

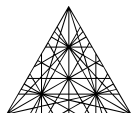
October Commentary:

U.S. stocks encountered some turbulence in October, with the S&P 500 registering its first monthly decline since April. Market sentiment was impacted by mixed economic data and rising uncertainty surrounding the upcoming U.S. presidential election. Early in the month, encouraging inflation data showed further progress toward the Federal Reserve's 2% target, but this optimism was tempered by disappointing retail sales figures and a modest uptick in unemployment released towards the end of the month. Meanwhile, geopolitical tensions, particularly in the Middle East, contributed to investors' cautious stance as global energy prices remain elevated.

The Fed's next policy meeting is scheduled for November 6-7, with economists expecting a 25-basis-point rate cut. Since the Fed began its long-anticipated easing cycle last month, the U.S. economy has shown resilience. If current trends hold, Fed Chair Jerome Powell has indicated the possibility of two more rate cuts this year, with another 25-basis-point reduction likely at the December meeting.

As Election Day approaches, the closely contested race between Vice President Kamala Harris and former President Donald Trump continues to create uncertainty, fueling ongoing market volatility. Key battleground states remain up for grabs and both candidates have underscored economic recovery as a priority, though their policy approaches diverge significantly. Regardless of the election outcome, we are confident that our investment portfolio is well-positioned to benefit under either administration.

As interest rates continue to decline, we believe small to mid-sized companies are well-positioned to benefit from this trend throughout 2024 and into 2025. Lower interest rates generally act as a positive catalyst for equities by reducing borrowing costs, fostering robust M&A, increasing consumer spending, renewing investor risk appetite and leading to higher valuation multiples.



The valuation of the Russell 2000 Value remains compelling, which currently trades at ~14x estimated earnings for the next twelve months versus ~24x for the S&P 500. This attractive valuation differential underscores the importance of valuations as a strong determinant of long-term performance.

October 2024 Performance

<i>(October 31, 2024)</i>	<u>Growth</u>	<u>Core</u>	<u>Value</u>
Russell 1000 (Large Cap)	-0.3%	-0.7%	-1.1%
" 3000 (All Cap)	-0.4	-0.7	-1.1
" 2000 (Small Cap)	-1.3	-1.4	-1.6

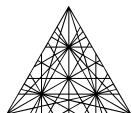
As value oriented stock pickers, we find the current market conditions exceptionally favorable for our methodology. Our focus remains steadfast on identifying exceptional businesses trading at a discount to Private Market Value, with catalysts to surface value. We will continue to use the volatility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

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Important Disclosures

This letter was prepared by Kevin V. Dreyer and Christopher J. Marangi. The examples cited herein are based on public information and we make no representations regarding their accuracy or usefulness as precedent. The views are subject to change at any time based on market and other conditions. The information in this letter represent the opinions of the individuals as of the date hereof and is not intended to be a forecast



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