FOCUSED GLOBAL VALUE

MARKET COMMENTARY

Global market performance in the second quarter of 2025 was marked by a bout of heightened volatility, driven primarily by shifting U.S. trade policies under the Trump administration and rising geopolitical tensions. Markets declined sharply in April following the announcement of increased tariffs, particularly on Chinese imports. However, sentiment improved toward quarter-end as the administration adopted a more conciliatory tone—pausing some tariff hikes and agreeing to the principles of a trade deal with China. A surprise ceasefire between Israel and Iran in June further eased market concerns, sparking a risk-on rally in equities and contributing to a pullback in oil prices. Despite early challenges, many indices—including the MSCI World Index—posted double-digit returns by the end of the quarter, reflecting the market's underlying resilience.

Investor confidence improved over the quarter as volatility subsided, with the VIX Index falling below 17 after peaking at 52 in early April. International markets continued to perform well, with the Asia Pacific region slightly outperforming North America and Western Europe. Growth stocks were clear leaders, as the MSCI World Growth Index surged by 17.7%, far outpacing the MSCI World Value Index return of 5.4%. Nine of the eleven MSCI World GICS sectors delivered positive returns for the quarter, with high beta and momentum strategies outperforming more defensive approaches. Sector performance was led by technology (+23.2%), communication services (+19.1%), and industrials (+14.6%), while energy and healthcare were the sole decliners, falling -4.8% and -4.0%, respectively.

We made minor changes to individual positions during the quarter, as market weakness created opportunities to add or increase positions in attractively valued companies, while reducing risk where we felt it was appropriate. Technology remains the largest overweight in our portfolio, both on an absolute and relative basis. Our tech holdings generally share key characteristics: strong balance sheets, sticky customer bases that generate recurring and predictable cash flow, and promising growth prospects. These qualities give us confidence in their potential to drive economic growth and deliver strong returns. Industrials and communication services are our second- and third-largest overweight sectors. Our largest underweights are in financials and real estate. We remain underweight in real estate due to a lack of compelling relative valuation opportunities, while the financials underweight reflects our lack of exposure to capital markets, financial services, and consumer finance companies as of the end of June.

We remain committed to identifying businesses with durable balance sheets, sustainable return on equity, stable free cash flow, and attractive valuations relative to expected earnings. We believe our investment strategy, centered on identifying undervalued assets and effective risk management, is poised to generate consistent long-term returns.

ATTRIBUTION ANALYSIS – 2Q25

The Focused Global Value portfolio outperformed the MSCI World Value Index in the second quarter of 2025 (gross and net of management fees). The overweight in technology and stock selection in healthcare and consumer discretionary contributed to relative outperformance. Stock selection in financials also worked well. Conversely, stock selection in communication services detracted the most from relative performance during the quarter. Stock selection in technology and industrials also detracted, as did the underweight in financials.

LARGEST INDIVIDUAL CONTRIBUTORS - 2Q25

F5 Inc. (FFIV) sells application networking and security software and data center appliances, where it has 50%+ market share in traditional ADCs (application delivery controllers) along with various multicloud networking and application security products. Demand for F5's products grows faster than GDP, products are critical to the functioning of applications resulting in highly sticky customer relationships, and ~75% of annual revenue is recurring. F5 posted another good quarterly earnings report and raised revenue and EPS guidance for the full year. We continue to believe the company is misunderstood and gets incorrectly classified as a legacy IT hardware vendor, resulting in an attractive valuation. Strong free cash flow generation and a net cash balance sheet provide downside protection. Capital allocation has improved significantly in recent years and management has committed to returning at least 50% of FCF to shareholders.

(continued)

As of 6/30/25, net of fee composite and MSCI World Value performance for 1-year, 5-year and Since Inception (4/1/20) periods: 17.26%, 20.07%, 22.71%, and 15.94%, 13.47%, 15.37%, respectively. Net performance results are presented after management fees and all trading expenses but before custodial fees; the composite includes all Focused Global Value discretionary accounts. Additional disclosures provided in Endnotes.

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Microsoft (MSFT) is the world's largest software company. The company sells productivity applications included in the Microsoft Office suite, server/database software and tools, the Xbox platform, the Windows operating system, online advertising via Bing, MSN, and LinkedIn, and several other products, including the Surface and Windows phones. The company's shares rebounded sharply following a strong quarterly earnings report and forward guidance. Microsoft continues to be a compelling franchise in enterprise software and has a good history of returning excess capital to shareholders without compromising on the long-term strategic vision.

Citigroup (C) is one of the largest US banks by total assets. Investment in its IT, compliance and risk capabilities have pressured margins and returns over recent years, obscuring the banks strong core franchise. With these investments now largely complete we expect Citi's expense to decline and its margins and returns to be more consistent with peers. Citigroup performed well in the quarter on improved profitability and positive operating leverage. We think that C is very undervalued on our normal expectations and would still be attractive even if they do not fully achieve their goals.

LARGEST INDIVIDUAL DETRACTORS – 2Q25

Elevance Health Inc. (ELV) is a large health insurer. The company's shares have been under pressure due to concerns around Medicaid utilization trends and Medicare Advantage margins. We believe that these headwinds will be temporary. ELV is priced at a discount to the market; however, it is a compelling business, growing faster than GDP while still returning most of its cash to shareholders.

APA Corp. (APA) is an independent E&P operating offshore in Midland and Delaware basins in the Permian and onshore Egypt. The company has lucrative financial contracts that allow it to generate significant FCF from differentials in natural gas prices. Investing in this company provides exposure to an energy market that was underearning versus normal levels of profitability and is currently generating significant FCF in what could be a perennially undersupplied market. Stock performance continued to be pressured throughout the quarter, driven by worries surrounding OPEC+ barrels returning to the market, coupled with slowing demand. We believe that APA is misunderstood as investors are focusing on relatively shorter resource life in the Permian without factoring reinvestment opportunities in Suriname, Egypt, and potentially Alaska.

U-Haul Holding Co. (UHAL/B) is North America's largest "do-it-yourself" moving and storage operator with almost 22,000 locations and is 10x larger than the next competitor. Their core business model of one-way moves is incredibly difficult to replicate, highly complex, and costly. We believe UHAL, which has one of the largest network and reservation systems, to have a first-mover advantage. The company's shares declined in the quarter following their earnings report which came in below expectations. Earnings were impacted by increased fleet depreciation as well as higher interest rates which slowed housing mobility. In our opinion, the franchise remains competitively well-positioned with strong pricing power.

The specific investments shown are for informational purposes only and represent the top contributors and detractors for the relevant performance time period. The selection criteria used to determine the top contributors and detractors remains the same across performance measurement periods; additional disclosures provided in Endnotes. **Past performance is no guarantee of future results.**

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Endnotes:
All investments contain risk and may lose value. This commentary is for general information only and should not be relied on for investment advice or recommendation of any particular security, strategy, or investment product.

Portfolio characteristics and attribution are based on a representative Focused Global Value portfolio. Attribution is an analysis of the portfolio's return relative to the index, is calculated using daily holdings information and does not reflect management fees and other transaction costs and expenses; interaction effect is combined with stock selection. Returns can differ from certain client portfolio(s) due to data differences, cash flows, trading, and other activity (data source: Bloomberg, Russell).

Specific securities identified are the three largest contributors (or detractors) to the portfolio's performance, relative to the index. Other securities may have been the best and worst performers on an absolute basis. There is no assurance that the securities discussed will remain in the portfolio or that securities sold have not been repurchased. The securities discussed do not represent the entire portfolio, may only represent a small portion of the portfolio and should not assume the securities discussed were or will be profitable or that recommendations made in the future will be profitable or will equal the performance of the securities discussed. H&W's opinions regarding these securities are subject to change at any time, for any reason, without notice. Certain client portfolio(s) may or may not hold the securities discussed due to each account's guideline restrictions and other relevant considerations.

The value discipline used in managing accounts in the Focused Global Value strategy may prevent or limit investment in major stocks in the MSCI World Value and returns may not be correlated to the index. Composite performance is available at www.hwcm.com, located on the strategy's Performance tab along with important disclosures included in the strategy's GIPS Report; quarterly characteristics and portfolio holdings are located on the Portfolio and Literature tabs. For a list showing every holding's contribution to the overall account's performance and portfolio activity for a given time period, contact H&W at hotchkisandwiley @hwcm.com. Portfolio information is subject to the firm's portfolio holdings disclosure policy.

The MSCI World Index is a free float-adjusted weighted index capturing large and mid cap stocks. The MSCI World Value and MSCI World Growth Indices are free float-adjusted weighted indexes capturing large and mid cap stocks, exhibiting overall value or growth style characteristics, respectively. The MSCI indices represent stocks across 23 Developed Markets (DM) countries and include reinvestment of dividends, net foreign withholding taxes. The MSCI Europe Index captures large and mid cap representation across 15 Developed Markets (DM) countries in Europe. The CBOE Volatility Index (VIX) is a real-time index that represents the market's expectations for the relative strength of near-term price changes of the S&P 500 Index. Any indices and other financial benchmarks shown are provided for illustrative purposes only, are unmanaged, reflect reinvestment of income and dividends and do not reflect the impact of advisory fees. It is not possible to invest directly in an index.

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Equity securities may have greater risks and price volatility than U.S. Treasuries and bonds, where the price of these securities may decline due to various company, industry and market factors. The strategy invests in foreign securities which involve greater volatility and political, economic and currency risks and differences in accounting methods. Investment risk disclosures for the firm's strategies are described in Part 2A of Form ADV of H&W.

A value-oriented investment approach involves the risk that value stocks may remain undervalued or may not appreciate in value as anticipated. Value stocks can perform differently from the market as a whole or from other types of stocks and may be out of favor with investors and underperform growth stocks for varying periods of time.

Information contained in this material may represent or be based on forward-looking statements. Due to various risks and uncertainties, actual events/results or performance of the strategy may differ materially from those reflected or contemplated in such forward-looking statements. Information based on forecasts, proprietary or third-party estimates cannot be guaranteed and are subject to change. Information obtained from independent sources is considered reliable, but H&W cannot guarantee its accuracy or completeness.

Portfolio managers' opinions and data included in this commentary are as of June 30, 2025. Any discussion or view of a security, an asset class/segment, industry/sector and/or investment type are not investment recommendations, should not be assumed to be profitable, and are subject to change without notice. **Past performance is no guarantee of future results.**