

Data as of 09/30/20

# Partners Growth Innovators & Transformations SMA

## WHAT SETS US APART

### Created by the Senior Management of DCM Advisors

Each with over 30 years investment experience • For family and friends based on how they have invested a material amount of their personal accounts • Access to the multitude of research and analysis resources of DCM and its affiliates

- Identify long-term growth trends transforming society
- Identify companies aligned with these trends who are either participating because of their innovations or themselves are undergoing transformations to better adapt to and/or capitalize on these trends
- Seeks companies currently producing positive earnings or expected to produce positive earnings in the near-/intermediate-term
- Biased towards branded, category leaders
- Seeks a focused portfolio of no greater than 20 companies and diversified in at least 16 companies in at least four different industries
- High conviction in certain companies may lead to heavy weightings of 15%–25% from time to time which will create more volatile investment returns
- Defensive, heavy weightings in cash from time to time may reduce short-term declines and volatility but may generate short-term capital gains and fail to capture upside movement
- No leverage

## PORTFOLIO TEAM

### Portfolio Managers

Marc Rappaport, CEO

Steven Collopy, COO



Marc Rappaport

It has been said, the important thing for growth investors is not to **predict** powerful, transformational trends that shape society but, to **identify** them while they are happening and latch onto them.

I will never forget buying my first two stocks in 1986. I called in the orders to my

broker for both Microsoft and BlockBuster Video. I observed the company I was working for buying PCs for a quarter of the employees (of which I was one.) I was very impressed with the power now at my fingertips, and the rollout of PCs in my company was not uncommon as I compared notes with friends at other shops and in other industries. Impressive to me was the MS-DOS operating system and I reasoned since all PCs needed to run on DOS, a good way to participate in the growth of the PC market was via Microsoft.

Around that time, I also noticed on every business trip, in every state I visited, Blockbuster Video stores were opening and drawing crowds. They had tons of supplies of titles—especially new releases—and standardized a predominantly mom-and-pop video rental experience.

Both Microsoft and Blockbuster Video turned out to produce handsome returns for investors for many years. More importantly, there are many pearls of learning in just that one initial investment episode, including: **(A)** identifying powerful trends transforming society once it's clear they've taken hold; and **(B)** "trees don't grow to the sky" as Blockbuster and video rentals would eventually be disrupted by the online streaming services and put out of business, whereas Microsoft would adapt to cloud computing and transform its software applications from proprietary to open-architecture—available to all platforms from iOS, to Android and not just Windows—not to mention transforming from new release/pay-to-upgrade software cycle to evergreen, subscription pricing.

I'll also never forget my broker's response when I called in the order, which is itself yet another pearl of investment learning. "Are you sure you want to buy those two stocks?! I just pulled up the P/E ratio on both and they're very high."

**(C)** Growth stocks are always "too expensive". Amazon has been arguably the best performing company over the past 20 years and throughout its ascent there has always been a crowd crying "It's too expensive." (The word "crying" has two meanings here.) Powerful, transformational growth has not come cheap for investors. Nor has it come without substantial risk. But the rewards can be abundant, and we aim to identify many opportunities to align our capital and those of likeminded investors with a focus on companies that are innovating, transforming society or are themselves transforming internally and redirected for growth.

We have learned many lessons as investors over the past three decades, and we're not so smug as to think there are no more lessons to come. We hope to make less mistakes as a result. That said, one lesson we take to heart encompasses our view here: **(D)** risk is not to be avoided, it is to be managed.

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## TOP 10 HOLDINGS

FACEBOOK
SLACK
NVIDIA
SALESFORCE
STARBUCKS
SQUARE FINANCIAL
DOCUSIGN
SHAKE SHACK
APPLE
AMAZON

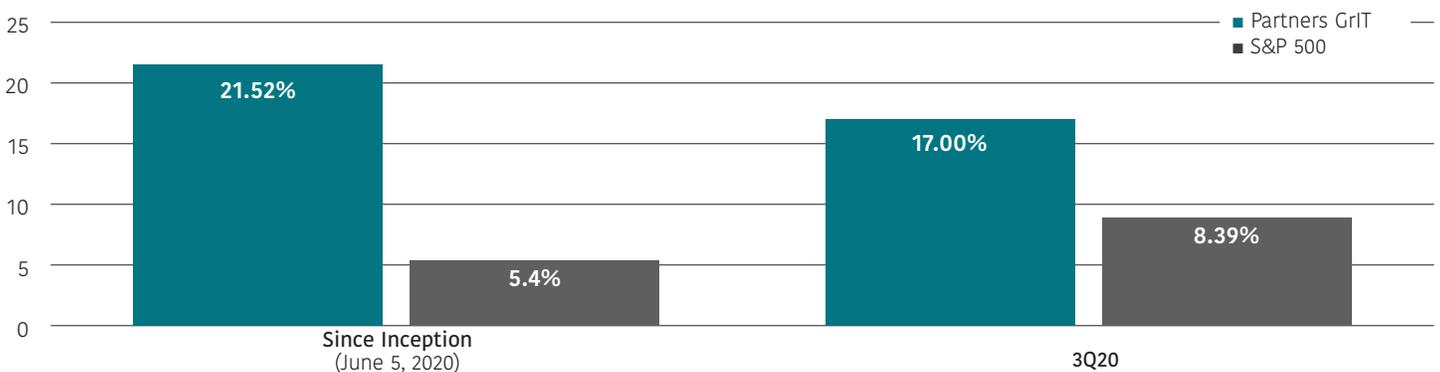
This is not a recommendation to buy or sell a particular security. Please see attached disclosures.

## INDUSTRY

SOFTWARE	30%
ADVERTISING	21%
SEMI-CONDUCTORS	13%
RESTAURANTS	12%
PAYMENT PROCESSORS	9%
CONSUMER PRODUCTS	7%
RETAIL	6%
HEALTH CARE/PERSONAL CARE	2%

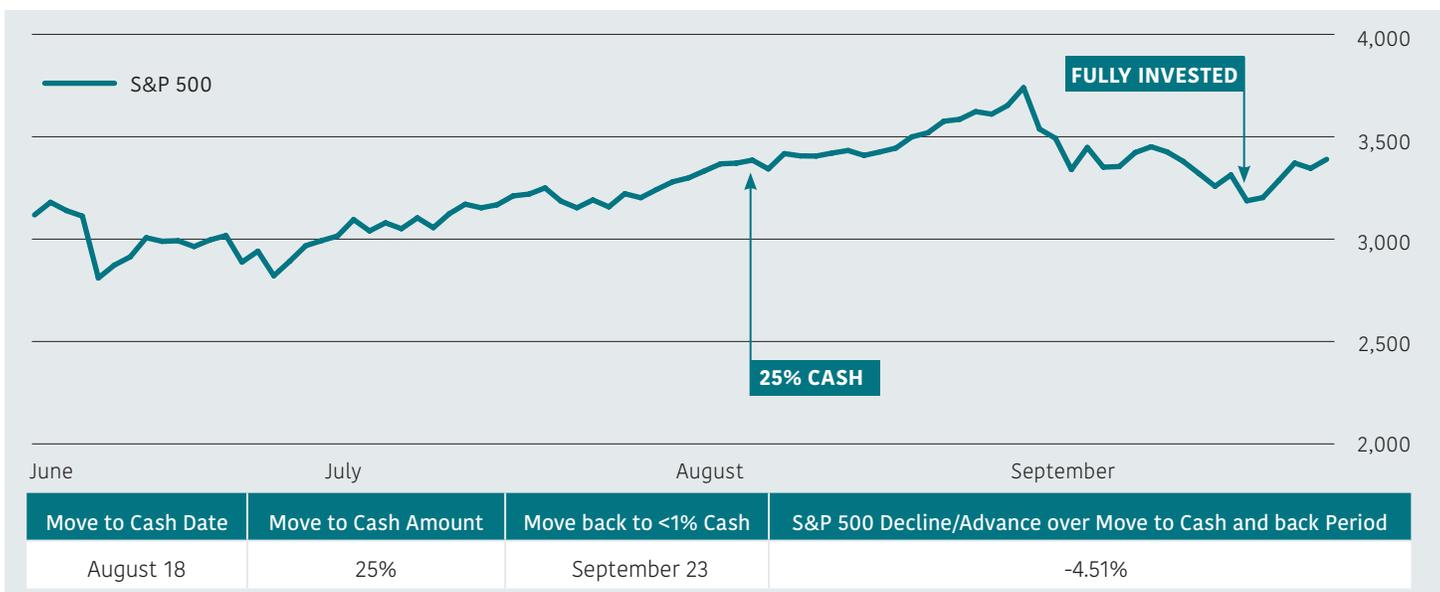
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## PERFORMANCE (AS OF 09/30/20)



Past Performance is not indicative of future results

## CASH AS DEFENSE FROM TIME TO TIME (AS OF 09/30/20 USING S&P 500 TACTILLY)



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