

QUARTERLY MANAGER COMMENTARY

U.S. Concentrated Strategy

September 30, 2025

MARKET ENVIRONMENT

U.S. equities finished higher during the quarter, with 10 of 11 GICS sectors posting positive returns. Information technology drove the majority of positive market momentum, followed by communication services. Consumer staples were the sole detractor from market performance during the period.

PORTFOLIO PERFORMANCE

The portfolio's return was 2.39% (net) for the reporting period. This compares to the Russell 1000 Value Index that returned 5.33% for the same period.

Top contributors:

- Warner Bros Discovery (WBD) was a contributor during the quarter. The media company's stock price surged by 29% in a single trading session in September – its best day on record – amid reports that it is an acquisition target for Paramount-Skydance. In our view, this merger could generate meaningful cost synergies and create a scaled competitor with a deep and unmatched content library. We continue to closely monitor WBD's evolving outlook and believe its long-term prospects remain attractive, backed by solid recent earnings, renewed distribution deals and growing momentum in its Streaming segment.
- Alphabet was a contributor during the quarter. The technology conglomerate's stock price appreciated following a favorable ruling in the Google Search antitrust case and second-quarter earnings that exceeded expectations across the board. Innovations in the Google Search experience are driving both engagement and revenue benefits. Moreover, Cloud growth is accelerating thanks to robust demand for AI workloads. We continue to believe Alphabet is

Performance highlights

Contributors

- Warner Bros Discovery
- Alphabet Cl A
- IQVIA Holdings

Detractors

- Keurig Dr Pepper
- Molina Healthcare
- Salesforce

undervalued on a sum-of-the-parts basis and see potential for the company's AI leadership to drive further upside across the portfolio.

- IQVIA Holdings was a contributor during the quarter. The U.S.-headquartered provider of advanced analytics, solutions, and clinical research services saw its stock price appreciate after having delivered solid second-quarter results amidst a challenging pharma environment. The results reaffirmed our thesis that the technology and analytics solutions (TAS) segment is underappreciated and poised for future growth. Further the R&D solutions business showed signs of gaining share, with its win rate improving significantly. We believe forward-looking indicators are encouraging and think the company can extract further value as it leverages next-gen trends.

Top detractors:

- Keurig Dr Pepper was a detractor during the quarter. The U.S. beverage company's stock fell after announcing the acquisition of JDE Peet's, which owns a collection of global coffee brands. Once the combination is complete,

Keurig Dr Pepper plans to split into two separate entities. One entity will specialize in coffee, while the other focuses on soft drinks. Separating the coffee and soft drink segments makes strategic sense, as synergy estimates appear conservative, and the multiple paid for JDE Peet's was undemanding. In our view, investors reacted harshly to this announcement because the two-step transaction adds complexity, increases debt, and unexpectedly raises exposure to the coffee category. We believe the sell-off was overdone since Keurig Dr Pepper's fundamentals remain healthy, the organization has a proven track record of deleveraging after prior deals, and the upcoming separation will expose the significant sum-of-the-parts discount.

- Molina Healthcare was a detractor during the quarter. The U.S.-headquartered managed care company's stock price declined after it reported challenging second-quarter results and reduced full year earnings per share guidance. This negative revision was caused by cost pressure in the company's Medicaid and Marketplace businesses. While today's valuation seems to imply that the headwinds impacting Molina are structural, we believe they're attributable to temporary factors and expect a meaningful earnings recovery in the coming years.
- Salesforce was a detractor during the quarter. The U.S.-headquartered customer relationship

management company's stock price declined despite reporting earnings that we viewed as solid. Data Cloud and Agentforce performed well, in our view, and management continued to repurchase shares. In our view, there is room for continued growth as the company leverages its unique position to help businesses deploy AI and continues to restructure its sales organization.

PORTFOLIO POSITIONING

We did not initiate any new positions or final sales during the period.

OUTLOOK

We have argued that for too long of a period the weight of money invested globally was heavily skewed to a handful of U.S. growth names. Despite this, we've remained focused on using our bottom-up, fundamental analysis to inform portfolio construction.

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AVERAGE ANNUALIZED TOTAL RETURNS (%)

	QTD	YTD	1 yr	3 yrs	5 yrs	10 yrs	Since inception
U.S. Concentrated Strategy Gross of Fees	2.64	7.03	12.68	22.62	15.48	14.17	14.25
U.S. Concentrated Strategy Net of Fees	2.39	6.24	11.57	21.42	14.34	13.04	13.31
Russell 1000 Value Index	5.33	11.65	9.44	16.96	13.88	13.05	10.60
S&P 500 Index	8.12	14.83	17.60	24.94	16.47	12.12	10.73

Returns for periods less than one year are not annualized. Composite inception: 12/31/1990

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Glossary

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 growth values. This index is unmanaged and investors cannot invest directly in this index.

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SCM-4701CON-01/26