Q4 2022 REVIEW

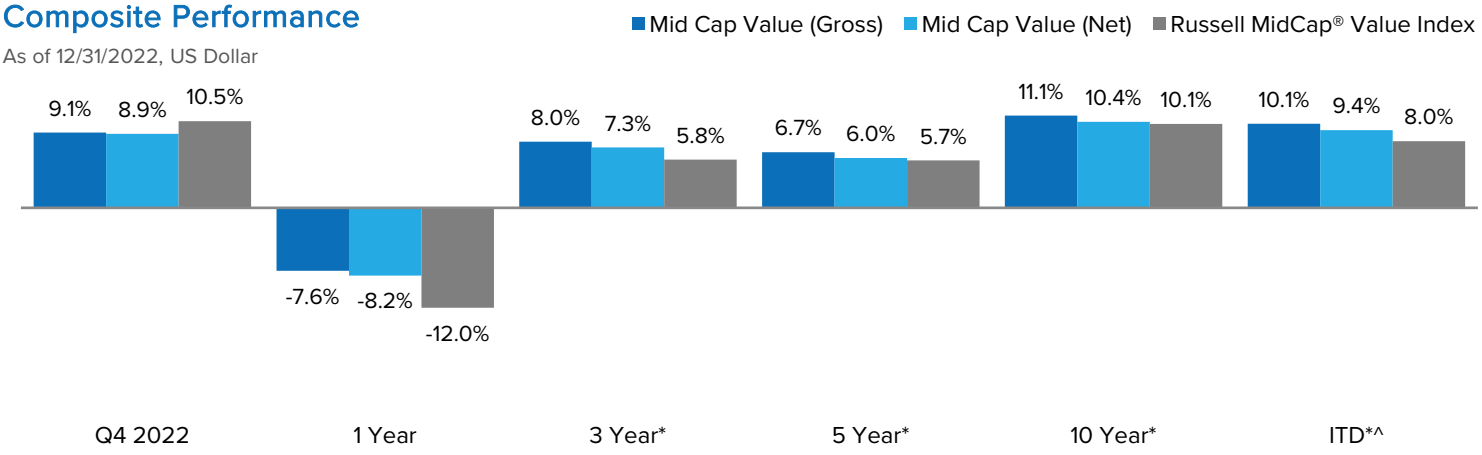
Mid Cap Value

Performance Snapshot

The Leeward Mid Cap Value strategy underperformed the Russell MidCap® Value Index in the fourth quarter of 2022, returning 8.9% (net) vs the benchmark's return of 10.5%. The portfolio during the October rally, beating the benchmark by 0.8%, underperformed in November by -2.3%, and then outperformed by 0.3% in December.

Composite Performance

As of 12/31/2022, US Dollar



*Annualized. ^Inception: October 1, 2005. Past performance is not indicative of future results. Investment advisory fees are described in Part 2A of Leeward's Form ADV. Gross performance returns presented above are net of transaction costs and include the reinvestment of dividends and other earnings but do not reflect the deduction of investment management fees, which would reduce returns. Net returns are calculated by applying the investment management fee schedule noted in the composite disclosure to the gross returns of accounts included in the composite. For information regarding the impact of investment management fees on performance, please refer to the composite disclosure shown below. Prior to March 1, 2022 performance for the Mid Cap Value Strategy reflects a period of time when the five person value team was employed by/affiliated with LMCG Investments, LLC. Leeward Investments spun out of LMCG Investments on March 1, 2022 to become a stand-alone, 100% employee owned investment firm and the team responsible for the Mid Cap Value Strategy performance record moved to Leeward.

Market Review

The market environment provided a modestly negative backdrop in the quarter. Within the Russell MidCap® Value Index, the highest beta stocks markedly outperformed those with lower beta. The slowest sales growth quintiles outperformed the fastest. Stocks with any dividend yield substantially outperformed those with no yield. The cheapest PE quintiles outperformed while non-earners and the highest PE quintile performed poorly. The two highest ROE quintiles outperformed with the lowest ROE the largest underperformer. Market cap and balance sheet leverage were varied in their returns. Lastly, companies with high foreign sales outperformed companies that derive less than 30% of total sales from abroad

The best performing sectors in the benchmark were energy (+17.1%), industrials (+14.4%), materials (+14.0%), and consumer discretionary (+13.8%). Communication services (+1.9%), real estate (+3.0%) and information technology (+5.8%) notably underperformed.

Investment Results & Attribution

The portfolio's underperformance in the fourth quarter was primarily due to stock selection, as select companies with higher weights in the portfolio experienced a poor quarter. The portfolio outperformed on a relative basis in three of eleven sectors. Healthcare (+0.3%) was the strongest sector while performance was weakest in industrials (-0.7%), utilities (-0.3%) and financials (-0.3%).

The health care sector was the portfolio's largest contributor with performance driven by strong stock selection. *Encompass Health* (EHC, +32.6%) outperformed after spinning out its home health services segment. The company will now focus on its inpatient rehab business. *AmerisourceBergen* (ABC, +22.9%) was another large contributor in

Investment Results & Attribution, *cont.*

the sector. The medical distribution company is executing well and continues to see stable levels of demand after several years of inconsistent end markets.

The portfolio's underweight to real estate, the second weakest sector in the benchmark, added to relative returns. *Essex Property Trust* (ESS, -11.6%) was a notable detractor. The company's management provided conservative guidance for fiscal year '23 given worries about macroeconomic headwinds.

The consumer discretionary sector was a modest detractor in the period. Auto parts manufacturer *Borg Warner* (BWA, +28.7%) outperformed after announcing that the company would spin off portions of their internal combustion engine (ICE) portfolio to focus on advanced ICE and electric vehicle offerings. *Hasbro* (HAS, -8.5%) underperformed during the quarter as investors worried about a slow start to the holiday shopping season and player fatigue in their high-margin Magic the Gathering game.

Ingredion (INGR, +23.4%) was the largest contributor in the consumer staples sector. The agricultural ingredients company has seen costs stabilize and early indications point to better pricing dynamics for the 2023 North American contracting season. Strength in INGR was offset by rendering company *Darling Ingredients* (DAR, -5.7%), the greatest detractor in the sector. Summer heat waves and high volumes caused issues at their plants, resulting in product spoilage and lower pricing. Investors were also disappointed by the preliminary renewable volume obligation (RVO) schedule released by the EPA in December. Volume obligations for bio and renewable diesel were lower than expected and could potentially impact Darling's Diamond Green Diesel (DGD) joint venture.

The materials sector was a modest underperformer despite containing the portfolio's largest detractor, *Livent Corp* (LTHM, -35.0%). The lithium producer was beset by several issues. Investors are worried that the COVID situation in China will crimp EV production and demand. Industry bellwether Tesla saw significant price declines, with some of the price movement related to the CEO's other endeavors. Changes in government EV incentives at year end have also created industry volatility. *Berry Global Group* (BERY, +30.5%) was the largest contributor in the sector. The plastic packaging company announced an increased buyback and bowed to activist pressure with the formation of a board level capital committee.

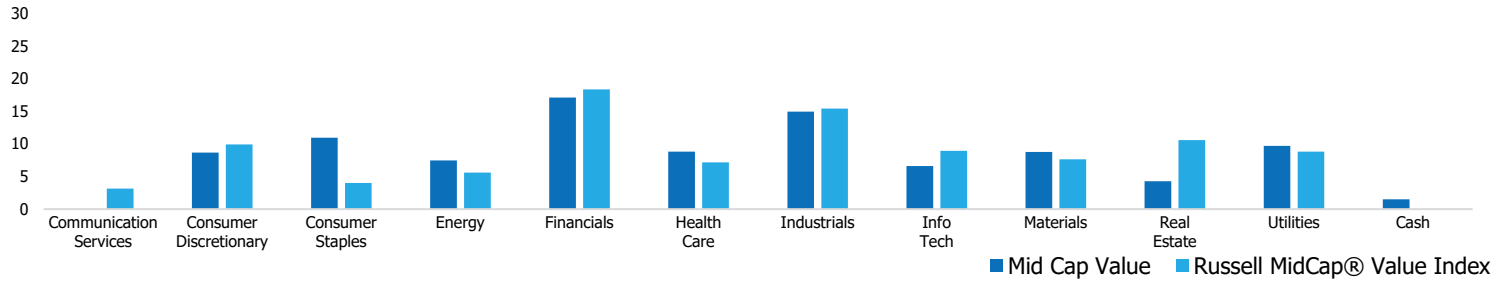
Performance in energy was mixed. Oilfield services provider *ChampionX Corp* (CHX, +48.7%) was the energy sector's largest contributor. The company raised guidance and increased their commitment to share repurchases, highlighting strong demand and lower input costs on their quarterly earnings call. *Coterra Energy* (CTRA, -3.6%), a gas levered E&P, underperformed as natural gas prices declined and the company wrote down acreage from a recent acquisition.

Modest underperformance in the financials sector belied several standouts, both positive and negative, at the individual stock level. Insurer *American International Group* (AIG, +33.6%) was the portfolios largest positive contributor after beating earnings despite the impact from hurricane Ian in Florida. *Ameriprise Financial* (AMP, +23.8%) also outperformed as deposits were stable and the company benefitted from higher markets during the quarter. *Signature Bank* (SBNY, -23.4%) was the sectors largest laggard, as digital deposits declined reducing their net interest margin. *Western Alliance Bancorp* (WAL, -8.9%) underperformed as their mortgage segment missed expectations and investors focused on the business impact of short rates staying higher for longer. *Pinnacle Financial Partners* (PNFP, -9.3%) also underperformed as investors evaluate the impact on funding costs and net interest margins if rates remain elevated at the short end of the curve.

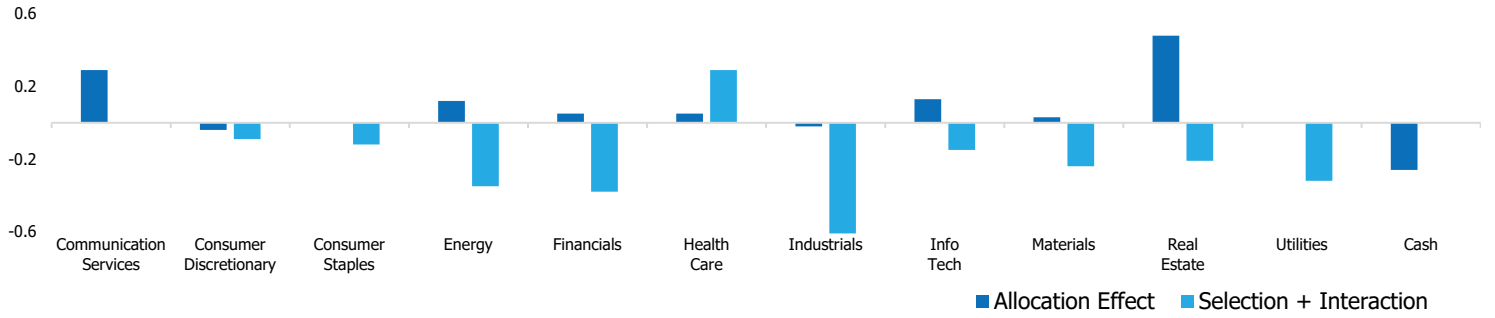
Adverse selection drove performance for the industrial sector. *Regal Rexnord* (RRX, -14.0%) underperformed due to its acquisition of Altra Industrial. Investors are worried about additional balance sheet leverage ahead of an uncertain economic outlook. *Aercap Holdings* (AER, +37.8%) was the sectors largest outperformer. The airline leasing company continues to experience increased demand as global travel recovers and airlines with tight balance sheets opt to lease rather than buy airplanes.

Mid Cap Value

Average Weight



Performance Attribution



Past performance is not indicative of future results. Shown as supplemental information only and complements the Mid Cap Value composite disclosure attached. Performance attribution and average weight of a Mid Cap Value representative account. Calculated using FactSet. Data is as of 12/31/2022. Allocation Effect and Selection / Interaction Effect are sourced from FactSet's standard attribution model. Allocation Effect = the sector over / under weight relative to the benchmark multiplied by the sector benchmark performance minus the aggregate benchmark performance. Selection / Interaction Effect = the sector performance minus the benchmark performance multiplied by the sector's weight in the portfolio. Performance attribution is used to explain portfolio performance relative to a benchmark and to identify sources of return. Returns above are gross and include transaction costs, reinvestment of dividends & other earnings, but do not reflect the deduction of investment management fees which would reduce returns.

Outlook

After another turbulent year (will 2023 make it four in a row?), the outlook for the market continues to be opaque. There are crosscurrents pushing against a market that is down 20% over the last twelve months. Investors are waiting for the lagged effect of the Federal Reserves rapid increase in rates. To date there have been signs of price stabilization: energy, rent, freight, and most base commodities have declined from their peaks, but it will take more time for these declines to flow into lower prices for finished goods. Labor has remained tight, and wages tend to be sticky. Whether the Fed can rein in wages without a significant increase in unemployment is highly debatable. Consumers are still sitting on a relatively high level of personal savings. China is emerging from its COVID induced doldrums, but not without one last disruptive wave of infections. The extent to which this wave of infections and concurrent reopening will influence inflation and the global supply chain is difficult to predict. The war in Ukraine is nearing its one-year anniversary, and its ultimate duration and ending will have significant repercussions for Europe and the rest of the world. The FTX saga has exposed many cracks in the cryptocurrency market, and the leverage and exposures that lie hidden in that sector evoke comparisons to credit default swaps in the mid-aughts. All of these will affect the direction of the market, but what direction that will be is as difficult as ever to predict.

Despite these market dynamics, we continue to hold fast and invest according to our process. Fundamentally we are looking for quality stocks, trading at a discount, with good risk/reward. We look for companies with strong management teams, high barriers to entry, solid balance sheets, and we continue to rigorously examine downside scenarios for our positions.

At the start of the new year our largest relative overweight position is the consumer staples sector. We are notably underweight in real estate and communication services. These exposures are driven by the opportunity set we see in each sector.

Mid Cap Value

Contributors	Average Weight	Contribution to Portfolio Return
American International Group, Inc.	2.0	0.4
ChampionX Corporation	1.3	0.4
Encompass Health Corporation	1.8	0.3
AerCap Holdings NV	1.2	0.3
Berry Global Group Inc	1.4	0.3
Ameriprise Financial, Inc.	2.3	0.3
Ingredion Incorporated	2.1	0.2
Valvoline, Inc.	1.3	0.2
AmerisourceBergen Corporation	1.7	0.2
BorgWarner Inc.	1.4	0.2

Detractors	Average Weight	Contribution to Portfolio Return
Livent Corporation	1.4	-0.8
Regal Rexnord Corporation	2.4	-0.7
Signature Bank	1.5	-0.5
Darling Ingredients Inc	2.4	-0.4
Western Alliance Bancorp	1.8	-0.4
Coterra Energy Inc.	2.2	-0.3
Essex Property Trust, Inc.	1.0	-0.2
Pinnacle Financial Partners, Inc.	1.1	-0.2
Hasbro, Inc.	1.0	-0.2
Global Payment Inc.	1.4	-0.2

The holdings above represent the 10 best and 10 worst performing stocks for a representative account in the Mid Cap Value strategy as of 12/31/2022. A complete list of holdings and additional details on methodology for calculating performance and / or best / worst performers shown above is available upon request. Past performance is not a guarantee of future results. Shown as supplemental information only and complements the Mid Cap Value composite disclosure. Contribution to portfolio return is calculated using gross performance returns. Gross performance returns are net of transaction costs and include the reinvestment of dividends and other earnings but do not reflect the deduction of investment management fees, which would reduce returns.

Securities Discussed	% of Portfolio as of 12/31/2022
Encompass Health Corporation	2.0
AmerisourceBergen Corporation	1.8
BorgWarner Inc.	1.5
Ingredion Incorporated	1.9
Berry Global Group Inc	1.7
ChampionX Corporation	1.4
American International Group, Inc.	2.2
Ameriprise Financial, Inc.	2.3
AerCap Holdings NV	1.3

Securities Discussed	% of Portfolio as of 12/31/2022
Essex Property Trust, Inc.	1.0
Hasbro, Inc.	1.0
Darling Ingredients Inc	2.3
Livent Corporation	1.4
Coterra Energy Inc.	1.9
Signature Bank	1.2
Western Alliance Bancorp	1.7
Pinnacle Financial Partners, Inc.	1.0
Regal Rexnord Corporation	2.1

The holdings above represent holdings of a Mid Cap Value representative account discussed in the commentary. Percentage of portfolio calculated internally by Leeward. References to portfolio holdings above are not intended as investment advice. The holdings do not represent all of the securities purchased, sold, or recommended for advisory clients. Leeward may have already bought or sold or may in the future buy or sell these securities on behalf of its clients.

Strategy & Investment Approach

The Leeward Mid Cap Value strategy utilizes a classic value-driven philosophy based on the belief that leading businesses selling at a discount to fair value have the potential to generate excess returns. The strategy focuses on stocks that are temporarily out of favor in the market; specifically, companies with higher returns on capital, free cash flow and strong balance sheets. Emphasis is placed on those companies having the cash flow characteristics as well as the balance sheet strength necessary to buffer the company from any prolonged weakness. The team's holdings often dominate a particular industry niche and generally have significant barriers to entry. As a result, they are able to perpetuate a higher return on capital over time. The entire process utilizes fundamental bottom-up security selection, while risk control measures ensure security and sector diversification.

Mid Cap Value

Mid Cap Value Composite

SCHEDULE OF ANNUAL RETURNS | January 1, 2012 through December 31, 2021

	GROSS RETURNS (%)	NET RETURNS (%)	BENCHMARK RETURNS[1] (%)	DISPERSION (bps)	COMPOSITE 3YR EX POST STANDARD DEVIATION (%)	BENCHMARK 3YR EX POST STANDARD DEVIATION (%)	NUMBER OF ACCOUNTS	COMPOSITE ASSETS AT END OF PERIOD ($ millions)	TOTAL FIRM ASSETS[2] ($ millions)
2021	28.2	27.3	28.3	7	20.7	22.0	10	1,1115.5	-
2020	6.3	5.6	5.0	2	22.0	22.6	9	945.0	-
2019	30.9	30.0	27.1	7	13.9	12.8	11	1,013.3	-
2018	-16.1	-16.7	-12.3	2	12.9	12.0	14	785.1	-
2017	15.1	14.3	13.3	5	10.1	10.3	20	971.4	-
2016	22.1	21.2	20.0	6	11.2	11.3	20	828.4	-
2015	-1.1	-1.8	-4.8	6	10.5	10.7	20	651.3	-
2014	10.7	9.9	14.8	9	10.2	9.8	24	917.8	-
2013	34.8	33.8	33.5	14	14.6	13.7	29	843.4	-
2012	16.4	15.5	18.5	7	17.4	16.8	22	449.7	-

[1] Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.
[2] Firm assets prior to March 1, 2022, are not presented because the composite was managed at a prior firm.

Mid Cap Value Composite consists of accounts managed in the Mid Cap Value ("MCV") strategy. MCV seeks to achieve long-term capital appreciation through investments in primarily high quality, though temporarily out of favor, U.S. equity securities. The market capitalization of these securities will generally fall within the range of the Russell Mid Cap Value Index. For comparison purposes, the composite is measured against the Russell Mid Cap Value Index. The inception date of the composite is October 1, 2005. The composite was created March 1, 2022

Effective March 1, 2022, Leeward Investments, LLC ("Leeward"), an investment adviser registered with the Securities and Exchange Commission, is the investment manager of the MCV strategy. Performance shown prior to March 1, 2022, represents results achieved while the investment team was part of LMCG Investments, LLC ("LMCG"). The investment management team has managed the composite since its inception, and the investment process has not changed. The historical performance has been linked to performance earned at Leeward. A list of composite descriptions is available upon request.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. There are no wrap accounts included in the composite. Account performance is calculated on a total return basis including income and realized and unrealized gains and losses. Composite performance is presented gross and net of management fees. Net returns are calculated by applying the investment management fee schedule noted below to the gross returns of the accounts included in the composite. The annual composite dispersion presented is an asset weighted standard deviation calculated using gross returns for the accounts in the composite the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns and the benchmark returns over the preceding 36-month period. The U.S. Dollar is the currency used to express performance. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

The investment management fee schedule is as follows: 0.75% on the first $25 million, 0.65% on the next $25 million, and 0.55% thereafter. Actual investment advisory fees incurred by clients may vary.

Leeward claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Leeward has not been independently verified. LMCG, the previous firm, has been independently verified for the periods October 1, 2000 through December 31, 2021. The Mid Cap Value Composite has been examined, while managed under the previous firm, for the periods October 1, 2005 through December 31, 2021. The verification and performance examination reports are available upon request. Past performance is not indicative of future results. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.