achieve best execution for transactions in their accounts. For example, we may not be able to aggregate these client orders with those of our other clients, and as a result, these clients may pay higher commissions or receive less favorable net prices than we may have been able to obtain had we been given discretion to select the broker-dealer (see Block Trading/Aggregation of Client Orders below). Furthermore, we initiate orders for clients with directed brokerage after the aggregated orders for our other clients are placed. In order to prevent favoring one directed brokerage client over another, we use a randomly generated weekly rotation to determine the order of execution among clients who have opted to direct brokerage.

Clients who elect to custody their account assets at Charles Schwab & Co. ("Schwab") will pay Schwab a trade-away fee for each trade we execute at broker-dealers other than Schwab. To avoid this fee, we offer these clients the option of directing us to trade exclusively through Schwab. We disclose to these clients that by signing a Directed Brokerage Arrangement we may not be able to obtain best execution for their accounts. We also disclose that they may pay higher commissions and receive less favorable prices than clients for whom we exercise discretion in the selection of broker-dealers. In addition, we disclose to them that their orders may be initiated after the block-trade orders. These clients must determine independently if such a directed brokerage arrangement is appropriate for them. It should be noted that we have access to proprietary and/or third-party research reports from Schwab by virtue

of having clients that custody there (not based on soft-dollar commissions). Please refer to Item 15 regarding opening a custodial account with Schwab.

Block Trading/Aggregation of Client Orders

We generally combine assets from multiple client accounts and trade in aggregated blocks of securities. These accounts receive the same average price and share transaction costs on a pro-rata basis. We believe that block trading allows us to execute trades more efficiently while reducing overall commission charges to clients. Trades executed outside the block could incur higher commissions and receive higher or lower execution prices.

Allocation of Orders

Our trade order instructions specify the client or trading group to which an order refers, and typically indicate the target percentage weight for the particular security (rather than the number of shares). From those accounts in a trading group, actual participation in an order depends on several factors, such as client restrictions, existing percentage weighting for the traded security and cash available in each account, as well as our imposed per-order share minimums (ranging anywhere from 5 to 100 shares, depending on the price). After all orders in a security are completed, we endeavor to allocate shares among participating accounts on a pro-rata basis.

Although most of our orders are allocated on a pro-rata basis, there are instances when pro-rata allocation is not feasible. In cases when an order is partially filled, we try to allocate pro-rata by adjusting the target percentage weight of the order. If residual shares remain, we generally increase the allocation for those participating accounts whose percentage weight (using the new adjusted target percentage) will not be significantly impacted. In cases when so few shares are executed that we believe pro-rata allocation is impracticable, we generally allocate first and fully to those accounts that are furthest away from the target percentage weight of the trade order (including the entire trading group specified in the order and not just those accounts initially participating). We generally then continue allocating in this manner until all shares are exhausted.

We believe that our allocation procedures aim to treat clients fairly over time. It is the case, however, that smaller client accounts do not participate in certain allocations because they do not have the capacity to meet our imposed per-order share minimums. In these instances, our CIO tries to bring these accounts to the desired target percentage weights over time. These accounts will likely receive a different price than those accounts that participated in the original aggregated orders and pro-rata allocations.

IPOs

If we participate in an initial public offering (IPO), we will generally follow our allocation procedures (see above). Only those accounts that have indicated in writing their eligibility will participate in an IPO.

Errors

We seek to correct our errors as promptly as possible without disadvantaging clients or benefitting ourselves. We generally reimburse clients who suffer a material loss when we cause the error. In determining the impact of an error, we may net the gains/losses of multiple transactions (related to the same error) in a client's account and/or compare the affected client's performance against the composite or the largest account in the trading group (taxable/non-taxable). If the error was caused by a third party, we try to assist clients in addressing the issue with the responsible party although we cannot guarantee the third party's response.

Other Fees

To the extent permitted by our investment guidelines and client restrictions and/or instructions, among other factors such as operational capabilities, we may choose to transact certain foreign securities as either Ordinary (ORD) shares or as American Depositary Receipts (ADRs). In certain circumstances, such as when we need greater liquidity or to accommodate the settlement requirements of client custodians, we may choose to convert between ORD shares and ADRs in some client accounts. In these cases, broker-dealers may charge our clients a fee for the conversion (generally not exceeding 5 cents per share). We will make a good faith determination in each particular circumstance as to whether conversion is in the best interest of our clients.

Item 13 – Review of Accounts

Members of our team review client accounts periodically to verify certain aspects of the implementation of our investment strategy. For example, portfolio holdings in general are monitored by our investment team in terms of continuously following the companies in which we invest. In addition, members of our operations team reconcile security pricing and security and cash positions for most client accounts daily, against custodian records received electronically, when operationally feasible. Accounts that are not reconciled daily are reconciled monthly against their custodian statements. In addition, our CCO performs a daily, monthly, quarterly or annual review of our adherence to Firm guidelines and client restrictions as appropriate. On a monthly basis, our CCO and a senior member of our investment team review each account performance versus the Firm's composite, and bring any significant variation to the attention of our CIO to be addressed as applicable. Changes in client restrictions and client deposit/withdrawal requests will trigger an immediate and focused account review as applicable.

We generally provide clients with quarterly written reports summarizing account performance and portfolio holdings (employee accounts do not receive reports from HSMP). More frequent reports are sent to clients at their request. Our report of portfolio holdings encourages clients to carefully review and compare their HSMP positions to their custodian statements.

Item 14 – Client Referrals and Other Compensation

We do not have any oral or written arrangement to directly or indirectly compensate any person for client referrals. Except for the research and brokerage products and services mentioned in Item 12 (soft dollars) and for the research available from Schwab (see Item 15), we do not receive any direct or indirect compensation from any person, other than clients, for providing advisory services to clients.

Item 15 – Custody

HSMP does not maintain physical custody of client funds or securities; however, in certain circumstances we may be deemed to have custody. For example, some of our clients have granted us authorization to directly deduct our advisory fees from their custodian accounts. Although we do not have physical custody of client assets, we are deemed to have custody under the Advisers Act to the extent that we direct debit our fees from our clients' custodial accounts. Please refer to Item 5 for information related to direct debiting of fees.

We require our clients to maintain their accounts managed by HSMP at a qualified custodian (generally U.S.-based banks and registered broker-dealers). Clients determine their own custodial arrangements and enter into a separate agreement with their custodians for custodial services over their account. HSMP does not receive compensation from any custodian. Qualified custodians should send their clients an account statement at least quarterly. The account statements we provide to our clients encourage them to compare the statements they receive from their qualified custodians against the statements they receive from HSMP.

Custodians may offer clients the ability for clients to write checks against their accounts. Check writing by clients can present operational difficulties and unintended consequences, particularly considering that we tend to be almost fully invested and generally keep low cash balances in client accounts. Our clients should take this into consideration to avoid overdrafts. Our investment advisory agreements typically contain a prohibition against clients enrolling their accounts managed by us in custodian-sponsored check writing. Additionally, we do not, and will not, accept check writing on behalf of any client account.

While we do not recommend custodians to our clients or prospective clients, when they request our help in establishing a custodial account for our management, we may help them set up a custodial account with Schwab. Clients must make their own determination as to the appropriateness of Schwab in their particular situation. If they decide to custody at Schwab, they will enter into a separate custodial agreement with Schwab, and Schwab will act as custodian and may also act as broker-dealer for the account. HSMP is not affiliated with Schwab. It should be noted that we have access to proprietary and/or third-party research reports from Schwab by virtue of having clients that custody there (not based on soft-dollar commissions). This could create an incentive for us to recommend Schwab as a custodian; however, as noted above, we do not recommend custodians to clients. For information

regarding directed brokerage agreements for clients who use Schwab as custodian, please refer to Item 12.

Item 16 – Investment Discretion

Clients sign an investment advisory agreement giving us discretionary authority to invest on their behalf. We manage accounts generally in accordance with the Firm's investment guidelines included in the agreement (please refer to Item 8 for a description of our investment strategy). In addition, clients may impose reasonable restrictions on the management of their accounts. HSMP has the right, in its sole discretion, to reject or terminate an account for any reason, including when a client imposes restrictions that we believe are not reasonable and may be detrimental to our ability to implement our investment strategy for that account. Clients must submit restrictions in writing for our consideration, and clients are generally responsible for notifying us of any changes to their restrictions.

Item 17 – Voting Client Securities

Clients may delegate their proxy voting authority to HSMP in their investment advisory agreement with us. Clients may also choose to retain their voting authority, in which case we do not vote their proxies. Clients may place restrictions on our voting authority or instruct us to vote a proxy in a certain way. Such restrictions or instructions must be clear and reasonable, be received in writing and in a timely fashion, and not be unduly burdensome to our operational processes. We reserve the right to accept or reject any client restriction or instruction at our sole discretion for any reason. Select members of the investment team are assigned to review proxy materials for specific issuers.

When the investment advisory agreement instructs us to vote proxies, and absent specific client restrictions or instructions, or other operational issues (see below), we will generally vote proxies from the same company the same way for each client. In addition, absent client restrictions or instructions, we will vote proxies for portfolio securities consistent with what we believe is the best economic interest of our clients. Considering that we invest in companies which we deem to have strong management teams that aim to maximize shareholder value, we generally vote proxies in favor of company management's recommendations. However, we may vote against management proposals if, upon analyzing the proxy materials and given the circumstances at hand, we determine that is in our client's best interest to do so.

Although we aim to generally vote all proxies from the same company the same way for each client, there may be instances when we may not vote all shares or not vote only certain shares, due to some operational issues. For example, if we believe that voting proxy will limit our ability to sell a stock, as may be the case for foreign shares that are blocked from selling for a designated period after casting a vote, we typically do not vote these shares, as we think that limiting our ability to sell a position generally outweighs the benefit of voting. In addition, we do not vote those shares for which we do not receive all proxy information and, upon inquiring with the custodian or any other responsible party as applicable, we do not receive the information in a timely manner. Moreover, when clients participate in

stock loan programs, we may not be able to vote proxy for loaned shares, as we are not a party to the stock loan program and do not recall shares for voting. Furthermore, we typically will not vote foreign shares if we determine that doing so is not operationally feasible because, for example, proxy information is not available in English, or authentication by the consul office is needed, or a local power of attorney should be granted.

Clients who did not delegate their proxy voting authority to HSMP in the investment advisory agreement should receive their proxy materials directly from their custodians or the company's proxy agent. In the event we inadvertently receive proxy materials for these clients, we will forward the materials to the client. In such circumstances, we are not responsible for any adverse impact to a client if proxy materials are not received timely in advance of a scheduled vote. Although we may discuss proxies with clients as a general matter, we do not advise clients about particular solicitations when they have chosen to vote their own proxies.

Conflicts of interest may arise in various and sometimes unforeseen ways. If we detect what we believe to be a conflict of interest between us and our clients, we will continue to follow our existing proxy voting guidelines. We believe that following our guidelines helps us maintain our voting impartiality. If we identify what we deem to be a material conflict, our Proxy Committee and CCO will discuss the appropriate action, which will generally be to continue following our existing voting guidelines, but may also include, as applicable and if time allows, seeking an independent third-party voting recommendation or disclosing the conflict and asking clients to direct us on how to vote their shares.

Clients may request information on how we voted their shares, and may also ask for a complete copy of our proxy voting policy. These requests should be directed in writing to our CCO at our address listed on the cover page of this Brochure. We use a third party's platform to assist us administratively in the proxy voting process. We keep voting records for five or six years as applicable under the Advisers Act and the Investment Company Act.

Item 18 – Financial Information

HSMP does not require prepayment of fees in advance. The Firm has never been the subject of a bankruptcy petition. If we file for bankruptcy or if our partners decide to withdraw their capital, we may no longer be able to meet our contractual commitments to our clients.