Q4 2025

Small Cap Value Strategy

Investing in companies we believe to be attractively valued, under scrutinized, and irrationally mispriced.

Bailard

Market Commentary

Q4 2025 UPDATE

Stocks overall crept higher as 2025 came to a close, with value stocks of all sizes winning in Q4 and small cap and micro cap value beating other equity styles over the past two quarters. While October saw a continuation of the summer rally in low quality "junk" and meme stocks, November and December reverted to more typical relative performance, where characteristics associated with historical success such as quality and value were once again rewarded by investors.

Deeper analysis of the recent junk stock rally indicates that it lacked the historically typical fuel of excess liquidity, and was primarily retail investor-driven, with options activity in the most volatile stocks more pronounced than in other low-quality measures. The skyrocketing popularity of prediction markets such as Kalshi and Polymarket in late 2025 suggests that retail investors may have refocused their interest there, at least for the time being.

MARKET INDICES TOTAL RETURN as of December 31, 2025

	QTR	YTD	1 Year	Comments
S&P 500 Index	2.7%	17.9%	17.9%	The S&P 500 did well but could not keep up with value of any size.
Russell 1000 Growth Index	1.1%	18.5%	18.5%	Growth underperformed in Q4, as sentiment shifted toward value.
Russell 1000 Value Index	3.8%	15.9%	15.9%	
Russell 2000 Growth Index	1.2%	13.0%	13.0%	Small cap value prevailed over small cap growth in Q4.
Russell 2000 Value Index	3.2%	12.6%	12.6%	
Russell Micro Cap Value Index	9.4%	23.8%	23.8%	Micro cap value led the quarter on the strength of a biotech rally.

Performance Commentary as of December 31, 2025

Q4 2025 PERFORMANCE[1]

The Bailard Small Cap Value Strategy edged out a win versus the benchmark Russell 2000 Value Index in Q4.

While October was a junk stock outperformance replay of the third quarter, November and December saw sentiment shift back to higher quality and other traditionally successful performance drivers. We, along with many competitors, benefitted from this shift, but it was insufficient to salvage full-year performance versus the Index.

While disappointing to lose to the Russell 2000 Value Index for the first time in seven years, the Strategy continued to fare well against competitors—finishing in the top quartile for both the quarter and full year.

Given our consistent overweight to micro cap stocks, micro cap value's outperformance might otherwise have benefitted the portfolio had it not been for both the dominance of junk stocks in October and in a few lower quality micro cap biotech stocks that produced outsized returns throughout the quarter.

TOTAL RETURN[1,2]

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bailard Composite (Gross of fee)	3.50%	10.94%	10.94%	13.43%	12.01%	10.22%
Bailard Composite (Net of fee)	3.40%	10.53%	10.53%	13.01%	11.59%	9.81%
Russell 2000 Value Index	3.25%	12.58%	12.58%	11.73%	8.88%	9.26%
Russell Micro Cap Value Index	9.38%	23.84%	23.84%	13.74%	10.57%	10.54%

ACTIVE RETURN, NET OF FEE[1,2]

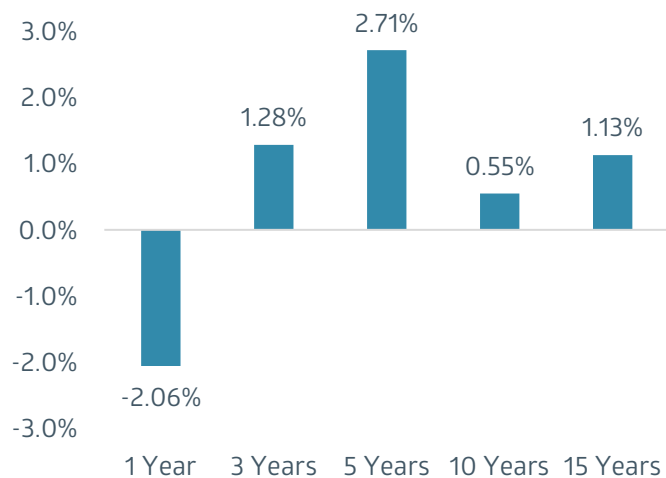|	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Vs. Russell 2000 Value Index	0.15%	-2.06%	-2.06%	1.28%	2.71%	0.55%
Vs. Russell Micro Cap Value Index	-5.98%	-13.32%	-13.32%	-0.73%	1.01%	-0.73%

[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 4-6. 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.
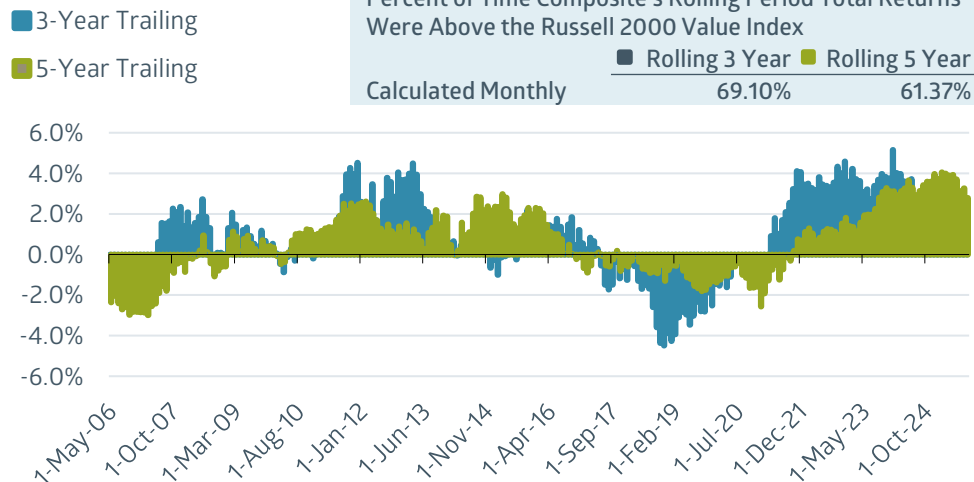
Performance: Portfolio Risk and Returns

As of 12/31/25

Rolling Periods, 5/31/2006 – 12/31/2025

■ 3-Year Trailing
■ 5-Year Trailing

Percent of Time Composite's Rolling Period Total Returns Were Above the Russell 2000 Value Index

	■ Rolling 3 Year	■ Rolling 5 Year
Calculated Monthly	69.10%	61.37%

PERFORMANCE SUMMARY* as of 12/31/2025

	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)	10.94%	13.43%	12.01%	10.22%	10.27%	18.43%	19.52%	20.57%	18.98%	0.47	0.45	0.39	0.46
Composite (Net of Fee)	10.53%	13.01%	11.59%	9.81%	9.86%	18.42%	19.52%	20.56%	18.98%	0.44	0.43	0.37	0.44
Russell 2000 Value Index	12.58%	11.73%	8.88%	9.26%	8.73%	19.91%	20.15%	21.18%	19.39%	0.35	0.28	0.33	0.37

Attribution Commentary as of December 31, 2025

ATTRIBUTION: NET ACTIVE RETURN VS INDEX*

■ Q ■ YTD

Categories: BRM Model, CAQC, Sector Allocation, NFI Capture, Size/Value Exclusions, Residual (Fees, transaction costs, etc.)
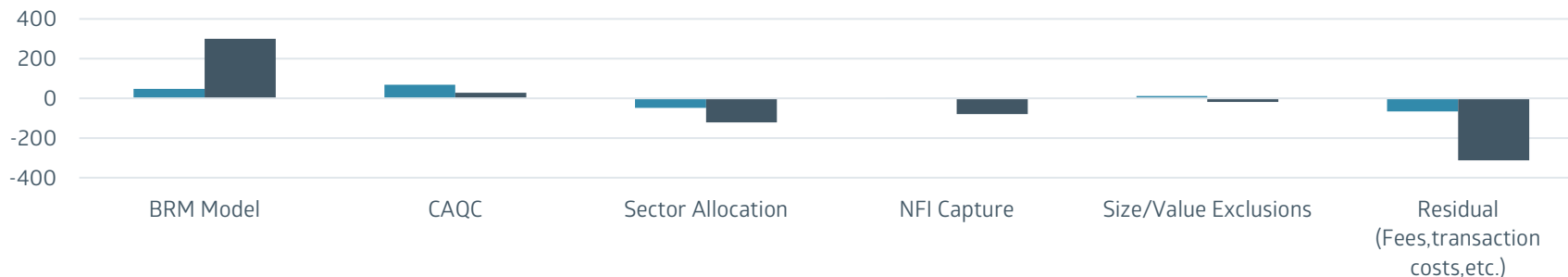
Q4 2025 ATTRIBUTION*

- Our primary stock selection tool, our multi-factor Bailard Ranking Model (BRM), produced positive results for the quarter. There was a marked contrast between its significant underperformance in October when the junk stock rally was in full force, and subsequent outperformance in November and December after the junk rally subsided.

- Our Earnings Quality factor was moderately positive for the full period. Relative Expectations Bias and Analyst Expectations Bias—our value factors—were mixed, with the former winning nicely and the latter just slightly positive. Hype, our proprietary measure of excessive investor attention, rebounded smartly after a negative Q3 and was up strongly in Q4. Revisions Reveal was our best performing factor for the quarter. Our Path-Dependent Anchoring Bias factor continued to struggle in Q4, once again finding few, if any, similarities with historical periods. Text Sentiment delivered much better results, however.

- Our economic subsector-specific models produced mixed results in Q4, with the banking model nicely positive and the insurance model slightly positive. Both the utility and REIT models were slightly negative, but fortuitous stock selection shifted the REIT results to positive. Our pharmaceutical & biotech model produced negative results; as low quality faded in all other economic subsectors, it persisted throughout Q4 in biotech.

(continued on next page)

*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). **Past performance is no indication of future results.** Sources: Russell, Bailard.
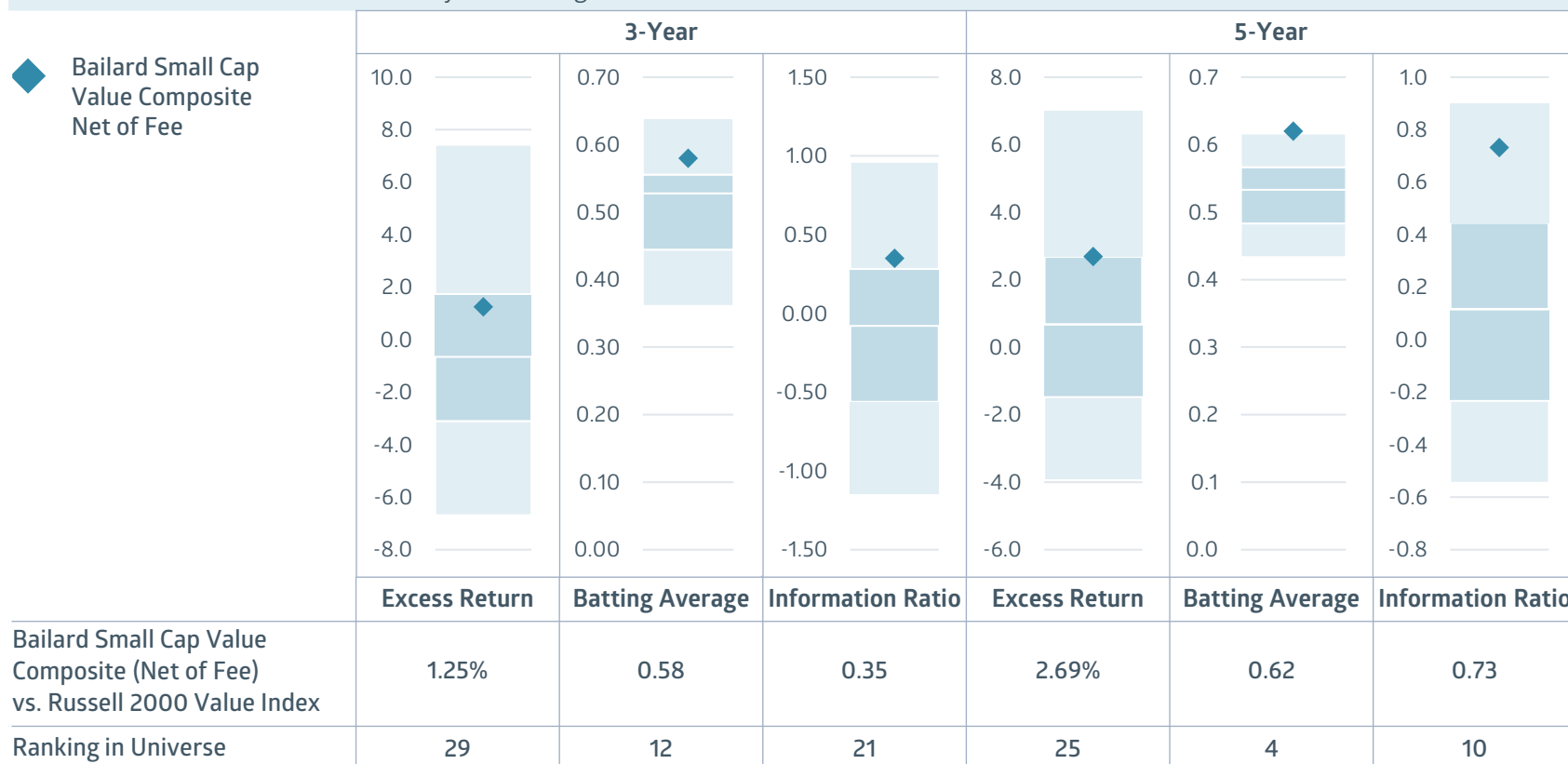
Attribution Commentary as of December 31, 2025

- Our proprietary measure of sophisticated investor interest in stocks that lack quantifiable appeal (or, CAQC – Curated Assessment of Qualitative Conviction), outperformed for the quarter.

- Our lower quality but otherwise attractive Thriving on the Edge stocks outperformed junk stocks in general, a welcome result after trailing in Q3—but still trailed the benchmark index, thereby detracting from performance.

- Sector allocation was negative for the quarter largely due to our underweighting in biotechnology. Non-Financial Information (NFI) Capture was essentially flat for the period.

- Stocks that would otherwise have been excluded from the portfolio because of their size or lacking value characteristics that were held in the portfolio for risk control, thematic tilts, and so forth, slightly added to performance for the period.

- As is generally the case, residuals (fees, transaction costs, etc.) detracted from performance.

Small Cap Value Performance & Efficiency Rankings*

eVestment U.S. Small Cap Value Equity Universe, Net of Fee

PERFORMANCE for the three and five years ending 12/31/2025

◆ Bailard Small Cap Value Composite Net of Fee

	Excess Return	Batting Average	Information Ratio	Excess Return	Batting Average	Information Ratio
	3-Year			**5-Year**		
Bailard Small Cap Value Composite (Net of Fee) vs. Russell 2000 Value Index	1.25%	0.58	0.35	2.69%	0.62	0.73
Ranking in Universe	29	12	21	25	4	10

Source: 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 164 constituents in the Universe over the 3 years ending December 31, 2025, and 162 constituents for the 5 years ending December 31, 2025. **Past performance is no indication of future results. All investments involve the risk of loss.** Performance statistics are annualized for periods greater than one year. Please see the back of this presentation in the Appendix for important disclosures. Like other investments, an investment in this strategy may lose money.

Small Cap Value Strategy Outlook

SMALL CAP VALUE RETURN DRIVERS

	Positive	Neutral	Negative	Comments
Absolute Valuations		🟡 ➡️		Slightly overvalued versus history.
Relative Valuations	🟢			Small value relatively cheap versus large cap growth.
Economic Cycle	🟢			Tax cuts, deregulation, less tariff impact and additional Fed easing suggest decent economic growth in 2026.
Interest Rates		🟡		Rates finished Q4 flat after two mid-quarter dips. Continued Fed easing is still expected. Lower rates should help both small caps and growth stocks.
Volatility/Sentiment			🔴	VIX fell slightly in Q4, and remains at relatively low levels, favoring growth stocks. The Put/Call Ratio rose, favoring growth.
Earnings Revisions			🔴	Relative earnings revisions in Q4 strongly favored large caps.
Dollar		🟡		The dollar was largely flat through the quarter, but remains near multi-year lows, which should favor large cap stocks. Tariff policy may alter typical behavior, however.

Small Cap Value Strategy Outlook

OUTLOOK SUMMARY

On balance, historically significant return drivers for small cap value stocks are currently slightly negatively biased against small cap value outperformance. The relative valuation differential between small value and large growth remains at a high level, however, and may more than fully discount this.

CURRENT P/E TO 20-YEAR AVERAGE*
as of 12/31/2025

	Value	Growth
Small	**107.5%**	100.2%
Large	117.7%	144.6%

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. Catalysts for growth including tax breaks, deregulation, and further Fed easing suggest that economic prospects look decent for 2026.

Value stocks of all sizes tend to benefit from investors shortening their investment time horizons, as value stocks typically deliver higher current earnings and dividend yields versus the more distant potential payoffs from growth stocks. Lower interest rates decrease the discount rate applied to future earnings, making them more valuable today and thus, favor growth stocks. 10-year Treasury yields dropped only slightly in Q4, not favoring any particular equity style.

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Small Cap Value Strategy Outlook

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 slightly in Q4 and remains at low levels, favoring growth. The put/call ratio rose, favoring growth as well.

Small Cap vs. Large Cap

Large cap companies derive more of their revenues and profits internationally than 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 was largely flat in Q4, but remains near multi-year lows, which would normally favor large cap companies. However, higher tariffs may limit the relative benefits from a weak dollar that larger companies might otherwise enjoy.

Small cap stocks are generally more highly leveraged than large cap stocks, so lower interest rates tend to benefit them relative to large cap. In addition, continuing narrow credit spreads suggest that current access to capital is good. Q4's largely flat rates favor neither large cap nor small cap.

Non-Financial Information (NFI) Investing

The Strategy uses non-financial information for risk control purposes that should be appreciated by goals-focused investors and values-focused investors alike. Measures such as employee turnover and satisfaction, and accounting disclosure adequacy, provide valuable insights into a company's operations that may not immediately be reflected in traditional financial statements.

Why We Do What We Do: The Measures We Take to Help Produce Consistent Outperformance

✓ We have **outperformed our benchmark index for six of the last seven years** (2019 - 2024).

✓ We had a very high batting average over the past five trailing years as well, **beating the Index in 37 out of the last 60 months.** [1,2]

✓ Versus our small value competitors, we were in the **4th percentile for batting average over the past five trailing years** (1st percentile is best.)[1,2]

✓ We also were in the **10th percentile for information ratio over the five trailing years,** indicating we had a lot of return for the smaller amount of risk we took.[1]

AI's Growing Use in Asset Management: Is Your Manager up to the Challenges?

Artificial intelligence (AI) is a rapidly growing influence in asset management. According to a 2024 study by the consulting firm Mercer, 54% of investment managers were currently using AI for investment strategy or asset class research, and another 37% had planned to.[1]

The value of most tools hinges on the capabilities of the user. A cordless drill in the hand of an experienced carpenter speeds a construction project, while the same drill in the hands of a toddler is a disaster waiting to happen. AI is no different, but the complexities and potential pitfalls are orders of magnitude larger.

AI Hazards

Biases. People are biased, and AI programmers are people. From data selection to algorithm design, bias can and does creep into artificial intelligence. Even initially accurate output may be later skewed by AI designers if it reveals uncomfortable truths or does not conform with their worldviews. Programmers are even biased when attempting to correct for biases. Google had to apologize after its AI program Gemini generated images of racially diverse U.S. founding fathers and other historical inaccuracies.[2]

Amplification. AI may not just replicate inaccuracies (errors) in training data, it often magnifies them. This can extend far beyond a "garbage in, garbage out" programming problem, resulting in even minor errors potentially growing into major ones as multiple step processes compound the problems.

Data Contamination. Increasingly, AI models are trained not just on real world data, but on synthetic, AI-generated data as well. This feedback loop tends to produce results that may be further and further removed from reality.

Hallucinations. Certain AI models (particularly large language models, or LLMs) can generate output that is not supported by fact

AI's Growing Use in Asset Management, Is Your Manager up to the Challenges?

fact or data. These AI algorithms are designed to take enormous amounts of information and use statistically identified patterns to predict the next word in a sentence or the next categorized sequence of characters in a computer program. AI hallucinations are not programming glitches or intentional falsehoods, they are purely incorrect predictions, and these predictions can have regrettable consequences.

According to *Science News Today*, hallucinations are most likely to occur when a model's training is insufficient due to lack of data, the model is required to synthesize new knowledge or draw inferences, or the questions posed to it are vague or contradictory.[3]

Unfortunately, these AI models produce output that is believable whether it is accurate or not. If an AI model produces a plausible answer to a question, and supports it with fictional references, quotes, charts and graphs, humans are inclined to accept it, regardless of whether it is true or false. If (more likely when) this fictional information gets scraped by another AI model collecting training data, this inaccuracy gets perpetuated. [4]

Reinforcing Behavioral Errors. Unfortunately, the numerous biases and cognitive errors made by even seasoned, professional investors tend to be repeated and often amplified by AI, not diminished. [5] Here are a few of the most common:

Confirmation bias is the tendency to seek out and favor information that supports an investor's pre-existing beliefs. AI models, while already incorporating human biases, are also designed to generate responses that reflect how the questions put to it are phrased. This results in "bias in, bias out," and unfortunately, the output is likely to look very convincing (see Hallucinations above).

Overconfidence bias is the tendency to overestimate one's knowledge, abilities, and the accuracy of one's judgments. A recent study demonstrated that AI exhibits overconfidence, and that newer AI versions displayed stronger judgement-based biases in some cases.[6, 7]

In addition, nothing fuels investor overconfidence like having reams of authoritative sounding data about an investment, some of which will undoubtably have been gathered under the influence of confirmation bias, and some of which may be entirely false but nevertheless appear plausible.

[3] Muhammad Tuhin, "What are ai hallucinations and why do they happen", https://www.sciencenewstoday.org/what-are-ai-hallucinations-and-why-do-they-happen [4] "Aeon Flex, "Why AI Makes Bad Systems More Convincing," https://chaincoder.hashnode.dev/why-ai-makes-bad-systems-more-convincing [5] Drew Turney, "AI is just as overconfident and biased as humans can be, study shows," https://www.livescience.com/technology/artificial-intelligence/ai-is-just-as-overconfident-and-biased-as-humans-can-be-study-shows [6] Neuroscience News, "AI Thinks Like Us: Flaws, Biases, and All, Study Finds," https://neurosciencenews.com/ai-human-thinking-28535/ [7] Yang Chen; Samuel N. Kirshner; Anton Ovchinnikov; Meena Andiappan; Tracy Jenkin, "A Manager and an AI Walk into a Bar: Does ChatGPT Make Biased Decisions Like We Do?", https://pubsonline.informs.org/doi/pdf/10.1287/msom.2023.0279

AI's Growing Use in Asset Management, Is Your Manager up to the Challenges?

Herding bias. Humans are social animals, and prone to joining the crowd for fear of missing out. In investing, this can lead to too many investors following the herd and overvaluing an asset. When investor sentiment deteriorates, crowded investments are often difficult to exit without severe price declines, as the bulk of the current owners are more short-term, jump-on-the-bandwagon-focused, and therefore unwilling to stick around or appreciate an investment's longer-term attributes or comeback potential. Use of AI models may exacerbate herding bias if numerous investors are using similar or the same models and those models produce essentially identical advice.

Automation bias is the belief that automated tasks have less potential for human error, and therefore their output is more trustworthy. Automation bias has existed since the dawn of the computer, and when it comes to basic mathematical calculations, the bias is quite reasonable, and the output can be easily double checked. Where AI is concerned, often the path used to reach an answer is opaque, even to the programmers themselves. This sort of "black box" output may be confusing correlation with causation, illogically flipping positive relationships to negative and back again in search of a better model fit, and other statistical and logical blunders that are unfortunately invisible to the end user.

With even this partial list of AI hazards, one might wonder if artificial intelligence is too flawed and therefore too risky a tool to use safely? Fortunately, in the right hands, the answer is "no."

Consider Wikipedia as an example. For many non-emotionally charged topics, Wikipedia can be a quick source of basic and even more complex information on a huge range of subjects, even if it would be foolish to use it as the ultimate authority on any of them. For political or other controversial subjects, Wikipedia's usefulness deteriorates rapidly.

AI is best used where the task is specific and the scope for error is small. For example, non-linear modeling can be useful in the case of some investment variables like dividend yield. While higher yields are preferable for certain investors, at both extremes of the dividend yield spectrum, this linear relationship deteriorates. Particularly high yields may be unsustainable, and low or no yields may reflect more favorable uses of a company's capital. A simple, linear model is unable to account for these nuances.

While AI use is still novel to most asset managers, and remains a mystery to many others, its influence is growing rapidly, and some firms may be ill-prepared to manage this evolution.

AI's Growing Use in Asset Management, Is Your Manager up to the Challenges?

Bailard's Small Cap Value Strategy has been prudently and successfully employing AI tools (machine learning, non-linear modeling and more recently, large language modeling) since 2018. In each case, our AI use is task-specific, leverages reliable data sources, has transparent logic, demonstrates historical effectiveness both in and out of sample, and receives proper oversight and due diligence before any portfolio implementation.

The ongoing efficacy of all our stock selection and risk models, whether they incorporate AI or not, are monitored daily with lookbacks of one day, one week, one quarter, and one year. This way any problems with deviation from expectations are rapidly identified and adjustments made if necessary.

There is an old joke about microwave ovens. They allow inexperienced cooks to ruin dinner in a fraction of the time it would take to ruin it in a conventional oven. The same could be said regarding AI.

Used properly, artificial intelligence has many attributes that can be of benefit to asset management, but it comes with numerous potential drawbacks and hazards. Sadly, behavioral biases are likely to make many asset managers more susceptible to the negative aspects of AI.

Any asset manager claiming that their knowledge and understanding of behavioral biases will protect them from the dangers of AI should first read about the G.I. Joe Phenomenon (also known as the G.I. Joe Fallacy). There is a link to the original paper here, or any of the leading AI search tools can likely provide a reasonable summary.

Portfolio Characteristic Comparison[1]

As of 12/31/2025

	Bailard, Inc. Small Cap Value Composite[2]	Russell 2000 Value Index
BRM Score	81.9	51.1
NFI Capture Score	65.7	52.4
Price/Book Value	1.5x	1.3x
Price/Earnings (trailing 12 mo.)	15.5x	14.0x
Price/Cash Flow	12.1x	7.0x
Return on Equity	6.3%	2.6%
Debt to Capital	32.91%	33.7%
Number of Holdings	321	1,426
Avg. Market Cap $MM	$3,044	$3,503
% Micro Cap Stocks	35.2%	18.3%

Sources: FactSet, Bailard. 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.[1] The 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. [2] The 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: 38 years; 38 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: 14 years; 13 years with firm

Osman serves as Senior 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: 31 years; 9 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 NFI 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: 11 years; 8 years with firm

Annalise serves as a VP and Senior SRII Research Analyst, having joined Bailard in 2017. As a Senior SRII Research Analyst, Annalise contributes to SRI research, thought leadership, and corporate engagement, as well as manages client relationships. 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.**

  – Bargains or advantages are rare where everyone else is looking.

  – Small and micro cap stocks can be fertile ground for behavioral biases and unidentified opportunities. These can be effectively exploited through a disciplined and systematic approach.

- **Avoid unnecessary risk.**

  – Control for economic sector exposure, bankruptcy risk, idiosyncratic risk, non-financial 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.

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Sustainable and Responsible Investing Framework

Product & Industry Screens

No companies deriving more that 25% of revenues* from the following high risk, controversial 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.

Non-Financial Risk Mitigation

- ✓ Exclude the bottom scoring 20% of Bailard's NFI Capture rankings.

- ✓ Portfolio's average NFI Capture (Non-Financial Information) score will always exceed the benchmark's score.

- ✓ Additionally, we use qualitative measures to screen out companies that have egregious patterns of behavior that may not be fully reflected in NFI Capture rankings.

Why the Bailard Small Cap Value Strategy?

SMALL CAP INVESTING CHALLENGES	BAILARD'S APPROACH	
Thousands of Stocks With No Top-heavy Concentration		Systematic methods helps 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 NFI Capture methodology also helps to limit volatility by avoiding companies with significant potential negative externalities.
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 Non-Financial Data Available		We seek, extract, and thoughtfully combine alternative data sources to help quantify and mitigate non-financial risks.

About Bailard, Inc.

1969

Founded in 1969
- An independent firm, committed to serving asset management and wealth management clients

74%

Current and former employee-owned
- Current and former employees own 58% and 16%, respectively; No institutional ownership
- Broad employee ownership: 78% of current employees own stock

54%

Women- and minority-owned

87

87 employees
- Average investment professional tenure of 14 years
- 48% of employees are women
- Led by a female CEO

$7.8B

Assets under management
- Institutional strategies include international equities, technology, small cap value, private real estate, and sustainable and responsible investments

Disclosures and Key Risks

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

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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 use of screens based on non-financial information (NFI) as an input to the strategy may exclude certain investments and result in performance that differs from strategies not using such inputs. NFI assessments are inherently subjective, and investors may disagree on what constitutes favorable NFI characteristics. We rely on third-party NFI data, which may be incomplete or inconsistent, and our application of NFI criteria may not always align with an investor's values. Our evaluation of NFI criteria 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, 2025, 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 $107.9 million, which represented 1.4% of the total assets under Bailard's management. The NFI 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 fulfilment 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 fulfilment 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.

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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