

## **Rebalance Broadcom (AVGO) to model weight of 5.00%**

Recent strong performance resulted in Broadcom increasing past 6.25% of the strategy weight. Per our risk mandates, we rebalanced AVGO back to its model weight of 5.00%.

## **Increase Microsoft (MSFT) to 7.50%**

We increased Microsoft in order to maintain an overweight to its weight in the benchmark, reflecting our continued conviction in the holding. Microsoft offers durable compounding via leadership in productivity software, Azure, and AI. Office 365's Copilot is broadly integrated, driving measurable productivity gains, pricing power, and higher ARPU. Azure remains a top-tier cloud provider with steady double-digit growth from enterprise workloads and AI infrastructure. The OpenAI partnership enables differentiated models and embedded AI across the stack. Security is a rising pillar and a cross-sell flywheel. Investment discipline and operating leverage support margins despite heavy AI capex. With structural growth, a wide moat, and expanding AI monetization, Microsoft is positioned for superior long-term returns.

## **Increase NVIDIA (NVDA) model weight to 7.50%**

We increased NVIDIA's model weight to better reflect its current weight in the composite due to the recent strong performance.

## **Decrease Constellation Brands (STZ) model weight to 1.25%**

We decreased Constellation Brands' model weight to better reflect its current weight in the composite due to the recent weak performance.

## **Decrease Eastman Chemical (EMN) model weight to 1.25%**

We decreased Eastman Chemical's model weight to better reflect its current weight in the composite due to the recent weak performance.

## **Exit UnitedHealth Group (UNH)**

We exited UnitedHealth (UNH) due to escalating regulatory risk. In July, the company confirmed criminal and civil DoJ investigations into its Medicare Advantage billing, including diagnosis-driven reimbursement and physician incentives. In August, it was reported that the scope of the probes also included Optum RX, UNH's pharmacy benefit manager business, focusing on prescription management and physician reimbursement. At the same time, U.S. Senators opened a review of its nursing home bonus system amid concerns about patient care. This multi-front scrutiny raises material legal, reputational, and financial risks. More importantly, bipartisan pressure on insurers and PBMs puts UNH's scale and vertical integration, the very sources of its long-term competitive advantage, directly in the crosshairs. With those advantages now at risk of impairment, we determined an exit was prudent.

## 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 Quality 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 in U.S. dollars. The inception of the Strategy is January 1, 2015.

The Brookmont Quality 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 Index. The Russell 1000 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 than expected growth values. The Russell 1000 Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment.

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.

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