

# Brookmont Dividend Growth Portfolio Companies

## Abbott Laboratories (ABT)

Abbott Laboratories is well-positioned for significant growth over the coming years, driven primarily by its innovative Medical Devices segment and strategic product expansions. Within Medical Devices, ABT has a leading position in diabetes care via its continuous glucose monitoring (CGM) solutions, particularly the recently upgraded Libre 3 Plus device, which offers extended wear time and enhanced compatibility with automated insulin delivery systems.

Beyond diabetes, Abbott is experiencing rapid growth from a portfolio of high-potential cardiovascular devices. The TriClip device for tricuspid valve repair, Aveir leadless pacemaker, Navitor transcatheter aortic valve replacement (TAVR) system, CardioMEMS heart failure monitoring system, and the Amulet device for stroke prevention in atrial fibrillation collectively represent a dynamic suite of solutions addressing significant unmet medical needs in the cardiovascular market. These products are positioned for robust adoption driven by their minimally invasive nature, clinical effectiveness, and improving reimbursement coverage globally.

Additionally, Abbott's Nutrition segment remains stable and is strategically expanding with targeted products that complement broader healthcare trends, while its Established Pharmaceuticals segment provides additional revenue stability with sales of biosimilars in international markets. Overall, Abbott's healthcare innovation positions it strongly to capitalize on an increasing demand for medical devices, driven by an aging population.

## Accenture PLC (ACN)

Accenture has a leading position in the global consulting and outsourcing industry and continues to gain share and outgrow the market. The recent AI revolution has accelerated major secular tailwinds for ACN, with its consulting and technology services critical for businesses making a transition to AI. While AI may reduce the demand for certain outsourced roles, Accenture's robust consulting and technology services are well-positioned to offset this shift. The company's strategic investments in AI platforms and partnerships underscore its commitment to leading in this transformative era. Consequently, we believe AI will be a substantial net positive for Accenture, propelling the trend of businesses streamlining labor costs and enhancing productivity through external resources, including AI and outsourced services.

## Amgen Inc. (AMGN)

Amgen is a dominant force in biotechnology, with strong franchises in oncology, inflammation, and cardiovascular diseases. The company's prudent capital allocation and shareholder-friendly policies distinguish it within the sector. Continued strong uptake for new medications, such as

TEZSPIRE, and core franchises, such as Repatha, should allow for the company to drive growth over the next few years. Amgen's significant investments in manufacturing position the company to sustain long-term growth.

### **Analog Devices, Inc. (ADI)**

Analog Devices' product lines and end markets provide excellent exposure to a number of secular growth drivers. Analog and mixed-signal ICs (integrated circuits) are essential for automated manufacturing, which requires sensing, edge processing, and connectivity capabilities. Additionally, ADI will benefit substantially from the global shift away from ICE (internal combustion engine) vehicles towards EVs. ADI's BMS (battery management system) chips are used in most of the top EV OEMs globally. The increasing proliferation of electric transportation and rapid adoption of AI are necessitating an evolution in the energy grid, requiring a significantly more dynamic and bidirectional approach. ADI's market leadership in high-performance analog and advanced BMS solutions put it in an excellent position to benefit from this evolution.

### **AstraZeneca PLC (AZN)**

AstraZeneca presents a compelling investment opportunity, primarily driven by its innovative pipeline and strategic expansions. The company's focus on oncology, featuring potential blockbuster drugs like Tagrisso, Enhertu, and Dato-DXd targeting major cancers, such as breast and lung, underpins robust growth prospects into the next decade. With plans to launch a total of 20 new molecular entities by 2030 and numerous ongoing Phase III trials, AZN is well-positioned for industry-leading growth. Despite facing patent expirations such as Farxiga, its diversified and growing pipeline significantly mitigates this risk. Additionally, AZN's strong balance sheet supports a progressive dividend policy, promising consistent shareholder returns. Overall, AstraZeneca's strategic initiatives and promising pipeline make it an attractive investment for long-term growth and stability.

### **Arthur J. Gallagher & Co. (AJG)**

Arthur J. Gallagher is a global, well-diversified insurance broker/risk manager with a solid track record. It is benefiting from persistent inflation which continues to drive higher commission income as premium prices rise and also bolsters demand for AJG's services as entities seek lower prices and manage their exposure strategically. It has been notably active in the acquisition space (primarily small companies) which enables AJG to expand geographically, implement synergies, capitalize on cross-sell offerings, leverage its technology on larger scale, and realize valuation multiple arbitrage to enhance shareholder value (considering AJG's relatively higher multiples). Additionally, as insurance brokerage businesses have low price elasticity and fairly stable demand, AJG is more likely to outperform the broader market in the event of a recession.

### **Bank of America Corporation (BAC)**

Bank of America should benefit from fixed asset repricing in the near-term given the current yield curve. It has a low loan-to-deposit ratio which mitigates the need to excessively compete for deposits with higher rates and provides room for loan growth. It continues to invest heavily in technology,

driving an increase in digital engagement and improving efficiency. These investments also enable BofA to stay ahead of the competition. A recovery in the Investment Banking business would act as a positive catalyst in the medium term.

## **Chevron Corporation (CVX)**

Chevron offers a compelling investment case driven by a high-quality global asset base, including growing exposure to ultra-low-cost production in Guyana via the pending Hess acquisition. The company continues to deliver low single- to mid-single-digit production growth while maintaining capex levels below historical averages. Its best-in-class cash margins, particularly from Permian and Gulf of Mexico assets, support robust free cash flow generation. Chevron remains committed to capital returns, with rising dividends and sustained share repurchases. Combined with a strong balance sheet and prudent capital discipline, these factors position Chevron to deliver attractive and resilient long-term returns, even amid commodity price volatility.

## **Comcast Corporation (CMCSA)**

Comcast's diversified and cash-generative business model—anchored by its high-margin Connectivity & Platforms segment and increasingly profitable media ecosystem—positions it well for durable long-term returns. Despite a saturated broadband market and limited net subscriber growth, Comcast has demonstrated consistent Average Revenue Per User expansion and margin improvement through pricing discipline and bundling with Xfinity Mobile. In media, its integrated strategy treats streaming (via Peacock) as part of the broader NBCUniversal platform, supporting rational content investment and de-risked monetization across linear, streaming, and parks. With Epic Universe set to drive incremental growth in 2025 and ongoing capital returns supported by strong free cash flow, Comcast remains a compelling investment aligned with long-term shareholder value creation.

## **ConocoPhillips (COP)**

ConocoPhillips is the world's largest independent exploration and production (E&P) company, with a high-quality, diversified asset base and sector-leading capital discipline. Its low-cost supply portfolio and robust balance sheet continue to differentiate it from peers, especially in an industry that typically operates with higher leverage. The company has demonstrated strong execution in maintaining steady, profitable production growth with an emphasis on returns over volume.

COP has significantly expanded its presence in the global liquefied natural gas (LNG) market. It has finalized multiple long-term LNG offtake agreements, including key deals related to the Qatar North Field expansion and U.S. Gulf Coast export projects. These contracts strategically position ConocoPhillips to benefit from secular growth in LNG demand, particularly from Asia and Europe, where energy security and decarbonization efforts are accelerating gas demand as a transition fuel.

Additionally, the company has made progress in monetizing non-core assets and deploying capital efficiently. Shareholder returns have remained a priority, with disciplined reinvestment rates and a strong base-plus-variable dividend framework supported by excess free cash flow. These elements

support a multi-year outlook of capital efficiency, resilient cash flows, and attractive shareholder returns.

## Diageo PLC (DEO)

Diageo is a large multinational producer of alcoholic beverages with a diversified portfolio of premium brands, global reach, and strategic focus on premiumization. Despite recent challenges,

including macroeconomic headwinds and shifts in consumer behavior, Diageo has demonstrated resilience and adaptability. The company's commitment to innovation, as evidenced by its expansion into non-alcoholic beverages and premium offerings, positions it well to capture evolving consumer preferences. Furthermore, Diageo's proactive portfolio management and strategic divestitures aim to streamline operations and focus on high-growth areas. While near-term uncertainties persist, Diageo's strong brand equity, operational efficiency, and global footprint provide a solid foundation for sustained growth over the next 3-5 years.

## DuPont de Nemours, Inc. (DD)

DuPont de Nemours has undergone a significant portfolio transformation over the past decade, exiting cyclical, commoditized markets and building a focused portfolio of high-margin, innovation-driven businesses. The company now operates across differentiated platforms in electronics, water, healthcare, and other advanced industrial technologies—each supported by secular demand trends, pricing power, and strong competitive positions.

DuPont is focused on ensuring the full value of these high-quality businesses is properly reflected. A key catalyst is the planned spin-off of its Semiconductor Technologies and Interconnect Solutions businesses into a standalone entity, Qnity, by November 2025. This transaction will separate DuPont into two focused companies—Qnity (ElectronicsCo) and DuPont (IndustrialsCo)—allowing the market to appropriately value each based on its unique growth and margin profile.

Qnity will offer pure-play exposure to advanced materials used in semiconductor fabrication and AI hardware, while DuPont will retain strong positions across Water, Protection, Healthcare, and other industrial businesses with stable, cash-generative profiles and secular growth exposure.

Shareholders will have ownership in both entities post-spin, gaining clearer visibility, enhanced capital allocation, and the potential for a meaningful re-rating as the company unlocks its previously undervalued sum-of-the-parts potential.

## Eastman Chemical Company (EMN)

Eastman Chemical is emerging as a leader in the transition toward sustainable and specialty materials, supported by strategic capital deployment and strong execution in circular economy initiatives. The company has emphasized advanced additives, performance films, and engineered polymers—segments with structurally higher margins and more durable demand compared to traditional commodity chemicals.

A major catalyst is Eastman's commercialization of molecular recycling via methanolysis. The Kingsport facility, which began operations in early 2025, marks a pivotal point for earnings visibility. The company has secured multi-year offtake agreements with major global consumer brands, validating long-term demand and pricing power. Plans for additional facilities are underway both domestically and internationally, dependent on the establishment of long-term agreements.

These initiatives reduce earnings cyclicality and position Eastman to benefit from increasing regulatory and consumer pressure on plastic waste. With a healthy balance sheet, disciplined capital allocation, and a growing stream of contract-based revenue, Eastman is well positioned to deliver attractive total shareholder returns and expand its valuation multiple as long-term contracts provide revenue visibility.

### **Equinix Inc. (EQIX)**

Equinix, a leading global digital infrastructure company, is strategically positioned to capitalize on significant secular trends driven by growing reliance on data, increasing cloud usage, and AI adoption. Its revenue diversification spanning multiple regions and customers, coupled with robust management execution, a wide array of offerings, a network effect moat with dense ecosystem of partners and enterprises, and unparalleled dominance in global interconnections and cloud on-ramps, solidify its premier status within the real estate sector. Considering the acute sensitivity of AI applications to latency, combined with widespread AI adoption globally, Equinix is poised to experience heightened demand for its interconnected data centers as it offers cost-efficient, customizable solutions capable of managing substantial AI inference workloads with low-latency, while having close proximity to the cloud. Additionally, escalating power density requirements and an industry-wide demand-supply imbalance should help sustain and improve profitability in the foreseeable future. Equinix's stellar balance sheet allows it to capture secular industry tailwinds by providing flexibility to pursue growth opportunities or strategic acquisitions, such as the development of hyperscale data centers and investments in innovative technologies like liquid cooling. The recently announced \$15B+ xScale joint venture expansion positions the company to capture robust hyperscale demand and enhance its earnings contribution.

### **Evergy, Inc. (EVRG)**

Evergy is a public utility holding company operating across Kansas and Missouri, engaged in the generation, transmission, distribution, and sale of electricity. A key medium-term catalyst is its robust and growing customer pipeline, including multiple data center projects, which could drive above-trend load growth across its service territory. This emerging demand tailwind, coupled with an improving Kansas regulatory environment, supports long-term EPS growth targets and enhances the potential for valuation multiple expansion over time.

Evergy is also transitioning away from coal by gradually investing in cleaner energy sources such as wind, solar, and natural gas. These initiatives are expected to reduce regulatory and environmental risk and enable the company to benefit from available regulatory incentives. In parallel, Evergy is allocating significant capital toward transmission and distribution infrastructure to enhance shareholder returns. Additionally, continuous cost reduction and efficiency initiatives would help improve its price competitiveness relative to other peers.

## Gilead Sciences, Inc. (GILD)

Gilead's leadership in HIV remains a cornerstone of its business, with the franchise generating stable, high-margin cash flows supported by strong adherence, long duration of therapy, and minimal LOE risk through the end of the decade. Lenacapavir, Gilead's long-acting injectable for both treatment and PrEP, is a transformational product with multibillion-dollar potential. Its long dosing interval, differentiated profile, and early global regulatory success position it to be a key growth engine for the HIV portfolio. As uptake builds across indications and geographies, lenacapavir is expected to significantly extend the lifecycle of Gilead's HIV franchise and drive durable, recurring cash flows and earnings stability over the long term.

Furthermore, Gilead is increasingly differentiated by its growing oncology pipeline and commercial portfolio, including continued expansion in cell therapy (Yescarta, Tecartus) and promising early-stage assets in solid tumors and hematologic malignancies. Trodelvy (breast cancer) continues to gain share with broadening label indications and geographic expansion, positioning oncology as a key long-term growth driver alongside the company's established virology base.

## Honeywell International Inc. (HON)

Honeywell International is an attractive investment opportunity due to its alignment with significant secular megatrends and strategic margin improvements. HON has effectively enhanced its profitability through focused productivity improvements and a thoughtful restructuring of its business segments, streamlining operations to capitalize on higher-margin opportunities. Furthermore, the company is well-positioned to benefit from major secular trends, notably industrial automation and the energy transition. Honeywell's extensive involvement in industrial automation leverages advanced technologies to improve efficiency and productivity for a broad range of industries, which is critical as economies globally accelerate their adoption of smart technologies. Additionally, the company's offerings in Energy & Sustainability Solutions place it at the forefront of the energy transition, tapping into growing demand for sustainable and environmentally friendly solutions. The company's recent acquisitions further enhance its exposure to these opportunities. This strategic positioning in fast-evolving sectors underscores Honeywell's potential for sustained growth and profitability.

The upcoming split of the company—Advanced Materials spinoff and separation of Aerospace and Industrial Automation businesses—should unlock shareholder value by allowing each business to pursue tailored capital allocation strategies and better align with secular trends in automation, energy transition, and next-gen aerospace.

## Johnson & Johnson (JNJ)

Johnson & Johnson's focused healthcare portfolio positions the company for attractive, long-term growth supported by strong execution and durable market leadership. The Innovative Medicine segment continues to outperform, led by strong commercial execution across immunology and oncology. Key products such as Darzalex and Tremfya continue to post double-digit growth, and the company has reiterated its long-term target of 5%–7% CAGR for the segment from 2025 through 2030. This growth will be supported by continued penetration of existing therapies, expansion into



earlier lines of treatment, and advancement of a robust late-stage pipeline across oncology and neuroscience.

The MedTech business is also well-positioned, with leadership in electrophysiology, orthopedics, and surgery. Innovation in digital surgery and continued momentum in cardiovascular and general surgery franchises are driving solid results. JNJ expects MedTech to grow at the upper end of the 5%–7% range guided for 2022 through 2027, outperforming global procedure market growth.

These growth drivers, combined with a strong balance sheet, stable margins, and shareholder-aligned capital allocation, make Johnson & Johnson an attractive long-term investment. The company's scale, diversification, and innovation engine provide a strong foundation for sustainable performance across market cycles.

### **JPMorgan Chase & Co. (JPM)**

JPMorgan is the largest bank globally that controls over 10% of the U.S. bank deposits. It is led by an industry-leading and prudent management team. JPM is well positioned to outperform the industry given its strong deposit pricing power, robust card business, synergies from the First Republic acquisition, relatively higher ROE and ROTCE ratios, and healthy balance sheet with strong capital ratios. Additionally, any recovery in the investment banking market would act as a positive catalyst in the medium term.

### **L3Harris Technologies, Inc. (LHX)**

L3Harris Technologies holds a strong position in the defense market, with significant exposure to mission-critical capabilities such as tactical communications—an area that has proven essential on the modern battlefield. The company is also well-positioned for future defense priorities, with key programs in hypersonic missile tracking and solid rocket motors used in both offensive missiles and missile interceptors.

LHX's alignment with U.S. Department of Defense strategic priorities—which have highly inelastic budget allocations relative to overall expenditures—provides greater visibility and stability to its revenue base, even in a constrained defense spending environment. Its Tactical Communications segment benefits from meaningful international exposure, where demand is accelerating alongside rising NATO defense budgets. These international sales are typically higher margin and represent a compelling long-term growth opportunity.

To drive margin expansion, the company is executing on its LHX NeXt initiative, which targets cost efficiencies across the enterprise. Early progress on this effort has already led to material run-rate savings, supporting a multi-year path of improved profitability.

### **McDonald's Corporation (MCD)**

McDonald's is the world's largest fast-food chain, boasting an efficient franchise model, exceptional marketing prowess, and best-in-class technology. During economic downturns, MCD's adaptive management strategies and cost-effective dining options should help attract customers who trade down from relatively expensive, full-service restaurants, thus boosting transaction volume and

outperforming competitors. Its loyalty program and other digital initiatives provide valuable insights that the company leverages to make informed decisions and offer personalized recommendations and promotions. The loyalty program has boosted customer retention, dining frequency, and satisfaction. Moreover, the emphasis on small-format restaurant opportunities (such as CosMc) and expansion into underpenetrated regions (including emerging markets) positions McDonald's for future growth.

## Microchip Technology Incorporated (MCHP)

Microchip Technology presents an appealing long-term investment opportunity over the next 3–5 years, despite recent cyclical challenges. The company has been navigating a significant industry-wide downturn—which is not uncommon for commoditized semiconductors—however, signs of recovery are emerging. Notably, MCHP reported its first positive book-to-bill ratio in nearly three years during the March 2025 quarter, suggesting a potential inflection point. The company's strategic initiatives, including inventory reduction and manufacturing optimization, position it well for a rebound. Additionally, MCHP's focus on innovation, evidenced by new product launches in microcontrollers and power relays, aligns with growth in sectors like automotive, industrial, and aerospace. The business has significant client diversification, insulating it from customer concentration risks. The company's shareholder-friendly capital allocation policy and repeated evidence of its ability to react to extreme market conditions further bolster its appeal, making it an attractive investment candidate over a medium-to-long-term horizon.

## Microsoft Corporation (MSFT)

Microsoft is a compelling long-term investment due to its entrenched leadership in productivity software, strength in cloud computing, and advantaged position in AI. Microsoft Office continues to benefit from durable enterprise demand, with Copilot AI tools now broadly integrated across Office 365. Feedback indicates these tools are driving meaningful productivity gains, which supports pricing power and higher revenue per user. Azure maintains its position as a top-tier CSP (cloud service provider), with consistent double-digit growth driven by enterprise workloads and AI infrastructure demand. The company's unique partnership with OpenAI has enabled Microsoft to offer differentiated cloud and software solutions, including exclusive access to frontier models and embedded AI capabilities across its stack.

Furthermore, the company is seeing strong momentum in cybersecurity, where Microsoft is now among the largest vendors globally. This has created a growing cross-sell opportunity within its ecosystem. Meanwhile, continued investment discipline and operational leverage have supported margin expansion even amid elevated AI infrastructure capex.

With durable growth drivers, a wide competitive moat, and expanding monetization from AI, Microsoft is well-positioned to deliver superior returns over the long term.

## Novo Nordisk A/S (NVO)

Novo Nordisk remains a category leader in the global diabetes and obesity markets, supported by its dominant GLP-1 franchise. The continued shift in the Type 2 Diabetes standard of care toward GLP-1-based treatments—where Novo offers both oral (Rybelsus) and once-weekly injectable (Ozempic)



options—positions the company for sustained growth. In obesity, the SELECT CV trial results demonstrating Wegovy's cardiovascular benefit are a critical catalyst for global reimbursement, significantly expanding addressable markets as the clinical benefits from treating obesity become better defined.

While CagriSema's REDEFINE-1 results fell short of high investor expectations, its efficacy is superior to Wegovy and is competitive with Eli Lilly's Zepbound. Upcoming trials to optimize

dose titration may further improve its profile. Investor concern around new market entrants has been prevalent, but Novo and Lilly's effective duopoly is likely to persist due to the complexity of GLP-1 manufacturing and delivery. High capital intensity and years-long facility build-outs act as barriers to meaningful competition.

Beyond diabetes and obesity, Novo is actively exploring additional indications for GLP-1s, including kidney disease (FLOW trial) and substance abuse disorders, which represent incremental long-term optionality. With a robust product portfolio and pipeline, rapidly expanding addressable markets, and substantial barriers to entry, Novo Nordisk is well-positioned to deliver best-in-class growth through the decade.

## **PepsiCo, Inc. (PEP)**

PepsiCo is a global leader in the snacking and beverage industries with exposure to all regions and the best distribution of any major snacking company. Its diversified portfolio, international growth, and strategic pivot toward health-conscious offerings position it for long-term resilience. Recent acquisitions of Poppi and Siete Foods expand its presence in functional beverages and better-for-you snacks. Meanwhile, brands like Pepsi Zero Sugar and Propel posted double-digit revenue growth in 2024, and Gatorade gained market share. While U.S. snack volumes have declined, international growth and a shift towards a more relevant portfolio should offset this decline. PEP's strong financial position and long-standing commitment to shareholder-friendly capital allocation policies make it a strong long-term investment within the consumer staples sector amid evolving consumer preferences

## **RTX Corporation (RTX)**

RTX is a diversified aerospace and defense leader with strong positions in missile systems, space, and next-gen defense technologies. Its exposure to mission-critical programs aligns with strategic U.S. and allied defense priorities, including hypersonics and missile defense. RTX's realignment into three focused segments enhances execution and capital allocation. On the commercial side, Collins Aerospace and Pratt & Whitney benefit from a broad global footprint and continued recovery in air traffic, driving growth in high-margin aftermarket services. Robust global demand for new commercial aircraft, reflected in elevated OEM build rates and strong order books at Airbus and Boeing, supports near-term OEM growth and sets the stage for sustained aftermarket expansion. RTX's combination of resilient defense demand and accelerating commercial aerospace tailwinds supports a favorable multi-year outlook.

## Sempra (SRE)

Sempra is facing near-term challenges from regulatory headwinds in California, higher interest expenses, and inflation-driven increases in O&M costs. However, Sempra's Texas business, Oncor, remains a key growth driver as it is experiencing strong demand for energy delivery services, driven by the region's thriving data center growth. The increasing reliance on cloud computing, artificial intelligence, and other data-intensive technologies has amplified digital infrastructure needs, requiring reliable energy infrastructure to ensure the uninterrupted power supply required for data center operations. More than half of Sempra's five-year capital plan is allocated to Texas, and the segment is expected to contribute 50% of the company's earnings by the end of the decade, supporting its ambitious 9%+ EPS growth target through 2029.

Meanwhile, Sempra is also capitalizing on robust global LNG demand with projects like Cameron and Port Arthur LNG, which offer extensive reach and substantial potential for expansion. The Trump administration's reversal of the freeze on LNG export permit applications signals a favorable regulatory environment, enhancing clarity and opportunity for the company's LNG projects in the coming years. Despite ongoing challenges in its California operations, Sempra's long-term growth remains supported by its expanding Texas footprint and LNG project pipeline. We remain constructive on the stock at current valuations but acknowledge that recent guidance cuts and California's weakened regulatory environment could weigh on investor sentiment in the near term.

## Shell PLC (SHEL)

Shell is a global energy leader with a balanced and disciplined approach to portfolio management across upstream, integrated gas, and transition-focused businesses. Under CEO Wael Sawan, Shell has sharpened its strategic focus on high-return hydrocarbons and capital discipline, pivoting away from less profitable renewables and doubling down on core strengths like LNG, deepwater, and advantaged production assets. Its Integrated Gas segment remains a standout, with a top-tier LNG portfolio providing resilient cash flows supported by long-term contracts and exposure to structurally tight global markets.

In the upstream segment, Shell has focused capital on low-cost, high-margin barrels—particularly in the Gulf of Mexico and Brazil—while maintaining selective investment in energy transition opportunities such as carbon capture, biofuels, and EV infrastructure where synergies with its core business exist. The company's diversified asset base, combined with disciplined capex and ongoing divestitures, supports strong free cash flow.

Shell has reaffirmed its commitment to shareholder returns with rising dividends, consistent buybacks, and an investment grade balance sheet. This capital discipline, coupled with exposure to both traditional and transitional energy growth vectors, makes Shell a compelling long-term investment as the world navigates a complex and evolving energy landscape.

## The Home Depot, Inc. (HD)

Home Depot is the market leader in the home improvement industry with a solid track record. While we anticipate shorter-term challenges due to macroeconomic uncertainty and more cautious consumer behavior, long-term industry trends remain highly favorable. The majority of homeowners have fixed-

rate mortgages below 5%, and as mortgage rates fall, housing activity is expected to recover swiftly, boosting home improvement spending. Additionally, the aging housing stock, the oldest since World War II, provides a structural and relatively resilient demand for Home Depot's products. HD is well-positioned to capitalize on these tailwinds and outperform the market. It has a robust and growing product offering, an industry-leading distribution network, significant customer insights, and is strategically investing to become a one-stop-shop for Pros which would allow it to capture greater market share in complex projects. The acquisition of SRS Distribution has expedited Home Depot's entry into the complex pro market. Its focus on

efficiency initiatives, and ongoing investments in technology and the Pro ecosystem position Home Depot for continued success in years to come.

### **The PNC Financial Services Group, Inc. (PNC)**

PNC has a diversified loan book with a strong credit quality (one of the lowest NCOs in the industry on a historical basis), thus limiting the downside risk in an economic slowdown. Additionally, its robust dividend yield, buybacks track record, cost saving initiatives, and increasing penetration in BBVA USA markets makes us bullish on the stock.

### **The Procter & Gamble Company (PG)**

Procter & Gamble's emphasis on product innovation and clear consumer value communication continues to support strong brand equity, enabling growth at or above market levels with reduced volatility. The company consistently invests in R&D to introduce functional improvements that resonate with consumers—such as enzyme-based stain removers in laundry, skin health benefits in grooming, and sensor-integrated electric toothbrushes—which supports pricing power even in value-conscious environments. These innovations not only drive trade-up but also reinforce brand loyalty across categories.

P&G maintains leading positions in core categories like fabric care, baby care, and grooming, providing a foundation for pricing power and strong retailer partnerships. Its tiered brand strategy across pricing levels continues to mitigate the impact of consumer trade-down and intensifying promotional activity, particularly in developed markets. The company's broad geographic and product diversification helps stabilize topline growth, while productivity programs and supply chain optimization offset input cost pressures. With durable category leadership, meaningful innovation, and disciplined execution, P&G is well-positioned for stable, long-term growth.

### **United Parcel Service, Inc. (UPS)**

Our constructive long-term outlook on UPS is supported by its strategic shift toward higher-margin business, enhanced automation, and improved labor cost visibility. Following the ratification of a five-year Teamsters contract in 2023, UPS faces a predictable increase in wage and benefit costs, with a significant portion front-loaded in the initial year. This structure provides cost stability and reduces labor disruption risk through 2028.

UPS is actively reducing its reliance on low-margin volume from Amazon, aiming to cut such volumes by over 50% by mid-2026. This strategic move allows UPS to focus on more profitable segments, such as small and medium-sized businesses (SMBs), which now represent a growing share of its U.S. volume. The company is executing a comprehensive cost-reduction plan, including job cuts and facility closures, while investing in RFID-enabled automation across its network. These initiatives are designed to enhance operational efficiency, reduce errors, and improve customer satisfaction. While near-term revenue may be impacted by Amazon-related volume shifts, UPS's focus on higher-margin business and operational efficiency positions it well for long-term profitability.

### **U.S. Bancorp (USB)**

US Bancorp is set to benefit from synergies arising from the Union Bank acquisition in the medium term. It has solid payment service solutions which can be cross-sold to Union Bank's customers. The recent expense management initiatives and renewed focus on payments business should help support organic growth while providing positive operating leverage. Additionally, it has a robust net interest margin and credit quality, and industry-leading ROTCE ratio. We no longer expect its previously low capital ratios to weigh on its valuation multiples, dividend growth or buybacks, given the improvement in ratios and the new capital requirement proposal. Furthermore, we are confident in the bank's ability to meet Category II requirements by 2027 given the continued earnings accretion and prudent capital management.

### **Wells Fargo & Company (WFC)**

Despite encountering growth limitations due to the asset cap, Wells Fargo has remained dedicated to enhancing shareholder returns by implementing cost-saving measures, which notably include workforce reductions. It is in the process of transforming the business after past mishaps via its implementation of risk and control framework. This may help to provide relaxation or removal of the asset cap which can in turn fuel WFC's growth prospects significantly and reduce regulatory and risk work-related costs. WFC has an ambitious target to reach 15% ROTCE over the cycle through optimizing capital and additional efficiency initiatives which can help deliver strong returns.

#### Disclosures

This letter may contain "forward-looking statements" which are based on Brookmont's beliefs, as well as on a number of assumptions concerning future events, based on information currently available to Brookmont. Current and prospective clients are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of future performance, and are subject to a number of uncertainties and other factors, many of which are outside Brookmont's control, and which could cause actual results to differ materially from such statements. All expressions of opinions are subject to change without notice.

Brookmont Capital Management is a registered investment advisor that invests in domestic and global securities.

Brookmont Capital is defined as an independent investment management firm that is not affiliated with any parent organizations.

A complete description of Brookmont's performance calculation methodology, including a complete list of each security that contributed to the performance of this Brookmont portfolio is available upon request.

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These individual securities do not represent all of the securities purchased, sold, or recommended for this Brookmont portfolio and the reader should not assume that investments in the securities identified and discussed were or will be profitable.

The Brookmont Dividend Growth Strategy returns are based on an asset-weighted composite of discretionary accounts that include 100% of the recommended holdings. Individual accounts will have varying returns, including those invested in the Strategy. The reasons for this include 1) the period of time in which the accounts are active, 2) the timing of contributions and withdrawals, 3) the account size, and 4) holding other securities that are not included in the Strategy. Dividends and capital gains are not reinvested. The Strategy does not utilize leverage or derivatives. Returns are based on U.S. dollars. The inception of the Strategy is January 1, 2008.

The Brookmont Dividend Growth Strategy Composite contains fully discretionary accounts with similar value equity investment strategies and objectives. For comparison purposes, the Dividend Growth Strategy Composite is measured against the Russell 1000 Value Index. The Russell 1000 Value Index measures the performance of the large-cap segment of the U.S. equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values. The Russell 1000 Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. There is no representation that this index is an appropriate benchmark for such a comparison. You cannot invest directly in an index, which also does not take into account trading commissions and costs. The volatility of this index may be materially different from the performance of the strategy.

Brookmont's returns do include reinvestment of dividends and are shown gross-of-fees. All transaction costs are included. The Russell 1000 Value cumulative return includes reinvestment of dividends and capital gains. During a rising market, not reinvesting dividends could have a negative effect on cumulative returns.

Gross returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. Net-of-fees performance was calculated using actual management fees. Additional information regarding the policies for calculating and reporting returns is available upon request.

Your account returns might vary from the composites returns if you own securities that are not included in the Strategy or if your portfolio dollar-cost averaged into the Strategy during the reporting period.

The firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The composite policy requires the temporary removal of any portfolio incurring a client-initiated significant cash inflow or outflow of at least 15% of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite at the beginning of the month which follows the cash flow by at least 30 days. Additional information regarding the treatment of significant cash flows is available upon request.

Brookmont Capital Management claims compliance with the Global Investment Performance Standards (GIPS®). To receive a complete list and description of Brookmont's composites and a presentation that adheres to GIPS standards, please contact Suzie Begando at 214-953-0190 or write Brookmont Capital Management, 5950 Berkshire Lane, Suite 1420, Dallas, TX 75225.

The Brookmont Dividend Growth Strategy is available through several institutional platforms and registered investment advisors that are not affiliated with Brookmont Capital Management. The minimum investments and advisory fees required differ from one firm to another.

Brookmont Capital does not provide comprehensive portfolio management services for investors who have not signed an Investment Management Agreement with our firm.

Past performance is not indicative of future returns