



Mid Cap Value Equity

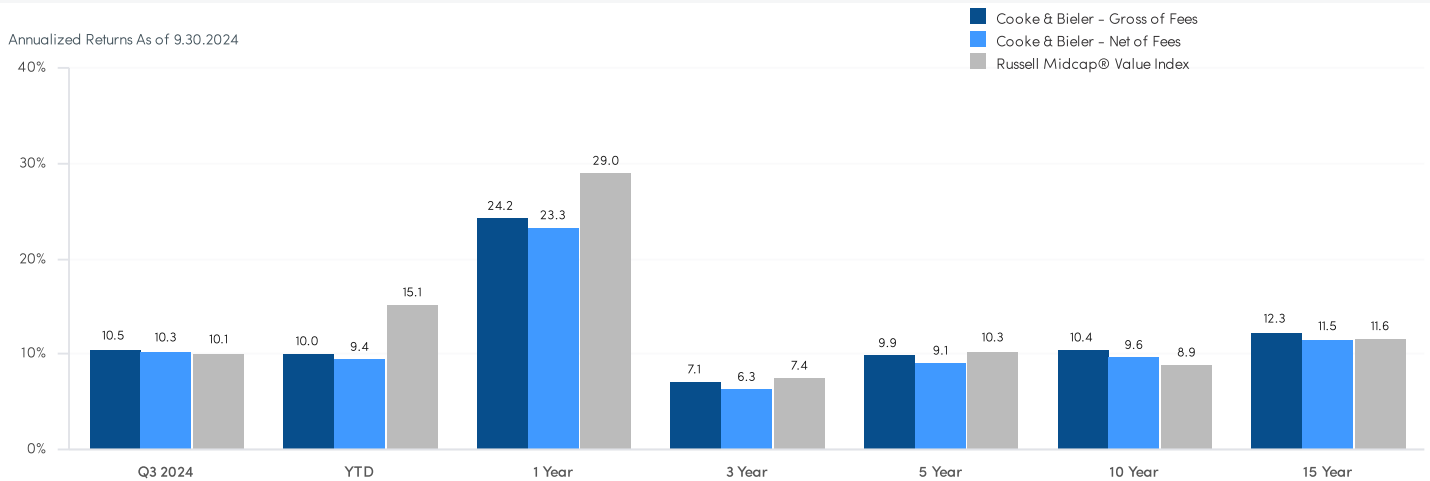
Overview

Equity markets advanced sharply in the third quarter as continuing economic momentum and solid corporate earnings growth dispelled fears of an imminent recession. At the same time, diminishing inflationary pressures stoked optimism for a more supportive monetary policy. The Federal Reserve's decision in September to start the easing cycle with a bold 50 basis point rate cut confirmed as much, pushing major market indices to near record highs by the end of the quarter. The rally included all economic sectors except Energy, where lower oil and gas prices dampened sentiment. Unlike the first half of the year when a handful of mega cap stocks drove the market, underlying market dynamics and leadership changed significantly in Q3. The rally became broad-based, with the S&P 500® Equal Weight Index up 9.59% versus 5.89% for the capitalization-weighted S&P 500® Index. The market also reversed course from a style standpoint as value indices outperformed growth indices meaningfully, in large part due to growth's concentration in tech stocks which were among the biggest laggards for the quarter. Conversely, value indices benefited from greater exposure to Financials, Industrials, Utilities, and Real Estate, all of which surged on improving prospects for a soft landing and declining interest rates.

Portfolio Performance & Developments

Cooke & Bieler's Mid Cap Value Strategy posted strong absolute performance and slightly outperformed on a relative basis during the quarter, returning 10.47% gross of fees (10.27% net of fees) against a 10.08% return for the Russell Midcap® Value Index. Sector allocation effect and stock selection effect both contributed to relative results. Stock selection among the portfolio's Financials holdings, especially Fidelity National Financial and Glacier Bancorp, was the most significant driver of outperformance. Real Estate, Consumer Staples, and Communication Services holdings also outperformed the benchmark. Conversely, Consumer Discretionary holdings such as Helen of Troy and Gentex detracted from relative results, as did Industrials and Health Care holdings.

Mid Cap Value Equity Composite Performance



Source: FactSet and Russell®

Returns greater than one year are annualized. Past performance is not indicative of future results. All investing involves risk, including loss of principal. Click for additional C&B Mid Cap Value Performance Disclosures



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Five Largest Contributors/Detractors

	Avg Weight (%)	Net Total Return (%)	Net Contrib. to Return (bps)		Avg Weight (%)	Net Total Return (%)	Net Contrib. to Return (bps)
CBRE Group	2.3	39.5	83	Helen of Troy	0.8	-41.9	-109
Fidelity Nat'l. Financial	3.0	26.4	72	Integra LifeSciences	0.6	-29.8	-30
Gildan Activewear	3.1	24.6	71	APi Group	1.7	-12.5	-23
Glacier Bancorp	2.8	23.4	60	Gentex	1.8	-11.8	-23
Stanley Black & Decker	1.7	38.8	58	MKS Instruments	1.2	-16.8	-14

Source: FactSet

Past performance is not indicative of future results. All investing involves risk, including loss of principal. The performance attribution is an analysis of a representative Mid Cap Value institutional portfolio's net of fees return relative to the Russell Midcap® Value Index. Security net total returns equal the security's gross return less the portfolio-level fee effect. Security net contributions to return are equal to the security's gross contribution to return less the security's average weight times the portfolio-level fee effect. The portfolio-level fee effect is the difference between the portfolio's gross and net of fee returns calculated using the highest published fee. The representative Mid Cap Value institutional portfolio returned 10.00% net of fees and 10.20% gross of fees during the quarter. The holdings identified do not represent all of the securities purchased, sold, or recommended for Cooke & Bieler's Mid Cap Value clients. To obtain the calculation's methodology and a list showing every holding's contribution to the overall account's performance during the quarter, contact your client service representative or email your request to contact@cooke-bieler.com.

Largest Contributors

CBRE Group (CBRE), the world's largest commercial real estate services provider, was the largest contributor. CBRE increased guidance during the quarter, and management expressed increased confidence that transaction activity – aided by stable/falling interest rates – is on the cusp of an inflection point. This increased investor conviction that CBRE's transaction related businesses, with their higher margin sales brokerage and real estate development, will see improvement off current depressed levels.

Fidelity National Financial (FNF), the country's largest title insurer, was the second-largest contributor. FNF benefited from growing optimism about an upturn in the housing market fueled by lower interest rates.

Gildan Activewear (GIL), the largest basic apparel manufacturer, was the third-largest contributor. The quarter marked the return of GIL's founder to the CEO role, removing a key overhang that had burdened sentiment since the end of 2023. Fundamentals remain strong as well, as GIL continues to win meaningful market share in its various end markets – benefiting from the demise of one competitor and the weakening financial position of another – while also posting notable margin progress. Management continues to repurchase shares aggressively, deploying the company's ample free cash flow and balance sheet flexibility.

Largest Detractors

Helen of Troy (HELE), a diversified consumer and household products company, was the largest detractor. HELE issued disappointing guidance that pointed to heightened competition and weakening brand momentum in certain product categories. Temporary operational setbacks at its new distribution facility compounded these issues and disrupted the early signs of recovery HELE had displayed in recent quarters. Increased brand investment, while likely the correct long-term action, also pressured margins in the quarter.

Integra LifeSciences (IART), an acquisitive global medical technology company, was the second-largest detractor. In the quarter, IART announced a new compliance master plan to address issues beyond its past problems at its Boston facility, causing investor concern.

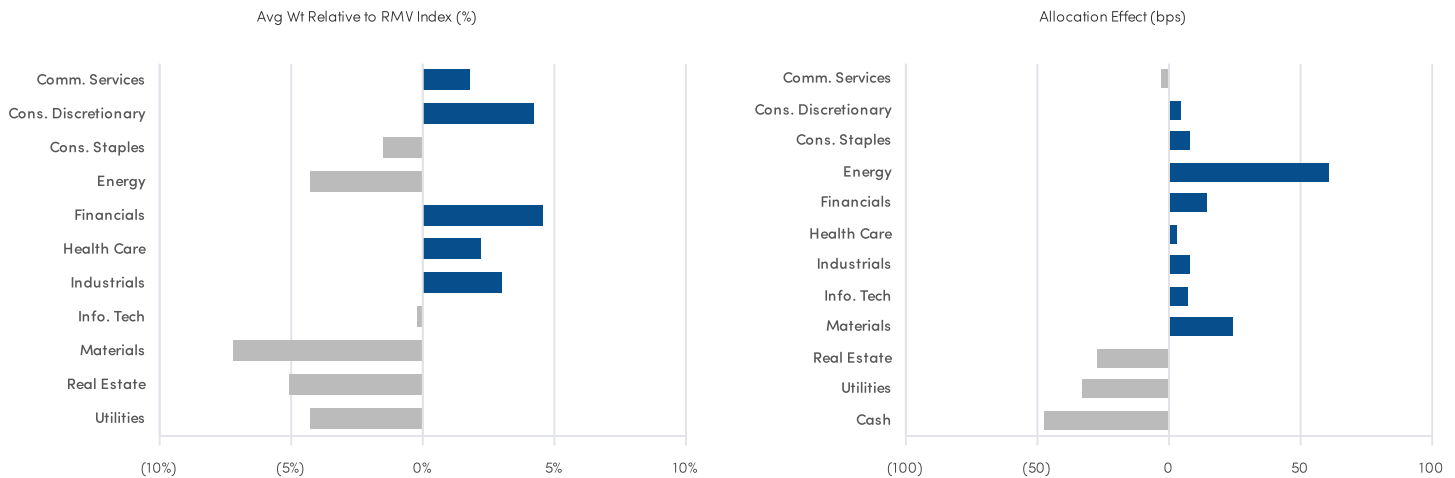
APi Group (APG), a business services provider with expertise in fire safety, security, elevator maintenance, and a smaller special contracting unit, was the third-largest detractor. APG's valuation contracted in response to weaker than expected sales results related to three project delays. APG continues to execute its inspection first strategy leading to an increased percentage of recurring, higher margin service, inspection, and monitoring sales.



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Sector Positioning

Sector allocation effect was positive during the quarter. The most notable bright spot was an underweight to Energy, the only benchmark sector to post a negative absolute return as sentiment within the oil and gas space weakened. The portfolio's underweight to Materials and overweight to Financials also aided relative performance. Partially offsetting these favorable results, underweights to Utilities and Real Estate were the biggest headwinds as both sectors outperformed the broader benchmark in reaction to easing monetary policy.



Source: FactSet

Past performance is not indicative of future results. All investing involves risk, including loss of principal. The performance attribution is an analysis of a representative Mid Cap Value institutional portfolio's gross of fees sector return relative to the Russell Midcap® Value Index. The representative Mid Cap Value institutional portfolio returned 10.00% net of fees and 10.20% gross of fees during the quarter. Please see additional performance disclosures at the end of this document.

Initiations

Charles River Laboratories International (CRL) is the world's largest provider of outsourced nonclinical services, spanning drug discovery, safety assessment, and manufacturing. CRL's comprehensive, integrated portfolio and global scale give it important competitive advantages, making it the scientific partner of choice for emerging biotech and global biopharma companies. Increasing biopharma R&D spending, greater use of outsourcing, market share gains, and commercialization of cell and gene therapies create a strong long-term demand backdrop for CRL, which should allow it to sustain its enviable record of above average organic growth. Demand weakness coming out of the pandemic created earnings headwinds, which pressured the stock considerably. We believe the current challenges are temporary and see the stock's reduced valuation as a reasonable entry point.

Live Nation (LYV) produces and promotes concerts worldwide including at the more than 350 venues it owns or operates. Through its Ticketmaster subsidiary, LYV also sells tickets to shows it promotes and provides ticketing solutions to venues around the world. Unmatched global scale and premier venues make it a preferred partner for artists seeking to offer the best experience for their fans. At the same time, the experiential nature of concerts and LYV's ability to promote all artists and genres limit the company's exposure to changes in technology or short lived trends that may plague other media companies. The company has periodically been subject to regulatory scrutiny, including a recent anti-trust complaint by the Department of Justice, but we believe the company's returns are justified by the services it provides and that it is well positioned to create value regardless of the legal outcome.

Occidental Petroleum (OXY) is a leading E&P company with a unique blend of short-cycle, high return shale assets in the Permian and the Rockies, along with lower decline, solid return conventional reservoirs in the Permian, Gulf, and Middle East. OXY has ample inventory in its core business and with the current level of capital expenditure, the company should be able to drive mid-single digit operating income growth and better EPS growth through debt paydowns and retiring of preferred stock. Normalized earnings for the chemical business, where OXY is a top-tier producer in every product produced, should expand in 2026 as the company finishes a major capital expenditure phase. The mid-stream business should also benefit from the expiration of previous high priced minimum volume commitment contracts in 2025 and 2028.





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Eliminations

Helen of Troy (HELE) was eliminated due to a broken thesis, caused by heightened competition in several of its product categories. While the company is investing heavily in both brand support and new product development, we lost confidence that those investments would prove as effective as they have been in past periods and that HELE could return to sustainable growth.

Integra LifeSciences (IART) was eliminated due to a broken thesis, caused by recent execution missteps and spreading product quality and compliance issues.

PNC Financial Services Group (PNC) and **Williams Companies (WMB)** reached their price targets and were eliminated.

Outlook

With inflation seemingly tamed, the economy still growing, and the Federal Reserve demonstrating its willingness to aggressively combat any signs of weakness, the stars appear aligned for equity investors. However, optimism should not give way to complacency – valuations, particularly in technology, remain high, and not all risks can be managed by the Federal Reserve. In our experience, it generally pays to be cautious when others are exuberant. Recent evidence that investors have broadened their horizons beyond a handful of perceived AI winners is encouraging, but we believe this is only the beginning of what may be a long process. The extended period of dominance by the Magnificent Seven has created significant opportunity in the vast areas of the market not involved in training large language models or selling chips to those that do. We believe this creates tremendous opportunities for diligent stock selection underpinned by thorough, disciplined research. We continue to actively seek out quality companies overlooked by other investors that can create long-term value for shareholders. Meanwhile, we meticulously monitor existing holdings to ensure they are tracking with our expectations, eliminating those whose prospects have dimmed or were improperly assessed, in favor of better opportunities. This process is not always as glamorous as more thematic approaches, but we believe it is key to adding value over time.

Sources: Bloomberg, FactSet

Past performance is not indicative of future results. All investing involves risk, including loss of principal. The material presented represents the manager's assessment of the Mid Cap Value institutional portfolio and market environment at a specific point in time and should not be relied upon by the reader as research or investment advice regarding any particular security or sector. The above commentary and portfolio attribution are based on a representative Mid Cap Value institutional portfolio for the quarter ending 9/30/24. Certain client portfolios may or may not hold the securities identified above due to the respective account's guidelines, restrictions, required cash flows, or other relevant considerations. The performance attribution is an analysis of the portfolio's return relative to the Russell Midcap® Value Index. The holdings identified do not represent all of the securities purchased, sold, or recommended for Cooke & Bieler's Mid Cap Value clients. To obtain the calculation's methodology and a list showing every holding's contribution to the overall account's performance during the quarter, contact your client service representative or email your request to contact@cooke-bieler.com.

[Additional Cooke & Bieler Mid Cap Value Performance Disclosures](#)