

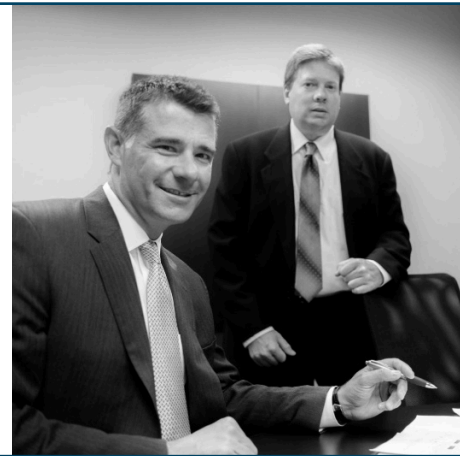
Small Cap Strategy



1Q:24

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.

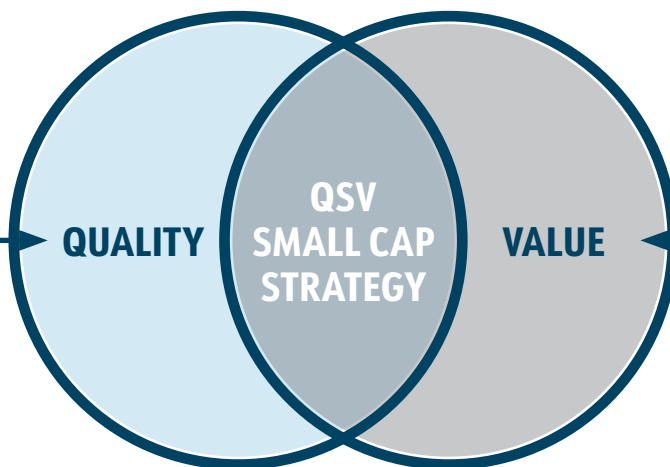


INVESTMENT TEAM

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) Small Cap Strategy strives to deliver a smoother ride in good markets and bad, seeking to outperform the Russell 2000 Value Index and Russell 2000 Index with less risk over a full market cycle.

OVERVIEW QSV Small 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 Small 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

1Q:24 COMMENTARY

Stocks marched higher in Q1 2024 with participation broadening from the mega cap winners of 2023 to mid-cap and smaller capitalization companies. U.S. economic growth, a steady consumer, and high expectations for interest rate cuts by the Federal Reserve promoted continued risk taking by investors. Gains in equity markets were largely multiple driven as earnings gains were modest and the stocks of lower quality small cap companies outpaced the returns of higher quality companies during the quarter. Using the Russell Stability indexes as proxies for high and low quality, the Russell 2000 Defensive index, containing businesses with higher Returns on Assets, lower leverage, and lower volatility underperformed low-quality businesses, as measured by the Russell 2000 Dynamic indexes, by 375 basis points for the quarter.

QSV Small Cap lagged both the Russell 2000 Value Index and the Russell 2000 Index during the quarter. Security selection in Communication Services, Financials, and Information Technology companies aided relative performance. Security selection detracted from performance in Industrials as did an underweight and company selection in Energy holdings. Energy delivered the strongest absolute returns in the Russell 2000 Value Index during the quarter due to elevated geopolitical risks and higher demand. QSV remains significantly underweight relative to the sector due to challenges in finding quality businesses at reasonable valuations.

SMALL CAP TOP CONTRIBUTORS

PUBMATIC INC. (PUBM), a leading platform provider of digital advertising technology, was the leading contributor to performance in Q1 2024 as it continued to expand its customer base and the volume of ad impressions processed. A rebound in digital ad pricing also lifted revenue growth to levels beyond management's prior forecast. Competitive advantages include switching costs - the time, effort, and money required to transfer platforms once an advertiser is set up on PUBM's platform - and cost advantages through its investment in infrastructure and off-shore research and development. PUBM produces returns on invested capital of 12% on average.

MEDPACE HOLDINGS INC. (MEDP) contributed to performance as strong quarterly earnings exceeded expectations. MEDP is a leading provider of full-service drug development and clinical trial services to small and mid-sized biotechnology, pharmaceutical, and medical device firms. The company benefits from high switching costs as its tools and testing are highly scripted in regulation and practice. MEDP produces returns on invested capital of 25% on average.

TOP 10 HOLDINGS¹

	% Weighting
Medpace Holdings, Inc.	2.47%
PubMatic, Inc. Class A	2.40%
Innoviva, Inc.	2.30%
Alamo Group Inc.	2.29%
NAPCO Security Technologies, Inc.	2.17%
Walker & Dunlop, Inc.	2.14%
RLI Corp.	2.06%
Insperty, Inc.	2.02%
Hawkins, Inc.	2.00%
AudioCodes Ltd.	2.00%
TOTAL	21.85%

PERFORMANCE

	2Q:23	3Q:23	4Q:23	1Q:24	1 Year	3 Year (Ann)	5 Year (Ann)	Annual Total Return (since inception) 6/30/17
QSV Small Cap (Gross) ³	3.31%	-5.24%	15.03%	0.78%	13.48%	4.14%	8.89%	8.49%
QSV Small Cap (Net) ³	3.22%	-5.31%	14.93%	0.72%	13.12%	3.75%	8.22%	7.72%
Russell 2000 Value ²	3.18%	-2.96%	15.26%	2.90%	18.75%	2.21%	8.16%	6.69%
Russell 2000 ²	5.21%	-5.13%	14.03%	5.18%	19.71%	-0.10%	8.11%	7.64%

1Q:24 COMMENTARY – CONTINUED

SMALL CAP TOP DETRACTORS

FORWARD AIR (FWRD) fell 50% during the quarter due to pessimism over its acquisition of Omni Logistics. While FWRD stands as a leader in the less-than-truckload shipping business, concerns over its debt levels and integration risks persist. QSV is closely monitoring this integration and FWRD’s business performance. Despite its near-term headwinds, FWRD benefits from its substantial network of 92 terminals located at or near airports throughout North America. This network provides economies of scale and creates high barriers to entry, making replication of its capabilities a challenge.

MALIBU BOATS (MBUU) shares fell due to reduced forward guidance and concerns that higher interest rates will dampen sales of the company’s brands. Combined, its Malibu and Axis brands are the largest player in the ski / wakeboard market, one of the fastest-growing segments of the powerboat market. Malibu has been acquiring strong brands in a very fragmented industry and selling through its extensive dealer network of over 350 independent dealers, including 250 in North America. MBUU shares are currently at a significant discount to our estimate of intrinsic value, and QSV added to its position during the quarter.

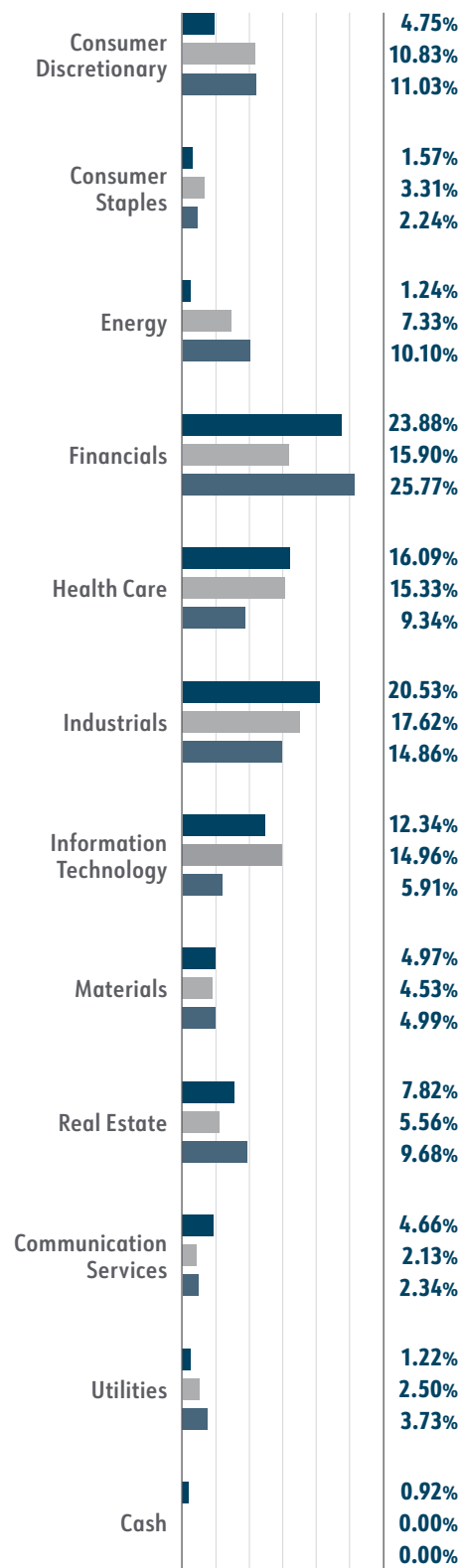
SMALL CAP PORTFOLIO ACTIVITY

Shares of **AMN HEALTHCARE (AMN)** and **MGP INGREDIENTS (MGPI)** were sold for valuation reasons. Proceeds were invested in health management company **ASTRANA HEALTH (ASTH)** and **VESTIS CORPORATION (VSTS)**, a provider of uniforms and other workplace supplies.

OUR FOCUS ON THE LONG TERM

We believe a good deal of 2024’s potential returns were pulled forward in Q4 2023. We also feel that market prices reflect near perfection in the economic and geopolitical outcomes of the coming quarters. Unfortunately, the world is imperfect and uncertain. At QSV, we do not invest in markets, but focus on building portfolios of quality businesses with durable competitive advantages purchased at reasonable valuations. We anticipate that 2024 will bring both surprises and the consequential market volatility. To prepare for this we recommend that long term investors focus on businesses with solid balance sheets, strong free cash flows, and high returns on invested capital. We continue to find these traits in the small and mid-capitalization businesses in each of the QSV portfolios and invite you to join us as we invest alongside our clients.

SECTOR EXPOSURE[^]



QSV Small Cap¹

Russell 2000²

Russell 2000 Value²

0 5 10 15 20 25 30 %

PORTFOLIO CHARACTERISTICS

	QSV Small Cap	Russell 2000	Russell 2000 Value
Active Share		96.44	97.39
Number of Securities	60	1,942	1,416
Weighted Average Market Cap (MM)	3,202.53	4,730.58	2,909.76
Median Market Cap	2,773.60	927.91	805.16
Dividend Yield	1.72	1.67	2.59
ROIC	11.50	2.41	2.28
Debt/Capitalization	33.10	43.57	42.54
EV/EBITDA	16.33	11.31	9.17

RISK METRICS

	QSV Small Cap	Relative to Russell 2000	Relative to Russell 2000 Value
Annualized Alpha (RF=10-year Treasury)		0.18	0.24
Beta		0.78	0.75
Up Capture		71.32	66.24
Down Capture		91.48	89.25
Standard Deviation*	18.08	22.29	23.01
Information Ratio		0.12	0.23
Sharpe Ratio	0.36	—	—

*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 Small Cap Strategy are taken from the model portfolio.

² The QSV Small Cap Strategy is compared to the Russell 2000 Indices as they are widely used benchmarks for small 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 Small Cap returns are for the QSV Small 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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