

“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 3.3% in the fourth quarter. The markets rewarded Value over Growth and large caps over small within Value, while micro caps stood out as a notable exception. Within the Russell 2000 Value, the best performing sectors included Health Care (+20%), Communication Services (+10%), and Materials (+9%) while the worst performers included Technology (-5%), Staples (-4%), and Consumer Discretionary (-2%). The Micro Cap Value Plus strategy outperformed the benchmark during the quarter and YTD.
- The sectors most positively contributing to relative performance came from Industrials, Consumer Discretionary, and Real Estate. The overweight to Materials and underweight to Real Estate also helped. Positive style factor contributors included overexposure to Earnings Yield and underexposure to Volatility. Among individual stocks, Abercrombie & Fitch (+47%) beat earnings expectations and indicated that the decline in Abercrombie brand sales is coming to an end. Abacus Global Management (+49%) reported strong results expected to continue and initiated a dividend and stock repurchase program. TETRA Technologies (+63%) rose on improving earnings and greater confidence in the growth opportunities within water treatment and mineral extraction.
- The sectors most negatively contributing to relative performance were Health Care, Technology, and Materials. The underweight to Health Care and Communication Services and the overweight to Technology hurt relative performance. Lack of exposure to the non-earners in Health Care (Biotech +26% and Pharmaceuticals +40%) hurt performance by 152bp. Overexposure to Volatility and underexposure to Momentum hurt relative performance. Among individual stocks, Kelly Services (-33%) reported disappointing revenue and lowered guidance with the expectation that soft employment demand would continue through the first half of 2026. Penguin Solutions (-26%) missed revenue expectations and projected disappointing revenue growth in 2026 due to the loss of a large contract. Cleanspark Inc. (-30%) declined along with the other Bitcoin miners and data center stocks as both groups corrected after strong rallies earlier in the year.
- As of the end of the quarter, overweights included Materials, Technology, Industrials, and Consumer Discretionary. Underweighted sectors included Health Care, Communication Services, Real Estate, Energy, and Financials. Significant Style Factor contributors to active risk include underexposure to Volatility and overexposure to Profitability and Earnings Yield.

Top Five Contributors	Relative Effect on Return (%)	Top Five Detractors	Relative Effect on Return (%)
Abercrombie & Fitch Co. Class	1.00	Kelly Services, Inc. Class A	-0.54
Abacus Global Management, I	0.71	Penguin Solutions Incorporatic	-0.46
TETRA Technologies, Inc.	0.50	Cleanspark, Inc.	-0.36
EnerSys	0.46	WisdomTree, Inc.	-0.31
OUTFRONT Media Inc.	0.44	OneSpan Inc.	-0.27

	<u>3 Months</u>	<u>YTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>
Micro Cap Value Plus Composite Gross	4.77	13.19	13.19	12.54	11.43	9.39
Micro Cap Value Plus Composite Net	4.59	12.49	12.49	11.70	10.62	8.60
Russell 2000 Value	3.26	12.59	12.59	11.73	8.88	9.27
Russell Microcap Value	9.38	23.84	23.84	13.75	10.57	10.54

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 reflect the deduction of actual investment management fees charged to client accounts included in the composite, which may vary. For illustrative purposes only, a \$100 million account paying a 0.50% annual management fee and earning a 10% gross return compounded over 10 years would result in an approximate 9.5% net return. This example is hypothetical and not representative of actual client performance or fee arrangements. 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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