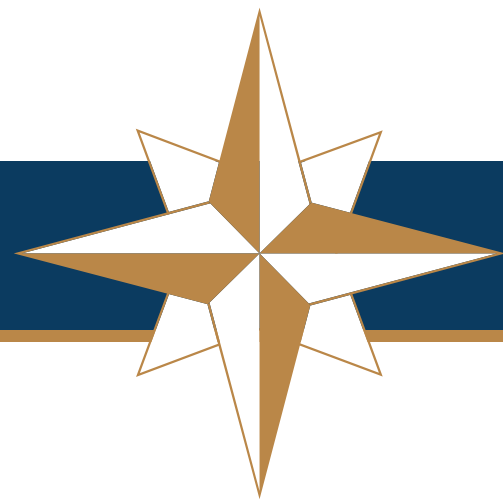


Catalyst

Portfolio Update and Market Outlook



As of July 31, 2025

***Times have changed and times are strange
Here I come, but I ain't the same
Mama, I'm coming home***

– Ozzy Osbourne

Last month, we highlighted how the cheapest stocks in our benchmarks (measured by price-to-cashflow) were significantly underperforming this year. This month, we present new data confirming and expanding on that information. Further, we highlight two recent articles touting the timeliness and benefits of small cap investing. We also briefly touch on the role indexing and basket trading may play in relative performance.

A recent chart from Empirical Research Partners

demonstrates that since May 1, 2024 (when they say the market pivoted to expect interest rate cuts) the lowest valuation quintile (the cheapest stocks based on their valuation composite) began underperforming the rest of the market at a dramatic pace. This coincides with the drop off in relative performance of our portfolios. Until that date, our strategies were outperforming their respective benchmarks. Since then, they have underperformed.

Continued on Page 2



Daniel G. Bandi, CFA

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 July 31, 2025

Representative Accounts	MTD			QTD			YTD		
	Gross	Net	vs Benchmark	Gross	Net	vs Benchmark	Gross	Net	vs Benchmark
Small Cap Value	2.18	2.09	+0.41	2.18	2.09	+0.41	-4.51	-5.07	-3.06
Small/Mid Cap Value	2.12	2.03	+0.38	2.12	2.03	+0.38	0.52	-0.07	-2.27
Mid Cap Value	2.31	2.24	+0.52	2.31	2.24	+0.52	5.49	5.00	+0.52
Micro Cap Value	0.06	-0.03	-1.44	0.06	-0.03	-1.44	1.19	0.60	+1.25

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 July 31, 2025

	MTD	QTD	YTD
S&P 500® Index	2.24	2.24	8.59
Nasdaq 100® Index	2.41	2.41	10.96
Russell 2000® Growth Index	1.70	1.70	1.21
Russell 2000® Value Index	1.77	1.77	-1.45



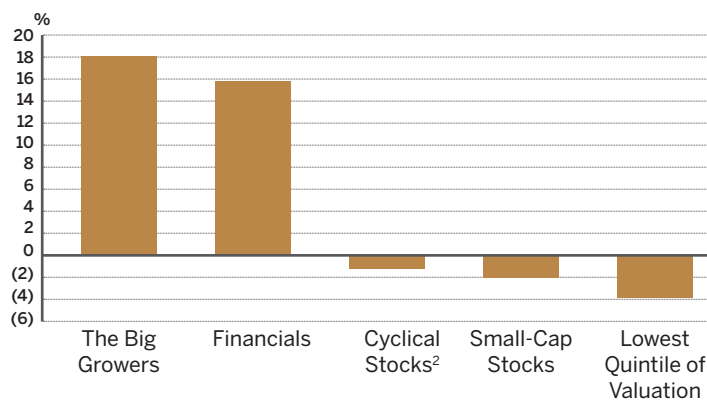
Past performance does not guarantee future results. Indices are shown to represent different market segments. Except for the Russell 2000® Value Index, the benchmark for Integrity Small Cap Value Equity, they are not the strategies' benchmarks.*

Composite Performance (%) as of June 30, 2025

	1 Year		5 Year		10 Year	
	Gross	Net	Gross	Net	Gross	Net
Small Cap Value	-1.97	-2.95	16.09	14.93	7.50	6.43
Small/Mid Cap Value	4.15	3.11	16.78	15.62	9.01	7.92
Mid Cap Value	8.77	7.85	16.29	15.30	9.72	8.82
Micro Cap Value	13.65	12.52	18.35	17.17	8.87	7.79

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.

Large- and Small-Capitalization Stocks Relative Returns of Select Sectors and Factors¹ Since the Turn in Expectations Toward Easing May 1, 2024 Through July 9, 2025



Source: Goldstein, Michael L. "Portfolio Strategy and Stock Selection," Empirical Research Partners. July 10, 2025.

¹ Equally-weighted data. ² Consists of consumer cyclicals, industrial capital goods, industrial commodities and transports.

We conducted our own analysis using the date cited by Empirical. We found (using price to sales as our valuation metric) similar results in our benchmarks (Russell 2000 Value and Russell 2500 Value). The cheapest quintile of price to sales in every sector underperformed the most expensive quintile. Our portfolios are overweight the cheapest quintiles. We performed FactSet attribution which showed that this overweight explained a significant part of our underperformance.

Why are we overweight these quintiles? We are advocates of mean reversion and margin of safety. Our analysis suggests these stocks provide the best risk/reward opportunities for our clients while maintaining value exposure. Our portfolios remain style pure; we have not "chased" winners or expensive momentum, which we assess some peers have done. Instead, we are positioned to capitalize when market sentiment rotates back toward value, a potential catalyst for multi-year outperformance.

Recently, (7/18/2025, <https://www.wsj.com/finance/investing/small-stocks-bargain-85034233>) Jason Zweig wrote an article in the Wall Street Journal titled "The Stock Market Bargain That's Right Under Your Nose." This article highlights that the valuation gap between large and small caps is now at an extreme. Small stocks are trading at deeply discounted multiples, and history suggests that when leadership turns, returns can be rapid and outsized for disciplined value investors.

Jared Dillan, in his July 24, 2025 letter titled, "Buy Cheap Stuff" discusses the frustration and challenges that value investing has faced over the last 20 years, as expensive growth stocks have kept getting more expensive and cheap stocks have remained discounted. Despite this long stretch of underperformance for value strategies, he emphasizes that buying stocks that are cheap reduces risk and sets up the

potential for outperformance when sentiment shifts. He notes that patience and conviction are essential for value investors who must endure "looking foolish" while speculative stocks soar. He is critical of what he calls "overpriced, cash-burning tech stocks" and prefers investments that return real cash over those driven by "hype and hope."

Why do these trends persist? We don't have a great answer. It seems to us that passive investing as well as the rise of basket trading has lengthened momentum trades and resulted in greater valuation discrepancies at the individual security level. While indexing used to be mostly a large cap phenomenon, we recently read an interesting paper from Neuberger Berman (Small Caps: to Index or Not to Index?, November 2024) which stated that small cap stocks have more passive ownership as a percentage of outstanding shares than large and mid cap companies. Furthermore, thematic basket trading through ETFs, in our opinion, has resulted in companies being bought or sold based on a believed set of characteristics relative to other companies, not on their individual fundamentals. For example, if you think the Federal reserve is going to cut interest rates, there is a basket of companies that you can buy that is believed to benefit from that. Conversely, if you think the Fed is going to raise rates you can short that basket. Our anecdotal observations suggest this has resulted in some stocks trading at higher valuations than would be normally expected and some stock prices falling lower than our worst-case scenarios would suggest. On a larger scale, we suggest this has exacerbated the growth/value and large/small relative performance disparities.

What is the catalyst for change? One possible catalyst is a broadening of earnings growth. Earnings growth is expected to broaden out from just the high-tech, AI driven companies. Conceivably, this could make earnings growth worth less. Like any commodity, an increase in supply, all else equal, should decrease price. If this occurs, growth premiums could shrink while value discounts look relatively attractive.

July witnessed some of that reversal. We are not ready to call it a trend. We will point out, however, that while our small value strategy, as represented by the Victory Integrity Small-Cap Value Fund, relative performance to the benchmark was good, not great, we significantly outperformed our Morningstar peer group^{**}, finishing in the top quartile for the month. This supports our thesis that we are providing value exposure for our clients relative to our peer group.

Attribution

U.S. equity markets continued to rally to record highs in July. Performance was fueled by easing trade tensions, a strong start to the earnings season, and a resilient macroeconomic backdrop. The tech heavy Nasdaq (+2.4%) and the S&P 500 (+2.2%) outperformed the Russell 2000 Value which was up 1.8%. For the month, small value outperformed small growth, while growth beat value across our three other benchmarks. Three of our four strategies outperformed their respective benchmarks for the month, with micro cap value the lone underperformer.

If you would like more information about our firm
and investment strategies, please contact:



Patrick Kennedy

Portfolio Specialist

E: pkennedy@integrityasset.com

T: 216.920.5281



Crystal D. Doyle

Director, Account Management

E: cdoyle@integrityasset.com

T: 216.898.2410

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.

****Past performance does not guarantee future results.** Fee waivers and/or expense reimbursements were in place for some or all periods shown, without which, fund performance would have been lower. See vcm.com for the Fund's standardized performance.

The following copyright pertains only to the Morningstar information. ©2025 Morningstar, Inc. All rights reserved. The Morningstar information contained herein: (1) is proprietary to Morningstar; (2) may not be copied; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information.

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.

The information in this article is based on data obtained from recognized services and sources and is believed to be reliable. Any opinions, projections or recommendations in this report are subject to change without notice and are not intended as individual investment advice. The securities highlighted, if any, were not intended as individual investment advice. A complete list of all recommendations of security selection and the calculation methodology used to select the partial list of portfolio holdings is available by request for the previous 12 months.

Carefully consider a fund's investment objectives, risks, charges and expenses before investing. To obtain a prospectus or summary prospectus containing this and other important information, visit www.vcm.com/prospectus. Read it carefully before investing.

Advisory services offered by Victory Capital Management Inc.

Fund distributed by Victory Capital Services, Inc.

©2025 Victory Capital Management Inc.

V17.399 // July 2025 INTGY Catalyst ME