

## OVERVIEW

The Russell 1000 Value benchmark recorded a total return of approximately +4.4% in the third quarter, while the Value strategy returned approximately +2.4%. Outperformance in the third quarter was concentrated in the Communication Services, Utilities, Energy, and Information Technology sectors, which returned approximately +11.8%, +7.7%, +5.4%, and +5.2%, respectively. This performance was driven by either direct exposure to the AI infrastructure buildout or operational strength in the Energy market. Conversely, traditional defensive sectors such as Health Care and Consumer Staples lagged significantly, returning about -2.8% and +3.5%, respectively, due to the market's enthusiasm for riskier assets. The Materials sector, which underperformed in the third quarter, returned about +3.5% while grappling with a squeeze from rising input costs and soft global demand.

The Russell 1000 Value benchmark's lagging performance relative to the S&P 500 Index and the Russell 1000 Growth Index over the past year highlights the persistent divergence between value and growth investing styles in the current market cycle. This confirms that the majority of market momentum remains concentrated in the largest, fastest-growing technology companies.

The Energy sector's strong performance was partially driven by resilient demand for oil and gas, record US Liquified Natural Gas (LNG) exports, and robust downstream (refining and petrochemical) margins, all of which were identified as leaders in the third quarter. This was true despite softer crude prices. Utilities directly benefited from the Federal Reserve's pivot toward easing, as the sector's high capital expenditures and heavy debt loads benefit from lower interest rates. Also, the increasing demand stemming from the AI boom serves as a significant growth driver. The underlying reason for the Materials sector's underperformance was a margin squeeze, as the sector was constrained by soft global demand and oversupply. This prevents companies from passing through spiking input costs for steel, natural gas, and copper, for example.

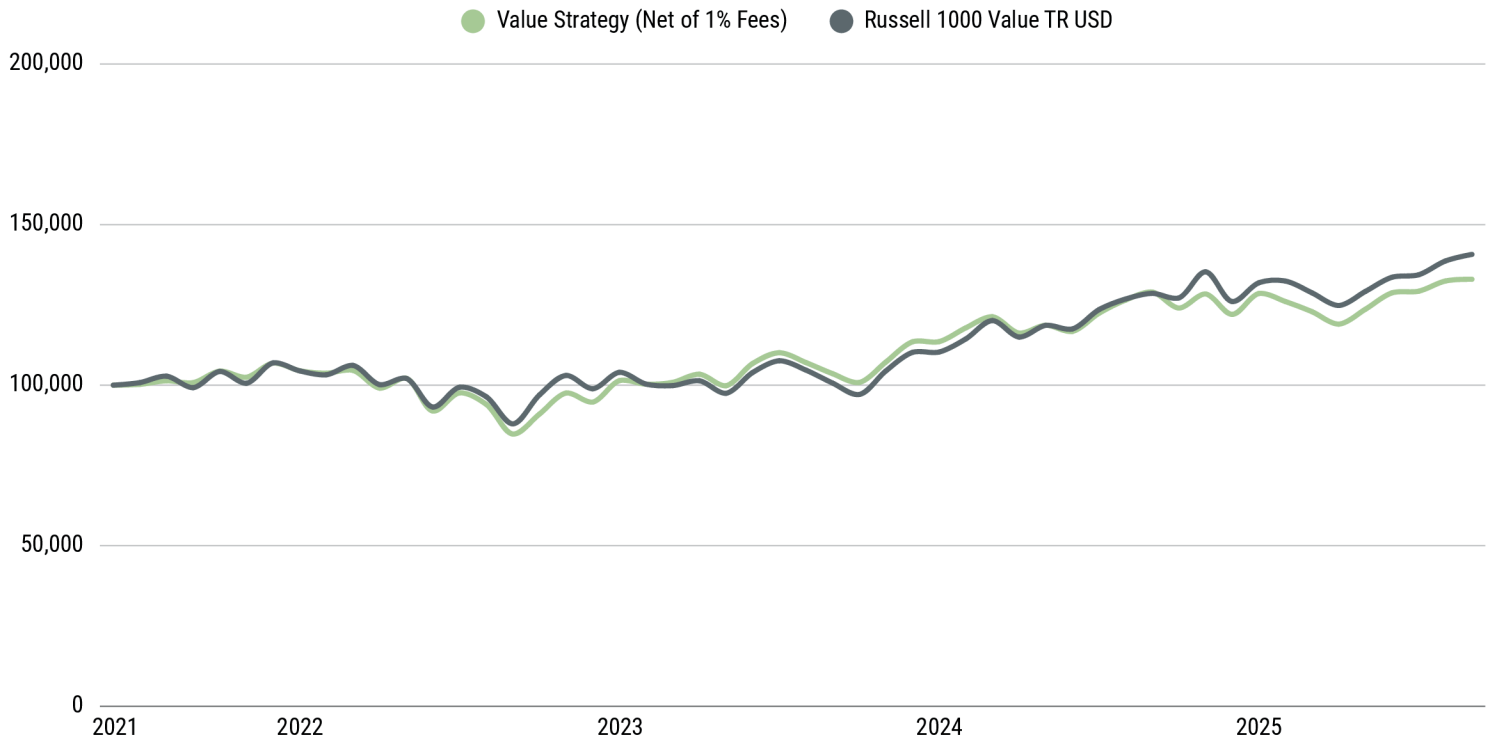
As always, valuation continues to guide sector positioning. At present, we see compelling opportunities in Health Care and Consumer Staples, where relative value remains attractive.

From a portfolio standpoint, we added a few new names: Adobe, Gartner, Restoration Hardware, Constellation Brands, Deckers Outdoor, Accenture, Marvell Technologies, and Waters Corp. We exited positions in Celestica, Micron Technology, Microchip Technology, Estee Lauder, and Baxter in the quarter.

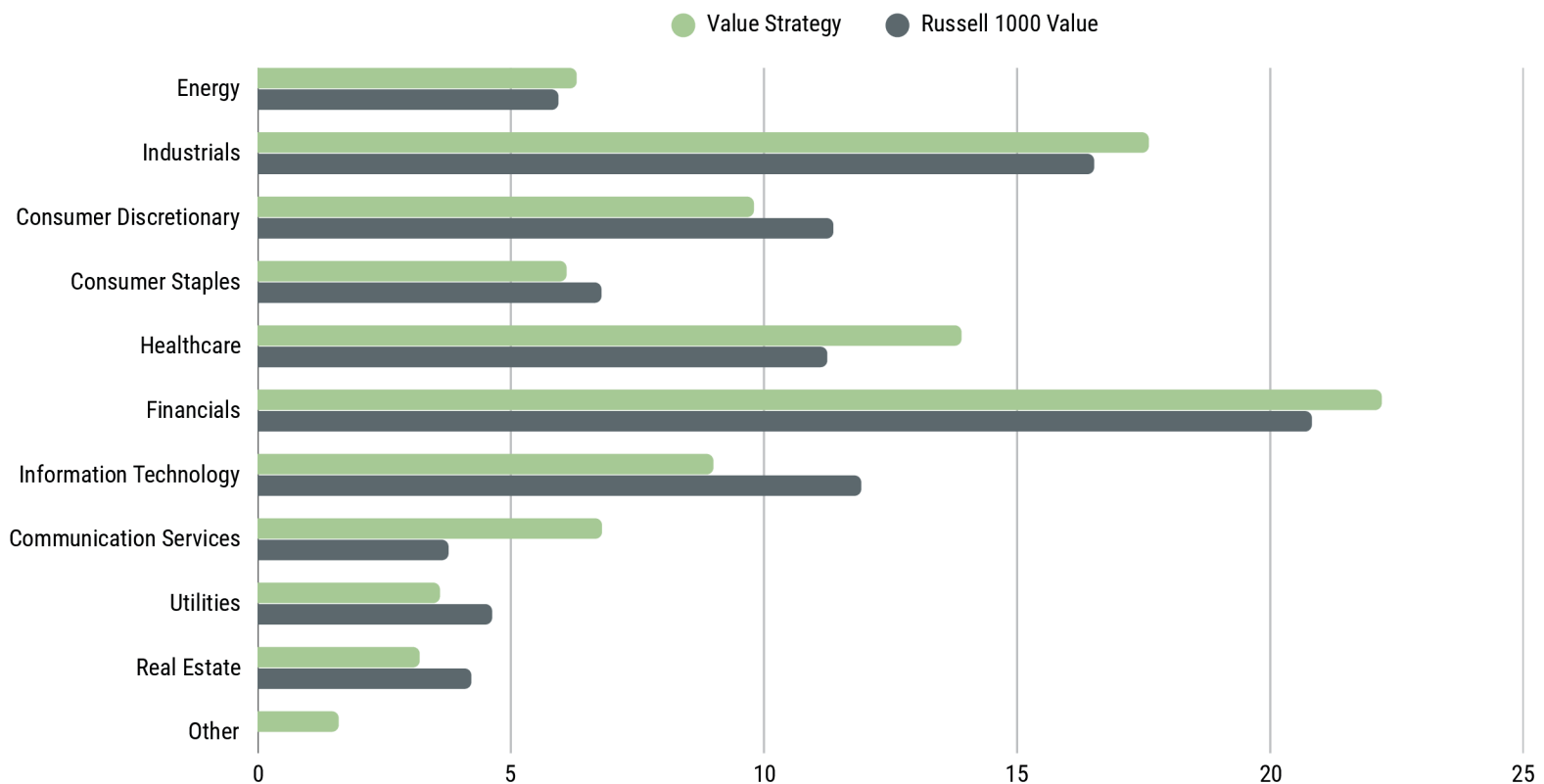


JPMorgan Chase & Co	5.0	Cboe Global Markets Inc	2.4
Berkshire Hathaway Inc Class B	3.8	Thermo Fisher Scientific Inc	2.3
iShares® 0-3 Month Treasury Bond ETF	3.5	GE HealthCare Technologies Inc Common Stock	2.3
Alphabet Inc Class C	2.9	Meta Platforms Inc Class A	2.3
Shell PLC ADR (Representing - Ordinary Shares)	2.9	Other	70.2
Chubb Ltd	2.5		

## GROWTH OF \$100,000



## VALUE STRATEGY GICS SECTOR WEIGHTS



## MEET THE TEAM



### PETE TRONTIS, CFA Sr. Portfolio Manager

Pete joined Exencial Wealth Advisors as a portfolio manager for the Enhanced Yield strategy. Prior to joining Willingdon, he was a research analyst for Horizon Investments where he focused on global equity research and supported the firm's trading and performance reporting operations. Prior to Horizon Investments, Pete was a Market Risk analyst for Wells Fargo Securities. He began his career as an analyst for Liquid Credit Products at Bank of America.

Pete holds a BS in Finance and a BS in Economics from DePaul University where he graduated cum laude. He also holds an MBA from Duke University where he graduated in the top 10 percent of his class and was designated a Fuqua scholar. He is a CFA charterholder and a member of the CFA society of North Carolina.



### RANDY FARINA, CFA Sr. Portfolio Manager

Randy joined Exencial as a Senior Portfolio Manager for the Core and International Strategies. Randy has an extensive background in global equities with over 20 years' experience as an analyst and portfolio manager. Randy also has experience in client service partnering with both institutional and retail relationship managers. Before Exencial, Randy was a Portfolio Manager and Analyst for 16 years on the Global Small Cap Team for Putnam Investments. Randy helped implement a structured investment process focusing on intrinsic value. During his tenure at Putnam Randy also developed and managed an apprentice program to train and develop junior analysts. Randy most recently comes from Westwood Global in Boston where he was a Senior Research Analyst focusing on an International Large Cap Strategy.

Randy has a Master of Science in Finance from Boston College and a Bachelor of Science in Business Administration from the University of Massachusetts at Lowell. Randy is a CFA charterholder.

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The Russell 1000® Value Index measures the performance of the large-cap value segment of the US equity universe. It includes those Russell 1000® companies with relatively lower price-to-book ratios and lower expected growth values. The Russell 1000® Value Index is constructed to provide a comprehensive and unbiased barometer for the large-cap value segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect value characteristics.

Price-to-Book (P/B) Ratio is a company's current stock price per share divided by its book value per share (BVPS). This shows the market valuation of a company compared to its book value. Book value per share calculates the common stock per-share book value of a firm. The book value of a firm is the difference between the firm's total assets and total liabilities, and not its share price in the market.

S&P 500® Index (S&P 500®) is widely regarded as the best single gauge of large-cap U.S. equities. The index includes 500 leading companies and covers approximately 80% of available market capitalization.