Bailard

Bailard Small Cap Value Strategy

Quarterly Report
September 30, 2026

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Q3 Highlights

1. The Bailard Small Cap Value Strategy generated a 3Q26 total return of -6.92% net of fees, compared with the Russell 2000 Value Index at -4.91%. Despite an excess return of -2.0%, the strategy ranked near the median (52nd percentile) among the eVestment US Small Cap Value Equity Universe for the quarter.[1]

2. A massive investor sentiment shift from price momentum and high beta toward deep value kicked off the third quarter. A huge beneficiary of this shift was the Russell 2000 Value Index. It rebalances during the last week of June every year, and as usual shed high price momentum stocks and replaced them with value stocks, putting the Index in an excellent position to potentially benefit from the sentiment shift. Most active small cap value managers trailed the Index for the quarter.

3. For the small value category overall, investors on balance locked in recent large gains as fears of rising interest rates and an eventual slower economy took hold. We believe these concerns are excessive and have created an attractive entry point for long-term small value investors.

Market Commentary

Small cap value stocks enjoyed spectacular performance (more than a 40% surge) for the 12 months ending June 30, 2026, so it is not surprising that investors chose to catch their breath and reassess in the third quarter. Anticipation of a Fed interest rate hike, the hike itself on September 16, and the fear of higher rates to come all combined to dampen enthusiasm for small caps during the quarter.

We do not believe that Q3 performance decline accurately reflects the longer-term attractiveness of small cap value stocks. Due to continued strong earnings gains combined with the recent price declines, small value is selling at 22% discount to its average P/E ratio over the past 20 years. This compares very favorably with small growth's 1% discount; large value's 10% premium and large growth's current 15% premium valuation.

Sources: FactSet, Morningstar, eVestment as of September 30, 2026.
1 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.
eVestment US 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. Rankings are as of September 30, 2026, with data accessed on October 15, 2026 with 161 managers reporting.
Past performance is no indication of future results. All investments have the risk of loss.

As of September 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 Characteristics

Composite vs. Index, as of 9/30/2026[2]

	Bailard Composite	Russell 2000 Value Index
Bailard Ranking Model (BRM) Score	81.3	52.5
Non-Financial Information (NFI) Capture Score*	65.5	53.6
Price/Book Value	1.5x	1.3x
Price/Earnings (trailing 12 mo.)	12.6x	13.4x
Price/Cash Flow	7.3x	7.2x
Return on Equity	8.2%	2.7%
Debt to Capital	31.5%	35.7%
Number of Holdings	292	1,414
Avg. Market Cap ($M)	$3,419.5	$3,301.1

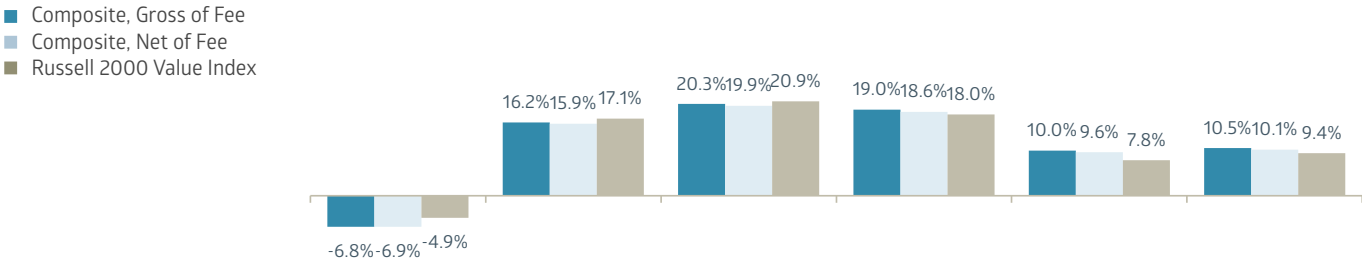
Market Cap Breakdown

Composite vs. Index, as of 9/30/2026[2]

	Bailard Composite	Russell 2000 Value Index
Small Cap Bottom ~10% of U.S. equity market capitalization (excluding micro cap)	64.5%	84.1%
Micro Cap Smallest ~1% of U.S. equity market capitalization	35.5%	15.9%

Investment Results

Total returns for periods ending 9/30/2026[3]



Trailing Return	Quarter	YTD	1 Year	3 Year	5 Year	10 Year
Composite, Gross of Fee	-6.85%	16.21%	20.28%	19.01%	9.97%	10.55%
Composite, Net of Fee	-6.92%	15.93%	19.87%	18.58%	9.57%	10.14%
Russell 2000 Value Index	-4.91%	17.05%	20.86%	17.96%	7.82%	9.41%

	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	17.57%	17.57%	18.53%	19.49%	19.49%	20.33%
Tracking Error vs. Index	3.88%	3.88%		3.57%	3.57%	
Information Ratio vs. Index	0.27	0.16		0.60	0.49	

2 Sources: FactSet, Bailard, as of September 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 September 30, 2026, and are not intended to represent any past or future specific investment recommendations. Portfolio characteristics are subject to change without notice. 3 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.*

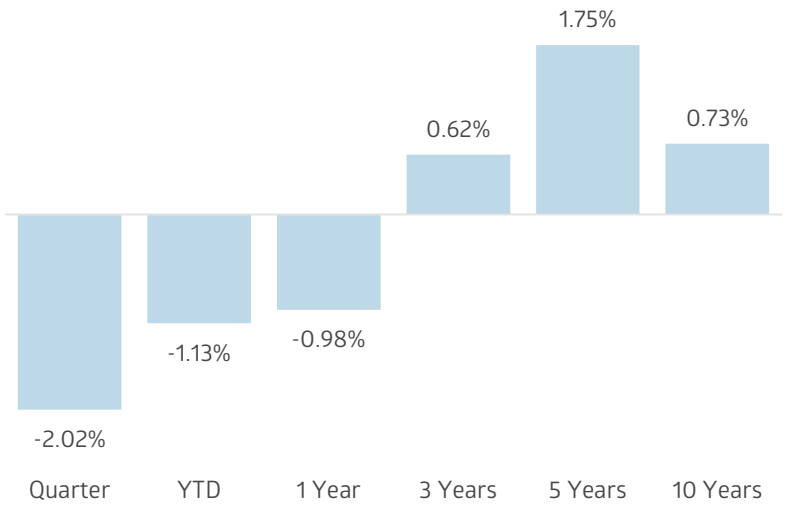
Strategy Commentary & Performance[4]

Our behavioral finance-driven relative value strategy, which has historically supported consistent performance, did not provide the same benefit in the third quarter. As both the Russell 2000 Value Index and the average eVestment U.S. Small Cap Value Equity Universe competitor increased their exposure to deeper value stocks, our strategy lagged both for the quarter.

Strategies that ranked in the top quintile of the Universe through the first half of the year generally struggled in Q3, underperforming both their benchmarks and peer strategies. On average, these strategies posted excess returns of -3.4% and ranked at the 68th percentile. Bailard Small Cap Value also faced headwinds in Q3 following its strong first-half performance, when it delivered a 1.3% excess return and ranked at the 31st percentile. However, its reversal was relatively modest, with an excess return of -2.0% and a return rank at the 52nd percentile.

Active Returns vs. Index

Annualized active returns (net) vs. Russell 2000 Value Index, periods ending 9/30/2026[3]



Long-term performance resilience

> *Strategies that ranked in the top quintile of the eVestment U.S. Small Cap Value Equity Universe through the first half of the year generally struggled in Q3, underperforming both their benchmarks and small cap value peers. Despite Q3's headwinds, Bailard's long-term performance consistency remains intact.*

4 Sources: FactSet, Morningstar, eVestment, Bailard, as of September 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.
The 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 215 managers reporting as of October 15, 2026.
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.***

What Drove Performance[5]

Our primary stock selection tool, the multi-factor Bailard Ranking Model (BRM), produced negative results for the quarter which were compounded by negative stock selection and negative sector allocation. Our economic subsector models and our allocation to micro cap made positive contributions, but they were insufficient to turn the overall tide.

Our valuation factors, Relative Expectations Bias and Analyst Expectations Bias delivered positive results as one would expect in a value environment. Earnings Quality was also rewarded for the period. Our Path-Dependent Anchoring Bias factor produced lesser, but still nicely positive results. Our Revisions Reveal factor was slightly positive for the period. Our Hype factors (our proprietary measures of excessive investor attention), produced mixed results, one positive and the other negative. Text Sentiment was negative, but by far the biggest detractor was our original anchoring bias factor, which normally struggles in value environments, and was particularly out of favor when sentiment shifted abruptly away from the price momentum as the third quarter began.

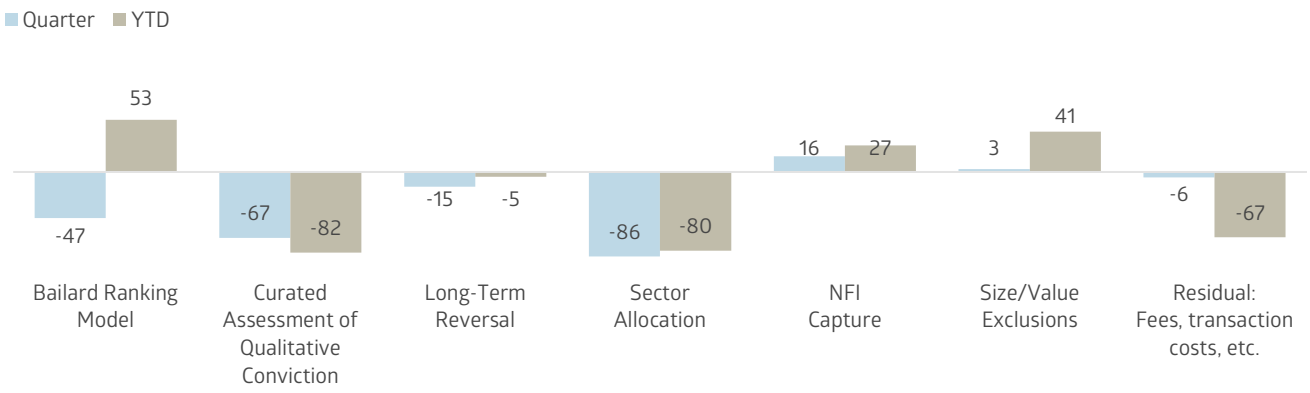
Our economic subsector-specific models produced net positive results in Q3, with the REIT and bank models slightly positive and pharmaceutical & biotech models, utility and insurance models slightly negative.

CAQC (our proprietary measure of sophisticated investor interest in stocks that lack quantifiable appeal) underperformed for the quarter.

Our new Long-Term Reversal Model, though performing much better than our main Bailard Ranking Model, still slightly trailed the benchmark index for the quarter. As a reminder, our reversal model incorporates a proprietary mix of valuation measures, significant corporate

Attribution: Net Active Return vs. Index

Periods ending 9/30/2026



5 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.

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.

Non-Financial Information (NFI) Capture slightly added to performance as less risky stocks were generally rewarded.

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. very slightly added to performance for the period.

Investment Outlook[6]

As always, the future is uncertain, but we are not concerned with the recent pullback in small cap value performance. Underlying earnings remain strong, and expectations are for more of the same in 2027. Meanwhile, valuation—both absolute and relative—are currently quite attractive.

Small value also straddles the AI debate nicely. Several heavily weighted small value economic subsectors are either negatively correlated (REITs, insurance) or non-correlated (healthcare, utilities) with AI returns. Meanwhile, small value retains exposure to AI data center construction through capital goods, commercial services, and technology hardware providers.

Small value: The future appears bright

> *Underlying earnings remain strong, forecasts point to continued strength in 2027, and valuations look attractive. The asset class also offers a balanced position in the AI debate.*

6 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.***

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
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Leads equity research and serves as portfolio manager for the Small Cap Value Strategy.
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Osman Akgun, Ph.D., CFA
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Focuses on quantitative research, model building, and portfolio optimization.
BS, Bogazici University; MS, PhD, University of California, Berkeley

Blaine Townsend, CIMC®, CIMA®
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Analysts & Trading

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

Matt Johnson, CFA
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BA, DePauw University

Past performance is no indication of future results. All investments involve the risk of loss. Please see the last page for important disclosures as well as index and category definitions.

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 September 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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