ALPINE SAXON WOODS

Dividend Strategy

Separately Managed Account

PORTFOLIO MANAGEMENT TEAM

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QUICK FACTS

Firm AUM	$878M
SMA Inception Date	1/1/2019
Benchmark	S&P Dividend ETF
Strategy AUM	$89.42M
Investment Minimum	Negotiable
Fees	Negotiable

Market & Economic Review

After months of volatile but increasing oil prices and a steady drift higher in yields, the 5% line has now been crossed across the yield curve, from 5-year to 30-year Treasury bonds. We have been in the camp that a rate hike (or two) might not slow the juggernaut of AI capex, but a shift higher in the entire curve and a rising long end may be more problematic for the rest of the market. After the 25-basis-point rate hike in September, odds for October and December hikes increased dramatically. October odds have since declined, but the odds for a second rate hike in December are currently over 80%. Elevated oil prices driving inflation are certainly a proximate cause of rates moving higher across the board, and the move is a global phenomenon. A string of higher-than-expected global PMI numbers added to concerns of a "too hot" economy, and a jump in rate hike odds added pressure to bonds. Yields moved higher across the curve, and the curve flattened in the process. That flattening has pressured net interest margins at banks and other lenders.

Stocks were mixed during the quarter with the S&P 500 leading the way with a low-single-digit gain, followed by the NASDAQ 100 eking out a slight gain. Dividend indices were down, with particular weakness in September after the Fed Chairman's comments on tightening policy, while small-cap indices fared the worst, down mid-single digits.

Dividend Strategy Review

Major contributors

Software behemoth **Microsoft (MSFT)** was a top contributor in the quarter. The company reported better-than-expected sales and earnings, putting investors' minds at ease over its massive AI capital spending program. Its Azure cloud business showed revenue accelerating while its AI assistant Copilot showed better-than-expected commercial rollout results. These results illustrated the potential ROI for its capital spending plan. We continue to like the MSFT story as it begins to show tangible financial results of how it is benefiting from its AI spending. Biotech drug firm **Amgen (AMGN)** was also a top contributor during the quarter. AMGN reported better-than-expected revenue and earnings and is on pace to generate more than $10B in free cash flow for 2026. Test results for its once-a-month obesity drug, MariTide, were positive and could give it a unique entry into the obesity market. Early Phase III results for its autoimmune disease drug were also positive and could conceivably give it a new path for entry into the treatment of numerous autoimmune diseases. We continue to like AMGN given its recent execution and robust R&D pipeline. Shares of **Garmin (GRMN)** were also a major contributor in the quarter. Record sales in its fitness division

that handily beat expectations, coupled with significantly higher gross and operating margins, drove the shares higher as the company raised expectations for 2027. Its acquisitions in the premium endurance and training segments are further solidifying its strength in personal fitness.

Major detractors

Diesel engine and power unit producer **Cummins (CMI)** also underperformed in the quarter due to weakness in the aforementioned AI-related trade. As with LRCX, its results and order book remain strong but sentiment turned against the theme in 3Q. We continue to like the prospects for CMI and continue to hold the shares. Shares of **Brookfield Renewable (BEPC)**, which were purchased earlier in 3Q, detracted from the strategy's performance for the quarter. While we feel the healthy 5.56% dividend yield is attractive, interest rate spikes late in the quarter hurt most utilities and dividend-paying stocks. We still see good value in BEPC and continue to hold shares, despite our mistiming of its initial purchase. Defense contractor **L3Harris (LHX)** underperformed for the second consecutive quarter after starting off the year strongly when it benefited from war in the Middle East. The prospects for the end of hostilities and slower defense budget growth caused weakness in the shares. Its CEO was also fired during the quarter after an investigation into his personal conduct. We sold our entire position in LHX during the quarter as the company looks to get back on track in several capacities.

Current industry/sector overweights/underweights

At the end of 3Q26, the ASW Dividend Strategy was positioned with its largest overweights versus its benchmark (SDY) in healthcare, led by positions in **Amgen (AMGN)**, **AbbVie (ABBV)**, and **Medtronic (MDT)** as we see prospects and the value proposition for many names in the healthcare space as most attractive over the next few quarters. Also still overweight, but less so than earlier in 2026, is technology, led by positions in **Cisco (CSCO)**, **Microsoft (MSFT)**, and **Accenture (ACN)**. These names have solid exposure to growth in their respective end markets including AI spending and deployment, and security. The strategy was also overweight in financials with positions in **JPMorgan (JPM)**, **Bank of New York Mellon (BNY)**, and **US Bancorp (USB)** where we have concentrated our holdings on stocks with recurring fee and transactional revenue rather than spread lending.

The strategy's largest sector underweights included the utilities sector, where rising interest rates are typically a poor backdrop for the stocks, the consumer staples sector, where input cost increases and demand softness are pressuring profitability along with higher interest rates, and industrials, where the potential for slower GDP growth and higher interest rates has us somewhat cautious.

Recent buys and sells

New positions in the quarter:

We added **Microsoft (MSFT)** to the strategy early in the quarter after the shares were down on worries of its massive capex related to its AI buildout. The company then reported better-than-expected sales and earnings, putting investors' minds at ease over its massive AI capital spending program. Its Azure cloud business showed revenue accelerating while its AI assistant Copilot showed better-than-expected commercial rollout results. These results illustrated the potential ROI for its capital spending plan. We continue to like the MSFT story as it begins to show tangible financial results of how it is benefiting from its AI spending. MSFT proved to be a leading contributor to the strategy in the quarter. **Accenture (ACN)** was added in the quarter as well. The consultancy had seen its stock decimated early in 2026 from worries about AI making its business model obsolete. Recent results and a new contract with OpenAI suggest these worries are overblown. **Dover Corp (DOV)** was a new addition to the strategy in the quarter. Dover has a good history of execution and represented an industrial stock sold off due to higher rates in the second half of 3Q. Our conversations with management suggest its underlying business trends are actually improving. We like its exposure to the domestic natural gas buildout and management's pivot to using free cash flow for a more aggressive dividend policy and buybacks rather than M&A they deem too expensive.

Positions sold in the quarter:

As mentioned in the Detractors section, we sold our position in defense contractor **L3Harris Technologies (LHX)**. The prospects for the end of hostilities and slower defense budget growth caused weakness in the shares in addition to its CEO being fired during the quarter after an investigation into his personal conduct. We sold our position in **McDonald's (MCD)** as its efforts to offset negative fast food industry sales trends partially caused by pricing and GLP-1 proliferation have shown lackluster results. Franchisee pushback on capital spending renovation plans also raises concerns. To reduce the strategy's exposure to stocks negatively impacted by higher interest rates, we sold our position in electric utility **Southern Company (SO)**.

Two positions were initially bought and then sold in the quarter:

Rollins (ROL): Pest control company ROL had dropped during the quarter to what we believed was an attractive level and we purchased a position. But shortly after our purchase, it reported worse subscription trends than we had hoped as consumers did not engage in annual pest control plans but rather cut back by using one-time services.

Zoetis (ZTS): The animal health company ZTS had worse-than-expected prescription data for its newest arthritis drug as well as reports of adverse reactions in animals.

Market & Economic Outlook

Earnings continue to be the market story, and the AI build-out is driving earnings. S&P 500 earnings for 2026 are projected to be up over 30%, with technology and energy large contributors to that growth. The expectation for 2027 is currently a more modest 15%; still very good on a historical basis. The AI story matters so much because it is driving the growth that has given investors comfort even as energy prices have been sharply volatile to the upside. With all that said, cyclical companies have been positive in their forward outlooks. Our recent conversations with companies in the short-cycle industrial space have indicated an acceleration of demand rather than a slowdown. At the start of the year, projected growth in earnings for 2026 was 14–15%, so investors may also expect the 2027 numbers to move higher. The spending race for AI has benefited not just technology but the industrial sector as well, and while those stocks have suffered due to higher interest rates, the rare combination of higher rates and higher expected earnings makes the group attractive after a pullback.

While we remain somewhat cautious, we will continue to look for exceptional opportunities to purchase stocks that have characteristics such as inflation-protected income streams with healthy dividend payments, pricing power to offset cost pressures, limited impact or conversely beneficiaries from a trade war and AI deployment, and as always, growing free cash flow that allows management teams to continue to invest in their businesses and pay dividends.

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, conflict in the Middle East, and military actions elsewhere have brought to an already challenging geopolitical backdrop. The outlook for the economy is fraught with questions, and there will be many winners and many losers. We will always strive to manage that ebb and flow in the Alpine Saxon Woods Dividend Strategy by continuing to purchase those stocks that pay a healthy dividend to shareholders and have the financial strength to continue to do so in the future.

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Dividend Strategy SMA

for a specific investor. Investors should seek financial advice regarding the suitability of any investment strategy based on the investor's objectives, financial situation and particular needs. The positions described represent holdings as of the date reported and are subject to change without notice. Reported positions do not include all securities that were purchased, sold or held in client accounts over time. It should not be assumed that holdings are or will be profitable or that securities purchased in the future will be profitable or will equal the performance of the securities in this list. References to specific securities do not represent a recommendation to purchase or sell any particular security outside a managed account. SDY, the State Street SPDR S&P Dividend ETF, tracks the performance of the S&P High Yield Dividend Aristocrats Index and is provided as a benchmark to illustrate a strategy targeting a comparable investment universe. ETF fees and expenses are lower (e.g., 0.10% – 0.35% expense ratios being common) than is typical for a managed account (up to 1% managed directly and up to 3% in a wrap There is no assurance that any investment strategy will be successful.

PERFORMANCE (AS OF 9/30/26)

	YTD	1 Year	3 Year	5 Year	Since Inception
Gross	8.80%	10.80%	18.03%	11.10%	10.90%
Net	8.14%	9.86%	16.96%	10.08%	9.89%
Net (3%)	6.62%	7.84%	14.90%	8.14%	7.94%
Benchmark 1	7.24%	7.33%	11.26%	7.28%	9.49%
Benchmark 2	19.12%	23.67%	19.86%	11.73%	13.21%

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 2025	13.37%	12.28%	8.17%	11.26%	12.42%	11	1.71%	19.5	849.8	0.00%
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%	5.19%	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, 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 Dividend composite has had a performance examination for periods beginning January 1, 2019, through December 31, 2025.

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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: 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 12/31/2025, 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