

TACTICAL GROWTH SOLUTION UPDATES

April 2026

Thank you for your continued trust and confidence. We would like to inform you that we recently made changes to the Liberty One Tactical Growth Solution strategy.

Sell

Name/ Ticker: Lamb Weston (LW)

Lamb Weston has been an underwhelming investment since inclusion in our portfolios and we overestimated the competitive moats of the business. While management has made genuine operational progress in their North American market over the past year, we believe the market is overweighting a narrow set of positive execution signals while under accounting for a set of deteriorating economics and structural headwinds that are likely to suppress future earnings.

The most consequential risk in LW's story is the structural nature of its price/mix deterioration, essentially cutting prices to maintain volume. Global price/mix came in at negative 7% for Q3, and management acknowledged on the Q3 call that these headwinds are likely to persist. The underlying driver is a shift in customer purchasing behaviors. They have moved towards more value-oriented retail and private label offerings. The company is effectively buying volume at uneconomic prices. North American segment EBITDA declined despite the volume increase. Management further acknowledged that recent customer wins were "inherently mix dilutive" given their chain restaurant composition, a concession that the volume recovery is not margin accretive. With approximately 8.6 million pounds of incremental global industry capacity expected to come online between 2024 and 2028, the competitive promotional environment will intensify before it normalizes. This dynamic highlights the lack of pricing power and differentiation that LW has in its business.

The International segment presents an even more alarming picture. Segment Adjusted EBITDA dropped from 94 million to 19 million YoY. This reflects a drop in competitive positioning across Europe, the Middle East, and Latin America. The \$32.5 million pre tax write off of excess potatoes in the quarter shows a bad demand outlook and sub-optimal supply chain. Unlike their North American operations where the company enjoys some form of cost advantages, the fragmented and highly competitive local/regional competitors in Europe has caused significant challenges for the company. While LW has modified its European procurement approach and deployed improved planning tools, it has not yet demonstrated that the model is fully repaired. European production facilities remain underutilized and a drag on operational profits.

Overall, execution may be improving, but the financial output of that execution is still declining. What remains is the harder work of demonstrating that price/mix can stabilize and that the international business can be repaired without any proof of pricing power. Lamb Weston is a well managed company navigating a genuinely difficult operating environment, but we believe that the headwinds it faces are structural and not cyclical. The risk/reward here is not at levels we feel confident in moving forward and therefore are initiating a SELL.

Liberty One Investment Management (Liberty One) is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Being an SEC Registered Investment Advisor does not imply a certain level of skill or training. Liberty One Investment Management claims compliance with the Global Investment Performance Standards (GIPS®). 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. The firm's full list of composite descriptions and GIPS® reports are available upon request and can be obtained by emailing operations@libertyoneim.com. Liberty One Investment Management's ADV Brochure, which serves as Liberty One's primary disclosure document, is available upon request at no charge or may be obtained directly from Liberty One Investment Management's website at www.libertyoneim.com. An investment in any Liberty One strategy involves risk of loss, including principal, as well as the potential for gain. Before investing, consider the investment objective, risk tolerance, potential for loss of principal, fees, and expenses. Past performance is no guarantee of future results. "Recession Resistant" is a marketing phrase we use to describe several of our defensive strategies and may not be indicative of future results. Dividends are not guaranteed to be paid or increased. Diversification and asset allocation do not ensure a profit or guarantee against loss. Liberty One Investment strategies may lose value, are not FDIC/NCUA insured. Liberty One strategies are not suitable for all investors. © 2025 Liberty One Investment Management, LLC

Buy**Name/ Ticker: American Water Works Co (AWK)**

American Water Works (AWK) is the largest regulated water utility in the U.S., operating in a highly fragmented market with significant long-term infrastructure investment needs. The company offers defensive, rate-base-driven growth (approx. 7–9% EPS CAGR) supported by a multi-decade capex cycle (approx. \$46–48B over 10 years) and consolidation opportunities across several municipal systems.

Despite these structural tailwinds, AWK has de-rated from ~30x P/E to low-20s due to higher interest rates, regulatory lag, and affordability concerns.

We believe the current valuation (~20x forward) appropriately reflects these risks and provides a reasonable entry into a high-quality, long-duration compounder, albeit with increasing regulatory scrutiny as the key debate.

AWK operates under a favorable regulatory model where earnings are directly fueled by capital deployment. By investing in critical infrastructure such as pipes, filtration systems, and strategic acquisitions, the company expands its rate base, typically earning regulated returns between 9% and 10%. A significant upcoming catalyst is the federal mandate regarding PFAS, with EPA limits set for 2027–2029. This mandate necessitates approximately \$2 billion in specific investments as part of a larger \$46–48 billion capital expenditure plan. Because compliance is mandatory, it forces infrastructure spending while simultaneously pressuring smaller, undercapitalized municipalities to sell their systems to larger players.

This pressure creates a massive consolidation opportunity in the highly fragmented U.S. water market. AWK is uniquely positioned to lead this consolidation through Fair Market Value (FMV) legislation, which allows the full acquisition price rather than just the depreciated cost to be added to the rate base. This enables the company to earn returns on the full value of acquired assets, supported by a robust pipeline of acquisitions driven by rising national infrastructure needs. Beyond growth, AWK offers a defensive profile with lower operational risk than many of its peers. Unlike electric utilities, AWK faces no fuel cost volatility or wildfire liability, benefiting instead from a simpler regulatory framework and the inelastic demand for water. These qualities position the stock as a “bond proxy + growth” hybrid that historically commands premium multiples. The company’s scale is set to expand even further with the announced merger with Essential Utilities, expected to close around 2027. This merger is projected to increase the company’s size by 50%, enhancing procurement advantages and providing immediate EPS accretion.

While the growth outlook for AWK is strong, the investment case is balanced by a few key risks that require monitoring. The primary concern is affordability and regulatory pushback. As capital intensity increases to meet PFAS standards, the resulting rate hikes may face resistance from consumers and regulators. Additionally, as a capital-intensive utility, AWK remains sensitive to interest rate fluctuations, and the execution of its massive growth plan may require equity dilution, though this currently remains at manageable levels.

Liberty One Investment Management (Liberty One) is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Being an SEC Registered Investment Advisor does not imply a certain level of skill or training. Liberty One Investment Management claims compliance with the Global Investment Performance Standards (GIPS®). 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. The firm’s full list of composite descriptions and GIPS® reports are available upon request and can be obtained by emailing operations@libertyoneim.com. Liberty One Investment Management’s ADV Brochure, which serves as Liberty One’s primary disclosure document, is available upon request at no charge or may be obtained directly from Liberty One Investment Management’s website at www.libertyoneim.com. An investment in any Liberty One strategy involves risk of loss, including principal, as well as the potential for gain. Before investing, consider the investment objective, risk tolerance, potential for loss of principal, fees, and expenses. Past performance is no guarantee of future results. “Recession Resistant” is a marketing phrase we use to describe several of our defensive strategies and may not be indicative of future results. Dividends are not guaranteed to be paid or increased. Diversification and asset allocation do not ensure a profit or guarantee against loss. Liberty One Investment strategies may lose value, are not FDIC/NCUA insured. Liberty One strategies are not suitable for all investors. © 2025 Liberty One Investment Management, LLC

Despite these considerations, the risk-reward profile at current levels is attractive. AWK currently trades at approximately 20x forward P/E, a significant compression from its historical peak of over 30x. When paired with a projected 7–9% long-term EPS CAGR and dividend growth that remains strictly aligned with earnings, we believe that the market is discounting a high-quality, dominant utility that is perfectly positioned to capitalize on the critical nature of their infrastructure into decades of predictable and consistent earnings growth.

Sell

Name/ Ticker: Sysco Corp (SYY)

We are selling our position in Sysco Corp (SYY). As dividend-focused portfolio, our foremost objective is to own companies that deliver sustainable and growing dividends supported by durable earnings power and sound balance sheet management. Sysco has been a reliable dividend grower for us over a long holding period, but the fundamental underpinnings of that dividend growth story have deteriorated to the point where the risk-reward no longer justifies continued ownership.

The core concern is that Sysco's earnings growth has meaningfully decelerated, and with it, the organic support for continued dividend increases. In fiscal year 2025, U.S. Foodservice local case volumes declined 1.4%, a troubling signal that the company is struggling to grow in what appears to be an increasingly saturated North American foodservice distribution market. Sysco holds approximately 17% of a roughly \$370 billion domestic market, and incremental share gains are becoming harder to achieve against well-capitalized competitors such as US Foods and Performance Food Group, as well as a growing universe of regional distributors and direct-to-restaurant purchasing models. This is a low-margin, high-volume business where gross margins sit around 18.5% and where competitive dynamics limit meaningful margin expansion. When the top line stalls in a business like this, the earnings trajectory flattens, and that directly constrains the company's ability to grow its dividend at the pace we target.

Compounding our concern is management's decision to pursue the \$29.1 billion acquisition of Jetro Restaurant Depot, announced on March 30, 2026. While we acknowledge that Jetro is a well-run business with an attractive financial profile in a faster growing segment of cash-and-carry, the financing structure of this deal fundamentally alters Sysco's balance sheet in a way that puts the dividend at risk. The transaction involves \$21.6 billion in new debt and the issuance of 91.5 million new shares, diluting existing shareholders by approximately 19%. The stock declined roughly 13% on the announcement, and the market's reaction reflects legitimate concern about the leverage being taken on by a business with thin margins and meaningful cyclical exposure to restaurant traffic.

From our perspective as dividend-focused investors, this acquisition signals an admission by management that they have to rely on buying growth externally because it can no longer generate it organically. The projected \$250 million in annual cost synergies, while not immaterial, do little to offset the scale of new debt service obligations. When a company in a low-margin distribution business layers on this level of leverage, dividend growth necessarily takes a back seat to balance sheet repair. Management's attention and free cash flow will be directed toward integration execution, debt reduction, and demonstrating that the deal was not a strategic misstep, not toward rewarding shareholders with meaningful payout increases.

Liberty One Investment Management (Liberty One) is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Being an SEC Registered Investment Advisor does not imply a certain level of skill or training. Liberty One Investment Management claims compliance with the Global Investment Performance Standards (GIPS®). 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. The firm's full list of composite descriptions and GIPS® reports are available upon request and can be obtained by emailing operations@libertyoneim.com. Liberty One Investment Management's ADV Brochure, which serves as Liberty One's primary disclosure document, is available upon request at no charge or may be obtained directly from Liberty One Investment Management's website at www.libertyoneim.com. An investment in any Liberty One strategy involves risk of loss, including principal, as well as the potential for gain. Before investing, consider the investment objective, risk tolerance, potential for loss of principal, fees, and expenses. Past performance is no guarantee of future results. "Recession Resistant" is a marketing phrase we use to describe several of our defensive strategies and may not be indicative of future results. Dividends are not guaranteed to be paid or increased. Diversification and asset allocation do not ensure a profit or guarantee against loss. Liberty One Investment strategies may lose value, are not FDIC/NCUA insured. Liberty One strategies are not suitable for all investors. © 2025 Liberty One Investment Management, LLC

Beyond the acquisition, Sysco's core business faces structural headwinds that further erode our confidence. The entire revenue base is tethered to consumer dining-out frequency, which is sensitive to employment conditions, consumer confidence, and inflation. Any softening in the macroeconomic environment flows directly to Sysco's top line with limited ability to offset through pricing in such a competitive market. At approximately 19.6 times forward earnings and 11.6 times EV/EBITDA, Sysco's valuation is not demanding but also not cheap when considering the balance sheet, integration, and growth risks of the business.

Sysco has been a dependable holding in our portfolio for an extended period, and the decision to sell is not taken lightly. However, the combination of decelerating organic earnings growth in a saturated and highly competitive market, a transformational acquisition that dramatically increases balance sheet risk and shareholder dilution, and a management team whose strategic priorities appear to have shifted away from dividend sustainability compels us to exit the position.

Buy

Name/ Ticker: American Tower Corp (AMT)

American Tower (AMT) is a high-quality digital infrastructure company undergoing a strategic reset, transitioning from a globally diversified but volatile tower portfolio toward a more stable, developed-market-focused platform with embedded edge data center optionality. The recent divestiture of its India business marks a turning point in capital allocation discipline, as management exits structurally challenged markets that failed to generate reliable returns and reallocates capital toward higher-quality assets. Prior to the sale, approximately 40% of AFFO was exposed to emerging market volatility; this has now been reduced to ~25%, significantly improving earnings visibility and reducing currency and macro risk. The proceeds were primarily used to deleverage the balance sheet, bringing net debt/EBITDA down to ~4.9x, signaling a clear shift toward financial discipline under the new CEO.

The core tower business remains highly resilient, supported by long-term master lease agreements with built-in escalators and extremely low churn rates. The economics are driven by strong operating leverage, where incremental tenants and amendments carry minimal marginal cost, resulting in high incremental margins and durable cash flow growth. While near-term growth has moderated to low single digits due to carrier capex normalization and FX headwinds, underlying demand remains intact as the industry transitions into the 5G densification phase. As data consumption continues to grow at ~20–25% CAGR, carriers will need to increase network capacity, directly driving amendment activity and colocation demand across AMT's existing footprint.

The key source of upside lies in the company's data center segment (CoreSite), which provides exposure to the convergence of wireless networks and edge computing. The strategic logic is compelling: 5G enables ultra-low latency connectivity, while edge data centers provide localized compute, and AMT uniquely owns both the vertical (towers) and ground-level real estate required to deploy this infrastructure. While still early, the segment is already delivering double-digit revenue growth, with mid-to-high single digit MRR growth indicating pricing power. Importantly, interconnection-driven economics and power scarcity in key metro markets are creating a structurally favorable pricing environment, supporting margin expansion and long-term value creation.

Liberty One Investment Management (Liberty One) is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Being an SEC Registered Investment Advisor does not imply a certain level of skill or training. Liberty One Investment Management claims compliance with the Global Investment Performance Standards (GIPS®). 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. The firm's full list of composite descriptions and GIPS® reports are available upon request and can be obtained by emailing operations@libertyoneim.com. Liberty One Investment Management's ADV Brochure, which serves as Liberty One's primary disclosure document, is available upon request at no charge or may be obtained directly from Liberty One Investment Management's website at www.libertyoneim.com. An investment in any Liberty One strategy involves risk of loss, including principal, as well as the potential for gain. Before investing, consider the investment objective, risk tolerance, potential for loss of principal, fees, and expenses. Past performance is no guarantee of future results. "Recession Resistant" is a marketing phrase we use to describe several of our defensive strategies and may not be indicative of future results. Dividends are not guaranteed to be paid or increased. Diversification and asset allocation do not ensure a profit or guarantee against loss. Liberty One Investment strategies may lose value, are not FDIC/NCUA insured. Liberty One strategies are not suitable for all investors. © 2025 Liberty One Investment Management, LLC

Despite initial skepticism around the CoreSite acquisition, AI-driven demand for inferencing workloads has validated the strategic rationale, with experts expecting sustained double-digit demand growth and meaningful scaling beginning in the second half of 2026. While integration has lagged expectations and remains a key execution risk, the long-term optionality from edge computing is not reflected in the current valuation.

From a valuation perspective, AMT is trading at ~16x forward P/AFFO, a significant discount to its historical range of ~20–30x and below peers like Crown Castle. This multiple compression reflects a combination of higher interest rates and slower near-term growth expectations, but fails to account for improving earnings quality, balance sheet strength, and the embedded upside from data center expansion. Given the company's ability to generate stable, recurring cash flows and reinvest at attractive returns, the current valuation offers an attractive entry point for long-term compounding.

Key risks include execution challenges in integrating the data center platform, potential cost inflation from increased maintenance and labor requirements, and refinancing pressure from upcoming debt maturities in a higher rate environment. Additionally, the timeline for edge computing adoption may be longer than expected, with full realization likely extending into the 2028–2032 timeframe. However, these risks are partially mitigated by the strength of the core tower business, which provides a stable cash flow base to support ongoing investment.

Overall, American Tower represents a compelling combination of stable infrastructure cash flows and underappreciated growth optionality. The company is no longer a high-growth story, but a high-quality compounder with improving capital discipline and a credible path to participate in the next phase of digital infrastructure evolution.

If you have any questions, please don't hesitate to reach out to us. Thank you for your continued trust and confidence.

Liberty One Investment Management (Liberty One) is a registered investment adviser with United States Securities and Exchange Commission in accordance with the Investment Advisers Act of 1940. Being an SEC Registered Investment Advisor does not imply a certain level of skill or training. Liberty One Investment Management claims compliance with the Global Investment Performance Standards (GIPS®). 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. The firm's full list of composite descriptions and GIPS® reports are available upon request and can be obtained by emailing operations@libertyoneim.com. Liberty One Investment Management's ADV Brochure, which serves as Liberty One's primary disclosure document, is available upon request at no charge or may be obtained directly from Liberty One Investment Management's website at www.libertyoneim.com. An investment in any Liberty One strategy involves risk of loss, including principal, as well as the potential for gain. Before investing, consider the investment objective, risk tolerance, potential for loss of principal, fees, and expenses. Past performance is no guarantee of future results. "Recession Resistant" is a marketing phrase we use to describe several of our defensive strategies and may not be indicative of future results. Dividends are not guaranteed to be paid or increased. Diversification and asset allocation do not ensure a profit or guarantee against loss. Liberty One Investment strategies may lose value, are not FDIC/NCUA insured. Liberty One strategies are not suitable for all investors. © 2025 Liberty One Investment Management, LLC