Micro Cap Value

Q3 | 2026

Strategy Facts

Vehicle Type	SMA
Inception	10/1/2003
AUM	$531 Mill

Investment Philosophy

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.

Investment Philosophy

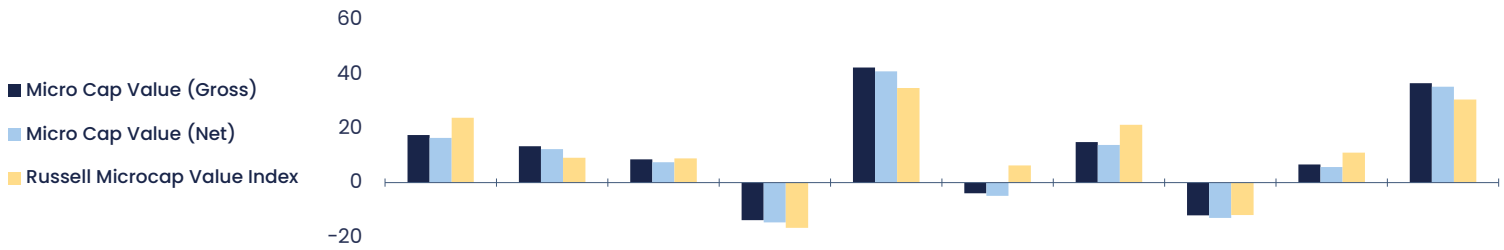
- Identify neglected stocks with low expectations trading at low multiples of earnings, book value, cash flow and high dividend yield
- Distinguish between stocks that are merely neglected vs. undervalued by using a fundamentally driven valuation discipline built on our assessment of normalized earnings per share and the level of company-specific risk
- Reduce the risk of value traps by identifying positive catalysts

Sell Discipline

- Holdings must continue to meet buy discipline
- Stocks may be replaced by others with better risk/reward/timeliness characteristics
- The fundamental outlook deteriorates, our fair value estimate is revised downward, and the stock no longer appears undervalued
- Negative catalysts emerge, such as product failure, suspect financial reporting, changes in regulatory environment, or the stock is no longer timely

Risk Management

- Team of experienced portfolio managers dedicated to a process-driven approach to stock selection
- Diversified portfolio construction
  - Portfolio holds 90 – 140 stocks
  - Individual positions limited to the greater of 5% or the benchmark weight
  - Maximum sector weight equal to the Russell Micro Cap Value weight plus 10 percentage points
  - Minimum sector weight equal to 1/3 the Russell Micro Cap Value, or 0% if the sector is less than 5% of the benchmark
- Portfolio risk management used to decompose active risk



Calendar Returns	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Micro Cap Value (Gross)	17.56	13.45	8.56	-13.81	42.42	-3.98	14.91	-12.12	6.68	36.62
Micro Cap Value (Net)	16.46	12.37	7.53	-14.62	41.02	-4.87	13.82	-12.96	5.68	35.34
Russell Microcap Value Index	23.84	9.16	8.87	-16.69	34.84	6.33	21.29	-11.96	11.08	30.60

Trailing Returns	QTD	YTD	1yr	3yr	5yr	7yr	10yr
Micro Cap Value (Gross)	-4.08	28.78	33.90	23.56	11.29	12.97	10.96
Micro Cap Value (Net)	-4.31	27.89	32.66	22.40	10.24	11.90	9.91
Russell Microcap Value Index	-3.31	25.99	37.81	25.59	9.35	13.63	11.82

Characteristics

	Composite*	Benchmark
Price/Book	1.24	1.18
Price/Sales	0.96	0.70
Price/Cash Flow	8.17	6.14
Dividend Yield	1.96	1.76
P/E FY1 Est	13.07	14.33
Wght. Avg Mkt Cap ($M)	1,136	769

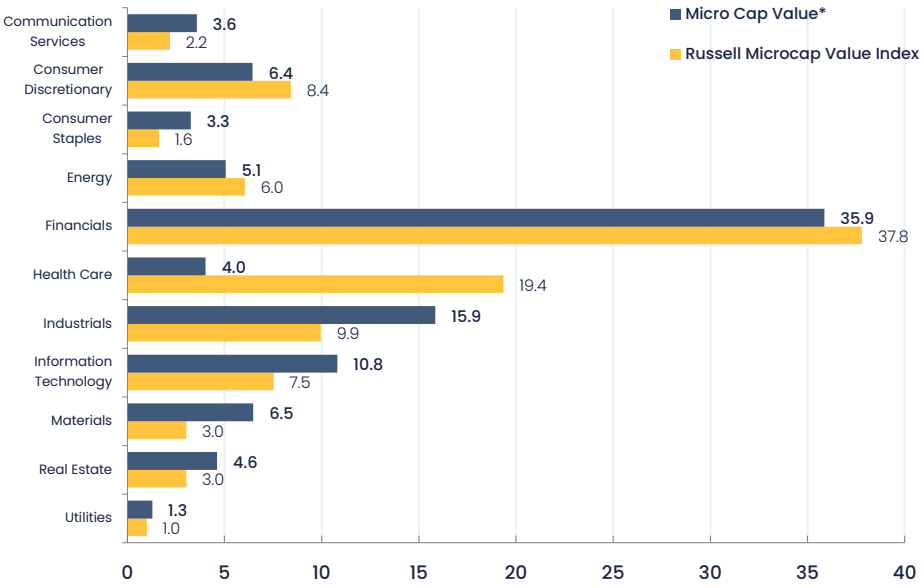
Top 10 Holdings

	Composite*
WisdomTree, Inc.	2.06
Postal Realty Trust, Inc. Class A	1.85
Global Ship Lease, Inc. Class A	1.80
OceanFirst Financial Corp.	1.79
SmartFinancial, Inc.	1.62
Covenant Logistics Group, Inc. Class A	1.60
Genco Shipping & Trading Ltd	1.57
Koppers Holdings Inc.	1.57
CRA International, Inc.	1.57
VersaBank	1.55

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Sector Allocation (ex Cash)



Product Summary

Product Assets ($M)	$531 Mill
Benchmark	Russell Microcap Value
Number of Holdings	89
Active Share	87.97
12mo Turnover	45.17

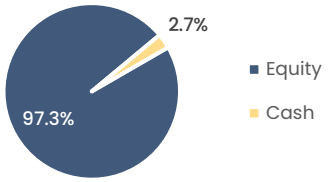
3-year Risk Statistics

	Composite*	Benchmark
Beta	0.83	1.00
Alpha	2.20	0.00
R-Squared	0.88	1.00
Info Ratio	-0.29	N/A
Sharpe Ratio	1.08	1.06
Tracking Error	7.10	0.00
Standard Deviation	17.67	19.98
Downside Deviation	6.16	8.94

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All information is as of 9/30/26

Sources: FactSet, eVestment



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.

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 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: www.csmckee.com/gips

Portfolio Management Team:

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Director
Micro & Small Cap Equities
Industry Start: 1994

Craig P Nedbalski, CFA
Senior Portfolio Manager
Micro & Small Cap Equities
Industry Start: 1995

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

Mark Roach
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Small & SMID Cap Equities
Industry Start: 1995

Mario Tufano, CFA
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Small & SMID Cap Equities
Industry Start: 2002

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Micro & Small Cap Equities
Industry Start: 2003