First Quarter 2025 (April 1, 2025)

First quarter 2025 was a volatile one and the **Suncoast Dividend Growth** portfolio was flat at +0.4% after fees while the S&P 500 was down -4.3%. We purchased **Trane Technologies** and increased our position in **Rollins** with proceeds from the sale of **Merck**. In this letter we also highlight recent acquisitions made by portfolio holdings **Cencora** and **Stryker**.

Portfolio Activity

We bought a 2.75% position in **Trane Technologies (TT)** during the quarter**,** a global leader in climate control solutions for commercial buildings, homes and food transportation that dates back to 1885. (Some investors may remember its predecessor firm, Ingersoll Rand plc, which spun off its industrial segment in 2020 and changed its name to Trane). TT's products and services include not only its namesake ACs, heat pumps and Thermo King refrigerant management solutions but also liquid cooling systems that are being used by data centers for energy efficiency. In its 2024 report, TT generated industry-leading organic sales growth +12%, well ahead of management's initial guidance. Operating margins increased and adjusted earnings were +24%. In early January TT acquired privately held BrainBox AI, a pioneer in autonomous HVAC (heating, ventilation, and air conditioning) controls and gen AI building technology. By using AI to predict energy needs and automate HVAC systems, BrainBox is reducing energy consumption by up to 25% and greenhouse gas emissions by up to 40%. Trane's backlog of commercial HVAC solutions remains "highly elevated" and offers good visibility for continued market share gains. CEO Dave Regnery offered initial 2025 targets of +7-8% organic sales growth and +13-15% earnings growth in addition to another 12% dividend hike. We will look for opportunities to add to our position in TT.

After initiating a position in July, we added to **Rollins (ROL)** this quarter after it reported solid growth across residential and commercial pest control as well as termite control services. Organic sales were +8% in 2024 and healthy gross margins led to higher operating margins. Adjusted earnings were +11% and the Board of Directors increased the dividend +10%. ROL expects 2025 organic sales to be +7-8% and adjusted margins to "approach 30%", well above the current level of mid 20s. Longer term, management believes margins will be 30%+ due to favorable pricing, expense control and investments in technology.

We sold our remaining small position in **Merck (MRK)** after reducing it in August. MRK continues to struggle with lower sales from its Gardasil vaccine, which is its second largest revenue source. In February, MRK announced it stopped shipping Gardasil to China due to soft demand, which led management to reduce their 2025 total sales targets. In addition to weak demand for Gardasil, MRK's top-selling drug Keytruda will lose patent protection in 2028, which represents 46% of total revenues. Although the company has been acquiring new treatments and therapies to diversify its revenue base, we believe TT and ROL have better business momentum at this time.

Portfolio Highlights

In January our largest **Dividend Growth** position **Cencora (COR)**, a leading global pharmaceutical solutions company that optimizes access to therapies, acquired an 85% interest in Retina Consultants of America (RCA) for $4.4 billion. RCA is a leading management services organization (MSO) of retina specialists and will allow COR to build on its leadership in specialty therapies. As a result of the acquisition and continued momentum in COR's U.S. Healthcare Solutions segment, management increased their 2025 adjusted earnings target to +11-12% from the prior target of +8-10%.

Stryker (SYK), a leader in medical technologies and long term holding in both **Select Growth** and **Dividend Growth**, completed the acquisition of Inari Medical (NARI) during the quarter for $4.9 billion. NARI's portfolio of innovative solutions for venous thromboembolism (VTE) clot removal without the use of thrombolytic drugs is highly complementary to SYK's Neurovascular business and will give SYK an established position in the fast-growing VTE segment. SYK expects organic sales growth of +8-9% this year and adjusted earnings growth of +8-10%.

These are examples of how the strong balance sheet and robust free cash flow mandated by our **SEM-Disciplined Investment System** allow our companies to take advantage of growth opportunities in addition to investing in current business lines and increasing dividends.

Outlook

As a whole, the Dividend Growth portfolio should grow its intrinsic value in the low teens this year which compares favorably to the S&P 500 expected growth of +10%. It's a given there will be more volatility but as always we will spend our time focused on the fundamentals and business momentum of our companies. Please don't hesitate to reach out with any questions or comments.

Sincerely,

Amy	*Don*
Amy A. Lord, CFA	Donald R. Jowdy
Senior Vice President/ Co-Portfolio Manager	CIO

5550 W. Executive Drive, Suite 320 Tampa, FL 33609 813-963-0502 www.suncoastequity.com

Suncoast Equity Management, LLC

Performance results versus the Standard & Poor's 500 Index

Time Period	SEM % Return*	S&P 500 % Return	SEM - Growth of $1,000,000	S&P 500 - Growth of $1,000,000
1st Quarter 2025	+ 0.4%	- 4.3%	$ 1,004,300	$ 957,300
One-Year	+ 4.4%	+ 8.3%	$ 1,044,400	$ 1,082,500
Three-Year	+ 9.0%	+9.1%	$ 1,295,500	$ 1,297,300
Five-Year	+17.9%	+18.6%	$ 2,279,800	$ 2,345,700
Inception (8 1/4 Years)	***+14.7%***	***+13.7%***	***$ 3,102,600***	***$ 2,888,800***

* Composite results of all SEM Dividend Growth managed accounts, net of all fees.
Note: Performance for the three and since inception year periods represent the annual average rates of return

Performance Disclosure

Suncoast Equity Management, LLC is an independent investment management firm established in 1997. Suncoast Equity Management is primarily an equity investment manager that invests in U.S.-based securities. As of December 2016, SEM also offers a Dividend Growth Composite. The Dividend Growth Composite includes all discretionary, fee-paying portfolios managed within this strategy. The creation and inception date of the Dividend Growth composite is 12/31/2016.

The Dividend Growth composite is an equity composite employing the principles of Benjamin Graham & Warren Buffett. The discipline is a bottom-up fundamental approach and blends value and growth parameters. The portfolio consists of between 15-25 stocks and its benchmark is S&P 500 Total Return Index. This strategy is built to provide additional dividend income on par with the S&P 500 but improved dividend growth prospects.

Bundled fees include management consultant fees, custodial, trading, and advisor fees. Performance is calculated gross of all foreign withholding taxes. Additional information regarding policies for valuing investments, calculating performance, and preparing GIPS Reports, as well as a complete list and description of composites, is available upon request.

For the non-bundle fee accounts, the performance results presented are net of actual investment advisory fee and net of all transaction costs. For the bundle fee accounts, the performance results presented are net of actual investment advisory fee and net of all transaction costs and expenses. Investment advisory fees are described in Part II of Suncoast Equity Management, LLC's Form ADV. The management fee schedule is as follows: 1.00% fee on assets managed. The Firm does not assess performance-based fees.

It is impossible to invest directly in an index. The performance of an index does not reflect any transaction costs, management fees, or taxes. The indices used for comparison are as follows:
The Standard and Poor's 500 Total Return Index is an unmanaged index with no expenses, which covers 500 industrial, utility, transportation, and financial companies in the U.S. markets. It is a capitalization-weighted index calculated on a total return basis with dividends reinvested.

The composite dispersion represents a measurement of the consistency of the composite's performance results with respect to the returns of the individual accounts within the composite over an annual period. The annual dispersion is measured by the asset-weighted standard deviation of the composite and is calculated using net of fees returns. Only portfolios that have been managed for the full period are included in the composite dispersion calculation. In accordance with the GIPS standards, dispersion data is not provided for years in which the composite is comprised of five or fewer accounts and of periods of less than one year.

Valuations and returns are computed and stated in U.S. Dollars. The Firm does not use leverage or derivatives to implement the intended strategies.

Beginning in June 2002, accounts that experience cash flows in excess of 10% of the account's market value are temporarily removed from the composite. These accounts are added back to the composite when they are considered fully invested. The minimum account value for inclusion in the composite is $100,000. Additional information regarding the treatment of significant cash flows is available upon request.

The 3-year annualized Ex-Post Standard Deviation is calculated using 36 consecutive monthly net of fees returns to the end calculation period.

Suncoast Equity Management adheres to the GIPS valuation hierarchy principles.

Past performance does not guarantee future results. Investment returns and principal value will fluctuate. Investments may be worth more or less than their original cost when sold. It should not be assumed that investment decisions we make in the future will be profitable. Current performance may be lower or higher than the performance data shown. Returns include the reinvestment of all income.

Suncoast Equity Management claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Suncoast Equity Management has been independently verified for the periods 12/31/97 – 12/31/23. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Dividend Growth composite has had a performance examination for the periods 12/31/16 – 12/31/23. The verification and performance examination reports are available upon request.

For any additional information, please contact the Chief Compliance Officer at (813) 963-0502.

This is not a solicitation or recommendation to purchase the securities mentioned herein. An actual portfolio may not hold some or any of these securities. These securities may or may not be purchased by Suncoast Equity Management LLC in the future. This piece is solely the opinion of Suncoast Equity Management LLC. The information presented here is believed to be accurate as of the time of this writing.