INTEGRITY ASSET MANAGEMENT

Catalyst

Portfolio Update and Market Outlook

As of October 31, 2026

"If I could turn back time
If I could find a way
I'd take back those words that've hurt you and you'd stay"
— Diane Warren, (sung by Cher)

The first semi-annual rebalancing of the Russell Indices is coming up in December. This is just a market capitalization rebalance. It is not a complete size and style rebalance like the one in June. The market capitalization cutoffs for the various indices were struck on 10/31/2026. Russell will use banding at the top end of the range to reduce turnover. The top end of the size range for each index is estimated roughly as follows: Russell 2000® – $9.7 billion; Russell 2500™ – $24 billion; and Russell Midcap® – $77 billion (Source: Jefferies, 11/2/2026).

The semi-annual rebalance will hopefully prevent, or at least ameliorate, the significant single stock concentrations seen over the last year. For example, prior to the June rebalance, the top 5 stocks (SNDK, COHR, CIEN, LITE, FLEX) in the Russell 2500™ Value Index made up almost 10% of the benchmark and sported market capitalizations ranging from $54 billion to $310 billion with trailing price/earnings ratios ranging from 54x to 153x (Source: Bloomberg, FactSet, Integrity). Compare that to the estimated top end of the range for this rebalance, and you get a sense

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Composite Performance (%) as of October 31, 2026

	MTD			QTD			YTD		
	Gross	Net	BM	Gross	Net	BM	Gross	Net	BM
Micro Cap Value	3.42	3.33	-1.28	3.42	3.33	-1.28	38.44	37.29	24.37
Mid Cap Value	6.31	6.23	5.84	6.31	6.23	5.84	20.76	19.91	21.99
Small/Mid Cap Value	5.92	5.83	3.22	5.92	5.83	3.22	19.67	18.67	22.57
Small Cap Value	5.06	4.97	2.51	5.06	4.97	2.51	22.71	21.69	19.90

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 October 31, 2026

	MTD	QTD	YTD
S&P 500® Index	-0.87	-0.87	11.77
Nasdaq-100 Index®	-6.63	-6.63	12.98
Russell 2000® Growth Index	-1.30	-1.30	9.27
Russell 2000® Value Index	2.51	2.51	19.90

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 October 31, 2026

	1 Year		5 Year		10 Year	
	Gross	Net	Gross	Net	Gross	Net
Micro Cap Value	44.82	43.37	13.65	12.52	13.95	12.81
Mid Cap Value	24.50	23.44	10.91	9.97	12.20	11.28
Small/Mid Cap Value	24.68	23.43	10.17	9.07	12.37	11.25
Small Cap Value	27.44	26.16	9.49	8.40	11.31	10.04

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of how those stocks became the proverbial tail wagging the dog.

We were skeptical of the size, earnings estimates, and valuations surrounding these names. We did not believe they were good, long-term values for our clients. We were partly happy to see them rebalanced out of the benchmark, but also disappointed that we would not get the chance to see if our fundamental thesis would play out. We thought it would be interesting, given the recent market shift away from AI-related names, to see what our benchmarks' performance would have been had they not rebalanced.

YTD performance through 10/31/2026 for rebalanced (current) indices vs. non-rebalanced:

Index	Actual (Rebalanced)	No Rebalance	Difference
Russell 2000® Value	19.90%	13.97%	592 bps
Russell 2500™ Value	22.58%	14.89%	768 bps
Russell Midcap® Value	21.98%	16.62%	536 bps

Source: Bloomberg, FactSet, Integrity estimates.
One **basis point (bp)** equals 0.01% (1/100th of a percent).

Unfortunately, we do not compete against the non-rebalanced benchmarks. It is a Pyrrhic victory, for sure, but it makes us feel a little better about our longer-term investment decisions surrounding these companies.

Market Commentary

U.S. equity market performance in October was headlined by a technology led sell-off driven by AI spending skepticism and earnings disappointments. This resulted in a sharp rotation away from mega-cap technology and AI stocks into defensive sectors and value stocks.

Small cap value stocks, as measured by the Russell 2000® Value Index (+2.5%), outperformed both the tech heavy Nasdaq-100 (-6.6%) and the S&P 500® (-0.9%). For the month, value outperformed growth across all four of our benchmarks. In addition, all four of our strategies outperformed their respective benchmarks for the month as well.

INTEGRITY ASSET MANAGEMENT

CELEBRATING 20 YEARS OF INTEGRITY 2003-2023

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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.

Indexes are unmanaged; their returns include reinvestment of dividends and other income but do not reflect management fees, transaction costs or expenses. It is not possible to invest directly in an index. **Past performance does not guarantee future results.**

The Russell 1000® Index is a market-capitalization-weighted index that measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000® Index.

The Russell 2000® Index is a market-capitalization-weighted index that measures the performance of the 2,000 smallest U.S. stocks by market capitalization in the Russell 3000® Index.

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 2000® Growth Index is a market-capitalization-weighted index that measures the performance of Russell 2000® Index companies with higher price-to-book ratios and 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 2500™ Index measures the performance of 2,500 small-cap and mid-cap stocks represented by the 2,500 smallest companies in the Russell 3000® Index based on total market capitalization.

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 Midcap® Index is a market-capitalization-weighted index that measures the performance of the 800 smallest U.S. stocks in the Russell 1000® Index.

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 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.

Average P/E Ratio (trailing or last 12 months "LTM") is the current price of the stock divided by the actual earnings per share for the past 12 months.

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