

January 2, 2026

Dear Sustainable Equity Strategy Clients and Friends,

No, you're not imagining it. "We are living through a singularly turbulent time," according to 2024 Nobel-winning economist Daron Acemoglu, whose celebrated work studying economies across centuries lends historical credibility to his pronouncement.¹ Indeed we have the equity market volatility to show for it in 2025. Let's consider just a few of the conflicting signals that made equity price discovery and stability so elusive last year...

1. The pandemic, Russia's invasion of Ukraine and then last year's tariffs all reinforced the strategic necessity of "nearshoring" industries inside national borders (i.e., de-globalization) and yet 2025 demonstrated that executing on the biggest economic growth driver before us, Artificial Intelligence (AI), requires keeping interwoven global supply chains open. ***How to make sense of, and invest into, opposing secular trends?***

2. The U.S. economy was surprisingly resilient in 2025 — in terms of GDP growth (tracking for 2%), unemployment (4.6%), inflation (2.7%), even consumer spending (2.1%) — and yet consumer sentiment ended the year near historical lows.² ***What is the stark divergence between headline statistics and consumer perceptions telling us?***

3. Climate change, water stress and plastic pollution all worsened in 2025 — from a drought-amplified wildfire season to an overheated Gulf intensifying the fatal Guadalupe River floods to growing concentrations of microplastics in tap water, seafood and human brains — yet headlines spotlighted how much policy and corporate efforts to address them have stalled.³ ***Are the headwinds too great to keep investing in solutions to big environmental problems?***

In this letter, we first dig into these conflicting signals and explore what they mean for our investment results and outlook. In the second half of the letter, we distill

the three disciplines we navigate by, including through puzzling times like 2025, where the Sustainable Equity Strategy returned 14.12% gross / 13.22% net. More relevantly for our long-term approach, it has returned 15.79% gross / 14.77% net annualized in the nine years since inception. See the one-pager at the end of this letter for performance details. Let's now unpack each of our three sets of conflicting signals in turn (select 2025 holdings appear in bold face):

1. Technology & Trade Overcame Economic Nationalism & Nearshoring in 2025

One lesson of 2025 appears to be that 21st Century technology vastly complicates any efforts to return to early 20th Century-style economic nationalism. National self-reliance has stirring political appeal, but David Ricardo's classical theory of comparative advantage appears alive and well.⁴ The complexity and affordability of modern products are possible only with intricate, globe-spanning supply chains — whether airplanes, automobiles, batteries or iPhones. The rest of the world, understanding this and having internalized the lessons of the 1930s tit-for-tat tariff spiral, did not pursue a trade war after Trump announced across-the-board tariffs in April. Rather, they redirected certain trade flows to markets that stayed open, forged new trade alliances and quietly reduced dependence on the U.S. market.⁵ As a result, the much-feared global contraction has not transpired.

Economic realities also prompted the U.S. to negotiate deals and exemptions, bringing the average effective tariff down dramatically since April (but not before contributing to a 14% year-over-year surge in corporate bankruptcies to 717, the most since the Great Recession).⁶ Consumer staples stared down the tariffs. Having imposed an additional 40% tariff on many Brazilian imports in August, the U.S. issued an executive order in November cancelling it on beef, coffee, cocoa, and fruits.

If there were any strategic technology that a country would want to keep to itself, it's AI. But even this has not been possible. Yes, nations are building sovereign

AI given the national and economic security risks of being left behind, but they are unavoidably importing the essential hardware and software. Yes, the US has set out to boost domestic (and Australian) rare earth supply and refining capacity, but the lead times, especially for scale-up, will be long. This allowed China to use its chokehold on rare earth metals to extract a lowering of US tariffs on it from 125%+ in April to a truce-level 10%. Indeed, this Chinese leverage, and its own domestic progress on AI, likely contributed to the Trump Administration greenlighting sales of relatively advanced **Nvidia** chips to China in December.⁷ Yes, **Taiwan Semiconductor** is expanding its chip manufacturing footprint in Arizona and other non-Taiwan locations, but its CEO has emphasized the enduring cost and talent advantages of its domestic ecosystem. From Netherland-based **ASML**'s monopoly on EUV lithography machines to South Korea's dominance in high-bandwidth memory to U.S.-based **Synopsys**' chip design software, AI is a global phenomenon. The massive budgets required for R&D, foundries and datacenters depend on global market access and megacap balance sheets.

In sum, efforts to re-shore supply chains did continue in 2025, through tariffs and other policies, but they quickly confronted limits in our tech-infused, trade-reliant modern economy. Industrial purchasing data ended 2025 in their 10th consecutive month of contraction, showing that domestic manufacturing has not broadly revitalized.⁸ So yes, opposing secular trends can both be valid, but trade appeared stronger than nearshoring in 2025, and likely to remain so given that technology is growing more, not less pervasive. While we did retain exposure to reshoring through construction-related holdings like **United Rentals**, we exited **WillScot** partly on the basis of the relative strength of these trends.

2. Negative Consumer Sentiment Warranted Special Attention Amidst Headline Statistics

That consumer sentiment has been impaired by cumulative inflation and affordability concerns is not

surprising. But its historically low level in 2025 and survey evidence both suggest that consumers on the front lines see bigger changes underway and ahead.⁹

Income disparities have expanded, and we now inhabit a K-shaped economy, where the rich continue to get richer and keep spending, while lower income and younger cohorts tighten the reins. The pivot from restaurants to at-home dining weighed on our **Chipotle** position last year despite the GLP-1-reinforced secular trend toward healthier ingredients. The U.S. debt-to-GDP ratio reached a WWII-level 120%, constraining future fiscal capacity to address affordability concerns and imperiling the dollar's staying power as the global reserve currency. The dollar fell 9.5% in 2025, the most in a decade, while gold surged the most in a single year since Jimmy Carter was President. This is all before fresh concerns about the Fed's ability to maintain independence through 2026 and pressure to continue its easing cycle.¹⁰ Another concern is that 40% of GDP growth in 2025 was narrowly powered by the AI buildout, and this has left out much of the traditional economy.¹¹

Consumers grasp that massive ongoing AI investments will require payback, in the form of corporate productivity gains that entail job replacement. High-profile 2025 reports by McKinsey and BCG indicated that many companies were struggling to capture tangible early gains from AI, but this may well increase the urgency to do so in the years ahead.¹² Risks are apparent not just to traditionally safe cognitive jobs but physical jobs facing AI-enabled robots. Waymo (owned by **Alphabet** and in discussions for a private round valuing it at \$100bn) expanded its autonomous robotaxi footprint in 2025 to more than a half-dozen U.S. cities and began offering fully driverless rides on highways. Taxi drivers have gotten the brutal message.¹³ Beyond robotaxis, many more variants of "physical AI" are likely coming — for ag fieldwork, construction, firefighting, eldercare, retail stocking, and manufacturing lines not already automated.

In sum, investing in consumer companies has grown trickier, especially in consumer-led (vs. trade-led) economies like the U.S. AI, which initially gained steam in the guise of a consumer-facing chatbot, is now influencing consumer expectations. To us, this suggests the value of AI investment exposure in part as a hedge to rapid change in the rest of the economy.

3. Climate Change Remained a Global Investment Need, Winner & Opportunity, Despite Headwinds

Headlines throughout 2025 touted policy and corporate retreat on climate action. The U.S. withdrew from the Paris Climate Agreement, phased out renewable tax credits and terminated offshore wind projects. BP, TotalEnergies and other oil majors divested renewable assets. Automakers delayed or cancelled EV lineups. Banks left net zero alliances under threat of anti-trust action. But these developments are not the whole story.

Renewables saw a 700 Gigawatt increase in global installations in 2025, the largest ever, despite uneven policy support.¹⁴ AI's insatiable demand for power was crucial to this and made clean power equities (including **Constellation Energy**) market-beating standouts in 2025. We have largely refrained from investing in commodity suppliers of renewable components (forgoing their big gains this year), but we have captured steady returns by owning leaders in key adjacencies such as AI-enabled smart grids and buildings (**Schneider Electric**), rail electrification (new 2025 buy **Wabtec**) and clean, climate-adaptive infrastructure (**Brookfield Asset Management**, a soft performer this year, and new 2025 buy **Vinci**).¹⁵ As for our AI exposure, we believe AI's environmental costs will ultimately be surpassed by its transformational contributions to resource optimization, sustainable materials and other innovations.¹⁶

China exploited the U.S. policy retreat to seize geopolitical and export leadership of the energy transition, becoming a more self-reliant "electrostate" and surging its exports of EVs, batteries and solar panels to India, Brazil and other fast-growing markets.

Of the approximately 4,000 firms that reported climate commitments in 2024, only 16% dialed back their goals, while 47% stood by them and 37% became more ambitious. 67% of companies with targets were on track to meet them.¹⁷ They talk less about them publicly, but they are staying the course because they recognize that physical impacts will demand eventual action, that their customers will expect it, and that many jurisdictions will regulate emissions. In fact, 28% of global greenhouse gas emissions are now covered by a carbon price (via a carbon tax or cap-and-trade system).¹⁸ Europe's Carbon Border Adjustment Mechanism (CBAM) just went into effect on January 1, which will compel companies selling into its giant market to pay for their emissions, thereby projecting their stricter climate policies onto the world (unless rising populism sinks the EU climate project in 2026). Consumers are on the front lines of climate disasters and over 60% now take climate change into account when deciding what to buy.¹⁹

In sum, adverse headlines notwithstanding, many 2025 developments reinforced our conviction that sustainable investing is an all-sector, all-geography affair driven not by one country or by policy support but by compelling economics and value propositions, as well as growing awareness of the impacts of environmental challenges on human well-being.

Three Investment Disciplines to Navigate By

The volatility of 2025 may persist into 2026 and beyond as these conflicting signals persist, while others form to surprise markets. Issues that have dissipated or resolved may reactivate, e.g., the U.S.-China truce on rare earths is a truce, not a peace. We believe it's a good time — now and always -- to be an investor, not a trader. Our long-term approach can be summed up in three disciplines:

1. We Invest in Dominant Quality: We invest in high Return-on-Invested-Capital (ROIC), highly cash generative businesses with low debt leverage and low susceptibility to the kinds of bankruptcies we saw in 2025. Volatility is inevitable, but we believe the truer

measure of risk for the long-term investor is permanent destruction of capital...and that owning quality is the most prudent foundational strategy to avoid it. The highest quality companies tend to vanquish their competition with better products and services, and then to stay dominant over time, often in oligopolistic industries where their scale and network advantages compound and create barriers to new entrants. Our favorite kind of competitive landscape to invest into is one with limited competition. Our companies' average market share is 47% in their primary segment and 89% hold the number one market share — for example, **ThermoFisher**, **Waste Management** and **Intuit**. Their superior profit algorithms typically incorporate pricing power — 77% of our companies have been able to increase prices above inflation for the past ten years. But we are careful to select companies that deliver proportionate increments of value to customers (and other stakeholders, including society) so that their price increases are earned and sustainable over time. In select cases, we do invest in companies whose quality or dominance is still emerging through a transition, offering a promising realization of value if our forecast transpires.

2. We Invest in Duration, especially Secular Growth: “Duration” deserves systematic attention in investing because 60-80% of the intrinsic value in any equity price derives from forecasted cash flow generation in the out-years, not the quarter or year just ahead that dominate financial headlines. The key attribute that tells us that a company will be able to sustain its competitive dominance into the future is a visible reinvestment and growth pathway it can execute at a high **Return on Incremental Invested Capital (ROIIC)**.

The best predictor of this we have found? A company's ability to profit from multi-decadal secular trends, especially increasingly material environmental trends. These often remain underestimated and mispriced. But economics, consumers and these days especially non-US actors are unwinding this mispricing and beginning to reward forward-leaning

investors. We translate these secular trends to revenue and margin progression in our forecast models for every holding — e.g., **Core & Main**'s storm drainage products as extreme precipitation events grow; **United Rentals**' fleet of equipment for disaster response and reconstruction; **Verisk**'s catastrophe bond modeling for spreading out climate impact costs; and **Carrier**'s Transicold refrigerated trucking for ensuring food safety amidst extreme heat events.

3. We Construct Portfolios as a Whole: We aim to make the quality of the portfolio as a whole even greater than the sum of the high-quality parts. This requires relentless attention to portfolio construction. First, we gain exposure to different economic, policy and currency regimes through global diversification — which proved valuable to our Strategy in 2025 as the dollar fell and non-US markets closed some of their valuation gap with the long-running U.S. bull market. We got strong contributions from **Airbus**, **L'Oréal** and **MercadoLibre**, less so **Canadian National** and **Coupa** (the latter had a strong year underway, before stumbling with a data breach, which we believe to be an unfortunate but transitory setback). After adding two more non-US positions (**Dassault Systems** and **Vinci**) in Q4, our Strategy is 32% non-U.S., higher than the MSCI World index. Second, we balance our tech exposures, whose enterprise value is dominated by Intellectual Property and other intangibles, with positions carrying high tangible asset values, including irreplaceable assets like railroads, toll roads, landfills and airports. This extends our portfolio duration with more predictable cash flows for longer. Third, half of our companies have volume-led growth algorithms and half are pricing-led, a blend that moderates the portfolio's sensitivity to economic cycles. Fourth, we monitor internal correlations between each position to reduce the risk that our portfolio constituents could move similarly in relation to cycles and the kinds of exogenous events we saw in 2025. Fifth, we conduct portfolio stress tests: in 2025, we projected how each position would be affected by tariffs, by a tariff-induced recession and by

various provisions in the OBBBA legislation. We found that many of our companies will benefit, for example, from its provisions on accelerated expensing of R&D and of depreciation, and we are now seeing it.

The Disciplines in Action in 2025: Consumer Packaged Goods vs. AI

Navigating a year like 2025 requires equal attention to all three disciplines. For example, the quality “factor” had a famously difficult year. Take consumer staples, a traditional haven of quality: Clorox was down 36% and P&G was down 12%, inclusive of dividends (we own neither). Both have quality attributes like a high return on capital and low leverage. But they fail on our second discipline, which is an ability to reinvest profitably in an identifiable secular trend, and we project both to have a negative forward ROIC. The advantages of many Consumer Packaged Goods (CPG) companies are actually being eroded by secular trends: their pay-to-play dominance of shelf space matters less as e-commerce comes for groceries (see **Amazon**’s heightened grocery ambitions in 2025) and their big TV-centric marketing budgets matter less in a TikTok world of decentralized marketing and viral influencers.²⁰ Both trends create an opening for private label and upstart brands, where value accrues more to retail platforms, less to traditional brands. E-commerce is only 20% of overall global retail so far, offering a visible secular growth pathway into which our three e-commerce platform holdings are reinvesting, while generating environmental benefits. Quality works best not in isolation, but when reinforced by secular growth.

AI also serves to illustrate how our three investment disciplines work together to protect and grow capital. First, we have selected for quality within the wider AI landscape: all of our AI-related holdings are highly cash-generative, high ROIC companies with limited debt leverage. Second, AI warrants exposure once it’s understood as the durable continuation of a long-running secular growth trend toward more powerful computing, albeit a step-change in acceleration

courtesy of parallel processing and the ongoing worldwide shift from a Central Processing Unit-based to a Graphics Processing Unit-based computing architecture (CPUs to GPUs). Third, we’ve constructed our portfolio exposure to AI to carefully manage the valuation and other risks associated with a fast-moving space like this. We are underexposed to AI relative to leading indexes like the S&P 500. Most of our holdings have core businesses that are not AI-related. If AI went away, they would still be here providing essential services in energy, food, water, health, sanitation. Then, within our AI exposure, we have diversified across the full value chain, with special emphasis on the picks & shovels that benefit from the intensity of the arms race regardless of which chip design or LLM wins (or if many of them thrive, as now seems likely). Our Q4 buy of **Dassault Systems** added exposure to one of many out-of-favor software companies that are well positioned, we believe, as an integrator and beneficiary of AI. Our industrial holdings, a sectoral overallocation, often blur these lines, offering downside protection from essential services provision and upside optionality from AI: **Trane**, **Carrier**, **Schneider Electric**, and **United Rentals** have non-AI core businesses but got a 2025 lift from serving efficiency, cooling and construction solutions to the AI datacenter build-out.

In closing, our inquiry into three sets of conflicting signals yields actionable insights. Maintain global exposure, including to trade-oriented economies. Probe the collective wisdom in consumer sentiment. Stay the course investing in companies solving big growing problems like climate change. Lastly, do all this while adhering to our three investment disciplines.

We expect more interesting times in 2026 but will continue to keep our eyes trained on longer horizons and the wealth compounding they offer. Thank you, as always, for entrusting us to steward your capital, and Happy New Year!

Sincere regards,

The Douglass Winthrop Team

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entity, as the implementation of any financial strategy should only be made after consultation with your attorney, tax advisor and investment advisor. All material presented is compiled from sources believed to be reliable, but accuracy or completeness cannot be guaranteed. PAST PERFORMANCE DOES NOT GUARANTEE FUTURE RESULTS. INVESTMENTS BEAR RISK INCLUDING THE POSSIBLE LOSS OF INVESTED PRINCIPAL

¹ See Daron Acemoglu, *Power and Progress: Our Thousand-Year Struggle Over Technology and Prosperity* (2023)

² The IMF projects 2.0% real GDP growth in the US for 2025, see: <https://www.imf.org/en/countries/usa>. Annual inflation in the US was 2.7% for the 12 months ending November, see: <https://www.usinflationcalculator.com/inflation/current-inflation-rates/>. U.S. unemployment was 4.6% as of November, see: <https://www.bls.gov/news.release/pdf/empstat.pdf>. Real Personal Consumption Expenditure was ~2.1% YOY in late 2025, see: <https://streetstats.finance/consumer/spending>. The University of Michigan Consumer Sentiment was 52.9 in December 2025, see: <https://tradingeconomics.com/united-states/consumer-confidence/news/511532>. This is 28% lower than last year, see: <https://www.sca.isr.umich.edu/>

³ On climate change intensifying the Texas floods, see: <https://zenodo.org/records/15829357>. By 2025, about two-thirds of the world's population may be living in areas facing water scarcity, see: <https://www.worldwildlife.org/our-work/freshwater/water-scarcity/>. As of late December 2025, 41 % of the lower 48 states were experiencing drought, see: <https://www.drought.gov/national>. On microplastics in tap water samples, see: <https://www.plasticpollutioncoalition.org/blog/2025/12/8/win-on-microplastics-seven-states-call-for-federal-tracking-plastic-particles-in-drinking-water>. On microplastics in seafood, see: <https://www.theguardian.com/us-news/2025/feb/03/seafood-microplastic-contamination-study>. On plastics in human brains, see: <https://hscnews.unm.edu/news/hsc-newsroom-post-microplastics-human-brains>.

⁴ 19th Century economist David Ricardo lays out his theory of comparative advantage in Chapter VII "On Foreign Trade" of the 1817 text *On the Principles of Political Economy and Taxation*

⁵ <https://www.reuters.com/world/china/hit-by-trump-tariffs-rest-world-races-forge-new-trade-alliances-2025-10-01/>

⁶ <https://www.washingtonpost.com/business/2025/12/27/corporate-bankruptcies-economy/>

⁷ <https://www.reuters.com/world/china/us-china-hawks-say-trump-approved-nvidia-chip-sales-china-will-supercharge-its-2025-12-09>

⁸ <https://tradingeconomics.com/united-states/business-confidence>

⁹ 71% of U.S. adults are concerned that AI will put people out of work permanently, see: <https://www.reuters.com/world/us/americans-fear-ai-permanently-displacing-workers-reutersipsos-poll-finds-2025-08-19/>. Among Americans aged 18-29, 59% view AI as a threat to their future

job prospects, see: <https://www.finalroundai.com/blog/young-americans-ai-jobs-poll>. 64% of the U.S. public believes AI will lead to fewer jobs over the next 20 years, and many express anxiety about job loss due to automation, see:

<https://www.pewresearch.org/internet/2025/04/03/how-the-us-public-and-ai-experts-view-artificial-intelligence>

¹⁰ <https://www.ft.com/content/1712a946-5861-444e-9740-d488c865c5cf>

¹¹ <https://www.ft.com/content/6cc87bd9-cb2f-4f82-99c5-c38748986a2e>

¹² On historically low consumer sentiment, see: <https://www.bloomberg.com/news/articles/2025-11-21/us-consumer-sentiment-falls-to-one-of-lowest-levels-on-record>. McKinsey report: <https://www.mckinsey.com/cn/our-insights/our-insights/beyond-the-hype-unlocking-value-from-the-ai-revolution>. BCG report: <https://media-publications.bcg.com/The-Widening-AI-Value-Gap-October-2025.pdf>

¹³ On Waymo's 2025, see: <https://waymo.com/blog/2025/12/2025-year-in-review>. On taxi drivers' fears about driverless cars, see:

<https://sfstandard.com/2023/07/12/uber-lyft-taxi-drivers-sound-alarm-about-human-costs-of-robotaxis/>. and in China:

https://www.tandfonline.com/doi/full/10.1080/17544750.2025.2563075?src=&utm_source=chatgpt.com. On rumors of Waymo's \$100bn valuation, see: <https://www.reuters.com/business/waymo-discusses-raising-billions-over-100-billion-valuation-information-reports-2025-12-16/>

¹⁴ https://www.ren21.net/gsr-2025/downloads/pdf/go/GSR_2025_GO_2025_Full_Report.pdf

¹⁵ Renewables are on pace to add 11% or nearly 800 Gigawatts over 2024 levels globally, see: <https://ember-energy.org/latest-insights/renewable-additions-in-2025-are-once-again-expected-to-surge-putting-tripling-within-reach/>

¹⁶ On AI's sustainability, see our Q2-2025 letter: <https://douglasswinthrop.com/storage/2025/07/14/2025-q2-dwa-env-strategy-letter.html> or listen to the BBC on how AI is transforming the fashion industry: <https://www.bbc.com/audio/play/p0mscip5>

¹⁷ PwC survey

¹⁸ <https://www.worldbank.org/en/publication/state-and-trends-of-carbon-pricing>

¹⁹ <https://climatepromise.undp.org/news-and-stories/worlds-largest-survey-climate-change-out-heres-what-results-show>

²⁰ <https://www.reuters.com/business/retail-consumer/amazon-adds-perishable-foods-same-day-delivery-take-instacart-walmart-2025-08-13/>

DWA Sustainable Equity Strategy

Performance (as of 12/31/2025)¹

Annualized Returns	DWA Sustainable Equity (Gross)	DWA Sustainable Equity (Net)	MSCI SRI TR USD	S&P 500 TR	MSCI World TR USD
1 Yr	14.12%	13.22%	13.98%	17.88%	21.09%
3 Yr	18.25%	17.31%	18.41%	23.01%	21.17%
5 Yr	9.05%	8.14%	10.32%	14.43%	12.15%
Since Inception	15.79%	14.77%	12.69%	15.14%	12.70%

Past performance is no guarantee of future results.

5-Year Historical (2020-2024)

	DWA Sustainable Equity	S&P 500	MSCI World
Calendar Year End (Avg)			
Return on Invested Capital	15%	10%	7%
Net Leverage	1.0x	1.4x	1.7x
R&D % of Sales	6%	4%	4%
Annualized			
EPS Growth	19%	9%	7%

Overview of Sustainable Equity Strategy

Core beliefs:

- Fundamental equity research should encompass material environmental risks and opportunities
- Sustainability performance will help distinguish companies that succeed over the long-term
- Environmental risks and opportunities are not yet fully priced by the markets, creating an opportunity for long-term outperformance through application of DWA's domain expertise

All holdings are selected based on six criteria:

- Enduring competitive advantages: switching costs, network effects, IP, long-term contracts
- Financial strength / pristine balance sheet: high free cash flow generation, sensible leverage
- Shareholder-oriented management: insider ownership, comp. based on long-term performance
- Opportunities to compound through reinvestment: R&D, new product introduction, new markets
- Attractive valuations relative to our assessment of intrinsic value: margin of safety
- Strategic performance with respect to environmental risks and opportunities, enabling both financial success and favorable impact on the world

Our differentiated and repeatable process enables us to identify high-quality companies that:

- Demonstrate environmental performance that materially reinforces core economic drivers such as our first five criteria above (E-Advantaged) or
- Derive a substantial / growing proportion of revenues from products and services that address intensifying environmental challenges related to energy, food, water, ecological integrity or the physical, regulatory and transition risks & opportunities presented by climate change (E-Solution Providers)

Proprietary DWA tools include:

- DWA E-Map:* 9 strategic roadmaps of our investable universe: addressable market, profitability across value chain, leaders/disruptors, changing axes of competition, regulatory progression
- DWA E-Assess:* Structured 90-point assessment integrating sustainability factors to core economic thesis

Illustrative Holdings vs. DWA E-Map

	% of Assets as of 12/31/2025
Sustainable Transport:	
Canadian National Railway	1.5
Uber	3.3
Renewables, Storage & Grid:	
Constellation Energy	2.8
Schneider Electric	3.8
Food, Fisheries & Sustainable Ag:	
Deere	2.7
Chipotle	1.7
Smart Buildings & Cities:	
Trane Technologies	3.2
Carrier	1.6
Water Quality and Efficiency:	
Core & Main	1.4
Thermo Fisher	3.5
Environmentally Related Human Health:	
Danaher	3.0
L'Oreal	2.7
Sustainable Finance:	
Brookfield Asset Management	3.4
Aon	3.1
Sustainable Data:	
ASML	3.8
Taiwan Semiconductor	4.8

Portfolio Characteristics (as of 12/31/2025)	DWA Sustainable Equity	S&P 500
# of Equity Holdings	35	503
Top 10 Positions	44.4%	39.2%
Beta (3Yr)	1.13	1.00
Dividend Yield	0.8%	1.2%
3Yr Projected EPS Growth	15.0%	14.1%
Weighted Avg P/E Forward	25.2x	23.1x
Return on Equity (5Yr)	33.4%	17.9%
Net Debt / EBITDA (TTM)	0.8x	1.4x

Sector Distribution (as of 12/31/2025)	% of Equity
Discretionary	12.7
Staples	2.8
Communications	7.3
Healthcare	6.8
Industrials	32.3
Technology	21.1
Materials	1.4
Financials	12.7
Energy	0
Utilities	2.9
Real Estate	0

DWA Sustainable Equity Strategy

Douglass Winthrop Advisors, LLC ("DWA") is a registered investment adviser with the United States Securities and Exchange Commission (SEC) in accordance with the Investment Advisers Act of 1940, as amended. Note that registration with the SEC does not imply a certain level of skill or training.

The DWA Sustainable Equity Strategy (the "Strategy") invests primarily in U.S. and developed non-U.S. equity securities, regardless of capitalization, and seeks longterm capital appreciation while aiming to contain the risk of permanent capital loss. It uses a concentrated and low turnover investment approach and seeks to invest in companies the firm believes are high-quality and possess sustainable competitive advantages. The Strategy does not seek to match the market capitalization, geographic, or economic sector exposure of any broad market index.

Reference Index Disclosure: The Strategy is not managed to a benchmark. The benchmarks most commonly chosen by our clients based on the DWA Sustainable Equity Strategy are the MSCI World SRI Index, the S&P 500 Total Return Index, and the MSCI World Index (Total Return, US Dollars). The MSCI World SRI Index is a capitalization weighted index that provides exposure to companies with outstanding Environmental, Social and Governance (ESG) ratings and excludes companies whose products have negative social or environmental impacts. The S&P 500 Total Return Index includes reinvested dividends. The index includes 500 leading companies and captures approximately 80% coverage of available market capitalization. The MSCI World Index captures large and mid cap representation across 23 Developed Markets (DM) countries. With 1,542 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Index figures do not reflect the deduction of any fees, expenses, or taxes. Investors cannot invest directly in an index. The indices' performance results are intended to illustrate the general trend of the equity market for DWA's investable universe and are not intended as a benchmark for the composite.

Risk Disclosure: Investing involves risk, including the possible loss of principal. There may be market, economic, or other conditions that affect client account performance, or the performance of the referenced market index. The Strategy may invest in small and medium-capitalization companies. Investments in these companies, especially smaller companies, may carry greater risk than is customarily associated with larger companies. A client account invested in the Strategy will hold fewer securities and have less diversification across industries and sectors than a diversified portfolio, such as a portfolio based on an index. Consequently, a client account and/or the composite performance may diverge significantly from the referenced market index, positively or negatively.

Gross and Net Performance: Gross returns are calculated gross of management fees and net of transaction costs. Net returns are calculated net of management fees. Fees for accounts in a composite may differ from the stated fee schedule for new accounts. Performance is calculated on an asset weighted, time weighted return basis. Valuations and performance are reported in U.S. dollars.

GIPS Documentation: A GIPS compliant presentation is available at douglasswinthrop.com/disclosures. A list of the composite descriptions and/or our DWA GIPS Policies and Procedures can be made available upon contacting our New York office.

1 Client portfolios in the DWA Sustainable Equity Composite contain all fee-paying, discretionary accounts that have been managed according to the DWA /Sustainable Equity Strategy and have been managed by DWA for at least a full calendar month. The Sustainable Equity Composite is intended to present the performance of portfolios of equity securities selected by the DWA Sustainable Equity Investment Committee. Inception Date 1/1/2017.

2 Data reflects the composite of the DWA Sustainable Equity Strategy. Portfolio characteristics data reflects only the equity holdings of the composite portfolio normalized to 100%, sourced from Bloomberg and Factset and calculated by DWA . Calculations do not include companies which would represent an outlier, e.g., negative earnings for P/E calculation. Details are available upon request.