INVESTOR PRESENTATION | 2014

Melvin Capital | 527 Madison Avenue | 25th Floor | New York, NY 10022

Melvin Capital ("Melvin" or the "Firm") is a process-driven fundamental long-short manager whose experienced team makes thematic and opportunistic investments in the consumer sector.

Focused Strategy

- Rigorous research-driven approach based on extensive proprietary modeling of companies in a defined, 300-name investment universe
- Emphasis on discounted cash flow (DCF), return on invested capital (ROIC), and detailed quarterly financial build and analysis to uncover key inflection points and support stock selection

Distinguished Management

- Team led by Gabriel Plotkin, who previously managed a $1.8 billion consumer-focused portfolio at Sigma Capital Management LLC, a division of S.A.C. Capital, L.P. ("SAC"), generating positive annual returns over each of his 7+-year tenure
- Core investment team has previously worked together for four years at SAC where they developed and refined their disciplined, repeatable investment process

Track Record

- Generated consistently positive returns from Jan 2007 – Mar 2014, with a high Sharpe Ratio and low volatility
- Experience preserving capital and managing volatility across a range of market environments
- Significant alpha generation on the short side

Risk Management

- Stock, sector and portfolio risk considerations integrated into every step of the investment management process
- Diversify risk by investing across a broad portfolio of securities in distinct sub-industries to mute single-name exposure

Alignment of Interests

- Principals have a significant portion of their liquid net worth invested in Melvin, keeping interests aligned with investors
- Internal interests are aligned through a corporate culture that emphasizes integrity and compliance

Note: The performance information presented relates to the Predecessor Portfolio and is not necessarily comparable to, indicative of or a guarantee of the future results of the Funds. The performance information does not include the deduction of all applicable expenses, including management fees and incentive allocations/fees, which fees and expenses will lower performance. Please see important disclosures accompanying this presentation.

Gabriel Plotkin leads a robust team of experienced investment professionals who have worked together previously and have proven acumen at identifying investment opportunities.

Gabriel Plotkin
Founder & CIO
14 years of industry experience

- **David Koch** — Sector Head & Partner — 15 years of industry experience
- **Greyson Clymer** — Sector Head & Partner — 8 years of industry experience
- **Marc Soloway** — Generalist Analyst with Short Focus — 16 years of industry experience
- **David Kurd** — Chief Operating Officer — 16 years of industry experience
- **Michael Cinque** — Chief Financial Officer — 14 years of industry experience
- **Evan Cohen** — Chief Compliance Officer — 22 years of industry experience

- **Mark Greenfield** — Analyst — 4 years of industry experience
- **Nikhil Talwar** — Analyst — 4 years of industry experience
- **John Brozick** — Analyst — 4 years of industry experience
- **David Alexandre** — Analyst — 3 years of industry experience
- **Lucas Andreika** — Analyst — 1 year of industry experience
- **Benjamin Sargent** — Analyst — 1 year of industry experience

Research investment themes and companies, develop detailed discounted cash flow analysis models for each company, and update models quarterly

- **Michael Pierce** — Analyst — 1 year of industry experience
- **Emily Josephson** — Trader — 13 years of industry experience
- **TBD (hired)** — Trader
- **Amanda Siegel** — Assistant
- **TBD** — Assistant

Melvin Capital believes that detailed security analysis is the foundation of a successful investment process.

DETAILED SECURITY ANALYSIS

Commitment to fundamental research based on discounted cash flow analysis (DCF) and a long-term framework

- Financial models are built on every company followed using a DCF with short and long term drivers
  - Each model has the same format across financials, scenarios, valuation, ROIC, DCF, and guidance overview
  - Quarterly and annual filings and transcripts are reviewed with important information entered into the models
- Significant emphasis on industry data supplemented by information gathered through company visits and industry research to analyze current business trajectory
- Long-term assumptions determine intrinsic company value and underlying price targets

Active portfolio management with disciplined review process

- Weekly reviews and end-of-day summaries provide recommendations for position sizing and portfolio changes
- Quarterly earnings previews on every covered name provide investment updates and test thesis
- Test long-term scenarios by examining metrics relative to company peers and broader industry framework

Emphasis on communication and rigorous due diligence

- Culture that supports collaboration, where all members of the investment team are involved in model development and ongoing analysis
- Leadership team's competitive differentiator is the cumulative result of decades of experience covering companies in the consumer sector as well as strong discipline and belief in the investment process

Investment Process Overview

Melvin's investment process is based on discounted cash flow analysis developed for each of the companies in Melvin's universe.

SECURITY ANALYSIS AND STOCK SELECTION AT THE FOUNDATION

1 Idea Generation

- Models are the backbone of the process to identify earnings inflections and DCF based valuation discrepancies
- Ideas identified through internal intellectual capital, industry research and news

2 Research and Analysis

- Analyze industry to identify market share gainers/losers and assess margin trajectories
- Assess value drivers and business characteristics to determine most attractive investment opportunities
- Analyze working capital, cash flow, and returns to understand realistic growth potential

3 Stock Selection

- Sector heads review most compelling potential positions based on risk/reward analysis
- Alpha shorts are identified using similar analysis
- Recommendations made to PM who makes final decision on each position

4 Portfolio Construction and Monitoring

- Position sizing determined by volatility, liquidity and risk/reward analysis
- Ongoing scrutiny of companies with regular updates to the models
- Preview names quarterly during earning season to reassess outlook of the businesses

Melvin uses a refined methodology using discounted cash flow (DCF) analysis to support stock selection on the long and short sides.

Use Metrics to Analyze Company Financials and Determine Valuation

Sales, including revenue builds from industry level down	Margins relative to history and peers	EBITDA CAGR	Current and projected ROIC
Balance sheet analysis	Earnings projections	Historical spreads	Sequential, year-over-year changes in growth rate

Identify Exploitable Discrepancies Between Current Stock Price and Valuations Indicated by Proprietary Models

Create a risk/reward analysis of the investment opportunity	Consider quality and sustainability of growth by assessing the cash flow characteristics and competitive profile of the business	Evaluate impact of macro-economic influences

Select Diverse Opportunities Presenting Repeatable Set of Drivers

Longs	Shorts
Cyclical company at industry trough with returns set to normalize	Cyclical company at industry peaks with returns set to normalize
Growth company with long trajectory and strong industry positioning	Secular declining cash flow story with low ROIC
Companies over-investing for growth earning sub-par ROIC near-term	Unsustainable margin structure susceptible to increasing competition
Comparing DCF value to company's long-term opportunity to identify price discrepancy	Fad or mania driven stock prices not supported by aggressive long term DCF assumptions

MELVIN CAPITAL

Melvin maintains ongoing analysis of 300 names in the consumer sector from which the investment team identifies opportunities on the long and short sides.

300

Consumer Sector Names In the Melvin Universe

150 Names Closely Monitored by Sector Head, David Koch		**150** Names Closely Monitored by Sector Head, Greyson Clymer	
– Hard Lines – Food – Consumer Products – Beauty	– Luxury – Building Products – Restaurants – Sporting Goods Retailers	– Internet – Leisure – Lodging – Education	– Food – Retail – Dollar Store – Apparel

Analysts Cover 45-55 Consumer Names

Mark Greenfield	Nikhil Talwar	Benjamin Sargent	John Brozick	David Alexandre	Lucas Andreika
Analyst	Analyst	Analyst	Analyst	Analyst	Analyst
4 years of industry experience	4 years of industry experience	1 year of industry experience	4 years of industry experience	3 years of industry experience	1 year of industry experience

Models built for each name ▪ Alpha shorts approached using reverse criteria ▪ Analysts pursue best ideas

Total Number of Positions 70-85 in the Melvin Portfolio

Risk management begins with a portfolio of fundamentally researched names and is maintained with structured ongoing risk/reward analysis and adherence to strict position sizing requirements.

Position Level	Every position in the portfolio has an established process around it, and the majority of the positions are in U.S.-listed, liquid equities Risk/reward of every position is reviewed daily and portfolio dollar and beta exposures are analyzed by industry and by factor Long-term assumptions are tested regularly to examine metrics relative to peers and industry framework
Portfolio Level	The portfolio is diversified enough to mute the impact of any single position on portfolio performance Sizing is determined based on the risk/reward analysis, volatility and liquidity Weekly risk meetings review portfolio exposures, sector out/underperformance and macro changes to identify risks and opportunities
Compliance Related	Employs comprehensive compliance policies to monitor internal information flow and discretion of information suppliers Chief Operating Officer and Chief Compliance Officer will oversee internal compliance policies and monitor potential changes to the regulatory environment Routine counterparty risk assessments

For more information, please contact:

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