

“Behavioral biases within participants of the market lead to deviations of stock prices from their fair value, and these discrepancies create opportunities.”

– Mark Roach

- During the final quarter of 2025, the CS McKee Small Cap Value Model underperformed the Russell 2000 Value Index by approximately 239 basis points, and for the full year trailed by 265 basis points. The shortfall was driven primarily by sector-level effects, with the most significant detractors coming from Financials, Health Care, Information Technology, and Real Estate. Financials and Health Care further weighed on results as strong benchmark gains were not fully captured by the portfolio, while Information Technology lagged as higher-beta segments of the benchmark outperformed in a risk-on environment. Real Estate also detracted as interest-rate sensitivity remained elevated. These headwinds were partially offset by positive contributions from Materials, Utilities, and Consumer Discretionary, where positioning and relative performance provided meaningful support.
- The quarter unfolded against a backdrop of resilient economic activity, easing inflation pressures, and improving financial conditions, which supported a continued risk-seeking tone across markets. Investor enthusiasm gravitated toward cyclical and rate-sensitive areas perceived to benefit from a soft-landing narrative and eventual monetary easing. As a result, benchmark exposures with higher sensitivity to liquidity and beta were favored, while valuation discipline and balance-sheet quality were less rewarded. Dispersion across sectors and styles remained elevated, reflecting a market increasingly driven by macro expectations and sentiment rather than fundamentals.
- The portfolio remains intentionally structured around valuation discipline, balance-sheet strength, and earnings durability, leading to selective cyclical exposure and underweights in areas where risk-reward appears skewed by optimism. While this positioning created near-term headwinds, we believe the current environment is laying the groundwork for improved opportunity as expectations normalize and fundamentals reassert their influence. Elevated dispersion and widening gaps between price and intrinsic value across the small-cap universe reinforce our conviction that the portfolio is well positioned for a more fundamentals-driven phase of the cycle.

<b>Top Five Contributors</b>	Relative Effect on Return (%)	<b>Top Five Detractors</b>	Relative Effect on Return (%)
Century Aluminum Company	0.58	SIGA Technologies Inc	-0.49
Pan American Silver Corp.	0.51	Penguin Solutions Incorporatic	-0.33
EnerSys	0.34	Cousins Properties Incorporate	-0.31
Enova International Inc	0.31	SM Energy Company	-0.29
Pediatrics Medical Group, Inc.	0.28	Upbound Group, 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>
Small Cap Value Composite Gross	0.87	9.94	9.94	10.82	11.94	9.96
Small Cap Value Composite Net	0.71	9.26	9.26	10.02	11.12	9.20
Russell 2000 Value	3.26	12.59	12.59	11.73	8.88	9.27

The opinions expressed herein are those of CS McKee and may not actually come to pass. This information is current as of the date of this material and is subject to change at any time, based on market and other conditions. Indices are unmanaged and do not incur investment management fees. An investor is unable to invest in an index. The Composite\* data listed is Supplemental Information, as a model portfolio is used. All information is as of 12/31/25.

## 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 Small Cap Value Composite, which includes the prior performance history of Foundry's Small Cap Value 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/>

## Portfolio Management Team:

**Mark Roach, CFA**  
 Director  
 Small & Micro Cap Equities  
 Industry Start: 1995

**Mario Tufano, CFA**  
 Senior Portfolio Manager  
 Small Cap Equities  
 Industry Start: 2002

**Eric J. Holmes, CFA**  
 Director  
 Micro & Small Cap Equities  
 Industry Start: 1994

**Craig P. Nedbalski, CFA**  
 Senior Portfolio Manager  
 Micro Cap Equities  
 Industry Start: 1995

**Michael K. Barr, CFA**  
 Senior Portfolio Manager  
 Micro Cap Equities  
 Industry Start: 1987