

# Small/Mid Value Strategy

## Portfolio Objective

Palouse Capital Management's Small/Mid Value ("SMID") strategy seeks to outperform the Russell 2500® Value Index through stock selection.

## Strategy Statistics

Inception Date	11-01-2011
Number of Holdings	30-40
Initial Individual Security Weighting	2.0% - 4.0%
Minimum Investment	\$50,000
Typical Holding Period	Variable
Market Benchmark	Russell 2500® Value Index

## INVESTMENT PROCESS

Our SMID strategy focuses on stock selection in the domestic small to mid value universe that consists of roughly 1,800 common stocks. The SMID value investment universe is comprised of stocks with trading multiples that are generally in the lower end of the range for the SMID universe. We do not avoid business growth; rather, we prefer to invest in growing companies with attractive market valuations.

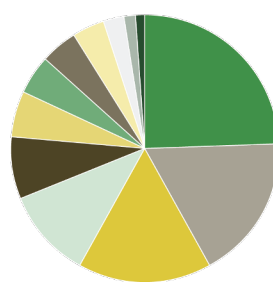
All SMID investment decisions are based on our internal valuation estimates and assessment of risk for all securities in the SMID model. We do not use sell side research. Our approach uses financial analysis and modeling as a primary analytical paradigm. We prefer conservative balance sheets. While our SMID strategy seeks exposure to most market sectors, our sector weights do not closely track the sector weights of the Russell 2500® Value index. We also avoid certain industries, such as the drug research and development industry, as a risk control measure. We favor companies with good earnings visibility.

Our new buy approach generally involves identifying some type of catalyst that will either drive trading multiples higher or drive earnings growth at a higher rate than presently expected by the market. Our approach often involves the consideration of underperforming stocks.

### Small/Mid Value Composite Performance Summary (%)

	1Q26	1 YR	3 YR	5 YR	10 YR	INCEPTION
SMID Value Net	3.16	18.94	11.09	5.10	9.29	9.82
SMID Value Gross	3.41	20.28	12.21	5.97	10.04	10.53
Russell 2500® Value	4.77	25.45	14.46	7.65	9.88	10.68

## Allocation Summary as of 3-31-26



SMALL/MID VALUE	Weight
Information Technology	24.57%
Industrials	17.57%
Financials	16.05%
Consumer Discretionary	10.76%
Consumer Staples	7.61%
Utilities	5.44%
Health Care	4.88%
Real Estate	4.49%
Cash	3.77%
Materials	2.50%
Communication Services	1.32%
Energy	1.04%

**Total Allocation: 100.0%**

3/31/26	Palouse Capital Small/Mid	Russell 2500® Value
SMID P/E Trailing	31.46	36.37
SMID P/E Forward	17.87	17.02
SMID P/CF	4.08	12.18
SMID P/B	2.06	2.04
SMID ROE	6.59%	4.51%
SMID Debt/Assets	25.57%	23.71%
SMID Dividend Yield	1.65%	2.12%
SMID Portfolio Beta	1.09	1.00
SMID Avg Market Cap	\$4.53 billion	\$3.31 billion

## Period Ending: 3/31/26

Year Ending	Total Returns (Asset Wtd.)		Benchmark	
	Gross (%)	Net (%)	Russ 2500 Val (%)	Russ 2500 (%)
1Q	0.58	0.43	3.33	0.39
2Q	-0.06	-0.19	4.37	3.57
3Q	6.35	6.21	6.18	6.56
4Q	15.78	15.62	9.34	6.12
<b>12/31/16</b>	<b>23.78</b>	<b>23.08</b>	<b>25.20</b>	<b>17.59</b>
1Q	0.52	0.37	1.62	3.76
2Q	0.25	0.10	0.32	2.13
3Q	3.26	3.12	3.83	4.74
4Q	0.78	0.64	4.25	5.24
<b>12/31/17</b>	<b>4.87</b>	<b>4.27</b>	<b>10.36</b>	<b>16.81</b>
1Q	1.72	1.59	-2.65	-0.24
2Q	1.65	1.51	5.80	5.71
3Q	1.35	1.21	2.67	4.70
4Q	-17.68	-17.80	-17.12	-18.49
<b>12/31/18</b>	<b>-13.73</b>	<b>-14.21</b>	<b>-12.36</b>	<b>-10.00</b>
1Q	11.61	11.47	13.12	15.82
2Q	3.77	3.64	1.89	2.96
3Q	2.91	2.78	0.13	-1.28
4Q	13.12	12.97	7.07	8.54
<b>12/31/19</b>	<b>34.84</b>	<b>34.12</b>	<b>23.56</b>	<b>27.77</b>
1Q	-31.44	-31.53	-34.64	-29.72
2Q	22.40	22.25	20.60	26.56
3Q	1.14	1.00	3.54	5.88
4Q	30.46	30.28	28.51	27.41
<b>12/31/20</b>	<b>34.84</b>	<b>10.13</b>	<b>4.88</b>	<b>19.99</b>
1Q	17.25	17.09	16.83	10.93
2Q	1.77	1.63	5.00	5.44
3Q	0.35	0.21	-2.07	-2.68
4Q	7.70	7.55	6.36	3.82
<b>12/31/21</b>	<b>28.96</b>	<b>28.25</b>	<b>27.78</b>	<b>18.18</b>
1Q	-8.01	-8.14	-1.50	-5.82
2Q	-12.25	-12.38	-15.39	-16.98
3Q	-5.62	-5.74	-4.50	-2.82
4Q	11.65	11.51	9.21	7.43
<b>12/31/22</b>	<b>-14.94</b>	<b>-15.40</b>	<b>-13.08</b>	<b>-18.37</b>
1Q	1.07	0.93	1.40	3.39
2Q	7.12	6.96	4.37	5.22
3Q	-4.31	-4.45	-3.66	-4.78
4Q	17.58	17.40	13.76	13.35
<b>12/31/23</b>	<b>21.82</b>	<b>21.11</b>	<b>15.98</b>	<b>17.42</b>
1Q	4.66	4.38	6.07	6.92
2Q	-2.48	-2.78	-4.31	-4.28
3Q	9.64	9.33	9.64	8.75
4Q	-3.17	-3.45	-0.27	0.61
<b>12/31/24</b>	<b>8.36</b>	<b>7.12</b>	<b>10.98</b>	<b>11.98</b>
1Q	-10.05	-10.31	-5.84	-7.50
2Q	5.69	5.37	7.29	8.59
3Q	9.22	8.91	8.18	9.00
4Q	0.76	0.46	3.16	2.21
<b>12/31/25</b>	<b>4.63</b>	<b>3.40</b>	<b>12.74</b>	<b>11.90</b>
1Q	3.41	3.16	4.77	2.03
2Q				
3Q				
4Q				
<b>12/31/26</b>	<b>3.41</b>	<b>3.16</b>	<b>4.77</b>	<b>2.03</b>
<b>Annualized Returns</b>				
1 Year	20.28	18.94	25.45	23.44
3 Year	12.21	11.09	14.46	13.24
5 Year	5.97	5.10	7.65	5.48
10 Year	10.04	9.29	9.88	10.58
Incept(11/1/11)-T-D	10.53	9.82	10.68	11.16

The composite was created in September 2011 and the inception date is November 1, 2011. The composite includes all PCM discretionary non-wrap fee-in-lieu of commission accounts with substantially the same investment objective falling into the Small/Mid Value Strategy. The composite includes both taxable and non-taxable accounts. The strategy objective is to seek long-term capital appreciation by investing in companies with market capitalizations below \$5 billion.

Returns greater than one year are annualized. The annualized return is a multi-period, geometric average return that is equivalent to the annual return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative return over the time period.

Returns are Subject to Change

Important disclosures attached

## Disclosures Report

The firm is defined as Palouse Capital Management, Inc., an independent registered investment advisor utilizing a value-oriented strategy to seek capital growth and/or income. Registered investment advisor does not imply a certain level of skill or training.

Palouse Capital Management, Inc. claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Palouse Capital Management, Inc. has been independently verified for the periods January 1, 1995 through December 31, 2025. The verification report is available upon request. 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. Verification does not provide assurance on the accuracy of any specific performance report. 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.

Using trade date accounting, portfolios are valued and performance results calculated monthly in U.S. dollars. Returns include the reinvestment of dividends and other earnings. Internal dispersion is calculated using the equal-weighted standard deviation of the annual gross returns of all portfolios that were included in the composite for the entire year. For periods with five or fewer accounts included for the entire year, dispersion is not presented as it is not considered meaningful. The 3 year ex-post standard deviation measures the variability of the composite and the benchmark gross returns over the preceding 36 month period and is not required for periods prior to 2011.

Gross performance is calculated net of SEC charges and transaction costs (fee-in-lieu of commission brokerage fees). The column labeled % Comm/% Fee-in-Lieu indicates the percentage of accounts (by assets) which pay their transaction costs either in the form of commission or as a fee-in-lieu of commission. This brokerage fee generally includes other fees in addition to trading expenses; because trading expenses cannot be identified and segregated, the entire brokerage fee is included in the calculation. Net performance is net of all previously mentioned transaction costs and PCM's actual management fee, which is separate and distinct from the fees and expenses charged by clients' broker and/or custodian. PCM does not charge performance-based management fees. PCM annual management fees are described in Form ADV Part 2 A as follows: .85% of the first \$10 Million, .80% of the next \$15 Million, negotiable over \$25 Million. Fees are negotiable at PCM's discretion and described in greater detail in Form ADV Part 2 A. A client's return may be reduced further by other expenses not specifically addressed herein. No provision has been made for federal and state income taxes, if applicable.

The benchmarks presented for the composite are the Russell 2500™ Value Index and the Russell 2500™ Index. The Russell 2500 Value Index measures the performance of the small to mid-cap value segment of the U.S. equity universe. It includes those Russell 2500 Index companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership. Benchmarks have been presented for comparative purposes and may provide an indication of general market conditions. The specific investments of an index will differ from those within the composite. The index is not managed by PCM and does not reflect the deduction of PCM management fees. PCM may invest in companies located in countries/regions that may differ from those within the benchmark.

Past performance is not indicative of future results. As with any investment there is always potential for gains as well as the possibility of losses. Individual returns may vary from the composite; the value of a client's account may, at any time be worth more or less than the amount originally invested. This report and the investment strategy presented are for informational purposes and are not intended to be used as the primary basis of investment decisions.

Form ADV Part 2 A is available upon request by contacting PCM at the address listed on the front of the presentation. A list of composite descriptions and policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Small / Mid Value Fee-in-Lieu of Commission Composite									
	Portfolios (#)	Internal Dispersion (%)	Composite Assets (\$MM)	Comm / Fee-in-Lieu (%)	Combined Total Firm Assets and Advisory Only Assets (\$MM)	Firm Advisory Only Assets (\$MM)	Composite 3YR Ex-Post Standard Deviation (%)	Russ 2500 Val 3YR Ex-Post Standard Deviation (%)	Russ 2500 3YR Ex-Post Standard Deviation (%)
12/31/2015	24	0.43	7.19	0/100	298.51	-	12.39	12.02	12.42
12/31/2016	19	0.57	7.00	0/100	314.34	-	14.61	13.17	13.67
12/31/2017	16	0.37	5.63	0/100	347.88	-	14.27	11.81	12.13
12/31/2018	16	0.78	5.12	0/100	293.38	-	15.70	13.58	14.10
12/31/2019	13	1.72	5.78	0/100	325.91	-	17.10	14.23	14.58
12/31/2020	9	0.83	4.13	0/100	233.87	-	25.37	25.05	24.21
12/31/2021	9	0.63	5.26	0/100	263.87	-	23.90	24.15	22.48
12/31/2022	11	0.89	4.58	0/100	213.01	-	25.45	26.46	25.16
12/31/2023	7	0.64	3.20	0/100	288.49	120.84	22.25	20.70	20.15
12/31/2024	9	0.56	4.12	0/100	328.76	155.16	22.97	21.63	21.70
12/31/2025	7	0.93	3.23	0/100	408.51	234.27	20.05	17.70	17.79

## Portfolio Management Team

At PCM the most important thing we do is investment research. All members of our investment team are research analysts, regardless of title. We run our Small/Mid Value Strategy using a collaborative team approach.

### Portfolio Managers

#### Spencer Shelman, CFA®

##### Lead Portfolio Manager

Spencer Shelman joined Palouse Capital Management as a Portfolio Manager in 2015. He has served as the Lead Portfolio Manager for the firm's Large Cap strategies since 2021. His transition into the role followed a multi-year succession process, during which he worked closely under the mentorship of the firm's founder, Ken Roberts, helping ensure continuity of the firm's long-standing investment philosophy. He currently oversees the Large Cap Value, Total Return, and Diversified Income strategies, as well as the SMID Value and All Cap Tilt strategies. Spencer has nearly 20 years of buy-side analytical experience, with a career dedicated to bottom-up fundamental research and portfolio construction for individual and institutional clients. His investment approach emphasizes valuation discipline, competitive positioning, and long-term risk-adjusted returns. Spencer is a Chartered Financial Analyst® and member of the CFA Institute. He is a current board member of the CFA Society Spokane and Past President of the board. He graduated cum laude from Washington State University in 2006, where he was named The Outstanding Student in Finance his senior year. He was a four-year member of the WSU football team that went to the Rose Bowl and Holiday Bowl during his time on the team.

#### Tim Stecklein, MSF

##### Portfolio Manager

Mr. Stecklein joined Palouse Capital Management as a Portfolio Manager in 2026. Tim's career started at Charles Schwab in 1999 as a registered representative, followed by a Master of Science in Finance (MSF) degree from the University of Denver in 2002 while working part-time for Warren Tech to mentor technically focused high school students. Following his Master's, Tim found a home with a small and growing Registered Investment Advisor in Denver. He was a dedicated Trader, Analyst and Investment Committee member, specializing in portfolio modeling, analytics, and trade management for over 13 years. Tim found another home in 2018 with the Institute for Wealth Management, where he directed trading and research and was an Assistant Portfolio Manager and member of the Investment Committee. In 2020, Tim assumed the role of Portfolio Manager for IWM, where he oversaw 1.1 billion in AUM and managed a variety of asset allocation models as well as two fundamental individual equity strategies, growth and income.

#### Ryan M. Long, CFA®

##### Director of Investments

As investment director and chairman of the firm's asset allocation investment policy committee, Mr. Long leads the implementation of the firm's disciplined investment process as well as portfolio management of the broad suite of multi-asset class strategies. His tenure has been fully dedicated to investment research and quantitative analysis, as well as providing consulting guidance to financial advisory firms. He also writes and offers extensive communication on the economy and financial markets through regular releases and ad hoc commentary. He has authored articles on a variety of investment topics for business journals that have been syndicated nationally. With decades of experience in the financial industry, Mr. Long has also worked with Columbia Funds and Bank of America, involved with research and portfolio construction for both individual and institutional clients. He is a graduate of the University of Oregon Lundquist College of Business, earning a degree in business administration, with a minor in political science. He holds the Chartered Financial Analyst® designation and is a member of the CFA Institute and CFA Society of Portland.

For more information please contact Spencer Shelman at (509) 624-5591 or [sshelman@palousecap.com](mailto:sshelman@palousecap.com)

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## INVESTMENT PHILOSOPHY

We believe that every equity security has an intrinsic value that reflects the issuer's present and expected business fundamentals – earnings, cash flows and financial position. We think of intrinsic value as the fundamental value that the relevant investor audience is likely to assign to an equity in the future, which might be different from our own opinion. It is better to understand how the market values an investment than to understand how we might want to value it.

Security prices often diverge materially from intrinsic value. We believe that buying equities at prices that are below our estimates of intrinsic values will result in security-level alpha because prices tend to converge with intrinsic values over time. In order to gain an understanding of an equity's value in the present, one must first understand the business and financial metrics of the issuer in the past - and we must try to understand how these metrics might change in the future. We use business analysis, financial analysis and financial modeling to help assess each investment considered for purchase in our strategies.

Valuation of securities is an elusive concept and the valuation process can be very subjective. Opinions of value can differ dramatically from one investor to another, which is vital to a well-functioning market. We believe that by applying analytical techniques consistently to industries and companies we develop appropriate valuation constructs that can be used to measure value relative to historical norms and industry standards. The idea is to do a lot of analysis on companies and industries in the relevant universe to gain a solid relative value perspective. We have done analysis and research projects on thousands of SMID companies since 2011.

## Disclosures

\*The information provided in this document should not be considered a recommendation to purchase or sell a security or securities in a particular asset class, industry, or sector. The investment strategy selected by the client provides Palouse Capital Management, Inc. (PCM) with a general guideline for investment; PCM cannot assure any client that PCM will achieve the selected investment objective or have the same or similar characteristics as those presented. Accounts are managed in accordance with the investment objectives, guidelines, and restrictions established by each client, therefore portfolios within the same investment objective may differ as to securities held and performance achieved. Historically, smaller capitalization securities have experienced greater volatility and may be less liquid than larger capitalization securities. This information is not intended to be used as the primary basis of investment decisions nor should it be construed as advice designed to meet the particular investment needs of any specific investor. Additional information regarding the services provided by PCM is available in Form ADV Part 2, which is available upon request.

The Russell 3000<sup>®</sup> Index is a float-adjusted, market capitalization weighted index comprised of equities of the 3000 largest domestic companies. The Russell 2500<sup>®</sup> index is a subset of the Russell 3000<sup>®</sup> index comprised of the 2500 smallest cap equities in the Russell 3000<sup>®</sup> and represents the SMID segment of the domestic equity market. The Russell 2000<sup>®</sup> Index is a subset of the Russell 3000<sup>®</sup> index comprised of the 2000 smallest cap equities in the Russell 3000<sup>®</sup> index and represents the small cap segment of the domestic equity market.

This information is not intended as a recommendation. The opinions are subject to change at any time and no forecasts can be guaranteed. Investment decisions should always be made based on an investor's specific circumstances. Investing involves risk, including possible loss of principal.