



# Leading Edge Strategy

Separately Managed Account

## PORTFOLIO MANAGEMENT TEAM

### Mark T. Spellman

- 32 years industry experience  
 - BS: Boston College,  
 MBA: UMass Amherst

### Brian Hennessey, CFA

- 18 years industry experience  
 - BA: Williams College, MBA: M.I.T.

### Sarah Hunt, CFA

- 26 years industry experience  
 - BA: Wesleyan University,  
 MBA: Fordham University

## QUICK FACTS

|                    |                     |
|--------------------|---------------------|
| Firm AUM           | \$850M              |
| SMA Inception Date | 1/1/2019            |
| Benchmark          | Russell 2500 Index™ |
| Strategy AUM       | \$44.26M            |
| Investment Minimum | Negotiable          |
| Fees               | Negotiable          |

## Market & Economic Review

Good earnings growth throughout 2025 and a couple of Fed rate cuts helped US equity indices put up another year of double-digit returns. Equities started off this year positively after a rather bumpy November and December. We thought there might be some early-year volatility, but so far, better economic data and an unexpected shift in the geopolitical landscape have seemed to be taken in stride by investors. The reaction by investors to a change in leadership in Venezuela suggests that getting a new government regime in charge of the world's largest oil stockpiles is a net positive, at least at first glance. Clearly, these are fluid situations.

US economic statistics at the end of the year looked fairly strong, and there is a positive earnings story in the US and other OECD markets as well. Upcoming Supreme Court rulings on tariffs may trigger a resurgence of the market volatility seen throughout 2025. The 'Liberation Day' shock factor has subsided as the administration has shifted negotiating tactics, with several moving goalposts. However, an adverse ruling would force the White House to find alternative legal avenues, altering the timeline and rollout of future trade policies. The quick turn to individual-country agreements sparked a relief rally and investor enthusiasm. The scare that DeepSeek brought to the AI landscape was also relatively short-lived.

A continuing technology capex cycle, combined with some of the fiscal stimulus coming from legislation passed last year, seems to be driving a consensus that 2026 economic growth will be above trend. This, in turn, has shaped double-digit earnings growth expectations for the S&P 500 for the year. While technology accounts for a good part of that earnings growth, it is also forecast to broaden out to other sectors of the US economy. As more normalized economic data comes through post reopening of the US government, the Federal Reserve will be paying close attention to both inflation readings and the labor market. The employment data for January 9th was reasonably good, while the headline number was a slight disappointment. The higher average hourly wages and a drop in the unemployment rate are likely to give the Fed time to pause and see how the data look going forward, which means we do not believe they will cut rates again in January. However, the market is expecting a further 2 cuts for the year.

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### Product Review

#### Major Contributors

Domestic steel producer **Steel Dynamics (STLD)** was a top contributor for the quarter. This beneficiary of foreign steel tariffs rose as both demand and pricing were tailwinds for US-produced steel products. Shipbuilder **Huntington Ingalls (HII)** was also a positive contributor to the strategy in the quarter. One of just a handful of military shipbuilders in the US, HII is benefitting from rapidly increasing defense budgets, new contract wins, and a new commitment by the current administration to dramatically modernize and increase the US military's fleet. Cinematic solutions company **IMAX (IMAX)**, rose for the quarter and positively contributed to the results of the strategy. IMAX continued to benefit from a steady improvement in movie attendance in China and positive attendance trends for the domestic box office that was originally expected to be lackluster this in 2025. Not only have blockbusters done well in 2025, but a number of lesser-known titles have done much better than expected. While we feel the shares are still somewhat undervalued as the calendar for movie releases over the next 18 months continues to be impressive, we reduced our position size. However, IMAX remains a top weighting.

#### Major Detractors

**Varonis Systems (VRNS)** detracted from the performance of the strategy in 4Q25. VRNS reported less than expected bookings to its new cloud-based offerings and offered a more muted outlook than we expected. We still like its potential for sales and earnings growth driven by its collaboration with Microsoft and its Co-pilot rollout. We continue to hold the shares. Similarly, **Soundhound (SOUN)** also reported results slightly worse than expectations. We continue to like its outlook, especially with its recent AI-driven customer facing productivity software targeting the food service industry. We continue to hold these shares as well. Communications equipment manufacturer **Motorola Solutions (MSI)** lagged in 4Q25 and was a detractor to performance. MSI has a rare miss to expectations with its 3Q25 results, and the shares suffered as a result. We continue to like the shares of this leading-edge communications equipment maker and believe the near-term results are an anomaly for this franchise name. We used the weakness in the shares as an opportunity to increase our position size in the quarter.

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### **Current industry/sector overweights/underweights**

Beginning 2026, the Leading Edge SMA was positioned with its largest overweights versus its benchmark (Russell 2500) in the consumer discretionary sector, led by positions in Birkenstock (BIRK), Tractor Supply (TSCO) and Booking Holdings (BKNG). Other sector overweights included Utility sector where we have emphasized companies with exposure to rising demand to power supply for data centers like Evergy (EVRG). Communications Services was also an overweighted sector highlighted by the aforementioned IMAX (IMAX).

The strategies largest sector underweights included Financials where we have emphasized stocks with a fintech angle like Figure Technology Solutions (FIGR) rather than regional banks, Real Estate where we have a position in data center REIT, Equinix (EQIX), and in the Materials sector where our sole holding at this time is the aforementioned Steel Dynamics.

### **Market & Economic Outlook**

We continue to monitor the global economic situation as we move through global changes in trade, monetary policy, and the political and economic turbulence that an aggressive Russia, conflict in the Middle East, and now military action in Venezuela has brought to an already challenging geopolitical backdrop. We will also be on the lookout for any information, positive or negative, about the AI space and the spending anticipated to further the buildout. We expect that, as in 2025, these could add volatility to equity markets, and if recent past is prologue, any dips or scares may well be bought. Recent commentary on the housing market focuses on affordability issues. Still, the recent escalation of tensions with the Federal Reserve and its Chair, Jay Powell, seems to be muddying the waters for interest rates just after a drop in mortgage rates as a result of policies intended to have government housing agencies pick up where the Fed's balance sheet has left off. How this plays out is not yet clear but is likely to also increase volatility.

While we remain somewhat cautious, we will continue to look for exceptional opportunities to purchase stocks that have characteristics that include a competitive or emerging competitive edge, inflation protected income streams, pricing power to offset cost pressures, limited impact or conversely beneficiaries from a trade war, and as always, growing free cash flow that allows company managements to continue to invest and grow their businesses. While we cannot know for certain what 2026 will bring, we will maintain our focus on our investment strategy.

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### PERFORMANCE (AS OF 12/31/25)

|                    | Annualized Performance |        |        |                 |
|--------------------|------------------------|--------|--------|-----------------|
|                    | 1 Year                 | 3 Year | 5 Year | Since Inception |
| Gross              | 3.11%                  | 13.25% | 3.50%  | 11.52%          |
| Net (Composite)    | 2.19%                  | 12.24% | 2.57%  | 10.52%          |
| Net (Composite 3%) | 0.34%                  | 10.24% | 0.72%  | 8.55%           |
| Benchmark          | 11.89%                 | 13.71% | 7.23%  | 11.72%          |

**Past performance does not guarantee future results.**

|         | Gross Return | Net Return | Bench Return | 3 Yr Std Dev Gross of Fees | 3 Yr Bench Std Dev | Number Portfolios | Internal Dispersion | Composite AUM (\$MM) | Firmwide AUM (\$MM) | Percent Non-Fee |
|---------|--------------|------------|--------------|----------------------------|--------------------|-------------------|---------------------|----------------------|---------------------|-----------------|
| CY 2024 | 21.16%       | 20.11%     | 11.98%       | 18.16%                     | 22.00%             | 17                | 3.39%               | 20.4                 | 818.8               | 0.00%           |
| CY 2023 | 16.31%       | 15.24%     | 17.39%       | 17.82%                     | 20.43%             | 15                | 2.12%               | 8.1                  | 734.1               | 0.00%           |
| CY 2022 | -28.38%      | -29.01%    | -18.40%      | 20.93%                     | 25.52%             | 14                | 1.56%               | 6.7                  | 801.2               | 0.00%           |
| CY 2021 | 14.15%       | 13.06%     | 18.14%       | 18.42%                     | 22.80%             | 15                | 1.42%               | 10.6                 | 1,048.8             | 3.31%           |
| CY 2020 | 32.13%       | 30.91%     | 19.98%       | N/A                        | N/A                | 14                | N/A                 | 8.4                  | 894.2               | 3.70%           |
| CY 2019 | 36.78%       | 35.63%     | 27.74%       | N/A                        | N/A                | 1                 | N/A                 | 0.2                  | 832.7               | 100.00%         |

Alpine Saxon Woods, LLC claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Alpine Saxon Woods, LLC has been independently verified for the periods January 1, 2019, through December 31, 2024.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Leading Edge composite has had a performance examination for periods beginning January 1, 2019, through December 31, 2024.

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Alpine Saxon Woods, LLC is an independent, majority women-owned asset management firm established in 2022 and based in Purchase, NY. The firm history begins in 2019 with the predecessor firm, Alpine Woods L.P. Alpine Saxon Woods is the parent company of two registered investment advisors, Alpine Woods Capital Investors LLC and Saxon Woods Advisors, LLC. The firm takes a thematic and tailored approach to investing, with a focus on underappreciated growth.

Composite Inception Date: 8/1/18 Composite Creation Date: 5/21/18

Composite Description: The Leading Edge strategy invests in companies 1) with a dominant market share in their respective industry, 2) with a significant competitive advantage over peers that is expected to continue into the future, and 3) with emerging "disruptive technology" that could enable accelerating market share growth. Investment candidates with strong and growing free cash flow and self-funding business models are favored. The strategy focuses on small and mid-capitalization companies and is sector agnostic.

The composite uses the Russell 2500.

Internal dispersion is calculated as the equal-weighted standard deviation of annual gross returns for those portfolios that were included in the composite for the entire year.

Fees include management fee and transaction fees only. The management fee is 1%.

Reporting currency used is USD

AVAILABLE UPON REQUEST:

List of composite descriptions

Policies for valuing investments, calculating performance and preparing GIPS reports

From inception through 9/30/23, the composite used monthly dollar weighted returns, adjusting for capital inflows and outflows through Eze Investor Accounting (formerly Penny-It-Works). From 10/1/23 to 12/31/2024, the composite uses daily time-weighted returns from Orion Advisor Technology LLC, which measures performance as a percent of capital at work on each trading day and links them together to produce a return for a stated period.

Results prior to June 30, 2022, are from a predecessor firm, Alpine Woods LP.

**Past Performance Does Not Guarantee Future Results**