



# Equity Income

## Portfolio Update: Third Quarter 2025

During the quarter ending September 30, 2025, the Equity Income Composite (the “Strategy”) returned +2.55% gross of fees, +2.43%, net of fees, compared to +5.33% return for the Russell 1000® Value Index (the “Benchmark”).

	3 Months	YTD	1 Year	3 Years	Since Inception (12/31/2021)
<b>Equity Income</b> (Gross)	+2.55%	+5.37%	+5.06%	+14.55%	+8.51%
<b>Equity Income</b> (Net of IM fees)	+2.43%	+4.99%	+4.50%	+13.96%	+7.95%
<b>Equity Income</b> (Net of IM & WM Fees)	+2.16%	+4.20%	+3.46%	+12.85%	+6.90%
<b>Russell 1000® Value Index</b>	+5.33%	+11.65%	+9.44%	+16.96%	+7.60%

*Inception date: December 31, 2021. Performance for periods greater than one year is annualized. Please see important disclosures at the end of this document. Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. Data as of September 30, 2025. Investment management (IM) fees are charged for managed investment accounts, is intended to compensate the portfolio managers for their time and expertise for selecting investments and managing the specific strategy as well as other items, such as investor relations expenses and the administration costs. Wealth management (WM) fees are charged to cover the construction and management of a portfolio and the holistic wealth management services that a client has chosen beyond their investments including, but are not limited to, estate planning, tax strategies (and related services), risk management, financial planning, retirement planning, investment advice, and insurance/banking oversight services. These fees vary by client and for this presentation the highest possible wealth management fees has been applied in these calculations.*

The weighted yield of the Strategy was 3.0%. This compares to the dividend yield of the Russell 1000® Value benchmark of 2.0% and the S&P 500 yield of 1.3%. Over the long-term, we believe the Strategy will maintain a total dividend yield roughly 1x – 2x the S&P 500 dividend yield (currently 2.3x).

Income during the quarter included regular dividends from every stock that was held in the Strategy for the duration of the quarter except Berkshire Hathaway (BRK.B), which does not pay a dividend. Year-over-year, three stocks maintained existing dividend policies: Huntington Bancshares Inc. (HBAN), LKQ Corp (LKQ) and International Paper Co. (IP). One company, Dow, Inc., reduced its dividend by 50% to protect capital during a prolonged cyclical downturn. The remaining stocks increased regular dividends by an average of 7.1% compared to the prior year. Dividend income contributed 0.7% of total return in the quarter.

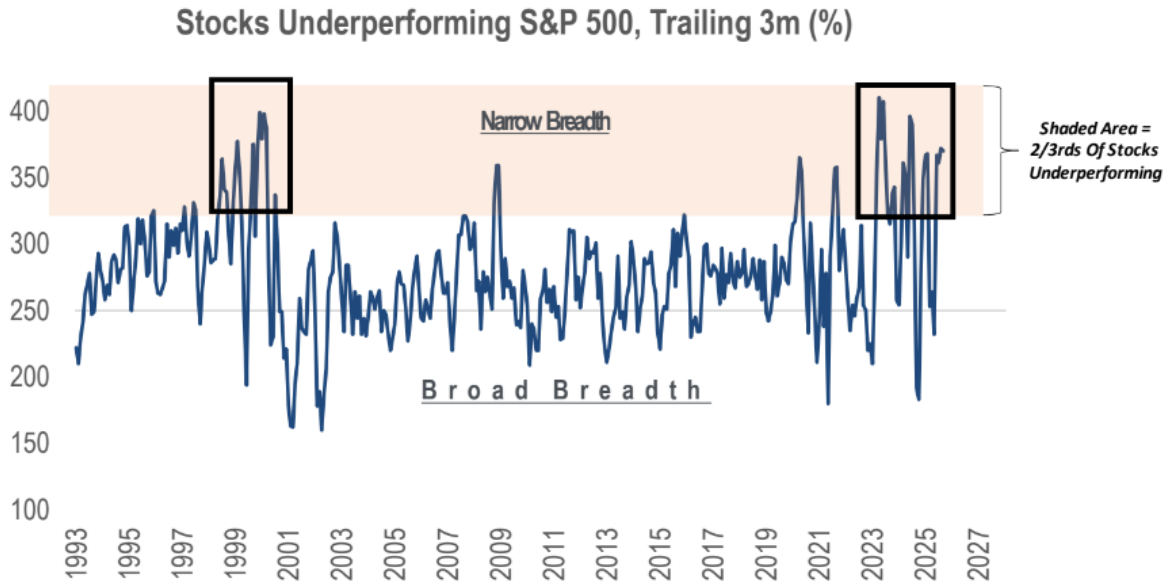
U.S. equity markets extended what has become one of the sharpest rebounds in history from the April post-Liberation Day lows, with the S&P 500 rising 7.8% and recording 23 new all-time highs. Market strength was supported by improving leading economic data and a September rate cut by the Federal Reserve—its first since late 2024—which reinforced a “Goldilocks” backdrop of lower rates and a solid economy. The 10-year Treasury yield fell from 4.22% at the start of the quarter to as low as 4.02% before ending at 4.15%. Oil prices declined, gold surged to record highs, and credit conditions remained stable, creating one of the most favorable macro environments in recent years.

Beneath those strong headline numbers, however, market leadership remained unusually narrow. A small group of mega-cap technology and AI-focused companies continued to drive the bulk of the index’s gains. This concentration reached an important milestone in Q3 as the weight of the Technology sector in the S&P 500 moved above its peak from the early-2000s tech bubble, reflecting the extraordinary run in a handful of dominant firms.



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**Exhibit 1. It's Been a Narrow Market for 3 Years**



Source: Piper Sandler. Data as of 9/30/25.

While the S&P 500 has been propelled higher by the outperformance of a handful of riskier large growth stocks, many other areas of the market have lagged meaningfully—leaving a wide gap between the index's return and the broader opportunity set. Notably, laggards during this period have often been strong, high-quality companies with solid balance sheets, low debt, high margins, and strong returns on capital.

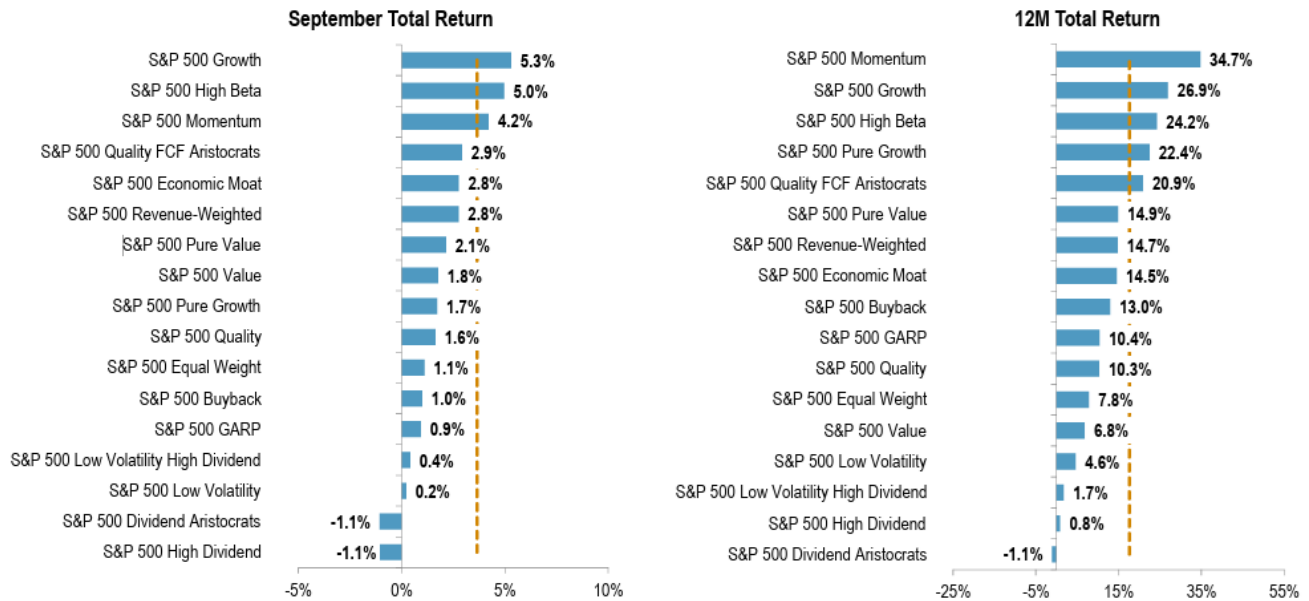
Sector performance was led by Communication Services (+12.2%) and Energy (+9.3%), while more defensive sectors such as Consumer Staples (-2.1%) posted weaker returns as stable cash flow generators and lower-volatility businesses were left behind. This dynamic has historically been cyclical, but it added to the challenge for strategies with meaningful exposure to quality or lower-beta equities during the quarter.

The increased appetite for risk, beta, and momentum is evident when looking at performance based on certain factors. Companies with those factor characteristics have significantly outperformed.



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**Exhibit 2.**



Source: S&P Global, data as of 9/30/2025. Past performance is not indicative of future results.

Meanwhile, companies with quality and value characteristics have meaningfully underperformed. QUAL, the largest ETF focused on investing in high quality stocks, made a new all-time low relative to the S&P 500 during the quarter as investors move away from high quality companies, another indicator of greater risk seeking behavior.

**Exhibit 3. QUAL Relative to the S&P 500**



Source: Strategas; data as of 9/15/2025

Outside of large-cap tech, small caps finally began to show signs of life, with the Russell 2000 reaching new all-time highs for the first time since 2021. This was fueled by falling rates and rising earnings expectations for smaller companies—a potential early sign of market leadership broadening.



## Contributors and Detractors

Johnson & Johnson (JNJ) was a positive contributor to performance during the quarter. Johnson & Johnson is a diversified healthcare company with leading positions in pharmaceuticals and medical technology. Investors have been pleased with the company's ability to offset the headwinds from biosimilar competition for Stelara, with overall sales still growing 5%, helped by 30%+ growth in Tremfaya and double-digit growth from thirteen of its brands.

TJX Companies Inc. (TJX) was a positive contributor to performance during the quarter. TJX is the largest off-price retailer in the U.S., known best for its TJ Maxx, Marshalls, and HomeGoods stores. TJX delivered impressive Q2 results that beat on both top and bottom lines, with consolidated comparable sales of +4% in a choppy retail environment. The company's competitively advantaged inventory sourcing strategy is proving to provide a level of safety in inflationary environment and its "treasure hunt" offering is providing resilience across income demographics.

Philip Morris International Inc. (PM) detracted from performance this quarter. PM sells smoke-free nicotine products globally and cigarettes outside the U.S. While the quarter was better than expected, the stock declined due to investor focus on the U.S. market for ZYN, which is the market leader in the rapidly developing nicotine pouch business. The high demand for ZYN resulted in shortages that are now resolved, but the challenges created volatility and opened a window for competitors to take some share. The company continues to make progress towards our thesis with strong growth in revenues and profits from smoke-free products, but we are watching for share shifts and manufacturing execution going forward.

Kenvue Inc. (KVUE) detracted from performance this quarter. The maker of Tylenol was hit hard by U.S. Secretary of Health and Human Services RFK Jr.'s claims that the use of acetaminophen (the active ingredient in Tylenol) by pregnant women may be associated with an increased risk of neurological conditions such as autism and ADHD in children. In the FDA release, they note that "a causal relationship has not been established and there are contrary studies in the scientific literature." (source fda.gov). Kenvue has had a rough start since its public debut after breaking off from Johnson & Johnson (JNJ). The company has struggled to deliver consistent growth across its businesses, and setbacks like the Tylenol claim are hard to predict. We believe the 5% dividend yield and strong collection of trusted brands like Motrin, Band-Aid, Listerine, and Johnson's Baby should provide support to the shares.

### Equity Income

#### THIRD QUARTER 2025 CONTRIBUTION REPORT

Ranked by Basis Point Contribution

	Basis Point Contribution	Average Weight
<b>Top Contributors</b>		
Johnson & Johnson	+89	4.48%
RTX Corp.	+61	4.53%
BlackRock Inc.	+49	4.44%
JPMorgan Chase & Co.	+38	4.23%
TJX Companies Inc.	+37	2.24%
<b>Bottom Detractors</b>		
Philip Morris International Inc.	-54	4.64%
Comcast Corp.	-35	2.78%
Kenvue Inc.	-35	1.62%
LKQ Corp.	-29	1.29%
Dow Inc.	-25	1.25%

*Past performance is not indicative of future results, and there is a risk of loss of all or part of your investment. The above does not represent all holdings in the Strategy. Holdings listed might not have been held for the full period. To obtain a copy of RMB Asset Management's calculation methodology and a list of all holdings with contribution analysis, please contact your service team. The data provided is supplemental. Please see important disclosures at the end of this document.*



## Portfolio Activity

Our goal is to keep turnover “low, but healthy,” as stocks compete for a place in the portfolio. While we executed on some tax loss harvest opportunities during the quarter, there were no new positions initiated and there were no positions sold to zero.

## Outlook

As we head into the final quarter of 2025, the backdrop for equities is balanced between encouraging tailwinds and meaningful risks. On the positive side, the Fed has begun to lean dovish—with the September cut potentially paving the way for additional easing if growth softens and labor markets show further weakness. Many strategists and institutions now expect multiple rate cuts through year-end, which could support equity valuations and reduce borrowing costs for corporate America. Macro indicators in the near term will likely matter more than ever: softening inflation, stability in consumer spending, and sustained capital investment (especially tied to AI and digital transformation) may tilt the narrative constructively.

That said, there are headwinds investors cannot ignore. Growth across the U.S. economy has decelerated—first half growth averaged around 1.4% annualized—raising questions about the durability of the rebound. Fiscal pressures are mounting, with persistent deficits and rising debt servicing costs adding to yields’ upside risk. Valuations are also extended: markets are trading at a modest premium relative to many fair-value models, leaving little margin for error. Narrow leadership remains a structural concern, as concentrated gains in a handful of mega-cap tech names heighten vulnerability to sentiment shifts or rotation.

The ongoing U.S. government shutdown adds another layer of uncertainty to the outlook. While past shutdowns have typically had limited lasting market impact, this one is already estimated to cost the economy billions per day and could weigh on fourth-quarter growth if it persists. It may also complicate the Fed’s decision-making by delaying key economic data. That said, these episodes have historically been temporary, with lost activity often recovered once operations resume.

Against this mix, our view is moderately constructive for equities—but selective. We expect further volatility through year-end, driven by macro surprises, central bank pivots, and rotation between growth and cyclical segments. That volatility, however, also offers fertile ground for active managers to find mispriced opportunities. We believe high-quality businesses with strong capital discipline may benefit as market leadership broadens. We’ll use fluctuations in sentiment, valuation dislocations, and sector rotations to tactically tilt exposure, while maintaining disciplined guardrails on risk. Our aim is to position the portfolio to outperform in environments where the path forward is neither linear nor certain—and to be ready to lean in when conviction emerges.

In closing, we remain optimistic about the potential for relative outperformance as market leadership begins to broaden. Today’s equity market is far more concentrated than during the dot-com era: the top ten stocks now represent over 40% of the S&P 500’s market capitalization, well above the 27% peak in 1999–2000.



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**Exhibit 4.**



Source: Strategas; data as of 9/15/2025. Past performance is not indicative of future results.

This level of concentration means that even small shifts in breadth can produce outsized opportunities for active managers. When leadership eventually transitions from a few mega-cap names into a broader base of stocks, managers who have been positioned across underappreciated sectors and companies could capture much greater upside than was possible during prior eras of concentration. Since the market's current structure sets a higher bar for dispersion, we believe our disciplined process, fundamental research, and focus on company-level differentiation should be rewarded when that shift occurs.

We focus on identifying companies that we believe can beat market expectations for growth and returns on capital. Economic cycles, interest rates, and investor preferences all influence short-term absolute and relative performance. Over the long-term, we believe that investing in high quality companies that create value for shareholders and distribute a portion of that cash flow in the form of dividends can result in long-term shareholder returns that beat the overall market.



# Equity Income

Thank you for your confidence in the team and the Strategy. If you have any questions, please do not hesitate to contact us.

Sincerely,

John O'Connor, CFA®  
Portfolio Manager

Tom Fanter  
Portfolio Manager

## TOP TEN HOLDINGS AS OF 9/30/25

Company	% of Assets
RTX Corp.	4.23%
Johnson & Johnson	4.21%
BlackRock Inc.	4.00%
Berkshire Hathaway Inc.	3.99%
Federal Realty Investment Trust	3.97%
JPMorgan Chase & Co.	3.88%
Philip Morris International Inc.	3.87%
Int'l Business Machines Corp.	3.67%
Verizon Communications Inc.	3.47%
Merck & Co. Inc.	3.35%

*Holdings are subject to change. Past performance is not indicative of future results, and there is risk of loss of all or part of your investment. The data provided is supplemental. Please see disclosures at the end of this document.*





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*CFA® is a registered trademark owned by CFA Institute.*

**Basis Point (bps):** A unit that is equal to 1/100th of 1% and is used to denote the change in a financial instrument.



## RMB Asset Management

### Equity Income Composite // GIPS Report

**Organization** | Curi RMB Capital, LLC (“Curi RMB Capital”) is an independent investment advisor registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940 and established in 2005. The GIPS firm is defined as RMB Asset Management (“RMB AM”), a division of Curi RMB Capital. Previously, the firm was defined as RMB Capital and was redefined on January 1, 2016, to only include the asset management business due to the difference in how its investment strategies and services are offered. RMB AM claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. RMB AM has been independently verified for the periods April 1, 2005 through December 31, 2023. The verification report(s) is/are available upon request. 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. Verification does not provide assurance on the accuracy of any specific performance report.

**Description** | The Equity Income Strategy reflects the performance of fully discretionary equity accounts, which have an investment objective of dividend income and capital appreciation using a portfolio of primarily U.S. stocks with market caps > \$2 Billion and for comparison purposes is measured against the Russell 1000® Value Index. The inception date of the Equity Income Composite is December 31, 2021 and the Composite was created on December 31, 2021. Valuations and returns are computed and stated in U.S. Dollars.

### ANNUAL PERFORMANCE RELATIVE TO STATED BENCHMARK

Year End	Composite Assets		Annual Performance Results						
	Total Firm Assets as of 12/31 (\$M)	USD (\$M)	# of Accounts Managed	Composite Gross-of-Fees (%)	Composite Net-of-Fees (%)	Russell 1000® Value (%)	Composite 3-YR ST DEV (%)	Russell 1000® Value 3-YR ST DEV (%)	Composite Dispersion (%)
2024	6,885.9	225.9	542	17.57	17.10	14.37	N/A	16.66	0.76
2023	6,235.5	167.4	455	7.10	6.57	11.46	N/A	N/A	0.38
2022	5,228.7	89.0	265	2.38	1.87	-7.54	N/A	N/A	N/A

\* Composite dispersion is reported as N/A when the information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year.

**Fees** | Effective March 2, 2022, Curi RMB Capital's management fee schedule for this Composite is as follows: 0.50% on the first \$1.0 million, 0.5% on the next \$2.0 million, 0.475% on the next \$2.0 million, 0.45% on the next \$5.0 million, 0.425% on the next \$15.0 million, and 0.400% over \$25.0 million. Net returns are computed by subtracting the highest applicable fee (0.50% on an annual basis) on a quarterly basis from the gross composite quarterly return, and the resulting quarterly net figures are compounded to calculate the annual net return. Actual management fees charged by Curi RMB Capital may vary. Composite performance is presented on a gross-of-fees and net-of-fees basis and includes the reinvestment of all income. Gross-of-fees returns means it is net of transaction costs but gross of asset management fees and custodian fees. The payment of actual fees and expenses would reduce gross returns. The compound effect of such fees and expenses should be considered when reviewing gross returns. The composite includes accounts that pay asset-based pricing from the custodian for trading expenses. The maximum fee is 15 basis points per year; however, many accounts pay lower amounts due to household break-point relief. In addition to a management fee, some accounts pay a wealth management fee based on the percentage of assets under management to Curi RMB Capital. The annual composite dispersion is an asset-weighted standard deviation calculated for the accounts in the Composite the entire year. Risk measures presented are calculated using gross-of-fees performance. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

**Minimum Value Threshold** | There is currently no account minimum in the Equity Income Composite.

**Comparison with Market Indices** | Curi RMB Capital compares its Composite returns to a variety of market indices such as the Russell 1000® Value Index. The index represents unmanaged portfolios whose characteristics differ from the Composite portfolios; however, it tends to represent the investment environment existing during the time period shown. The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® companies with lower price-to-book ratios and lower expected and historical growth rates. An investment cannot be made directly in an index. The returns of the index do not include any transaction costs, management fees, or other



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costs. The investment strategy and types of securities held by the comparison index may be substantially different from the investment strategy and types of securities held by your account in the Composite. Benchmark returns presented are not covered by the report of independent verifiers.

**Other** | Past performance is no guarantee of future performance. Historical rates of return may not be indicative of future rates of return. Individual client performance returns may be different than the composite returns listed. 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. A list of Composite Descriptions and a list of Broad Distribution Pooled Funds are available upon request.