



CORE U.S. EQUITIES

Our US Equity Investment Philosophy:

At Baldwin Wealth Partners, we have been active investors in US equities for over 40 years. Over that time, we have developed some frameworks for navigating the US equity markets. Those center around our belief that buying great businesses for fair prices and holding them for the long run should position investors for attractive through-cycle returns. Additionally, they reflect our belief that companies capitalizing on secular growth opportunities are positioned to compound shareholder value over the long term. Our bottom-up, fundamentals-driven approach to US equity investing reflects those core tenants.

Equity Portfolio Construction:

Our equity strategy serves to provide US large-cap public equity exposure through a moderately concentrated portfolio of 30 to 50 large cap US stocks based on proprietary bottom-up analysis.

We typically size equity positions between 2% and 5%, prioritize security selection over sector tilts, and aim to keep the strategy fully invested over the market cycle. We employ a sell discipline that includes trimming or selling stocks that have:

- Exhibited a material change to our investment thesis.
- Moved adversely for an extended period.
- Illustrated weaker characteristics than a replacement.

We also manage portfolios in a tax-aware manner.

Our objective is to deliver competitive returns over a market cycle, through the selection of growing, high-quality, reasonably valued US companies. We also seek to mitigate portfolio volatility through our emphasis on portfolio company quality.

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Bottom-Up Equity Research:

Our security selection process is driven by fundamental, bottom-up investment research. We evaluate prospective investments against growth, quality, value and ESG criteria:

- **Growth** - We look for companies with track records of through cycle free cash flow per share growth, and companies serving growing end markets.
- **Quality** - We look for companies with strong management teams which produce robust returns on invested capital and can reinvest shareholders' capital at attractive rates long term.
- **Value** - We seek stocks that trade at a discount to our estimate of intrinsic value. We use a range of valuation metrics, including price/earnings (P/E), enterprise value/EBITDA, and price / free cash flow (P/FCF) ratios to build those estimates.
- **ESG** - We look for companies which take a proactive approach to managing their environmental footprints, perform well across key social impact metrics like workplace safety, and with good governance practices including strong board oversight. We may also seek companies with exposure to sustainability themes.

Those security selection criteria dovetail with our long-term approach to equity investing. We typically evaluate new investments using a 3-5+ year investment horizon. Our ideal holding period is forever.



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