

Brookmont Quality Growth

Portfolio Companies

Alphabet Inc. (GOOGL)

Alphabet has the dominant position in the search engine market and has been making advancements in incorporating AI into this business. Google Search commands over 90% of the global market share, underpinning its strong advertising revenue stream. The company has demonstrated significant progress in integrating AI advancements, such as natural language processing and machine learning, into its search algorithms, enhancing user experience and maintaining its competitive edge. Furthermore, Alphabet's strategic re-engineering of its cost structure, including optimizing data centers and operational efficiencies, has led to improved profit margins. These factors, combined with its robust financial health and continued innovation, position Alphabet as a leader poised for sustained growth.

Amazon.com, Inc. (AMZN)

Amazon.com is positioned as an attractive investment opportunity due to its robust potential in both its retail and AWS (Amazon Web Services) divisions. The retail segment has demonstrated strong top-line and bottom-line growth, driven by increasing e-commerce market share and strategic expansion into new categories like grocery delivery. Recent improvements in operating margins, resulting from the shift to a regional fulfillment network, indicate enhanced cost efficiency and faster delivery times, which are expected to further bolster consumer reliance on Amazon's platform. Internationally, Amazon is nearing profitability in newer markets while maintaining profitability in established ones like the UK, Germany, Japan, and France. AWS, despite a recent slowdown in growth due to client optimization, is anticipated to benefit from the increasing shift to cloud computing and AI integration. As Amazon continues to scale, it is expected to generate substantial free cash flow over the next five years, providing ample opportunity for shareholder returns despite high capital expenditures to support organic growth.

Amgen Inc. (AMGN)

Amgen is one of the largest biotechnology companies globally, with durable franchises across oncology, inflammation, cardiovascular disease, rare disease, and bone health. The company's scale, commercial infrastructure, and conservative capital allocation differentiate it from much of the biotech industry, while its stable cash flows support continued investment in internal R&D, business development, dividends, and share repurchases.

Growth is supported by a broad set of commercial and pipeline assets. TEZSPIRE continues to gain traction in severe asthma, Repatha provides exposure to the large cardiovascular market, and oncology assets such as BLINCYTO and IMDELLTRA offer meaningful growth potential. The

Horizon acquisition also expanded Amgen's rare disease portfolio, adding durable franchises with attractive margin profiles. Longer term, pipeline assets such as MariTide in obesity and rocatinlimab in atopic dermatitis provide important optionality in very large therapeutic categories. While Amgen faces ongoing biosimilar and patent-cycle pressure across parts of its legacy portfolio, the company's diversified revenue base, strong cash generation, and improving growth profile support an attractive long-term investment case.

Apple (AAPL)

Apple remains a compelling long-term investment given the durability of its installed base, strength of its ecosystem, and ability to monetize hardware, software, and services across more than two billion active devices. While smartphone unit growth is mature, Apple continues to benefit from high customer loyalty, premium pricing, and a growing mix of higher-margin Services revenue. The company's ecosystem creates meaningful switching costs, reinforcing repeat purchases across iPhone, Mac, iPad, Watch, AirPods, and subscription services.

AI represents a potential longer-term catalyst, but we believe the opportunity should be viewed as an extension of Apple's ecosystem advantage rather than a near-term product-cycle guarantee. As more AI functionality moves onto the device, Apple's control of hardware, silicon, software, and privacy architecture could become increasingly valuable. Improvements to Siri and Apple Intelligence should enhance the user experience over time, while potentially supporting future upgrade cycles as AI-enabled features become more central to the smartphone experience.

Coupled with Apple's strong balance sheet, significant free cash flow generation, and consistent shareholder returns, the company remains well-positioned to compound value over the long term.

Arthur J. Gallagher & Co. (AJG)

Arthur J. Gallagher is a global, well-diversified insurance broker/risk manager with a solid track record. The insurance brokerage industry is facing near-term headwind amid a weak property-line pricing environment. That said, we don't anticipate massive pricing declines because the current moderation reflects a normalization from exceptionally strong rate increases in recent years rather than a collapse in underlying risk. Importantly, pressure in property lines can be partially offset by higher coverage uptake from clients and improving pricing in other business lines, supported by AJG's diversified revenue mix. The company has managed to sustain organic growth even in tougher market conditions. We believe AJG is a through-the-cycle compounder that is likely to hold up better than peers under stress.

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 arbitrages 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 an event of a recession.

Broadcom Inc. (AVGO)

Broadcom leverages its robust position in the semiconductor market to benefit significantly from the rapid expansion of AI data centers. As AI technology proliferates, 2 significant factors are driving significant demand growth for AVGO. Almost all hyperscalers are developing their own AI accelerators (or XPUs) to improve cost efficiency of data center build outs and to gain a competitive edge. Additionally, increasing cluster (servers connected and working together) sizes from data center scale up is necessitating increased networking content in data centers and AVGO is the market incumbent in this area. This combines with data center scale out (more clusters) to drive significant AI networking growth over the next few years. Broadcom's cutting-edge solutions in AI XPUs and networking position it to seize a sizeable portion of the \$60B-90B serviceable addressable market from just its existing customers over the next couple years. This growth is complemented by efficiency improvements within its Infrastructure Software segment, driven by strategic acquisitions and streamlined operations, which further enhance profitability and create a diversified revenue stream.

BWX Technologies, Inc. (BWXT)

BWX Technologies is a compelling investment, anchored by the stability and visibility of its revenue from naval nuclear propulsion. Long-term demand is supported by the U.S. Navy's shipbuilding priorities, particularly Columbia-class and Virginia-class submarines, which require BWXT's highly specialized nuclear components and services. This creates a durable, mission-critical revenue stream with high barriers to entry and strong alignment with national defense priorities.

Beyond naval propulsion, BWXT has meaningful growth opportunities in advanced nuclear technologies and nuclear services. Project Pele highlights BWXT's role in developing transportable microreactor technology for defense applications, while broader interest in advanced reactors, nuclear fuel, and domestic nuclear infrastructure supports long-term optionality. The company is also expanding in medical isotopes and radiopharmaceuticals, tapping into growing demand for targeted cancer diagnostics and therapies.

BWXT's combination of defense-backed revenue visibility, unique nuclear manufacturing capabilities, and emerging growth opportunities in advanced reactors and medical isotopes supports a favorable multi-year outlook.

Chevron Corporation (CVX)

Chevron offers a compelling investment case driven by a high-quality global asset base, advantaged upstream positions, and disciplined capital allocation. The completed Hess acquisition meaningfully expands Chevron's exposure to Guyana, one of the most attractive low-cost oil developments globally, while also adding scale in the Bakken. 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, Gulf of Mexico, and Guyana assets, support robust free cash flow generation through the cycle. 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.

Cintas Corporation (CTAS)

Cintas offers a diverse range of essential business services through its segmented operations, including Uniform Rental & Facility Services, First Aid & Safety Services, and other services like Fire Protection and Uniform Direct Sales. This array of services meets critical business needs, particularly for small-to-medium enterprises that find outsourcing these tasks more cost-effective than handling them in-house. Historically a uniform provider, Cintas has strategically expanded its role to become a comprehensive business service provider, significantly increasing its addressable market from specific sectors to businesses across all industries in North America. This expansion allows for cross-selling opportunities that not only drive revenue growth but also enhance operating margins by increasing value per service stop and optimizing route density. Cintas's market penetration stands at about 1 million out of 16 million businesses in North America, with customer penetration rates below 20% in most markets. These growth prospects, coupled with Cintas's consistent execution and robust operating margins, underpin our bullish outlook on the company as a high-quality growth investment.

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.

Constellation Brands, Inc. (STZ)

Constellation Brands is a strong investment because of its leading position in U.S. imported beer, anchored by Modelo, Corona, Pacifico, and other high-quality brands. The beer portfolio has significant exposure to Hispanic consumers, a large and growing demographic with increasing purchasing power in the U.S. This favorable demographic exposure, combined with strong brand loyalty, premium positioning, and effective distribution, supports durable long-term growth.

The Wine & Spirits business has been repositioned toward a smaller, more focused portfolio of higher-growth, higher-margin premium brands. While this segment has faced pressure and remains less attractive than the core beer business, the strategic narrowing of the portfolio should improve focus, simplify operations, and reduce exposure to lower-growth mainstream wine categories. Overall, Constellation's investment case remains primarily driven by the strength of its beer franchise, supported by demographic tailwinds, premiumization, and disciplined portfolio management.

Costco Wholesale Corporation (COST)

Costco is a strong long-term investment due to the substantial barriers to entry in the club retailer industry, where the scale necessary to achieve and sustain low prices deters new competitors. Costco's extensive network and large-scale operations enable it to offer unparalleled value to its members, reinforcing its competitive edge. This is further evidenced by Costco's industry-leading membership renewal rate, indicative of strong customer loyalty and satisfaction. Additionally, relative to more general retailers, Costco's business model has resilience through economic cycles; during recessions, consumers flock to Costco to capitalize on cost savings, while in economic expansions, increased consumer spending boosts overall retail sales, driving further growth. This combination of competitive advantages and cyclical resilience positions Costco for sustained long-term success.

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 cyclicalities 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.

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 limited 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.

Beyond HIV, Gilead is working to build a more diversified growth profile through its oncology pipeline and commercial portfolio. Cell therapy assets such as Yescarta and Tecartus provide exposure to hematologic malignancies, while Trodelvy remains an important approved therapy in breast cancer despite a more mixed development path across other tumor types. The oncology business is not yet as durable or proven as the HIV franchise, but it provides meaningful optionality and a longer-term avenue for diversification alongside the company's established virology base.

Honeywell Technologies (HON)

Honeywell is an attractive investment opportunity due to its alignment with significant secular megatrends and strategic margin improvements. Honeywell 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 and building automation. 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 around the globe accelerate their adoption of smart technologies. Additionally, the company's offerings in building automation position it to capitalize on rising global demand for unified building automation solutions. This strategic positioning in fast-evolving sectors underscores Honeywell's potential for sustained growth and profitability.

Honeywell has now completed its multi-year transformation into three independent, focused companies. The Advanced Materials business was separated as Solstice Advanced Materials (SOLS) in October 2025, and the Aerospace Technologies business was spun off as Honeywell Aerospace (HONA) on June 29, 2026. The remaining company, now operating as Honeywell Technologies, continues to trade under the ticker HON as a pure-play automation and industrial software enterprise, and it completed a one-for-two reverse stock split in connection with the

Aerospace separation. With the separations complete, management can dedicate capital allocation entirely to its highest-return automation franchises and more closely align the business with secular trends in industrial and building automation. We believe this sharper focus, combined with the company's ongoing productivity initiatives and leading market positions, should support continued margin expansion, durable growth, and further shareholder value creation.

Honeywell Aerospace Inc. (HONA)

Honeywell Aerospace became an independent, publicly traded company on June 29, 2026, completing the final leg of Honeywell's three-way separation, following the October 2025 spin of the Advanced Materials business as Solstice. Brookmont received HONA shares through the distribution of one share for every two shares of Honeywell held, and we have elected to retain the position as a distinct, pure-play aerospace and defense holding. As one of the world's largest standalone tier-1 aerospace and defense suppliers, generating approximately \$15 billion in annual revenue from a balanced portfolio of commercial and military contracts, and with more than 36,000 employees serving over 10,000 customers worldwide, HONA offers concentrated exposure to franchises that were previously embedded within a diversified industrial conglomerate.

The business is organized across three segments. Electronic Solutions, the largest, provides integrated avionics, sensing, navigation, connectivity, and electromagnetic defense systems. Engines & Power Systems designs propulsion engines, auxiliary power units, and electric power systems. Control Systems supplies air, thermal, motion, lighting, and engine control systems. Honeywell's content is deeply embedded across major platforms, with OEM revenues tied to key programs such as the Boeing 737, Airbus A320, Lockheed Martin F-35, Gulfstream, Challenger 3500, and Embraer Praetor. Critically, this large installed base drives a substantial, high-margin, and recurring aftermarket stream of maintenance, repair, overhaul, and upgrade work that provides more stable through-cycle revenue than the OEM channel alone. Commercial aftermarket strength was a primary driver of growth in 2025, with Control Systems segment profit rising \$297 million, or 24 percent, for the year.

We view the separation itself as a catalyst. As a focused enterprise, the spin frees management to allocate capital to its core markets and widest-moat franchises without competing for resources inside a conglomerate, and the pure-play structure should improve investor clarity and support a valuation re-rating over time. Demand drivers are favorable across all three end markets: rising global air traffic and elevated OEM build rates support both new equipment and aftermarket growth; sustained defense modernization and international defense demand, roughly 30 percent of the defense segment, provide a durable and less cyclical base; and space and connectivity offer incremental long-term optionality.

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, relatively higher ROE and

ROTCE ratios, and healthy balance sheet with strong capital ratios. Additionally, further improvement in the regulatory environment under current administration would act as a catalyst in the near-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.

Lowe's Companies, Inc. (LOW)

Lowe's is one of the largest home improvement retailers globally, with DIY customers comprising the bulk of its business. However, it has been doubling down on expanding its market share in Pro customer category by adding new capabilities, improving related-product offerings, and through acquisitions of Foundation Building Materials and Artisan Design Group, which extend Lowe's reach into the contractor distribution and installation services supply chain. Pro category offers substantial growth potential due to its current low penetration. Lowe's continues to manage expense base through its Perpetual Productivity Improvement initiatives. Although it faces near-term challenges, such as tariff policy uncertainty, cautious consumer behavior and low housing activity, the long-term industry trends look favorable with oldest housing stock since World War II, record levels of homeowners' equity, and low housing supply.

Meta Platforms (META)

Meta Platforms offers an attractive long-term opportunity, supported by durable leadership in digital advertising, effective execution on new monetization vectors, and disciplined cost management. Facebook and Instagram remain unmatched in reach and engagement, sustaining premium ad pricing power, while Reels monetization continues to scale and business messaging through WhatsApp and Messenger represents a significant underpenetrated growth driver. Meta

has also proven highly effective in monetizing AI, with advancements in retrieval and ranking materially improving engagement and ad conversion. With nearly 1 billion users engaging monthly with its AI-powered features, it commands one of the largest AI user bases globally. Longer term, investments in generative AI assistants and infrastructure should reinforce this advantage and expand monetization opportunities. Meta's combination of durable cash generation, proven AI monetization, and emerging platform optionality supports a constructive multi-year outlook.

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, supporting pricing power and higher revenue per user. Azure maintains its position as a top-tier cloud service provider, with consistent double-digit growth driven by enterprise workloads and AI infrastructure demand. Microsoft's deep partnership with OpenAI, combined with its own expanding AI capabilities, has enabled the company to offer differentiated cloud and software solutions across Azure, Office, GitHub, and its broader enterprise 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 operating 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.

NVIDIA Corporation (NVDA)

NVIDIA's leading position in accelerated computing, data center GPUs, and AI infrastructure positions the company for significant growth over the short, medium, and long term. The Blackwell platform is now a major driver of the company's data center growth, while the longer-term Rubin roadmap reinforces NVIDIA's commitment to a rapid product cadence and continued performance leadership. This technological edge, combined with increasing demand for both training and inference workloads, supports a more durable growth profile than a single AI infrastructure cycle.

NVIDIA's competitive advantage extends beyond chips. Its CUDA software platform, networking portfolio, systems-level design capabilities, and broad developer ecosystem create a full-stack advantage that remains difficult for competitors to replicate. The company is also benefiting from larger AI clusters, rising model complexity, and increasing enterprise and sovereign AI adoption, all of which require greater compute density, networking performance, and software optimization. Although valuation reflects high expectations, NVIDIA remains one of the clearest beneficiaries of AI infrastructure growth, with unmatched technology leadership, strong ecosystem lock-in, and a multi-year roadmap that supports continued revenue growth.

Roper Technologies, Inc. (ROP)

Roper Technologies has a strong track record of acquiring and integrating high-quality niche software and technology businesses, which consistently generate high margins and recurring revenue streams. The company's diversified portfolio spans across several end markets including healthcare, transportation, and industrial, providing stability and reducing exposure to sector-specific risks. Roper's robust free cash flow generation enables continued investment in growth opportunities and shareholder returns through dividends and buybacks. Additionally, its management team has demonstrated exceptional strategic acumen in capital allocation, positioning the company to capitalize on future opportunities.

Service Corporation International (SCI)

SCI stands out as a dominant player with over 17% market share in the highly fragmented deathcare industry, where independent, family-held businesses make up less than 75% of the market. This provides SCI with a significant scale advantage, which is poised to expand further through the company's continuous digital advancements and the increasing trend of online engagement in the industry. Additionally, SCI benefits from a robust revenue backlog and the inherent stability of the deathcare industry, given the consistent demand driven by end-of-life events. This ensures stability in future earnings. Despite headwind from the ongoing shift towards cremation over traditional burials, SCI is well-positioned to capitalize on the aging U.S. baby boomer population, which supports sustained demand for its services. SCI targets a long-term earnings growth rate of 8% to 12%.

Solstice Advanced Materials Inc. (SOLS)

Solstice Advanced Materials, formerly Honeywell's Advanced Materials segment, holds leading positions across multiple markets tied to durable secular growth themes. Its Refrigerants & Applied Solutions segment, which includes Refrigerants, Building Solutions & Intermediates, Healthcare Packaging, and Alternative Energy Services, benefits from global mandates transitioning away from high-impact HFCs to lower-emission HFOs, supporting durable growth through the end of the decade. The company also has exposure to the growing nuclear power market through uranium conversion services in its Alternative Energy Services business, giving Solstice a differentiated position within the broader energy transition.

The Electronics & Specialty Materials segment provides exposure to semiconductor manufacturing and defense solutions. The Electronics Materials business supplies critical inputs for semiconductor manufacturing, including sputtering targets, etching solvents, and dielectric materials, each benefiting from higher layer counts and increasing complexity in advanced chips. Solstice also has exposure to copper-manganese interconnect materials, which combine copper's conductivity with diffusion-barrier properties that help reduce electromigration risk.

The Safety & Defense Solutions business benefits from rising geopolitical instability and defense modernization programs. Under its Spectra brand, Solstice produces ultra-high-molecular-weight polyethylene (UHMWPE) fibers used in lightweight ballistic armor and helmets. With global defense spending rising and U.S. forces prioritizing soldier weight reduction, this business is well positioned for sustained growth.

Stryker Corporation (SYK)

Stryker is well-positioned for sustained growth, driven by its robust portfolio of innovative medical products. Notably, the Mako robotic-arm assisted surgery system highlights SYK's leadership in advanced surgical technologies, enhancing precision and outcomes in orthopedic procedures. The company's broad range of medical devices, including implants and surgical tools, caters to a growing demand in the healthcare sector. This demand is particularly strong in orthopedics, where the aging population trends favor increased need for joint replacements and other orthopedic treatments. Stryker's strategic focus on innovation and market expansion positions it as a compelling investment opportunity with significant growth potential.

The Walt Disney Company (DIS)

Disney offers significant long-term value potential due to its unique collection of intellectual property, strong cash generation from Experiences, and improving profitability across its media assets. The Experiences segment, including theme parks, resorts, cruises, and consumer products, remains a high-quality business with durable demand, pricing power, and substantial reinvestment opportunities. Disney's planned investments across parks and cruises should support long-term growth while reinforcing the value of its global franchise portfolio.

In streaming, Disney has moved beyond the investment phase and is now focused on sustaining and expanding profitability. Disney+, Hulu, and ESPN+ provide a direct-to-consumer platform that can deepen engagement with Disney's content ecosystem, while bundling, price optimization, advertising, and tighter cost discipline should improve the economics of the business over time. The broader media business still faces secular pressure from linear TV decline, but Disney's content library, sports rights, and franchise strength give it tools to navigate the transition better than most peers.

Disney's combination of world-class IP, high-return Experiences assets, and improving streaming economics supports an attractive long-term investment case.

U.S. Bancorp (USB)

US Bancorp is set to benefit from synergies arising from the Union Bank and BTIG acquisition in the medium term. It has a solid payment service solutions which can be cross-sold to Union Bank's customers. Its 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)

We originally entered the stock expecting the valuation discount to narrow as Wells Fargo progressed toward asset cap removal. With that milestone now achieved, we remain constructive on the name given its improved growth prospects and expanded flexibility. The increased balance sheet capacity enables Wells to grow commercial and wholesale deposits, scale markets revenue by offering greater financing and balance sheet support to institutional clients, deepen relationships in key business lines, and pursue incremental growth opportunities.

While management has maintained disciplined cost controls, there may also be efficiency upside over time from lower regulatory and risk-related costs as regulatory oversight normalizes. The removal of the asset cap bodes well for the current management team and strengthens our confidence in Wells Fargo's ability to deliver more sustainable and profitable growth. The step-up in medium-term ROTCE target to 17-18% (from 15%) reinforces this view, supported by lower capital requirements, new growth opportunities following the asset cap removal and continued capital optimization and efficiency gains. A more favorable regulatory environment under the current administration could further ease compliance and capital burdens, providing additional upside to returns.