

## Mid Cap Value

# Franklin Regional Retirement System

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# Investment Performance - Mid Cap Value

September 2024

## Asset Allocation (USD)

	Market Value	% of Portfolio
Equity	9,609,283	97.2%
Cash & Cash Equivalents	275,071	2.8%
Accrued Income	9,008	
Total	9,893,362	100.0%

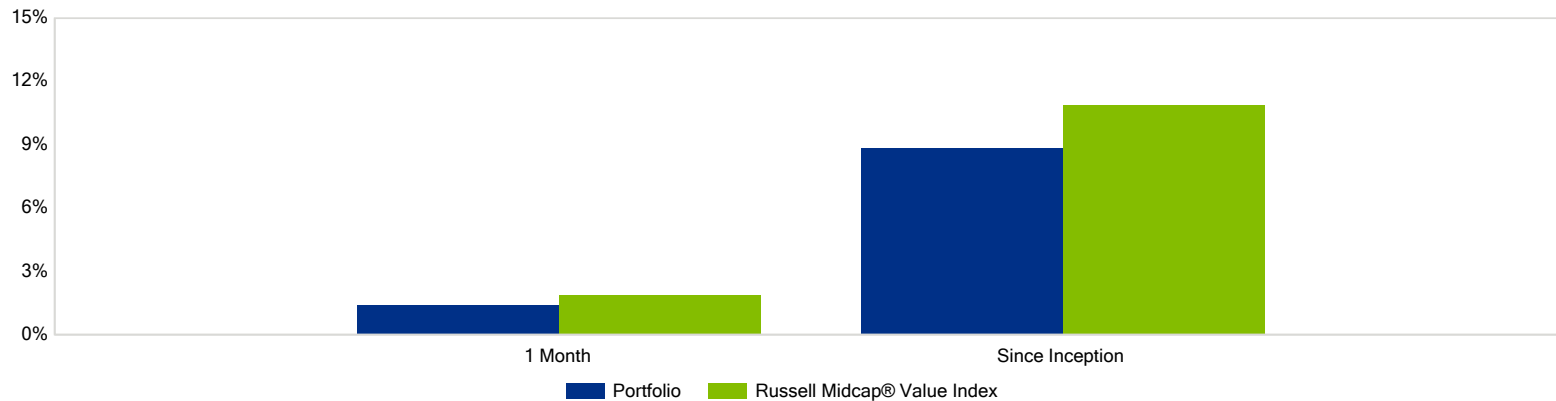
## Statement of Changes (USD)

Market Value on 09/01/2024	9,757,957
Net Cash Flows	(3)
Earned Income	19,986
Market Appreciation	115,421
Market Value on 09/30/2024	9,893,362

## Annualized Performance (%)

Performance Inception Date: 07/09/2024

	Since 1 Month Inception	
Total Portfolio - Gross of Fees	1.39	8.78
Total Portfolio - Net of Fees	1.34	8.63
Russell Midcap® Value Index	1.88	10.81



Data is for Franklin Regional Retirement System as of September 30, 2024.

Past performance is not an indication of future results. Please refer to the back for other important disclosures.

# Performance Commentary - Mid Cap Value

September 2024

## Five Largest Contributors

Security Name	Total Return (%)	Contribution to Return (%)	Sector
Alaska Air Group Inc	25.20	0.11	Industrials
Zebra Technologies Corp	7.22	0.11	Information Technology
Ameriprise Financial Inc	4.53	0.09	Financials
CenterPoint Energy Inc	7.77	0.09	Utilities
eBay Inc	10.17	0.09	Consumer Discretionary

## Five Largest Detractors

Security Name	Total Return (%)	Contribution to Return (%)	Sector
Ally Financial Inc	(17.60)	(0.16)	Financials
ICON Public Limited Company	(10.79)	(0.14)	Health Care
Weatherford International Plc	(19.08)	(0.14)	Energy
Chord Energy Corp	(12.26)	(0.10)	Energy
Diamondback Energy Inc	(11.64)	(0.10)	Energy

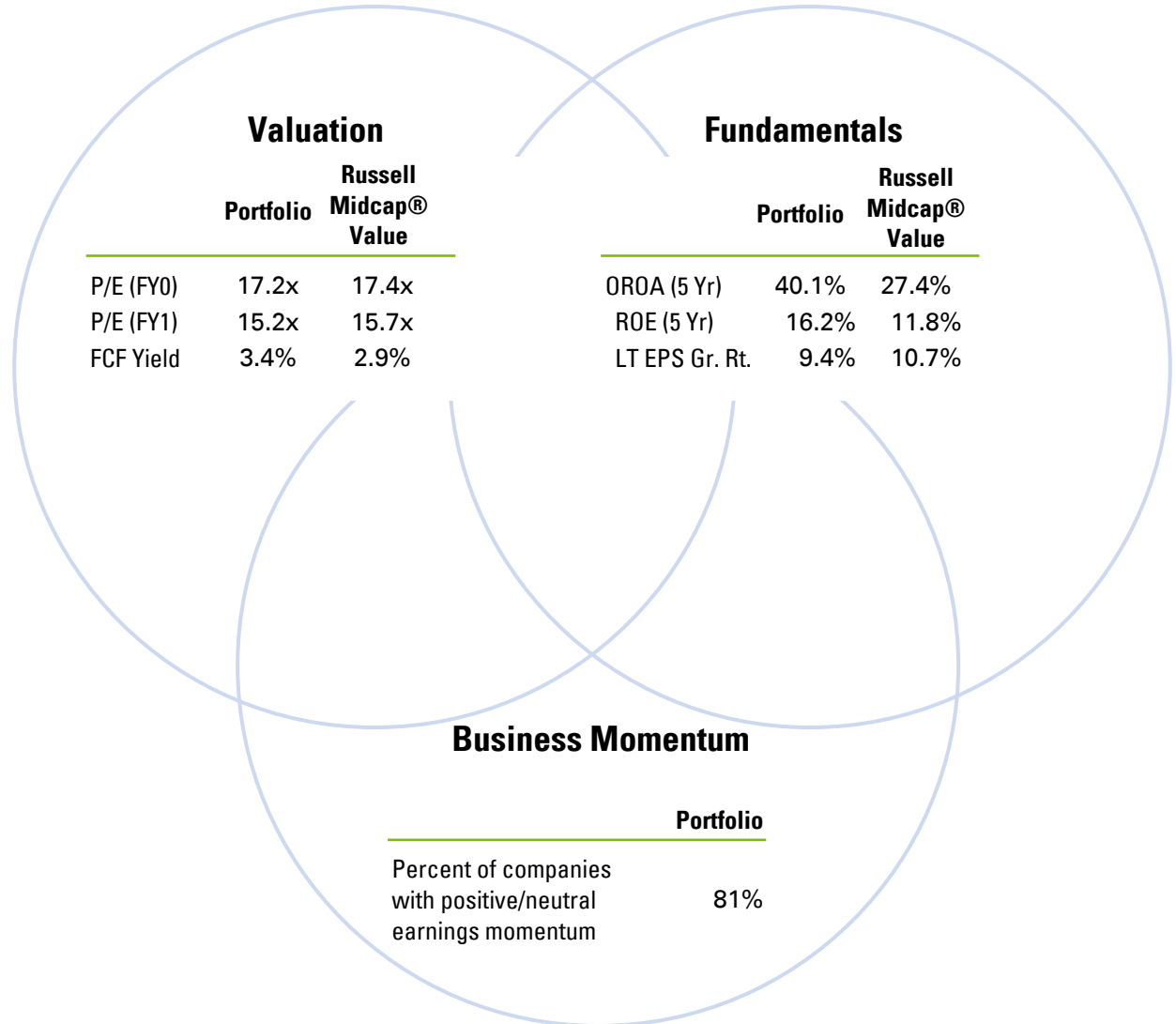
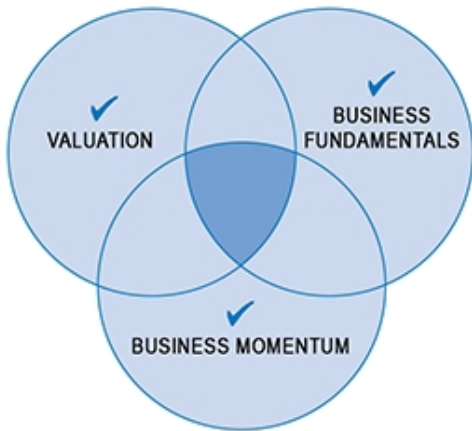
- Stocks rallied in the three months ending September 30 against a favorable backdrop of moderate economic growth, declining inflation, and a half-percentage-point interest rate cut by the U.S. Federal Reserve. Broad indexes posted new highs and have seen double-digit gains so far. While most sectors participated in this quarter's rally, investor sentiment shifted away from the second quarter's mega-cap growth names in favor of smaller companies with more attractive valuations.
- The Mid Cap Value strategy delivered solid results during the quarter but trailed its benchmark. Stock selection in the Information Technology and Consumer Staples sectors helped drive relative returns on balance, while our holdings in Energy, Utilities, and Real Estate generally held back performance versus the benchmark.
- Top individual contributors included Howmet Aerospace, Masco Corporation, and Parker-Hannifin. Aerospace supplier Howmet reported a beat and raise second quarter with strength in its commercial aerospace and defense segments. The company raised its stock buyback program by \$2 billion. Masco, a leading plumbing and paint manufacturer, benefitted from lower rates and higher existing home sales. Margins have structurally improved over the past five years, which should lead to a higher valuation. Parker-Hannifin, a diversified machinery and aerospace company, continued to exceed expectations with strong aerospace aftermarket sales despite weaker industrial markets. Margins should continue to expand in 2025.
- Top detractors included Weatherford International, LPL Financial, and Atkore. Weatherford International provides equipment and services to the oil and natural gas exploration and production industry. The most recent quarter's earnings and revenues were slightly below analysts' expectations. International services growth was strong, but revenues from North America declined year-over-year. Financial advisor platform company LPL reported earnings that exceeded expectations, yet investors became concerned about the below money market rates the company offers on its cash sweep accounts. With the Fed beginning to cut short-term rates, this worry will likely fade over time. Atkore is a leading manufacturer of electrical products. The company missed on earnings and lowered guidance as construction activity did not pick up, and the company faced revenue and margin pressure from imports of steel conduit from Mexico.
- At period end, our top overweight sectors were Industrials and Consumer Discretionary. Our largest underweights versus the index were in Health Care, Consumer Staples, and Utilities. We look forward to providing future updates in the months ahead.

# Portfolio Characteristics - Mid Cap Value

*A proof statement that the stock selection process results in a 'three-circle' portfolio*

## "Three Circles"

An attractive valuation, strong business fundamentals, and positive business momentum. In our experience, portfolios with all three characteristics tend to outperform over time.



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# Portfolio Positioning - Mid Cap Value

*Our assessment of where the opportunities exist*

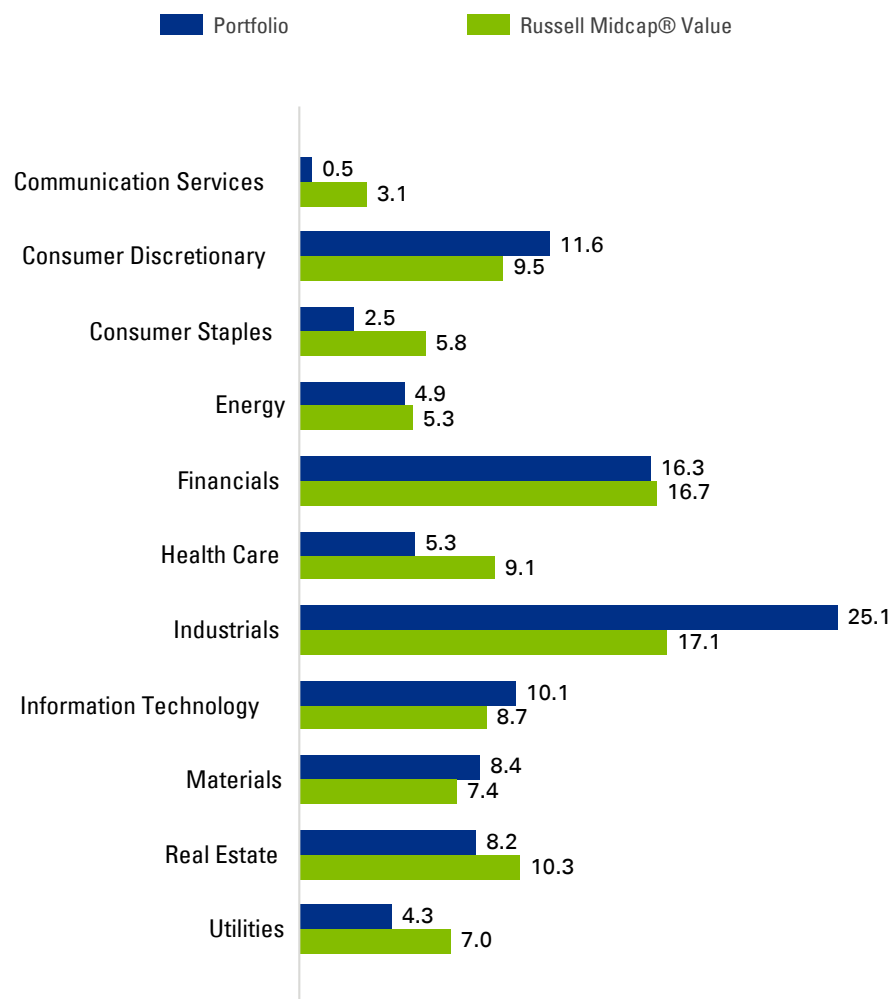
## Largest Holdings (%)

Ameriprise Financial Inc	2.0
Howmet Aerospace Inc	1.6
AutoZone Inc	1.6
Zebra Technologies Corp	1.5
Fifth Third Bancorp	1.4
Norfolk Southern Corp	1.4
Check Point Software Technolog	1.4
Cencora Inc	1.4
Textron Inc	1.4
Masco Corp	1.3
<b>Total</b>	<b>15.0</b>

## Portfolio Statistics

	Portfolio	Russell Midcap® Value
Number of Securities	142	714
Wtd. Avg. Mkt. Cap (\$M)	\$24,679	\$25,098
Dividend Yield	1.6%	1.9%
Turnover (Trailing 1 Year)	-	-

## Sector Weightings (% of Portfolio)



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# Portfolio Holdings - Mid Cap Value

Position changes over time: September 2024

Key: ◆ = New Holding | ↑ = Increased Position | ↓ = Decreased Position | ⊗ = Liquidated | Unchanged

<b>Communication Services</b>	<b>0.5</b>
Take-Two Interactive Software Inc	0.5
<b>Consumer Discretionary</b>	<b>11.6</b>
AutoZone Inc	1.6
Boyd Gaming Corp	0.5
Churchill Downs Inc	0.6
Darden Restaurants Inc	0.3
eBay Inc	0.9
Expedia Inc	0.5
Frontdoor Inc	0.7
Garmin Ltd	0.4
Gentex Corp	0.6
H&R Block Inc	0.6
Harley-Davidson Inc	0.6
Lear Corp	0.3
Lennar Corp	0.5
NVR Inc	0.9
Ralph Lauren Corp	0.6
Ross Stores Inc	0.7
Tempur Sealy International Inc	0.8
Wyndham Hotels & Resorts Inc	0.7
<b>Consumer Staples</b>	<b>2.5</b>
<span style="color: red;">↓</span> US Foods Holding Corp	<span style="color: red;">0.5</span>
Coca-Cola European Partners Plc	0.7
Constellation Brands Inc	0.9
Lamb Weston Holdings Inc	0.6
<b>Energy</b>	<b>4.9</b>
Chord Energy Corp	0.7
Diamondback Energy Inc	0.8
EQT Corp	0.7
Halliburton Co	0.7
Phillips 66	0.5
Range Resources Corp	0.7

<b>Energy (cont...)</b>	
Tidewater Inc	0.3
Weatherford International Plc	0.6
<span style="color: orange;">⊗</span> Enlink Midstream Llc	<span style="color: orange;">0.0</span>
<b>Financials</b>	<b>16.3</b>
<span style="color: red;">↓</span> Ally Financial Inc	<span style="color: red;">0.4</span>
Affiliated Managers Group Inc	0.5
Ameriprise Financial Inc	2.0
Aon Plc Cl A	0.5
Ares Management Corp	0.4
Carlyle Group Inc/the	0.9
Discover Financial Services Inc	0.4
East West Bancorp Inc	0.4
Evercore Inc	1.0
Everest Group Ltd	0.7
Fidelity Natl Information Svcs Inc	0.5
Fifth Third Bancorp	1.4
First American Financial Corp	0.6
Huntington Bancshares Inc	1.2
LPL Financial Holdings Inc	1.1
Markel Group Inc	0.8
RenaissanceRe Holdings Ltd	0.4
Rocket Cos Inc	0.6
SLM Corp	0.5
Synchrony Financial	0.8
Travelers Cos Inc	0.6
Voya Financial Inc	0.6
<b>Health Care</b>	<b>5.3</b>
<span style="color: red;">↓</span> Cencora Inc	<span style="color: red;">1.4</span>
<span style="color: red;">↓</span> ICON Public Limited Company	<span style="color: red;">1.0</span>
Avantor Inc	0.7
Centene Corp	0.5
Molina Healthcare Inc	1.3

<b>Health Care (cont...)</b>	
Zimmer Biomet Holdings Inc	0.5
<b>Industrials</b>	<b>25.1</b>
<span style="color: green;">◆</span> Amentum Holdings Inc	<span style="color: green;">0.0</span>
<span style="color: green;">◆</span> Ufp Industries Inc	<span style="color: green;">0.1</span>
<span style="color: blue;">↑</span> Watts Water Technologies Inc	<span style="color: blue;">0.4</span>
Advanced Drainage Systems Inc	0.6
Alaska Air Group Inc	0.5
Allegion Plc	1.0
AMETEK Inc	1.3
Atkore Inc	0.2
Beacon Roofing Supply Inc	0.6
Builders FirstSource Inc	0.4
BWX Technologies Inc	0.4
Curtiss-Wright Corp	0.9
Dover Corp	1.0
Equifax Inc	0.7
Expeditors Intl of Washington	0.9
Ferguson Enterprises Inc	0.6
Fortive Corp	0.8
Generac Holdings Inc	0.7
Howmet Aerospace Inc	1.6
ITT Inc	0.4
Jacobs Solutions Inc	0.5
L3Harris Technologies Inc	0.7
Landstar Systems Inc	0.7
Leidos Holdings Inc	0.6
Masco Corp	1.3
Masterbrand Inc	0.2
Msc Industrial Direct Co Inc	0.4
Norfolk Southern Corp	1.4
nVent Electric Plc	0.4
Otis Worldwide Corp	0.4
Parker-Hannifin Corp	1.1

<b>Industrials (cont...)</b>	
Rb Global Inc	0.8
Resideo Technologies Inc	0.4
Robert Half International Inc	0.8
Science Applications Intl Corp	0.8
Sensata Technologies Holding	0.4
Textron Inc	1.4
<b>Information Technology</b>	<b>10.1</b>
Arrow Electronics Inc	0.6
ASGN Inc	0.4
CDW Corp	0.3
Check Point Software Technolog	1.4
Cognizant Technology Solutions	0.4
Dell Technologies Inc	0.6
Flex Ltd	1.1
Gen Digital Inc	0.4
InterDigital Inc	0.4
Keysight Technologies Inc	0.7
Microchip Technology Inc	0.6
NetApp Inc	0.5
TE Connectivity Ltd	0.7
Teradyne Inc	0.6
Zebra Technologies Corp	1.5
<b>Materials</b>	<b>8.4</b>
Avery Dennison Corp	0.6
Ball Corp	1.2
CF Industries Holdings Inc	0.8
Commercial Metals Co	0.6
Corteva Inc	0.4
DuPont de Nemours Inc	0.5
Freeport-McMoRan Inc	0.7
Mosaic Co	0.6
Olin Corp	0.6

Data are for Franklin Regional Retirement System.

Values are percent of portfolio. It should not be assumed that an investment in these securities was or will be profitable.

# Portfolio Holdings - Mid Cap Value

*Position changes over time: September 2024*

Key: ◆ = New Holding | ⬆ = Increased Position | ⬇ = Decreased Position | ∅ = Liquidated | Unchanged

<b>Materials (cont...)</b>	
Packaging Corporation of America	1.0
PPG Industries Inc	0.5
Reliance Inc	0.6
Teck Resources Ltd	0.4
<b>Real Estate</b>	
	<b>8.2</b>
Eastgroup Properties Inc	0.5
Equity Lifestyle Properties In	0.6
Equity Residential	0.6
Essex Property Trust Inc	0.5
Extra Space Storage Inc	0.8
Invitation Homes Inc	0.4
Lamar Advertising Co	0.9
Regency Centers Corp	0.8
Rexford Industrial Realty Inc	0.5
Simon Property Group Inc	1.2
Vici Properties Inc	0.8
Weyerhaeuser Co	0.7
<b>Utilities</b>	
	<b>4.3</b>
American Electric Power Co Inc	0.5
CenterPoint Energy Inc	1.2
DTE Energy Co	0.9
Entergy Corp	0.7
FirstEnergy Corp	0.5
Oge Energy Corp	0.5

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# Disclosures - Mid Cap Value

*September 2024*

This document is not an offering of securities nor is it intended to provide investment advice. It is intended for information purpose only.

Past performance is not an indication of future results.

Index returns are provided for comparison purposes only to show how the strategy's returns compare to a broad - based index of securities, as the indices do not have costs, fees, or other expenses associated with their performance. In addition, securities held in any Index may not be similar to securities held in the composite's accounts.

## Important Information about Portfolio Commentary

Performance returns discussed in the portfolio commentary are composite returns and are provided on a net of fees basis. Account returns will be reduced by any fees and expenses incurred in the management of the account. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. Account returns are market value weighted and calculated on a total return, time - weighted basis using trade date valuations. Returns reflect the reinvestment of dividends and other earnings and are net of commissions and transaction costs. Portfolio characteristics and performance attribution comments are for a representative account. Characteristics and attribution for your account will vary depending upon your investment guidelines. It should not be assumed that any investments in securities, sectors and /or markets identified were or will be profitable. Performance is expressed in U.S. Dollars.

A fully compliant GIPS® presentation is available upon request.

## Important Information about Account Summary

Security holdings are subject to change. Values are percent of portfolio and are rounded to one decimal place. It should not be assumed that an investment in these securities was or will be profitable. Activity shown represents a summary of net changes made due to portfolio management decisions during the period. Activity due to cash flows may not be reflected in this report. A full detailed listing of holdings and transactions is available upon request.