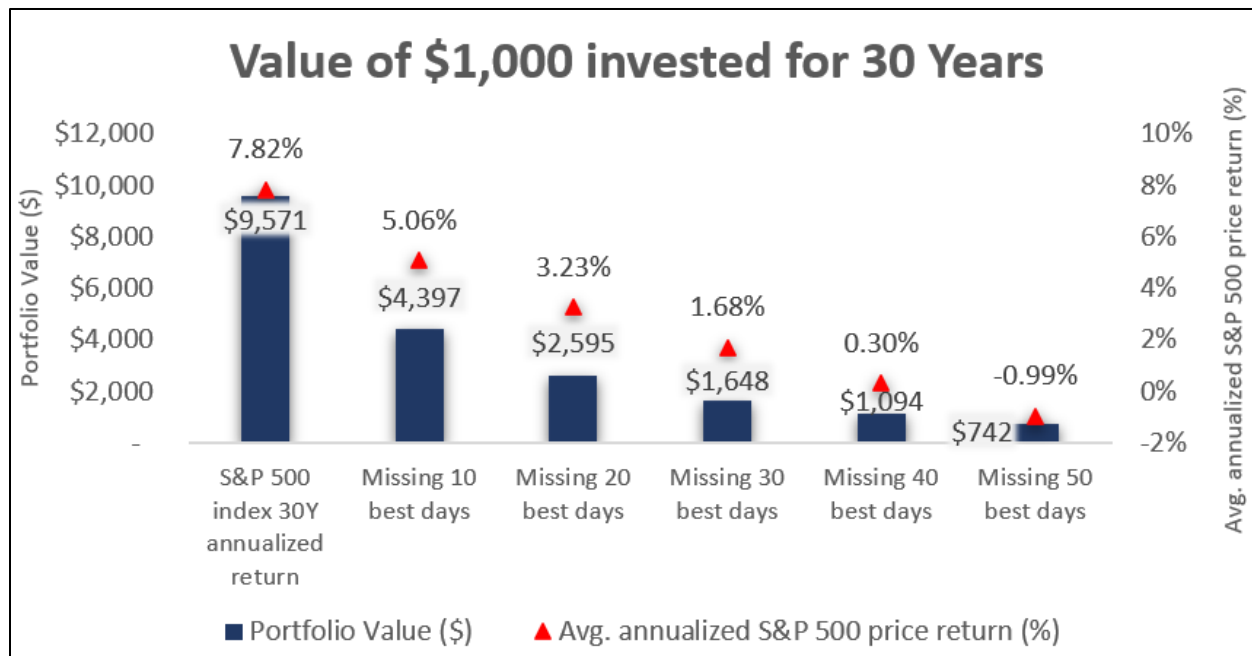


## Timing the Market is a Near Impossible Task

The popularity of short-term trading increased significantly following the elimination of transaction fees at retail brokerages and the volatility of the past few years has further increased its appeal to average investors. This frequent entering and exiting of positions often have the unintended consequence of missing the market's best days. Peter Lynch, renowned investor and former manager of the Fidelity Magellan Fund, states that “Far more money has been lost by investors trying to anticipate corrections than has been lost in corrections themselves.” A significant portion of annual stock market returns are driven by just a few days with strong performance. By attempting to time the market with a significantly elevated cash position, investors miss these opportunities for gains, which can have a compounding negative effect on overall portfolio performance. Additionally, actively trading equities can also increase transaction costs, particularly the classification of capital gains taxes, which can further reduce returns.

The stock market is highly unpredictable, and trying to time the market by actively trading in an attempt to capture short-term gains can be a challenging and potentially costly strategy. Instead, a long-term, buy-and-hold approach to investing in a well-diversified portfolio of quality stocks over a longer investment horizon, regardless of short-term market movements, is a better strategy.

Missing the 20 best days in the stock market over a 30-year period has resulted in a portfolio that is approximately 1/4 the size of a portfolio that stayed fully invested. The stock market has the potential to generate high returns over a long period of time; missing even a few of the best days can result in a lower overall return. According to Bloomberg and the Wells Fargo Investment Institute, missing the best 20 days from September 1, 1992, through August 31, 2022, led to an annualized underperformance versus the S&P 500 of 459 basis points. This highlights the importance of staying fully invested over a long period of time.



It is also worth noting that 78% of the stock market's best days occur during a bear market or during the first two months of a bull market. Often the best days and worst days can be close together and sometimes

happen on consecutive trading days. The DALBAR Quantitative Analysis of Investor Behavior (QAIB) utilizes mutual fund inflows and outflows combined with market performance to determine whether investors are “right” or “wrong” in their market timing. According to the report, investors tend to anticipate market direction correctly about half of the time. However, due to the compounding nature of returns and the math of percentages (ex: a 100% return is required to recover from a 50% decline), this success rate ultimately leads to significant underperformance versus the market over time.

In conclusion, attempting to time the market and avoid the worst days often a futile, and potentially harmful, endeavor. As is reflected in Brookmont’s investment philosophy, a long-term investment strategy with a diversified portfolio composed of quality investments is capable of outperforming speculation on market volatility. Remaining fully invested throughout market cycles in companies with secular growth drivers and strong cash flows is a major driver in wealth creation and preservation.

#### 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 in 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 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 firm maintains a complete list and description of composites, which is available upon request. Results are based on fully discretionary accounts under management, included those accounts no longer with the firm. 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 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’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 dividend could have a negative effect on cumulative returns. 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.

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.

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. Required minimum investments and advisory fees 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 results