Kennedy Capital Management LLC

Small Cap Value Commentary
1st Quarter 2023

Equity market performance was mixed during the first quarter of 2023. For the quarter, the Russell 2000® Value (R2V) Index declined 0.66%, the Russell 2000® Growth (R2G) Index was up +6.07%, and the S&P® 500 Index (S&P) increased 7.46%.

The Kennedy Capital Small Cap Value (SCV) composite rose 0.09% (net of fees) during the quarter, outperforming the R2V by 0.75%. For the rolling 12-month period, the SCV composite declined 7.27% (net of fees), compared to the R2V's decline of 12.96%, outperforming by 5.69%. Additional performance information is included in the table below.

	1 Year	3 Years	5 Years	10 Years	Since Inception
Gross	-6.46%	27.29%	7.25%	9.82%	14.90%
Net	-7.27%	26.17%	6.30%	8.85%	13.87%
Index	-12.96%	21.01%	4.55%	7.22%	9.17%

Data as of 3/31/2022

Within the R2V, Information Technology and Consumer Discretionary were the two best-performing sectors during the 1st quarter, up 15.33% and 10.51%, respectively. Financials was the worst-performing sector during the quarter, down 10.89%, due to a sharp decline in regional bank stocks. Within the SCV composite, stock selection in the Industrials and Materials sectors was the biggest driver of positive relative returns (vs. the R2V). These sectors added 98 basis points, and 55 basis points, respectively, to 1st quarter relative performance. On the downside, Financials and Energy were the two worst-performing sectors on a relative basis. These sectors negatively impacted 1st quarter relative returns by 56 basis points, and 30 basis points, respectively.

The stability of the US financial system came into question in March following the failure of two large regional banks, Silicon Valley Bank (SIVB) and Signature Bank (SBNY). Both banks collapsed following a run on their deposits due to growing solvency concerns, forcing regulators to step in to protect depositors. Fears of contagion across the banking system sent regional bank stocks within the Russell® 2000 Value down over 18% during the month of March.

In our Q4 2022 commentary, we addressed the (negative) impact to equity market valuations from rising interest rates. The SIVB/SBNY situation showcases the impact of higher rates on the *real* economy. In response to the fallout, banks are likely to further tighten their standards for extending credit, which will have a dampening effect on the overall economy. We have yet to see widespread evidence of this in company fundamentals, but we are keeping a watchful eye as we head into earnings season.

Experience tells us the most attractive long-term investment opportunities present themselves during such times of heightened uncertainty and bearish market sentiment. Capturing these opportunities requires a deep focus on company and industry fundamentals, and the ability to recognize situations where market prices inadequately reflect the long-term value creation potential of the underlying business. By staying disciplined to our process, we can construct a portfolio of companies that in aggregate have superior fundamental attributes relative to the overall market, but at valuation levels that give us a sufficient margin of safety. We believe this is a winning recipe for portfolio returns over the long-term.

We welcome the opportunity to discuss any questions or concerns you may have, and we thank you for the opportunity you have given us to manage your account.

Sincerely,

Frank Latuda, Jr. CFA®
Chief Investment Officer & Portfolio Manager

McAfee Burke, CFA®
Portfolio Manager, Research Analyst

<u>Important Disclosures</u>

Kennedy Capital Management LLC ("KCM") is a Delaware limited liability company headquartered in Missouri. KCM is registered as an investment adviser with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration with the SEC does not imply any level of skill or training. Clients of the Firm include U.S. corporations, pension and profit sharing funds, colleges and universities, trusts, not-for-profit organizations, foundations, and individuals. KCM claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. GIPS® are a set of standardized, industry-wide ethical principles that provide investment firms with guidance on calculating and reporting their investment results to prospective clients to ensure fair representation and full disclosure of an investment firm's performance history.

Although the statements of fact and data in this report have been obtained from, and are based upon, sources that the Firm believes to be reliable, we do not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions included in this report constitute the Firm's judgment as of the date of this report and are subject to change without notice. This report is for informational purposes only and is not intended as an offer or solicitation with respect to the purchase or sale of any security. A complete list of all securities recommended by KCM in the preceding year, a fully compliant GIPS composite report, and the list of composite descriptions are available upon request from KCM at 10829 Olive Blvd., Suite 100. St. Louis, MO, 63141.

The Small Cap Value Composite invests in small cap companies that have favorable cash flow values relative to their current market value. For comparison purposes the composite is measured against the Russell 2000® Value Index. The U.S. Dollar is the currency used to express performance.

Composite specific data provided within this presentation has been calculated from accounts that are discretionary as defined in this paragraph. The assets shown are derived only from discretionary accounts. Non-discretionary accounts, as defined by KCM, are accounts that are not included in the composite due to one or any combination of the following criteria: there were significant cash inflows or outflows within the account; the account's asset level did not meet the minimum requirement to remain in the composite; the account assets are managed by others using our non-discretionary model. The temporary removal of such an account occurs at the beginning of the month and the account re-enters the composite the month after the criteria has been met.

Performance returns are presented gross and net of investment advisory fees and include the reinvestment of all income. Gross of fee returns reflect the deduction of transaction costs and custodian fees but do not reflect the deduction of investment advisory fees. Net of fee performance is calculated using gross returns less the actual applicable annual management fee applied monthly. ***Past performance is not indicative of future results.*** *A client's return will be reduced by the advisory fees as described in Form ADV Part 2A and other expenses incurred by the account. For example, an annual advisory fee of 1% compounded quarterly over 10 years will reduce a gross 14.44% annual return to a net 13.32% annual return. Form ADV Part 2A is available upon request.*

The performance figures reported herein are unaudited, may be based upon information obtained via electronic data sources ("feeds") and may be subject to change. Data feeds from many of KCM clients' selected custodians are obtained through third party sources, and are used to compare custodial data to KCM's client account records as frequently as daily. Monthly, KCM reviews clients' account holdings along with cash and share quantities against the custodial statements. In some instances, variances may exist between final audited custodial information and the information KCM obtains via such data feeds. Generally, any such variances are researched and reconciled within thirty days of the period end.

The information provided should not be considered a recommendation to purchase or sell any particular security. There is no assurance that any securities discussed herein will remain in a KCM portfolio at the time you receive this letter or that securities sold have not been repurchased. Allocations among industries, sectors and securities may vary and are subject to change without notice. Any securities discussed do not represent an account's entire portfolio and, in the aggregate, may represent only a small percentage of an account's portfolio holdings. It should not be assumed that any of the industry or sector allocation decisions mentioned, or securities transactions or holdings discussed were or will be profitable, or that the investment recommendations or decisions we make in the future will be profitable or will equal the investment performance of the securities discussed herein.

Sector Weightings are subject to change at any time. Sectors are based on the Global Industry Classification Standard ("GICS") classification scheme and are measured as a percentage of the total composite in terms of asset value as of the date indicated above. Individual client portfolios may be different based on variations in security purchase price and date, and individual client restrictions.

GICS was developed by and is the exclusive property and a service mark of Morgan Stanley Capital International, Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for the use by KCM. Neither MSCI, S&P, nor any other party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability, and 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 the GICS or 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.

Allocations to various assets classes change over time and deviate from any stated or targeted percentages of a total portfolio as a result of market conditions and reallocation decisions. Therefore, nothing herein reflects a static portfolio allocation that will remain the same or match stated target allocations of asset classes.

Russell Investment Group is the source and owner of the Russell Index data contained or reflected in this material and all trademarks and copyrights related thereto. The presentation may contain confidential information and unauthorized use, disclosure, copying, dissemination or redistribution is strictly prohibited. This is a presentation of Kennedy Capital Management, Inc. Russell Investment Group is not responsible for the formatting or configuration of this material or for any inaccuracy in Kennedy Capital Management's presentation thereof.

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

The Russell 2000® Value Index is used as the benchmark. The Index is unmanaged and represents total returns including reinvestment of dividends. The benchmark is used for comparative purposes only and generally reflects the comparable risk or investment style of the Firm's strategy. The investment portfolios underlying the Index are different from the investments in the portfolios managed by the Firm. Certain accounts may also use other benchmarks not listed in the GIPS composite report. The Verification and Performance Examination Report does not cover the benchmark returns included in the GIPS composite report.

{PERF}2023040057