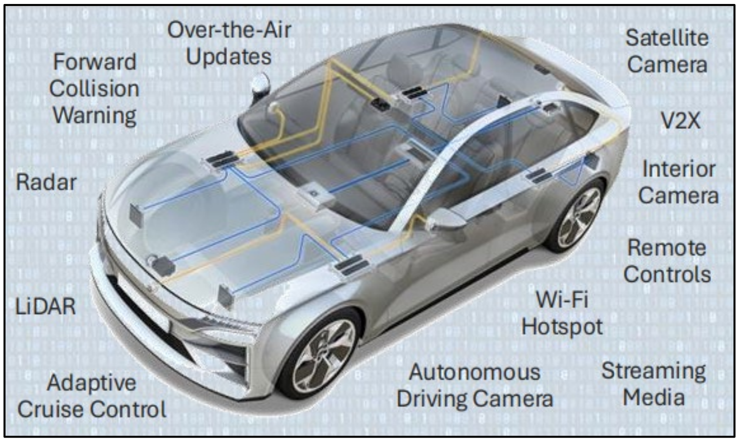
Add TE Connectivity (TEL) at 2.50%

TE Connectivity offers compelling exposure to a broad set of structural growth themes, underpinned by consistent free cash flow generation, disciplined capital allocation, and a valuation that remains at a discount to peers. We view this combination as an attractive foundation for long-term value creation.



Automotive is TE's largest end market. Evolving vehicle architecture and a shifting mix toward systems electrification represent meaningful revenue tailwinds. Advances in autonomous driving and sophisticated infotainment systems are driving demand for higher in-vehicle data speeds, which will boost connector revenue. EVs are also a significant opportunity, however electrification specifically refers to the ongoing substitution of mechanical systems with electronic ones in ICE vehicles, which improves comfort, convenience, and safety.

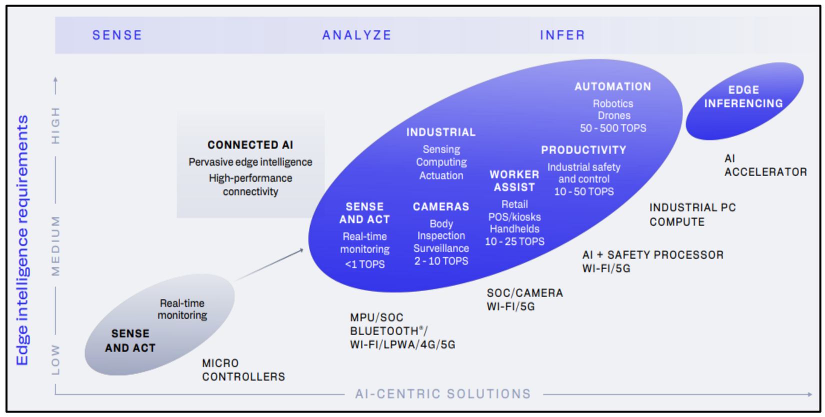
Beyond automotive, TE benefits from several additional growth vectors. Rapid data center expansion, alongside the shift to higher-speed intra-rack connectivity, is driving strong demand for its digital data network products. Its portfolio of underground connection solutions provides differentiated exposure to grid modernization and hardening. Through its Automation & Connected Living segment, TE is positioned to benefit from the reacceleration in factory automation driven by AI-related digitalization. Finally, its defense business supplies high-reliability connectors for harsh-environment applications — including missiles, drones, and submarines.

TE Connectivity is among the world's largest manufacturers of electronic connectors, components essential to high-performance applications across demanding environments. Its product portfolio and end market exposure position the company to benefit from several of the secular growth themes central to our investment strategies.

Add Qualcomm (QCOM) at 1.25%

Qualcomm's current valuation, trading at just a 12x forward P/E ratio, presents a compelling entry point. We believe that this is an excellent opportunity to gain exposure to a company with world’s most expansive connectivity patent portfolio that is also successfully executing on its business diversification plan. Qualcomm's diversification across automotive, IoT, and licensing provides a credible path not only to offset the Apple headwind over the next couple of years, but to deliver strong, broad-based growth over the next five years.

Qualcomm maintains a commanding position in the premium-tier Android market through its Snapdragon platform, which was recently named as the exclusive chip being used in Samsung's flagship Galaxy S26 Ultra model. The advancements in both chip and model capabilities are enabling effective implementation of on-device AI; we believe that this trend will be a durable driver of customer mix shift towards higher-end devices.



Since 2021, Qualcomm has systematically diversified beyond smartphones, and that effort is now generating tangible results. In automotive, recent design wins within software-defined vehicle architecture and cockpit infotainment illustrate the breadth of commercial traction. In IoT, Qualcomm is well-positioned in power-efficient edge computing and connectivity, particularly within industrial applications. Processing data through cloud-based AI carries a cost for every query sent. For high-volume, routine data streams, such as surveillance feeds or factory monitoring, costs remain prohibitive as they add up quickly relative to the value of information being analyzed. Edge AI solves this by running inference locally on compact models housed on-site, so routine analysis happens locally at minimal cost and cloud compute is invoked only when a situation genuinely warrants it. This use case is a natural fit for Qualcomm's capabilities.

Qualcomm Technology Licensing collects royalties on licensee device sales across Qualcomm's wireless patent portfolio, which covers essential communication standards from 3G through 5G. QTL's near-fixed cost structure produces exceptionally high margins, and its independence from handset chip design cycles provides meaningful earnings stability. 5G penetration in developing markets remains nascent, with Latin America at 10 – 15% and the Middle East and Africa at 5 – 10%; though these markets have minimal demand for high-end smartphones, QTL provides Qualcomm with economic exposure to the long runway of incremental royalty-bearing activations in markets where models using its high-end chips are not typically sold.

Taken together, Qualcomm offers a differentiated combination of durable competitive advantages: platform leadership in premium Android, an expanding automotive and IoT franchise, and a structurally protected, high-margin licensing business. Supported by a strong balance sheet and consistent shareholder returns, we view the current valuation as an attractive entry point for a business with multiple credible growth vectors over the long-term.

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.

Certain economic and market information contained herein has been obtained from published sources prepared by other parties, which in certain cases has not been updated through the date of the distribution of this letter. While such sources are believed to be reliable for the purposes used herein, Brookmont does not assume any responsibility for the accuracy or completeness of such information.

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.

The Brookmont Core Dividend 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 Core Dividend Strategy Composite contains fully discretionary accounts with similar value equity investment strategies and objectives. For comparison purposes, the Core Dividend 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 than 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 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 and the Brookmont Core Dividend Strategy are 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