Title: Global Value Update 2Q2025

Description: Portfolio Manager Ben Silver provides an update on the second quarter for our Global Value strategies.

Transcript:

Hi, my name is Ben Silver and over the next few minutes I'm going to take you through the second quarter of 2025 regarding our global strategies.

Markets were volatile throughout the second quarter of 2025 as Liberation Day tariff announcements created uncertainty around US demand as well as increased recession fears. As the Trump administration gradually moderated its stance over the course of the quarter, equities rebounded to above pre-liberation levels. The US, Europe, Japan, and emerging markets were all up low double digits, and growth vastly outperformed value, reducing its year-to-date performance gap. Our portfolio performed mostly in line with its value benchmark.

On the sector level, financials and consumer staples were the largest contributors, while healthcare and energy were the largest detractors.

Financials' strong performance was supported by a number of factors including benign credit losses, favorable stress test results, a more accommodating regulatory backdrop, robust capital markets, and significant returns on capital.

While in the staples sector, our grocery positions contributed the most. Discount retailer Dollar General also appreciated meaningfully as same store sales growth grew as well as margins improved from increased traffic from consumers trading down to the discount channel. Improved inventory control measures that reduced theft also significantly helped and their announcement that most of their items are not sensitive to tariffs helped as well.

Jay Sainsbury, our UK grosser, recovered from its decline last quarter on good like-for-like sales and reduced fear of a price war. Dameler Truck rounded out the big three contributors on a strong quarter and good cost control and the announcement of work council approving their 1 billion euro savings plan through 2030.

On the detractors, drug drug maker Bristol Meyer Squib was a significant detractor, which along with sectorwide issues including uh issues regarding most favored nation as well as taxes. They reported disappointing results from an antipsychotic drug trial and the acquisition of a Chinese drug compound at a higher than expected price.

The chemical industry remained under pressure as well and Dow continued to struggle as the company further delayed its Alberta capex while announcing increased additional facility closures in Europe.

Also detracting was merchant acquirer Global Payments on the announcement of a transformative acquisition of World Pay during the quarter. The deal surprised investors quite a bit, um, as management's prior emphasis was on returning capital in lieu of M&A. After meeting with the company and conducting extensive due diligence on the transaction, we think the combined entity will have unparalleled scale processing over $4 trillion in transaction payments and volumes and also allow Global Payments the opportunity to expand distribution of its Genius point of sale product to World Pay small and medium business customers.

We initiated a new position in Corbridge Financial, the spinout of AIG's life and retirement business. Corbridge has several leading businesses including retail annuities, group retirement, life insurance, and pension risk transfer. The stock trades at a discount primarily due to the company's retail annuity business, widely viewed as lower quality earnings and perceived investment risk. After extensive diligence and research on this business as well as on their hedging and their guarantees, we got comfortable with the variable annuities business, which was recently confirmed when the company engaged in a reinsurance transaction of that business with Venerable. In addition, we view the investment book as conservatively run.

Corbridge trades at six times normal earnings and a discount to book value, and we think has a credible plan to bring these depressed ROE towards 12% over the coming years.

In addition to Corbridge and Global Payments, we added to Skyworks, a smartphone component supplier, and TDK—batteries and passive components. Uh, we added to these on weakness and funded these buys with trims on Nokia, Enel and Alibaba, all on strength.

Although markets remain quite volatile amid ongoing government actions and macroeconomic uncertainty, we remain constructive on the portfolio where valuations continue to appear attractive across a broad range of sectors.