Q1 2025

QUARTERLY UPDATE

Small Cap Value Strategy

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

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR DISTRIBUTION TO THE PUBLIC.

Bailard

Market Commentary

Small cap stocks now appear to be discounting a severe recession based upon price declines, while large cap stocks are barely discounting a mild one.

Q1 2025 UPDATE

Policy uncertainty, mixed economic and inflation numbers, and a declining stock market prompted investors to opt for the perceived safety of large cap stocks in the first quarter. Though trade wars disproportionally hurt larger cap stocks due to their much greater international exposure, and the new administration's proposed deregulatory initiatives relatively help smaller companies, fear of recession eclipsed any other rational analysis during the period. As a result, small cap stocks now appear to be discounting a severe recession based upon price declines, while large cap stocks are barely discounting a mild one.

(continued on next page)

MARKET INDICES TOTAL RETURN as of March 31, 2025

	QTR	YTD	1 Year	Comments
S&P 500 Index	-4.3%	-4.3%	8.2%	The S&P 500 split the performance difference between large growth and large value.
Russell 1000 Growth Index	-10.0%	-10.0%	7.8%	Mag 7 acted as an anchor for growth while investors sought safety in large value.
Russell 1000 Value Index	2.1%	2.1%	7.2%	
Russell 2000 Growth Index	-11.1%	-11.1%	-4.9%	Small value held up better than small growth, but recession fears broadly crushed small caps in Q1.
Russell 2000 Value Index	-7.7%	-7.7%	-3.1%	
Russell Micro Cap Value Index	-12.3%	-12.3%	-7.6%	Micro caps have the least tariff exposure, but the greatest recession fear exposure, and recession fears won out.
MSCI USA Small Cap Index	-7.9%	-7.9%	-2.6%	MSCI's index name change says it all, the political climate continued to weigh against ESG
MSCI USA Small Cap Selection Index	-4.3%	-4.3%	8.2%	

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.

Market Commentary

Q1 2025 UPDATE

The Magnificent Seven have struggled so far in 2025 and are poster children for the break we witnessed in momentum stocks overall. Growth stocks are largely momentum driven, and unsurprisingly lagged value stocks in Q1. This price momentum correction was long overdue, and while the underperformance of momentum stocks has been substantial, we believe it may have further to go. Fortunately, we began lowering our exposure to momentum in late 2024 and continued reducing it through Q1, helping us to beat our benchmark for the period.

2025 earnings expectations have fallen across the market cap spectrum in Q1, with larger declines in small cap stocks. As a result, small cap stocks are no longer expected to grow earnings faster than large cap stocks this year. However, small cap prices have shrunk even further, making them relatively more attractive than large cap stocks, particularly as their growth expectations remain very similar to large caps.

Micro cap value stocks felt investors' recession fears even more intensely than did small value stocks, and underperformed as a result.

Small cap ESG companies, as measured by the MSCI USA Small Cap Selection (formerly ESG Leaders) Index performed similarly to their comparable non-ESG focused counterparts in Q1. MSCI's index name change here says it all regarding the current political backlash against ESG.

Small cap prices have shrunk even further, making them relatively more attractive than large cap stocks, particularly as their growth expectations remain very similar to large caps.

Performance Commentary as of March 31, 2025

Q1 2025 PERFORMANCE[1]

The Strategy beat the benchmark Russell 2000 Value Index in Q1. Our historically successful alpha characteristics broadly worked for the quarter. Our overweight allocation to micro cap stocks was a significant performance drag, but our alpha characteristics more than compensated for it.

TOTAL RETURN[1, 2]

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Bailard Composite (Gross of fee)	-6.89%	-6.89%	0.52%	3.47%	19.74%	7.72%
Bailard Composite (Net of fee)	-6.98%	-6.98%	0.14%	3.08%	19.30%	7.31%
Russell 2000 Value Index	-7.74%	-7.74%	-3.13%	0.04%	15.29%	6.06%
Russell Micro Cap Value Index	-12.28%	-12.28%	-7.59%	-3.47%	14.27%	5.95%

ACTIVE RETURN, NET OF FEE[1,2]

	Quarter	YTD	1 Year	3 Years	5 Years	10 Years
Vs. Russell 2000 Value Index	0.76%	0.76%	3.28%	3.04%	4.01%	1.25%
Vs. Russell Micro Cap Value Index	5.30%	5.30%	7.74%	6.56%	5.03%	1.36%

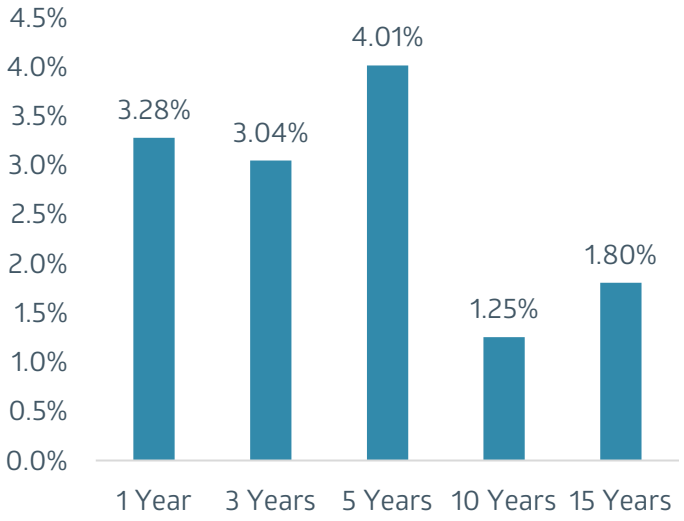
[1] The "Bailard Composite" is the Bailard, Inc. Small Cap Value Composite. The Bailard Small Cap Value Composite includes a Bailard portfolio invested solely in small and micro capitalization U.S. equities that exhibit value characteristics. The benchmark is the Russell 2000 Value Index. The indices 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.

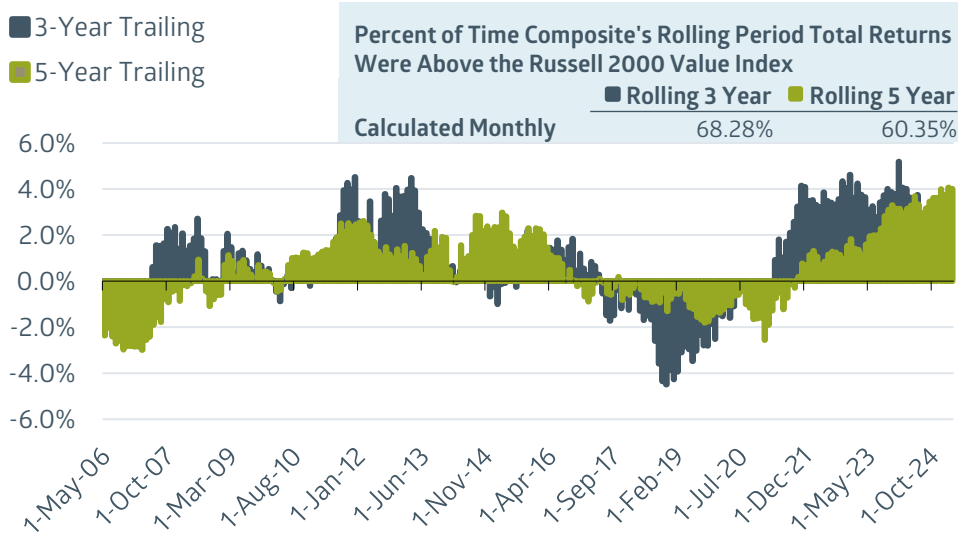
Performance: Portfolio Risk and Returns

ANNUALIZED ACTIVE RETURNS (NET) VS RUSSELL 2000 VALUE INDEX[1,2,3]

As of 3/31/25



Rolling Periods, 5/31/2006 – 3/31/2025



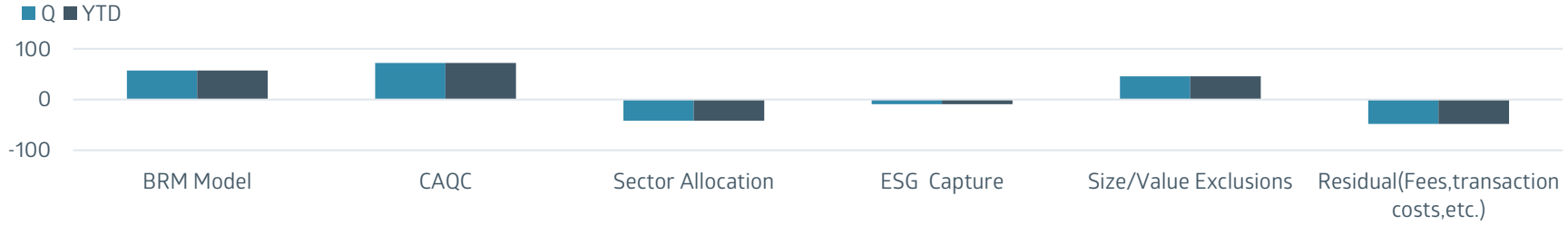
PERFORMANCE SUMMARY[1] as of 3/31/2025

	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)	0.52%	3.47%	19.74%	7.72%	10.39%	22.24%	21.49%	20.61%	19.49%	-0.03	0.80	0.28	0.47
Composite (Net of Fee)	0.14%	3.08%	19.30%	7.31%	9.98%	22.23%	21.49%	20.61%	19.49%	-0.05	0.78	0.26	0.45
Russell 2000 Value Index	-3.13%	0.04%	15.29%	6.06%	8.17%	23.56%	22.30%	21.22%	20.03%	-0.18	0.57	0.20	0.34

[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, Bailard. [2] Trailing returns calculated monthly. [3] Performance statistics are annualized for periods greater than one year.

Attribution Commentary as of March 31, 2025

ATTRIBUTION: NET ACTIVE RETURN VS INDEX*



Q1 2025 ATTRIBUTION*

Our primary stock selection tool, our multi-factor Bailard Ranking Model (BRM), delivered nicely positive relative performance for the quarter with one notable minor exception. Our Earnings Quality factor produced slightly positive results. With value stocks outperforming, it was no surprise that both our Relative Expectations Bias factor and our Analyst Expectations' Bias factor delivered meaningfully positive results. Our Hype (excessive investor attention) factor produced overall positive results, with one component massively positive and the other slightly negative. In a surprise, our Revisions Reveal factor, one of our historically most dependable contributors, was slightly negative for the quarter. Our improved, Path-Dependent Anchoring Bias factor was positive for the quarter which is a tribute to its uniqueness given typical momentum stocks' underperformance for the period. Our Text Sentiment factor provided slightly 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) outperformed for the quarter.
- Sector allocation detracted for the quarter.
- ESG Capture very slightly detracted from performance in Q1 but remains additive over the trailing 12 months despite the climate of negative sentiment toward ESG.
- Size and value exclusions that are held in the portfolio (for risk control, delaying gain realization, thematic tilts, etc.) positively contributed to performance for the period.
- Residuals (fees, transaction costs, etc.) were as is generally the case, 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). **Past performance is no indication of future results.** Sources: Russell, Bailard.

Small Cap Value Strategy Outlook

OUTLOOK SUMMARY

On balance, historically significant return drivers for small cap value stocks are currently neutral toward small cap value outperformance. The relative valuation differential between small value and large growth remains at a high level.

CURRENT P/E TO 20-YEAR AVERAGE*

As of 3/31/2025	Value	Growth
Small	98.7%	91.1%
Large	110.1%	127.3%

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. While the Fed has signaled a disinclination toward lowering interest rates any time soon, trade policy issues may force their hand. Tariff-driven inflation is likely to be transitory, but a trade war definitely threatens economic growth if it persists, and retaliation occurs.

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. Lower interest rates decrease the discount rate applied to future earnings, making them more valuable today and, thus, favor growth stocks.

(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

10-year Treasury yields fell over Q1, favoring growth. Small cap stocks are generally more highly leveraged than large cap stocks, so lower interest rates tend to relatively benefit them. Conversely, access to capital, above and beyond current interest rates, is also an important driver for small cap stocks, and recently widening credit spreads suggest that access is deteriorating.

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 through the quarter and is no longer at low levels, favoring value. The put/call ratio ended the quarter higher, very slightly favoring growth. On balance, these sentiment indicators favor value.

Small Cap vs. Large Cap

Large cap companies derive more of their revenues and profits internationally than do small cap companies. A strong dollar makes U.S. goods and services relatively more expensive to foreign purchasers and also lowers the profits of U.S.-based companies' overseas operations when those profits are repatriated into U.S. dollars. The dollar fell through Q1, which would normally favor large cap companies. However, the threat of an extended trade war dwarfs any potential currency benefits large companies might enjoy.

ESG Investing

Unfortunately, ESG investing has recently 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. We believe companies should expect to benefit from treating their employees and customers well, that effective resource stewardship ought to result in long-run cost savings, and good corporate governance should help to avoid negative externalities. As empirical evidence mounts to support these beliefs, ESG's attractiveness should continue to broaden.

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

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR DISTRIBUTION TO THE PUBLIC.

Small Cap Value Strategy Outlook

SMALL CAP VALUE RETURN DRIVERS

	Positive	Neutral	Negative	Comments
Absolute Valuations		●		Historically neutrally valued.
Relative Valuations	●			Small value relatively very cheap versus large cap growth.
Economic Cycle		● →		Trade policy uncertainly increases the odds of an economic slowdown, but tariff severity and timing may determine if a recession is in the cards.
Interest Rates			●	Rates ended the quarter lower than where they began, which favors growth stocks, but is also slightly positive for small cap stocks.
Volatility/Sentiment				VIX rose through the quarter and is no longer at low levels, favoring value. The put/call ratio rose, slightly favoring growth. On balance, favoring value.
Earnings Revisions		● →		Relative earnings revisions in Q1 were a mixed bag, but relative expectations for small caps for the full year have come down.
Dollar		●		While the dollar fell throughout the quarter, which would normally favor large cap stocks, with trade wars on the menu, all normal bets are off.
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 3/31/2025. All investments involve the risk of loss.

FOR INVESTMENT PROFESSIONAL USE ONLY. NOT FOR DISTRIBUTION TO THE PUBLIC.

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.** [1, 2]
- ✓ Versus our small value competitors, we were in the **5th percentile for batting average over the past five trailing years** (1st percentile is best.)[1, 2]
- ✓ We also were in the **8th 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]

Past performance is no indication of future results. All investments involve the risk of loss. There is no guarantee this strategy will achieve its performance or investment objectives.
[1] 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 166 constituents reporting as of 4/14/2025 in the Universe over the 5 years ending March 31, 2025. [2] 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.

Is Your Asset Manager Lucky Or Skillful? Quickly Learn, Using Sequential Analysis

An eternal frustration when evaluating investment managers is the difficulty in determining whether luck or skill drove their past performance results. Historically, the most common way to evaluate portfolio returns has been to calculate performance metrics such as alpha or an information ratio over a fixed time period, typically the previous three or five years. Unfortunately, these measures are unable to produce statistically significant results within these timeframes.

Because stocks in general tend to be volatile, and individual stock returns are quite variable, random price moves tend to dwarf a portfolio manager's alpha, making it difficult to distinguish skill from luck. For a manager that generated 1.5% alpha per year with a 4% tracking error, it would take at least 20 years to determine with 95% confidence that the alpha was in fact due to skill. Given normal career lengths and the limits of investor patience, a timelier solution is clearly needed.

One such solution is to use sequential analysis, in particular the CUSUM technique as described by Philips.[1] Instead of requiring +20 years of performance to determine if a manager is skillful, sequential analysis can determine a neutral to positive level of skill in just over 3 years, and can identify a lack of skill in even less time.

Experienced hikers should be able to follow a trail to their destination without getting lost. If they accidentally stray from the trail, you expect them to use their orienteering skills to find it again. If they stray too far and become lost, the evidence suggests they were not as experienced as they first appeared.

With sequential analysis, new performance data is evaluated as it is produced instead of relying upon historical fixed sample sizes. The CUSUM technique assesses the likelihood that a manager with skill could produce a streak of underperformance. While some mathematical heavy lifting is required, the underlying concept is straightforward.

Experienced hikers should be able to follow a trail to their destination without getting lost. If they accidentally stray from the trail, you expect them to use their orienteering skills to find it again. If they stray too far and become lost, the evidence suggests they were not as experienced as they first appeared.

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

[1] T. K. Philips, E. Yashchin and D. M. Stein, "Using Statistical Process Control to Monitor Active Managers," 17 January 2003. [Online]. Available: http://ssrn.com/abstract=371121.

Is Your Asset Manager Lucky Or Skillful? Quickly Learn, Using Sequential Analysis

Similarly, a skilled portfolio management team should be able to continue outperforming their benchmark over time. If they underperform briefly, they should be able to get back on track before the underperformance becomes substantial. If the underperformance persists, the evidence suggests that their earlier success was a product of luck, not skill.

Using the CUSUM sequential analysis technique, monthly information ratios are calculated and then used to create a time series by cumulatively summing the observations that exceed a threshold of 0.252.[2] The drawdowns in this series are then calculated, and a warning is triggered if the maximum cumulative drawdown exceeds a certain threshold, indicating that a skillful manager is highly unlikely to produce this much underperformance.

The choice of the maximum drawdown threshold is important, as it determines the balance between the number of false warnings (ideally few) and the time between warnings (ideally not too long). There is a vast body of academic literature in the field of process control about evaluating these tradeoffs, but for portfolio manager selection purposes, relative comparisons regardless of the particular threshold chosen are key.

The odds of selecting a skilled manager over a lucky one in a particular search (say small cap value) increase if you choose from managers best able to "follow the outperformance trail" and avoid managers that have suffered large or extended drawdowns.

Of the four "P's" (People, Philosophy, Process and Performance) often used in investment manager assessment, the trickiest area to accurately gauge might seem like the easiest. While everyone knows that past performance is no guarantee of future results, even many sophisticated investors behave as though there might be at least somewhat of a guarantee. Using sequential analysis, investors should be better positioned to determine whether a manager's past performance was the result of luck or skill, and in our belief, whether they are likely to be able to repeat the success that got them noticed in the first place.

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

[2] Choice of 0.25 isn't arbitrary, in fact it is the average of the information ratio thresholds for being considered a bad manager and a good manager, 0 and 0.5 respectively. T. K. Philips, E. Yashchin and D. M. Stein, "Using Statistical Process Control to Monitor Active Managers," 17 January 2003. [Online]. Available: http://ssrn.com/abstract=371121.

Portfolio Characteristic Comparison[1]

As of 3/31/2025

	Bailard, Inc. Small Cap Value Composite[2]	Russell 2000 Value Index
BRM Score	82.5	57.7
ESG Capture®	67.2	55.3
Price/Book Value	1.8x	1.2x
Price/Earnings (trailing 12 mo.)	17.3x	13.9x
Price/Cash Flow	10.3x	6.7x
Return on Equity	12.1%	4.2%
Debt to Capital	23.0%	35.1%
Number of Holdings	296	1,427
Avg. Market Cap $MM	$3,805	$2,777
% Micro Cap Stocks	31.6%	17.5%

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 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 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.

As of March 31, 2025

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 that 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

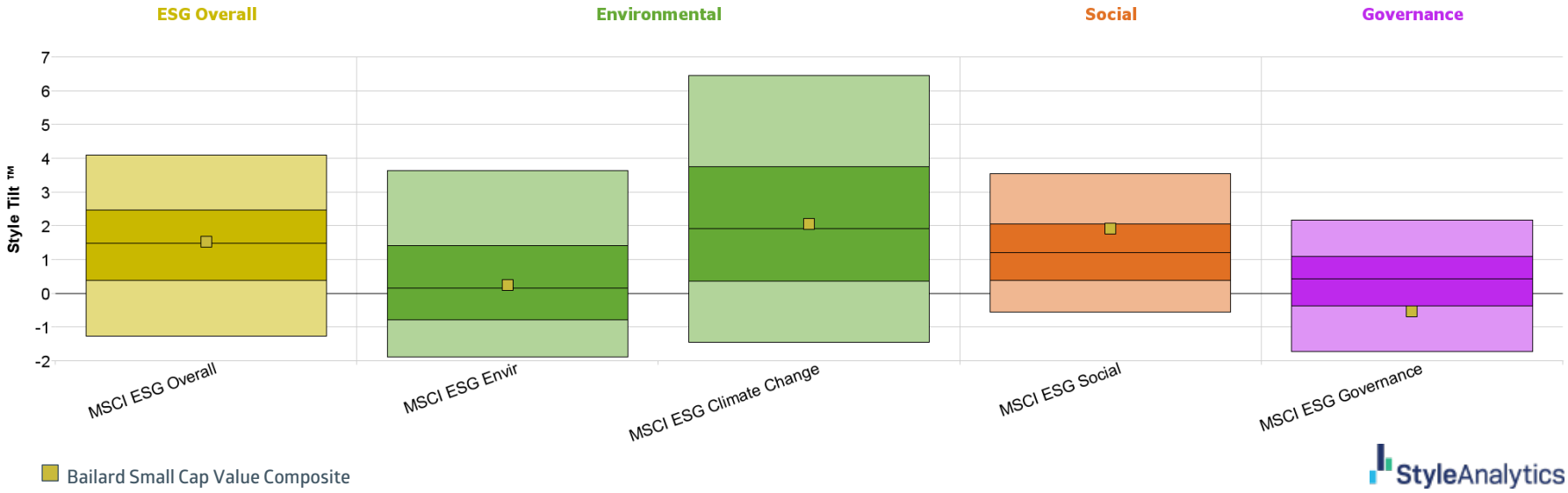
* This revenue threshold removes clear offenders while not excluding grocery stores, hotels, airlines, restaurants, cable television, cell phone service providers, etc.

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 December 31, 2024, due to data availability. There were 186 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 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 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 55% and 18%, 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

82

82 employees

- Average investment professional tenure of 15 years
- 46% of employees are women
- Led by a female CEO

$6.5B

Assets Under Management

Data as of March 31, 2025.

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 $96.2 million, which represented 1.5% 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 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.

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

Other Performance Definitions

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

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

For More Information:

Diana L. Dessonville
Executive Vice President
Director, Institutional Client Services
Phone: 650 571 5800
Email: diana.dessonville@bailard.com