

Q4 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

Market Commentary

Q4 2023 UPDATE

Equity markets shot higher in Q4, delivering in most cases more than an average year's worth of positive performance in three short months. Widespread belief that inflation was under control and the Fed was done tightening drove interest rates significantly lower throughout the period. That, combined with better-than-expected earnings reports, led to particularly strong equity returns during a time of year that is typically favorable for stocks already.

Small cap value and micro cap value stocks were the two best performers in Q4—in part driven by a partial narrowing of valuation disparities between small value and large cap growth—and in part due to lessening recession fears.

Small cap ESG companies (as measured by the MSCI USA Small Cap ESG Leaders Index) underperformed their comparable non-ESG focused counterparts in Q4 and over the full year as heightened political rhetoric took its toll. Interestingly, our own proprietary ESG Capture® metrics are not reflecting this underperformance.

MARKET INDICES TOTAL RETURN

	QTR	YTD	1 Year	Comments
S&P 500 Index	11.7%	26.3%	26.3%	A great quarter and year driven by the “Magnificent Seven.”
Russell 1000 Growth Index	14.2%	42.7%	42.7%	Large growth trounced large value. Again, “Magnificent Seven” driven.
Russell 1000 Value Index	9.5%	11.4%	11.4%	
Russell 2000 Growth Index	12.7%	18.6%	18.6%	Small value and small growth both played valuation catch up, but small value benefited more from reduced recession fears.
Russell 2000 Value Index	15.2%	14.6%	14.6%	
Russell Micro Cap Value Index	16.8%	9.5%	9.5%	Won for the quarter due to risk-on sentiment and increased soft landing odds.
MSCI USA Small Cap Index	13.7%	17.9%	17.9%	ESG leaders continued to trail as political backlash continued.
MSCI USA Small Cap ESG Leaders Index	13.0%	15.5%	15.5%	

Data through December 31, 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 December 31, 2023

Q4 2023 PERFORMANCE¹

The Strategy beat benchmark Russell 2000 Value Index in Q4. Our historically successful alpha characteristics were largely muted during the quarter, with low quality, high beta, and high volatility dominating as a “risk-on” market sentiment largely prevailed. Normally, this type of environment works against our overall quality focus, but two changes we adopted in November allowed us to swim against the “risk-on” tide.

First, we enhanced our anchoring bias factor. Springboarding off our earlier path dependent momentum work in REITs, we incorporated better and more stable path dependency measures, and deployed them across all economic subsectors. Our anchoring bias factor is now more robust and much less likely to be subject to crowding in the future due to its substantial differences from traditional momentum measures. *(continued...)*

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

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bailard Composite	15.79%	16.26%	16.26%	11.70%	13.11%	7.85%
Russell 2000 Value Index	15.25%	14.64%	14.64%	7.92%	9.97%	6.74%
Russell Micro Cap Value Index	16.30%	8.86%	8.86%	6.94%	9.54%	6.87%

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

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Vs. Russell 2000 Value Index	0.54%	1.62%	1.62%	3.78%	3.14%	1.11%
Vs. Russell Micro Cap Value Index	-0.51%	7.40%	7.40%	4.76%	3.57%	0.98%

¹ The “Bailard Composite” is the Bailard, Inc. Small Cap Value Composite. The Bailard Small Cap Value Composite includes a Bailard 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 4. See pages 22-24 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.

Performance Commentary as of December 31, 2023

Q4 2023 PERFORMANCE *(continued from previous page)*

Traditional momentum factors typically struggle during low quality or “junk” stock rallies, and that was certainly the case during the 4th quarter. In contrast, our new, path dependent anchoring bias factor very slightly outperformed, providing some welcome early empirical evidence supporting our switch.

Second, we have long sought a permanent solution to insulate our strategy from potential underperformance driven by junk stocks rallies. Constant exposure to a basket of average junk stocks has historically been a performance drag. However, we have found there is a subset of lower quality stocks that have historically protected against junk stock rallies while not harming longer-term performance.

All lower quality stocks are “living on the edge” to a degree due to some combination of excessive leverage, low profitability, thin margins, and slow asset turnover. Our research has identified a proprietary subset of these stocks with a sufficient

number of other positive attributes that act to offset their lower quality disadvantages. We have appropriately named these stocks as “thriving on the edge” companies and are now dedicating a small, permanent portion of our portfolio to them.

Armed with our new path dependent anchoring bias factor—and our “thriving on the edge” stock exposure—we were able to beat the Index during a period where historically, we would have struggled.

Past performance is no indication of future results. See pages 22-24 for market definitions and important disclosures.

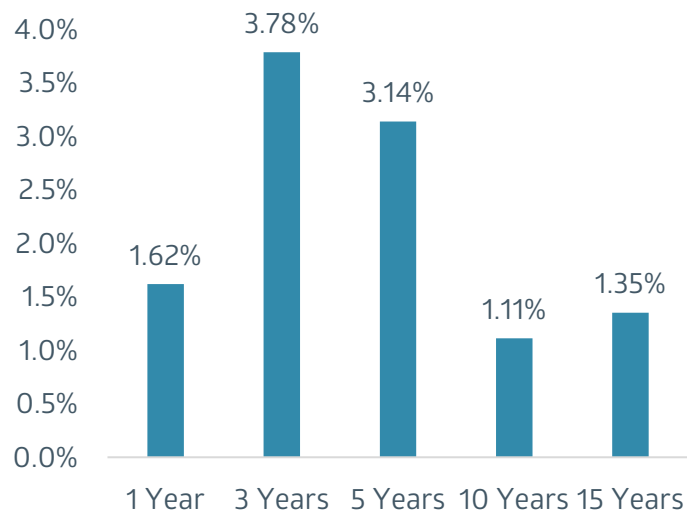
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Bailard Small Cap Value ESG Strategy | page 4

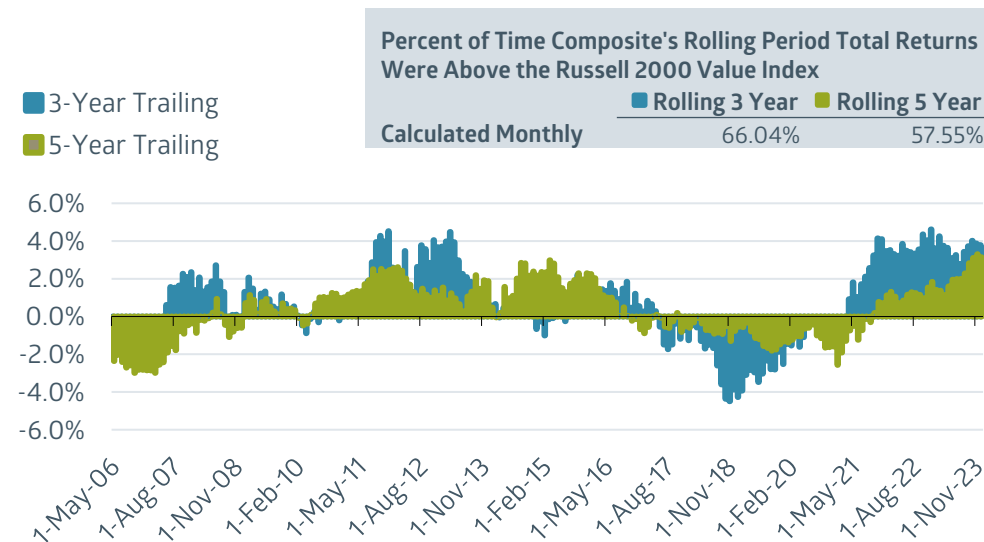
Performance: Portfolio Risk and Returns

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

As of 12/31/23



Rolling Periods, 5/31/2006 – 12/31/23



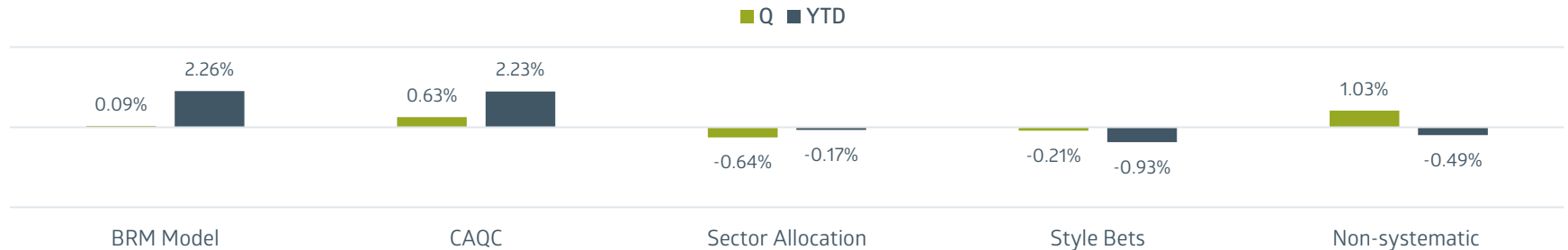
Performance Summary¹, as of 12/31/23

	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)	16.68%	12.12%	13.53%	8.26%	12.02%	21.42%	24.67%	20.16%	19.88%	0.47	0.47	0.35	0.56
Composite (Net of Fee)	16.26%	11.70%	13.11%	7.85%	11.61%	21.41%	24.67%	20.15%	19.87%	0.45	0.46	0.33	0.54
Russell 2000 Value Index	14.64%	7.92%	9.97%	6.74%	10.26%	21.75%	25.00%	20.67%	20.97%	0.26	0.32	0.27	0.45

¹ Please see additional performance on page 3, and pages 22-24 for important disclosures. **Past performance is no indication of future results.** Sources: Bloomberg, Bailard. ² Bar graph calculated monthly. ³ Performance statistics are annualized for periods greater than one year.

Attribution Commentary as of December 31, 2023

ATTRIBUTION - NET ACTIVE RETURN VS INDEX*



Q4 2023 ATTRIBUTION

Our primary stock selection tool, our multi-factor Bailard Ranking Model (BRM), delivered marginally positive relative performance for the quarter. Our Earnings Quality factor was essentially flat. Valuation measures held up better than expected given the falling interest rate environment that led to extended investor time horizons. Results were positive in small cap, but mixed in micro cap. Our Hype (excessive investor attention) factor was a mixed bag as well, just slightly positive in small cap and flat in micro cap. Our proprietary Analyst Herding Bias factor delivered mildly positive results. Anchoring Bias (as described above) was also just slightly positive for the period.

Within our subsector-specific stock selection models, the utilities model produced strong results, and the bank model was flat, while the REIT model slightly underperformed, and the

insurance as well as the pharma & biotech model both produced appreciably negative results.

Sector allocation detracted from performance for the quarter, with an underweight to pharmaceuticals & biotechnology and an overweight to some lower beta economic subsectors being the primary drivers. Style bets detracted slightly as well. Our Curated Assessment of Qualitative Conviction model (CAQC), a proprietary measure of sophisticated investor interest in stocks that lack quantifiable appeal, outperformed strongly again in large part due to higher-than-average betas in our CAQC holdings benefitting from a substantial up market. Our non-systematic tilts (e.g., the new “thriving on the edge” allocation, among others) and individual stock selection in the growthier and larger ends of the small cap value stock spectrum outperformed meaningfully in Q4 for reasons described above.

* The benchmark is the Russell 2000 Value Index. Please see pages 22-24 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.

Small Cap Value ESG Outlook

SMALL CAP VALUE RETURN DRIVERS

	Positive	Neutral	Negative	Comments
Absolute Valuations	●			Historically undervalued.
Relative Valuations	●			Relatively cheap versus style alternatives.
Economic Cycle		●		The odds of a soft landing seem to have increased, but the risk of a recession still lingers.
Interest Rates		● →		Rates fell significantly throughout the quarter.
Volatility/Sentiment			●	Both VIX and the Put/Call Ratio fell through the quarter. A mixed result, but favors growth.
Earnings Revisions		● →		Revisions were negative for both large cap and small cap companies in the quarter, slightly favoring large.
Dollar			● →	The dollar weakened throughout the quarter, favoring internationally-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 12/31/2023. All investments involve the risk of loss.

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Small Cap Value ESG Outlook

OUTLOOK SUMMARY

Historically significant return drivers for small cap value stocks are, on balance, neutral to slightly negatively aligned against small cap value outperformance. However, absolute and relative valuations remain historically cheap, and similar past discounts of this magnitude were followed by extraordinarily strong one- and three-year returns.

CURRENT P/E TO 20-YEAR AVERAGE*

As of 12/31/23	Value	Growth
Small	76.7%	92.4%
Large	92.6%	134.0%

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 also when economic growth is strong. The consensus view of Fed policy and interest rates has shifted from a quarter ago, moving from “higher for longer” toward “heading lower, speed to be determined.” At current valuations, small value stocks still 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, favor value stocks. 10-year Treasury yields sharply declined in Q4, lengthening investors’ time horizons and favoring growth.
(continued on next page)

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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 performance over growth stocks, while a high ratio has corresponded with growth stocks marginally outperforming or performing as well as value stocks.

VIX fell through Q4 and is now at historically low levels, favoring growth. The put/call ratio ended the quarter down slightly and near its five-year average, very slightly favoring value stocks. On balance, these sentiment indicators currently 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 fell through Q4, favoring large cap companies.

ESG Investing

Unfortunately, ESG investing has recently become somewhat of a political issue and has polarized interest in ESG investing. 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.

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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: UPWORK

“Our mission to create economic opportunities so people have better lives has taken us so much further. As a result, we’ve become the world’s work marketplace where every day businesses of all sizes and independent talent from around the globe meet here to accomplish incredible things.”

Our Analysis: Upwork connects businesses with independent contractors and freelancers, making it easier for each to find the other, and providing verified work histories so that companies can hire with confidence. Upwork also handles billing, invoicing, and payroll, enabling businesses and independent workers to focus on completing the project, and not having to worry about the ancillary paperwork.

Facilitating remote work, Upwork provides a broader talent pool to businesses, and opportunities to talented people regardless of geography. Remote work is also more resource efficient, eliminating commute time and costs.

According to analysis done by the management consulting firm McKinsey & Co., more than 20% of the workforce could work remotely up to five days a week just as effectively as they could in an office. While only a portion of these workers would be independent contractors or freelancers, it is still indicative of the possibilities for maintaining productivity while optimizing resource consumption.

Upwork enables businesses and independent workers to have the flexibility, responsiveness, and best-suited talent for a particular project matching that is often required in the modern workplace. By increasing options and information flow to both parties, Upwork makes the hunt for independent worker placement more efficient, benefiting all participants.

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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 not a holding within Bailard’s Small Cap Value ESG Strategy portfolio as of December 31, 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.

Why We Do What We Do: Why a Higher Level of Turnover Can Be Beneficial

“Funds that trade more frequently show higher risk-adjusted returns, on average, than funds that trade less frequently.” – *“Trading frequency and fund performance”, 2016 paper, Busse, Tong, Tong and Zhang*

The “T” word. Turnover. For a variety of both practical and behavioral reasons, most clients do not like portfolio turnover. We believe that turnover is widely misunderstood, and that there are numerous behavioral influences that deter professional money managers from trading as often as they should.

It is understandable why portfolio turnover is viewed with distaste. Trading one stock for another has current, real costs in the form of commissions and fees, the spreads between the bid prices and the asking prices of the stocks, and the potential to move the stock prices themselves during the transaction.

There is an old observation that may help to shed light on the desirability of trading in some people’s minds: “I didn’t mind my spouse’s gambling; it was the losing that bothered me.”

There are two primary types of traders participating in the stock market, noise traders and informational traders.

A noise trader largely acts upon emotional overreaction, whims, hunches, fear of missing out, and already discounted, essentially useless information. On average, noise traders gain no performance advantage from their trades (in fact most noise trades are worse than random), so trading, because of its unavoidable costs, is a performance drag.

Academic studies have shown that the average individual retail investor is squarely in the noise trader camp, overconfidently trading on little to no actually useful information. In his 1999 paper entitled, “Do Investors Trade Too Much?”, author Odean concludes that at least for discount brokerage customers, “These investors trade excessively in the sense that their returns are, on average, reduced through trading.”

In contrast, an informational trader attempts to act on non or only partially discounted news, data, or other evidence of market mispricing. If on average, the value of this trader’s information exceeds the costs to make the trade, it follows that he or she should trade at whatever frequency that useful information occurs.

Academic studies support the notion that professional higher frequency traders are able to exploit market inefficiencies (slow reaction to news, stock price momentum, and others) and do so successfully even after trading costs are taken into account.

In their 2016 paper entitled, “Trading frequency and fund performance”, authors Busse, Tong, Tong and Zhang observed that, “funds that trade more frequently show higher risk-adjusted returns, on average, than funds that trade less frequently.”

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Bailard Small Cap Value ESG Strategy | page 11

Why We Do What We Do: Why a Higher Level of Turnover Can Be Beneficial

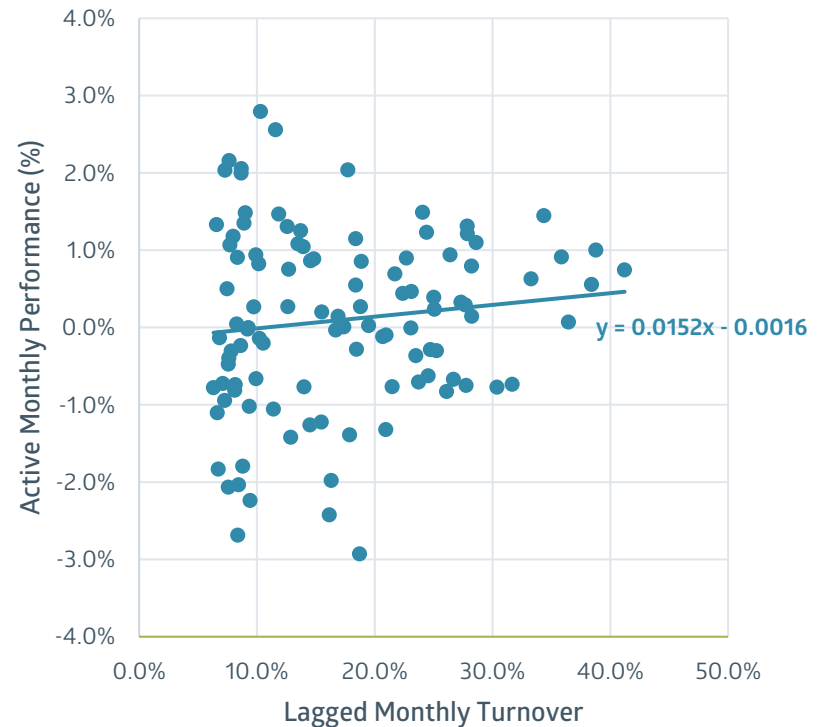
Additionally, a fascinating study found evidence that individual mutual fund performance is enhanced following increased trading frequency. In a 2014 NBER Working Paper entitled, “[Do Funds Make More When They Trade More](#)” authors Pastor, Stambaugh and Taylor determined that, “active mutual funds perform better after trading more.”

Using their methodology on our own Strategy’s historical results, we observed identical findings. The relationship between our active performance and turnover was positively sloped, indicating higher turnover produced better results.

Tying all this into the old observation above, both noise trades and informational traders are gambling, but only one group, the noise traders, are losing. Perhaps it’s not trading that clients object to so much as the reduced performance that they sometimes rightly (or often wrongly) associate with it?

If professional investors tend to benefit from trading more often, why don’t more of them do it? Trading for many asset managers requires significant additional effort above and beyond that required to continue holding a particular stock. Possible replacement candidates need to be evaluated, often requiring extensive (and expensive) research, and even then, the depth of knowledge of the replacement stock often lags that of the stock being replaced.

Bailard Small Value ESG Strategy Turnover vs Active Performance



Source: Bloomberg, Bailard. March 31, 2010 – December 31, 2023.

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Why We Do What We Do: Why a Higher Level of Turnover Can Be Beneficial

Numerous behavioral factors also conspire to reduce trading, even when an unbiased analyst may judge a trade to be beneficial. Familiarity bias (preferring the familiar), the endowment effect (overvaluing things in one's possession), the disposition effect (a form of regret avoidance that biases toward inaction), and plain old falling in love with a company and its management (basking in reflected glory) all conspire to erect barriers to action. For these reasons, the buy and hold status quo is often preferred, regardless of the opportunity costs of standing pat.

Another important consideration when examining the desirability of turnover is that trading costs have not remained static over time.

Readers of a certain age or fans of old movies may recall that long distance phone calls used to be very expensive, so most people did not make them very often and tried to keep them brief. Today, long distance calls are priced the same as local calls, and most providers offer unlimited minutes for quite low prices.

Something similar has happened with stock trading costs. Broker commissions have been falling for years, and though they vary with market volatility, bid-ask spreads have stabilized at quite low levels after substantial earlier declines.

Chart source: AAll Journal, Barclays, Company Filings (Schwab, E*Trade, TD Ameritrade), Jim Angel, KCG, Nasdaq Economic Research, Rosenblatt. ADV is average daily volume. **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.

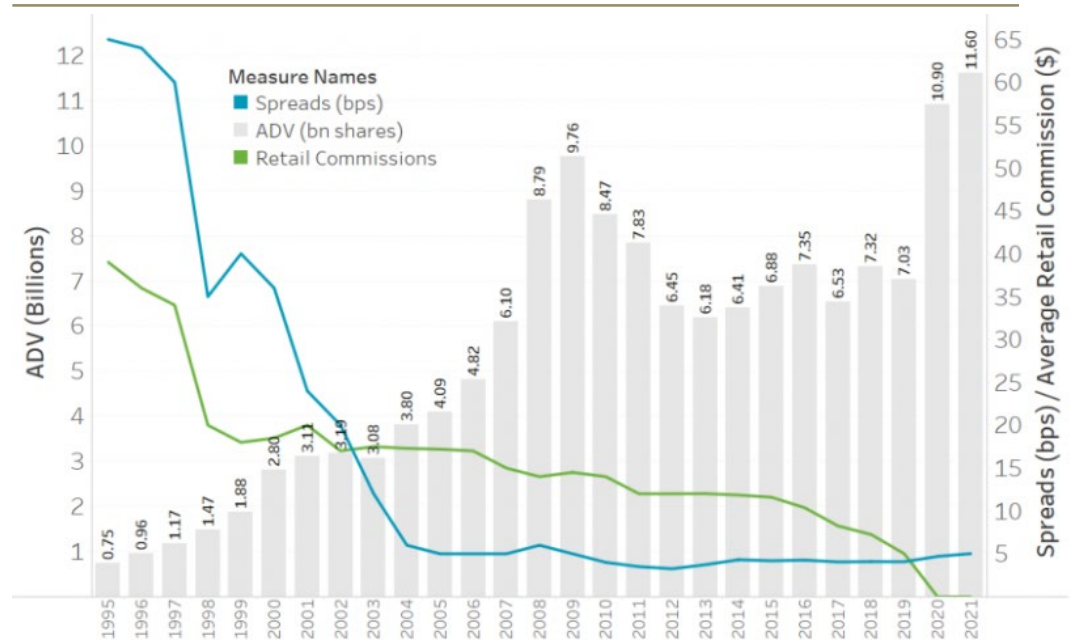
The bottom line is that it has never been cheaper to trade stocks, so the performance drag from doing so is minimal.

We believe that portfolio turnover is wrongly viewed by many clients as a performance detractor when in fact, for many professional investors, including ourselves, turnover is a key to generating benchmark beating returns.

We also believe that turnover has additional risk control and performance consistency benefits as well, but those are topics for another time.

Volume (lhs) vs. Spreads & Retail Commissions (rhs)

Historical relative spreads based on Russell 3000. Multiple sources used to estimate historical spread and retail commissions. 2021 data through September



Portfolio Characteristic Comparison¹

As of 12/31/2023

	Bailard, Inc. Small Cap Value Composite ²	Russell 2000 Value Index
BRM Score	81.1	53.0
ESG Capture [®]	65.0	55.6
Price/Book Value	2.5x	2.0x
Price/Earnings (trailing 12 mo.)	20.8x	35.4x
Price/Cash Flow	13.3x	16.0x
Return on Equity	10.8%	5.3%
Debt to Capital	46.9%	41.8%
Number of Holdings	322	1431
Avg. Market Cap \$MM	\$2,957	\$2,750
% Micro Cap Stocks	26.1%	18.8%

Sources: Bloomberg, Bailard. ¹The information presented on this page, while representative of the Bailard 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 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

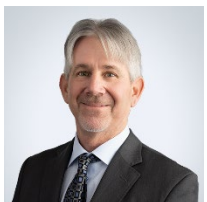


THOMAS J. MUDGE III, CFA

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



ANNALISE DURANTE

Senior ESG Analyst

Investment experience: 9 years; 6 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

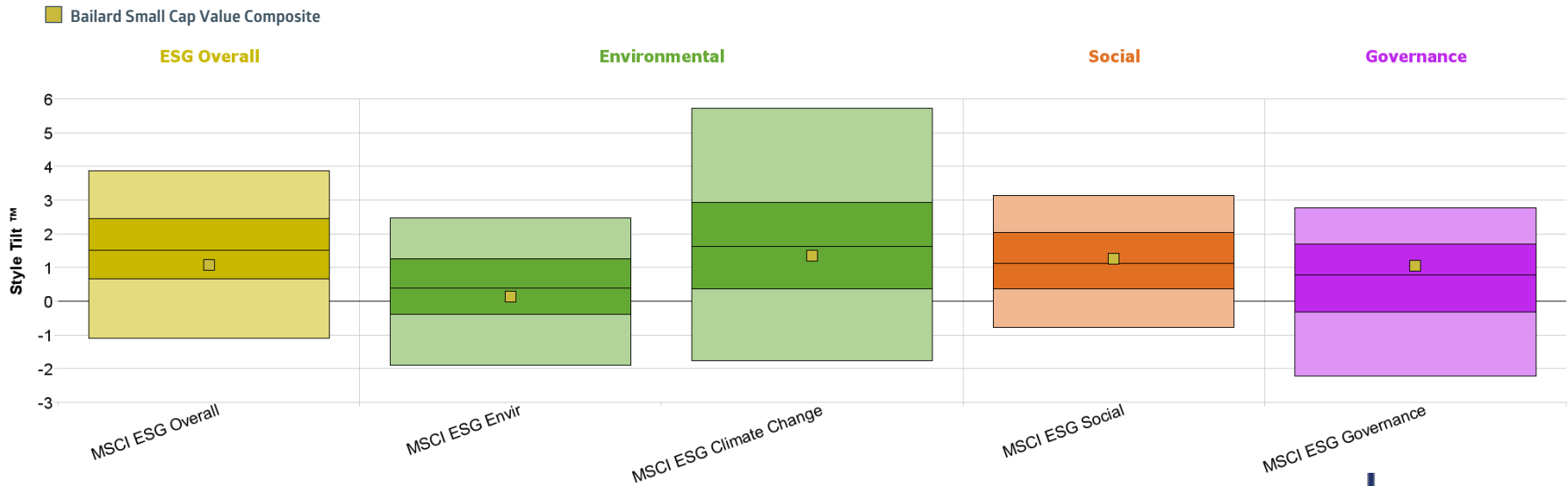
* This revenue threshold removes clear offenders while not excluding grocery stores, hotels, airlines, restaurants, cable television, cell phone service providers, etc.

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.

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 September 30, 2023 given lagged new quarter data. There were 183 constituents included from eVestment's U.S. Small Cap Value Equity universe. The top and bottom 5% (outliers) are excluded. 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.

Factor tilt interpretation guidelines: +/-0.5 Benchmark like. +/-1.0 Compelling deviation from benchmark. +/-2.0 Very significant deviation from benchmark.

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.

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: 70% 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

\$5.8 B

Assets Under Management

Data as of December 31, 2023.

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Bailard Small Cap Value ESG Strategy | page 21

Disclosures and Key Risks

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The information is current as of the date indicated and Bailard undertakes no duty to update any of the information contained in this presentation. The presentation contains some forward-looking statements, which involve a number of risks and uncertainties, and actual results may differ materially from these forward looking statements.

Any references to specific securities are included solely as general market commentary and were selected on criteria unrelated to Bailard's portfolio recommendations or the past performance of any security held in any Bailard account or fund. There is no guarantee Bailard or this strategy will achieve their performance or investment objectives. **Unless otherwise indicated, the performance data in this presentation does not reflect the performance of any Bailard product, strategy or account.**

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 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 December 31, 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 \$101.3 million, which represented 1.7% of the total assets under Bailard'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.

Continued on next page

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.

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