



Micro Cap Opportunities

Third Quarter 2021

RHJ's **Micro Cap Opportunities** Strategy employs a fundamental, bottom-up analytical process to identify companies that meet three primary criteria: high earnings growth, high or improving return-on-invested capital (ROIC), and sustainable competitive advantages. Our philosophy is rooted in historical analysis indicating the high relative return potential of these factors in combination. We believe that superior results can be achieved by owning companies that exhibit not only high earnings growth, but also the ability to sustainably generate high ROIC over long periods of time. Our investment universe consists of companies with market capitalizations \$2.2 billion and below at the time of purchase.¹

STRATEGY OVERVIEW

September 30, 2021

Inception Date:	September 1, 2006
Benchmark:	Russell Microcap Growth
Assets:	\$289 Million
Avg. Composition:	50-70 stocks
Management:	<p>Lou Holtz, CFA 30 yrs industry experience</p> <p>Yossi Lipsker, CFA 27 yrs industry experience</p>

VALUE PROPOSITION

LONG TERM-ORIENTED

Long-term focus affords time and opportunity to develop an **informational edge** on companies and their management teams

QUALITY-FOCUSED

We invest in companies that generate **high or improving return-on-invested capital** in addition to having what we consider **sustainable competitive advantages**

RISK-CONTROLLED

Seek to structure portfolio weightings on a risk-adjusted basis in our **highest-conviction ideas**

COMPOSITE PERFORMANCE

As of September 30, 2021	3Q21	1 Year	3 Year	5 Year	7 Year	10 Year	SI*
Micro Cap Opportunities [Gross]	-2.13	40.08	5.57	13.55	14.15	16.18	11.82
Micro Cap Opportunities [Net]	-2.34	38.89	4.66	12.61	13.20	15.19	10.68
Russell Microcap Growth Index	-9.09	42.11	12.45	13.98	11.92	15.02	8.69

*Since Inception: September 01, 2006.

Past performance does not guarantee future results. Composite returns are shown both gross and net of fees in U.S. dollars. Rice Hall James & Associates, LLC's compliance with the GIPS standards has been verified for the period January 1, 1993 through December 31, 2020. RHJ's GIPS Report is located at the end of this presentation as well as other important disclosure information regarding the returns and indices shown above.

INVESTMENT PROCESS

The heart of our process is bottom-up analysis at the company level. The portfolio managers conduct fundamental research on every company held in the portfolio. As generalists each with over twenty years of investment experience, both bring to bear extensive knowledge of the companies they own or follow, understanding of industries, and general expertise on the small cap landscape in various market environments.

Cornerstones of our bottom-up fundamental investment process include:

- Clear understanding of a firm's competitive context and advantages
- Assessment of the sustainability characteristics of the underlying business
- Emphasis on high or improving ROIC; a clear sense of the future direction of ROIC
- Estimation of ability to generate and grow free cash flow over life of the investment
- Valuation that we believe affords a reasonable return over investment horizon
- Scrutiny of company management, ability to identify/execute on the right plan

The selection universe consists of companies with market capitalizations \$2.2 billion and below. This range is re-evaluated each year at the time of reconstitution of the Russell Microcap Growth Index. Please refer to additional disclosures at the end of this document.



Micro Cap Opportunities

Third Quarter 2021

FIRM HIGHLIGHTS

September 30, 2021

Research-driven firm founded in 1974

Firm AUM + AUA: \$3.2 billion¹

OWNERSHIP

- Independent and 100% employee-owned
- RHJ is focused solely on investment management with no other lines of business

PERSONNEL

- 32 employees, including 11 owners averaging 29 years of industry experience and 21 years with Rice Hall James
- Stable, long-term leadership emphasizing retention of talent, preservation of culture

RHJ CLIENTS

- Clients include leading Foundations/ Endowments, Corporations, Multi Employers, Public Funds, Hospitals and Financial Institutions

CHARACTERISTICS

	Micro Cap Opportunities	Russell Microcap Growth Index
Number of Holdings	58	1,062
Portfolio Turnover (3Y annual avg)	33.1%	--
Long-Term Earnings Growth Forecast	18.3%	17.9%
P/E – 1 Year Forecast ¹	17.3	15.3
Return on Equity (5 years)	-4.9%	-43.9%
Weighted Avg Market Cap (million)	\$1,263	\$875
Weighted Median Market Cap (million)	\$1,168	\$722
Active Share	94.7%	--
Alpha (5 years)	2.43%	--
Beta (5 years)	0.85	--
Standard Deviation (5 years)	22.0%	24.2%
Information Ratio (5 years)	0.04	--

Sources: FactSet & eVestment Analytics

¹P/E Ratio calculation excludes companies with negative earnings.

The information above is based on a representative account. Please see important disclosure information at the end of this presentation regarding the indices shown above.

PORTFOLIO SECTOR WEIGHTING

	Comm. Services	Consumer Disc.	Consumer Staples	Energy	Financials	Health Care	Industrials	Info. Tech.	Materials	Real Estate	Utilities	Cash
Micro Cap Opportunities	0.5%	14.5%	2.5%	--%	9.9%	35.9%	16.7%	16.4%	0.0%	--%	--%	3.6%
Russell Microcap Growth Index	2.0%	14.5%	2.4%	4.3%	2.4%	43.6%	11.0%	15.0%	2.2%	2.0%	0.6%	--%
Active Weights	-1.5%	0.0%	0.1%	-4.3%	7.5%	-7.7%	5.7%	1.4%	-2.2%	-2.0%	-0.6%	3.6%

Sector Weightings Sources: FactSet & GICS Sector Classification

The information above is based on a representative account. Sector weightings may not add up to 100% due to rounding. Please see important disclosure information at the end of this presentation regarding the indices and sector classification shown above.

¹Assets include assets under management and assets under advisement.



Disclosures

Risk - The market value of stocks will fluctuate with market conditions, and small cap and micro cap stock prices generally will move up and down more than large cap stock prices. Small cap and micro cap stocks may be subject to a higher degree of risk than more established (large cap) companies' securities. The illiquidity of the small cap and micro cap market may adversely affect the value of client investments. Past performance does not guarantee future results.

GICS Sector Classification - The Global Industry Classification Standard (GICS®) was developed by and is the exclusive property and a trademark of S&P and MSCI. Neither MSCI, S&P nor any other party involved in making or compiling any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.

Source: S&P Dow Jones Indices LLC

Glossary

Active Share - This is a measure of the percentage of stock holdings in the portfolio that differs from the benchmark index. Active Share is calculated by taking the sum of the absolute value of the differences of the weight of each holding in the portfolio versus the weight of each holding in the benchmark index and dividing by two.

Alpha - The incremental return of a manager when the market is stationary. In other words, it is the extra return due to nonmarket factors. This risk-adjusted factor takes into account both the performance of the market as a whole and the volatility of the manager. A positive alpha indicates that a manager has produced returns above the expected level at that risk level, and vice versa for a negative alpha. Alpha is the Y intercept of the regression line.

Beta - This is a measure of a portfolio's volatility. Statistically, beta is the covariance of the portfolio in relation to the market. A beta of 1.00 implies perfect historical correlation of movement with the market. A higher beta manager will rise and fall more rapidly than the market, whereas a lower beta manager will rise and fall slower. For example, 1.10 beta portfolio has historically been 10% more volatile than the market.

Information Ratio - This statistic is computed by subtracting the return of the market from the return of the manager to determine the excess return. The excess return is then divided by the standard deviation of the excess returns (or Tracking Error) to produce the information ratio. This ratio is a measure of the value added per unit of active risk by a manager over an index. Managers taking on higher levels of risk are expected to then generate higher levels of return, so a positive IR would indicate "efficient" use of risk by a manager. This is similar to the Sharpe Ratio, except this calculation is based on excess rates of return versus a benchmark instead of a risk-free rate.

Long-Term Earnings Growth Forecast - Long Term Growth [LTG] is the annual EPS growth that the company can sustain over the next 3 or 5 years.

P/E Ratio - 1 Year Forecast - A forward-looking valuation measure of a company's common stock, excluding negative earnings. It encapsulates the amount of earnings estimated for next year per dollar of current share price. For the portfolio, the individual P/E stock ratios are then weighted by their respective portfolio market values in order to calculate a weighted average representative of the portfolio as a whole.

Return on Equity - This statistic reflects the amount of net income returned as a percentage of shareholders equity. Return on equity measures a corporation's profitability by revealing how much profit a company generates with the money shareholders have invested. Net income is for the full fiscal year (before dividends paid to common stock holders but after dividends to preferred stock.)

Standard Deviation - This is a measure of the average deviations of a return series from its mean; often used as a risk measure. A large standard deviation implies that there have been large swings or volatility in the manager's return series.

Glossary Sources: FactSet & eVestment Analytics



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GIPS Report

RHJ Micro Cap Opportunities Composite

Year End	Annual Performance Results				3-Year Annualized Standard Deviation	
	Composite Gross Returns	Composite Net Returns	Russell Microcap Growth	Composite Dispersion Gross Returns	Composite Gross Returns	Russell Microcap Growth
2020	13.35%	12.31%	40.13%	0.23%	26.01%	27.95%
2019	13.00%	12.06%	23.33%	0.25%	15.78%	17.76%
2018	-4.86%	-5.64%	-14.18%	0.08%	16.57%	18.46%
2017	26.06%	25.10%	16.65%	N/A ¹	15.04%	16.98%
2016	14.13%	13.18%	6.86%	N/A ¹	16.79%	19.40%
2015	10.95%	10.05%	-3.85%	0.09%	14.35%	17.55%
2014	2.26%	1.42%	4.30%	N/A ¹	14.46%	16.48%
2013	58.91%	57.55%	52.84%	0.15%	15.22%	18.48%
2012	10.69%	9.55%	15.17%	0.46%	19.80%	21.58%
2011	-2.58%	-3.55%	-8.42%	0.37%	24.24%	25.23%
2010	47.94%	46.57%	29.49%	N/A ¹	29.65%	29.13%
2009	43.63%	41.92%	39.18%	N/A ¹	26.45%	26.15%
2008	-43.61%	-44.46%	-44.65%	N/A ¹		
2007	-0.47%	-2.43%	-2.68%	N/A ¹		
2006*	16.02%	15.48%	10.51%	N/A ¹		

N/A¹ - Information is not statistically meaningful due to an insufficient number of portfolios in the composite for the entire calendar year (five or fewer).

*Results shown for the year 2006 represent partial period performance from September 1 through December 31, 2006.



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GIPS Report

RHJ Micro Cap Opportunities Composite

Year End	Composite Assets		Firm Assets (\$ M)			Strategy Assets (\$ M)
	Number of Accounts	USD (\$M)	Total Assets Under Management	Total Advisory-Only Assets	Total Assets Under Management + Advisory-Only Assets*	Total Assets Under Management
2020	22	157	3,120	205	3,325	261
2019	10	143	3,359	207	3,566	153
2018	14	17	3,051	199	3,250	41
2017	Five or fewer	19	3,607	235	3,842	29
2016	Five or fewer	15	2,843	65	2,907	22
2015	18	16	2,258	-	2,258	16
2014	7	10	1,955	2	1,958	14
2013	9	12	1,514	2	1,516	12
2012	7	3	1,087	8	1,095	3
2011	8	3	1,144	6	1,150	3
2010	6	3	1,312	2	1,314	3
2009	Five or fewer	1	1,203	1	1,205	1
2008	Five or fewer	1	1,030	-	1,030	1
2007	Five or fewer	2	N/A ¹	N/A ¹	N/A ¹	N/A ¹
2006	Five or fewer	1	N/A ¹	N/A ¹	N/A ¹	N/A ¹

N/A¹ - Performance presented prior to October 1, 2008, occurred while the portfolio management team was affiliated with another firm. Firm and strategy assets prior to 2008 are not presented because the composite was not part of the firm.

*Assets Under Management + Advisory-Only Assets totals may differ from Total Assets Under Management and Total Advisory-Only Assets due to rounding.



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GIPS Report

RHJ Micro Cap Opportunities Composite

The RHJ Micro Cap Opportunities Composite contains all fully discretionary, taxable and tax-exempt, institutional, and high net worth portfolios invested in micro cap companies that have three primary characteristics: high earnings growth, high or improving return-on-invested capital, and sustainable competitive advantages. The composite creation and inception date is September 1, 2006. The performance presented prior to October 1, 2008, represents that of a prior firm, and was known as the Micro Cap Growth Institutional Composite. The portfolio management team members were the only individuals responsible for selecting securities to buy and sell. The minimum account size for this composite is \$100,000. For comparison purposes, the composite is measured against the Russell Microcap Growth index.

Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. As of September 30, 2008, composite policy requires the temporary removal of any portfolio incurring a client initiated significant cash inflow or outflow of 50% or greater of portfolio assets. The temporary removal of such an account occurs at the beginning of the month in which the significant cash flow occurs and the account re-enters the composite the month after the cash flow is fully invested. Additional information regarding the treatment of significant cash flows is available upon request. Past performance is not indicative of future results.

Founded in 1974, Rice Hall James & Associates, LLC is an SEC registered investment adviser. The firm is 100% employee owned.

The U.S. Dollar is the currency used to express performance. Returns are presented gross and net of management fees, and include the reinvestment of all income. Net of fee performance was calculated using actual management fees. The annual composite dispersion presented is an asset-weighted standard deviation calculated for the gross returns of accounts in the composite the entire year. Additional information regarding policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request. The firm maintains a complete list of pooled funds and composite descriptions, which is available upon request.

Indices are provided for comparative purposes only. An investor cannot invest directly in an index. Comparisons have limitations because indices may have volatility, investment and other characteristics that may differ from an investment account strategy to which it is compared. Indices are unmanaged, include the reinvestment of dividends, and do not reflect transaction costs, management, or other fees. The Russell Microcap[®] Growth Index measures the performance of the microcap growth segment of the U.S. Equity market. It includes those Russell Microcap Index companies with higher price-to-book ratios and higher forecasted growth values. The Russell Microcap Growth Index is constructed to provide a comprehensive and unbiased barometer of the microcap growth market. The Index is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the microcap growth market.

The management fee schedule is as follows: 1.25% flat rate. Actual investment advisory fees incurred by clients may vary. Prior to October 1, 2008, net of fee performance was calculated using the highest applicable annual management fee of 2% applied quarterly.

Rice Hall James & Associates, LLC claims compliance with the Global Investment Performance Standards (GIPS[®]) and has prepared and presented this report in compliance with the GIPS standards. Rice Hall James & Associates, LLC has been independently verified for the periods January 1, 1993 through December 31, 2020. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The RHJ Micro Cap Opportunities Composite has had a performance examination for the periods October 1, 2008 through December 31, 2020. The verification and performance examination reports are available upon request at the following address: 600 West Broadway, Suite 1000, San Diego, California 92101.

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Index Definition Source: FTSE Russell