

Q4 2024

QUARTERLY UPDATE

Small Cap Value Strategy

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

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Bailard

Market Commentary

Q4 2024 UPDATE

A surprisingly hawkish tone from the Federal Reserve board in December suggesting that they plan to keep interest rates “higher for longer” drove market participants back into the arms of large cap growth stocks. Fear of a slower economy with persistent inflation and higher interest rates in the short term countered earlier enthusiasm for smaller cap stocks driven by the potential for a lower regulatory burden under the Trump administration starting in 2025.

Bond investors have appeared skeptical about the Fed’s further easing plans since the first cut in September, with 10-year treasury yields rising from 3.8% at the start of the quarter to 4.6% by quarter’s end. This rate increase would normally put growth stocks at a disadvantage versus value stocks due to greater discounting of the former’s distant future cash flows, but fears of pending slower economic growth seem to have investors more focused on potential earnings scarcity, even if they are having to pay up in an attempt to secure it.

While both large and small cap value declined in the quarter, micro cap value stocks actually rose. Micro cap value’s success was likely due to being perceived as one of the largest beneficiaries of proposed upcoming deregulation initiatives.

Small cap ESG companies (as measured by the MSCI USA Small Cap ESG Leaders Index) underperformed their comparable non-ESG focused counterparts in Q4, as the political backlash against ESG continues.

MARKET INDICES TOTAL RETURN as of December 31, 2024

	QTR	YTD	1 Year	Comments
S&P 500 Index	2.4%	25.0%	25.0%	A return to a very narrow, mega cap tech driven market.
Russell 1000 Growth Index	7.1%	33.4%	33.4%	Large growth beat large value, with AI exposure dominating.
Russell 1000 Value Index	-2.0%	14.4%	14.4%	
Russell 2000 Growth Index	1.7%	15.1%	15.1%	Growth beat value in small cap as well.
Russell 2000 Value Index	-1.1%	8.0%	8.0%	
Russell Micro Cap Value Index	4.3%	9.7%	9.7%	Micro Cap Value was the one bright spot in value, perhaps due to anticipated regulatory relief.
MSCI USA Small Cap Index	0.8%	11.6%	11.6%	The political climate continued to weigh against ESG.
MSCI USA Small Cap ESG Leaders Index	-0.7%	9.5%	9.5%	

Source: FactSet, 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, 2024

Q4 2024 PERFORMANCE¹

The Strategy beat the benchmark Russell 2000 Value Index in Q4. Our historically successful alpha characteristics were a distinctly mixed bag for the quarter, with extremes of either outperformance or underperformance more the rule than the exception. Our overweight allocation to micro cap stocks served us well.

TOTAL RETURN^{1,2}

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bailard Composite (Gross of fee)	1.08%	12.76%	12.76%	4.99%	11.67%	8.83%
Bailard Composite (Net of fee)	0.99%	12.34%	12.34%	4.59%	11.25%	8.42%
Russell 2000 Value Index	-1.07%	8.04%	8.04%	1.93%	7.27%	7.13%
Russell Micro Cap Value Index	4.28%	10.90%	10.90%	0.19%	7.60%	7.65%

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

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Vs. Russell 2000 Value Index	2.06%	4.30%	4.30%	2.66%	3.99%	1.30%
Vs. Russell Micro Cap Value Index	-3.29%	1.44%	1.44%	4.40%	3.66%	0.77%

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 5. See back of this presentation for important disclosures and market definitions. Source: FactSet, Morningstar, Bailard.

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.

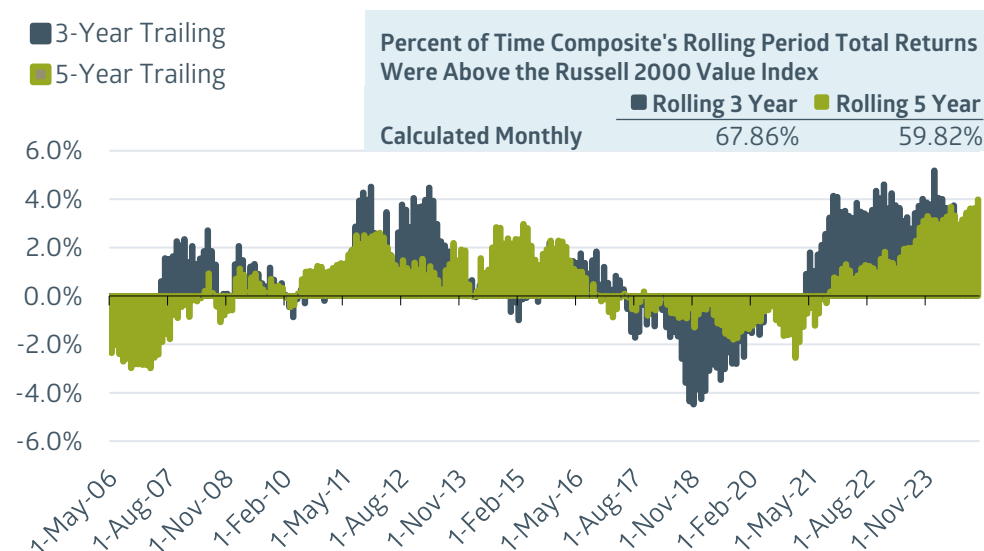
Performance: Portfolio Risk and Returns

ANNUALIZED ACTIVE RETURNS (NET) VS RUSSELL 2000 VALUE INDEX^{1,2,3}

As of 12/31/24



Rolling Periods, 5/31/2006 – 12/31/2024



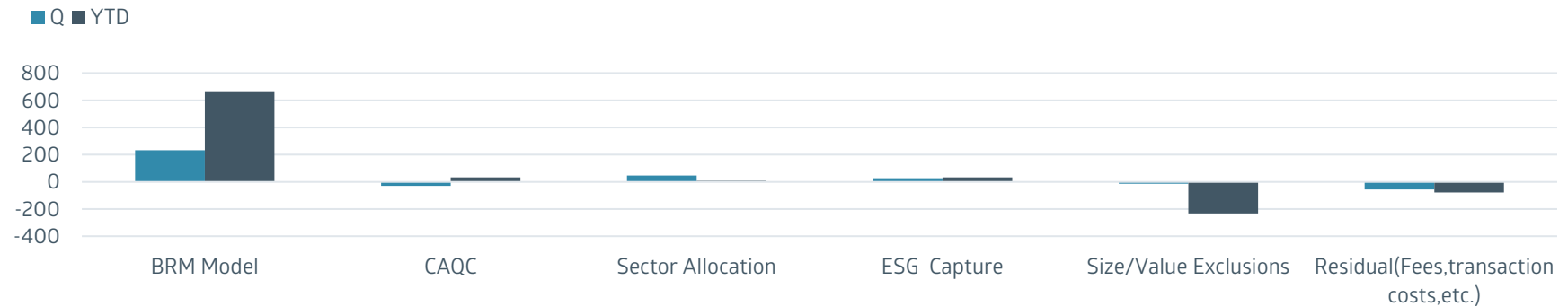
PERFORMANCE SUMMARY¹ as of 12/31/24

	TOTAL RETURN					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)	12.76%	4.99%	11.67%	8.83%	11.44%	22.20%	24.61%	20.54%	19.48%	0.05	0.37	0.34	0.53
Composite (Net of Fee)	12.34%	4.59%	11.25%	8.42%	11.02%	22.19%	24.60%	20.53%	19.47%	0.03	0.36	0.32	0.50
Russell 2000 Value Index	8.04%	1.93%	7.27%	7.13%	9.45%	23.43%	25.44%	21.16%	20.05%	-0.08	0.19	0.25	0.41

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

Attribution Commentary as of December 31, 2024

ATTRIBUTION: NET ACTIVE RETURN VS INDEX*



Q4 2024 ATTRIBUTION*

Our primary stock selection tool, the multi-factor Bailard Ranking Model (BRM), delivered nicely positive relative performance for the quarter, but the overall score masked widely varying results within its component factors. Our Earnings Quality factor produced negative results. With value falling out of favor, both our Relative Expectations Bias factor and our Analyst Expectations' Bias factor delivered strongly negative results. Our Hype (excessive investor attention) factor produced mixed results, with one component positive but the other quite negative. Our Revisions Reveal factor was the quarter's savior, producing strongly positive returns. Our improved, Path-Dependent Anchoring Bias factor was slightly negative for the period, but our old anchoring bias factor which we use as well was helpfully positive. Our Text Sentiment factor also provided strong positive results.

Within our subsector-specific stock selection models, our REIT model

and bank model produced nicely positive results. Our utilities model was positive as well. Our pharmaceutical & biotech model and our insurance model both produced essentially flat results.

CAQC (Curated Assessment of Qualitative Conviction, our proprietary measure of sophisticated investor interest in stocks that lack quantifiable appeal) underperformed slightly for the quarter.

Sector allocation was a positive for the quarter.

ESG Capture was slightly additive in Q4 despite recent increasingly negative sentiment toward ESG.









Size and value exclusions that are held in the portfolio (for risk control, delaying gain realization, thematic tilts, etc.) detracted slightly from performance.

Residuals (fees, transaction costs, etc.) were as is generally the case, slightly detractive from performance.

* The benchmark is the Russell 2000 Value Index. Please see the back of this presentation 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). Analyst Herding Bias was replaced by Bailard Revisions Reveal model in the summer of 2024. It seeks to exploit analyst estimate revisions anomaly. Sell side analyst tend to be biased with their absolute estimates, however revisions of their estimates reveal important information regarding future financials. Earnings revisions have a tendency to trend. Past revisions are correlated with future revisions and future changes in earnings expectations are a major driver of future stock price changes. **Past performance is no indication of future results.** Sources: Russell, Bailard.

Small Cap Value Strategy Outlook

SMALL CAP VALUE RETURN DRIVERS

	Positive	Neutral	Negative	Comments
Absolute Valuations				Historically neutrally valued.
Relative Valuations				Small value relatively extremely cheap versus large cap growth.
Economic Cycle				A clear direction for the economy is currently hard to discern.
Interest Rates				Rates rose sharply throughout the quarter. Strongly positive for value, but slightly negative for small caps.
Volatility/Sentiment				VIX rose slightly but remained at low levels, favoring growth. The Put/Call Ratio fell, favoring value. On balance, neutral.
Earnings Revisions				Revisions were positive for small cap companies and slightly negative for large cap companies. Expectations for 2025 favor small caps.
Dollar				The dollar rose strongly through the quarter and is at a high level that should favor domestically-focused companies.
ESG				Politics has been playing a larger negative role in ESG recently, but our proprietary inputs and methodology are bucking the tide.

Source: Bailard as of 12/31/2024. All investments involve the risk of loss.

Small Cap Value Strategy Outlook

OUTLOOK SUMMARY

On balance, historically significant return drivers for small cap value stocks remain marginally favorably aligned toward small cap value outperformance. The relative valuation differential between small value and large growth is at an extreme level.

CURRENT P/E TO 20-YEAR AVERAGE*

As of 12/31/2024	Value	Growth
Small	100.9%	97.8%
Large	109.6%	149.0%

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 when economic growth is strong. The Fed talking tough while simultaneously lowering the Fed Funds rate definitely sent mixed signals to investors. Balancing economic growth and inflation concerns is a perpetual challenge for the Fed, but in the current environment, arguments favoring one over the other seem fairly balanced.

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 throughout Q4, favoring value. Small cap stocks are more highly leveraged than large cap stocks, so higher

(continued on next page)

*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. **Past performance is no indication of future results.** All investments involve the risk of loss. Please see important disclosures at the back of this presentation.

Small Cap Value Strategy Outlook

rates tend to work against them. Access to capital, above and beyond current interest rates, is an important driver for small cap stocks, and recent narrow credit spreads suggest that access is good.

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 rose slightly through the quarter but remains at historically low levels, favoring growth. The put call ratio ended the quarter down and below its five-year average, favoring value stocks. On balance, these sentiment indicators suggest a neutral stance.

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 sharply through Q4, favoring small cap companies.

ESG Investing

Unfortunately, ESG investing has become an increasingly 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.

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: Itron

“Itron is dedicated to creating a more resourceful world.”

Our Analysis

Itron (ITRI) specializes in energy and water resource management. ITRI’s intelligent infrastructure products and services are used to measure, analyze, and control electricity, gas and water consumption.

Itron’s products such as smart utility meters provide real time updates on usage, providing utilities with valuable information that permits better load management. The company’s smart street lighting adjusts illumination levels to correspond to pedestrian or vehicle activity, increasing safety when engaged and saving energy when roads and sidewalks are vacant.

ITRI’s distributed energy management capabilities allow utilities to draw upon rooftop solar, connected electric vehicle and other compensated sources in times of peak demand, lessening their reliance on fossil fuels.

By providing systems that synchronize traffic lights in real time to optimize traffic flow and save energy, ITRI continues to find new ways to conserve resources while improving the quality of life for their users. Similarly, their acoustic water leak sensors allow utilities to locate and repair leaks quickly, saving water and helping to avoid small leaks growing into catastrophic water main breaks.

Innovative solutions to resource management problems are Itron’s specialty. Conservation with little to no lifestyle compromise, and in many cases, lifestyle enhancement is a win-win for both the environment and the stakeholders involved.

According to a 2021 Pew Research Center survey, 43% of lower income adults did not have home broadband services.

The reference to a specific security is intended only to *illustrate the type* of company/stock that Bailard’s portfolio Small Cap Value Strategy might hold. The company equity mentioned here was a holding within Bailard’s Small Cap Value Strategy portfolio as of December 31, 2024. 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: The Measures We Take to Help Produce Consistent Outperformance



- ✓ We have **outperformed our benchmark index for six consecutive years** (2019 - 2024).
- ✓ We had a very high batting average over the past five trailing years as well, **beating the Index in 40 out of the last 60 months.**
- ✓ Versus our small value competitors, we were in the **second percentile for batting average over the past five trailing years (1st percentile is best.)¹**
- ✓ We also were in the **second percentile for information ratio over the 5 trailing years**, indicating we had a lot of return for the smaller amount of risk we took.¹

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¹Source: eVestment U.S. Small Cap Value Equity Universe peer group rankings and quarterly observations compared to the Russell 2000 Value Index. Rankings are from 1 to 100, with 1 being the best and 100 being the worst. There were 172 constituents reporting as of 1/15/2025 in the Universe over the 5 years ending December 31, 2024. Batting average measures a manager's ability to meet or beat an index, with higher being the most desirable. Information ratio is defined as excess return over the benchmark divided by tracking error.

Why We Do What We Do: The Case For Small Cap Value

Why Small Cap Value is Poised to “Thrive in ‘25”

Small value stocks are relatively cheap, particularly when compared to large cap growth stocks.

While small cap valuations are comparatively low, earnings growth expectations are rising and predicted to exceed large caps’ growth this year.

Small cap value stocks are likely outsized beneficiaries of federal deregulatory efforts, particularly in banking and energy.

Many of the small cap universe’s industry and sector exposures are aligned with potentially favorable economic trends (utilities with rising AI electricity demand, capital goods and industrials with greater private infrastructure spending, healthcare with an aging population, homebuilders with falling mortgage interest rates and pent-up housing demand.)

Anecdotally, small cap stocks tend to outperform large cap stocks in the first year after both a presidential election, and the start of a Federal Reserve rate cutting cycle.

Finally, according to the EY-Parthenon Deal Barometer , 2025 is predicted to be a strong year for merger and acquisition activity, the vast majority of which occurs in the small and micro cap space.¹

Timing Small Cap Value Exposure Is Historically Difficult at Best, and Costly at Worst. The Best Way Not To Miss the Boat Is To Get on Board and Remain There

As longtime students of behavioral finance, we realize that the strong pull of behavioral biases can be very hard to resist, and knowing of their existence unfortunately does little to reduce one’s susceptibility to them.

Return chasing, or buying assets when past returns are high, and selling assets when past returns are low (the exact opposite of the “buy low, sell high” wisdom), has likely existed for as long as people have participated in markets. Humans are social animals, making it difficult to resist the urge to jump on the bandwagon when those around us are hopping aboard.

The problem with return chasing is that it historically has resulted in underperformance as investors pile in and valuations get stretched. (Return chasing cost investors approximately -1% per year according to Morningstar’s latest estimates.)²

In recent years, large cap growth stocks (the bigger the better) have been the place to invest, and 2024 was no exception. Small cap value, a historically high returning equity style, lagged once again. This is the second consecutive year that large growth has outperformed small value by more than 25%. The last time we saw a dislocation of this magnitude was during the late stages of the tech bubble (1998 and 1999).

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¹ https://www.ey.com/en_us/insights/mergers-acquisitions/m-and-a-outlook. ² <https://www.morningstar.com/lp/mind-the-gap>.

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Why We Do What We Do: The Case For Small Cap Value

As experienced professional value investors, we lived through the tech bubble. Before it burst early in the year 2000, many investors had been captivated by any stock with dot com in its name. Five consecutive years of incredible positive performance (and outperformance against anything else), had believers enthralled, and skeptics disheartened.

As it turned out, expectations for most dot com companies ended up greatly exceeding their actual potential. Numerous dot com companies' business plans were not particularly compelling, a large percentage of them never made any money, and many, many ultimately went bankrupt.

In retrospect, it is easy to see how it was all unsustainable, but at the time, even seasoned skeptics found it difficult to avoid getting caught up in the frenzy. To us, the tech bubble felt like watching someone build the world's tallest sandcastle. Surely it can't go any higher without crumbling, one thought, but then yet another level was built, and then another, until it was much higher than any sandcastle ever created. Expectations of its collapse failed to materialize again and again, and analysts crafted semi-compelling arguments about how new construction techniques and expert builders meant that the old rules of maximum sandcastle height no longer applied.

Once the tech bubble finally burst, small value beat large cap growth for seven straight years (2000-2006). There is an old adage that history does not repeat itself, but it rhymes. While the future is as always uncertain, if you tried to sell a script of yet another group of companies getting wildly overhyped and then massively

underperforming, Hollywood would not turn it down due to its implausibility.

While there are certainly differences between today's AI-driven "Magnificent Seven" rally and the previous tech bubble, the similarities are mounting. Valuations, both absolute and relative, are extremely stretched for large cap growth stocks.

CURRENT P/E TO 20-YEAR AVERAGE*

As of 12/31/2024	Value	Growth
Small	100.9%	97.8%
Large	109.6%	149.0%

Beyond the current valuation disparities, the underpinnings of large cap growth's streak of outperformance are now either absent or deteriorating. Quantitative easing and zero interest rates, both highly supportive of growth stocks, are now things of the past, and unlikely to return anytime soon. Relative earnings growth rates and earnings revisions, both of which helped to justify large cap growth's ever-increasing valuations, have also begun to turn.

Earnings revisions are down for Russell 1000 companies over the past three months but are up for Russell 2000 companies.

As of 12/31/24	Russell 1000	Russell 2000
1 month	-0.55%	-0.36%
3 months	-1.66%	4.56%

Source: CapIQ, Bailard Research

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*Please see disclosure on page 7.

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Why We Do What We Do: The Case For Small Cap Value

Earnings Growth Expectations for 2025 Favor Small Caps Over Large Caps As Well

Projected Earnings Growth (%)	Small Cap Stocks	Large Cap Stocks
2025, Q1	5.0	12.2
2025, Q2	12.1	10.3
2025, Q3	21.5	13.4
2025, Q4	25.7	16.9
Full Year, 2025	15.9	13.5

Sources: FactSet, Standard & Poor's, Jefferies

Avoiding the siren's song of return chasing is very difficult. Rapidly rotating to the next hot asset class sounds like it might be a viable way to limit the performance damage caused by return chasing, but market signals are noisy, very rarely clearly delineating between one regime and the next.

To demonstrate the difficulty of successfully timing small cap value entry and exit points, we examined all relative outperformance rallies of the Russell 2000 Value Index versus the S&P 500 Index since the end of 1978.

First, to quiet any potential critics up front, here are the annualized total returns for the two indices over the entire time period for which data is available (January 1979 – December 2024):

S&P 500 Vs. Russell 2000 Value Performance, January 1979 – December 2024

S&P 500	Russell 2000 Value
12.1%	12.1%

Sources: Morningstar

Notice the returns are almost identical, even after two consecutive relatively spectacular years for the S&P 500. So just sitting 100% in the S&P 500 the whole time would not have done one any giant performance favors. On to the test!

We define a small value rally as consecutive months that have at least 10% relative outperformance between the start and end date of the rally and that last at least three months.

We compare these total outperformance rally returns that could be realized by holding a permanent allocation to small cap value against theoretical disciplined market timers' returns. Our market timers buy into each rally as soon they see 10% relative small value outperformance and exit as soon as they witness 10% relative underperformance.

As seen in the table on the following page, while market timers could on average add value through their trades, they would only capture a small fraction of the gains that could be realized with a permanent allocation to small cap value.

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Why We Do What We Do: The Case For Small Cap Value

Historically, the best chance of maximizing the benefits of the next small cap value stock rally is by making an allocation to small cap value stocks in advance. Since most investors are underweight in their exposures to small cap value, there is no time like the present to make a dedicated allocation to what is still, according to style returns calculated from the Kenneth French Data Library at Dartmouth, the top performing equity style quadrant both for as far back as data is available (1928), and since the turn of the millennium (2000).

Rally Start Date	Rally End Date	Total Excess Return	Timed Enter Date	Timed Exit Date	Timed Excess Return	Timed vs. Total Rally Return
Dec-78	Aug-79	19.33%	Apr-79	Mar-80	-5.68%	-25.01%
Mar-80	Jul-83	53.61%	Aug-80	Jun-86	22.30%	-31.31%
Oct-87	Aug-88	19.76%	Mar-88	Jul-89	-10.24%	-30.00%
Nov-90	Feb-94	50.53%	Mar-91	Mar-95	18.35%	-32.18%
Dec-99	2-Jun	106.26%	Feb-00	2-Oct	64.82%	-41.44%
2-Oct	6-Mar	42.98%	3-Jul	7-Jul	14.60%	-28.38%
7-Dec	8-Sep	16.72%	8-Aug	9-Feb	-7.66%	-24.38%
9-Feb	10-Apr	17.34%	10-Mar	11-Sep	-6.36%	-23.70%
16-Jan	16-Dec	20.54%	16-Nov	17-May	-8.88%	-29.42%
20-Sep	21-Mar	36.92%	20-Nov	21-Oct	6.44%	-30.48%
Average		38.40%			8.77%	-29.63%

Sources: Morningstar, Bailard Research

While Permanent Allocations to Attractive Asset Classes Makes Sense, the Ability To Rebalance Your Portfolio Is a Valuable Risk Control

While permanent allocations to attractive asset classes makes sense, the ability to rebalance your portfolio is a valuable risk control.

One potential stumbling block preventing some investors from immediately boosting their small cap value stock exposure is their inability to lower their exposure to private equity.

According to CEM Benchmarking, small cap stocks are the closest publicly traded equivalent to private equity investments, and since the Great Financial Crisis, institutions have increasingly been allocating assets away from small cap stocks and into private equity.*

Private equity currently faces serious difficulties including big deployment and exit backlogs, high leverage in a period of rising interest rates, high fees, and other issues. For any institution rethinking their allocation to private equity, small cap value is a logical and much more liquid alternative.

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* <https://cembenchmarking.com/ri/insight/28>

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Portfolio Characteristic Comparison¹

As of 12/31/2024

	Bailard, Inc. Small Cap Value Composite ²	Russell 2000 Value Index
BRM Score	82.0	54.6
ESG Capture [®]	64.6	55.0
Price/Book Value	1.9x	1.3x
Price/Earnings (trailing 12 mo.)	17.7x	13.8x
Price/Cash Flow	12.0x	6.8x
Return on Equity	10.9%	5.6%
Debt to Capital	24.16%	35.04%
Number of Holdings	303	1,434
Avg. Market Cap \$MM	\$4,014	\$2,800
% Micro Cap Stocks	35.6%	18.2%

Sources: FactSet, Bailard. ¹The information presented on this page, while representative of the Bailard Asset Management Small Cap Value Strategy, should not be solely relied on as it can differ from client to client and could vary over time. ²The Bailard 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. Data 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.

Small Cap Value Strategy Team



THOMAS J. MUDGE III, CFA

Portfolio Manager | SVP | Director, Equity Research

Investment experience: 37 years; 37 years with firm

Tom leads Bailard's equity research and serves as portfolio manager of the Small Cap Value 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.

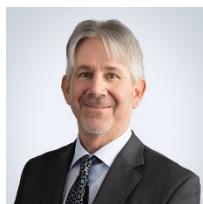


OSMAN AKGUN, PH.D., CFA

Portfolio Manager | SVP, Domestic Equities

Investment experience: 13 years; 12 years with firm

Osman serves as Vice President of Domestic Equities and as a portfolio manager for Bailard's Small Cap Value 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.



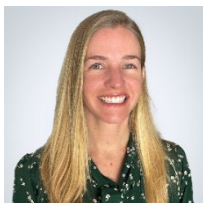
BLAINE TOWNSEND, CIMC®, CIMA®

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

Investment experience: 30 years; 8 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 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.

Small Cap Value Strategy Team



ANNALISE DURANTE

VP | Senior SRII Research Analyst

Investment experience: 10 years; 7 years with firm

Annalise rejoined Bailard in 2023 and serves as both a Senior SRII Research Analyst and Investment Counselor for the Sustainable, Responsible and Impact Investing (SRII) group. As a Senior SRII Research 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

SVP | Head Trader

Investment experience: 34 years; 34 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 can provide an enduring source of alpha.**
 - Market participant irrationality is recurring, predictable, and therefore exploitable.
- **Less scrutiny can mean greater opportunity in our Bailard Ranking Model and ESG.**
 - Bargains or advantages are rare where everyone else is looking.
 - Small and micro cap stocks can be fertile ground for behavioral biases and unidentified ESG 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.

Our Bailard Ranking Model (BRM) is a proprietary, multi-factor, quantitative tool for determining relative stock attractiveness within each of the 24 economic sub sectors.

Sustainable and Responsible Investing 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

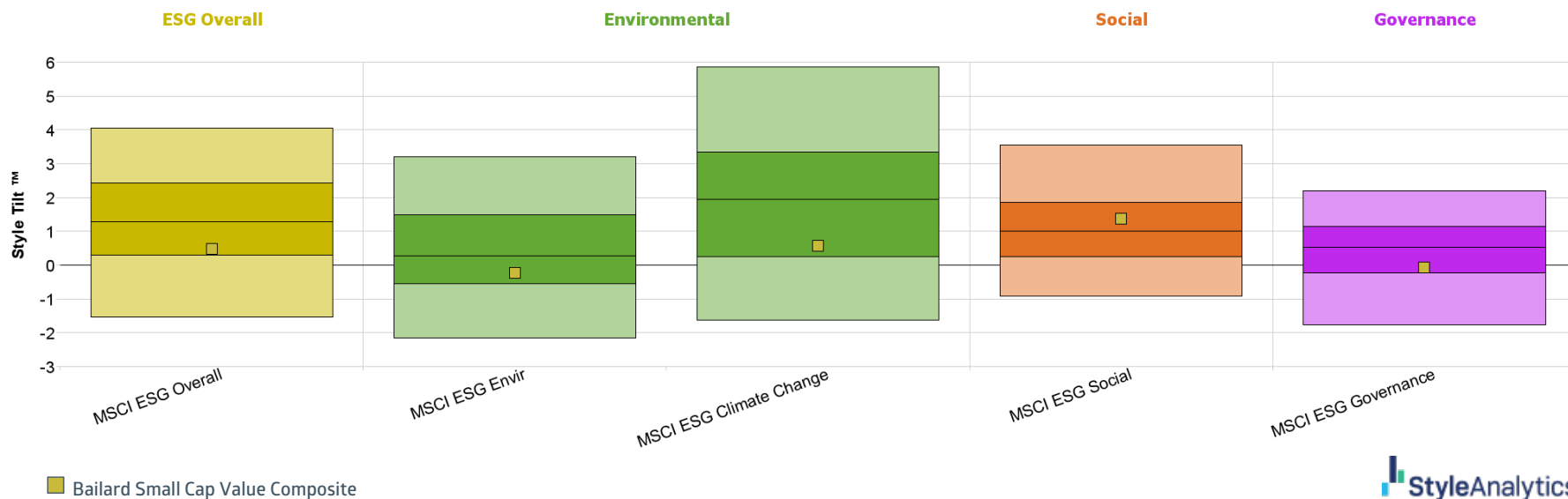
* This revenue threshold removes clear offenders while not excluding grocery stores, hotels, airlines, restaurants, cable television, cell phone service providers, etc.

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 iShares Russell 2000 Value ETF, used as a proxy for 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, 2024. There were 189 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 Strategy?

SMALL CAP INVESTING CHALLENGES	OUR SOLUTIONS
Thousands of Stocks With No Top-heavy Concentration	 Systematic methods help 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

- An independent firm, committed to serving asset management and wealth management clients

73%

Current and former employee owned

- Current and former employees own 56% and 17%, respectively
- No institutional ownership; outside ownership comprised of individuals (including founder shares)
- Broad employee ownership: 68% of current employees own stock

52%

Women and minority owned

81

81 employees

- Average investment professional tenure of 15 years
- 44% of employees are women
- Led by a female CEO

\$6.4B

Assets Under Management

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.

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 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 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 Strategy is implemented within the Bailard Small Cap Value Composite. As of December 31, 2024, 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 \$103.4 million, which represented 1.6% of the total assets under Bailard's management. 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 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 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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