Q2 | 2026 ALLEY COMPANY DIVIDEND PORTFOLIO

QUARTERLY LETTER

The closing of this past quarter marks the twenty-year track record for the Alley Company Dividend Portfolio. Throughout this time, we have maintained a singular investment philosophy that focuses on high quality, dividend paying companies and generating attractive *risk-adjusted returns*.

Eighty quarters provides a good window into how that philosophy has served investors through a variety of environments. What stands out, is that protecting well on the downside has been a key driver of long-run outperformance relative to our Russell 1000 Value Index benchmark. Since the strategy's inception, the benchmark has had negative returns in 24 of the 80 quarters. On a net return basis, the Alley Company Dividend Portfolio held up better in 19 out of those 24 quarters.

Conversely, when markets are in "risk on" mode, moving briskly to the upside, we have participated well but have tended to lag the returns of the benchmark. During quarters when the Russell 1000 Value Index had returns greater than 10%, for example, we trailed the benchmark on a net return basis in 9 out of those 14 quarters.

Turning to the second quarter of 2026, it was definitively a "risk on" environment as the Russell 1000 Value Index posted a return of 13.9%. Twelve companies within the index had quarterly returns greater than 100% (not a typo!), and Sandisk (SNDK) led the charge with a return of 257.9% in the 3-month period. Many of the big winners of this past quarter are related to the artificial intelligence (AI) infrastructure buildout, namely memory chip providers and disk drive companies, that historically have been very cyclical companies and either don't pay a dividend or have a minimal payout to shareholders. This is the type of environment where the Alley Company Dividend Portfolio could lag the broader benchmark and that indeed was the case in the 2Q 2026.

The concentrated attention on AI has created both excitement and trepidation across the technology sector and corporate America more broadly. For some perceived winners, such as the aforementioned AI-infrastructure buildout beneficiaries, stock prices have indeed "gone parabolic." These companies are now tasked with proving that this time is different, that wild swings in their earnings are a thing of the past, and that the future holds *durability* in financial results.

Much of the long-term promise of AI lies in higher labor productivity (output per hour worked), enhanced corporate profit margins, and (even more) future innovation and business formation. If successful, structural market forces will expand financial-market beneficiaries beyond just the Technology sector.

INVESTMENT TEAM

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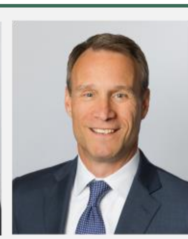
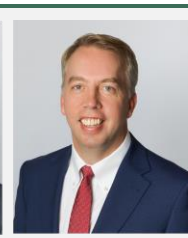




We fully expect technological advancement and innovation to continue in America and be a driver of U.S. prosperity. But rather than chase near-term performance and abandon our battle-tested investment philosophy, we intend to remain disciplined, balanced, and long-term oriented. These principles have served our clients well over the past twenty years in the pursuit of attractive *risk-adjusted returns* and meeting long-term financial goals.

Quarterly Performance Update

During the second quarter of 2026, the Alley Company Dividend Portfolio underperformed the Russell 1000 Value Index.

The Alley Company Dividend Portfolio's underperformance relative to the Russell 1000 Value Index during the year's second quarter was more about companies that we did not own than those we did. **By our calculation, semiconductor, disk drive, and other AI-related stocks contributed 10.5 percentage points to the benchmark's return.** Russell removed several of these companies from the Russell 1000 Value Index and placed them in the Russell 1000 Growth Index at the end of the quarter, as part of its scheduled reconstitution. The shift of these companies from one style index to another is representative of the type of active decisions that index company committees make in constructing what are touted as passive representations of the market. Similarly, Russell recently switched to a semiannual reconstitution schedule from annual, accelerating an already moving goal post.

Top and bottom performing sectors in the Russell 1000 Value Index during the quarter are displayed in the table below. (+) and (-) symbols indicate the Alley Company Dividend Portfolio being overweight or underweight the sector relative to the benchmark weighting. To review, our sector weightings are driven by our bottom-up fundamental research process.

Top Performing Sectors	Bottom Performing Sectors
Technology (-)	Energy (+)
Industrials (+)	Utilities (+)
Real Estate (+)	Materials (-)

From an individual holdings perspective in the quarter, top contributors to and detractors from performance were:

Top Contributors	Top Detractors
Cisco Systems (CSCO)	Chevron (CVX)
AbbVie (ABBV)	AT&T (T)
Morgan Stanley (MS)	CME Group (CME)

Q2 2026 Review of Portfolio Changes

A position was initiated in ASML Holding (ASML). ASML supplies advanced lithography equipment to end-semiconductor manufacturers that could not produce leading-edge chips absent ASML's machines. The technological complexity of the company's equipment results in a monopoly position in cutting-edge lithography that has little chance of being eroded in the near term. Two key factors poise ASML to benefit from its position in the semiconductor supply chain: durable demand for chips fueled by the artificial-intelligence infrastructure buildout, and an effort to diversify semiconductor production away from Taiwan to mitigate geopolitical risk. ASML boasts considerable pricing power from the lack of competition in its market and has a rock-solid balance sheet. The company has also grown its dividend nicely over time, posting a mid-20s annualized dividend growth rate over the trailing 10 years.

Ameriprise (AMP) was sold. Increasing competition in the wealth management industry poses a fundamental headwind to Ameriprise and threatens its prospects.

Arthur J. Gallagher (AJG) was sold. Persistent pricing weakness across certain segments within the insurance industry continues to weigh on Arthur J. Gallagher's business outlook.

Trims: Lockheed Martin (LMT)

Adds: Starbucks (SBUX), Alphabet (GOOGL)

Dividend Announcements

Dividend announcements among Alley Company Dividend Portfolio holdings during the calendar year are below:

Q1 2026

Company	Dividend Change
Arthur J. Gallagher (AJG)	+8%
BlackRock (BLK)	+10%
CME Group Inc. (CME)	+4%
Chevron (CVX)	+4%
Cisco Systems (CSCO)	+2%
Eaton (ETN)	+6%
Home Depot (HD)	+1%
Hershey (HSY)	+6%
NextEra Energy (NEE)	+10%
Prologis (PLD)	+6%
Phillips 66 (PSX)	+6%
Verizon Communications (VZ)	+4%

Q2 2026

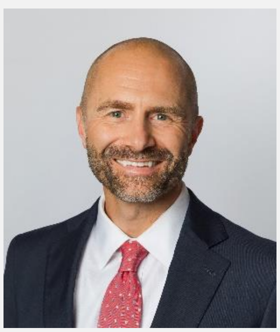
Company	Dividend Change
Apple (AAPL)	+4%
Ameriprise (AMP)	+6%
Alphabet (GOOGL)	+5%
Paychex (PAYX)	+10%
Procter & Gamble (PG)	+3%
Parker Hannifin (PH)	+11%
Home Depot (HD)	+1%
RTX Corporation (RTX)	+7%

Alley Company Dividend Portfolio

The investment philosophy of the Alley Company Dividend Portfolio focuses on striking the balance between attractive absolute dividend yield and strong dividend growth underpinned by solid company fundamentals of our portfolio holdings. We employ a bottom-up, research-driven process focused on fundamental analysis of our portfolio holdings.

ALLEY COMPANY

Alley Company is a boutique investment management firm that is dedicated to operating a discernible and disciplined investment philosophy and generating superior risk-adjusted investment returns. Alley Company was originally founded in 1998 and in 2006 established the Alley Company Dividend Portfolio to capitalize on investment opportunities in quality companies with strong dividend-paying cultures.



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