Integrity Asset Management

Catalyst

Portfolio Update and Market Outlook

As of June 30, 2026

"These are the times that try men's souls. The summer soldier and the sunshine patriot will, in this crisis, shrink from the service of their country; but he that stands by it now, deserves the love and thanks of man and woman. Tyranny, like hell, is not easily conquered; yet we have this consolation with us, that the harder the conflict, the more glorious the triumph. What we obtain too cheap, we esteem too lightly: it is dearness only that gives everything its value."

Thomas Paine, *The American Crisis*, No. 1

Thomas Paine wrote *The American Crisis* series as a rallying cry for a Continental Army that was weary, hungry, cold, and had experienced few, if any, real victories – not unlike how value investors feel during this AI revolution. Okay, so maybe that's an exaggeration. However, Paine's point of standing by one's country rings true for investors who still believe that valuation matters.

The American Revolution was unique in history in that it did not result in a dictatorship or tyranny. Certainly, there were skeptics that this would happen, and, indeed, there were those who wanted to appoint George Washington as one. Our democratic republic has survived 250 years against the odds and against the pattern of every revolution before it. This was one of those rarities

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Composite Performance (%) as of June 30, 2026

	MTD			QTD			YTD		
	Gross	Net	BM	Gross	Net	BM	Gross	Net	BM
Micro Cap Value	6.81	6.72	5.51	25.57	25.25	23.20	37.34	36.65	30.30
Mid Cap Value	3.01	2.94	3.03	12.58	12.34	13.40	16.75	16.25	17.58
Small/Mid Cap Value	4.82	4.74	4.20	16.61	16.32	18.50	19.04	18.44	24.16
Small Cap Value	5.95	5.86	3.97	18.05	17.75	17.19	24.29	23.66	22.99

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. High, double-digit returns are highly unusual and cannot be sustained. Investors should be aware that these returns were primarily achieved during favorable market conditions. *Please see benchmarks on page 3.

Market Returns (%) as of June 30, 2026

	MTD	QTD	YTD
S&P 500® Index	-0.95	15.20	10.21
Nasdaq-100 Index®	-0.12	27.74	20.31
Russell 2000® Growth Index	3.55	25.71	22.18
Russell 2000® Value Index	3.97	17.19	22.99

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.*

Celebrating 20 Years of Integrity 2003-2023

Composite Performance (%) as of June 30, 2026

	1 Year		5 Year		10 Year	
	Gross	Net	Gross	Net	Gross	Net
Micro Cap Value	57.15	55.58	13.720	12.59	14.58	13.44
Mid Cap Value	25.98	24.91	10.85	9.91	12.08	11.16
Small/Mid Cap Value	33.63	32.29	10.67	9.57	12.66	11.53
Small Cap Value	41.26	39.85	10.28	9.18	11.89	10.78

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where "things are different this time."

As investors, however, we are not strong believers in "things will be different this time." It's not 1776, and we don't dispute the AI revolution. We do, however, have an issue with the valuations on AI-related stocks. We also believe there is opportunity on the other side of the AI trade.

There is hardly an industry that hasn't seen stocks retreat over fears of AI disruption. We don't doubt that there will be impacted companies. However, we also believe there are companies AI will not significantly hurt — and some whose competitive position it may actually improve. We find this side of the AI coin to be enticing. Across our portfolios, we have added weight in software, financial services, and healthcare. We suspect this is one of the more interesting opportunities we have seen in a while.

In the meantime, small caps and value have been leading the pack through the first half of the year, not that investors have noticed. Year-to-date as of 6/30/2026, the Russell 2000® Value Index was up 23%, the Russell 2500™ Value Index was up 24%, and the Russell Midcap® Value was up over 17%. The Russell Microcap® Value Index was up over 30%. This compares to the S&P 500® Index up 10%, and the NASDAQ composite up 13%.

We mentioned in our December 2025 Catalyst that "the setup for small and value is improving. Relatively cheap valuations and improving earnings growth could signal an inflection point." January 2026 saw a strong start to the year for small caps, and we cited Jefferies research that pointed out "when small beats large in the first month of the year, the average gain over the next 11 months has been double digits, and small has beaten large 61% of the time."

We don't know if the performance trend will persist. We do continue to believe that relative valuations are attractive in the value space, and that earnings appear stable. Moreover, we surmise most investors are underweight value given the relative underperformance over the last decade combined with outflows from the asset class. If performance continues, investors will start to take notice, and we could see money flowing back to small and value, perpetuating the rally.

It is believed that George Washington read Thomas Paine's *American Crisis* to his troops before the Christmas Eve surprise attack at Trenton. The value rally has been a bit of a surprise for investors this year. As Paine exhorted the people to continue to support the revolution and not lose faith, we continue to recommend diversification and exposure to the value space. The counter-revolution may already be underway. We will see.

Market Commentary

June was a mixed month for U.S. equities. Small caps, as measured by the Russell 2000 Value Index (+4.0%), outperformed the tech heavy Nasdaq-100 Index® and the S&P 500® Index, which were down -0.1% and -1.0% respectively. The market broadened as investors rotated capital into cyclical sectors, value stocks, and small caps. For the month, value outperformed growth across all four of our benchmarks. Three of our four strategies beat their respective benchmarks for the month. Our mid cap value strategy narrowly underperformed its index.

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All investing involves risk, including the possible loss of principal. 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.

A **composite** is a grouping of individual investment portfolios that share a similar investment strategy, objective, or mandate – aggregated together to represent the overall track record of that 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.

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. **Past performance does not guarantee future results.**

The Russell 2000® Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2000® Index with lower price-to-book ratios and lower forecasted growth values.

The Russell 2500™ Value Index is a market-capitalization-weighted index that measures the performance of those companies in the Russell 2500™ Index with higher composite value scores.

The Russell Midcap® Value Index is a market-capitalization-weighted index that measures the performance of Russell Midcap® Index companies with relatively lower price-to-book ratios and lower forecasted growth.

The Russell Microcap® Value Index is a market- capitalization-weighted index that measures the performance of Russell Microcap® Index companies (1,000 smallest stocks in the Russell 2000® Index plus 1,000 smaller U.S.-based listed stocks) with relatively lower price-to-book ratios and lower forecasted growth values. It represents the value-oriented micro-cap segment of the U.S. equity market.

The Russell Midcap® Value Index is a market-capitalization-weighted index that measures the performance of Russell Midcap® Index companies with relatively lower price-to-book ratios and lower forecasted growth.

The Nasdaq-100 Index® is a modified-capitalization-weighted index designed to measure, based on market capitalization, 100 of the largest nonfinancial domestic and international companies listed on The Nasdaq Stock Market® .

The S&P 500® Index is a market-capitalization-weighted index that measures the performance of the common stocks of 500 leading U.S. companies.

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