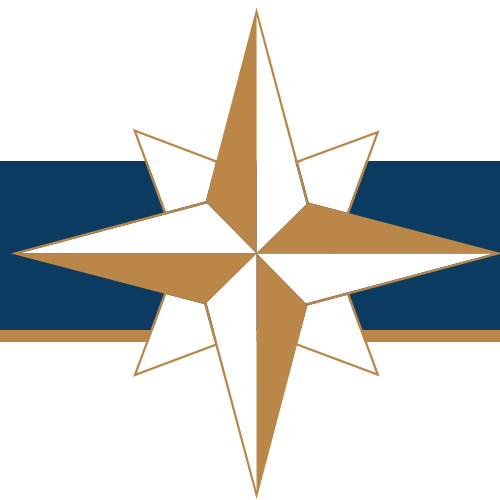


Catalyst

Portfolio Update and Market Outlook



As of September 30, 2025

***If there's a bustle in your hedgerow,
Don't be alarmed now
It's just a spring clean for the May Queen***

– Led Zeppelin

Our Mid Cap Value and SMID Value strategies beat their respective benchmarks for the third quarter of 2025. However, I don't recall a quarter in the years we have been managing money where we underperformed (Small Value Strategy) by so much yet still felt it was a solid quarter. According to Morningstar data, the Russell 2000 Value Index ranked in the 8th percentile for the quarter. While we trailed the index, our performance placed us in the top quartile for the quarter.

Index performance was focused within the smallest market-cap segments, the lowest return-on-equity (ROE) companies, and the non-earning companies. Non-earners, like pre-revenue biotech and nuclear companies, surged during the quarter as if we are heading back to a zero-interest-rate environment. Specifically, in the Russell 2000 Value benchmark, the combination of one non-revenue nuclear company, Oklo (OKLO), biotech, and bitcoin miners added almost 170 basis points of

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is Integrity's Chief Investment Officer and Lead Portfolio Manager for the Small Cap Value and Small/Mid Cap Value equity strategies.

Performance (%) as of September 30, 2025

Representative Accounts	MTD			QTD			YTD		
	Gross	Net	vs Benchmark	Gross	Net	vs Benchmark	Gross	Net	vs Benchmark
Small Cap Value	-0.27	-0.36	-2.28	10.77	10.49	-1.84	3.52	2.74	-5.53
Small/Mid Cap Value	0.10	0.01	-0.93	9.13	8.86	+0.96	7.42	6.62	-1.87
Mid Cap Value	0.53	0.46	-0.74	6.61	6.40	+0.44	9.93	9.27	+0.44
Micro Cap Value	0.40	0.31	-3.48	10.32	10.04	-4.66	11.57	10.73	-1.65

Source: SEI. **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. Benchmark comparison is versus gross performance.

Market Returns (%) as of September 30, 2025

	MTD	QTD	YTD
S&P 500® Index	3.65	8.12	14.83
Nasdaq 100® Index	5.47	9.01	18.10
Russell 2000® Growth Index	4.15	12.19	11.65
Russell 2000® Value Index	2.01	12.60	9.04



Past performance does not guarantee future results. Indices are shown to represent different market segments. Except for the Russell 2000® Value Index, the benchmark for Integrity Small Cap Value Equity, they are not the strategies' benchmarks.*

Composite Performance (%) as of September 30, 2025

	1 Year		5 Year		10 Year	
	Gross	Net	Gross	Net	Gross	Net
Small Cap Value	1.94	0.92	18.08	16.90	9.63	8.54
Small/Mid Cap Value	6.32	5.26	17.91	16.73	11.12	10.01
Mid Cap Value	7.38	6.47	16.33	15.35	11.52	10.60
Micro Cap Value	15.55	14.40	20.22	19.02	11.29	10.18

Past performance does not guarantee future results. 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. Gross-of-fees returns are presented before management and custodial fees but after any transaction costs. 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.

performance to the index. If you include precious metals miners and EchoStar (SATS) you get another 110 bps. This all adds up to about 280 basis points of contribution from what we would consider non-value stocks.

According to Jefferies research (Performance Scorecard 10/1/2025), the last six months witnessed the fourth-worst relative performance for Small Cap Value managers. We see part of this as a size issue. Microcap stocks performed the best over this period, and reduced liquidity in those stocks minimizes their exposure among active managers.

However, the real issue we see is the declining quality of the Russell benchmarks. We have written before about our concerns with the inclusion of companies that are objectively not “value” in the value benchmarks. We don’t understand how pre-revenue companies, for example, can be considered value. Ditto for bitcoin miners as well as high price-to-earnings (P/E), rapidly growing companies. We don’t have a solution to this issue, and we hope that Russell addresses it one day.

That said, there are still reasons to be optimistic about value stocks and active management going forward. We cite these points from Jefferies:

- **Earnings growth is set to accelerate.** Street estimates and Jefferies’ own view project faster earnings growth for small caps (including value) than for large caps in Q4 and calendar 2026, underpinning upside in the asset class.
- **Favorable macro backdrop.** Declining borrowing costs, tighter high-yield spreads, and anticipated Fed easing favor smaller companies, which are more rate-sensitive.
- **Valuation appeal.** Small-cap stocks, including value, trade at discounts to large caps on multiple metrics—e.g., Russell 2000 Value at 17.1x forward earnings versus 24.7x for Growth.

- **Mean reversion in active manager outperformance.** Historically, after periods when active small value managers collectively lag (as in Q3), subsequent relative results improved dramatically, with the average manager beating the index by ~4% over the next six months and ~8% longer term.
- **Potential for ETF inflows to increase allocations.** If ETF and fund flows begin to favor small-cap value after recent underperformance, this could drive a new cycle of outperformance, particularly benefitting strategies already positioned in key cyclical sectors such as financials and industrials.

The market expects at least two more rate cuts this year. If they materialize, the performance trends described above could continue. We don’t think rates are going to zero or near zero. Ultimately, we believe fundamentals will win out. Integrity will continue to invest based on fundamentals and valuation, looking for companies that meet our Right Company, Right Price, Right Time framework.

Attribution

U.S. equity indices closed out their best September in 15 years. Earnings momentum, the resumption of the interest rate-cutting cycle, and continued signs of runway for the AI secular growth theme were the primary catalysts supporting stocks for the month. The Russell 2000 Value Index (up 2.0%) lagged the tech-heavy Nasdaq (+5.5%) and the S&P 500 (+3.7%). For the month on a benchmark basis, mid value outperformed mid growth, while small value, small/mid value and micro cap value lagged their growth counterparts. All four of our strategies underperformed their respective benchmarks for the month.

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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.

*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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