

“Attractive stocks possess an elusive combination of three essential criteria: statistical cheapness, undervaluation, and timeliness. Our process is dedicated to identifying stocks that meet all three.”

– Mary Jane Matts

- The broad equity market, measured by the Russell 3000, returned 2.4% for the fourth quarter. Large caps narrowly outperformed small caps, value indices outperformed growth, and cyclicals performed in-line with defensives in the large cap space. The best performing style factors were Beta, Earnings Yield, and Momentum; the worst performing factors were Volatility, Profitability, and Liquidity. The All Cap Value Strategy outperformed the Russell 3000 Value by 185 basis points, attributable to style and industry factor exposures.
- The largest contribution to relative results came from advantageous style factor effects, principally the overexposures to Earnings Yield (low P/E) and Momentum, two of the top performing factors for the quarter. Industry exposures added value, most notably within Industrials and Information Technology. In terms of stock selection, the largest contributions came from Industrials, Financials, and Communication Services. In Industrials, Cummins Inc (CMI +21.4%) continued to benefit from data center exposure and a bottoming truck cycle, while Delta (DAL +22.7%) was buoyed by a strong 3Q beat and a raise in full year guidance, amid lower fuel costs and tailwinds from capacity rationalization at weaker carriers. Elsewhere, General Motors (GM +33.6%) was rewarded for improved business resiliency and management was credited with the ability to effectively navigate through the changing regulatory environment (tariffs, emissions, etc.).
- Stock selection was a slight drag on relative returns, with the largest negative impacts attributable to the Health Care, Information Technology, and Materials sectors. In Health Care, portfolio picks failed to keep pace with strong performance in benchmark names in biotechnology and pharmaceuticals. In Information Technology, underexposure to leading semiconductors and semiconductor equipment stocks weighed on results. In Materials, Mosaic (MOS -29.9%) underperformed as continued operational issues at their phosphate plants significantly impacted Q3 production and full year guidance, with sentiment further buffeted by lower-than-expected demand for fertilizers and weaker overall farm/agricultural spending. Among style effects, our emphasis on smaller caps detracted from performance, as did overexposures to Profitability and Leverage factors.

Commentary continued on the back

Top Five Contributors	Relative Effect on Return (%)	Top Five Detractors	Relative Effect on Return (%)
Cummins Inc.	0.48	Mosaic Company	-0.42
General Motors Company	0.40	Micron Technology, Inc.	-0.37
Delta Air Lines, Inc.	0.34	Altria Group, Inc.	-0.26
Synchrony Financial	0.26	United Rentals, Inc.	-0.24
Dollar General Corporation	0.23	T-Mobile US, Inc.	-0.18

	<u>3 Months</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
All Cap Value Composite Gross	5.63	23.08	23.08	17.14	15.43	11.23
All Cap Value Composite Net	5.50	22.53	22.53	16.55	14.81	10.66
Russell 3000 Value	3.78	15.71	15.71	13.77	11.18	10.46

Commentary Continued

- Over 68% of the active risk in the portfolio is attributable to stock specific risk, with the remainder split between style factor risk (22%) and industry risk (10%). Stock specific risk is concentrated in Financials, Industrials, Information Technology, and Health Care, with significant contributions from Delta Air Lines, Cummins, General Motors, Nucor, and U.S. Bancorp. Style risk is concentrated in overexposures to Momentum and the value factors (Earnings Yield, Book to Price, and Dividend Yield), and an underexposure to Volatility. Industry risk is concentrated in Financials and Industrials, with year-end sector overweights to Financials and Energy, and underweights to Consumer Discretionary, Health Care, Consumer Staples, Information Technology, and Utilities.

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 Value Composite, which includes the prior performance history of Foundry's All Cap Value 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/>

Portfolio Management Team:

Mary Jane Matts, CFA
Director
Large Cap Equities
Industry Start: 1987

Ted Y. Moore, CFA
Senior Portfolio Manager
Large Cap Equities
Industry Start: 1997

Graham P. Harkins, CFA
Portfolio Manager
Large Cap Equities
Industry Start: 2012

Eric J. Holmes, CFA
Director
Micro & Small Cap Equities
Industry Start: 1994

Craig P. Nedbalski, CFA
Senior Portfolio Manager
Micro Cap Equities
Industry Start: 1995

Michael K. Barr, CFA
Senior Portfolio Manager
Micro Cap Equities
Industry Start: 1987