

“Compelling stocks possess a powerful combination of three criteria: statistical cheapness, undervaluation, and timeliness. Our process is dedicated to identifying stocks that meet all three.”

– Eric J. Holmes

- The Russell 2000 Value Index rose 5.0% in the second quarter. The markets generally rewarded growth and large caps. Within the Russell 2000 Value, the best performing sectors included Technology (+26%), Materials (+13%), and Communication Services (+11%) while the worst performers included Staples (-6%), Energy (-2%), and Real Estate (-2%). The best performing style factors were Beta, Momentum, and Volatility, while the weakest were Dividend Yield, Liquidity, and Leverage (source: FactSet Equity Model – Global MH). The Micro Cap Value Plus strategy outperformed the benchmark during the quarter and slightly lags YTD.
- The sectors most positively contributing to relative performance came from Industrials, Materials, and Consumer Discretionary. The overweight to Industrials, Technology, and Materials and underweight to Health Care and Real Estate also helped. Overexposure to Profitability helped relative performance. Among individual stocks, Tutor Perini (+102%) continued reporting strong results with large order and backlog growth. Coeur Mining (+50%) benefited from record gold prices. Ducommun (+42%) beat earnings expectations with continuing margin expansion and healthy end market demand.
- The sectors most negatively contributing to relative performance were Financials, Utilities, and Energy. The underweight to Consumer Discretionary and the overweight to Staples and Utilities hurt relative performance. Underexposure to Volatility and Beta hurt relative performance. Among individual stocks, Abacus Global Management (-31%) reported solid earnings but was hit with a short report. Energy service companies (Helix Energy -25%) sold off as oil prices declined during the quarter and as OPEC increased production quotas. Edgewell Personal Care (-25%) lowered guidance due to weak North American sales, share losses at Banana Boat, and anticipated tariff impact.
- As of the end of the quarter, overweights included Materials, Technology, Industrials, Staples, and Utilities. Underweighted sectors included Consumer Discretionary, Health Care, Real Estate, and Energy. Significant Style Factor contributors to active risk include underexposure to Volatility and overexposure to Momentum and Profitability.

Top Five Contributors	Relative Effect on Return (%)
Tutor Perini Corporation	1.26
Silicon Motion Technology Corporc	0.70
Coeur Mining, Inc.	0.59
Ducommun Incorporated	0.54
WisdomTree, Inc.	0.48

Top Five Detractors	Relative Effect on Return (%)
Abacus Global Management, CI A	-0.63
Edgewell Personal Care Co.	-0.39
Whitestone REIT	-0.37
Unitil Corporation	-0.25
NorthWestern Energy Group, Inc.	-0.24

	3 Months	YTD	1 Year	3 Years	5 Years	10 Years
Micro Cap Value Plus Composite Gross	5.86	-3.47	4.47	8.33	14.06	6.96
Micro Cap Value Plus Composite Net	5.74	-3.74	3.82	7.51	13.22	6.17
Russell 2000 Value	4.97	-3.16	5.54	7.45	12.47	6.72
Russell Microcap Value	12.25	-1.53	9.32	6.68	12.21	7.08

Disclosures

CS McKee is an independent registered investment adviser specializing in institutional and retail investment management. Registration does not imply a certain level of skill or training. On April 25, 2025, CS McKee acquired the assets of Foundry Partners LLC. Historical Foundry performance has been retained for all Foundry strategies that were adopted by CS McKee. A list of composite descriptions and broad distribution pooled funds are available upon request.

Effective with the acquisition of Foundry Partners LLC, CS McKee created the CS McKee Micro Cap Value Plus Composite, which includes the prior performance history of Foundry's Micro Cap Value Plus strategy and CS McKee's performance from the acquisition date forward. The legacy Foundry composites continue to be managed in a similar manner by the same portfolio managers, with no accounts excluded from the composites shown. Accordingly, the performance presented includes historical/predecessor performance.

The securities or positions shown or discussed do not represent a complete listing of portfolio holdings. Actual holdings will vary based on account size, client-imposed restrictions, cash flows, and other factors. There is no assurance that any securities discussed remain in the portfolio or that securities sold have not been repurchased. It should not be assumed that past decisions were or will be profitable. A complete list of holdings is available upon request.

Performance attribution characteristics along with the Sectors and Holdings listed are taken from a representative or model account and may not mirror performance of your account.

Top Five Contributors and Detractors are calculated using the total effect (within attribution) of the portfolios individual stock attribution sorted from greatest positive to least (or negative) and using the top and bottom five.

Performance is presented in U.S. dollars and reflects total returns. "Gross" returns are shown before deduction of investment management fees, while "Net" returns are after deduction of such fees. For illustrative purposes, a \$100 million account paying a 0.50% annual management fee, with a 10% gross return compounded over 10 years, would yield a 9.5% net return. Fees are detailed in Part 2A of CS McKee's Form ADV. Past performance does not guarantee future results. Investing involves risk, including the potential loss of principal.

Information shown is as of the date indicated. All data, including top holdings and characteristics, is subject to change without notice. Holdings shown are for illustrative purposes only and are not a recommendation to buy or sell any security. Holdings and characteristics may differ between client accounts managed under the same strategy. CS McKee does not guarantee the accuracy of third-party data.

Benchmark returns are shown for comparison and reflect reinvested dividends. Benchmarks are unmanaged, not investable, and do not incur fees or expenses. Strategy differences—such as risk, holdings, or asset mix—may materially affect results. Benchmark data is from sources believed reliable, but accuracy is not guaranteed.

CS McKee claims compliance with the Global Investment Performance Standards (GIPS®). Composite characteristics, including the number of accounts, assets under management, and dispersion measures, are provided in the GIPS® Composite Report. Please refer to the report for additional important information or to view a list of composite descriptions by visiting: <https://csmckee.com/gips/>

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