

June Commentary:

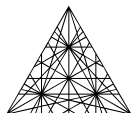
U.S. stocks moved higher in June, with big tech continuing to drive the performance during the month for both the S&P 500 (+4%) and the Nasdaq (+6%). The ongoing AI spending boom has significantly boosted major indices, spearheaded by one of the top holdings Nvidia, which has soared ~150% this year.

The "Magnificent Seven" stocks now represent nearly one-third of the S&P 500's weighting and have driven approximately 60% of this year's gains. In the first half of 2024, the S&P 500 has achieved 31 record highs – the most for any first half since 2021. These dynamics heighten the risk of market concentration for investors. Combined with concerns over slower economic growth, a cooling labor market, and reduced consumer spending, the current bull market rally may face pressure to the upside in the latter half of 2024.

On June 12, the Federal Reserve kept interest rates unchanged for the seventh consecutive meeting and signaled that just one rate cut is expected before the end of the year. The Fed noted that there has been modest further progress toward its 2% inflation target. The next FOMC meeting is July 30-31.

In June, the Russell 2000 Value significantly underperformed the S&P 500, and now lags in year-to-date performance by over 1,700 bps. We anticipate a favorable environment for smaller companies as post-peak rates and necessary consolidation in certain industries such as media, energy and banking should lead to a more robust year. M&A activity began the year strong, setting the stage for catalysts to emerge within our portfolio of companies.

We remain optimistic in our outlook for small to mid-cap stocks, as valuations have proven to be a good indicator of the potential for long-term outperformance. The valuation of the Russell 2000 Value remains compelling, which currently trades at ~13x estimated earnings for the next twelve months versus ~23x for the S&P 500.



June 2024 Performance

<i>(June 28, 2024)</i>	<u>Growth</u>	<u>Core</u>	<u>Value</u>
Russell 1000 (Large Cap)	6.7%	3.3%	-0.9%
" 3000 (All Cap)	6.4	3.1	-1.0
" 2000 (Small Cap)	-0.2	-0.9	-1.7

As value oriented stock pickers, we find the current market conditions exceptionally favorable for our methodology. Our focus remains steadfast on identifying exceptional businesses trading at a discount to Private Market Value, with catalysts to surface value. We will continue to use the volatility provided by Mr. Market to increase our stakes in great companies at attractive prices.

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