

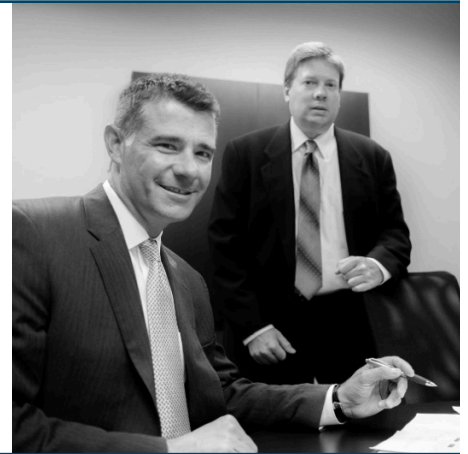
Mid Cap Strategy



2Q:23

MISSION STATEMENT

At QSV Equity Investors we strive to deliver a smoother ride in good markets and bad, seeking to help our clients reach their long-term investment goals by setting clear expectations and through investment in high-quality small and mid cap value stocks.

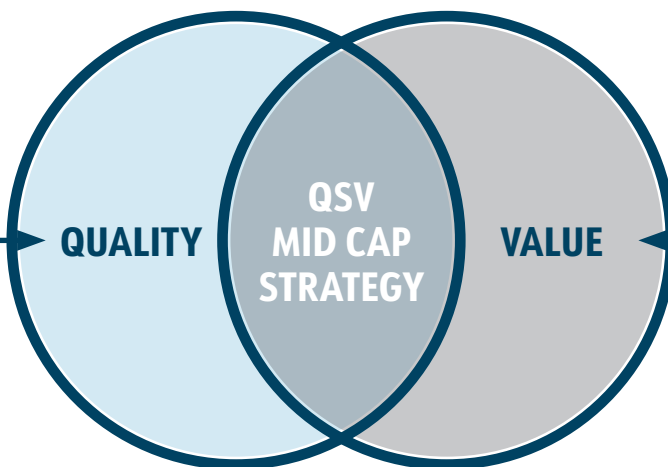


INVESTMENT TEAM

QSV's investment team has navigated markets together for more than 25 years. Jeff Kautz and Randy Hughes founded QSV (formerly Ballast Equity Management) in 2016 and worked together previously at Perkins Investment Management, a subsidiary of Janus Henderson. While there, Jeff held roles including Portfolio Manager, CEO and Chief Investment Officer and Randy held the roles of Director of Research and Analytics and Equity Analyst. QSV is 100% employee owned and fosters a culture that marries independent thought with collaboration. Employee-owners invest alongside the clients of the firm in each of its strategies.

QSV Quality Bias: Invest in companies exhibiting strong balance sheets, stable and growing cash flows and returns on invested capital (ROIC) well in excess of their cost of capital (WACC).

Strong financial characteristics are sustained through the presence of a durable competitive advantage allowing the companies to drive economic profits well into the future.



QSV purposefully acts like business owners, focusing on a company's intrinsic value and blocking out day-to-day price moves.

QSV believes that buying wealth-creating businesses at discounts to intrinsic value will offer our clients stability, with less volatility and lower drawdowns, pursuing our goal to create long-term wealth.

STRATEGY

OBJECTIVE QSV Equity Investors (QSV) Mid Cap Strategy strives to deliver a smoother ride in good markets and bad, seeking to outperform the Russell Mid Cap Value Index and Russell Mid Cap Index with less risk over a full market cycle.

OVERVIEW QSV Mid Cap Strategy invests with conviction in 50-70 high quality companies which can deliver high returns on invested capital, well in excess of their cost of capital, sustained through strong, durable competitive advantages. Identification and selection of these companies is supported by proprietary Quality Scores and fundamental research. QSV is patient and will only add a company to the Mid Cap Strategy when its stock can be purchased at a reasonable valuation.

PROCESS QSV employs a research and screening process that includes four distinct steps:

 SCREENING	 QUANTITATIVE ANALYSIS	 QUALITATIVE ANALYSIS	 VALUATION
<p>QSV screens a universe of over 3000 small and mid cap stocks by charting the ratio of Enterprise Value to Invested Capital relative to the Return on Invested Capital for the companies. Investors should be willing to pay more for a business that earns high returns on capital; QSV only considers those that appear undervalued.</p>	<p>QSV ranks stocks in its universe according to its proprietary Quality Rankings Model, using factors that identify companies with strong financial flexibility, stable and growing cash flow and stable and improving profitability metrics. QSV focuses on stocks with Quality Rankings in the top two quintiles of its universe.</p>	<p>QSV believes strongly that high returns on capital are maintained and defended through proven, durable competitive advantages, such as economies of scale, strong intangible assets, high switching costs, network effects and cost advantages. QSV professionals carefully assess the durability of each business's competitive advantages.</p>	<p>QSV strongly believes that valuation plays a vital role in successful investing. Forecasting future economic profits and capital allocation decisions allows QSV to answer its primary question: "Does the company create wealth for investors over time?"</p>



FUTURE ECONOMIC PROFITS			
+			
INVESTED CAPITAL			
MARKET VALUE			
Y1	Y2	Y3	YN
EP	EP	EP	EP
$1+R$	$(1+R)^2$	$(1+R)^3$	$(1+R)^N$

Economic Profits (EP) =
 ROIC - Cost of Capital Invested =
 Total Investments in
 the business from which
 Economic Profits are derived

2Q:23 COMMENTARY

Stocks climbed a wall of worries in the first half of 2023 that included a banking crisis, higher interest rates and inflation, the debt ceiling debate, and geopolitical concerns. Looking specifically at the “Magnificent Seven” large cap technology stocks, returns of those shares did not climb, but vaulted the wall, leaving other segments of the market in the distance. Bullishness in June lifted shares of lower quality businesses creating headwinds to the quality biased QSV strategies. Using the Russell Stability indexes as proxies for high and low quality, the Russell Defensive indexes containing businesses with higher Returns on Assets, lower leverage, and lower volatility underperformed low quality businesses, as measured by the Russell Dynamic indexes, across the market cap spectrum for the quarter.

QSV Mid Cap outperformed the Russell Mid Cap Value Index while lagging the Russell Mid Cap Index during the quarter. Security selection and an overweight relative to the index in Industrials helped performance as did security selection and an underweight in Utilities. Company selection in Financials and an underweight and security selection in Consumer Discretionary names detracted.

MID CAP TOP CONTRIBUTORS

Management consulting firm **BOOZ ALLEN HAMILTON (BAH)** was the leading contributor to performance in the quarter. BAH has scale advantages as a provider of cybersecurity, data analytics, augmented reality, and artificial intelligence projects for the Department of Defense, that, like all U.S. government contracts, are subject to elevated levels of scrutiny that serve as barriers to entry for competitors. The company’s standing as the leader in artificial intelligence solutions to the U.S. government helped propel its share price during the quarter.

Shares of vehicle salvage auctioneer **COPART (CPRT)** gained more than 20% during the quarter. The rate at which insurers choose to total vehicles following accidents has increased due to elevated repair costs, providing CPRT better access to salvaged vehicles for resale. Sales volumes and price per unit sold were up and margins increased during the quarter. CPRT produces returns on invested capital of 26% and net operating margins of 31%. QSV trimmed its position in CPRT during the quarter for valuation reasons.

TOP 10 HOLDINGS¹

	% Weighting
Booz Allen Hamilton Holding Corporation Class A	3.35%
West Pharmaceutical Services, Inc.	2.80%
Laboratory Corporation of America Holdings	2.52%
Copart, Inc.	2.47%
Broadridge Financial Solutions	2.33%
Tyler Technologies, Inc.	2.29%
FLEETCOR Technologies, Inc.	2.19%
Monolithic Power Systems, Inc.	2.17%
Lennox International Inc.	2.16%
Lincoln Electric Holdings, Inc.	2.14%
TOTAL	24.42%

PERFORMANCE

	3Q:22	4Q:22	1Q:23	2Q:23	1 Year	3 Year (Ann)	5 Year (Ann)	Annual Total Return (since inception) 6/30/16
QSV Mid Cap (Gross) ³	-3.17%	9.03%	5.28%	4.09%	15.69%	14.37%	10.48%	11.84%
QSV Mid Cap (Net) ³	-3.41%	8.76%	5.02%	3.84%	14.57%	13.26%	9.41%	10.75%
Russell Mid Cap Value ²	-4.93%	10.45%	1.32%	3.86%	10.50%	15.04%	6.83%	8.20%
Russell Mid Cap ²	-3.44%	9.18%	4.06%	4.76%	14.92%	12.50%	8.46%	10.12%

2Q:23 COMMENTARY – CONTINUED

MID CAP TOP DETRACTORS

MARKETAXESS HOLDINGS (MKTX) fell on concerns over slightly lower trading volumes that resulted from uncertainty in the banking sector and seasonal patterns. MKTX is the leading platform for trading fixed income securities, where it continues to take market share due to the growing adoption of electronic execution. It is expected that higher yields will drive greater allocations of assets to fixed income and increased participation by retail and institutional investors. MKTX produces returns on invested capital of 28% and its shares are at a discount to QSV's measure of intrinsic value.

ETSY INC. (ETSY) declined during the quarter over concerns that consumers' spending was shifting from goods to services and that the company would be challenged to profitably add customers. Customer acquisition costs are elevated from COVID era levels, but we see the diversity of offerings, the strong base of active buyers and sellers, and the productivity tools ETSY offers sellers as competitive advantages. ETSY joined 7.5 million active sellers with 95.1 buyers as of December 2022. ETSY shares sell at a meaningful discount to our measure of intrinsic value.

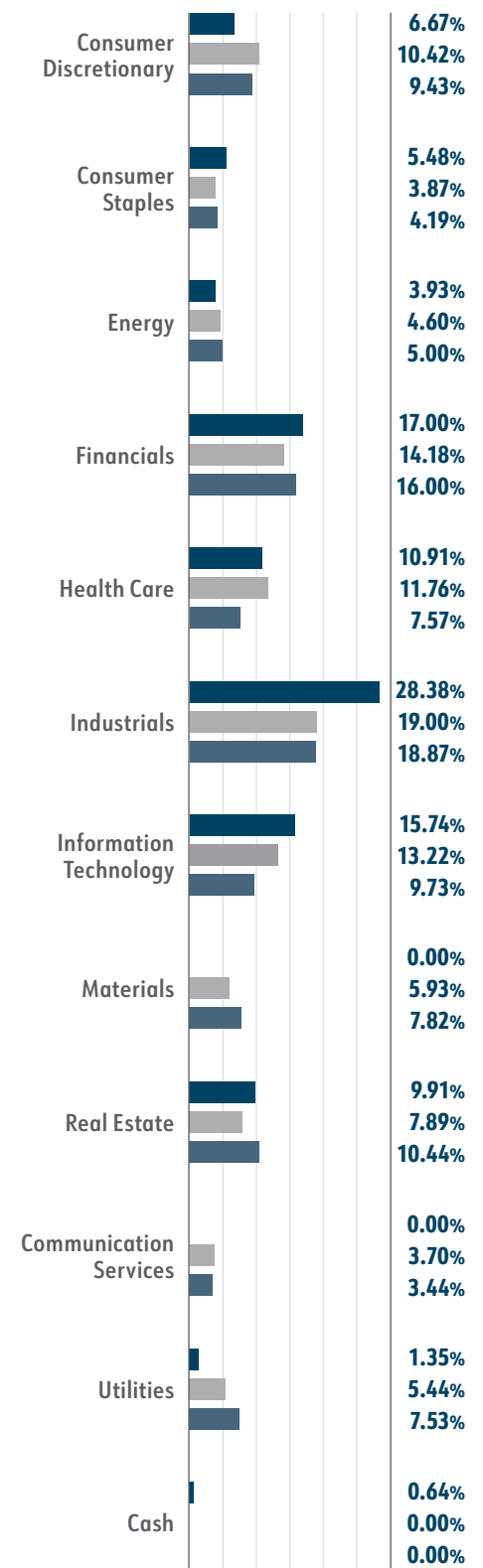
MID CAP PORTFOLIO ACTIVITY

QSV took opportunities to upgrade its portfolio during the quarter. New positions were started a previous QSV holding, **JACK HENRY & ASSOCIATES (JKHY)**, provider of bank technology and payment processing services, and equity exchange **NASDAQ INC. (NDAQ)**.

OUR FOCUS ON THE LONG TERM

Optimism has returned to the markets and to consumer sentiment, and somewhat rightfully so. 401(k) and brokerage account balances have improved measurably from the end of 2022. This optimism has supported stronger consumer spending on services and is reflected in the performance of certain stocks, with cruise line operators Carnival, Norwegian and Royal Caribbean standing out as the top three S&P 500 performers in Q2.

SECTOR EXPOSURE[^]



QSV Mid Cap¹

Russell Mid Cap²

Russell Mid Cap Value²

0 5 10 15 20 25 30 %

2Q:23 COMMENTARY – CONTINUED

For those seeking out areas for concern (and not believing that it is different this time) risks exist. Core inflation, the measure excluding food and energy, remains well above target and is declining at a glacial pace. The Federal Reserve and its peer central banks have not yet gotten the desired results from a string of rate hikes. Chairman Powell's comments that we have "a long way to go" in getting back to 2% policy rates signal more rate increases to come. Elevated borrowing costs are likely to eat into corporate profits and we believe this puts the current valuations of lower quality, more leveraged small and mid-cap companies at risk. Opportunities exist for equity investors, and we counsel an emphasis on quality businesses with limited debt, high interest rate coverage and strong free cash flows. As always, this remains our focus for delivering long-term results for our clients as we invest alongside them.

PORTFOLIO CHARACTERISTICS

	QSV Mid Cap	Russell Mid Cap	Russell Mid Cap Value
Active Share		91.93	94.86
Number of Securities	56	812	699
Weighted Average Market Cap (MM)	17,104.00	22,019.72	20,845.58
Median Market Cap	14,474.52	10,071.87	9,673.87
Dividend Yield	1.30	1.75	2.13
ROIC	14.58	6.69	6.42
Debt/Capitalization	42.72	51.86	50.74
EV/EBITDA	20.08	11.71	10.50

RISK METRICS

	QSV Mid Cap	Relative to Russell Mid Cap	Relative to Russell Mid Cap Value
Annualized Alpha		0.23	0.38
Beta		0.86	0.82
Up Capture		89.81	92.74
Down Capture		91.89	88.86
Standard Deviation*	16.28	18.40	18.84
Information Ratio		0.39	0.63
Sharpe Ratio	0.64	–	–

*Standard Deviation is shown for the QSV Strategy and each respective Index.



For more information, please call
844.322.5527 or visit qsvequity.com

WE THANK OUR CLIENTS AND INVITE OTHER LIKE-MINDED INVESTORS TO CONTACT US IF WE MAY BE OF SERVICE.

DISCLOSURES

No client or potential client should assume that any information presented should be construed as personalized investment advice. Personalized investment advice can only be rendered after engagement of the firm for services, execution of the required documentation, and receipt of required disclosures. Investing carries risk of loss. You should consider the strategy's investment objectives, risks, charges and expenses carefully before investing.

[^] Sector classifications are generally determined by referencing the Global Industry Classification Standard (GICS[®]) and exclude cash. GICS was developed by and/or is the exclusive property of MSCI, Inc. and Standard & Poor's Financial Services LLC (S&P). GICS is a service mark of MSCI and S&P.

¹ Top ten holdings, sector weights and portfolio characteristics for the QSV Mid Cap Strategy are taken from the model portfolio.

² The QSV Mid Cap Strategy is compared to the Russell Mid Cap Indices as they are widely used benchmarks for mid capitalization securities. An investment with QSV Equity Investors (QSV) should not be construed as an investment in a program that seeks to replicate, or correlate with, these indices. Market conditions vary between the QSV products and these indices. Furthermore, these indices do not include any transaction costs, management fees and other expenses, as do the QSV products. Lastly, QSV may invest in strategies and positions that are not included in these indices.

³ QSV Mid Cap returns are for the QSV Mid Cap Composite. Net returns are calculated assuming the maximum advisory fee of 100bps is deducted from the quarterly gross composite return from inception through June 30, 2020. Starting July 1, 2020, actual fees charged are used to calculate net performance. Returns are net of both advisory fees and transaction costs. All dividends are assumed to be reinvested. The reporting currency is USD.

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