All Cap Core

Q3 | 2025

"We believe that the unique perspectives brought forth by both growth and value research will allow for the All Cap Core strategy to capitalize on timely investment opportunities."

- Mary Jane Matts

- U.S. equities (as measured by the Russell 3000) returned 8.2% in the third quarter. Small caps outperformed large caps, with a couple exceptions growth strongly outpaced value, and cyclicals/dynamics beat defensives. The best performing style factors were Volatility, Beta, and Earnings Yield (low P/E), while the worst were Profitability, Dividend Yield, and Growth (Source: FactSet Global Equity Risk Model MH). Within the Russell 3000 Index, best performing sectors were Information Technology, Communication Services, and Consumer Discretionary, while the worst were Consumer Staples, Real Estate, and Financials. The All Cap Core strategy outperformed the benchmark due primarily to stock specific effects.

- During the quarter, the largest positive contribution to relative performance came from good stock selection, notably in Health Care, Communication Services, and Industrials. Among the largest individual stock contributors was Cummins Inc. (CMI +30%), the leading manufacturer of diesel and other truck engines. While the core engine business is experiencing trough cyclical conditions, the stock benefitted from increased investor focus on their growing power systems business, which has allowed the company to tap into the very strong market for data centers (mainly backup power generators) driven by the AI boom. Advantageous industry effects were concentrated in Financials, Consumer Staples, and Industrials, with the most beneficial industry exposures being the portfolio's zero weight to the Financial Services and underweight to Software. Among style exposures, the largest contribution came from the overexposure to Earnings Yield (low P/E).

- While stock selection overall contributed positively to results, adverse selection within the Financials, Consumer Discretionary, and Energy sectors detracted from relative returns. In Financials, Ameriprise Financial failed to keep pace, returning -7.7% and producing a drag of 21 basis points. While results have been buoyed by the equity market recovery, some slippage in investment performance and organic growth in the 2Q25 earnings report dampened investor optimism. Growing advisor headcount, albeit in a more competitive environment, should present a tailwind going forward. Among style exposures, underweights to Volatility, Beta, and Size had the largest impacts. Among industry effects, adverse positioning within Information Technology, Materials, and Utilities had the largest negative impact. The portfolio's underexposure to Technology Hardware Storage & Peripherals and Semiconductors & Semiconductor Equipment contributed most notably.

Commentary continued on the back

Top Five Contributors	Relative Effect on Return (%)
Alphabet Inc. Class A	0.88
Tower Semiconductor Ltd	0.32
Cummins Inc.	0.30
Oracle Corporation	0.29
United Rentals, Inc.	0.27

Top Five Detractors	Relative Effect on Return (%)
Ameriprise Financial, Inc.	-0.38
Apple Inc.	-0.29
Virtu Financial, Inc. Class A	-0.24
Fluor Corporation	-0.23
Darden Restaurants, Inc.	-0.23

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
All Cap Core Composite Gross	9.44	14.54	17.03	25.00	16.43	12.84
All Cap Core Composite Net	9.28	14.09	16.39	24.24	15.73	12.16
Russell 3000	8.18	14.40	17.41	24.12	15.74	14.71

Commentary Continued

- Over 62% of the active risk in the portfolio comes from stock specific risk, with concentrations in Information Technology, Consumer Discretionary, Health Care, and Industrials. The remainder of the active risk derives from style and industry deviations from the benchmark. The portfolio is positioned somewhat defensively on a net basis, with overweights to Energy, Real Estate and Communications Services, and underweights to Consumer Discretionary, Information Technology, Consumer Staples, and Materials. Among style effects, the portfolio is overweight small & midcaps. With overexposures to Earnings Yield, Book to Price, and Dividend Yield, the portfolio is currently postured with a value tilt versus the Russell 3000.

Disclosures

CS McKee is an independent registered investment adviser specializing in institutional and retail investment management. Registration does not imply a certain level of skill or training. On April 25, 2025, CS McKee acquired the assets of Foundry Partners LLC. Historical Foundry performance has been retained for all Foundry strategies that were adopted by CS McKee. A list of composite descriptions and broad distribution pooled funds are available upon request.

Effective with the acquisition of Foundry Partners LLC, CS McKee created the CS McKee All Cap Core Composite, which includes the prior performance history of Foundry's All Cap Core strategy and CS McKee's performance from the acquisition date forward. The legacy Foundry composites continue to be managed in a similar manner by the same portfolio managers, with no accounts excluded from the composites shown. Accordingly, the performance presented includes historical/predecessor performance.

The securities or positions shown or discussed do not represent a complete listing of portfolio holdings. Actual holdings will vary based on account size, client-imposed restrictions, cash flows, and other factors. There is no assurance that any securities discussed remain in the portfolio or that securities sold have not been repurchased. It should not be assumed that past decisions were or will be profitable. A complete list of holdings is available upon request.

Performance attribution characteristics along with the Sectors and Holdings listed are taken from a representative or model account and may not mirror performance of your account.

Top Five Contributors and Detractors are calculated using the total effect (within attribution) of the portfolios individual stock attribution sorted from greatest positive to least (or negative) and using the top and bottom five.

Performance is presented in U.S. dollars and reflects total returns. "Gross" returns are shown before deduction of investment management fees, while "Net" returns reflect the deduction of actual investment management fees charged to client accounts included in the composite, which may vary. For illustrative purposes only, a $100 million account paying a 0.50% annual management fee and earning a 10% gross return compounded over 10 years would result in an approximate 9.5% net return. This example is hypothetical and not representative of actual client performance or fee arrangements. Fees are detailed in Part 2A of CS McKee's Form ADV. Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.

Information shown is as of the date indicated. All data, including top holdings and characteristics, is subject to change without notice. Holdings shown are for illustrative purposes only and are not a recommendation to buy or sell any security. Holdings and characteristics may differ between client accounts managed under the same strategy. CS McKee does not guarantee the accuracy of third-party data.

Benchmark returns are shown for comparison and reflect reinvested dividends. Benchmarks are unmanaged, not investable, and do not incur fees or expenses. Strategy differences—such as risk, holdings, or asset mix—may materially affect results. Benchmark data is from sources believed reliable, but accuracy is not guaranteed.

CS McKee claims compliance with the Global Investment Performance Standards (GIPS®). Composite characteristics, including the number of accounts, assets under management, and dispersion measures, are provided in the GIPS® Composite Report. Please refer to the report for additional important information or to view a list of composite descriptions by visiting: https://csmckee.com/gips/

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