



Capital Return 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	S&P Dividend ETF
Strategy AUM	\$18.60M
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.

Capital Return Strategy SMA

Product Review

Major contributors

Technology shares continued their bull run in 4Q on AI-fueled optimism and massive spending announcements from companies like Meta, Oracle, Microsoft, Open AI and others. For the third quarter in a row, our largest positive contributors were dominated by technology shares. Shares of Google parent Alphabet (GOOG) were a positive contributor this quarter. GOOG's AI offering Gemini continues to compete well in the space despite early fears at its launch. The recent announcement that its AI offering, Gemini, will be the driving force behind Apple's revamped Siri helped solidify it as a major force in AI deployment. Semiconductor equipment manufacturer Lam Research (LRCX) is also a repeat top contributor. AI-related spending and tariff worries evident early in 2025 have all but dissipated and LRCX continued to rise in the 4th quarter. We continue to own this well-positioned semiconductor equipment manufacturer and believe the industry is positioned well on a multi-year basis. 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.

Major detractors

Communications equipment manufacturer Motorola Solutions (MSI) lagged in 4Q25 and was a top detractor. 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. Shares of PC and printer manufacturer HP Inc (HPQ) continued to be weak in the quarter and detracted from results. More subdued demand and pricing have weighed on the shares for a few quarters now. While this position has not performed as we had hoped, we think its 14% free cash flow yield, 5.39% current yield and its massive buyback program make the shares attractive. Early in 2026 we increased our position size but will keep a close watch on its near-term performance to determine its place in accounts. Shares of home improvement stocks Tractor Supply (TSCO) and Home Depot (HD) were both detractors to performance in 4Q25. Both companies saw slower demand in home improvement trends with a recovery proving elusive. We continue to like both of these names as best-in-class retailers that could benefit from lower interest rates and an increase in both home buying and remodeling in 2026.

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Current industry/sector overweights/underweights

Beginning 2025, the Capital Return SMA was positioned with its largest overweights versus its benchmark (SDY) in technology, led by positions in Apple (AAPL), Microsoft (MSFT) and Lam Research (LRCX). All three names have positive capital return attributes and solid exposure to growth in AI spending and deployment. Other sector overweights included Consumer Discretionary led by Booking Holdings (BKNG) (continued share gainer in travel) and Tractor Supply (share gainer in home improvement and rural lifestyle). The strategy was also overweighted in Energy with emphasis on companies that do not have exposure to higher oil prices. Our holdings in this sector include natural gas liquids producer Cheniere Energy (LNG) and refiner Phillips 66 (PSX).

The strategies largest sector underweights included the Utility sector where companies that do not issue shares for capital projects or raise their dividend at an above market rate are rare. Also underweighted in Consumer Staples where earnings trends continue to be negative, and Materials.

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 that include rising dividend payments, 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 in their businesses, pay and raise dividends, and repurchase shares. 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	10.36%	11.75%	9.66%	12.40%
Net (Composite)	9.36%	10.78%	8.71%	11.44%
Net (Composite 3%)	7.42%	8.77%	6.73%	9.41%
Benchmark	8.17%	6.37%	8.46%	9.46%

Past performance does not guarantee future results.



COMPOSITE TIME-WEIGHTED RETURN REPORT

Capital Return

	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	14.58%	13.59%	8.44%	15.19%	16.25%	30	2.10%	38.8	818.8	0.00%
CY 2023	10.38%	9.49%	2.63%	15.44%	16.47%	30	1.59%	35.3	734.1	0.00%
CY 2022	-9.39%	-10.16%	-0.52%	20.32%	20.19%	27	1.65%	16.8	801.2	0.00%
CY 2021	25.40%	24.28%	25.37%	18.74%	17.89%	23	2.60%	18.4	1,048.8	1.84%
CY 2020	2.12%	1.28%	1.79%	N/A	N/A	19	N/A	14.7	894.2	1.80%
CY 2019	40.07%	38.89%	23.28%	N/A	N/A	1	N/A	0.3	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 Capital Return 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: 6/1/18 Composite Creation Date: 5/21/18

Composite Description: The Capital Return strategy invests in sound financial companies that have historically paid and raised dividends and have a history of meaningful share repurchase programs. Investment candidates are chosen based on their free cash flow history and potential for growth in free cash flow, debt burden, and dividend payout ratios to assess the company's potential to continue to provide dividends and/or buy back shares, sustain dividend growth, and provide future share repurchases. The strategy is market capitalization and sector-agnostic, seeking capital appreciation through revenue growth, margin improvements and valuation upside.

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%.

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