



Micro Cap Equity Strategy

Fourth Quarter 2025

RHJ's **Micro Cap Equity** offers a risk-aware application of sustainable growth investing, seeking to uncover and capitalize on smaller, growing, undervalued companies that stand to offer higher return potential. The Micro Cap Equity portfolio is comprised of reasonably priced, less-visible companies with unique business concepts or niche products that we believe are ripe for growth but also well-positioned and sound enough to mitigate downside compared to higher-profile growth peers. Our bottom-up, fundamental stock selection process singles out companies with a market capitalization ranging between \$50 million and \$2 billion.¹

STRATEGY OVERVIEW

December 31, 2025

Inception Date:	July 1, 1994
Benchmark:	Russell Microcap Growth
Strategy Assets:	\$128 million ²
Avg. Composition:	65 - 80 stocks
Management:	Team-managed

VALUE PROPOSITION

Depth of experience, continuity of process

Seasoned team of small cap specialists averaging 33 years' professional experience and many years practicing this philosophy together at RHJ

Small size and entrepreneurial culture

Focused organizational structure promotes strict, collaborative focus on investment management

Disciplined investment strategy

The RHJ philosophy has been applied in and endured various market cycles and environments over its twenty-year track record

INVESTMENT PHILOSOPHY

Per our philosophy, the optimal investment solution avoids market extremes and relies on fundamental, bottom-up research to deliver favorable risk-adjusted returns over the long-term. Through a fundamentally based valuation framework, we exercise the following beliefs:

- Growth stocks are attractive only when purchased at a reasonable price
- Investment in high-quality companies with sustainable earnings growth can deliver greater potential for positive alpha
- Valuation inefficiencies are captured over the long term – typically 24 to 36 months
- Superior returns are enhanced by the impact of a catalyst on a stock's price; an effective active manager should be able to produce and successfully trade on a more insightful view of these catalysts relative to peers or the market

COMPOSITE PERFORMANCE

As of December 31, 2025 Calculated in U.S. Dollars	4Q25	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception July 1, 1994
Micro Cap Equity [Gross]	3.85%	13.53%	11.63%	7.80%	10.93%	11.20%	12.21%
Micro Cap Equity [Net]	3.79%	13.01%	9.55%	6.03%	9.39%	9.82%	10.88%
Russell Microcap Growth Index	2.14%	21.84%	17.46%	2.81%	10.29%	7.82%	--%
Russell 2000 Growth Index	1.22%	13.01%	15.59%	3.18%	10.59%	9.57%	8.22%

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, 2024.

INVESTMENT PROCESS

At RHJ, organizational structure, entrepreneurial spirit and collaborative culture maximize the latitude for our Portfolio Managers/Analysts (PM/As) to explore unconventional ideas, identify potential catalysts, and ultimately develop the investment case during the idea generation phase.

The Micro Cap Equity strategy is team-managed; each PM/A is responsible for a "sleeve" of the portfolio. When a PM/A emerges with a new idea, he or she initiates the purchase for all suitable portfolios. Throughout the holding period, the senior investment team members routinely assesses whether or to what extent the case is materializing for each position; risk/reward outcomes and changes to outlook are monitored closely throughout the holding period.

IDEA GENERATION/ INVESTMENT CRITERIA

Growth

- Projected growth rate generally 15% - 30%
- Emphasis on both top-line and bottom-line growth

Valuation

- P/E Ratio < 3-year Future Earnings Growth Rate
- Inefficient pricing —alpha capture through both upside participation and downside mitigation

"Why Now" – Positive Fundamental Change

- Must be clearly identifiable, defined, and poised to realize investment upside within 2 years
- Recognition of catalyst should lead to investor awareness and price appreciation

Reward/Risk

- Target of 50-100% appreciation within 3 years; targets set, monitored during holding period
- Minimum 3:1 Reward-to-Risk ratio; risk/reward profile and conviction inform position size

RISK CONTROLS

- 3:1 Reward-to-Risk Ratio – strict implications for sell discipline, position size and holding period
- "Dead Wood Removal" – freedom to challenge or flag any holding for re-evaluation
- Price Targets - monitored closely, drive strict sell discipline and decisions to trim positions
- Downside mitigation through adherence to 3:1 up/down criterion

¹The selection universe is tied to the capitalization range of the Russell Microcap® Index each year at the time of reconstitution. Please refer to additional disclosures at the end of this document.

²Strategy assets include assets under management and advisory-only assets. Advisory-only assets are client assets for which RHJ provides investment management services; they are non-managed assets.



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FIRM HIGHLIGHTS

December 31, 2025

Research-driven firm founded in 1974

Firm AUM + AUA: \$1.9 billion¹

Ownership

- Independent and privately held company
- RHJ is focused solely on investment management with no other lines of business

Personnel

- 23 employees, including 10 owners averaging 33 years of industry experience and 24 years with Rice Hall James
- Stable, long-term leadership emphasizing retention of talent, preservation of culture

RHJ Institutional Clients

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

PORTFOLIO CHARACTERISTICS

As of December 31, 2025

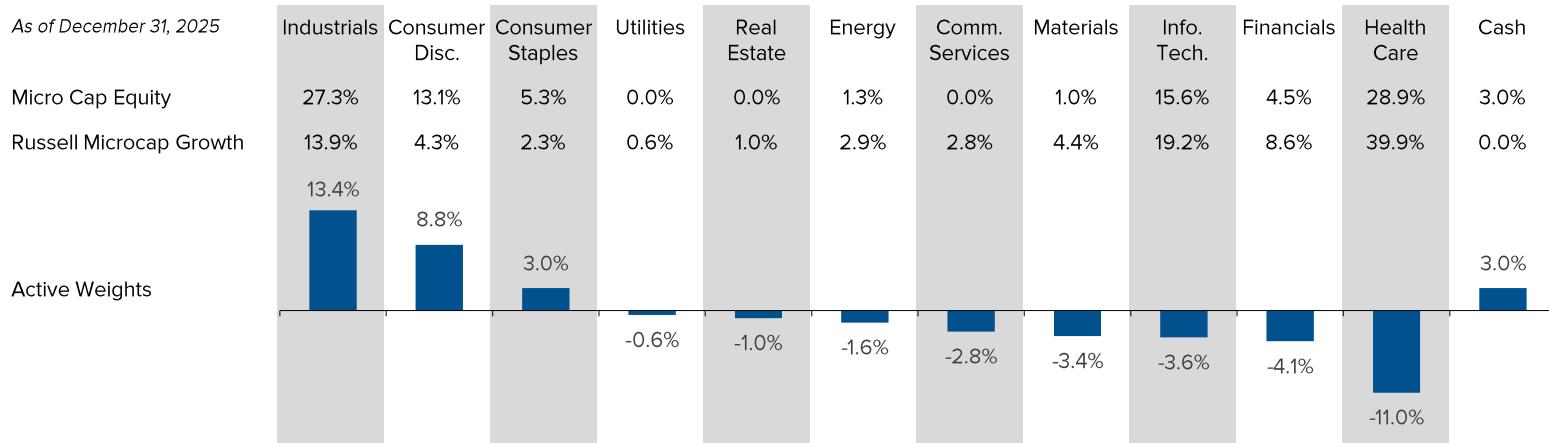
	RHJ Micro Cap Equity	Russell Microcap Growth Index	Russell 2000 Growth Index
Number of Holdings	64	752	1,105
Portfolio Turnover (3 year annual average)	32.3%	-	-
Long-Term Earnings Growth Forecast	10.0%	5.6%	12.4%
P/E - 1 Year Forecast ¹	20.4	16.5	19.0
Weighted Median Market Cap (million)	\$1,314	\$991	\$4,254
Weighted Average Market Cap (million)	\$1,654	\$1,532	\$5,448
Standard Deviation (5 years)*	20.1	23.9	20.8
Active Share vs. Russell Microcap Growth Index	92.5%	-	-
Active Share vs. Russell 2000 Growth Index	96.0%	-	-

*Characteristics shown against Russell Microcap Growth Index

Sources: eVestment Analytics & FactSet

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

PORTFOLIO SECTOR WEIGHTING



Sector Weightings Sources: FactSet & GICS Sector Classification

Portfolio characteristics and sector weightings are subject to change at any time and are based on a model portfolio. Portfolio characteristics and sector weightings of individual client portfolios in the strategy may differ from those shown above. Sector weightings may not add up to 100% due to rounding. Standard deviation is calculated using composite returns, which are presented gross of fees. Past performance does not guarantee future results. Please refer to page 1 for full gross and net composite returns. Please see important disclosure information at the end of these materials regarding the indices and sector classification shown above.

¹Assets include assets under management and advisory-only assets. Advisory-only assets are client assets for which RHJ provides investment management services; they are non-managed assets.



Disclosures

This piece is being provided for informational purposes only and should not be considered investment advice or a recommendation to buy or sell any types of securities, and no investment decision should be made based solely on the information provided herein. All investments involve risk, including loss of principal invested. Individual client accounts may vary. The strategy and investments referenced may not be suitable for all investors as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives.

Founded in 1974, Rice Hall James & Associates, LLC is an SEC registered investment adviser however, such registration does not imply a certain level of skill or training and no inference to the contrary should be made. Composite returns are annualized for periods greater than one year. Performance figures include reinvestment of dividends and other earnings. The U.S. Dollar is the currency used to express performance. The RHJ Micro Cap Equity Composite contains all fee-paying fully discretionary, tax-exempt, institutional, and high net worth portfolios invested in growing, undervalued micro cap companies that offer higher return potential, while adhering to disciplined risk controls. A GIPS Report is available upon request at the following address: 600 West Broadway, Suite 1000, San Diego, California 92101.

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.

Indices are provided for comparative purposes only. Broad-based securities indices are unmanaged and are not subject to fees and expenses typically associated with managed accounts or investment funds. An investor cannot invest directly in an index. This is an actively managed strategy that does not invest in all of the securities of an index, and will have some associated concentration risk. 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. See the following for a description of each index used in this material.

The Russell 2000® Growth Index measures the performance of the small cap growth segment of the U.S. equity universe. It includes those Russell 2000 companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth, and higher sales per share historical growth (5 years). The Russell 2000 Growth Index is constructed to provide a comprehensive and unbiased barometer for the small-cap growth segment. The index is completely reconstituted annually to ensure new and growing equities are included and that the represented companies continue to reflect growth characteristics.

The Russell Microcap® Growth Index measures the performance of the micro cap growth segment of the U.S. equity market. It includes Russell Microcap companies with relatively higher price-to-book ratios, higher I/B/E/S forecast medium term (2 year) growth, and higher sales per share historical growth (5 years). The Russell Microcap Growth Index is constructed to provide a comprehensive and unbiased barometer for the micro cap growth segment of the market. The Index is completely reconstituted annually to ensure larger stocks do not distort performance and characteristics of the micro cap opportunity set.

The Russell 2000® Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index which is designed to represent approximately 98% of the investable U.S. equity market. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small cap opportunity set.

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. GICS® is used for all portfolio characteristics involving sector and industry data such as benchmark, active and relative weights, and attribution. 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.

Sources: FactSet & 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.

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.

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: eVestment Analytics & FactSet