



## MVP Small Cap Core: Performance &amp; Commentary

**PERFORMANCE SUMMARY**

The strategy returned 10.14% before fees (9.87% net of fees) in the fourth quarter of 2023, behind the 14.03% return for the benchmark Russell 2000 Index, resulting in underperformance of 389 basis points. Even with a difficult fourth quarter, the strategy did outperform the index by 69 basis points for 2023 overall, with a gross return of 17.62% (16.46% net of fees) vs. the Russell 2000 returning 16.93%.

Stock selection had a negative effect on the performance of the fund during the quarter and was most affected by Financials (Banks, Financial Services, and Insurance), Technology (Software and Semis), Discretionary (Hotels, Restaurants & Leisure), Energy (Equipment and Services), and Industrials (Professional Services and Trading Companies & Distributors). This was somewhat offset by Materials (Metals and Mining).

Sector allocation also contributed to portfolio underperformance primarily due to our underweight in Biotech stocks which was an 83bps headwind during the quarter. Our underweight in Banks was also a detractor to performance. Somewhat offsetting this was our underweight in Energy (Oil, Gas, and Consumable Fuels).

**MARKET OUTLOOK**

The Federal Reserve continued to make headlines during the fourth quarter, with Chairman Powell indicating that the tightening of monetary policy (i.e., rate hikes) that the Fed has been engaged in is likely over as inflation has begun to fall. This led to a stock rally in Q4 as the market began to discount the likelihood of interest rate cuts in 2024.

While it is unclear how many interest rate cuts the Fed will undertake or when they will begin to cut, the market appears to be pricing in a soft landing scenario for the economy, with fears of a recession quickly dissipating. We believe this scenario could be particularly attractive for small cap stocks given their over exposure to the domestic economy which should benefit from lower rates.

While a lower interest rate environment is generally positive for small cap stocks, we believe active management will be of increasing importance in 2024. The MVP Small Cap Core strategy had a challenging fourth quarter due in part to lower quality names (sometimes referred to as “zombie companies”) rallying off the bottom in hopes that lower rates will result in a better financing environment for these troubled companies. The 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 by fundamental business issues.

The strategy continues to have its largest overweight in Industrials as we see secular tailwinds created by government stimulus and 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 remain concerned about 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	10.14%	17.62%	6.19%	12.13%	8.91%
 Net	9.87%	16.46%	5.14%	11.02%	7.83%
 Benchmark	14.03%	16.93%	2.22%	9.97%	7.16%

Source - Bloomberg and ZCM

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

As of December 31, 2023. 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	0.33%	2.39%	0.13%	0.07%	0.20%
Consumer Discretionary	11.29%	10.85%	0.02%	-0.61%	-0.59%
Consumer Staples	6.29%	3.53%	-0.02%	-0.27%	-0.29%
Energy	6.81%	7.82%	0.21%	-0.38%	-0.17%
Financials	13.74%	16.79%	-0.24%	-0.81%	-1.05%
Health Care	9.69%	14.54%	-0.14%	-0.10%	-0.24%
Industrials	25.56%	17.13%	-0.04%	-0.50%	-0.54%
Information Technology	15.61%	13.39%	-0.01%	-0.97%	-0.98%
Materials	3.13%	4.51%	0.01%	0.33%	0.34%
Real Estate	3.10%	6.16%	-0.08%	-0.16%	-0.24%
Utilities	1.57%	2.89%	0.08%	-0.01%	0.07%
Cash	2.88%	0.00%	-0.40%	0.00%	-0.40%
Total Portfolio	100.00%	100.00%	-0.48%	-3.41%	-3.89%

Benchmark = Russell 2000

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

As of December 31, 2023. 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
Applied Industrial Technologies	AIT	2.02
Comfort Systems USA, Inc.	FIX	2.00
Modine Manufacturing Co.	MOD	1.95
MACOM Technology Solutions Holdings Inc.	MTSI	1.94
Enpro Inc.	NPO	1.93
UFP Industries Inc.	UFPI	1.93
Insight Enterprises, Inc.	NSIT	1.86
SPS Commerce Inc.	SPSC	1.73
ESCO Technologies Inc.	ESE	1.71
Evercore Inc.	EVR	1.69

## CHARACTERISTICS

GENERAL MEASURES	ZCM	BENCHMARK
Number Of Stocks In Portfolio	80	1,967
Weighted Average Cap (\$ Mil)	4,150	3,295
Yield (%)	0.8	1.4
ROE (%)	16.2	13.2
Debt/Equity Ratio (%)	66.6	78.7
Beta	0.92	—
VALUE MEASURES	ZCM	BENCHMARK
Price/Earnings Ratio* (12-Month Trailing)	18.3	14.7
Price/Earnings Ratio* (Forecast FY)	17.0	15.8
Price/Book Value Ratio	2.6	2.0
Price/Cash Flow Ratio	11.0	7.6
Price/Sales Ratio	1.9	1.2
GROWTH MEASURES	ZCM	BENCHMARK
EPS 1-Year Growth Rate (%) (Forecast FY)	16.5	17.2
EPS 5-Year Growth Rate (%) (Trailing)	18.8	13.6
EPS Growth - Long-Term Forecast	17.5	15.5

As of December 31, 2023. \*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. 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%	2.30%	-2.30%
Consumer Discretionary	12.08%	10.97%	1.11%
Consumer Staples	5.63%	3.39%	2.24%
Energy	5.92%	6.89%	-0.97%
Financials	15.04%	17.05%	-2.02%
Health Care	9.53%	15.45%	-5.91%
Industrials	25.82%	17.00%	8.82%
Information Technology	15.86%	13.57%	2.29%
Materials	3.83%	4.45%	-0.62%
Real Estate	3.10%	6.19%	-3.09%
Utilities	1.53%	2.74%	-1.21%
Cash	1.68%	0.00%	1.68%

As of December 31, 2023. 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. ZCM 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.



Year-End	Gross-of-Fees Return	Net-of-Fees Return	Benchmark Return	Composite 3 Yr. Ex Post Std. Dev.	Benchmark 3 Yr. Ex Post Std. Dev.	Number of Portfolios	Internal Dispersion	Composite Assets (USD millions)	Strategy Assets (USD millions)	Firm AUM (USD millions)	Firm AUA (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 Ziegler Capital Management, LLC, doing business as ZCM. 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.

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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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