GROESBECK INVESTMENT MANAGEMENT CORPORATION

GROWTH OF INCOME

2026 – THIRD QUARTER UPDATE

The Groesbeck Growth of Income wrap portfolio had a total return of minus 4% for the quarter compared with the S&P500 up 2% and the S&P500 equal weight index which posted a 2% decline. In comparison to the dividend growth benchmarks, we underperformed slightly in the quarter but have outperformed in the year-to-date periods.

Total Returns	3 Months	Year to Date
Groesbeck Growth of Income Portfolio	-4.2%	9.3%
S&P 500 Index	2.3%	12.8%
S&P 500 Dividend Aristocrats Index	-3.2%	5.9%
Russell 1000 Dividend Growth Index	-3.6%	5.3%

As of September 30, 2026.
Sources: Groesbeck Investment Management, S&P Global and FTSE Russell.

Market Commentary

Stocks fell broadly in the quarter, despite the gain notched by the S&P500 index. The S&P500 is increasingly being influenced by its technology sector, which now accounts for almost 40% of the index. Other major indexes fell as did small and mid-cap indexes. The rough quarter was driven by geo-policial concerns, continued high oil and energy prices and a Federal Reserve that raised interest for the first time in quite some time. Inflation continues to stay above the Fed's target, and it is leaning towards more increases as the economy continues to rise and unemployment remains low. Second quarter earnings came in quite strong and underpinned the summer rally in stocks that led to record highs. The negative tone set in for stocks as bond and treasury prices fell sharply at the end of the quarter. Third quarter earnings are expected to post good year-over-year increases and should lead to good fourth quarter gains. Given the strong earnings backdrop, despite rising interest rates and falling bond prices, we continue to expect the stock market to continue its rise heading into a seasonally strong year end period. In fact, total S&P500 earnings for 2026 are projected to grow close to 30%.

Third Quarter Performance

In the third quarter, the sectors that did well for the portfolio were the defensive areas of consumer staples and healthcare, while the other sectors declined. The change for the benchmark was similar as the majority of its sectors fell, save for

the energy sector benefiting from high oil prices and those with technology stock exposure (communications and Information technology). Our lack of energy holdings and weakness in our technology investments compared to the benchmark hurt from an attribution perspective.

Stocks that did best this quarter were Accenture, Intercontinental Exchange (ICE) and Genpact. Accenture rose as it recovered from an earnings sell of at the end of last quarter. The company continues to make gradual gains and earnings will benefit from a continued focus on AI implementation at its customers. ICE rose benefiting from the strong rally in stocks and heavy corporate finance activity related to the AI buildout. Despite recent weakness, trading volumes and new issuance activity should still see a healthy tempo in the coming quarter. Genpact continued to report steady earnings gains and has raised its earnings growth rate guidance.

The weakest names in the quarter were Owens Corning (OC), Carrier Global Corp, and Lam Research. OC fell as earnings and guidance have dropped. This is unsurprising as weakness in the housing market continues to persist, yet a steady economy and gradual recovery in homebuilding should improve the earnings picture. Carrier dropped, despite reporting earnings that beat estimates, and like OC, the soft housing market has cooled the outlook for air conditioning sales. Lam Research, one of our best winning technology stocks, fell owing to the end of the chip stock rally that saw almost no end for several periods. While the chip stock prices may have fallen, end use demand continues to grow and order books are sold out. During the quarter we made no trades or changes to the portfolio.

Portfolio Health

While the stock market has risen to record levels and cooled off during September, the portfolio holdings continue to do well fundamentally. We do have concerns about persistent inflation, the weakening bond market and what the Fed will do at its upcoming meetings. We do expect stocks to rally into year-end on strong quarterly earnings and the end of election uncertainty. We expect the defensive characteristics of the portfolio will help weather the stock market volatility and the growth characteristics will continue to generate healthy earnings growth and good dividend growth. The dividend increases for stocks in the portfolio were up 7% last quarter. The current dividend yield is 1.9% compared to 1.1% for the S&P 500. Over the last five years, average annual growth in earnings and dividends of the companies in the Growth of Income portfolio was 8% and 11%, respectively. The portfolio P/E stands at 18.4x compared to 24.9x for the S&P 500.