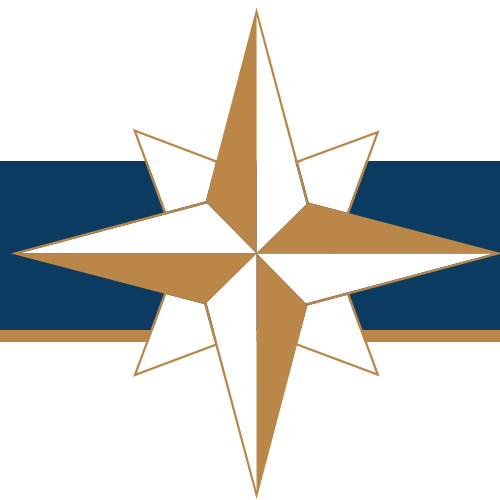


Catalyst

Portfolio Update and Market Outlook



As of May 31, 2025

***I came to get down, I came to get down
So get out your seat and jump around
Jump around
Jump around***

***Jump around
Jump up, jump up, and get down
Jump! Jump! Jump! Jump!
– Jump Around by House of Pain***

Given the impending annual Russell rebalance (and that I am on vacation) I asked our lead risk analyst, Mike Wayton, to write this month's Catalyst. Mike details the expected changes to the benchmarks along with a helpful overview of how Russell determines them.

The official preliminary rebalanced membership lists were released after the close on Friday, May 23rd and go into effect at the close on June 27th. Russell will publish updated lists a couple of times prior to the rebalance date with minor adjustments.

Russell utilizes a rules-based approach. Indexes are split size wise by market cap. The largest 1,000 companies make up the Russell 1000, the next 2,000 are in the Russell 2000. Russell Midcap is the smallest 800 of the Russell 1000, while the Russell 2500 is the Russell 2000 plus the 500 smallest in the Russell 1000. Russell Microcap is the smallest 1,000 in the Russell 2000 plus the 1,000 next smallest companies. Growth/Value membership is determined using one value metric (book to price) and two growth metrics (IBES medium term (2 year) forecast

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Preliminary Performance (%)

Representative Accounts	MTD			QTD			YTD		
	Gross	Net	vs Benchmark	Gross	Net	vs Benchmark	Gross	Net	vs Benchmark
Small Cap Value	4.80	4.80	+0.60	-1.28	-1.37	-1.30	-9.42	-9.73	-1.70
Small/Mid Cap Value	5.11	5.11	-0.60	0.99	0.92	-1.66	-5.29	-5.56	-1.95
Mid Cap Value	4.06	4.06	-0.31	1.41	1.34	-0.37	-0.61	-0.88	-0.24
Micro Cap Value	7.26	7.26	-0.01	2.98	2.89	-1.84	-4.89	-5.21	+3.16

Past performance does not guarantee future results. Representative accounts are those of the Integrity Small Cap Value Equity Strategy, Integrity Small/Mid Cap Value Equity Strategy, Integrity Mid Cap Value Equity Strategy, Integrity Micro Cap Value Equity Strategy. Performance is preliminary and subject to change. Benchmark comparison is versus gross performance.

Source: SEI

Market Returns (%)

	MTD	QTD	YTD
S&P 500® Index	6.29	5.57	1.06
Nasdaq 100® Index	9.13	10.73	1.88
Russell 2000® Growth Index	6.42	5.74	-6.01
Russell 2000® Value Index	4.20	0.02	-7.73

Past performance does not guarantee future results. Indices represent different segments of the market and are not correlated to the strategies above, with the exception of the Russell 2000® Value Index, which is the benchmark for Integrity Small Cap Value Equity.



growth and five-year historical sales per share growth). Companies scoring highest on the value metric fall into the value index and those scoring highest on the growth measures are in the growth index.

Despite a volatile trailing 12 months, the net impact of index changes this year are relatively modest. There are fewer large sector and industry weight changes. In two of our four benchmarks, the largest market cap constituents from last year remain the largest this year (Nextracker, Inc., NXT & Coinbase Global, Inc., COIN). There is also a lack of noteworthy sector themes across the indices. For example, Financials are going down in weight in three indices but increasing in one. Characteristics wise, the new indices have lower weighted average market caps, cheaper valuations, lower expected growth rates, and similar or lower betas. More details on our specific benchmarks are as follows:

Russell 2000 Value: Financials (-2.7%) and Consumer Discretionary (+1.5%) are the most notable sector changes. On the Industry level, Banks (-1.7%) is the only change greater than 1%. Also of note, the Biotechnology Industry weight is increasing by 0.3% to 3.8%. The weight to non-earners decreased slightly, falling 0.4% to 25.3%. The largest market cap is \$8.2 Billion (Nextracker, Inc., NXT).

Russell 2500 Value: Financials (-1.7%), Industrials (+1.6%), and Energy (-1.2%) are the most notable sector changes. On the Industry level, Oil Gas & Consumable Fuels (-1.3%) is the only industry with a change greater than 1%. The weight to non-earners remained the same at 14.9%. The largest market cap is \$21.3 Billion (Nutanix, Inc., NTNX).

Russell Midcap Value: Financials (-1.5%) and Energy (+1.3%) are the most notable sector changes. On the Industry level,

Insurance (-1.5%) and Oil Gas & Consumable Fuels (+1.3%) are the industries with a change greater than 1%. The weight to non-earners decreased slightly, falling 0.5% to 8.1%. The largest market cap is \$67.0 Billion (Coinbase Global, Inc., COIN).

Russell Microcap Value: Information Technology (-1.9%) and Industrials (-1.0%) are the most notable sector changes. On the Industry level, no industry weight is changing by more than 1%. Also of note, the Biotechnology Industry weight is increasing by 0.5% to 8.4%. The weight to non-earners decreased slightly, falling 0.6% to 40.6%. The largest market cap is \$1.9 Billion (Centrus Energy Corp., LEU).

As index constituents “jump around”, we will “get down” to evaluating the changes, repositioning the portfolios as needed to generate the best risk-adjusted returns. Next year, Russell will transition to a semi-annual rebalance frequency from an annual occurrence. More to come on that. Does more frequent = more fun? Time to “get out of your seat and jump around”?

All data as of 5/23/2025.

Attribution

U.S. equity markets roared back in May as global trade tensions eased. This was highlighted by a breakthrough in talks between the U.S. and China that resulted in a temporary agreement for smaller levies. The tech heavy Nasdaq (up 9.1%) and the S&P 500 (+6.3%) outperformed the Russell 2000 Value which was up 4.2%. For the month, growth outperformed value across all four of our benchmarks. Our small cap value strategy outperformed its respective benchmark gross of fees for the month, while the remaining three strategies lagged.

Composite Performance (%) as of December 31, 2024

	1 Year		5 Year		10 Year	
	Gross	Net	Gross	Net	Gross	Net
Small Cap Value	5.87	4.82	10.19	9.09	8.43	7.35
Small/Mid Cap Value	10.63	9.53	11.00	9.90	9.28	8.19
Mid Cap Value	12.87	11.92	10.56	9.62	9.49	8.59
Micro Cap Value	13.05	11.92	10.12	9.03	9.70	8.61

Returns for periods greater than one year are annualized. Returns reflect the reinvestment of dividends and other earnings and are expressed in U.S. dollars. Performance prior to November 1, 2014, occurred while the portfolio management team was affiliated with a prior firm. Such members of the portfolio management team were responsible for investment decisions at the prior firm and the decision-making process has remained intact.

Past performance does not guarantee future results.

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All investments carry a certain degree of risk including the possible loss of principal, and an investment should be made with an understanding of the risks involved with owning a particular security or asset class. Interested parties are strongly encouraged to seek advice from qualified tax and financial experts regarding the best options for your circumstances.

Each representative account serves as the model against which all accounts in each respective strategy are managed. The representative accounts are actual portfolios and the information provided, including performance, will vary for other accounts. The representative accounts are being used solely as tools to help demonstrate how performance can be attributed to the investment policies applied in the management of each strategy.

Gross-of-fees returns are presented before management and custodial fees but after any transaction costs. The composite net-of-fees returns reflect net-of-model fees and are calculated in the same manner as gross-of-fee returns using the Time Weighted Rate of Return method. Actual fees may vary depending on, among other things, the applicable fee schedule and portfolio size. The firm's fees are available on request and may be found on Part 2A of its Form ADV.

*The Integrity Small-Cap Value Equity Strategy is benchmarked to the Russell 2000® Value Index. The Integrity Small/Mid-Cap Value Equity Strategy is benchmarked to the Russell 2500™ Value Index. The Integrity Mid-Cap Value Equity Strategy is benchmarked to the Russell Midcap® Value Index. The Integrity Micro-Cap Value Equity Strategy is benchmarked to the Russell Microcap® Value Index.

Index returns reflect the reinvestment of dividends and other income but do not reflect advisory fees or any other expenses. Indexes are unmanaged and one cannot invest directly in an index.

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Advisory services offered by Victory Capital Management Inc., an SEC-registered investment advisor, 15935 La Cantera Parkway San Antonio, TX 78256.

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