

# MVP Small Cap Core: Performance & Commentary

## PERFORMANCE SUMMARY

The strategy returned 7.81% before fees (7.55% net of fees) in the first quarter of 2024, ahead of the 5.18% return for the benchmark Russell 2000 Index, resulting in outperformance of 263 basis points. This solid start to the year continues the strong performance we saw in 2023, in which the portfolio returned nearly 17.65% before fees (16.49% net of fees) and outperformed the Russell 2000 by 72 basis points. 2023 marked the fourth consecutive year of outperformance for the MVP Small Cap Core portfolio.

Stock selection had a positive effect on the performance of the strategy during the quarter and was most impacted by Financials (Insurance, Capital Markets, and Banks), Industrials (Electrical Equipment and Ground Transportation), and Consumer Discretionary (Household Durables and Auto Components. This was partially offset by Technology (Software).

Sector allocation also contributed to portfolio outperformance primarily due to our overweight in Industrials (Construction & Engineering) and our underweight in Communication Services. Somewhat offsetting this was our underweight in Biotech stocks which was headwind during the quarter.

## MARKET OUTLOOK

Strong U.S. economic activity combined with the expectation that the Federal Reserve would be cutting interest rates later this year resulted in a continued market rally in the first quarter. Fed Chairman Powell reiterated his prior comments that the monetary policy actions that the Fed took to combat inflation have begun to bear fruit and that “if the economy evolves broadly as we expect, most FOMC participants see it as likely to be appropriate to begin lowering the policy rate at some point this year”.

It remains unclear exactly how many interest rate cuts the Fed will undertake, or when they will begin to cut, but even with this uncertainty, it appears that the market is pricing in a soft landing scenario for the economy. While there has been a growing narrative that not as many rate cuts will be needed as was predicted at the beginning of the year due to the resiliency of the economy, we believe current market expectations of positive economic data combined with lower interest rates should be particularly attractive for small cap stocks given their over exposure to the domestic economy which should benefit from falling rates.

While the current macro environment setup looks to be positive for small cap stocks overall, we continue to believe active management will be of increasing importance in 2024 given the uncertain timing and impact of Fed actions, the upcoming U.S. elections, and geopolitical events. The ability to identify companies and position the portfolio in industries that will most benefit from a changing macro environment should result in outperformance relative to a large basket of stocks. The MVP Small Cap Core strategy’s focus on investing in companies with higher quality operations with the ability to generate positive cash flow returns should outperform over the long term those companies that are impacted from fundamental business issues.

The strategy continues to have its largest overweight in Industrials as we see secular tailwinds created by government stimulus as well as trends around reshoring, automation, electrification, and grid hardening. The largest underweights are in Healthcare as we do not own biotechnology companies and in Real Estate as we remained concerned on the commercial real estate space.




## STRATEGY OVERVIEW

Benchmark:	Russell 2000
Inception Date:	October 1, 2000

## STRATEGY SUMMARY

The MVP Small Cap Core strategy uses a fundamental, bottom-up approach designed to identify underpriced securities with a strong potential for long-term appreciation. The investment process starts with a deep fundamental analysis of the universe by our sector specialists who then evaluate projected levels of cash flow return on investment to identify those stocks that provide the highest potential appreciation. The portfolio is then constructed using what we feel are the most attractive stocks by sector with a focus on risk management strategies.

## PERFORMANCE\*

	MOST RECENT QUARTER	1-YEAR	3-YEAR	ANNUALIZED 5-YEAR	10-YEAR
 Gross	7.81%	20.03%	5.00%	10.76%	9.41%
 Net	7.55%	18.85%	3.96%	9.67%	8.33%
 Benchmark	5.18%	19.71%	-0.10%	8.10%	7.58%

Source - Bloomberg and F/M

\*Estimated, Past performance is no guarantee of future results. Benchmark: Russell 2000

As of March 31, 2024. All benchmark returns presented are provided to represent the investment environment existing during the time periods shown. Actual investment performance will vary due to fees and expenses. Investment performance reflects the reinvestment of dividends and other income. Gross-of-fees performance is shown net of trading expenses. Net of fees performance is shown net of a model investment management fee that is equal to the highest fee charged to the intended audience. For comparison purposes, the benchmarks include the reinvestment of income. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment. Past performance is no guarantee of future results.

## MVP Small Cap Core: Most Recent Quarter Attribution Report

SECTOR ATTRIBUTION					
SECTOR	AVERAGE WEIGHT		*ATTRIBUTION ANALYSIS		
	PORTFOLIO	BENCHMARK	ALLOCATION EFFECT	SELECTION EFFECT	TOTAL EFFECT
Communication Services	0.00%	2.26%	0.24%	0.00%	0.24%
Consumer Discretionary	12.49%	10.79%	0.02%	0.99%	1.01%
Consumer Staples	5.70%	3.43%	-0.02%	0.07%	0.05%
Energy	6.32%	6.97%	-0.01%	0.25%	0.24%
Financials	14.66%	16.39%	0.14%	0.86%	1.00%
Health Care	10.04%	15.62%	-0.02%	0.20%	0.18%
Industrials	25.43%	17.32%	0.31%	1.23%	1.54%
Information Technology	15.85%	14.28%	0.26%	-2.05%	-1.79%
Materials	3.61%	4.45%	0.02%	-0.07%	-0.05%
Real Estate	2.91%	5.90%	0.22%	-0.07%	0.15%
Utilities	1.12%	2.60%	0.14%	0.04%	0.18%
Cash	1.86%	0.00%	-0.12%	0.00%	-0.12%
Total Portfolio	100.00	100.00%	1.18%	1.45%	2.63%

Benchmark = Russell 2000

\*The attribution analysis is based off a model portfolio, and does not include fees or expenses.

As of March 31, 2024. Individual client results may vary. Total Effect includes sector allocation effect + stock selection effect. Past performance does not guarantee future results. The benchmarks are unmanaged and unavailable for direct investment. Percentages may not add up to 100% due to rounding.

# MVP Small Cap Core: Characteristics

## STRATEGY OVERVIEW

Benchmark:	Russell 2000
Holdings:	75-85 securities
Diversification:	Security basis, won't over/underweight more than 5% Sector basis, won't over/underweight more than 10%
Turnover Range:	40-60%
Average Cash Weighting:	5% or less

## TOP TEN HOLDINGS BY WEIGHT

	TICKER	PERCENT WEIGHT
Modine Manufacturing Co.	MOD	2.89
Comfort Systems USA, Inc.	FIX	2.19
Sterling Infrastructure, Inc.	STRL	1.96
Enpro Inc.	NPO	1.93
MACOM Technology Solutions Holdings Inc.	MTSI	1.85
Insight Enterprises, Inc.	NSIT	1.8
Kadant Inc.	KAI	1.77
Evercore Inc.	EVR	1.76
Applied Industrial Technologies	AIT	1.73
Ensign Group, Inc.	ENSG	1.65

## CHARACTERISTICS

GENERAL MEASURES	MVP Small Cap Core	BENCHMARK
Number Of Stocks In Portfolio	83	1,945
Weighted Average Cap (\$ Mil)	4,654	4,869
Yield (%)	0.8	1.3
ROE (%)	15.8	7.7
Debt/Equity Ratio (%)	69.9	79.7
Beta	0.89	—
VALUE MEASURES	MVP Small Cap Core	BENCHMARK
Price/Earnings Ratio* (12-Month Trailing)	21.1	16.3
Price/Earnings Ratio* (Forecast FY)	18.1	16.3
Price/Book Value Ratio	2.7	2.0
Price/Cash Flow Ratio	11.7	9.1
Price/Sales Ratio	1.7	1.3
GROWTH MEASURES	MVP Small Cap Core	BENCHMARK
EPS 1-Year Growth Rate (%) (Forecast FY)	14.4	16.8
EPS 5-Year Growth Rate (%) (Trailing)	15.9	14.5
EPS Growth - Long-Term Forecast	13.3	16.3

As of March 31, 2024. \*Price /Earnings ratios exclude stocks with zero or negative earnings. Data Source: FactSet | Past performance does not guarantee future results. The benchmarks are unmanaged and unavailable for direct investment. Holdings are subject to change and are as of the date indicated. These holdings should not be considered a recommendation to purchase, hold, or sell any particular security. There is no assurance that any of the securities noted will remain in the portfolio at the time you receive this presentation. It should not be assumed that any of the holdings discussed were, or will prove to be profitable, or that the investment recommendations or decisions we make in the future will be profitable. As of 1/1/2024, the Total Strategy ROE includes negative values, and also caps all ROE security values that are greater than 100 or less than -100. A complete list of all recommendations made by the firm is available upon request.

## MVP Small Cap Core: Sector Weights

SECTOR	MVP SCC	Russell 2000	Difference
Communication Services	0.00%	2.13%	-2.13%
Consumer Discretionary	12.80%	10.83%	1.97%
Consumer Staples	5.51%	3.31%	2.19%
Energy	7.16%	7.33%	-0.17%
Financials	14.45%	15.90%	-1.44%
Health Care	10.15%	15.33%	-5.18%
Industrials	26.00%	17.62%	8.38%
Information Technology	15.00%	14.96%	0.05%
Materials	3.60%	4.53%	-0.93%
Real Estate	2.74%	5.56%	-2.82%
Utilities	0.63%	2.50%	-1.87%
Cash	1.96%	0.00%	1.96%

As of March 31, 2024. Based off a model portfolio, and does not include fees or expenses. Individual client results may vary. Past performance does not guarantee future results. Indices are unmanaged, do not reflect fees and expenses, and are not available for direct investment. Portfolio characteristics and attribution are shown for a model portfolio of the referenced investment strategy and do not reflect an actual active, managed account. Portfolio characteristics and attribution may vary among actual accounts invested in the same investment strategy. F/M believes the model portfolio closely resembles its intended strategy. Portfolio holdings and allocations are subject to change at any time without notice. Securities listed should not be considered a recommendation to buy or sell any security.

## MVP Small Cap Core Performance Disclosures

As of 3/31/2024

As of 3/31/2024 Ziegler Capital Management, LLC (aka ZCM) has been reorganized as part to F/m Investments, LLC. F/m Investments, LLC ("F/m"), is an investment adviser registered under the Investment Advisers Act of 1940.

Year-End	Gross-of-Fees	Net-of-Fees	Benchmark	Composite	Benchmark	Number of	Internal	Composite	Strategy	Firm	Firm
	Return	Return	Return	3 Yr. Ex Post	3 Yr. Ex Post			Assets	Assets	AUM	AUA
				Std. Dev.	Std. Dev.	Portfolios	Dispersion	(USD millions)	(USD millions)	(USD millions)	(USD millions)
2013	42.7%	41.4%	38.8%	17.8%	16.7%	<6	N.A.	\$8	\$77	N.A.	N.A.
2014	9.4%	8.3%	4.9%	13.7%	13.3%	14	N.A.	\$35	\$146	\$5,748	\$318
2015	2.8%	1.7%	-4.4%	13.9%	14.2%	16	0.1%	\$39	\$258	\$9,781	\$605
2016	19.3%	18.1%	21.3%	15.4%	16.0%	26	0.0%	\$94	\$606	\$10,651	\$1,170
2017	14.1%	13.0%	14.6%	13.9%	14.1%	40	0.1%	\$178	\$1,043	\$9,888	\$1,561
2018	-13.4%	-14.3%	-11.0%	16.5%	16.0%	33	0.1%	\$121	\$950	\$10,084	\$1,775
2019	18.7%	17.5%	25.5%	16.6%	15.9%	31	0.1%	\$146	\$972	\$10,693	\$2,112
2020	24.7%	23.5%	20.0%	24.6%	25.6%	25	0.1%	\$179	\$891	\$8,238	\$2,118
2021	24.1%	22.9%	14.8%	22.1%	23.7%	27	0.0%	\$210	\$1,009	\$8,035	\$2,293
2022	-17.9%	-18.8%	-20.4%	24.8%	26.4%	26	0.1%	\$162	\$749	\$6,383	\$1,734

Ziegler Capital Management, LLC, doing business as ZCM, claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. ZCM has been independently verified for the periods 01/01/01-12/31/22. 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 and pooled fund 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. The MVP Small Cap composite has had a performance examination for the periods 11/01/14-12/31/22. The verification and performance examination reports are available upon request. The performance shown from inception to 11/01/14 was the performance of Missouri Valley Partners (MVP). MVP was independently verified for the periods 8/29/00 through 10/31/14 and the MVP Small Cap Core composite was examined for the periods 10/1/00- 10/31/14. GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

ZCM is a registered investment advisor that became a majority owned indirect subsidiary of 1251 Capital Group, Inc, that they acquired from Stifel Financial on March 27, 2020. ZCM was formed in 1991 and has grown significantly through strategic business combinations. Through these combinations, we have expanded our investment strategy offerings and broadened our portfolio management teams to best serve our expanding client base. ZCM's CEO changed in May 2021, and in February of 2023. Please refer to the firm's ADV Part 2 for additional disclosures regarding the firm and its practices. ZCM's definition of the firm used to determine the total firm assets and firm-wide compliance includes all fee-paying and non-fee-paying discretionary and non-discretionary assets under management, including accrued income, in all strategies. Assets under Advisement ("AUA"), in the form of model portfolios provided to other financial institutions, are excluded from our definition of the firm and are provided as supplemental information. Returns are calculated in U.S. dollars and reflect the reinvestment of dividends and other earnings. Past performance is no guarantee of future results. A list of broad distribution and limited distribution pooled funds is available upon request. To obtain a GIPS report or a list of our composite descriptions and/or policies for valuing investments, calculating performance, and preparing GIPS reports, please call (312) 368-1442 or send an e-mail to letters@zieglercap.com.

**Composite and Benchmark Description:** The MVP Small Cap Core strategy invests primarily in U.S.-based, small company equity securities. The portfolio is diversified across all major economic sectors while maintaining sector exposure limits within 10% of the benchmark. Maximum individual position size is limited to no more than 5% of the total portfolio by market value. The strategy seeks long-term growth of capital. Dividend income is generally not a consideration of this strategy. Smaller company equity securities can carry increased level of risk and are less liquid than larger company equity securities. The benchmark is the Russell 2000 Index. The Russell 2000 measures the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

**Minimum Account Size:** Beginning April 1, 2018 the composite minimum was \$500,000.

**Composite Creation and Inception Date:** The MVP Small Cap Core composite creation date is October 31, 2014. Prior returns reflect the performance of Missouri Valley Partners, Inc. ("MVP") where the composite inception was October 1, 2000. At MVP the composite contained fully discretionary, tax-exempt, small cap core equity non-wrap accounts only.

**Significant Cash Flow Policy:** Beginning January 1, 2015, portfolios with significant cash flows are excluded from the composite. Cash flows of 10% or more are considered significant.

**Internal Dispersion:** The internal dispersion is measured by the standard deviation across asset-weighted portfolio returns represented within the composite for the period. If there are less than 6 portfolios in the composite for the entire year, the internal dispersion is not statistically meaningful and is presented as N.A. All risk measures are calculated using gross-of-fees returns.

**Fees:** Gross-of-fees returns are presented after trading expenses and before management fees. Net-of-fees returns are presented after model management fees for a \$10 mm portfolio applied on a monthly basis. The highest applicable management fee was 1.00%. Fees are calculated separately for each portfolio, and therefore, performance may differ from one portfolio to another. The effect of fees and expenses on performance will vary with the relative size of the fee and account performance. For example, if \$10 million were invested and experienced a 10% compounded annual return for ten years, its ending dollar value, without giving effect to the deduction of the advisory fee, would be \$25,937,425. If an advisory fee of 1.00% of average net assets per year for the ten-year period were deducted, the annual total return would be 8.95% and the ending dollar value would be \$23,565,266. The fee schedule is: 1.00% on the first \$10 million and 0.90% on all additional assets.

**Other:** Strategy assets include all assets in MVP Small Cap Core strategy, even those portfolios that are excluded from the composites because of significant cash flows or for other reasons, and include non-wrap, wrap and UMA assets. This is presented as supplemental information.

# Disclosures

This review is for institutional advisory clients of F/m. The strategy review often expresses opinions about the direction of market, investment sector and other trends. The opinions should not be considered predictions of future results. The information contained in this report is based on sources believed to be reliable, but is not guaranteed and not necessarily complete.

Information contained herein is for informational purposes only and is not a recommendation to buy or sell any security. Contribution to portfolio return is calculated by multiplying the total return for the security by its average weight in the portfolio. There is no assurance that any securities discussed herein will remain in an account's portfolio at the time you receive this report or that securities sold have not been repurchased. The securities discussed do not represent an account's entire portfolio and in the aggregate may represent only a small percentage of an account's portfolio holdings. A complete list of all holdings is available upon request. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the securities represented herein. Other factors may impact overall performance for different accounts including the execution and timing of trades and any wrap sponsor's policies.

All investments involve risk, including loss of principal, and there is no guarantee that investment objectives will be met. Equity securities are subject generally to market, market sector, market liquidity, issuer, and investment style risks, among other factors to varying degrees. Equity securities may rise and decline in value due to both real and perceived market and economic factors as well as general industry conditions. Small capitalization stocks are likely to be more volatile in price and carry a higher risk of failure than large capitalization stocks. Indices are unmanaged, do not reflect fees and expenses and are not available as direct investments.

Russell 2000 - Measures the performance of approximately 2,000 small-cap companies in the Russell 3000 Index, which is made up of 3,000 of the biggest U.S. stocks. The Russell 2000 serves as a benchmark for small-cap stocks in the United States.

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