

Q3 2023

QUARTERLY UPDATE

Small Cap Value ESG Strategy

Seeking to invest in responsible companies that are attractively valued, under scrutinized, and irrationally mispriced.

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Bailard
Asset Management

Market Commentary

Q3 2023 UPDATE

Aligning with what has historically been the weakest quarter of the year, Q3 performance was down across all major indices. Rising interest rates pressured equity returns throughout the quarter due to continued fears of persistent inflation that may prevent the Fed from easing anytime soon.

Small cap value stocks relatively benefited from higher interest rates shortening investors' time horizons and their historically attractive valuations, but the title of "best loser" does not come with many bragging rights.

Smaller company earnings have been holding up well, and barring a recession, should begin to generate enthusiasm from market participants at some point, particularly with investor expectations currently subdued.

Micro cap value stocks continued to trail small cap value over the quarter, year to date, and trailing 12 months.

Small cap ESG companies (as measured by the MSCI USA Small Cap ESG Leaders Index) suffered an equal decline to their comparable non-ESG focused counterparts in Q3 and were trailing YTD and over the past year as well.

MARKET INDICES TOTAL RETURN

	QTR	YTD	1 Year	Comments
S&P 500 Index	-3.3%	13.1%	21.6%	AI enthusiasm couldn't overcome rising interest rates.
Russell 1000 Growth Index	-3.1%	25.0%	27.7%	Growth and value both fell for the quarter.
Russell 1000 Value Index	-3.2%	1.8%	14.4%	
Russell 2000 Growth Index	-7.3%	5.2%	9.6%	Rising rates crushed small cap growth. Small value held up better as would be expected.
Russell 2000 Value Index	-3.0%	-0.6%	7.8%	
Russell Micro Cap Value Index	-5.6%	-6.4%	-0.7%	Trailed small cap value again.
MSCI USA Small Cap Index	-5.0%	3.6%	11.8%	ESG leaders on par for the quarter but behind YTD.
MSCI USA Small Cap ESG Leaders Index	-5.0%	2.1%	10.5%	

Data through September 30, 2023. Source: Bloomberg, Morningstar. The total return performance of these market indices does not represent the past or future performance of any Bailard strategy, account or product. **Past performance is no indication of future results.** All investments have the risk of loss. Please see the Market Index section at the back of this presentation for additional information.

Performance Commentary as of September 30, 2023

Q3 2023 PERFORMANCE¹

The Strategy handily beat the benchmark Russell 2000 Value Index in Q3. Our historically successful alpha characteristics were broadly in favor, and rising interest rates helped to dampen the wild investor sentiment swings we experienced earlier in the year. The Strategy's relatively higher exposure to micro cap value stocks detracted from overall performance for the quarter, and remains a drag year to date and over the trailing 12 months as well.

TOTAL RETURN, NET OF FEE^{1,2}

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bailard Composite	-0.94%	0.40%	11.31%	17.02%	5.39%	7.17%
Russell 2000 Value Index	-2.96%	-0.53%	7.82%	13.29%	2.56%	6.18%
Russell Micro Cap Value Index	-5.59%	-6.40%	-0.70%	11.76%	1.78%	6.34%

ACTIVE RETURN, NET OF FEE^{1,2}

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Vs. Russell 2000 Value Index	2.02%	0.93%	3.49%	3.72%	2.83%	1.00%
Vs. Russell Micro Cap Value Index	4.65%	6.80%	12.01%	5.26%	3.61%	0.84%

¹ The "Bailard Composite" is the Bailard, Inc. Small Cap Value Composite. The Bailard Small Cap Value Composite includes a Bailard Asset Management portfolio invested solely in small and micro capitalization U.S. equities that exhibit value characteristics. The benchmark is the Russell 2000 Value Index. The indices presented do not have fees. **Past performance is no indication of future results.** Please see additional performance on page 12. See pages 20-22 for market definitions and important disclosures. Source: Bloomberg.

² Active return is the difference between the return of the strategy and the return of the index. Performance statistics are annualized for periods greater than one year.

Attribution Commentary as of September 30, 2023

ATTRIBUTION - NET ACTIVE RETURN VS INDEX*



Q3 2023 ATTRIBUTION

Our primary stock selection tool, our multi-factor Bailard Ranking Model (BRM), delivered very strong relative performance for the quarter. Our Earnings Quality factor worked well across small and micro cap. Valuation measures were mixed as rising interest rates bolstered current attractive valuations but largely negated even near-term expected values due to greater discounting. Our Hype (excessive investor attention) factor began working again after struggling earlier in the year due to AI hype. Our proprietary Analyst Herding Bias factor delivered nicely positive results. Anchoring Bias was just slightly positive for the period.

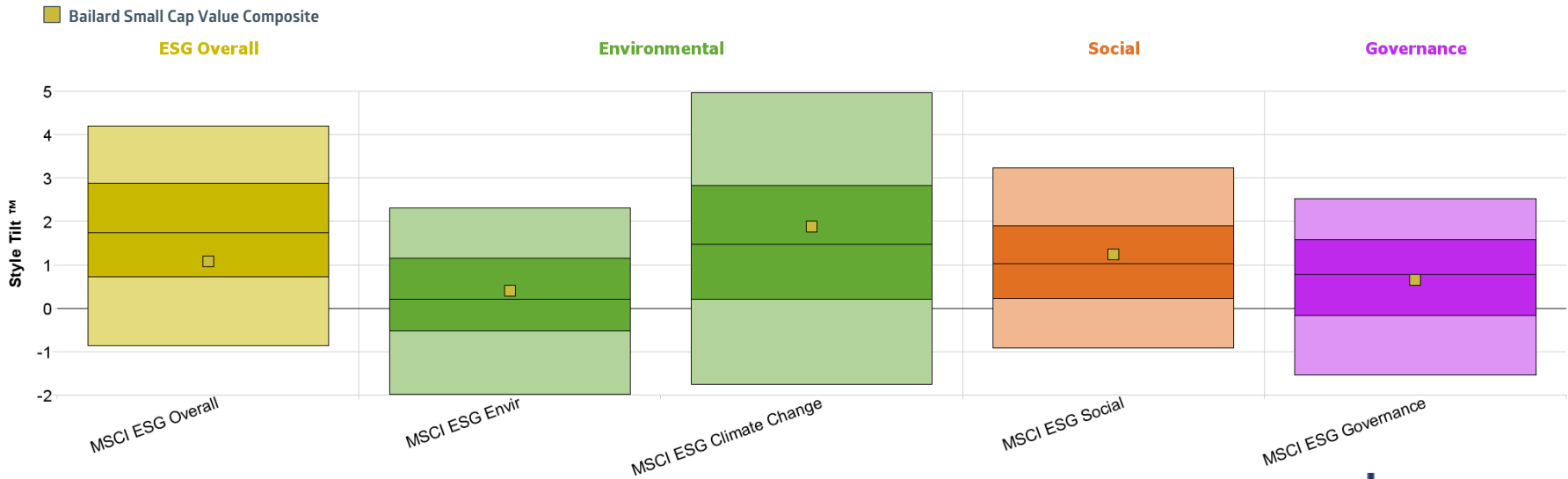
Within our subsector-specific stock selection models, the pharma & biotech model produced strong results, and both the insurance and utilities models worked nicely as well. The bank and REIT models both detracted slightly from performance.

Sector allocation was a positive contributor for the quarter with an overweight to energy and an underweight to pharmaceuticals & biotechnology being the primary drivers. Style bets detracted slightly. CAQC (Curated Assessment of Qualitative Conviction, our proprietary measure of sophisticated investor interest in stocks that lack quantifiable appeal) outperformed strongly in part due to a free cash flow bias in the current holdings and an overexposure to energy. Our non-systematic tilts (e.g., more solutions companies, among others) and individual stock selection in the growthier and larger ends of the small cap value stock spectrum underperformed sharply in Q3 as alternative energy stocks in particular were hard hit.

* The benchmark is the Russell 2000 Value Index. Please see pages 20-22 for important disclosures. Our Behavioral Ranking Model (BRM) is a proprietary, multi-factor, quantitative tool for determining relative stock attractiveness within each of the 24 economic sub sectors. CAQC (Curated Assessment of Qualitative Conviction is our proprietary measure of sophisticated investor interest in stocks that lack quantifiable appeal). **Past performance is no indication of future results.** Sources: Russell, Bailard.

Third-Party Validation of ESG Focus

Company size bias highlights the importance of making ESG comparisons within the appropriate universe.



Source: Style Analytics (holdings-based factor exposure / tilt analysis tool). The Peer Style Skyline™ displays the distribution of the benchmark relative MSCI ESG factor exposures calculated for all constituents within the identified peer group, eVestment's U.S. Small Cap Value Equity universe. The benchmark is the Russell 2000 Value Index. Inner and outer quartiles of the distribution are designated for each factor using darker and lighter shaded sections. To learn more about the MSCI ESG factors, please visit <https://www.msci.com/documents/1296102/21901542/ESG-Ratings-Methodology-Exec-Summary.pdf>

Holdings data is as of June 30, 2023, given the latest data available. There were 195 constituents included from eVestment's U.S. Small Cap Value Equity universe. The top and bottom 5% (outliers) are excluded to avoid skewed data as recommended by StyleAnalytics. The eVestment U.S. Small Cap Value Equity universe consists of US equity products that primarily invest in small capitalization stocks that may be trading at prices lower than their fundamental or intrinsic value. The members of this universe may or may not be similar to the Bailard Small Cap Value Composite. Please see <https://www.evestment.com> for more information.

Neither StyleAnalytics nor eVestment require members of the universe to subscribe in order to be included in peer comparisons; however, Bailard pays a subscription fee to StyleAnalytics and eVestment for access to their respective database and analytical tools.















The Russell 2000 Value Index is a commonly used index that measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.

Based on Style Analytics guidelines, factor tilt interpretation guidelines: +/-0.5 Benchmark like. +/-1.0 Compelling deviation from benchmark. +/-2.0 Very significant deviation from benchmark.

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Small Cap Value ESG Outlook (continued)

SMALL CAP VALUE RETURN DRIVERS

	Positive	Neutral	Negative	Comments
Absolute Valuations				Historically undervalued.
Relative Valuations	 			Relatively cheap versus style alternatives.
Economic Cycle				Can the Fed thread the needle and deliver a soft landing, or is a recession just delayed instead of avoided?
Interest Rates	 			Rates rose significantly throughout the quarter.
Volatility/Sentiment			 	VIX and Put/Call Ratio both rose through the quarter. A mixed result but slightly favoring growth.
Earnings Revisions		 		Revisions were positive for both large cap and small cap companies in the quarter, slightly favoring large.
Dollar	 			The dollar rose throughout the quarter, favoring U.S. focused companies.
ESG		 		Politics has been playing a larger role in ESG recently, but long-term favorable drivers remain in place.

Source: Bailard as of 9/30/2023. All investments involve the risk of loss.

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Small Cap Value ESG Outlook

OVERVIEW

Historically significant return drivers for small cap value stocks are, on balance, favorably aligned for small cap value outperformance. Absolute and relative valuations are historically cheap and similar past discounts of this magnitude were followed by incredibly strong one-year and three-year returns.

CURRENT P/E TO 20-YEAR AVERAGE*

As of 9/30/23	Value	Growth
Small	59.9%	79.2%
Large	81.8%	130.1%

Value vs. Growth

While small cap value stocks have historically outperformed in most portions of the economic cycle, they typically do best in the early stages of economic recovery, and when economic growth is strong. The current consensus views Fed policy and interest rates as likely staying higher for longer, but whether that results in an economic “soft landing” or an eventual recession remains to be seen. At current valuations, small value stocks seem to be fully discounting a pending recession. If one does not materialize, valuations appear to be excessively depressed.

Value stocks of all sizes benefit from investors shortening their investment time horizons, as value stock typically deliver higher current earnings and dividend yields versus the more distant potential payoffs from growth stocks. Higher interest rates increase the discount rate applied to future earnings, making them less valuable today and thus, favoring value stocks. 10-year Treasury yields rose again throughout Q3, shortening investors’ time horizons and favoring value.

(continued on next page)

Past performance is no indication of future results. All investments involve the risk of loss. Please see important disclosures on pages 20-22.

*We begin by creating an investable universe at the end of June of every year. Prior to June 2015, investable universe includes largest 3000 stocks trading in New York, American and Nasdaq Stocks Exchanges. We only select ordinary common shares of US companies (excluding ADRS, SBIs and Units). After June 2015, investable universe is the same as the Russell 3000 Index. We then split the universe as the top 3rd with respect to ranked Market Cap being large cap and the rest being small cap. Within each size bucket, we split the stocks into two groups using median P/B ratio of that respective category. Each stock is then kept in that same category until the June of next year. After June 2015, P/B value used for classification uses the most recently reported book value. Prior to June 2015, we don't have access to report dates, hence P/B value used for classification uses the book value from Q1 of each year.

Small Cap Value ESG Outlook (continued)

Falling uncertainty increases confidence that distant prospective returns will materialize, increasing the appeal of growth stocks and decreasing the attractiveness of value stocks. Investor uncertainty can be approximated and quantified using expected measures of future market volatility. Derived from the price inputs of S&P 500 Index options, the CBOE VIX Index represents the market's expectation of 30-day forward-looking volatility.

The put/call ratio measures the relative volume of put options versus call options currently traded in the market. A low ratio has historically tended to favor value stocks over growth stocks, while a high ratio has corresponded with growth stocks marginally outperforming or performing as well as value stocks.

VIX rose through Q3 but remains at reasonably low levels, seemingly indifferent between growth and value. The put call ratio ended the quarter up and above its five-year average, favoring growth stocks.

On balance, these sentiment indicators currently slightly favor growth stocks.

Small Cap vs. Large Cap

Large cap companies derive more of their revenues and profits internationally than do small cap companies. A strong dollar makes U.S. goods and services relatively more expensive to foreign

purchasers and also lowers the profits of U.S.-based companies' overseas operations when those profits are repatriated into U.S. dollars. The dollar rose through Q3, favoring small cap companies.

ESG Investing

ESG awareness and interest continues to expand, but at a slower pace. Unfortunately, ESG investing has recently become somewhat of a political issue. We believe that political concerns will fade with time, but they are currently acting as a headwind.

Longer term, there is intuitive appeal to many aspects of ESG investing. Companies should expect to benefit from treating their employees and customers well. Effective resource stewardship ought to result in long-run cost savings. Good corporate governance should help to avoid negative externalities. As empirical evidence mounts to support these beliefs, ESG's attractiveness should continue to broaden.

Past performance is no indication of future results. All investments involve the risk of loss. Please see important disclosures and market definitions on pages 20-22.

Small Companies Making a Big Difference

Beyond generally enlightened business practices, the companies profiled here each quarter are providing actual solutions to some of the major concerns of ESG investors.

ESG SOLUTIONS COMPANY FOCUS EXAMPLE: PERMAFIX ENVIRONMENTAL SERVICES

“We...provide value to our clients through innovation in waste management and treatment technologies coupled with our remediation and radiation protection services to enable our clients to clean up their contaminated properties; assist them in maintaining compliance with regulatory and safety requirements; and provide a mechanism for them to fulfill their environmental and safety stewardship obligations to their employees, investors, and the general public.”

Our Analysis: PermaFix Environmental Services (PESI) provides treatment, processing, and disposal services for nuclear, low-level radioactive, mixed, hazardous, and non-hazardous waste. It also runs a research and development lab to identify, develop, and implement waste processing techniques for difficult to manage waste streams. In addition, the company provides nuclear, technical, and health and safety instrument sourcing, calibration, and maintenance, and performs site surveys to assess radiation levels.

PermaFix help to clean up and manage radioactive waste through innovations like their Perma-Sort radiological characterization and segregation system for bulk materials. This mobile, conveyor-belt sorting system can handle soil, shredded wood, metal, dry active waste, crushed concrete, and building materials. It accurately separates contaminated materials and classifies them as to their radioactivity: non-hazardous, low-level radioactive waste (LLW), intermediate-level radioactive waste (ILW, both short-lived and long-lived), and high-level radioactive waste (HLW). With this sorting system, wastes can be stored or disposed of properly depending on their hazard level.

Reducing the carbon footprint of electrical generation requires uninterrupted power sources, and given existing technologies, nuclear power will likely play a major role. The primary downside of nuclear power is the radioactive waste it produces, but companies like PermaFix help to manage that waste efficiently and safely.

Reducing the carbon footprint of electrical generation requires uninterrupted power sources, and given existing technologies, nuclear power will likely play a major role. The primary downside of nuclear power is the radioactive waste it produces, but companies like PermaFix help to manage that waste efficiently and safely.

The reference to a specific security is intended only to *illustrate the type* of company/stock that Bailard's portfolio Small Cap Value ESG Strategy might hold. The company equity mentioned here was a holding within Bailard's Small Cap Value ESG Strategy portfolio as of September 30, 2023. It does not represent any past, present, or future *recommendation* of Bailard. Specific investments described herein do not represent all investment decisions made by Bailard. The reader should not assume that investment decisions identified and discussed were or will be profitable. Specific investment advice references provided herein are for illustrative purposes only and are not necessarily representative of investments that will be made in the future.

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Why We Do What We Do: The Reasons Why We Hold a Large Number of Stocks

When it comes to asset management, clients and prospects seek repeatability. They want to know if past performance was due more to luck or to skill. Our small cap value ESG team goes to great lengths to control risks in pursuit of more favorable, consistent, and repeatable outcomes.

Idiosyncratic risk (individual stock specific risk) is a major contributor to overall portfolio volatility. As seen in the table below, over time, more than half of stocks will suffer a price decline of -20% or more in a single day. In a concentrated portfolio, a 5% position in a stock that drops -20% would reduce overall portfolio performance by a full percent in a single day.

Percentage of Russell 3000 Stocks With at Least One Single Day Price Decline Of: (9/30/2006-9/30/2023)

Greater than -40%	Greater than -30%	Greater than -20%
13%	27%	55%

If the single day results were not bad enough, consider total drawdowns (price declines over longer periods), where idiosyncratic risks are even more apparent. Over 20% of stocks in the Russell 3000 Index lost 90% or more of their value at some point during the period below, and over half had a price decline of 70% or more.

Drawdowns: Peak To Trough Price (9/30/2006-9/30/2023)

Declines Of At Least	% Of Russell 3000 Stocks Experiencing These Drawdowns
>90%	21%
>80%	38%
>70%	53%
>60%	66%
>50%	76%
>40%	84%
>30%	89%
>20%	93%

Sources: FTSE Russell and Bailard Research

Past performance is no indication of future results. All investments involve the risk of loss. There is no guarantee this strategy will achieve its performance or investment objectives.

Why We Do What We Do: The Reasons Why We Hold a Large Number of Stocks (continued)

Idiosyncratic risk has been rising for decades, yet most managers have not adapted to this reality. In research published by the NBER, “Have Individual Stocks Become More Volatile? An Empirical Exploration of Idiosyncratic Risk”, Campbell, Lettau, Malkiel and Xu conclude that, “there has been a noticeable increase in firm-level volatility relative to market volatility” and “the number of stocks needed to achieve a given level of diversification has increased.”

Controlling for idiosyncratic risk is particularly important in the small cap value universe, due to the large number of stocks (over 3,000) and lack of concentration. From a risk control standpoint, a 50 stock portfolio managed against the Russell 1000 Index is equivalent to a 400 stock portfolio managed against the Russell 2000 Index based upon percentage of index capitalization coverage.

Lowering idiosyncratic risk can help to reduce unexpected outcomes and increase consistency. Low maximum position sizes also limit behavioral risks such as overconfidence, familiarity bias, regret avoidance, and the endowment effect.

In addition to risk control benefits, holding a large number of stocks may also help to reveal a portfolio strategy’s alpha stability. The law of large numbers theorem indicates that the average result of a large number of trials should be close to the expected value, and tends to become closer to the expected value as more trials are performed.

Think of a baseball player’s batting average. Over a full season with lots of at bats, a player’s hitting skill level will likely reveal itself. In a single game, with just a few at bats, the outcome is much less certain. Good hitters can have bad days, and poor hitters can get lucky. By selecting a lot of stocks and turning them over when necessary, our strategy has a lot of “at bats”, which may inspire confidence that our abilities are repeatable.

A final but important benefit of holding a large number of stocks is capacity. Small and micro cap managers are capacity constrained, unable at some point to manage additional assets without eroding performance due to trading impact. As a result, many managers end up closing their strategies to new investors. Holding a greater number of stocks reduces trading impact and increases capacity. Fortunately, our disciplined, behavioral finance driven process allows us to risk assess and value a very large number of stocks, providing a broad range of available investment options at any given time.

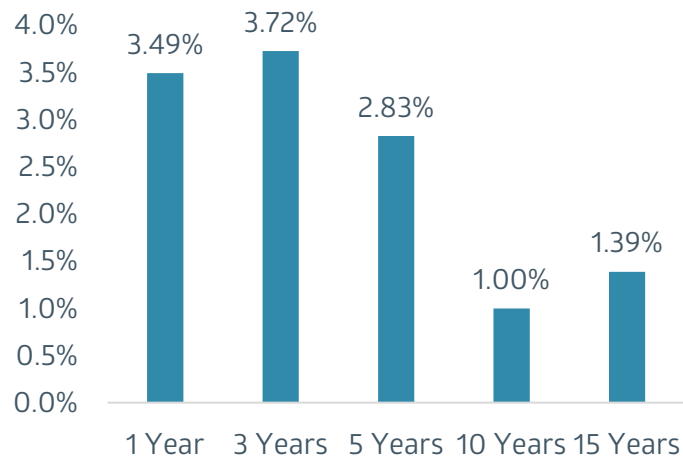
To limit idiosyncratic risk, individual portfolio position sizes need to be kept small. This way, stock specific volatility’s impact on the overall portfolio remains manageable. As listed above, there are other benefits as well, but if your goal is more consistent outcomes and less volatile overall results, holding a large number of stocks is key.

Past performance is no indication of future results. All investments involve the risk of loss. Source: https://www.nber.org/system/files/working_papers/w7590/w7590.pdf
There is no guarantee this strategy will achieve its performance or investment objectives.

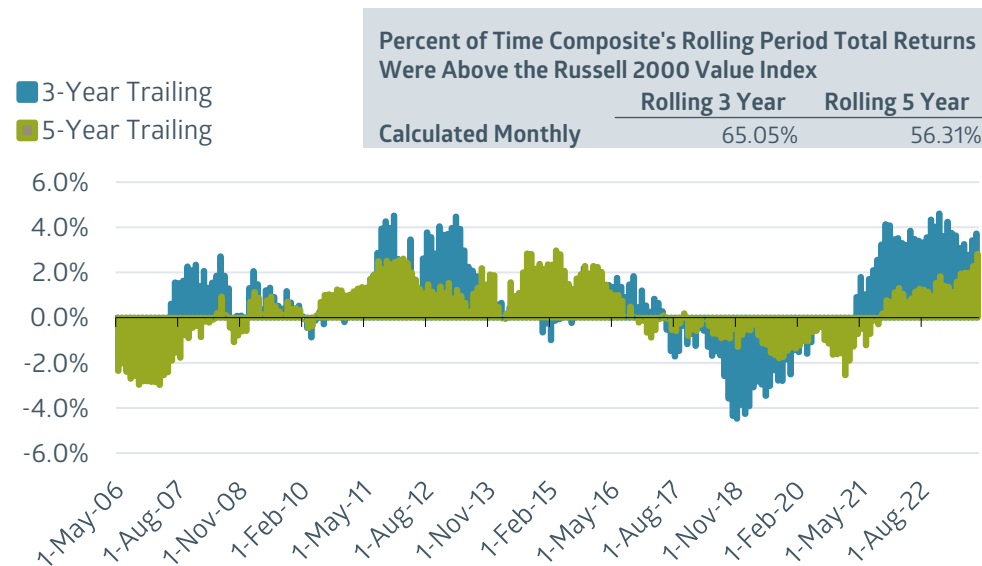
Performance: Portfolio Risk and Returns

Annualized Active Returns (Net) Against Russell 2000 Value Index^{1,2,3}

As of 9/30/23



Rolling Periods, 5/31/2006 – 9/30/23



Performance Summary as of 9/30/23

	TOTAL RETURN annualized for periods > 1 year					ANNUALIZED STD. DEV.				SHARPE RATIO			
	1 Year	3 Years	5 Years	10 Years	15 Years	3 Years	5 Years	10 Years	15 Years	3 Years	5 Years	10 Years	15 Years
Composite (Gross of Fee)	11.72%	17.45%	5.78%	7.57%	8.94%	22.48%	24.76%	19.67%	20.42%	0.70	0.16	0.33	0.40
Composite (Net of Fee)	11.31%	17.02%	5.39%	7.17%	8.54%	22.47%	24.75%	19.67%	20.42%	0.68	0.15	0.31	0.38
Russell 2000 Value Index	7.82%	13.29%	2.56%	6.18%	7.15%	22.83%	25.05%	20.10%	21.55%	0.51	0.03	0.25	0.30

¹ Please see additional performance on page 3, and pages 20-22 for important disclosures. **Past performance is no indication of future results.** Source: Bloomberg. ² Bar graph calculated monthly. ³ Performance statistics are annualized for periods greater than one year.

Portfolio Characteristic Comparison¹

As of 9/30/2023

	Bailard, Inc. Small Cap Value Composite ²	Russell 2000 Value Index
BRM Score	82.4	54.8
ESG Capture [®]	65.1	55.3
Price/Book Value	2.3x	1.9x
Price/Earnings (trailing 12 mo.)	20.4x	30.8x
Price/Cash Flow	10.1x	16.0x
Return on Equity	14.3%	7.6%
Debt to Capital	39.3%	42.6%
Number of Holdings	302	1442
Avg. Market Cap \$MM	\$2,798	\$2,402
% Micro Cap Stocks	28.8%	18.5%

Sources: Bloomberg, Bailard. ¹The information presented on this page, while representative of the Bailard Asset Management Small Cap Value ESG Strategy, should not be solely relied on as it can differ from client to client and could vary over time. ²Data regarding the portfolio characteristics of the Composite reflect ownership information as of the date shown and are not intended to represent any past, present or future specific investment recommendations. Portfolio characteristics are subject to change without notice. The Small Cap Value Composite (“the Composite”) consists of a Bailard Asset Management portfolio that is invested solely in small and micro capitalization U.S. equities which exhibit value characteristics. The Small Cap Value ESG Strategy is implemented within the Bailard Small Cap Value Composite. Please see the end of this document for important disclosures regarding this Composite.

Small Cap Value ESG Strategy Team

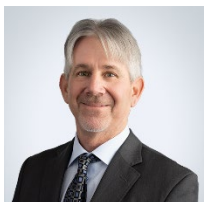


THOMAS J. MUDGE III, CFA

Portfolio Manager | SVP | Director, Equity Research

Investment experience: 36 years; 36 years with firm

Tom leads Bailard's equity research and serves as portfolio manager of the Small Cap Value ESG Strategy. As a Behavioral Finance enthusiast, he leveraged his extensive knowledge of the small and micro-cap value universe to create the original small cap value strategy in 2001. Tom earned his BA at Northern Michigan University in 1985 and the Chartered Financial Analyst® designation in 1994, and is a member of the CFA Institute and the CFA Society of San Francisco. He completed the certificate program in Investment Decisions and Behavioral Finance at Harvard University's John F. Kennedy School of Government.



BLAINE TOWNSEND, CIMC®, CIMA®

Portfolio Manager | EVP | Director, Sustainable, Responsible and Impact Investing

Investment experience: 29 years; 7 years with firm

Blaine leads Bailard's Sustainable, Responsible and Impact Investing (SRII) team, and is a portfolio manager of Bailard's Small Cap Value ESG Strategy. As a pioneer and thought leader in the field of sustainable investing, Blaine was the original architect of the proprietary ESG Capture® framework first applied to the strategy in 2019. Blaine began his career in SRI/ESG in 1991 at the Muir Investment Trust, the nation's first environmentally screened bond fund. From 1996 through 2009, he led the California office for Trillium Asset Management, where he managed socially responsible and sustainably focused portfolios, served on the firm's investment committee and worked on corporate engagement efforts. After Trillium, Blaine spent 8 years at Wells Fargo's ESG firm Nelson Capital Management as a partner and senior portfolio manager, and on the firm's leadership team and investment committee. Blaine currently serves as an Advisory Board member for *The Journal of Impact and ESG Investing*. He holds a BA from the University of California, Berkeley and CIMC® and CIMA® credentials.



OSMAN AKGUN, PH.D., CFA

Portfolio Manager | VP, Domestic Equities

Investment experience: 12 years; 11 years with firm

Osman serves as Vice President of Domestic Equities and as a portfolio manager for Bailard's Small Cap Value ESG Strategy. He uses his passion for finding creative and sensible solutions to complex investment problems and focuses on quantitative research, model building, and portfolio optimization. Osman joined Bailard in 2012 after receiving his Ph.D. in Industrial Engineering and Operations Research at the University of California, Berkeley. Prior to his Ph.D. program, Osman received Masters' Degrees in Statistics as well as in Industrial Engineering and Operations Research, both from the University of California, Berkeley. During this time, Osman worked as a Research Assistant focusing on stochastic modeling and optimization, with applications to finance, service operations and computer communications. Prior to his graduate work, he received a B.S. in Industrial Engineering from Bogazici University, Turkey. Osman received his Chartered Financial Analyst® designation in 2017 and is a member of the CFA Institute and the CFA Society of San Francisco.

Small Cap Value ESG Strategy Team



MCKENZIE FULKERSON-JONES

Senior ESG Analyst

Investment experience: 2 years; 2 years with firm

McKenzie joined Bailard in 2022. As a Senior ESG Analyst, they are a member of Bailard's Sustainable, Responsible, and Impact Investing (SRII) team. In this role, McKenzie supports Bailard's ESG research and proprietary ESG Capture® scoring process, the SRII group's corporate engagement and stakeholder relationships, firmwide ESG projects across multiple asset classes, and thought leadership and media work. McKenzie also serves on the Board of Directors of the Bailard Foundation and is a member of Bailard's Diversity Committee. Prior to Bailard, McKenzie spent ten years at The Nature Conservancy where they served in communications and freshwater ecosystems conservation project manager roles. McKenzie holds a Bachelor of Arts from the University of Redlands and a Master of Business Administration from George Washington University.



ANNALISE DURANTE

Senior ESG Analyst

Investment experience: 8 years; 5 years with firm

Annalise rejoined Bailard in 2023 and serves as both a Senior ESG Analyst and Investment Counselor for the Sustainable, Responsible and Impact Investing (SRII) group. As an ESG Analyst, Annalise contributes to ESG/SRI research, thought leadership, and corporate engagement. As an Investment Counselor, Annalise is responsible for managing client relationships and implementing investment strategies. Prior to originally joining Bailard in 2017, Annalise spent two years at Citi Private Bank working with ultra-high-net-worth clients. She also spent time volunteering for a microfinance organization in Cambodia. Annalise earned a Bachelor's degree in Finance from the University of Miami.



GLENN A. DAVIS, CFA

Senior Vice President | Head Trader

Investment experience: 33 years; 33 years with firm

Glenn joined the firm in 1991. As head trader, Glenn's responsibilities include execution of all purchases and sales of domestic securities. With more than 25 years of trading experience, he excels in trading small and micro-cap stocks while working diligently to minimize market impact. Glenn received his BS from Santa Clara University in 1988 and his Chartered Financial Analyst® designation in 1995, and is a member of the CFA Institute and the CFA Society of San Francisco.

Investment Philosophy

- **Behavioral anomalies may provide an enduring source of alpha.**
 - Market participant irrationality is recurring, predictable, and therefore exploitable.
- **Less scrutiny means greater potential opportunity in our Bailard Ranking Model and ESG.**
 - Bargains or advantages are rare where everyone else is looking.
 - Small and micro cap stocks are fertile ground for behavioral biases and unidentified ESG potential opportunities. These can be effectively exploited through a disciplined and systematic approach.
- **Avoid unnecessary risk.**
 - Control for economic sector exposure, bankruptcy risk, idiosyncratic risk, ESG risk, alpha instability, beta deviation and false precision in stock selection.

Small Cap Value ESG Strategy ESG Framework

Product & Industry Screens

No companies deriving more than 25% of revenues* from the following sources:

- × Firearms
- × Controversial weapons (landmines, cluster munitions)
- × Alcohol
- × Tobacco
- × Gambling
- × Adult Entertainment
- × Predatory Lending (payday loans, rent-to-own)
- × Private Prisons

* This revenue threshold removes clear offenders while not excluding grocery stores, hotels, airlines, restaurants, cable television, cell phone service providers, etc.

ESG Integration

- ✓ Exclude the bottom scoring 20% of Bailard's ESG Capture® rankings.
- ✓ Portfolio's average ESG score will always exceed the benchmark's score.
- ✓ Additionally, we use qualitative measures to screen out companies that have egregious patterns of behavior on ESG issues that may not be fully reflected in ESG Capture® rankings.

About Bailard, Inc.

1969

Founded in 1969

- Independent, established and stable
- Roots in education and financial literacy

73%

Owned by Current and Former Employees

- Current and former employees own 56% and 17%, respectively
- Broad equity ownership: 73% of current employees own stock
- No institutional ownership

52%

Women and Minority Owned

74

74 Employees

- Average investment professional tenure of 15 years
- 43% of employees are women
- Led by a female CEO

\$5.4 B

Assets Under Management

Data as of September 30, 2023.







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Bailard Small Cap Value ESG Strategy | page 18

Why the Bailard Small Cap Value ESG Strategy?

SMALL CAP INVESTING CHALLENGES

OUR SOLUTIONS

Thousands of Stocks With No Top-heavy Concentration	 Systematic methods allow for broader analysis of thousands of companies, identifying potential winners easily missed by more narrowly focused competitors. The nature of the small value investable universe requires a larger portfolio to adequately cover risk exposures.
Higher Volatility	 We hold 250-300 stocks, limiting individual stock risk. We are consistently invested in all 11 economic sectors and all 24 economic subsectors, reducing economic cycle risk. Our ESG Capture® methodology also helps to limit volatility by avoiding companies with significant potential negative externalities and lagging ESG practices.
Limited Information	 In addition to sometimes-limited financial statement data and analysis, we identify more universal behavioral finance anomalies to broaden our alpha opportunities, and employ advanced valuation techniques.
Higher Bankruptcy Risk	 Our earnings quality focus, accounting and auditor red flag screening, credit risk measurement, and factor beta “value trap” identification all help weed out companies with going concern issues.
Liquidity Constraints	 We employ proprietary and often contrarian stock selection factors to avoid crowding. We emphasize characteristics more than individual stocks, allowing for patient, flexible trading. We broadly diversify, limiting maximum position sizes, and have deep trading experience and expertise.
Limited ESG Data and Poor ESG Vendor Score Coverage	 We have proprietary E, S, and G factors with comprehensive small cap value coverage. We also combine ESG scores from multiple vendors to create a comparable composite score with much greater universe coverage.

Disclosures and Key Risks

This presentation is confidential and can only be used by investment professionals. It cannot be reproduced in whole or in part or distributed to anyone else without the permission of Bailard. It is not for retail use. It does not constitute a recommendation of, or an offer to sell or a solicitation of an offer to buy any particular security or investment product. It does not take into consideration the particular investment objectives, financial situations, or needs of individual clients.

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Past performance is no indication of future results. All investments have the risk of loss.

Key Risks

The Bailard Small Cap Value ESG Strategy is not by itself a complete investment program and is best suited for investors who can accept the above average risk generally associated with small cap and micro cap stocks. These companies may face greater economic cycle risk, credit risk, geographic risk, product, and customer concentration risk than that faced by larger companies. Small cap and—to a greater extent—micro cap stocks are more volatile and less liquid than larger cap stocks and may be more difficult to trade. There are times when the small cap value equity style underperforms other equity investment styles.

The application of various environmental, social and governance screens as part of a socially responsible investment strategy may result in the exclusion of securities that might otherwise merit investment, potentially resulting in higher or lower returns than a similar investment strategy without such screens or other strategies that use a different methodology to exclude issuers or evaluate ESG criteria. Investors can differ in their views of what constitutes positive or negative ESG characteristics. As a result, the strategy may invest in issuers that do not reflect the ESG beliefs and values of any particular investor.

In evaluating a security or issuer based on ESG criteria, we are dependent upon certain information and data from third party providers of ESG research, which may be incomplete, inaccurate or unavailable. As a result, there is a risk that we may incorrectly assess a security or issuer. There is also a risk that we may not apply the relevant ESG criteria correctly or that the strategy could have indirect exposure to issuers that do not meet the relevant ESG criteria used by the strategy. We do not make any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of such ESG assessment. There may be limitations with respect to availability of ESG data in certain sectors, as well as limited availability of investments with positive ESG assessments in certain sectors. Our evaluation of ESG criteria is subjective and may change over time.

The market value of an investment will fluctuate as the securities markets fluctuate. There can be no assurance that this or any investment strategy will achieve its investment objectives. All investments have the risk of loss

Performance Disclosures

Other Disclosures

The information in this presentation is for informational purposes only and is not an offer to provide investment advice, an offer to sell securities or the solicitation of any offer to buy securities. Before making any investment decision, you should review Bailard, Inc.'s Form ADV Part 1A and Bailard's Form ADV Part 2A (available on the SEC's website at <https://adviserinfo.sec.gov/firm/summary/110550>), as well as Part 2B of Bailard's Form ADV (available from Bailard) and all other information that Bailard provides to you. You should also discuss all matters concerning any prospective investment that you desire with Bailard. The information provided herein is meant to demonstrate Bailard's general investment process. The outline of processes and steps taken is general in nature, and Bailard from time to time will deviate from the specific investment steps, limitations, screens, controls and overall process described. The description of the Bailard Ranking Model provided in this presentation is for conceptual illustration purposes only and is not meant to represent a complete example of the use of the model with respect to the Bailard Institutional Small Cap Value ESG Strategy.

Small Cap Value Composite Performance Disclosures

The Bailard Small Cap Value Composite (the "Composite") includes a Bailard Asset Management portfolio invested solely in small and micro capitalization U.S. equities that exhibit value characteristics. The Small Cap Value ESG Strategy is implemented within the Bailard Small Cap Value Composite. As of September 30, 2023, the Composite consisted of a single mutual fund which Bailard has been managing in an advisory or sub-advisory capacity since 2001 with a market value of \$88.4 million, which represented 3.6% of the total assets under Bailard Asset Management's management. The ESG Capture component was explicitly introduced to the portfolio in December 2019. The ESG Capture component was explicitly introduced to the portfolio in December 2019. Prior to 2006, the Composite had less consistent and lower overall exposure to micro cap stocks. The Composite's returns are total returns presented as labeled, either net of, or both gross and net of management fees ("net of fees") payable to Bailard, and assume reinvestment of dividends and other earnings. The returns do not reflect a fiduciary fulfillment fee payable to Bailard (where applicable), or custody and other account expenses not payable to Bailard. The return of this Composite is not the NAV return of the mutual fund.

Both gross of fee and net of fee returns are taken directly from Bailard's portfolio accounting system, and net of fee performance was calculated by netting down the gross return by actual management fee paid by the mutual fund client to Bailard as of the date paid. Composite returns do not reflect a fiduciary fulfillment fee payable to Bailard (where applicable), or custody and other expenses not payable to Bailard which the composite account incurred.

The Firm's annual fee schedule for new accounts is: 0.90% of the first \$25 million, 0.70% of the next \$25 million, 0.60% on the next \$50 million, and 0.50% on assets over \$100 million. The Composite's complete return history and a list of Bailard's composites are available upon request.

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Performance Disclosures (Continued)

Market Indices Definitions

The S&P 500 Index, the Russell 1000 Growth Index, the Russell 1000 Value Index, the Russell 2000 Growth Index, the Russell 2000 Index, the MSCI USA Small Cap ESG Leaders Index, the Russell 2000 Value Index, and the Russell Micro Cap Value Index shown in this presentation are different from a managed account in that they are unmanaged, uninvestable and do not reflect any transaction costs.

The Russell 2000 Value Index is a commonly used index that measures the performance of the small-cap value segment of the U.S. equity universe. It includes those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell Microcap Value Index measures the performance of the microcap value segment of the U.S. equity market. It includes Russell Microcap companies that are considered more value oriented relative to the overall market as defined by Russell's leading style methodology. Unlike the Russell 2000 Value Index and the Russell Microcap Value Index, the Composite account can acquire stocks in initial public offerings and can hold cash equivalents and exchange-traded funds. The Composite account's stock holdings may differ materially from those of the Russell 2000 Value Index and the Russell Microcap Value Index, as the Composite: 1) can invest in stocks that are not in the indices; and 2) may omit securities that may otherwise merit investment due to the application of various environmental, social and governance screens. The Composite can hold microcap stocks and will tend to hold a higher percentage of microcap stocks (defined as stocks in the bottom 1% of major U.S. exchange-traded securities when measured by market capitalization) than the Russell 2000 Value Index. The Composite can hold small cap value stocks and will tend to hold a higher percentage of small cap value stocks (defined as stocks with lower price-to-book ratios and lower expected growth values and between 1% and 11% of major U.S. exchange-traded securities when measured by market capitalization) than the Russell Micro Cap Value Index. The Small Cap Value ESG Strategy's model portfolio holdings will differ materially from the index due to the model portfolios' selection of only a portion each of these indices' securities. The Small Cap Value ESG Strategy's hypothetical returns differ materially from that of the indices. As a result, the indices are not indicative of the past or future performance of the model portfolios.

S&P 500: The S&P 500 Index is a commonly used U.S. stock index of 500 large capitalization stocks.

Russell 1000 Growth: The Russell 1000 Growth Index measures the performance of the large cap growth segment of the US equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000 Value: The Russell 1000® Value Index measures the performance of the large cap value segment of the US equity universe. It includes those Russell 1000 companies with lower price-to-book ratios and lower expected growth values

Russell 2000 Growth: The Russell 2000 Growth Index measures the performance of the small cap growth segment of the US equity universe. It includes those Russell 2000 companies with higher price-to-value ratios and higher forecasted growth values.

Russell 2000 Index: The Russell 2000 Index measures the performance of the small-cap segment of the US equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.

MSCI USA Small Cap ESG Leaders Index: The MSCI USA Small Cap ESG Leaders Index is a capitalization weighted index that provides exposure to companies with high Environmental, Social and Governance (ESG) performance relative to their sector peers. MSCI USA Small Cap ESG Leaders Index consists of small cap companies in the US market. The Index is designed for investors seeking a broad, diversified sustainability benchmark with relatively low tracking error to the underlying equity market. The index is a member of the MSCI ESG Leaders Index series. Constituent selection is based on data from MSCI ESG Research.

Other Performance Definitions

Standard deviation is the annualized standard deviation of monthly returns. "Information ratio" is the ratio of added value to tracking error. "Tracking error" is the annualized standard deviation of monthly added value, where added value is [Composite return – benchmark return].

Past performance is no indication of future results. All investments have the risk of loss.

For More Information:

Diana L. Dessonville

Executive Vice President

Director, Institutional Client Services

Phone: 650 571 5800

Email: diana.dessonville@bailard.com



950 Tower Lane, Suite 1900
Foster City, California 94404
www.bailard.com