

# Mid Cap Value

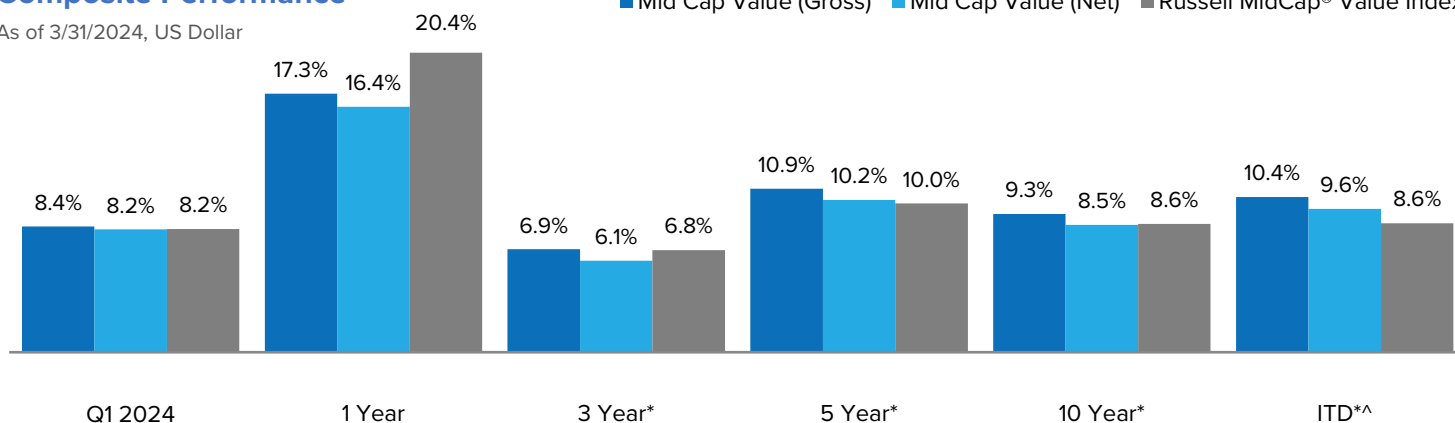
## Performance Snapshot

The Leeward Mid Cap Value strategy performed in line with the Russell MidCap® Value Index in the first quarter of 2024, returning 8.2% (net) vs the benchmark's return of 8.2%. The portfolio outperformed its benchmark as the market declined in January, lagged as the rally began during February, and slightly outperformed during March.

## Composite Performance

As of 3/31/2024, US Dollar

■ Mid Cap Value (Gross) ■ Mid Cap Value (Net) ■ Russell MidCap® Value Index



\*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

Style factors across our asset class created a mixed backdrop for our strategy in the period. Within the Russell MidCap® Value Index, the highest beta quintiles again outperformed the lowest quintiles. The lowest P/E quintiles outperformed higher valuation quintiles, and non-earners performed the worst. Within ROE quintiles, companies with the highest ROE notably outperformed the rest of the group. Stocks with the largest market capitalizations outperformed smaller caps and stocks with dividends outperformed those with no yield.

Within the benchmark, the best performing sectors were industrials (+14.9%), energy (+13.9%) and financials (+11.9%). Communication services (-5.1%), real estate (-0.1%), health care (+3.3%), and information technology (+4.2%) notably underperformed.

## Investment Results & Attribution

The portfolio outperformed on a relative basis in six of eleven sectors. Real estate (+0.7%), energy (+0.5%), health care (+0.5%), and financials (+0.5%) were the strongest sectors while performance was the weakest in materials (-0.9%), consumer staples (-0.5%), and industrials (-0.5%).

Strong selection propelled outperformance within the energy sector. *Permian Resources* (PR, +31.0%) was the largest contributor and benefitted from merger synergies and the rising price of oil. *ChampionX Corp* (CHX, +23.2%) was another strong contributor. The oilfield services company rallied after committing to return more capital to shareholders on their quarterly earnings call, along with a demand outlook that showed stabilization for their products.

# Mid Cap Value

## Investment Results & Attribution, *cont.*

In health care, strong stock selection offset the shortfall from our overweight to the sector. The leading contributor in our portfolio was the outpatient services company *Encompass Health* (EHC, +24.0%). The company reported stronger than expected volumes and moderating wage pressure, driving margin expansion. Health care distributor *Cencora* (COR, +18.5%) raised their 2024 outlook, driven by better volumes and lower operating expenses. *Laboratory Corp* (LAB, -3.6%) was a detractor to performance as testing volumes for respiratory illness fell below expectations.

A trio of insurance stocks boosted relative returns in financials. *Progressive Corp* (PGR, +30.3%) was the portfolio's strongest contributor and outperformed on price increases, moderating loss costs, and weather benefits. *Allstate Corp* (ALL, +24.2%) traded higher on rate increases in several large states. *Reinsurance Group of America* (RGA, +19.4%) benefited as their new CEO raised return targets for the business by 100bps from prior management's expectations.

*Akamai Technologies* (AKAM, -8.2%) was the largest detractor in the information technology sector. Management at the software company guided the new year conservatively, as they typically do, but numbers were below investor expectations. *Keysight Technologies* (KEYS, -1.8%) also lagged due to soft guidance for the new fiscal year. The company is beginning to see bookings stabilize, but the turn higher remains elusive for now.

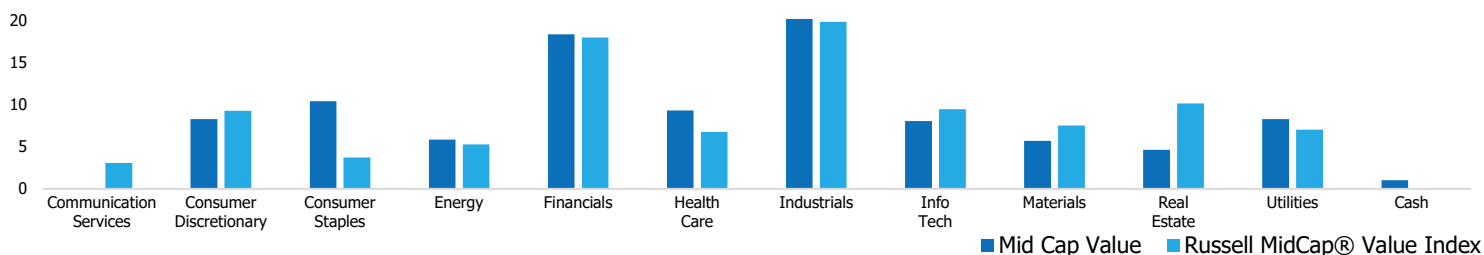
The industrials sector underperformed during the quarter. Business process outsourcing company, *Genpact* (G, -4.7%), lagged as a new management team issued conservative guidance amid weaker discretionary IT spending. On the positive side, defense services company *Leidos Holdings* (LDOS, +21.4%) outperformed on better-than-expected margins and cash flow performance. *Regal Rexnord* (RRX, +21.7%) was another positive in the sector. The motion control company reported stronger than expected results and offered guidance better than sell side assumptions.

Underperformance in consumer staples was concentrated mainly in two holdings, *Darling Ingredients* (DAR, -6.7%) and *Treehouse Foods* (THS, -6.0%). Darling, a global rendering company, declined to provide guidance on their earnings report as recent volatility in fat prices has clouded the near-term outlook. Private label foods company Treehouse, has experienced earnings headwinds from production issues at one of their large broth facilities, resulting in significant extra costs to serve customers as they upgrade the plant.

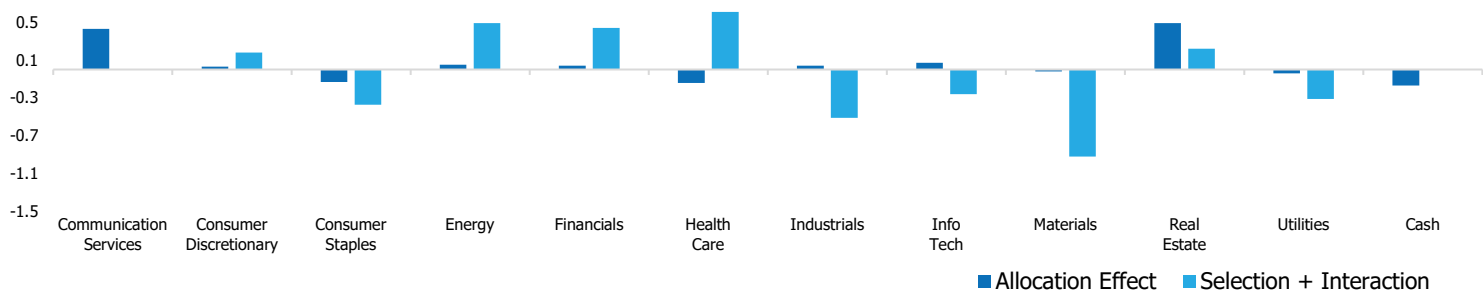
The materials sector was the largest detractor to performance during the quarter. The recent merger of Livent and Allkem resulted in a new company, *Arcadium* (ALTM, -39.4%). The stock underperformed as the shareholder base consolidated and lithium prices experienced an accelerated decline before stabilizing late in the quarter. *Berry Global* (BERY, -9.9%) disappointed investors with the decision to merge and spin off their healthcare and hygiene business with Glatfelter (GLT) rather than sell the segment outright.

# Mid Cap Value

## Average Weight



## Performance Attribution



Past performance is not indicative of future results. Shown as supplemental information only and complements the gross and net performance show on page 1 and 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 3/31/2024. 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

The market continues to be opaque with abundant cross currents. Expectations for lower interest rates have stalled as inflation continues to persist in certain areas of the economy. The health of the consumer continues to be variable with shifts in purchasing behavior across the income spectrum and for many an increasing reliance on credit. Past election cycles have resulted in tentative consumer spending patterns and given the current political situation, expecting something similar to occur is practical. The coming wave of debt refinancing in the office real estate market has some investors worried about tangential effects through the financial system. Elevated debt levels are proving to be an outsized burden for many companies given higher interest rates, but it's also reasonable to assume the market has seen peak rates this cycle. Labor availability appears to be improving but there are signs capital spending and commercial construction are coming headwinds. The Federal Reserve continues to play a critical role, balancing between stemming inflation and stopping the economy.

Amid 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.

As we enter the second quarter, our largest relative overweight's are in the consumer staples and health care sectors. We are notably underweight in real estate. These exposures are driven by the opportunity set we see in each sector.

# Mid Cap Value

Contributors	Average Weight	Contribution to Portfolio Return	Detractors	Average Weight	Contribution to Portfolio Return
Progressive Corporation	1.3	0.3	Arcadium Lithium Plc	0.6	-0.5
Regal Rexnord Corporation	2.5	0.3	Akamai Technologies, Inc.	1.8	-0.3
Allstate Corporation	2.5	0.3	Darling Ingredients Inc.	1.4	-0.2
Permian Resources Corp. Class A	1.3	0.3	Berry Global Group Inc.	1.1	-0.2
Encompass Health Corporation	1.8	0.3	TreeHouse Foods, Inc.	1.2	-0.2
Leidos Holdings, Inc.	2.1	0.2	Laboratory Corp. of America Holdings	1.8	-0.2
Cencora, Inc.	2.3	0.2	Keysight Technologies Inc.	1.6	-0.1
Reinsurance Group of America, Inc.	1.9	0.2	Genpact Limited	1.1	-0.1
ChampionX Corporation	1.3	0.2	Envista Holdings Corp.	0.7	-0.1
Clean Harbors, Inc.	2.4	0.2	Axalta Coating Systems Ltd.	1.7	-0.1

Source: FactSet. The holdings above represent the 10 best and 10 worst performing stocks for a representative account in the Mid Cap Value strategy as of 3/31/2024. 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 3/31/2024	Securities Discussed	% of Portfolio as of 3/31/2024
Permian Resources Corp. Class A	1.4	Laboratory Corp. of America Holdings	1.6
ChampionX Corporation	1.5	Akamai Technologies, Inc.	1.6
Encompass Health Corporation	2.0	Keysight Technologies Inc.	1.5
Cencora, Inc.	2.3	Genpact Limited	1.0
Progressive Corporation	1.1	Darling Ingredients Inc.	1.4
Allstate Corporation	2.6	TreeHouse Foods, Inc.	1.2
Reinsurance Group of America, Inc.	1.7	Arcadium Lithium Plc	0.6
Leidos Holdings, Inc.	2.1	Berry Global Inc.	1.0
Regal Rexnord Corporation	2.7		

Source: FactSet. 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.

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## 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, 2014 through December 31, 2023

	GROSS RETURNS (%)	NET RETURNS (%)	BENCHMARK RETURNS <sup>1</sup> (%)	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 <sup>2</sup> (\$ millions)
2023	8.2	7.4	12.7	16	17.5	19.3	7	890.5	2,172.7
2022	-7.6	-8.3	-12.0	7	22.6	24.4	9	934.3	2,290.9
2021	28.2	27.3	28.3	7	20.7	22.0	10	1,115.5	-
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	-

<sup>1</sup> Benchmark returns have been obtained from an independent source and have not been examined by independent accountants.

<sup>2</sup> 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 LMCV Investments, LLC ("LMCV"). 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 highest tier (0.75%) from the investment management fee schedule below to the monthly composite gross returns. Prior to March 2022, net returns were calculated by applying the investment management fee schedule below to the monthly gross returns of the accounts 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 been independently verified for the period March 1, 2022 through December 31, 2023. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Mid Cap Value Composite has been examined for the period October 1, 2005 through December 31, 2023. 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.

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