Q4 2025

Concentrated Value Equity

Overview

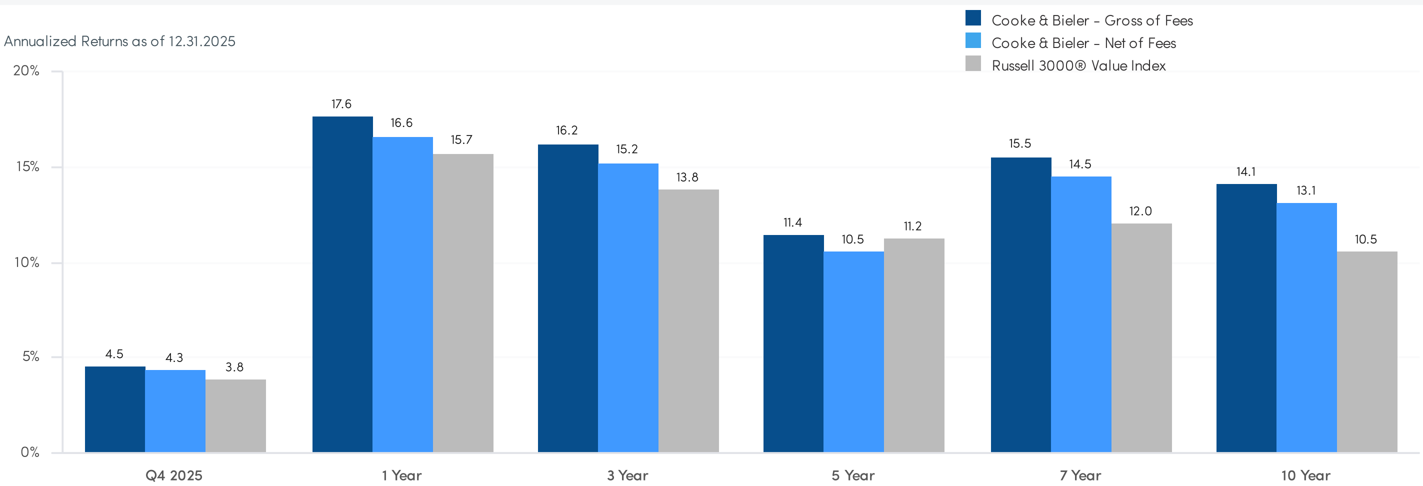
Equities shrugged off a retreat in early October and a poor start to November, closing higher for the quarter and posting the third straight year of double-digit gains for the major indices. A combination of interest rate cuts by the Federal Reserve and strong corporate profitability fueled investor eagerness to buy the dips. Among larger cap stocks, value outperformed growth. Larger stocks also generally outperformed smaller ones, though returns among the AI-fueled mega caps were mixed. Indeed, the headline numbers disguised substantial variance across sectors and a pronounced low-quality bias that persisted for much of the quarter, particularly among smaller cap names, where many non-earning and pre-revenue companies posted remarkable gains. Traditionally defensive areas generally lagged, including diversified telecommunications and cable companies along with Consumer Staples. Long-suffering Health Care investors saw some relief, though down the cap spectrum this strength was driven more by speculation in biotechnology than bargain hunting among proven businesses. A fourth straight quarterly decline in oil prices pressured Energy producers, while the failure of long-term yields to fall in response to the most recent Fed rate cut hurt stocks of homebuilders and building products companies.

Portfolio Performance & Developments

Cooke & Bieler's Concentrated Value Strategy outperformed the Index during the fourth quarter, posting a 4.52% return gross of fees (4.30% net of fees) against a 3.78% return for the Russell 3000® Value Index. Positive stock selection effect was partially offset by negative sector allocation effect. Selection was strongest within Financials, with holdings like Chubb, RenaissanceRe, and White Mountains Insurance outperforming the benchmark. Consumer Discretionary and Industrials holdings were also additive. Conversely, Health Care and Real Estate holdings such as UnitedHealth Group and Crown Castle posed headwinds.

For the full year, both absolute and relative performance were strong. Stock selection effect was a meaningful tailwind, while sector allocation effect detracted from results. Stock selection within Financials and Consumer Staples were the largest contributors, with Information Technology and Consumer Discretionary holdings also performing well. The portfolio's Health Care holdings lagged significantly in 2025, with Energy holdings also hurting results.

Concentrated 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. Effective at the market opening on March 24, 2025, Russell US Style Indexes have applied the RIC 22.5/45 capping methodology if index weights breached the thresholds as of the quarterly review pricing dates.

Click for additional C&B Concentrated Value Performance Disclosures

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Five Largest Contributors/Detractors

	Avg Weight (%)	Gross Total Return (%)	Gross Contrib. to Return (bps)
Chubb	6.5	10.9	75
RenaissanceRe	6.5	10.9	71
White Mountains Insurance	3.2	24.3	70
Johnson & Johnson	4.4	12.3	56
Gildan Activewear	5.8	8.5	48

	Avg Weight (%)	Gross Total Return (%)	Gross Contrib. to Return (bps)
Crown Castle	4.8	-6.8	-36
RB Global	5.7	-4.8	-32
Fidelity National Financial	5.9	-5.7	-31
UnitedHealth Group	3.9	-3.7	-17
Charles Schwab	1.4	-0.9	-5

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 Concentrated Value portfolio's gross of fees return relative to the Russell 3000® Value Index. The Concentrated Value composite returned 4.30% net of fees and 4.52% gross of fees during the quarter. The holdings identified do not represent all of the securities purchased, sold, or recommended for Cooke & Bieler's Concentrated 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

Chubb (CB), a large global property & casualty (P&C) insurer, was the largest contributor. Continued strong operating results, led by record underwriting profitability and operating ROEs of 16%, drove strong book value per share growth in the quarter. Management increased their intermediate-term targeted operating ROEs to 14%+ and emphasized the upside potential during their quarterly call with investors. With the stock trading at under 1.5x P/B, we believe CB boasts a very attractive risk/reward profile.

RenaissanceRe (RNR), a Bermuda-based catastrophe and specialty reinsurer, was the second-largest contributor. Strong operating results, aided by a benign hurricane season, led to operating ROEs north of 25%. RNR is aggressively repurchasing shares at very attractive valuations, with shares outstanding declining 10% year-over-year. We expect this share repurchase activity to continue, perhaps accelerating as rates continue to soften from very high levels.

White Mountains Insurance (WTM), a diversified insurance and related financial services holding company, was the third-largest contributor. WTM closed on the sale of a controlling stake in their California-based managing general agent, Bamboo, during the quarter, adding an estimated $325/share to year-end book value. WTM will receive $840 million in proceeds and retain a 15% stake, valued at approximately $250 million for an asset they acquired just six quarters ago for under $300 million. With undeployed capital now in excess of $1 billion, management launched a Dutch auction tender offer, repurchasing 2.5% of shares at prices below book value. Other operating businesses continue to perform well and we expect continued, but lumpy, gains on sale over the next several years.

Largest Detractors

Crown Castle (CCI), a leading lessor of cell towers and small cells to wireless network operators, was the largest detractor. EchoStar, a customer of CCI and other tower operators, sold its spectrum rights to various parties and is disputing the validity of its remaining lease agreements. CCI underperformed on fears that it will only be able to realize a small fraction of the value of its remaining EchoStar leases.

RB Global (RBA), a leading auction marketplace for salvaged vehicles and used construction, agricultural, mining, and transportation equipment, was the second-largest detractor. Despite a solid earnings report, RBA underperformed in the quarter, giving back some outperformance from earlier in the year as the market may be anticipating lower auto salvage volumes related to a quiet hurricane season in 2025.

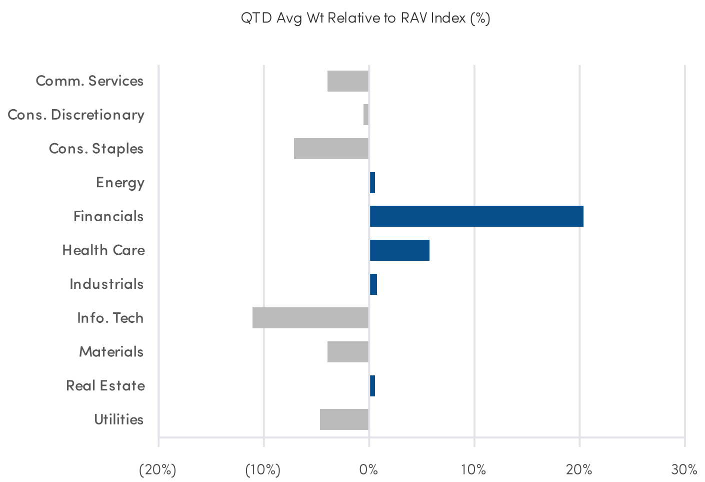
Fidelity National Financial (FNF), the largest provider of title insurance and settlement services in the U.S., with additional operations in annuities, was the third-largest detractor. FNF remains out of favor with investors due to the moribund housing market. Management also disappointed investors hoping for a tax-free separation of their F&G Annuities and Life (FG) subsidiary by instead announcing a taxable dividend of 12% of FG's shares. The distribution will lower FNF's ownership below 80%, and as a result, eliminates the possibility of a tax-free spin-off of FNF's remaining ownership. Most of FNF's earnings power comes from their title insurance business, and management has a long history of value-creating acquisitions and divestitures, so we believe concerns over their FG ownership are misplaced.

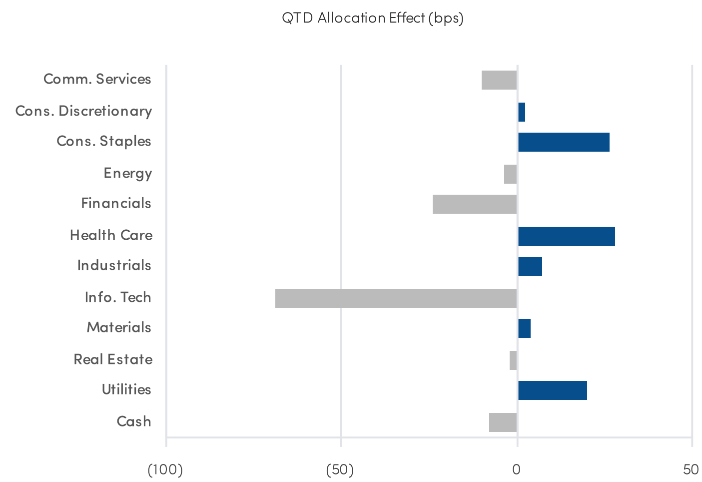
Concentrated Value Equity

Sector Positioning

Sector allocation effect was negative in the fourth quarter. An underweight to the best performing benchmark sector, Information Technology, posed the largest headwind. The portfolio's overweight to Financials and underweight to Communication Services also weighed on relative results. Conversely, the strategy's overweight to Health Care and underweight to Consumer Staples benefited relative performance.

For the full year, sector allocation effect was negative. The strategy's underweight to Information Technology detracted most from results as the sector continued its impressive run. An underweight to Communication Services, the top performing benchmark sector, also posed a headwind. However, the portfolio's underweight to Consumer Staples was additive.





Source: FactSet

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Initiations

The Walt Disney Company (DIS) is a leading provider of filmed entertainment, sports, and entertainment experiences. The company's unmatched portfolio of brands, including Pixar, Marvel, Star Wars, ESPN, and Disney itself, position it well for the increasingly fragmented entertainment landscape. Shares had been weighed down by the significant operating losses incurred in their Disney+ streaming business over the past several years, as well as concerns that their move to launch ESPN as a streaming service might prove equally expensive. In addition, investors were concerned their parks might suffer from increased competition and consumer budget pressures. We believe DIS's long term prospects in streaming are extremely attractive. Revenue for their streaming service already exceeds that of their entertainment cable networks, and profitability is rapidly improving. While the market remains dynamic, Disney+ has already emerged as one of a few streaming services to reach the necessary scale. We believe ESPN is similarly positioned to successfully transition to a streaming platform. Additionally, though some near term weakness in their parks segment is possible, attendance and spending at Disney attractions have proven extremely resilient over time. Taken together, we believe we were able to acquire a premier global entertainment franchise at a very attractive price.

Eliminations

AerCap (AER) and **Charles Schwab (SCHW)** were eliminated to make room for higher conviction opportunities.

Notable Stock Updates

F&G Annuities & Life (FG) was partially spun out of its parent, Fidelity National Financial (FNF). FG primarily offers indexed annuities. We began eliminating the small position shortly after the spin-off.

Concentrated Value Equity

Outlook

It was a challenging year for the firm's style in many ways, with a strong disconnect between the fundamental progression and share price performance of a number of portfolio holdings emerging forcefully late in the third quarter, extending through most of the fourth quarter. Market behavior became more momentum and sentiment driven as the year progressed, though encouragingly, markets seemed to display greater appreciation for underlying fundamentals during the final weeks of December. Valuations also seemed to be a bigger consideration for investors at the end of the year, as some downtrodden areas of the market showed signs of life. We believe that both of these trends – heightened focus on fundamentals as well as valuation – bode well for the portfolio's holdings going forward. We have already seen some benefit in the non-biotech Health Care space, as activist involvement and asset sales highlighted the compelling value embedded in a number of firm holdings. More broadly, our analysis suggests that the EPS growth in 2025 for the portfolio's underlying holdings was higher than that of the Index in many cases. Said another way, the portfolio exits the year even less expensive than it entered, while still having demonstrated solid underlying business performance. Some holdings fell so far out of favor that their absolute valuations shrank to near historic lows, despite making fundamental progress during the year. Therefore, we believe the current environment combined with the makeup of the portfolio sets us up well in 2026, and we enter the new year with continued optimism about the portfolio's prospects.

Sources: Bloomberg, FactSet, Reuters

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 Concentrated Value 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 Concentrated Value portfolio for the quarter ending 12/31/25. 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 3000® Value Index. The holdings identified do not represent all of the securities purchased, sold, or recommended for Cooke & Bieler's Concentrated 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 Concentrated Value Performance Disclosures