ORANGE Investment Advisors
A subsidiary of Orange County Bancorp, Inc.

Deliberate Investing. Intentional Value.

THE DELIBERATE INVESTOR

Q3.2025

As you may have read in our recent client letter, we have rebranded Hudson Valley Investment Advisors to Orange Investment Advisors to create a streamlined experience for clients and staff, and to create a synergistic brand with Orange Bank & Trust Company. At quarter end, we held a roundtable with a few members of our senior leadership and investment teams to discuss the recent changes and what they mean for our clients.

ROUNDTABLE GUESTS:

Mark Lazarczyk – Chief Operating Officer

Mark is Chief Operating Officer and Chief Compliance Officer of OIA. He first joined the firm as a Portfolio Manager and quickly became an integral senior leader who has helped to grow the business over the past 15 years.

Ronald Mayfield, CFA – Director of Investment Research

Ron leads the investment research team. He started his career at OIA as an Assistant Portfolio Manager more than a decade ago, growing quickly into the role of Portfolio Manager before rising to his current position.

Curt Schultzberg – Strategic Market Manager

Curt leads strategy, business development and marketing. Prior to OIA, Curt's roles included CAO, sales leadership, and mergers & acquisitions across brokerage and insurance sectors of the financial industry.

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Mark Lazarczyk
– Chief Operating Officer

Q: There have been some recent changes at Hudson Valley Investment Advisors. Mark, tell us a little bit about what's happening.

Mark: A few days ago, we sent a letter to clients announcing that we were rebranding from Hudson Valley Investment Advisors to Orange Investment Advisors. While there have been a few internal organizational changes, the name change is probably the most relevant and visible change for clients. While our name has changed, our investment process, service, team culture and commitment to clients remain the same.

Q: Why now?

Mark: The name change was part of a larger organizational realignment announced in January by our parent company Orange County Bancorp. While we've been aligned with them for some time now, this was an opportunity to give our clients access to the broader wealth management services offered through our affiliate, Orange Bank & Trust.

Q: Such as?

Mark: In addition to our investment advisory services, Orange Wealth Management offers a range of wealth management services. For example, trust services, private banking and financial planning, to name a few. We'll talk more about this at our upcoming client meeting, and in the end of year newsletter.

Q: What does this mean for the investment process and how the team works together?

Mark: Not a thing. We've always taken a team approach to our deliberate investing philosophy, which is designed to create intentional value for clients. We'll continue to execute on our time-tested investment philosophy and strategy.

Ronald Mayfield, CFA
– Director of Investment Research

Q: Who oversees the firm's investment decisions and ensures consistency in the investment process?

Ron: At the heart of our investment process is the Investment Policy Committee (IPC) — a team of experienced professionals responsible for setting the firm's overall investment strategy and maintaining discipline in portfolio construction. The IPC provides a structured framework for decision-making, ensuring that every investment aligns with our long-term objectives, risk management principles, and clients' best interests. This collaborative approach brings together diverse perspectives from across our research, portfolio management, and strategy teams to ensure a thoughtful and consistent execution of our investment philosophy. The committee meets regularly to review performance, discuss economic trends, and ensure that all client portfolios align with our long-term objectives and risk parameters. This team-based approach helps maintain a steady hand through market cycles.

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Q: Speaking of the team-oriented investment process, Ron Mayfield heads up research for Orange Investment Advisors (OIA) and can speak to this in more detail. Ron, tell us a bit about OIA's proprietary Investment Diffusion Index. What purpose does it serve in the investment process?

Ron: Sure, the Investment Diffusion Index (IDI) is a proprietary tool we use to help analyze every aspect of the macroeconomic picture. It gives us an important contextual lens that informs how we invest; we look for macroeconomic regimes that rhyme with what we're seeing today in the capital markets.

GDP Drivers	*GDP Now*	*3.5*
	High Frequency economic data and indicators	*3.5*
		3.5
The Dollar	*DM currencies/$*	*3.0*
	EM currencies/$	*3.0*
		3.0
Rates and Inflation	*Policy rates and Central Banks*	*2.5*
	CPI and PPI	*2.3*
	Commodity Prices	*2.0*
		2.3
Corporate Dashboard	*S&P Earnings Growth and Estimate Revisions*	*2.0*
	ROE	*1.8*
		1.9
Market Expectations and Valuation	*S&P Relative Valuation*	*2.8*
	Credit Spreads	*2.5*
	Technical Indicators	*2.3*
	Changes in level and shape of yield curve	*3.0*
	Fund Flows	*2.5*

The IDI: Understanding the Direction of the Economy

OIA's proprietary Investment Diffusion Index is an important tool the team uses to assess 14 macroeconomic factors, helping our portfolio managers contextualize bottom-up research on the businesses we own.

Q: Is the IDI a new thing?

Ron: No, we developed the IDI years ago and have been using it ever since as an integral piece of our investment process.

Q: Can you give us an example of how you use the IDI?

Ron: Absolutely. One big example was Covid. What we discovered was that many professional investors made a big mistake of looking at the past six months, instead of looking forward to the next three years. The IDI helps us look ahead in a structured, data-driven way to macro factors that provide real insights on what companies to invest in from a bottom-up perspective.

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Q: What's a good example from present day? For example, does the IDI help provide any insights into valuations?
Ron: Yes! There have only been a handful of times in history when you see the stock valuations you're seeing in today's market. But couple that with the earnings that these companies are generating and the investable opportunity set, and the valuations make sense. It's important to break down the indexes, and look at opportunities beyond the "Magnificent 7" group of megacap tech names. That means looking at corporate revenue growth trends, and coupling those with stock valuations.

Q: What are some of the IDI's more important components?
Ron: One of the main components is the Fed – what are they going to do and when. You never know for sure which areas of the market will benefit the most, but we can look at interest rate probabilities and see if they're skewed.

The shape and level of the yield curve also informs how we think about the companies in which we invest – and not just for bonds, that applies for stocks as well.

Corporate earnings is another. As a risk mitigator and alpha generator, we look more at the actual businesses when deciding which stocks to buy. Clients hire us not just for market exposure, but for thoughtful, deliberate portfolio construction.

> "There are actual cash flows behind all these ticker symbols."

It's important that clients have a level of trust in us when markets aren't going so great. We try to build that trust by demonstrating our understanding of the businesses behind the stocks. If we don't understand what going on underneath the hood of a business, it's difficult to stay invested when you get bouts of volatility. But there are actual cash flows behind all these ticker symbols. It's easy to summarize an earnings call, but listening to a senior leader at the company discuss it provides another level of insights. It helps us understand what is important from an investment standpoint.

Q: The IDI currently indicates a weakening of the US Dollar. What does this mean?
Ron: Many of the largest US-based companies are multinational and therefore receive significant revenues from outside of the country. In the case of the tech sector, on average more than half of revenues come from non-US sources. When you translate those revenues back into US dollars, you're going to earn more with a weak dollar. It's one of the reasons we believe that where a company gets its revenue from is more important than in what country the company is domiciled.

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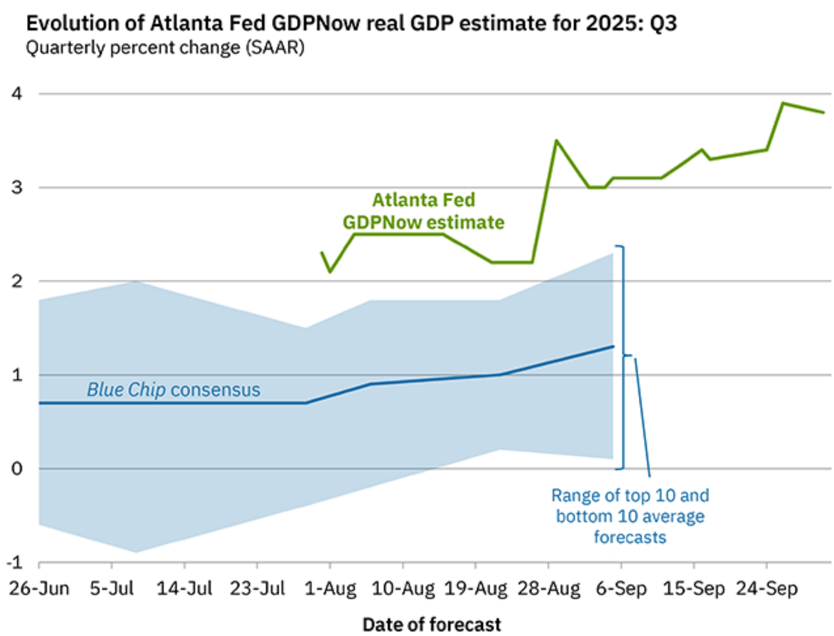
Q: The IDI talks about "GDPNow." What is this, especially in light of recession and/or stagflation concerns?

Ron: GDPNow is different than the standard Gross Domestic Product data the government publishes, because it updates as data comes out—instead of waiting weeks or months. The IDI is a differentiator for us because we're data driven. It allows us to look at data, analyze it and apply this subjective overlay. The latest GDPNow reading is 3.8%, as of October 1. This is important context for us. Even with all the talk of tariffs and inflation, GDPNow and the IDI tells us something about the macroeconomic regime we're in. For example, if you look back at 2008, the financial crisis and the ensuing economic downturn was a structural issue—we knew it was going to be a long time to fix. That's not what's happening now.

Q: What is the Corporate Dashboard and why is it important? How does it relate to active investment management?

Ron: The Corporate Dashboard is one of the IDI components that allows us to look at all the businesses we own in the portfolio. We analyze earnings and return on equity for each company. We then use that analysis to revisit our portfolios, investment themes, and the global landscape on an ongoing basis—testing assumptions, probing for weak points, and reaffirming conviction where warranted.



Sources: *Blue Chip Economic Indicators* and *Blue Chip Financial Forecasts*
Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the *Blue Chip* survey.

Q: Let's talk about risk and what it means for clients.

Ron: The industry defines risk as volatility, with standard deviation being the most common measure. The challenge with standard deviation is that it tends to focus on the downside, and companies that have standard deviation to the upside are often penalized for it.

We think about risk differently. We define risk as permanent loss of capital. This philosophy ties back into our process as a risk mitigator. It's easy to make emotional decisions when markets are difficult, so we work closely and communicate regularly with our clients so they understand risk and what it means for their portfolio.

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Q: That's a good segue back to the IDI, which helps assess risk. Some clients may look at the IDI and think of it as a forecast. Is it?

Ron: While we use the IDI to gain a picture of the short-term direction of the economy and markets, that's very different from developing long-dated forecasting models and making investment decisions based on that. Some macro variables can be modeled decades out, but most data stop being informative once they extend beyond a few years. What really matters in practice is not a theoretical picture of the distant future, but the expectations already priced into today's markets. More important than forecasting itself is the ongoing scrutiny of what we own. This process keeps our clients aligned with opportunity while minimizing avoidable risk.

Curt Schultzberg – Strategic Market Manager

Q: Let's now turn to Curt Schultzberg, who leads strategy for OIA. When it comes to the experience OIA wants clients to have, will that change?

Curt: We will remain focused on providing an excellent, personal experience for all our clients, so nothing will change in that regard. As Mark mentioned, we have invited all our clients to an upcoming meeting where we will speak more about the transition. In the meantime, we would encourage you to reach out to your regular point of contact here should you have any questions in the meantime.

Q: What content can we expect for next quarter's newsletter?

Curt: As part of our closer alignment with Orange Bank & Trust Company, we will continue to look at ways to deliver valuable content to our clients. While we'll continue to provide you with updates and important information about our time-tested investment philosophy and process, we also plan to expand our newsletter to include information on broader wealth management topics and services offered by Orange Bank & Trust. More to come on that topic!

UPCOMING EVENTS

ORANGE Investment Advisors
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Annual Client Appreciation Celebration

Wednesday, November 12
5:30 pm – 8:30 pm
West Hills Country Club
121 Golf Links Road
Middletown, NY 10940

R.S.V.P. to rfini@orangeinvestmentadvisors.com

WOMEN guiding WOMEN

A Roadmap to Your Retirement

Thursday, October 23
5:30 pm
Paramount Country Club
60 Zukor Road
New City, NY 10956

R.S.V.P. to mpiscani@orangebanktrust.com

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