Fourth Quarter 2025 (January 2, 2026)

The **Suncoast Dividend Growth** strategy posted another year of solid business results and yet the portfolio only appreciated +5.1% net of fees in 2025. The S&P 500 rallied to +17.9% in 2025 driven by AI-related companies, most of which don't pay dividends and therefore don't qualify for this strategy. As such, this seems like an opportune time to remind investors that while we reference the S&P 500 due to its status as one of the most recognizable and commonly used indices, we don't believe a single index provides a fully representative benchmark for **SEM- Dividend Growth**. We believe a focus on absolute return as well as the sustainable earnings and dividend increases of our companies will lead to satisfying returns versus most benchmarks over time. We discuss the disconnect between earnings growth and short term performance as well as the purchase of **Cintas** and sale of **Zoetis**.

<u>Divergence: The Story of 2025 – Scoreboard (Performance) vs. Fundamentals (Earnings)</u>

One of Benjamin Graham's most popularized phrases is "In the short run, the market is a voting machine but in the long run it is a weighing machine." In other words, Graham believed markets can be a popularity contest in the short run rather than being focused on businesses that exhibit long term growth, profitability and financial strength. Ultimately, these fundamentals translate into better long term portfolio returns for disciplined investors. We believe the 2025 scoreboard reflects a year in which market participants ignored a large portion of high quality businesses especially those that pay dividends like ours, as we noted in last quarter's commentary.

	Earnings Growth Estimates		Portfolio Return	
	2025 EPS	**2026 EPS**	**2025**	**2026**
SEM Dividend Growth	14.3%	12.2%	5.1%	?
S&P 500 Index	11.9%	12.3%	17.9%	?

Please note all returns in letter are net of fees and earnings estimates are from LSEG/Eikon

Dividend Growth underperformed the S&P 500's portfolio return in 2025 yet outperformed on earnings growth. The key takeaway is the divergence: Suncoast's Dividend strategy delivered earnings growth of 14.3% but realized a portfolio return of only 5.1%, while the S&P 500 delivered 11.9% earnings growth but appreciated 17.9%. History suggests these disconnects are often temporary. Like a coiled spring, Dividend Growth may be well-positioned to generate both absolute and relative performance in the coming years.

A Smoother (less volatile) Ride to Long Term Growth

Having just completed its ninth year, we reflect on Dividend Growth's track record of generating a strong annualized return of +14% after fees, with less volatility than the S&P 500.

	Annualized Returns	Standard Deviation	Upside Capture	Downside Capture
SEM Dividend Growth	14.0%	15.2%	88%	80%
S&P 500 Index	15.1%	16.8%	100%	100%

*Since inception 13/31/16 to 12/31/25, Since inception risk metrics from most recent Evestment 9/30/25

Keep in mind 14-15% annualized returns over the last nine years are well above 20-30 year market averages of 8-10% returns. While none of us know what the next 10 year returns will be, we do know that both the economy and stock markets go through cycles. And when we experience the next down cycle, we expect **SEM Dividend Growth** to be less volatile and show relative strength from a return perspective, as it has historically.

	Dividend Growth return*	S&P 500 return
2018	-1.1%	-4.4%
2022	-11.8%	-18.1%

* Net of Fees

This table shows how our portfolio of fundamentally sound, consistently growing dividend companies has held up better than the S&P 500 in difficult market environments since inception in 2017.

Portfolio Activity

We initiated a position in **Cintas (CTAS),** a company that serves more than a million businesses with uniform rentals, facility services like towels, restroom supplies, first aid products and safety training, as well as sprinkler and alarm systems. Customers are diversified across many industries such as healthcare, hospitality, automotive, food service and education. In December Cintas reported broad-based growth across all its segments with sales +9% and increased its annual sales target to +8-9% for the fiscal year ending May 31st. Both gross and operating margins grew and as a result earnings should be +10% for the year. Our **SEM Small to Mid-Cap (SMID) Growth** clients may recognize CTAS as a long term holding. The company's +15% dividend increase put its 1.0% yield in line with the S&P 500 index and recently allowed it to qualify for the **SEM Dividend Growth** portfolio. We look forward to building out the position in the coming quarters as CTAS executes on its "Ready for the Workday" strategy.

To fund the CTAS purchase, we sold our less than 2% position in **Zoetis (ZTS)**. Growth has slowed to mid-single digits for the global animal health company as it faces competitive pressures for some of its main products like parasiticide, Simparico Trio, and dermatitis treatment, Apoquel. We believe CTAS offers better business momentum at this time.

Outlook

Dividend paying companies may not be the talk of cocktail parties like some recent IPOs or AI deals, but we believe they are a good fit for those investors looking for an allocation of their portfolio to generate stable long-term growth. As co-investors alongside our clients in the strategy we have steadily added to our **SEM Dividend Growth** portfolio over the last nine years and will continue to do so in the years to come.

Wishing everyone a healthy and happy 2026!

Sincerely,

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

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
One-Year	+ 5.1%	+17.9%	$ 1,050,800	$ 1,178,800
Three-Year	+12.7%	+23.0%	$ 1,432,100	$ 1,861,100
Five-Year	+11.3%	+14.4%	$ 1,707,500	$ 1,961,600
Inception (9 Years)	***+14.0%***	***+15.1%***	***$ 3,246,400***	***$ 3,557,300***

* 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 – 12/31/24. 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 – 12/31/24. The verification and performance examination reports are available upon request.

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