



Dividend Strategy

Separately Managed Account

PORTFOLIO MANAGEMENT TEAM

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

QUICK FACTS

Firm AUM	\$850M
SMA Inception Date	1/1/2019
Benchmark	S&P Dividend ETF
Strategy AUM	\$51.25M
Investment Minimum	Negotiable
Fees	Negotiable

Market & Economic Review

Strong earnings growth in 2025 and strategic Fed rate cuts propelled US equity indices to another year of double-digit returns. Markets maintained this positive momentum into early 2026, shaking off a volatile year-end. Despite initial concerns over early-year stability, investors have remained resilient, buoyed by robust economic data and an unexpected geopolitical shift in Venezuela. The prospect of a new regime managing the world's largest oil stockpiles has been viewed as a net positive, though the situation remains fluid.

While domestic economic indicators and OECD earnings stories appear strong, potential headwinds remain. Upcoming Supreme Court rulings on tariffs could reignite the volatility seen last year. Although the “Liberation Day” shock has subsided as the administration shifts its negotiating tactics, an adverse legal ruling would force the White House to find alternative trade policy avenues. Conversely, the pivot toward individual-country agreements has already sparked investor enthusiasm and a relief rally, while the competitive threat from DeepSeek in the AI space proved short-lived.

A sustained technology capex cycle and recent fiscal stimulus have fostered a consensus that 2026 growth will remain above trend. This outlook supports expectations for double-digit earnings growth within the S&P 500, which is forecast to broaden beyond the technology sector. As economic data normalizes following the US government reopening, the Federal Reserve is closely monitoring inflation and labor markets. Despite a slight disappointment in headline employment numbers, higher average hourly wages and a declining unemployment rate suggest the Fed will likely pause in January, even as the market anticipates two additional cuts later this year.

Dividend SMA Product Review

Major contributors

Flow control equipment manufacturer **Flowserve (FLS)** was a top contributor for the quarter, benefiting from record-breaking demand in the nuclear and data center sectors, as well as a significant deal to transfer all remaining asbestos-related liabilities and insurance assets to an affiliate of Oaktree Capital Management. Power solutions company **Cummins Inc (CMI)** was also a positive contributor, benefiting from record demand for backup power generators required for massive AI-driven data center

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expansions. We view CMI as one of the more underappreciated AI infrastructure plays. Finally, **Steel Dynamics (STLD)** benefited from foreign steel tariffs, with both demand and pricing on US-produced steel products providing significant tailwinds. STLD is one of the primary beneficiaries of “Buy American” initiatives that are fueling a trend towards onshoring of US manufacturing.

Major detractors

Home Depot (HD) was one of the major detractors of performance in 4Q25, as stubbornly high mortgage rates and home price uncertainty caused homeowners to postpone large-scale “big-ticket” projects like kitchens and bathrooms. We continue to like HD as a best-in-class retailer that could benefit from declining interest rates and pent-up demand for remodeling activity. **HP Inc (HPQ)** also faced a challenging quarter as investors were spooked by a combination of subdued demand and pricing and rising component costs (particularly memory costs), resulting in margin compression. While this position has not performed as we had hoped, we think its 14% free cash flow yield, 5.4% current yield and its massive buyback program make the shares attractive. Finally, **Garmin Ltd (GRMN)** struggled due to a combination of slowing topline growth and margin compression as the company ramped its R&D spend. We are hopeful that the launch of the Fenix 8 Pro and new AI-driven health features announced at the CES in January will reignite growth.

Current industry/sector overweights/underweights

Beginning in 2026, the Dividend SMA was positioned with its largest overweight versus its benchmark (the State Street SPDR S&P Dividend ETF, SDY) in the Information Technology sector, led by positions in Broadcom (AVGO), Texas Instruments (TXN), and Cisco Systems (CSCO). All three names have solid exposure to growth in AI spending and deployment. The strategy was also overweight the Financials sector, led by positions in JP Morgan (JPM), Citigroup (C), and Bank of New York Mellon (BK), and the Real Estate sector, with positions in SBA Communications (SBAC), Equinix (EQIX) and Simon Property Group (SPG).

The strategy’s largest sector underweights included Consumer Staples where earnings trends continue to be negative. We were also underweight Industrials, where the strategy is focused on beneficiaries of growing defense spending, like L3Harris Technologies (LHX) as well as companies exposed to the growing power needs of AI-fueled data center growth, including Cummins (CMI) and Emerson Electric (EMR). Finally, we were underweight the Utilities sector, with a tilt towards decarbonization and data center-related power needs, with top positions including Southern Corp (SO), Brookfield Renewable Corp (BEPC), and Essential Utilities (WTRG).

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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 inflation-protected income streams (rising dividend payments, pricing power to offset cost pressures), limited impact or conversely beneficiaries from a trade war and as always, strong free cash flow that allows company managements to continue to invest in their businesses, pay and raise dividends. While we cannot know for certain what 2026 will bring, we believe this strategy will continue to offer strong risk-adjusted returns.

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PERFORMANCE (AS OF 12/31/25)

	Annualized Performance			
	1 Year	3 Year	5 Year	Since Inception
Gross	13.37%	13.41%	11.50%	10.79%
Net (Composite)	12.28%	12.34%	10.46%	9.77%
Net (Composite 3%)	10.36%	10.39%	8.53%	7.84%
Benchmark	8.17%	6.37%	8.46%	9.46%

Past performance is no guarantee of future results.



COMPOSITE TIME-WEIGHTED RETURN REPORT

Dividend

	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	21.19%	20.07%	8.44%	15.56%	16.25%	10	3.03%	17.3	818.8	0.00%
CY 2023	6.19%	5.11%	2.63%	15.64%	16.47%	11	1.80%	14.3	734.1	0.00%
CY 2022	-2.62%	-3.51%	-0.52%	19.66%	20.19%	10	0.49%	13.6	801.2	0.00%
CY 2021	21.35%	20.20%	25.37%	16.92%	17.89%	11	1.95%	14.4	1,048.8	1.96%
CY 2020	-5.55%	-6.38%	1.79%	N/A	N/A	12	N/A	12.1	894.2	1.92%
CY 2019	25.91%	24.74%	23.28%	N/A	N/A	3	N/A	0.4	832.7	56.23%

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 Dividend 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: 11/1/18 Composite Creation Date: 10/10/18

Composite Description: The Dividend strategy invests in companies that have maintained or increased dividends for at least the past 5 years. Fundamental research is performed on each company's ability to sustain its dividend and potentially increase those payments in the future, incorporating analysis on free cash flow potential and numerous balance sheet metrics. The strategy is market capitalization and sector agnostic, but the nature of dividend paying companies tends to tilt towards a mid-to-large capitalization profile.

The composite uses the SPDR S&P Dividend ETF (SDY). The SDY tracks the performance of the S&P High Yield Dividend Aristocrats Index.

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%.

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