ALPINE SAXON WOODS

Capital Return Strategy

Separately Managed Account

PORTFOLIO MANAGEMENT TEAM

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

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

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- 17 years industry experience
- BBA: Macaulay Honor College at Baruch College

QUICK FACTS

Firm AUM	$890M
SMA Inception Date	1/1/2019
Benchmark 1	S&P Dividend ETF (SDY)
Benchmark 2	iShares Russell 1000 Value ETF (IWD)
Strategy AUM	$21.50M
Investment Minimum	Negotiable
Fees	Negotiable

Market & Economic Review

The biggest story for equities in 2026 so far has been the recipient companies of the massive capex needed to keep the AI juggernaut moving. 2Q26 Semiconductors and memory suppliers have been the prime beneficiaries of bottlenecks in the AI buildout, while investors have seemingly walked away from the spenders – the hyperscalers and Mag 7, which have been nicknamed the “Lag 7” in 2026. Across most sectors, solid earnings have been reported better than the consensus expectations that were set as we entered 2026. The quick rise of oil prices to $120 brought on by the Middle East war has reverted to pre-war levels. The market seems to have made an assumption – regardless of intermittent military flareups – that the worst of the conflict is over and oil supplies will return to a more normal pattern moving forward.

The Federal Reserve continues to find itself in a precarious position. New Federal Reserve Chair Kevin Warsh was surprisingly less dovish than we had expected, calling out a strict 2% inflation target in no uncertain terms, just as markets were anticipating a more dovish tone. Since oil was still at elevated levels during his first press conference, the market reaction was swiftly negative. The expectation for rate hikes as the next move, versus cuts, was immediately reflected in forward rates. 2Q26 The curve went from pricing in no hikes this year to potentially two. Inflation readings will be duly scrutinized as investors try to ascertain if the next move is up or down for the Federal Funds rate. In the meantime, the aforementioned solid earnings reports and recent move lower in oil have dominated the conversation.

Product Review

Major contributors

Semiconductor equipment manufacturer **Lam Research (LRCX)** is a top contributor for the fourth quarter in a row. AI-related spending and tariff worries evident early in 2025 have all but dissipated and LRCX continued to rise posting strong earnings and order books. We continue to own this well-positioned semiconductor equipment manufacturer and believe the industry is well-positioned on a multi-year basis. Semiconductor manufacturer **Texas Instruments (TXN)** was also a top contributor as the semiconductor industry enjoyed a large rally during the quarter. Companies like

TXN, tied to the build-out for AI computing capacity, reported positive results and order outlooks as the data center build out marches on. Drug maker **Eli Lilly (LLY)**, a position initiated during the quarter, was also a top contributor. The company not only reported better-than-expected results in its GLP-1 franchise of Zepbound and Mounjaro, but also for its newly launched daily pill version called Foundayo. Further boosting the shares were some positive Phase III results for its next-generation GLP-1 drug, retatruide. Investors have also been cheered by LLY's M&A strategy of investing its +$12B in annual free cash flow into companies with products that will diversify its product line-up. The Company has announced purchases of at least eight companies for nearly $20B this year in treatment areas including narcolepsy, cell therapies to treat certain cancers, and infectious diseases and vaccines.

Major detractors

Defense contractors **Northrop Grumman (NOC)** and **L3Harris Technologies (LHX)** both underperformed in the quarter after starting off the year strongly when they benefitted from war in the Middle East. The prospects for the end of hostilities caused weakness in the shares as the market rotated back into AI and technology hardware names. We think the outlook for defense procurement is poised to rise for some time and saw the weakness in the shares as an opportunity to increase our exposure. Near the end of the quarter, we increased our positions in both NOC and LHX. 2Q26 **Cheniere Energy (LNG)** shares slipped during the quarter after starting the year off strongly with the onset of the Middle East war. Shares of the liquefied natural gas (LNG) supplier benefited in 1Q26 from higher prices (and were a top contributor) brought on by supply disruptions at other producers' facilities in the Middle East. By 2Q26, similarly to the defense names mentioned earlier, the shares weakened with the prospects of an end to hostilities and a return of Middle East supplies. We reduced our LNG position early in the quarter as momentum began to lag. We think the longer-term prospects for LNG production, pricing, and demand growth remains positive, and LNG shares should continue to benefit in spite of any "outbreak of peace". We continue to hold shares of LNG.

Current industry/sector overweights/underweights

At the end of 2Q26, the Capital Return SMA was positioned with its largest overweights versus its benchmark (SDY) in technology, led by positions in Lam Research (LRCX), Apple (AAPL), and Microsoft (MSFT). All three names have positive capital return attributes and solid exposure to growth in AI spending and deployment. Other sector overweights included Financials JP Morgan (JPM) and Bank of America (BAC) benefiting from loan growth and investment banking and trading, and Visa (V), a major payment transaction processor also making entries into stablecoin processing. The strategy was also overweighted in Healthcare with its position in Eli Lilly (LLY) benefiting from massive sales growth in its GLP-1 franchise and Danaher (DHR), that we believe will benefit from a positive capital spending cycle in the biotech industry.

The strategy's largest sector underweights included in the Utility sector where companies that do not issue shares for capital projects or raise their dividend at an above-market rate are rare. We are also underweighted in Consumer Staples where, in spite of some healthy dividend yields, companies have negative sales and profit trends. The Industrials sector is also currently underweighted while we look for more reasonably priced stocks after a strong run in the group.

Recent buys and sells
Sample of new positions in the quarter:

Eli Lilly (LLY) : GLP-1 franchise growth plus diversification

Vistra Corp (VST): energy producer benefitting from power demand

Booking Holdin (BKNG): dominant in travel reservation benefitting from AI productivity and a return to travel

Visa (V): leading fintech name. Tax swap for Mastercard (MA)

Sample of sold positions in the quarter:

Domino's Pizza (DPZ): market share leader but industry slowdown hurting results

Tetra Tech (TTEK): green initiative spending slowdown

Tyson Foods (TSN): difficult time offsetting price inflation is damaging margins

Market & Economic Outlook

Sector rotation creates opportunities. The healthcare and financials sectors, that have been in the shadow of the technology story, are beginning to reassert themselves on the strength of their own innovation, benefits from AI initiatives, and recent regulatory relief. We see other beneficiaries of potential AI productivity gains and lower computing costs in defense, automation and robotics, leisure and travel, and non-AI infrastructure. We will continue to position portfolios to capture both the continuation of the AI trend and the emerging stories that may define the second half of 2026.

While we remain somewhat cautious, we will continue to look for exceptional opportunities to purchase stocks that feature characteristics that include inflation protected income streams with rising dividend payments, pricing power to offset cost pressures, limited impact from - or conversely beneficiaries of - 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 the remainder of 2026 will bring, we will maintain our focus on our investment strategy. 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 and conflict in the Middle East have brought to an already challenging geopolitical backdrop. The outlook for the economy is fraught with question marks, and there will be many winners and many losers. We will always strive to manage that ebb and flow in the Alpine Saxon Woods Capital Return strategy by continuing to purchase those stocks that pay increasing levels of dividends to shareholders and further return capital in the form of share repurchases, while hedging those exposures when and where we find it prudent to do so.

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PERFORMANCE (AS OF 6/30/26)

		Annualized Performance			
	YTD	1 Year	3 Year	5 Year	Since Inception
Gross	11.96%	18.75%	14.04%	9.21%	13.23%
Net (Composite)	11.44%	17.72%	13.02%	8.26%	12.26%
Net (Composite 3%)	10.47%	15.60%	11.01%	6.29%	10.22%
Benchmark 1	10.73%	15.08%	10.33%	7.28%	10.30%
Benchmark 2	16.05%	26.86%	17.55%	10.97%	13.29%

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 2025	10.36%	9.36%	8.17%	10.91%	12.42%	18	3.86%	18.4	849.8	0.00%
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	0.2	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, 2025.

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, 2025.

Alpine Saxon Woods, LLC is an independent 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 12/31/2025, 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