

Mountain Pacific Investment Advisers

Domestic Equity: Russell 2500 Benchmark

For the month of: **January** **2025**

Manager Performance Calculations

* Annualized returns

	Last Month	Last 3 Months	Last 1 Year	Last 3 Years*	Last 5 Years*
Mountain Pacific	2.82%	2.49%	20.27%	8.35%	11.80%
Russell 2500	3.54%	5.16%	19.08%	6.63%	9.97%

Portfolio Attributes

Characteristics	Mtn Pac	RU 2500	Sector Analysis		
			Over-weight	Mtn Pac	RU 2500
Mkt Value (\$m)	787.36	N/A	Capital Goods	54.31%	21.67%
Wtd Cap (\$b)	33.56	8.60	Materials	5.51%	3.47%
P/E	23.49	20.67			
Beta	1.01	1.00			
Yield (%)	0.89	1.39	Under-weight	Mtn Pac	RU 2500
Earnings Growth	10.53	13.62	Cons. Cyclical	2.03%	14.80%
			Real Estate	0.00%	6.75%
			Energy	0.00%	5.18%

Performance Attribution & Strategy Comments

Patience with a view to ease remained the theme for the Federal Reserve as the FOMC held rates constant at their late January meeting. CPI and PCE inflation prints released in January showed continued improvement. Labor data indicated a market that is healthy but without the signs of tightness that would likely unnerve Fed officials. The solid economy and policy uncertainty associated with the incoming administration are probably both contributing to Fed reluctance to hurry further rate cuts. A March ease now seems doubtful with June seen as a toss-up.

The portfolio gained 2.82% during the month, underperforming our benchmark, the RU 2500, by 72 bps. Over the past three months, our portfolio has underperformed the index by 267 bps.

Selection effects accounted for essentially all of the underperformance; allocation was about flat. Health care drove approximately half of the drag with financials and consumer discretionary also contributing.

Charles River Laboratories, a provider of services for drug discovery and development, and Danaher, a supplier to biotech and medical diagnostic markets, both issued disappointing outlooks for 2025; their declines were worth about 60 basis point of underperformance. RBC Bearings, a maker of high precision bearings and related motion control equipment, rose 17% in January on solid earnings and better than expected prospects. RBC's industrial segment returned to growth in 4Q24, complementing continued good results in aerospace & defense.

S&P 500 earnings reports have been strong into 4Q and help to support the largely positive economic environment described above. Expectations of monetary action are much more in-line now, in our opinion, reducing a key market risk. Our outlook of cautious optimism, however, acknowledges the high multiples currently reflected in US equity prices.

Manager Style Summary

Mountain Pacific manages a mid-to small-cap portfolio, employing a "GARP" (Growth At a Reasonable Price) investment strategy. Their portfolio holdings and characteristics will wander around the average stock in their benchmark, and they tend to favor companies which do not sell directly to the public and therefore, depend on sales to other businesses. Mountain Pacific runs a more concentrated portfolio than most, and as a result, their returns will diverge more dramatically from their benchmark, and sometimes for sustained periods.

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Portfolio Guideline Compliance

Portfolio Guideline:	Mtn Pac	RU 2500	Calc	Min	Max	Compliance
B2. Security Market Cap (in \$m)				\$100.0	\$7,500.0	ok
B3. Wtd Avg Cap	33560	8602	390%	80%	120%	check
B4. Number of issues	39			35	55	ok
B5. Security Positions <= 4% @ purchase						ok
B6a. P/E (12-mo trail)	30.13	31.22	97%	80%	120%	ok
B6b. Beta	1.01	1.00	1.01	0.80	1.20	ok
B6c. Yield	0.89	1.39	64%	80%	120%	check
B6d. Expected Earnings Growth	10.53	13.62	77%	80%	120%	check
E2. Commissions not to exceed \$0.06/share						ok
E3. Annual Turnover	8%				60%	ok
The portfolio is in compliance with all other aspects of the Portfolio Guidelines						<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

Manager Explanations for Deviations from Portfolio Guidelines

- B3. Wtd Avg Cap: Our Wtd Avg Cap exceeds that of the benchmark due to price appreciation. The median cap of the portfolio is \$11.0 BN.
- B6c. Yield: Our yield is below that of the benchmark as we have been adding companies that reinvest more for growth than pay dividends.
- B6d. Earnings Growth: Earnings growth expectations for the portfolio were recently revised downward.

Assets Under Management (\$m) as of:	Qtr 4	\$ 1,748
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Organizational/Personnel Changes

None

Account Turnover

Gained:	Number of Accounts: 0	Total Market Value (\$rn \$ -
Lost:	Number of Accounts: 0	Total Market Value (\$rn \$ -
	Reason(s): N/A	