

January 5, 2026

## Quarterly Commentary and Opinion

*Investing for Value, Prudent Growth, and Peace of Mind*

Dear Clients and Friends of Kondracki Advisory,

The **2025** total return for our **Value and Prudent Growth** Portfolio Strategy Composite<sup>1</sup> was **11.70%**, net of fees. Our **equity total return** was **19.50%**. Our solid portfolio returns were achieved with nearly one half of the volatility<sup>2</sup> of the S&P 500 Index. At present, our **Value and Prudent Growth Portfolio Strategy Composite**<sup>1</sup> allocation is approximately **60% equities and 40% short-term U.S. Treasury Bills and Notes**.

Total returns on the S&P 500 Index and the Dow Jones Industrial Average were **17.72%** and **14.70%**, respectively.

Our **equity total returns** for **The Value and Prudent Growth Portfolio** strategy of **19.50%, 19.62%, 16.59%** and **14.97%**, for our **2025, 3yr., 5yr. and 10yr.** annualized returns have been excellent. This is fundamental to our value proposition of achieving considerable **alpha<sup>3</sup> (risk-adjusted returns)**.

We had a number of **equity standout performers** in **2025**:

### Top Performing Securities

**AppLovin, 122.52%, GE Vernova Inc, 97.79%, Oracle Corp, 91.26%, GE Aerospace, 89.48%, Toronto-Dominion Bank, 84.89%, Expedia Group Inc, 72.05%, Intel Corp, 69.81%, NVIDIA Corp, 67.97%, Broadcom Inc, 66.02%, Applied Materials Inc, 63.27%, The Goldman Sachs Group Inc, 63.21%, Okta Inc, 57.05%, Cummins Inc., 50.41%, Nucor Corp., 44.70%, McKesson Corp, 44.07%, Wells Fargo & Co., 37.86%, International Business Machines Corp, 37.86%, JPMorgan Chase & Co, 37.34%, Cisco Systems Inc., 33.48%, Uber Technologies Inc, 33.18%, Nestle SA ADR, 33.00%, DoorDash Inc, 32.88%, AbbVie Inc., 32.63%, Bank of America Corp, 30.74%, TJX Companies Inc, 28.72%**

### A Value Oriented and Prudent Approach to Investment

Since **2022**, when the stock market, as measured by the S&P 500 Index was **down 18.17%** and our **Value and Prudent Growth** portfolio composite was down just **2.98%**, net of fees, the stock market has achieved greater than 20% average annual returns for the past 3 years. Historically, the stock market has averaged **10.70%**, including the well above average returns over the past 10 years. I am

not predicting a reversion to the mean, necessarily, but caution is warranted. Markets have become highly concentrated and dependent on the stocks of companies, that although presently dominant in terms of market share and profitability, have become expensive relative to earnings, earnings growth rates, and returns on invested capital. In my opinion, the risk to the downside is greater than the opportunity cost of markets continuing to achieve far above average returns. Our value-oriented approach that seeks capital appreciation, increasing income, and downside protection is well suited for this environment. Ours, I believe, is a prudent and common sense approach to investing.

We achieved considerable investment gains in **2025**, and over every measured timeframe since the inception of our firm. **Our risk adjusted returns have also been excellent.** As your portfolio manager, I will proceed with opportunistic caution. We want to continue to grow our wealth, and there are excellent opportunities within the stock market to do so, but we also want to hold onto the gains that we have made. I believe that our time-tested and proven approach to investment is the correct one.

Your hopes, your dreams, your values, and your investments, are very, very important to me.

Sincerely,

Chris Kondracki

Principal, Chief Investment Officer, Portfolio Manager

<sup>1</sup> Composite Total Return Performance is net of all fees and charges. The Composite is comprised of 100% of the accounts managed by Kondracki Advisory, LLC meeting the minimum initial investment requirements and fully invested in the Value and Prudent Growth Model Portfolio. Performance calculations have not been audited by any third party. Actual performance of client portfolios may differ materially due to the timing related to additional client deposits or withdrawals and the actual deployment and investment of a client portfolio, the length of time various positions are held, the client's objective and restrictions, and fees and expenses incurred by any specific individual portfolio. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS. <sup>2</sup> Volatility is measured by portfolio Beta. <sup>3</sup>Risk-adjusted performance is measured by portfolio Alpha vs. ishares 60/40 Balanced Portfolio and S&P 500 index.. Kondracki Advisory, LLC is a registered investment adviser. The information presented is for educational purposes only and is not intended to make an offer or solicitation for the sale or purchase of any specific securities, investments, or investment strategies. Investments involve risk and unless otherwise stated, are not guaranteed. Be sure to first consult with a qualified financial adviser and/or tax professional before implementing any strategy discussed herein.