

MID-CAP VALUE

MARKET COMMENTARY

U.S. equity markets posted robust gains in the third quarter of 2025, with major indices including the S&P 500 Index, Nasdaq Composite, Dow Jones Industrial Average, and Russell 2000 Index reaching record highs. Investor sentiment was buoyed by enthusiasm surrounding artificial intelligence (AI), a long-awaited Federal Reserve rate cut, and stronger-than-expected corporate earnings. The Russell Midcap Index advanced +5.3% for the quarter, while small-cap stocks, as measured by the Russell 2000 Index, rallied +12.4%. The Russell 1000 Index returned +8.0% in the quarter. Market breadth improved, reflecting resilience across capitalizations as both growth and value styles delivered solid returns, though mid cap value stocks outperformed mid cap growth stocks by a wide margin (+6.2% vs. +2.8%).

From a thematic and policy standpoint, broad market performance was driven by a combination of renewed optimism around AI's productivity potential, a dovish shift from the Federal Reserve following a 25 basis point rate cut in September with guidance for further easing, and corporate earnings that broadly exceeded expectations. Despite record-setting equity performance, caution persists beneath the surface. Index valuations remain elevated, the labor market is showing signs of softening, and concerns over tariffs and fiscal policy continue to temper optimism.

Market positioning evolved in response to these developments. Capital flowed toward high-conviction growth names and smaller-cap companies poised to benefit from lower rates, while investors also began to re-examine opportunities in non-technology sectors where valuations appeared more compelling. With interest rates now trending lower and AI-related themes continuing to influence market leadership, we believe the environment is becoming more selective and will likely reward discipline around both valuation and risk, which remain key elements of our management of the Mid-Cap Value portfolio.

ATTRIBUTION ANALYSIS – 3Q25

The Mid-Cap Value portfolio outperformed the Russell Midcap Value Index in the third quarter of 2025 (gross and net of management fees). Stock selection and the overweight in energy contributed the most to relative outperformance in the quarter. Stock selection and the

underweight in materials also contributed positively, as did the overweight and stock selection in consumer discretionary. The underweight positions in consumer staples and real estate also helped. Conversely, stock selection in technology and industrials detracted the most from relative performance. The underweight and stock selection in utilities was also a modest detractor.

LARGEST INDIVIDUAL CONTRIBUTORS – 3Q25

APA Corp. (APA) is an independent Exploration and Production company operating offshore in Midland and Delaware basins in the Permian and onshore Egypt. Stock performance improved in Q3 following a positive earnings report. We continue to 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. APA has lucrative financial contracts that allow it to generate significant free cash flow from differentials in natural gas prices between the Permian (Waha), the Houston Ship Channel, Henry Hub and for global liquefied natural gas.

Warner Bros. Discovery (WBD) is one of the largest TV networks and production companies in the world. WBD's Discovery and Turner networks form one of the largest US TV businesses by hours viewed with ~20% audience share. A combination of better earnings and potential takeover bid by Paramount Skydance helped boost the WBD shares during the quarter. While there are potential synergies created by the Paramount deal, we will continue to review WBD carefully for any regulatory or structural challenges.

Olin Corp. (OLN) is one of the largest producers of chlor alkali chemicals and chlorine derivatives. Shares of Olin rose during the quarter despite a continued challenging operating environment. Olin's balance sheet is strong, and capital allocation has been shareholder friendly. The company continues to provide diversification benefits to our existing commodity exposure.

(continued)

As of 9/30/25, net of fee composite and Russell Midcap Value performance for 1-, 5-, and 10-year periods: 3.10%, 21.73%, 8.57%, and 7.58%, 13.66%, 9.96%, respectively. Net performance results are presented after management fees and all trading expenses but before custodial fees; the composite includes all Mid-Cap Value discretionary accounts. Additional disclosures provided in Endnotes.

Past performance is no guarantee of future results.



MID-CAP VALUE

LARGEST INDIVIDUAL DETRACTORS – 3Q25

Fluor (FLR US) is an engineering and construction company with most of its revenue from projects where it provides full Engineering, Procurement, and Construction (EPC) services. The Company's stock underperformed in the quarter following a weak earnings report that also included reduced forward guidance. Fluor is a high-quality professional services company with a medium-risk business model that we expect will grow with no reinvested capital. Valuation is extremely attractive on normal earnings and even more attractive if its NuScale small-scale nuclear reactor business realizes its potential.

WPP PLC (WPP LN) is one of the world's largest ad agency holding companies. WPP shares came under pressure on lower-than-expected revenue growth. WPP delivered disappointing Q2 earnings results that weighed on the Company's shares. WPP introduced a new CEO during the quarter who brings a wealth of experience in digital transformation and artificial intelligence that are seen as key assets for the Company's turnaround plans. Trading at a low multiple of consensus earnings with a good balance sheet, we believe the company can deliver near mid-teens returns from the combination of capital return and capital-free organic growth.

Centene (CNC) is a managed care organization focused on the managed Medicaid market, with ~28 million at-risk health insurance enrollees. CNC shares fell during the quarter following its most recent quarterly earnings report that was worse than expected. At ~4.8x normal earnings, we believe CNC is attractive as the clear market leader in a business in which scale is a significant competitive differentiator. The Medicaid market should grow faster than the economy as a whole: CMS forecasts Medicaid spending to grow 6% per year 2020-2027, driven by spending per member growth. Centene can grow with minimal requirements for invested capital.

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.**

MID-CAP VALUE

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 Mid-Cap Value portfolio. The representative portfolio is used for informational purposes only, does not predict future portfolio characteristics, and may differ from other portfolios in the strategy due to asset size, client guidelines, and other variables. H&W selected the representative portfolio based on non-performance criteria. The portfolio reflects the management style of the strategy, is part of the strategy's composite, and has the longest continuous duration under the Adviser's discretion. Selection of the representative portfolio considers one or more of the following factors, such as the portfolio's investment guidelines/restrictions, cash flow activity, or continuous duration under the Adviser's discretion.

Attribution is an analysis of a portfolio's gross of fee returns (without the deduction of fees and expenses) relative to the Index. Bloomberg calculates returns using daily holdings information. Returns calculated using this buy-and-hold methodology can differ from actual client portfolio returns due to data differences, cash flows, trading, and other activity (report is generated at a point in time and will not include any adjustments thereafter). Sector performance only covers the subset of investments specific to that sector. Analysis for different time periods and/or market environments can result in significantly different results.

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 Mid-Cap Value strategy may prevent or limit investment in major stocks in the Russell Midcap 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 color@hwcm.com. Portfolio information is subject to the firm's portfolio holdings disclosure policy.

The Russell Midcap® Index, an unmanaged index, measures the performance of the 800 smallest companies in the Russell 1000® Index. The Russell Midcap® Value Index measures the performance of those Russell Midcap® companies with lower price-to-book value ratios and lower forecasted growth values. The Russell Midcap® Growth Index measures the performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell 2000® Index measures the performance of the 2,000 smallest companies in the Russell 3000® Index. The S&P 500® Index is a broad-based unmanaged index of 500 stocks, which is widely recognized as representative of the equity market in general. The Nasdaq Composite Index is a market capitalization-weighted index encompassing over 2,500 stocks, with a strong focus on the technology sector. The Dow Jones Industrial Average is a stock market index that tracks 30 large, publicly owned blue-chip companies trading on the New York Stock Exchange and Nasdaq. 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.

Russell Investment Group is the source and owner of the Russell Index data contained herein (and all trademarks related thereto), which may not be redistributed. The information herein is not approved by Russell. H&W and Russell sectors are based on the Global Industry Classification Standard (GICS) by MSCI and S&P.

Investing in foreign as well as emerging markets involves additional risk such as greater volatility, political, economic, and currency risks and differences in accounting methods. Investing in smaller, medium-sized and/or newer companies involves greater risks not associated with investing in large company stocks, such as business risk, significant stock price fluctuations and illiquidity. 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. Principal Risks Disclosure for the firm's strategies are described in Part 2A of Form ADV of H&W (www.hwcm.com/wp-content/uploads/2025/07/HW-Principal-Risks-Disclosure-July-2025.pdf).

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. Data source: H&W, Russell, Bloomberg.

Portfolio managers' opinions and data included in this commentary are as of September 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.