Market Commentary

Value Equity Strategies

First Quarter 2026

"The world is not driven by greed; it's driven by envy…avoiding envy is one of the simple secrets to living a long and happy life."

— Charlie Munger (former Berkshire Hathaway vice chairman), who lived to be 99 years old

It's been a volatile start to the year as a number of unfolding events have weighed on investor sentiment – from the stunning capture of Venezuelan President Maduro, to the Supreme Court's invalidation of the administration's tariffs under the International Emergency Economic Powers Act (IEEPA), to the nomination of perceived hawk Kevin Warsh to succeed Fed Chair Jerome Powell, to the joint US-Israel strikes on Iran causing major disruptions in key channels for oil shipping, to emerging cracks in the private credit market, and, finally, growing anxiety over AI's impact on certain business segments. Despite the wide-ranging domestic, geopolitical, and economic events, the broad markets were essentially flat through February as economic strength was broadening. Even with a sharp pullback following the Iranian bombing on the weekend of February 28, the S&P 500 ended down only a few percentage points for the quarter. More importantly, underlying all of this turbulence was a continuation of the market rotation that began in the latter part of 2025.

The rotation appears to be widening market leadership toward more "old world" businesses, while mega-cap technology-oriented businesses are experiencing declines. These AI/technology-related businesses have dominated equity markets for the past number of years but have recently shed several trillion dollars of market value. As these names retreat and the market broadens, the first quarter saw continued outperformance from value over growth, small caps over large, international markets over domestic, and asset-intensive industries over asset-light ones (see Figure 1).

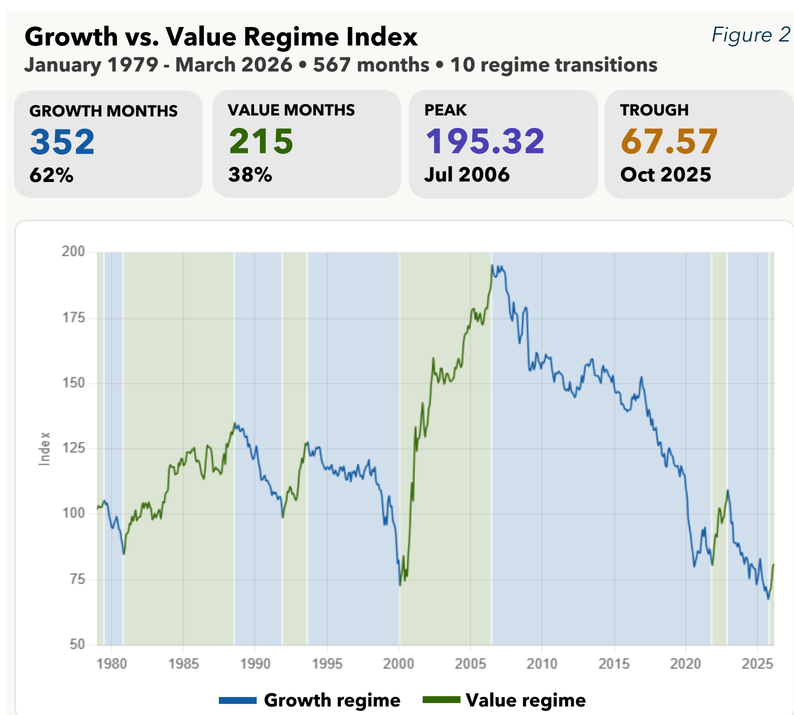
Figure 1

	Q1 2026	10/31/25 - 3/31/26
Russell 1000 Value	2.10%	5.52%
Russell 1000 Growth	(9.78%)	(11.96%)
Russell 2000	0.89%	1.27%
Russell 1000	(4.18%)	(3.94%)
MSCI EAFE (Net)	(1.24%)	2.35%
S&P 500	(4.33%)	(4.06%)
S&P 500 Equal Weight	0.67%	3.04%
Magnificent 7 (average)	(12.11%)	(12.93%)

(Sources: Confluence, FactSet, Bloomberg, FTSE Russell, S&P Global)

While the rotation is only five months old, and we will not know for certain until after the fact, we would not be surprised if we are in the early stages of a regime change. To assess, we can draw some perspective by looking to history. A three-part study from FTSE Russell, "Trends in Growth and Value" (Feb-Oct 2023), defines the distinct market regimes by time period and provides insights. This chart (Figure 2) reflects the regime rotations since the Russell styles (growth/value) commenced in the late 1970s, updated monthly through quarter end. The data reflects some glaring differences between the growth and value regimes, specifically that the transitions from growth to value are notably sharp compared to the more gradual transitions from value to growth. It underscores that the largest outperformance for growth tends to occur in the late stages of the regime, where the final 20% of the regime accounts for 50% of cumulative style gains. The opposite is true for value as its largest outperformance occurs in the early stages, with the first 20% of the regime capture accounting for 50% of the style gains. It appears that excess optimism occurs during the later stages of the growth regimes, typically marked by the advent of a new innovation when risk is not properly discounted. To simplify, the "new" environment leads investors to dream of possibilities and forgo the probabilities.

Figure 2



(Sources: Confluence, FTSE Russell)

What is also obvious from the chart is the elongated duration of the growth regime for most of the last 20 years. Since July 2006, growth has led 219 months out of 237 months, whereas the value regime has led in only 13 months: November 2021 to December 2022, and the past five months.

Of course, much of the past 20 years has been marked by easy monetary policy— namely ZIRP (Zero Interest Rate Policy) and Quantitative Easing — alongside fiscal deficits, which were only exacerbated by pandemic policies. These stimulative policies were able to remain for an extended period as globalization allowed us to import deflation, primarily through goods from China, which kept domestic inflation in check. At the same time, negative real rates distorted risk perceptions as cheap capital was in abundance.

Nevertheless, the landscape has changed. Globalization, and financialization, led to income inequality and ultimately the rise of populism. These shifts are causing global trade to fracture into new trading blocs and also putting upward pressure on inflation as cost efficiency is no longer the primary objective. Higher inflation combined with elevated debt levels hampers flexibility for monetary and fiscal policy. Thus, real rates will likely remain positive, which raises the cost of capital and removes the availability of cheap capital.

Against this backdrop, the sector performance of the first quarter reads less like a quarterly anomaly and more like an early confirmation of regime change. The conflict in the Middle East and the ongoing rotation toward value have driven strength in commodity-oriented and capital-intensive sectors; Energy, Materials, and Utilities produced returns of 38.2%, 9.7%, and 8.3%, respectively. Meanwhile, the Technology, Consumer Discretionary, and Communication Services sectors were down 9.1%, 9.2%, and 6.9%, respectively, as the bulk of their market caps are composed of the Magnificent 7: Alphabet and Meta (Communication Services), Amazon and Tesla (Consumer Discretionary), and Microsoft, NVIDIA, and Apple (Technology). The Financials sector was also down 9.3%, reflecting concerns over tighter lending spreads as inflation remains elevated, which has reduced the probability of future rate cuts. There are also fears that private credit risks will seep into the banking system, while the softer market for premiums in the insurance segment is pressuring earnings growth.

Figure 3 – **Returns by Sector**

	Energy	Materials	Financials	Industrials	Cons. Disc.	Tech.	Comm. Services*	Real Estate	Health Care	Cons. Staples	Utilities	S&P 500 Index
S&P weight	**4.0%**	**2.1%**	**12.6%**	**9.0%**	**9.9%**	**32.9%**	**10.3%**	**2.0%**	**9.5%**	**5.3%**	**2.5%**	**100.0%**
Russell Growth weight	0.5%	0.3%	5.9%	6.7%	13.2%	49.6%	12.1%	0.5%	8.1%	2.9%	0.3%	100.0%
Russell Value weight	7.7%	4.4%	20.0%	13.5%	7.0%	11.7%	7.9%	4.0%	11.7%	7.5%	4.7%	100.0%
QTD	38.2	9.7	-9.3	4.6	-9.2	-9.1	-6.9	4.9	-4.9	7.7	8.3	-4.3

(Source: J.P. Morgan Asset Management; Guide to the Markets®, US 2Q 2026, as of March 31, 2026)

Perspectives

Prior to the late February US-Israel incursion into Iran, there were signs that economic growth was broadening outside the frenzied capital spend within the AI ecosystem. One indicator, the Institute for Supply Management's (ISM) Manufacturing Purchasing Managers' Index (PMI), has now risen above 50 (expansion) for three consecutive months. The PMI fell below 50 (contraction) in November 2022 and remained in contraction territory for roughly 27 of the next 33 months, marking one of the longest manufacturing downturns in postwar history outside of recession; brief returns to expansion in March 2024 (50.3) and January-February 2025 proved short-lived, driven, in part, by businesses front-running tariff-related price increases. However, this March marked the third consecutive expansion month at 52.7, the best on record since July 2022 (see Figure 4).

Figure 4

Survey participants were clearly impacted by the sharp rise in the fed funds rate coming out of the pandemic, when the Fed raised rates from 0% to 5.25% in less than 16 months. Enthusiastic investment in AI has been holding up the economy while the rest of the market stagnated, attracting many envious bystanders to join the AI fray over the past few years, often at the expense of their own risk tolerance. It can be extremely tempting to abandon or temporarily ignore one's philosophy and risk profile in an effort to rationalize participation, but such adjustments often result in disappointment.

Investors and lenders alike are now beginning to question what the returns on investment might be for these nascent AI business models. This shift is helping to broaden the market which leads to a much healthier market overall…although it's important to note that the Iran conflict does have the potential to stall that progress.

Small Cap Value

Value Equity Strategies

First Quarter 2026

Small Cap Value is focused on companies that have small market capitalizations consistent with the Russell 2000 Index or the S&P SmallCap 600 Index at the time of purchase. These companies are selected using a bottom-up, fundamental research process that seeks to identify individual businesses that possess competitive advantages and that are trading at substantial discounts to our estimates of intrinsic value. The strategy is appropriate for clients whose primary objective is capital appreciation.

Strategy Commentary

A lot happened in the first quarter for small capitalization stocks. Leadership continued to shift away from large cap technology stocks and toward smaller, more value-oriented and cyclical areas of the market. At the same time, the war in the Middle East drove strength in energy and related businesses, while investors continued to reassess both the beneficiaries of artificial intelligence (AI) spending and the companies most exposed to AI disruption.

This shift in leadership was evident in benchmark returns. The Russell 2000 Value Index gained 5.0% during the quarter compared with 0.9% for the Russell 2000 Index. Small caps also outperformed large caps as both the S&P 500 and Russell 1000 indexes experienced declines, down 4.4% and 4.2%, respectively.

Within small caps, the drivers of performance were relatively concentrated. The clearest beneficiary of the war in Iran was Energy, which was by far the strongest area of the market. Despite representing only 9.9% of the Russell 2000 Value and 7.1% of the Russell 2000, the Energy sector contributed nearly 60% and 200% of the respective index returns for the quarter. Strength extended beyond Energy into parts of the Materials and Industrials sectors that benefited from supply-chain disruptions and tighter conditions across related markets. In particular, chemical manufacturers performed well due to the constrained flows through the Strait of Hormuz.

At the same time, the market continued to work through the implications of AI disruption. In small caps, the pressure was most pronounced in software companies, but the narrative extended more broadly to business models perceived as vulnerable to displacement. In contrast, the areas that performed best were tied to the buildout required to support AI, including utilities, electrical components, equipment, and other infrastructure-related businesses.

Against this backdrop, Confluence's Small Cap Value strategy declined 4.3% (gross of fees) in the first quarter, lagging both the Russell 2000 Value and Russell 2000 indexes, as noted above. [*The strategy's net-of-fees return for the same period was -5.1% QTD. See disclosures on last page for fee description; actual investment advisory fees may vary.*]

While it was a challenging quarter in both absolute and relative terms, we believe the result had more to do with what the market rewarded than with meaningful missteps in our investment process. Our investment approach emphasizes high-quality, profitable companies trading at attractive valuations, supported by strong cash flow generation, solid balance sheets, and above-average returns on capital. We prefer businesses with durable competitive advantages and more predictable earnings streams, rather than companies whose results are heavily tied to commodity prices or other short-term, cyclical forces.

That discipline often leads us away from areas such as Energy and Materials, where we had no exposure during the quarter and historically have had limited exposure. Commodity businesses can generate attractive returns at certain points in the cycle, but their earnings and cash flow are often less durable and more dependent on external forces rather than the quality of the underlying business. Similarly, within Financials, we tend to favor specialty insurers with disciplined underwriting and management teams that have demonstrated an ability to navigate cycles effectively. Although banks outperformed and insurance lagged during the quarter, we remain confident in the long-term durability of our insurers.

So, while the rotation into small caps and value was a nice development, leadership remained concentrated in parts of the market that we generally avoid. Over time, we continue to believe that businesses with competitive advantages, strong balance sheets, and consistent free cash flow generation will be better positioned as market leadership broadens and fundamentals and valuation regain importance.

See GIPS Report on pages 4-5.

At the company level, Littelfuse (LFUS), a global leader in circuit protection, sensing, and power control products, was one of the portfolio's better performers this quarter. The company reported a good quarter driven by strength in electronics and industrial end markets, and its near-term outlook remains solid, supported by healthy backlog and customer engagement. We are also encouraged by the upgraded leadership team, including a new CEO from Analog Devices and new CFO from IDEX Corporation, both companies known for strong execution. The CEO's early focus at Littelfuse appears to be on accelerating growth and leaning into higher power and electrification applications, areas where his semiconductor experience could help the company unlock additional growth opportunities over time.

UniFirst (UNF), a leading workplace uniform and service provider, was also a good contributor. We had monitored the company for some time, but our interest increased after Cintas made its $275/share offer in early 2025, and the stock fell sharply after the Croatti family, which controls the company's voting power, rejected the proposal. With the stock price back near $167, that created an attractive risk-reward opportunity. As the quarter progressed, renewed takeover speculation and activist involvement drove the shares higher. At that point, we felt the upside had become increasingly dependent on an uncertain outcome and chose to exit the position during the quarter. In hindsight, that decision proved a bit premature, but we believe it was reasonable based on the information and probabilities at the time.

A few of our holdings were pressured by the market's AI-disruption narrative, though we find that the risk has often been framed too simplistically. Our job as analysts is to dig deeply into our companies rather than paint an entire group with a broad brush. In these cases, we believe the market has been too quick to assume disruption without fully appreciating the durability of the underlying franchise or the value of proprietary data.

TripAdvisor (TRIP) was one such example. The impact is most acute in the legacy, search-dependent hotel business, where AI-driven changes in search are beginning to affect traffic. However, we believe the market is overly focused on that segment and underappreciating the value of the company's other assets. Viator, the experience platform, along with the company's proprietary review base and transaction capabilities remain more differentiated and less susceptible to displacement. In addition, activist involvement and recent board representation could help sharpen the company's focus on exposing and highlighting the underlying value of its assets.

Haemonetics (HAE), a global healthcare company focused on plasma collection equipment and supplies and medical devices, was another holding that remained weak despite a decent quarter. Overall results were good, driven by better plasma performance, but investors remain concerned about inconsistent performance in the hospital segment. The revenue and margin pressures remain centered on interventional technologies where performance has been uneven across its vascular closure and esophageal protection product lines. We believe recent actions including leadership changes, revised incentives, a more focused commercial strategy, and upcoming product introduction should help stabilize and improve hospital performance.

In addition to our sale of Unifirst, we also exited the remaining shares of Cannae Holdings (CNNE). Cannae has been a disappointing investment for us. Our original investment thesis was based on then-CEO Bill Foley's long and successful track record of value creation and capital, which gave us confidence in the underlying portfolio. We decided to part ways with the holding as the investment thesis weakened on several fronts. First, one of Cannae's key investments underperformed for several years and did not develop as we had expected. Second, the company's holding-company structure made value realization more complicated than we anticipated as tax considerations limited the ability to monetize certain publicly traded assets. Lastly, the story changed further when Foley stepped down as CEO and chairman, moving to the vice chairman role and no longer overseeing day-to-day operations, while the new management announced a broader capital allocation approach. While Cannae continues to trade at a sizable discount to NAV, that alone was no longer sufficient for us as we had lost confidence in its ability to drive and unlock value going forward.

During the quarter, we initiated two positions: Trex Company (TREX), a leading manufacturer of composite decking materials which is a growing category that continues to gain share, as well as another name where we continue to build a full position that we look forward to discussing once complete.

We believe Trex is a superior operator with attractive ROICs as a dominant player in the composite decking space, capturing 40-50% of the market with a cost advantage that utilizes recycled feedstock. Composite decking typically has a higher upfront cost relative to wood, but it eliminates annual staining, sealing, and product rot, resulting in a lower total cost of ownership over time. TREX benefits from the underlying tailwinds driven by converting existing wood decks that need to be replaced due to age and rot, making its business less susceptible to the currently challenged housing market, which could become an additional tailwind as conditions recover.

Outlook

Looking ahead, the outlook has become more uncertain. Higher energy prices could pressure consumer discretionary spending and contribute to higher inflation, which puts the Fed in a difficult position. Furthermore, the path to a resolution in the Middle East remains unclear. If the conflict persists, it could support higher energy prices and parts of the market that have benefited from that dynamic. On the other hand, any meaningful de-escalation of the war could lead to a reversal of many of the trends that occurred late in the quarter.

Nevertheless, we believe it is important to look beyond the near-term macro backdrop and focus on the underlying opportunities that may emerge. In our view, quality small caps have been out of favor for some time, and that may represent the next area of opportunity once the current uncertainty begins to settle down.

The small cap setup remains intact, with valuations still cheap relative to large caps, and earnings expectations continue to point to meaningfully stronger growth for small caps. Russell 2000 (IWM) EPS is expected to grow approximately 65% in 2026 compared with roughly 14% for the Russell 1000 (IWB) and 9% for the S&P 500 (SPY).

Historically, periods of value outperformance have often coincided with stronger relative performance from small cap stocks and broader participation beyond the narrow technology leadership that has dominated in recent years. While it is still early, the recent rotation may represent the beginning of such a longer-term shift.

Thank you for your confidence and trust in our team.

Contribution[1]

The top contributors and detractors for the portfolio thus far in 2026 are shown in the following table:

(YTD as of 3/31/2026)

Security	Avg Weight (%)	Contribution (%)
Top 5		
Littelfuse Inc.	3.67	0.98
Spectrum Brands Holdings Inc.	4.00	0.82
Knowles Corp.	4.48	0.73
UniFirst Corp.	*Sold*	0.72
Movado Group Inc.	4.28	0.68
Bottom 5		
JBT Marel Corp.	4.17	(0.63)
Morningstar Inc.	2.96	(0.66)
Hagerty Inc.	3.68	(0.86)
TripAdvisor Inc.	2.91	(0.90)
Haemonetics Corp.	3.01	(1.07)

Performance Composite Returns[2] (For Periods Ending March 31, 2026)

	Since Inception**	30-Year*	25-Year*	20-Year*	15-Year*	10-Year*	5-Year*	3-Year*	1-Year	YTD	QTD
Small Cap Value *Pure Gross-of-Fees*[3]	9.8%	9.4%	8.5%	7.0%	6.8%	5.3%	(1.7%)	(0.2%)	(4.3%)	(4.3%)	(4.3%)
Max Net-of-Fees[4]	6.7%	6.3%	5.4%	3.9%	3.6%	2.2%	(4.6%)	(3.1%)	(7.1%)	(5.1%)	(5.1%)
Russell 2000 Value	9.7%	9.3%	8.8%	7.0%	8.6%	9.6%	5.8%	13.8%	28.2%	5.0%	5.0%
Russell 2000	9.0%	8.4%	8.5%	7.5%	9.0%	9.9%	3.7%	13.0%	25.8%	0.9%	0.9%

Calendar Year	Pure Gross-of-Fees[3]	Max Net-of-Fees[4]	R2000 Value	R2000	Difference (Gross-R2000V)	# of Portfolios	Composite Assets (000s)	Total Firm Assets (000s)	Composite 3yr Std Dev	R2000V 3yr Std Dev	R2000 3yr Std Dev	Composite Dispersion
2006**	19.1%	15.9%	23.5%	18.4%	(4.3%)	694	$117,282		7.1%	12.3%	13.8%	1.1%
2007	(1.7%)	(4.4%)	(9.8%)	(1.6%)	8.1%	543	$84,018		7.5%	12.6%	13.2%	1.1%
2008	(21.8%)	(24.0%)	(28.9%)	(33.8%)	7.1%	61	$8,568	$291,644	14.0%	19.1%	19.8%	N/A
2009	29.6%	25.8%	20.6%	27.2%	9.0%	54	$9,823	$533,832	20.9%	25.6%	24.8%	2.3%
2010	24.6%	20.9%	24.5%	26.9%	0.0%	83	$19,208	$751,909	23.3%	28.4%	27.7%	1.5%
2011	(0.9%)	(3.8%)	(5.5%)	(4.2%)	4.6%	85	$18,032	$937,487	21.8%	26.0%	25.0%	1.2%
2012	16.0%	12.6%	18.1%	16.3%	(2.1%)	105	$26,346	$1,272,265	15.6%	19.9%	20.2%	0.3%
2013	27.4%	23.6%	34.5%	38.8%	(7.2%)	113	$31,217	$1,955,915	12.2%	15.8%	16.4%	0.5%
2014	9.3%	6.1%	4.2%	4.9%	5.1%	140	$34,077	$2,589,024	8.6%	12.8%	13.1%	0.6%
2015	(1.7%)	(4.7%)	(7.5%)	(4.4%)	5.7%	158	$34,928	$3,175,419	10.3%	13.5%	14.0%	0.4%
2016	23.7%	20.0%	31.7%	21.3%	(8.0%)	198	$56,608	$4,413,659	11.6%	15.5%	15.8%	1.2%
2017	19.5%	16.0%	7.8%	14.6%	11.7%	354	$103,862	$5,944,479	10.8%	14.0%	13.9%	0.9%
2018	(8.6%)	(11.3%)	(12.9%)	(11.0%)	4.3%	400	$88,885	$5,486,737	13.1%	15.8%	15.8%	0.8%
2019	27.0%	23.2%	22.4%	25.5%	4.6%	449	$124,071	$7,044,708	14.5%	15.7%	15.7%	0.8%
2020	4.5%	1.4%	4.6%	19.9%	(0.1%)	400	$122,151	$6,889,798	21.6%	26.1%	25.3%	1.5%
2021	16.9%	13.4%	28.2%	14.8%	(11.3%)	378	$124,263	$7,761,687	20.2%	25.0%	23.3%	1.3%
2022	(16.3%)	(18.8%)	(14.5%)	(20.5%)	(1.8%)	361	$98,842	$6,931,635	21.6%	27.3%	26.0%	0.5%
2023	5.7%	2.6%	14.6%	16.9%	(8.8%)	277	$75,681	$7,200,019	18.2%	21.8%	21.1%	0.9%
2024	5.9%	2.8%	8.0%	11.5%	(2.1%)	195	$56,489	$7,280,773	20.5%	23.4%	23.3%	0.6%
2025	(4.6%)	(7.5%)	12.6%	12.8%	(17.2%)	127	$28,661	$6,769,052	17.8%	19.9%	19.6%	0.8%

**Average annualized returns   **Inception is 10/1/1994. Additional years of performance available on our website.   See performance disclosures on last page.*

Portfolio Benchmarks

Russell 2000® Value Index – A capitalization-weighted index designed to measure performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 2000® Index – A capitalization-weighted index measuring performance of approximately 2,000 companies in the Russell 3000® Index.

(Source: Bloomberg)

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Indexes: The Russell 2000 Value and Russell 2000 are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only & do not represent the performance of any specific investment. Index returns do not include any expenses, fees or sales charges, which would lower performance. Effective September 1, 2025, the benchmark indices for this composite were retroactively reassigned: the primary index was changed from the Russell 2000 Index to the Russell 2000 Value Index, and the secondary index was changed from the Russell 2000 Value Index to the Russell 2000 Index.

[1] **Contribution—**Contribution data shown from a sample account, based on individual stock performance and portfolio weighting. Table showing the top 5 contributors/detractors reflects the strategy's best and worst performers (net), based on each holding's contribution to the sample account for the period stated. Holdings identified do not represent all of the securities purchased, sold or recommended. Individual client portfolios in the strategy may differ, sometimes significantly, from these listings.

[2] **Performance Composite Returns—Confluence Investment Management LLC claims compliance with the Global investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Confluence Investment Management LLC has been independently verified for the periods August 1, 2008, through December 31, 2024. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards.**

Verification provides assurance on whether the firm's policies and procedures related to composite maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

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The Small Cap Value Strategy was incepted on October 1, 1994, and the current Small Cap Value Composite was created on August 1, 2008. Performance presented prior to August 1, 2008, occurred while the Portfolio Management Team was affiliated with a prior firm and the Portfolio Management Team members were the primary individuals responsible for selecting the securities to buy and sell. Confluence Investment Management LLC is an independent registered investment adviser. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. Past performance is not indicative of future results. The US Dollar is the currency used to express performance. Returns are presented gross and net of all fees and include the reinvestment of all income.

[3] Pure gross returns are shown as supplemental information to the disclosures required by the GIPS® standards.

[4] Net-of-fee performance was calculated using the highest applicable annual bundled fee of 3.00% applied quarterly (2.75% prior to 7/1/08). This fee includes brokerage commissions, portfolio management, consulting services and custodial services. The Confluence fee schedule for this composite is as follows: 1.00% on the first $500,000; 0.90% on the next $500,000; and 0.75% over $1,000,000. There are no incentive fees. Clients pay an all-inclusive fee based on a percentage of assets under management. The collection of fees produces a compounding effect on the total rate of return net of fees. Bundled fee accounts make up 100% of the composite for all periods. Actual investment advisory fees incurred by clients may vary. Wrap fee schedules are provided by independent wrap sponsors and are available upon request from the respective wrap sponsor.

A complete list of composite descriptions is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The annual composite dispersion is an equal-weighted standard deviation, using gross-of-fee returns, calculated for the accounts in the composite for the entire year. The three-year annualized standard deviation measures the variability of the composite gross returns over the preceding 36-month period. The Small Cap Value Composite contains fully discretionary Small Cap Value wrap accounts. Small Cap Value is a value-based, bottom-up portfolio that utilizes stocks with market capitalizations typically less than $7 billion. *Smaller capitalization companies, due to their size, are generally more vulnerable to adverse general market or economic developments than larger, more established companies.*

**Results shown for the year 1994 represent partial period performance from October 1, 1994, through December 31, 1994. N/A-Composite Dispersion: Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire year. N/A-3yr Std Dev: Composite does not have 3 years of monthly performance history and/or performance was calculated quarterly prior to January 2001.

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