Bailard

Bailard Small Cap Value Strategy

Quarterly Report
June 30, 2026

Contents

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Q2 Highlights

1. The Bailard Small Cap Value Strategy generated a 2Q26 total return of 17.57% net of fees, compared with the Russell 2000 Value Index at 17.19%

2. Second quarter investor sentiment shifted from two months of “risk-on” followed by one month of “risk-off.” For the full period, low quality and high beta won, but high quality and low valuations dominated in June.

3. Risk-on environments tend to favor small cap over large, and growth over value, and that was the case in Q2. Small and micro cap value remain the best performing equity styles over the past 12 months.

4. Continued large year-over-year earnings gains have kept pace or exceeded small cap value share price increases, keeping valuations reasonable despite impressive 12-month returns.

Market Commentary

A resilient economy and fading concerns regarding the scope of the Iranian conflict triggered a risk-on rally in April and May, propelling junk, meme and similar high-risk stocks higher. The Russell 2000 Value Index, holding far more of these risky stocks than the average active manager, proved very difficult to beat for the first two months of Q2. June witnessed a shift from risk-on to risk-off, driven in part by renewed AI skepticism as the large players increasingly shifted from self-funding their capital expenditure plans to seeking outside (and likely more fickle) funding sources. This risk-off environment better suited us and other active managers as characteristics, such as quality and value, that tend to outperform over the long-term returned to favor.

The Russell Index rebalance on June 26th resulted in a substantial number of junk and meme stocks getting transferred out of small cap value, much to our delight. Some of them remain, but their influence going forward will hopefully be reduced. However, the possibility of a new meme stock variety finding temporary favor with retail investors unfortunately cannot be dismissed.

Sources: FactSet, Morningstar, as of June 30, 2026.
The total return performance of these market indices does not represent the past or future performance of any Bailard strategy, account or product. Please see the Investment Results section for additional information.
Past performance is no indication of future results. All investments have the risk of loss.

As of June 30, 2026

Bailard Small Cap Value Strategy

Overview

The strategy integrates behavioral finance-based stock selection techniques with broad-spectrum risk controls in the under-scrutinized and opportunity-rich small cap value style.

Portfolio Characteristic Comparison

Composite vs. Index, as of 6/30/2026[1]

	Bailard Composite	Russell 2000 Value Index
Bailard Ranking Model (BRM) Score	81.9	51.2
Non-Financial Information (NFI) Capture Score*	65.8	54.4
Price/Book Value	1.8x	1.4x
Price/Earnings (trailing 12 mo.)	14.0x	14.9x
Price/Cash Flow	8.7x	7.6x
Return on Equity	8.6%	2.8%
Debt to Capital	31.7%	37.3%
Number of Holdings	304	1,406
Avg. Market Cap ($M)	$3,583.1	$3,499.3

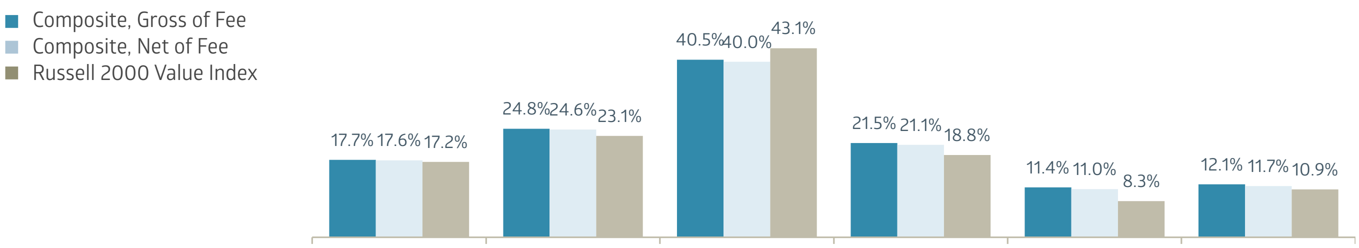
Market Cap Breakdown

Composite vs. Index, as of 6/30/2026[1]

	Bailard Composite	Russell 2000 Value Index
Small Cap Bottom ~10% of U.S. equity market capitalization (excluding micro cap)	64.4%	84.0%
Micro Cap Smallest ~1% of U.S. equity market capitalization	35.6%	16.0%

Investment Results

Total returns for periods ending 6/30/2026[2]



Trailing Return	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
Composite, Gross of Fee	17.66%	24.76%	40.51%	21.51%	11.37%	12.08%
Composite, Net of Fee	17.57%	24.55%	40.02%	21.06%	10.96%	11.67%
Russell 2000 Value Index	17.19%	23.10%	43.11%	18.76%	8.25%	10.90%

	3-Year Performance Statistics			5-Year Performance Statistics		
	Composite, Gross of Fee	Composite, Net of fee	Russell 2000 Value Index	Composite, Gross of Fee	Composite, Net of fee	Russell 2000 Value Index
Standard Deviation	17.82%	17.81%	19.17%	19.41%	19.41%	20.30%
Tracking Error vs. Index	3.84%	3.85%		3.47%	3.47%	
Information Ratio vs. Index	0.71	0.60		0.90	0.78	

1 Sources: FactSet, Bailard, as of June 30, 2026. The information presented on this page, while representative of the Bailard Small Cap Value Strategy, should not be solely relied on as it can differ from client to client and could vary over time. Data regarding the portfolio characteristics of the Composite reflect ownership information as of June 30, 2026, and are not intended to represent any past or future specific investment recommendations. Portfolio characteristics are subject to change without notice. 2 Sources: FactSet, Morningstar, Bailard. 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, which does not have fees. Performance statistics are annualized for periods greater than one year. See back of this presentation for important disclosures and market definitions. ***Past performance is no indication of future results. All investments involve the risk of loss.*** **NFI Capture is a proprietary scoring framework designed to help control a broad range of non-financial risks.*

Strategy Commentary & Performance[3]

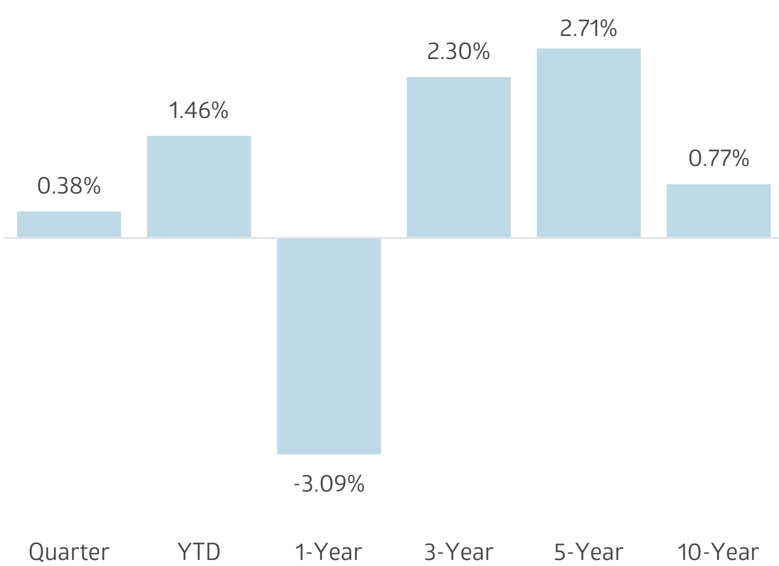
The Bailard Small Cap Value Strategy generated a 2Q26 total return of 17.57% net of fees, outperforming the Russell 2000 Value Index at 17.19%.

While our stock selection model has a history of success in overweighting and underweighting economic subsectors, we keep subsector tilts to a minimum for risk control purposes. Our largest overweights at quarter end were in capital goods, semiconductors and technology hardware & equipment. In each case, there were an abundance of high Bailard Ranking Model scoring stocks within the subsector. Our largest underweights were in banks, pharmaceuticals & biotech, and REITs. In all three cases, there was a scarcity of high scoring stocks according to our models, but all three subsectors also showed massive differences between our benchmark index's holdings weights and competitors holdings weights, forcing us to balance the risk of straying too far from either one. While there were position and subsector changes from Q1, they were largely driven by trying to balance economic subsector exposures between the benchmark and competitors' exposures.

A quarter where our strategy beats the recently more difficult-to-beat Russell 2000 Value Index can be considered a success. Additional important strategy updates include the launch of a new factor and an

Active Returns vs. Index

Annualized active returns (net) vs. Russell 2000 Value Index, periods ending 6/30/2026[2]



CAN AN ALGORITHM OUT-INVEST A HUMAN ANALYST?

Quantitative investing has evolved far beyond crunching P/E ratios—today's models score executive evasiveness, mine sentiment from earnings transcripts, and quantify "soft" factors like employee morale and competitive moats, territory once thought to belong exclusively to human analysts.

Meanwhile, those same analysts face behavioral traps quants are built to avoid: confirmation bias, misplaced optimism, the pull of a charismatic management team. So which approach wins?

Read our full deep dive, "Numbers Don't Lie: Demystifying Quantitative Investing," about how data-driven investing is reshaping the hunt for opportunity—especially in the small and micro-cap space. Coming soon.

3 Sources: FactSet, Morningstar, Bailard, as of June 30, 2026. 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, which does not have fees Performance statistics are annualized for periods greater than one year. See back of this presentation for important disclosures and market definitions. ***Past performance is no indication of future results. All investments involve the risk of loss.***

update on strategy capacity. After many months of research and testing, we introduced our new long-term reversal factor model in June. It incorporates a proprietary mix of valuation measures, significant corporate insider trading signals and other indicators to help us differentiate between stocks that are actually experiencing a resurgence versus stocks that might be enjoying a temporary reprieve from their longer-term negative trends. Its negative correlation with many of our other factors should help to boost overall performance consistency.

Additionally, this quarter, we engaged Virtu Financial to perform an updated capacity analysis for the strategy. Highlights from their conclusions were that we averaged a low 19 basis points of trading impact over the six years examined. Using their Ace neutral model that balances impact and urgency, Virtu projected that our likely trading impact would increase gradually and the expected alpha erosion would be manageable up to $1.5 billion in AUM. Even at the $1.5 billion AUM level, the percentage of difficult trades we would expect to face was only 15% which contrasts favorably with projections for other managers. Our patient and flexible trading strategy is estimated to save us +/-10 basis points per trade versus a more typical work-to-complete strategy.

While this analysis does not change our estimated capacity for the strategy, it increases our confidence that an estimated capacity of at least $1 billion is conservative.

Estimated strategy capacity: up to $1.5 billion

> *Virtu Financial performed an updated capacity analysis for the strategy which indicated our likely trading impact would increase gradually, and the expected alpha erosion would be manageable up to $1.5 billion in AUM.*

What Drove Performance[4]

- Our primary stock selection tool, our multi-factor Bailard Ranking Model, produced mixed results for the quarter, barely eking out a net win with positive contributions from our economic subsector-specific models, micro cap allocation, and stock selection.
- Even with strong performances in June, our valuation factors, Relative Expectations Bias and Analyst Expectations Bias, could not overcome the market's strong value aversion in April and May. Earnings Quality suffered an identical fate, winning in June but net losing for the full quarter. Text sentiment suffered a small loss as well. Our Revisions Reveal factor and our original Anchoring Bias factor were both very slightly positive for the period. In contrast, both of our Hype factors, our proprietary measures of excessive investor attention, were nicely positive in Q2. Our best performing

Sources: Russell, Bailard. 4 The benchmark is the Russell 2000 Value Index. The Behavioral Ranking Model (BRM) is a proprietary, multi-factor, quantitative tool used to assess relative stock attractiveness across 24 economic subsectors. CAQC (Curated Assessment of Qualitative Conviction) measures sophisticated investor interest in stocks that may lack quantifiable appeal. Investments referenced may not represent all decisions made by Bailard. Past or future profitability should not be assumed. References are for illustrative purposes only and are not indicative of future investments. Bailard makes no recommendation to buy or sell any securities discussed. This information is not indicative of the performance of the Bailard Small Cap Value Strategy or any other Bailard product. Holdings shown do not represent all securities bought, sold, or recommended for clients.   5 Certain information may constitute forward-looking statements, identified by such terms as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof. Actual results may differ materially due to risks and uncertainties. Nothing herein should be relied upon as a guarantee or assurance of future results. Please see the back of this presentation for important disclosures. ***Past performance is no indication of future results. All investments involve the risk of loss.***

factor by far was our Path-Dependent Anchoring Bias Factor which was able to better navigate the wild sentiment swing from May to June.

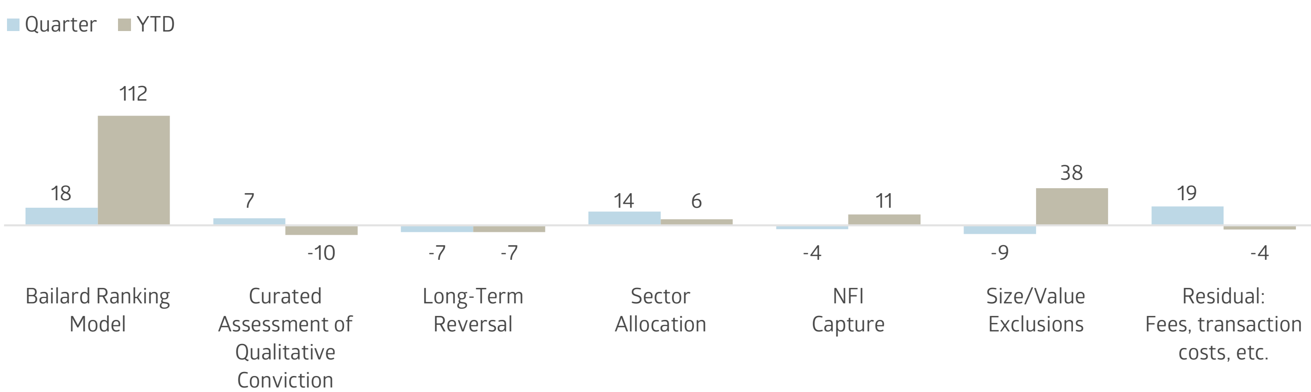
- As mentioned above, our economic subsector-specific models produced net positive results in Q2, with the REIT, bank, and pharmaceutical & biotech models marginally positive and the utility and insurance models slightly negative.
- CAQC (Curated Assessment of Qualitative Conviction, a proprietary measure of sophisticated investor interest in stocks that lack quantifiable appeal) outperformed slightly for the quarter.
- In just a partial month of usage, our newly introduced long-term reversal factor model produced barely negative results for the period.
- As might be expected, our lower quality but otherwise attractive Thriving on the Edge stocks both performed well and outperformed junk stocks in general, adding to performance overall.
- Sector allocation was marginally additive to performance for the quarter, due primarily to an overweight in semiconductors, a subsector that performed very well.
- Non-Financial Information (NFI) Capture detracted from performance for the full quarter as risk tended to be embraced rather than avoided in April and May.
- 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, etc. slightly detracted from performance for the period.
- Atypically, residuals (which also include fees, transaction costs, etc.) were additive to performance.

Best performing Q2 factor: Path-Dependent Anchoring Bias

> *An array of complementary behavioral, quality, and value factors work together each quarter to help the strategy produce consistent and repeatable results. Most of these factors are proprietary, developed over the last two decades.*
>
> *This quarter, our second generation Path-Dependent Anchoring Bias contributed strongest to strategy returns, which helped to navigate the wild sentiment swing from May to June.*

Attribution: Net Active Return vs. Index

Periods ending 6/30/2026



Sources: Russell, Bailard. 4 The benchmark is the Russell 2000 Value Index. The Behavioral Ranking Model (BRM) is a proprietary, multi-factor, quantitative tool used to assess relative stock attractiveness across 24 economic subsectors. CAQC (Curated Assessment of Qualitative Conviction) measures sophisticated investor interest in stocks that may lack quantifiable appeal. Investments referenced may not represent all decisions made by Bailard. Past or future profitability should not be assumed. References are for illustrative purposes only and are not indicative of future investments. Bailard makes no recommendation to buy or sell any securities discussed. This information is not indicative of the performance of the Bailard Small Cap Value Strategy or any other Bailard product. Holdings shown do not represent all securities bought, sold, or recommended for clients. 5 Certain information may constitute forward-looking statements, identified by such terms as "may," "will," "should," "expect," "anticipate," "project," "estimate," "intend," "continue," or "believe," or the negatives thereof. Actual results may differ materially due to risks and uncertainties. Nothing herein should be relied upon as a guarantee or assurance of future results. Please see the back of this presentation for important disclosures. ***Past performance is no indication of future results. All investments involve the risk of loss.***

Investment Outlook[5]

While every student of prediction knows that the future is largely uncertain, it appears that a small cap value renaissance is now underway. Accelerating earnings growth combined with absolute and relatively attractive valuations versus large caps, sets a constructive backdrop for the asset class. Structural tailwinds reinforce this setup: reshoring and supply chain localization are directing capital toward domestically-oriented small businesses; a deregulatory environment is easing compliance burdens, particularly for smaller firms; and improving credit conditions are fueling a pickup in mergers and acquisitions activity, often a positive catalyst for undervalued names. Additionally, a shift away from AI and a broadening of the market beyond mega cap technology would also allow cyclically sensitive small value stocks to participate more fully in market gains. Taken together, these forces should favor small value stocks through 2026 and beyond.

Bailard Small Cap Value Differentiators

Combined small and microcap exposure

Proprietary factors based on behavioral anomalies and cutting-edge research

Broad spectrum risk controls with agile portfolio management

Investment Criteria

» Companies exhibiting behavioral mispricing across quality, valuation, and sentiment factors

» High-quality businesses with strong earnings integrity and manageable balance sheet risk

» Firms screened for accounting, audit, and bankruptcy red flags

» Companies with favorable non-financial characteristics (governance, environmental, social)

Process

» Identify Alpha Sources
Identify company and stock characteristics historically associated with outperformance

» Avoid Unnecessary Risks
Identify and attempt to avoid company and stock characteristics historically associated with elevated financial and non-financial risk

» Buy/Sell/Hold Discipline
In order to buy or hold, each stock must satisfy alpha criteria, pass individual risk thresholds and enhance or complement the existing portfolio's characteristics

» Portfolio Construction
Systematically and dispassionately optimize exposure to those portfolio characteristics across a broad investable universe

» Continual Improvement
Seek to continually improve the selection and exclusion factors in order to better capture excess returns and avoid additional risks

Risk Management

Broad-spectrum risk management integrating financial and non-financial measures, including sector exposure, position sizing, bankruptcy risk, and behavioral factor stability. Portfolio diversification, constrained position sizes, and continuous factor monitoring are designed to manage volatility and avoid unintended exposures.

Portfolio Managers

Thomas J. Mudge III, CFA
SVP | Director, Equity Research
Leads equity research and serves as portfolio manager for the Small Cap Value Strategy.
BA, Northern Michigan University

Osman Akgun, Ph.D., CFA
SVP | Director, Quantitative Research
Focuses on quantitative research, model building, and portfolio optimization.
BS, Bogazici University; MS, PhD, University of California, Berkeley

Blaine Townsend, CIMC®, CIMA®
EVP | Director, Sustainable, Responsible and Impact Investing
Leads SRII efforts and contributes to Small Cap Value portfolio management.
BA, University of California, Berkeley

Analysts & Trading

Annalise Durante
VP | Senior SRII Research Analyst
Supports SRII research, thought leadership, and corporate engagement.
BS, University of Miami

Glenn A. Davis, CFA
SVP | Head Trader
Oversees execution of domestic equity trades with a focus on minimizing market impact.
BS, Santa Clara University

Matt Johnson, CFA
VP | Trading & Operations
Supports daily trading execution, scalable portfolio implementation, and the integration of technology solutions.
BA, DePauw University

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. 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. 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.**

Performance Disclosures

Composite Definition: 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 June 30, 2026, the Composite consisted of a single mutual fund which Bailard has been managing in an advisory or sub-advisory capacity since 2001. 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.

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. 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].

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% of the next $50 million, and 0.50% over $100 million. Full Composite return history and a list of Bailard's composites are available upon request.

Market Index and Category Definitions: The Russell 2000 Value Index shown in this document is different from a managed account in that it is unmanaged, uninvestable, and does not reflect 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. Unlike the Russell 2000 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, as the Composite: 1) can invest in stocks that are not in the index; 2) will tend to hold a higher percentage of micro cap stocks (defined as stocks in the bottom 1% of major U.S. exchange-traded securities when measured by market capitalization) than the index; and 3) may omit securities that may otherwise merit investment due to the application of various environmental, social and governance screens. 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 of the index's securities. The Small Cap Value Strategy's hypothetical returns differ materially from that of the index. As a result, the index is not indicative of the past or future performance of the model portfolios.

Other Disclosures

This 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 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 Small Cap Value Strategy.

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