

QUARTERLY MANAGER COMMENTARY

U.S. Concentrated Strategy

June 30, 2026

MARKET ENVIRONMENT

U.S. equities finished higher during the quarter with 9 of 11 GICS sectors posting positive returns. Information technology and industrials contributed the most to market returns while energy and utilities were the sole detractors.

PORTFOLIO PERFORMANCE

The portfolio's return was 9.21% (net) for the reporting period. This compares to the Russell 1000 Value Index that returned 13.87% for the same period.

Top contributors:

- Centene was a contributor during the quarter. Shares of the U.S.-headquartered managed care company rallied sharply after it reported better than expected first-quarter results. Managed care industry profitability has been under pressure over the last 2 years amidst an unprecedented spike in medical cost trend. However, there are signs that cost trend is now stabilizing or even decelerating in certain utilization categories. We expect easing medical costs combined with improving reimbursement rates and Centene's own expense initiatives to drive a meaningful earnings recovery in the coming years. Beyond this cyclical recovery, we believe Centene remains well positioned for growth as a leader in government managed care.
- ICON was a contributor during the quarter. The Ireland-headquartered and U.S.-listed clinical research organization reported two sets of results as it caught up following its accounting review, both in line with expectations against an improving pharma backdrop. Bookings were the standout, with a strong net book-to-bill and sharply lower cancellations than a year ago, led

Performance highlights

Contributors

- Centene
- ICON
- Keurig Dr Pepper

Detractors

- Intercontinental Exchange
- Salesforce
- ConocoPhillips

by full-service outsourcing. Given the business's long-cycle nature, this should support accelerating revenue growth in coming years if sustained. Margins met guidance, and management is confident in further gains from steps already underway. With the accounting clean-up behind it, ICON plans to resume buybacks, its top capital priority, after next quarter's earnings. We continue to see ICON as the leading pure play in an attractive industry with a long runway for future growth.

- Keurig Dr Pepper was a contributor during the quarter. The U.S.-headquartered beverage company's stock rose after better-than-expected first-quarter results, a reaffirmed outlook, and a Barclays rating upgrade. Sales were strong, led by the cold beverage portfolio and the U.S. Refreshment Beverages segment, while U.S. Coffee remained pressured but met expectations. Management continues to make progress on its JDE Peet's integration. We met with management to discuss the departure of Rafa Oliveira, head of its coffee unit, who is leaving for the CEO role at Heineken; the company has

begun searching for his replacement. We continue to believe strong execution and integration will help close the valuation gap relative to peers.

Top detractors:

- Intercontinental Exchange (ICE) was a detractor during the quarter. The financial exchange and data company's stock price declined due to market concerns about AI disruption and potential competition from new exchanges launching perpetual futures. We do not view either of these developments as credible threats to ICE's business, which benefits from strong network effects. The company continues to grow its earnings per share at a double-digit clip and return the majority of free cash flow to shareholders. We believe ICE is a durable business with a long runway for growth.
- Salesforce was a detractor during the quarter. Shares of the U.S.-headquartered software company declined due to market concerns about how AI will affect the software industry. We believe the market is painting the software industry with too broad of a brush, and believe Salesforce is well-positioned to help its customers deploy and achieve the benefits of AI. We are also encouraged that revenue continues to grow and margins continue to expand, despite the narrative that the industry is being disrupted. Salesforce is in the process of repurchasing \$25 billion of its shares, which we view as a great use of capital at today's prices.
- ConocoPhillips was a detractor during the quarter. The U.S.-headquartered oil and gas exploration and production company's stock declined as crude prices, which had risen on Middle East disruptions, eased. Positively, the company's underlying fundamentals continue to track our expectations. We value management's focus on shareholder returns and see a long runway for

growth from the company's geographically diverse and inventory deep energy portfolio.

PORTFOLIO POSITIONING

We initiated the following position(s) during the period:

- Marsh & McLennan is the world's largest insurance broker and risk management firm. In our view, it is well-positioned as a leader in what we think is an oligopolistic market, benefiting from strong organic revenue growth and a long track record of consistent margin expansion. We think this strong performance is poised to be supplemented by management's unifying re-branding efforts, which center on rolling out an expense program, leveraging AI to improve productivity, and centralizing its technology and operations to drive efficiencies and produce significant savings over time. Despite solid historical performance, dominant positioning, and continued operational improvements, the stock has fallen out of favor due to softening insurance rates and macroeconomic uncertainty, creating an opportunity to invest in an industry-leading company at an attractive price.

We eliminated the following position(s) during the period:

- Deere

OUTLOOK

The market's narrow leadership persisted during the quarter, as investors continued to favor companies perceived to be direct beneficiaries of AI spending. Consistent with our value investment philosophy, we remain focused on owning businesses that trade at meaningful discounts to our estimate of intrinsic value rather than chasing the market's most popular themes.

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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	9.48	1.03	12.60	15.74	9.94	12.74	13.94
U.S. Concentrated Strategy Net of Fees	9.21	0.53	11.49	14.60	8.85	11.63	12.82
Russell 1000 Value Index	13.87	16.26	27.12	17.79	11.17	11.52	10.69
S&P 500 Index	15.20	10.21	22.32	20.61	13.41	15.51	11.36

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.

The **S&P 500 Index** is a float-adjusted, capitalization-weighted index of 500 U.S. large-capitalization stocks representing all major industries. It is a widely recognized index of broad, U.S. equity market performance. Returns reflect the reinvestment of dividends. This index is unmanaged and investors cannot invest directly in this index.

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