

## Equity market review

### MESIROW EQUITY MANAGEMENT STRATEGIES

AUM: \$1.3B as of December 31, 2024

- Small Cap Value
- Small Cap Core
- SMID Cap Value

“We believe the key to generating consistent investment returns is the selection of investment opportunities that possess attractive valuations and demonstrate identifiable catalysts that are expected to generate accelerating earnings and cash flow growth.”



**Kathryn A. Vorisek**  
Head of Equity Management



**Leo Harmon, CFA, CAIA**  
Chief Investment Officer



**Andrew Hadland, CFA**  
Director of Research

### INVESTMENT OBJECTIVES

- Generate attractive risk-adjusted returns
- Consistently outperform the benchmark over a market cycle
- Participate in rising markets and protect capital in down market

President John Quincy Adams described patience and perseverance as having the magical effect of making difficulties disappear and obstacles vanish. In a similar vein, 2024 was a year of patience and perseverance for small cap investors as market participants navigated a variety of unknowns to achieve success. While fears of recession diminished throughout the year, equity markets produced material price swings as inconsistent economic activity and significant interest rate volatility created a wide range of expected outcomes for equity prices. Small cap equity markets were linked with interest rates, especially during the early portion of the year, oscillating with Fed Fund Futures before finally finding some direction in the second half of the year.

Initially, Fed Fund Futures reflected the possibility of more than six rate cuts before the end of 2024 with the first cut expected as early as March. “Bad news” for the economy became good news for small cap equities given the anticipation of lower rates in response to potentially lower growth and inflation. However, interim reports revealed higher than anticipated inflation which caused rate cut expectations to moderate along with equity prices.

The relationship between rates and market returns that persisted early during the year began to break down during the second quarter as negative economic data started to be interpreted as bad news for both the economy and the markets. As negative economic data created an adverse market response, investors feared a more recessionary environment and viewed the Federal Reserve (the Fed) as possibly being behind the curve on rates and inflation. Additionally, as inflation data displayed more persistent improvement, investors’ desire for rate cuts gathered steam, particularly with marginally weaker economic data.

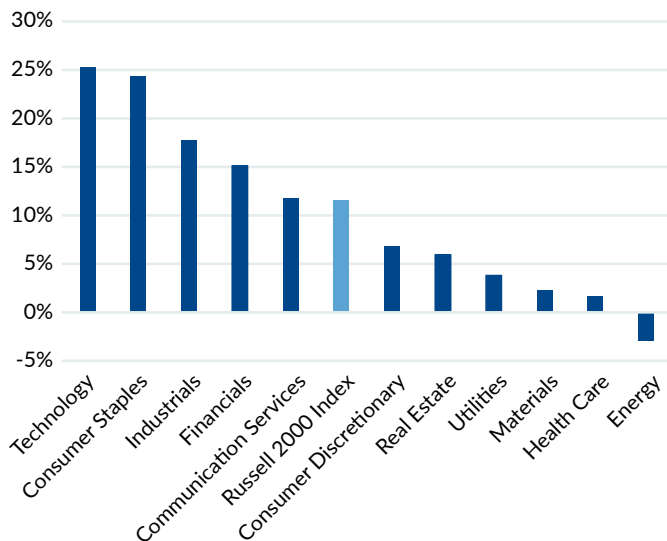
In September, the much-anticipated Fed pivot on interest rates finally occurred, culminating with an initial 50bps decrease. Although the pace of rate cut expectations moderated from the beginning of the year, the removal of rate uncertainty and the prospect of a new presidential administration provided the clearance needed for markets to forge ahead in the second half of the year. Consequently, small cap equity markets responded favorably and rebounded through mid-December, driven in part by the post-election surge. However, the year ended on a sour note as the post-election rally retreated, and markets finished ~10% off their highs, producing relatively muted returns for the quarter but solid overall returns for the year.

Index	4Q2024	2024
Russell 2000 Value	-1.1%	8.1%
Russell 2000	0.3%	11.5%
Russell 2500 Value	-0.3%	11.0%

Data as of 12.31.2024. Source: MEM, Bloomberg and FTSE Russell.

For the year, market leadership in small cap equities was somewhat cyclical but driven by a variety of sectors with Technology, Consumer Staples, Industrials and Financials leading the market (Figure 1). A mix of growth in AI and crypto-related companies in Tech, stronger consumer spending, a recovery in Air Transport and infrastructure for Industrials, plus lower interest rates had a positive impact on these sectors. Conversely, Energy, Materials and Healthcare were laggards relative to the overall market. Leadership for the fourth quarter was the same as for the full year except that Real Estate joined the list of laggards.

FIGURE 1: MARKET RETURNS DRIVEN BY A VARIETY OF SECTORS

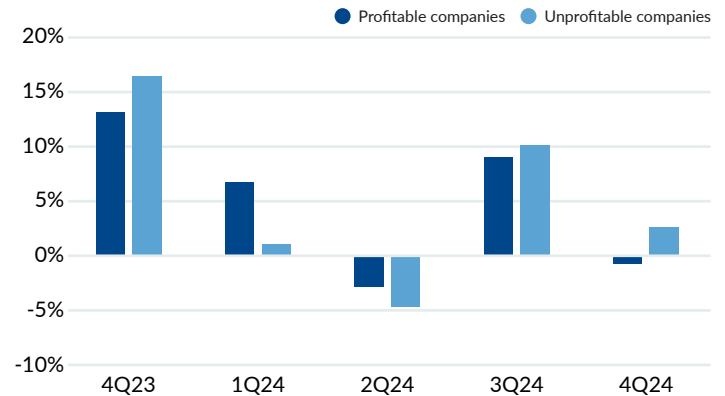


Source: MEM using data from Bloomberg, LP. Data as of 12.31.2024.

Past performance is not indicative of future results.

Higher quality companies (based on profitability) outperformed for the year. However, fourth quarter performance was driven by both lower-quality and growth factors as companies with low profitability (Figure 2), low share prices, high short-interest and higher expected revenue growth were the best performers in the quarter.

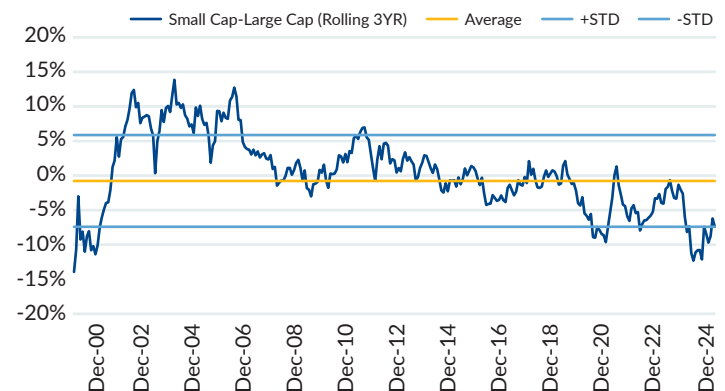
FIGURE 2: UNPROFITABLE COMPANIES OUTPERFORMED IN 4Q



Source: MEM using data from Bloomberg, LP. Data as of 12.31.2024.

Large cap performance continued to dominate small cap indices for the year despite a much better showing for small equities in the second half. In the fact, the performance of small cap equities is about one standard deviation below average (7% annualized) on a rolling 3-yr basis (Figure 3).

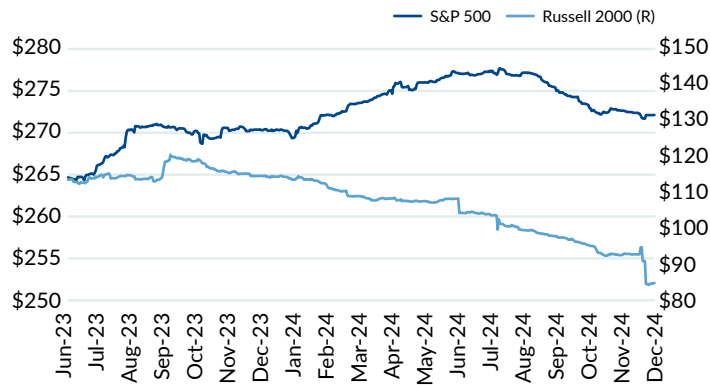
FIGURE 3: ROLLING SMALL CAP PERFORMANCE WELL BELOW HISTORICAL AVERAGES



Source: MEM using data from Bloomberg, LP. Data as of 12.31.2024.

A large portion of this difference is driven by downward revisions in small cap earnings while large cap earnings move higher (Figure 4).

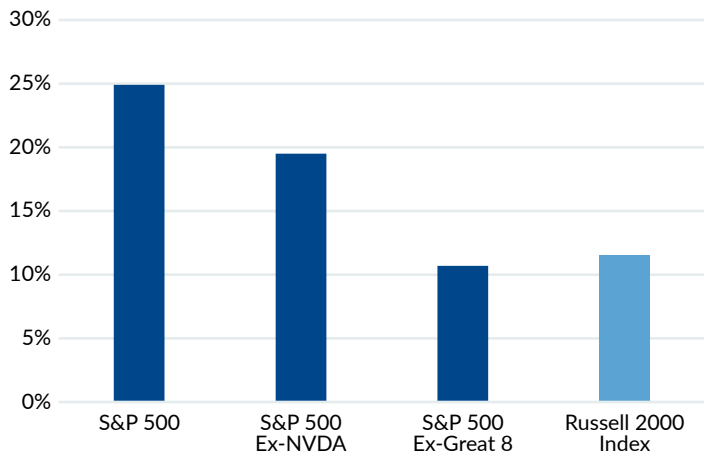
**FIGURE 4: SMALL CAP EARNINGS TRENDING LOWER, LARGE CAP EARNINGS MODERATING**



Source: MEM using data from Bloomberg, LP. Data as of 12.31.2024

In addition, growth indices continued to outperform value indices, mostly driven by the performance of the Technology sector. This is magnified to a greater extent when we examine large cap returns relative to small cap. The eight largest contributors (“The Great 8”) in the S&P 500 Index, composed mostly of large-cap tech companies, represented about 55% of its total return with Nvidia, alone, representing ~20%. Without the contribution of “The Great 8”, large cap and small cap returns would have been much closer to parity (Figure 5).

**FIGURE 5: LARGE CAP RETURNS CONTINUE TO BE DRIVEN BY SEVERAL LARGE COMPANIES**



Source: Source: MEM using data from Bloomberg, L.P. The “Great 8” are Nvidia, Apple, Amazon, Broadcom, Microsoft, Tesla, Meta, and Google. Data as of 12.31.2024.

The outperformance of large cap equities continues to produce a relative value opportunity for small cap companies (Figure 6) and if the historical nature of performance cycles proves to be true, then an opportunity for meaningful outperformance from small cap equities is still very possible (Figure 7).

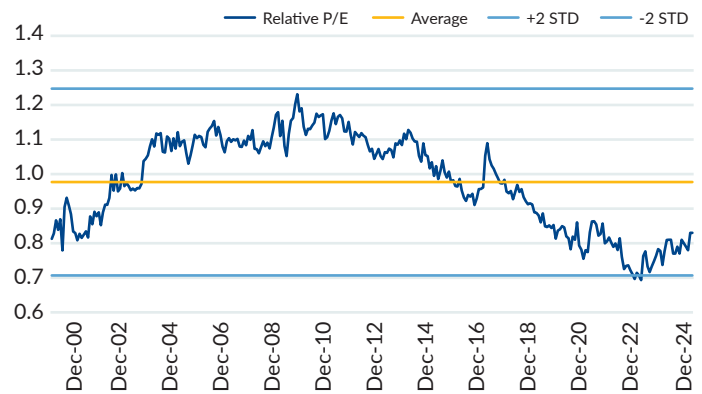
**FIGURE 6: SMALL CAP EQUITIES ARE HISTORICALLY ATTRACTIVE RELATIVE TO LARGE CAP**

10-Year annualized returns <sup>1</sup>	Current P/E as percent of 20-Year average <sup>1</sup>		
	Value	Core	Growth
Large	8.5%	13.1%	16.8%
Mid	8.1%	9.6%	11.5%
Small	7.1%	7.8%	8.1%

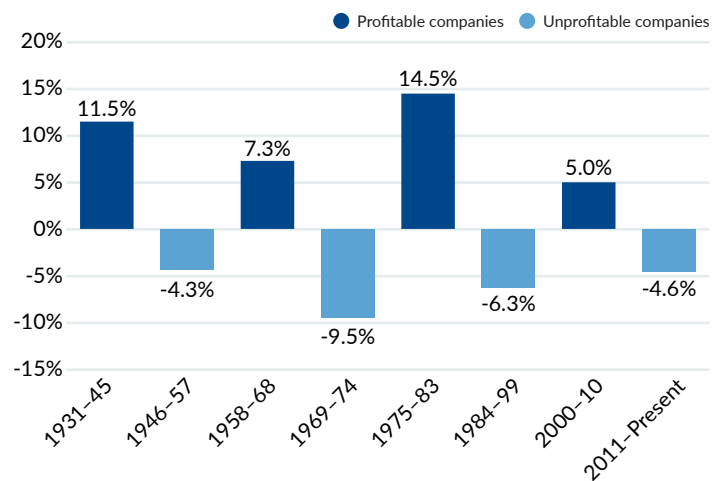
10-Year annualized returns <sup>1</sup>	Current P/E as percent of 20-Year average <sup>1</sup>		
	Value	Core	Growth
Large	117%	135%	150%
Mid	105%	106%	135%
Small	102%	112%	153%

**RELATIVE P/E RUSSELL 2000 VS S&P 500<sup>2</sup>**



1. MEM using data from JP Morgan Asset Management. | 2. MEM using data from FTSE Russell, Bloomberg and CSFB. Data as of 12.31.2024.

**FIGURE 7: SMALL CAP CYCLES OCCUR EVERY 10-15 YEARS; A NEW ONE COULD BE FORMING AFTER 14 YEARS OF LARGE CAP LEADERSHIP**



Source: MEM using data from Furey Research Partners, Bloomberg LP and FTSE Russell. Small cap measured by Russell 2000. Large cap measured by the S&P 500. Data as of 12.31.2024.

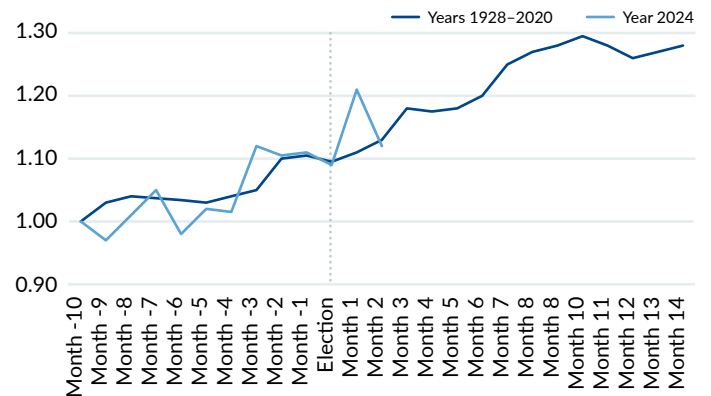
Last year we pondered whether or not small cap equity markets, which were positioned at the top-end of a two-year trading range, were signaling the start of a new bull market or posturing for a continuation of recent volatility. We proposed that the outcome was largely predicated on avoiding a recessionary outcome and achieving a “soft landing.” In the end, we experienced both the volatility of recession fears and the resumption of the bull market as those fears receded over the year. With the Fed now well into the start of a more accommodative policy and the positive response from equity assets thus far, it’s difficult to imagine significant market upside without a reacceleration of earnings growth and economic activity.

In the meantime, we continue to monitor several factors that may influence our tactical portfolio positioning:

- New administration policies related to tariffs and the impact on baseline inflation
- Reduced regulatory oversight expectation and resulting incremental growth
- The prospect of a muted Fed easing cycle driven by higher debt and deficits
- An expansion of current debt and deficits driven by potential tax policy
- Earnings revisions and changes in the growth cadence for 2025-26
- Broader-based recovery in economic activity
- Geopolitical issues and their impact on energy prices and growth expectations
- Impact on housing and consumer spending if mortgage rates remain elevated

As the new presidential administration takes the helm, we are charged with examining the marketplace for both risks and opportunities associated with new policy objectives. Historically, elections have acted as clearing events for small cap returns and this election cycle is currently tracking in line with past observations (Figure 8).

**FIGURE 8: SMALL CAP EQUITIES RESPOND WELL ONCE ELECTION UNCERTAINTY IS REMOVED**



Source: Furey Research Partners, Ibbotson, Bloomberg LP and FactSet. Small-cap returns use Ibbotson monthly returns up until Dec 1978; large-cap returns based on the S&P 500. Data as of 12.31.2024.

We presume that inflation and interest rate expectations will play less of a role in driving equity prices as long as both measures remain within a reasonable range; and while the Fed easing cycle is supportive of equity markets in general, market performance will be tied to incremental data for earnings and economic growth.

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## About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago, with locations around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Global Investment Management, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit [mesirow.com](https://www.mesirow.com) and follow us on [LinkedIn](#).

## Contact us

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### Benchmark definitions:

The Russell 2000 Index offers investors access to the small-cap segment of the US equity universe. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 includes the smallest 2000 securities in the Russell 3000.

The Russell 2000 Value Index offers investors access to the small-cap value segment of the US equity universe. The Russell 2000 Value is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set.

The Russell 2500 Index measures the performance of the small to mid-cap segment of the US equity universe, commonly referred to as "smid" cap. The Russell 2500 Index 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.

The Russell 2500 Value Index measures the performance of the small to mid-cap value segment of the US equity universe. It includes those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. Both indices are completely reconstituted annually to ensure large stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics. (Source: Russell).

The S&P 500 is widely regarded as the best single gauge of large-cap US equities. There is over USD 9.9 trillion indexed or benchmarked to the index, with indexed assets comprising approximately USD 3.4 trillion of this total. The index includes 500 leading companies and covers approximately 80% of available market capitalization. Please see the following GIPS disclosure for additional benchmark definitions.

Mesirow refers to Mesirow Financial Holdings, Inc. and its divisions, subsidiaries and affiliates. The Mesirow name and logo are registered service marks of Mesirow Financial Holdings, Inc. © 2024. All rights reserved. Mesirow Equity Management ("MEM") is a division of Mesirow Institutional Investment Management, Inc. ("MIIM") an SEC-registered investment advisor. This communication is for institutional use only and may contain privileged and/or confidential information. It is intended solely for the use of the addressee. If this information was received in error, you are strictly prohibited from disclosing, copying, distributing or using any of this information and are requested to contact the sender immediately and destroy the material in its entirety, whether electronic or hardcopy.

Nothing contained herein constitutes an offer to sell or a solicitation of an offer to buy an interest in any Mesirow investment vehicle. The information contained herein has been obtained from sources believed to be reliable, but is not necessarily complete and its accuracy cannot be guaranteed. Any opinions expressed are subject to change without notice. It should not be assumed that any recommendations incorporated herein will be profitable or will equal past performance. Model, theoretical or hypothetical performance information and results do not reflect actual trading or asset or fund advisory management and the results may not reflect the impact that material economic and market factors may have had, and can reflect the benefit of hindsight, on MEM's decision-making if MEM were actually managing client's money. Any chart, graph, or formula should not be used by itself to make any trading or investment decision. Mesirow Institutional Investment Management, Inc. and its affiliated companies and/or individuals may, from time to time, own, have long or short positions in, or options on, or act as a market maker in, any securities discussed herein and may also perform financial advisory or investment banking services for those companies. Mesirow does not provide tax or legal advice. Securities offered through Mesirow Financial, Inc. member FINRA, SIPC.

## GIPS REPORT – MEM SMALL CAP VALUE EQUITY COMPOSITE

Gross and Net of Fees Total Returns from January 1, 2014 – December 31, 2024

Year	Year end			Annual performance results					3-year annualized dispersion		
	No. of portfolios	Composite Asset at end of period (\$MM)	Total Firm Assets <sup>(1)</sup> (\$MM)	MEM (gross) Composite (%)	MEM (net) Composite (%)	Russell 2000 Value Index (%)	Russell 2000 Index <sup>(2)</sup> (%)	Composite Dispersion (%)	MEM (gross) Composite (%)	Russell 2000 Value Index (%)	Russell 2000 Index <sup>(2)</sup> (%)
2014	21	1,259	n/a	6.51	5.93	4.22	4.89	0.04	11.54	12.79	13.12
2015	20	1,077	n/a	0.27	-0.26	-7.47	-4.41	0.05	12.57	13.46	13.96
2016	18	1,091	1,684	15.76	15.13	31.74	21.31	0.05	14.37	15.50	15.76
2017	15	976	1,477	14.51	13.88	7.84	14.65	0.03	12.60	13.97	13.91
2018	15	659	789	-14.96	-15.42	-12.86	-11.01	0.04	15.00	15.76	15.79
2019	11	516	678	24.37	23.73	22.39	25.52	0.05	14.86	15.68	15.71
2020	7	501	722	8.46	7.89	4.63	19.96	0.06	23.99	26.12	25.27
2021	9	646	886	30.39	29.74	28.27	14.82	0.09	22.60	25.00	23.35
2022	7	583	790	-3.65	-4.12	-14.48	-20.44	n/a	24.20	27.27	26.02
2023	10	823	1,111	13.21	12.67	14.65	16.93	0.07	18.80	21.75	21.11
<b>Current Performance Results</b>											
2024	11	905	1,332	15.64	15.10	8.05	11.54	0.07	19.99	23.44	23.30

Mesirow Equity Management ("MEM") claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MEM has been independently verified for the periods 01.01.1996 - 12.31.2023. 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. The Small Cap Value Equity Composite has had a performance examination for the periods 01.01.2016 - 12.31.2023. The verification and performance examination reports are available upon request.

Effective 07.01.2022, MEM transferred its assets and associated composites to Mesirow Institutional Investment Management, Inc. ("MIIM"), a registered investment advisor (RIA) registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Prior to 07.01.2022, MEM's assets and associated composites were part of Mesirow Financial Investment Management, Inc. ("MFIM"). The historical performance prior to the creation of MFIM was managed by MFIM or its predecessor firms prior to 01.01.2005. For purposes of claiming GIPS compliance, as of 01.01.2010 the "Firm" was further defined as the US Value Equity business unit, now defined as MEM which manages portfolios primarily for institutional investors adhering to an investment process incorporating fundamental analysis of security valuation factors and drivers. The composites within this unit vary primarily by the capitalization range of the equity securities held. MEM is comprised of the legacy entities of Mesirow Financial Investment Management - US Value Equity (the surviving entity) and Fiduciary Management Associates, LLC (the acquired entity), with each prior to this effective date being held out to the public as separate firms, and each claiming compliance with the GIPS Standards. Effective 04.01.2016, the firm was redefined and renamed for GIPS purposes to include both the legacy Mesirow Financial Investment Management - US Value Equity division and the legacy Fiduciary Management Associates, LLC division as one combined entity.

In 2016, MFIM acquired the asset management rights for all managed portfolios from an independent investment advisory firm and retained all of the principals and employees related to such portfolios. Performance results of the Small Cap Value Equity Composite at the prior firm are the performance record of the Firm.

(1) Total Firm Assets are not presented for periods prior to 2016 because the Composite was not part of the Firm.

Performance and composite inception and creation date is 07.01.1994.

Benchmark returns are not covered by the report of independent verifiers. All returns are calculated and presented in US dollars.

The Small Cap Value Equity Composite includes all institutional portfolios that invest in the small capitalization strategy with a minimum initial account size of \$1,000,000. The strategy allows for investments in equity securities of companies with market capitalizations in a range representative of constituents in the Russell 2000 Index. The strategy aims to deliver a total return primarily through long-term capital appreciation. The benchmarks for the strategy are the Russell 2000 Index and the Russell 2000 Value Index. The performance presented herein represents past performance and is no guarantee of future results. Gross returns presented are net of any withholding taxes

incurred. MEM and benchmark performance reflect the reinvestment of dividends and interest income, expressed in U.S. dollars. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The composite policy requires the temporary removal of any portfolio incurring a client-initiated significant inflow or outflow of 10% of portfolio assets. The firm maintains a complete list of composite descriptions, a list of pooled fund descriptions for limited distributions pooled funds and a list of broad distributions pooled funds, which is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

Balanced portfolio segments were included in this composite prior to 10.01.1999 and cash was equally distributed among asset segments in their respective composites. On 06.30.2008, MEM redefined the requirements for membership in the composite to exclude accounts or carve-out segments of accounts with client mandated cash allocations in excess of 5%. The membership of this composite did not change as a result of this redefinition. On 04.01.2009, MEM redefined the requirements for membership in the composite to exclude all carve-out accounts. The membership of this composite did not change as a result of this redefinition.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

Composite internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. Because it is not statistically meaningful, MEM does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts. Inclusion of the three-year annualized ex-post standard deviation of the composite and benchmark was added as a requirement effective 12.31.2011.

### Performance / Net of Fee Disclosure

Net of fee performance is calculated using the actual monthly fee accrued to each account in the composite as of 01.01.2010. Prior to 01.01.2010, Net of fee performance was calculated using the highest actual management fee charged to a member of the composite during the calendar year, applied monthly. Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2 of Form ADV of MIIM.

In presentations shown prior to 09.30.2014, net of fee performance was calculated using the actual monthly fee accrued to each account in the composite as of 04.01.2014. Prior to 04.01.2014, Net of fee performance was calculated using the highest actual management fee charged to a member of the composite during the calendar year, applied monthly.

10.01.2011 – 03.31.2014 the annual fee rate used was 0.95% which was the highest fee.

06.01.2011 – 09.30.2011 the annual fee rate used was 1.00%

01.01.2010 – 05.31.2011 the annual fee rate used was 0.90%

01.01.2008 – 12.31.2009 the annual fee rate used was 0.80% prior to 01.01.2008 the annual fee rate used was 0.79%.

**Investment Fee Disclosure**

MEM requests that any third party, including investment management consultants, provide our performance data only on a one-on-one basis. Performance results are presented before management and custodial fees.

Vehicle	Fee Schedule
Small Cap Equity Strategy (described in MEM's Form ADV, Part 2)	0.85% on the first \$25 million 0.75% on the next \$25 million 0.60% on the next \$50 million 0.55% on the balance
Small Cap Value Equity CIT	0.45% on all assets – Founder Class [Closed]* 0.80% on all assets – Class A

\*Founders share class was closed to new investor 05.31.2023.  
Class A Units is now available to Participating Plans.

An actual fee charged to an individual portfolio may vary by size and type of portfolio. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 8% a year, and (c) 0.85% annual investment advisory fee would reduce the portfolio's value by \$8,892 in the first year, by \$51,223 over five years and \$123,351 over 10 years. Actual investment advisory fees incurred by clients will vary.

**Benchmark Definitions**

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The Russell 2000 Index® offers investors access to the small-cap segment of the U.S. equity universe. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 includes the smallest 2000 securities in the Russell 3000. The Russell 2000 Value Index® offers investors access to the small-cap value segment of the U.S. equity universe. The Russell 2000 Value is constructed to provide a comprehensive and unbiased barometer of the small-cap value market. Based on ongoing empirical research of investment manager behavior, the methodology used to determine value probability approximates the aggregate small-cap value manager's opportunity set. (Source: Russell).

These indexes have been displayed as comparisons to the performance of the Small Cap Value Equity Composite.

(2) Additional Information.

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## GIPS REPORT – MEM SMID CAP VALUE EQUITY COMPOSITE

Gross and Net of Fees Total Returns from January 1, 2014 – December 31, 2024

Year	No. of portfolios	Year end		Annual performance results				3-year annualized dispersion <sup>(2)</sup>	
		Composite Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MEM (gross) Composite (%)	MEM (net) Composite (%)	Russell 2500 Value Index (%)	Composite Dispersion (%)	MEM (gross) Composite (%)	Russell 2500 Value Index (%)
2014	5 or fewer	47	n/a	7.54	7.10	7.11	n/a	11.36	11.25
2015	5 or fewer	34	n/a	-0.52	-0.92	-5.49	n/a	11.98	12.02
2016	6	108	1,684	14.33	13.67	25.20	n/a	13.32	13.18
2017	5 or fewer	113	1,477	14.14	13.26	10.36	n/a	11.53	11.81
2018	5 or fewer	100	789	-11.20	-11.88	-12.36	n/a	13.67	13.58
2019	5 or fewer	128	678	27.35	26.38	23.56	n/a	13.72	14.23
2020	5 or fewer	156	722	8.71	7.93	4.88	n/a	23.47	25.05
2021	5 or fewer	195	886	27.39	26.45	27.78	n/a	22.38	24.15
2022	5 or fewer	171	790	-9.08	-9.72	-13.08	n/a	24.25	26.46
2023	5 or fewer	221	1,111	15.11	14.28	15.98	n/a	18.81	20.70
<b>Current Performance Results</b>									
2024	5 or fewer	250	1,332	13.28	12.47	10.98	n/a	19.57	21.63

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\*Performance and composite inception and creation date is 05.01.2010.

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Effective 06.01.2019 the Small-Mid Cap Value Equity Composite was renamed to SMID Cap Value Equity Composite.

The SMID Cap Value Equity Composite includes all institutional portfolios that invest in the SMID capitalization strategy. Effective 04.01.2016, the composite was subject to a \$1,000,000 minimum account size. From 10.01.2014 to 04.01.2016 there was no stated minimum account size. Prior to 10.01.2014 the \$1,000,000 minimum was applied. The strategy allows for investments in equity securities of companies with

market capitalizations in a range representative of constituents in the Russell 2500 Index. The strategy aims to deliver a total return primarily through long-term capital appreciation. The benchmark for the strategy is Russell 2500 Value Index. The performance presented herein represents past performance and is no guarantee of future results. Gross returns presented are net of any withholding taxes incurred. MEM and benchmark performance reflect the reinvestment of dividends and interest income, expressed in U.S. dollars. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The firm maintains a complete list of composite descriptions, a list of pooled fund descriptions for limited distributions pooled funds and a list of broad distributions pooled funds, which is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

Composite internal dispersion is calculated using the asset-weighted standard deviation of annual gross returns of those portfolios that were included in the composite for the entire year. Because it is not statistically meaningful, MEM does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts. Inclusion of the three-year annualized ex-post standard deviation of the composite and benchmark was added as a requirement effective 12.31.2011.

(2) Data are not presented for periods containing less than 36 monthly returns for the composite.

### Performance / Net of Fee Disclosure

Effective 04.01.2016 the composite excludes bundled fee accounts. Between 03.31.2016 – 10.01.2015 the Composite included bundled fee accounts and accounts that did not pay management fees to MEM. The bundled fees included a combination of trading, custody and other administrative fees. Those bundled fee accounts and non-management-fee paying accounts represented less than 1% of Composite assets. For bundled fee assets, gross of fee performance is reduced by the entire bundled fee since trading expenses cannot be isolated.

Net of fee performance is calculated using the actual monthly fee accrued to each account in the composite. In presentations shown prior to 06.30.2014, net of fee performance was calculated using the highest actual management fee charged to a member of the composite during the calendar year, applied monthly. Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2 of Form ADV of MIIM.

### Investment Fee Disclosure

MEM requests that any third party, including investment management consultants, provide our performance data only on a one-on-one basis. Performance results are presented before management and custodial fees.

Vehicle	Fee Schedule
SMID Cap Value Strategy (described in MEM’s Form ADV, Part 2)	0.85% on the first \$25 million 0.75% on the next \$25 million



0.60% on the next \$50 million  
0.55% on the balance

Vehicle	Fee Schedule
SMID Cap Value Equity CIT	0.45% on all assets – Founder Class [Closed]* 0.75% on all assets – Class A

\*Founders share class was closed to new investor 05.31.2023.  
Class A Units is now available to Participating Plans.

An actual fee charged to an individual portfolio may vary by size and type of portfolio. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 8% a year, and (c) 0.85% annual investment advisory fee would reduce the portfolio's value by \$8,892 in the first year, by \$51,223 over five years and \$123,351 over 10 years. Actual investment advisory fees incurred by clients will vary.

#### **Benchmark Definition**

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 Index 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. 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 companies with lower price-to-book ratios and lower forecasted growth values. The Russell 2500 Index is constructed to provide a comprehensive and unbiased barometer for the small to mid-cap segment. Both Indices are completely reconstituted annually to ensure large stocks do not distort the performance and characteristics of the true small to mid-cap opportunity set and that the represented companies continue to reflect value characteristics. (Source: Russell)

These indexes have been displayed as comparisons to the performance of the SMID Cap Value Equity Composite.

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## GIPS REPORT – MEM SMALL CAP CORE EQUITY COMPOSITE

Gross and Net of Fees Total Returns from April 1, 2019 – December 31, 2024

Year	No. of portfolios	Year end Composite		Annual performance results				3-year annualized dispersion <sup>(2)</sup>	
		Asset at end of period (\$MM)	Total Firm Assets (\$MM)	MEM (gross) Composite (%)	MEM (net) Composite (%)	Russell 2000 Index (%)	Composite Dispersion (%)	MEM (gross) Composite (%)	Russell 2000 Index (%)
2019*	5 or fewer	1	678	9.28	8.65	9.55	n/a	–	–
2020	5 or fewer	12	722	7.61	6.81	19.96	n/a	–	–
2021	5 or fewer	15	886	28.04	27.10	14.82	n/a	–	–
2022	5 or fewer	24	790	-3.99	-4.69	-20.44	n/a	24.56	26.02
2023	5 or fewer	30	1,111	13.28	12.44	16.93	n/a	18.60	21.11
<b>Current Performance Results</b>									
2024	5 or fewer	34	1,332	15.55	14.71	11.54	n/a	19.74	23.30

Mesirow Equity Management (“MEM”) claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. MEM has been independently verified for the periods 01.01.1996 – 12.31.2023. 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. The Small Cap Core Equity Composite has had a performance examination for the periods 04.01.2019 -12.31.2023. The verification and performance examination reports are available upon request.

Effective 07.01.2022, MEM transferred its assets and associated composites to Mesirow Institutional Investment Management, Inc. (“MIIM”), a registered investment advisor (RIA) registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940. Prior to 07.01.2022, MEM’s assets and associated composites were part of Mesirow Financial Investment Management, Inc. (“MFIM”). For purposes of claiming GIPS compliance, as of 01.01.2010 the “Firm” was further defined as the US Value Equity business unit, now defined as MEM which manages portfolios primarily for institutional investors adhering to an investment process incorporating fundamental analysis of security valuation factors and drivers. The composites within this unit vary primarily by the capitalization range of the equity securities held. MEM is comprised of the legacy entities of Mesirow Financial Investment Management – US Value Equity (the surviving entity) and Fiduciary Management Associates, LLC (the acquired entity), with each prior to this effective date being held out to the public as separate firms, and each claiming compliance with the GIPS Standards. Effective 04.01.2016, the firm was redefined and renamed for GIPS purposes to include both the legacy Mesirow Financial Investment Management – US Value Equity division and the legacy Fiduciary Management Associates, LLC division as one combined entity.

\*Performance and composite inception and creation date is 04.01.2019.

Benchmark returns are not covered by the report of independent verifiers.

All returns are calculated and presented in US dollars.

Effective 12.31.2022, the Small Company Sustainable Equity Composite and Strategy (formerly, Small Cap Value Sustainability Equity) was renamed Small Cap Core Equity Composite or Strategy.

This composite represents the small cap core equity portfolios following our relative-value based investment philosophy. The strategy seeks selection of investment opportunities that possess attractive valuations and demonstrate identifiable catalysts that are expected to generate positive changes in fundamental metrics. All discretionary institutional accounts are included with no stated minimum account size. Currently, both taxable and non-taxable accounts are included. The primary benchmark for this composite is the Russell 2000 Index. The performance presented herein represents past performance and is no guarantee of future results. MEM and benchmark performance reflect the reinvestment of dividends and interest income, expressed in U.S. dollars. Results are based on fully discretionary accounts under management, including those accounts no longer with the firm. The firm maintains a complete list of composite descriptions, a list of pooled fund descriptions for limited distributions pooled funds and a list of broad distributions pooled funds, which is available upon request. Policies for valuing investments, calculating performance, and preparing GIPS Reports are available upon request.

### Calculation of Risk Measures: Annual / 3 Years Dispersion

Composite internal dispersion is calculated using the asset-weighted standard

deviation of annual gross returns of those portfolios that were included in the composite for the entire year. Because it is not statistically meaningful, MEM does not calculate the dispersion of annual returns for the years the composite held five or fewer accounts. Inclusion of the three-year annualized ex-post standard deviation of the composite and benchmark was added as a requirement effective 12.31.2011.

(2) Data are not presented for periods containing less than 36 monthly returns for the composite.

### Performance / Net of Fee Disclosure

The net of fees returns, for non-fee-paying assets, is calculated by reducing the monthly gross performance by one-twelfth of the maximum applicable fee, .75bps. These returns are then geometrically linked to produce annual returns. The Composite’s market value includes non-fee-paying assets. From composite inception through 12.31.2019, 100%; 12-31-2020-12.31.2021 10% and 12.31.2022-12.31.2024 5% of market value consisted of non-fee-paying assets. Performance information that is provided gross of fees does not reflect the deduction of advisory fees. Client returns will be reduced by such fees and other expenses that may be incurred in the management of the account. Advisory fees are described in Part 2 of Form ADV of MIIM.

### Investment Fee Disclosure

MEM requests that any third party, including investment management consultants, provide our performance data only on a one-on-one basis. Performance results are presented before management and custodial fees. As described in MEM’s Form ADV, Part 2, investment management fees for the Small Cap Core Equity Strategy are:

- 0.85% on the first \$25 million
- 0.75% on the next \$25 million
- 0.60% on the next \$50 million
- 0.55% on the balance

An actual fee charged to an individual portfolio may vary by size and type of portfolio. Fees are collected quarterly, which produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client’s portfolio assuming (a) \$1,000,000 investment, (b) portfolio return of 8% a year, and (c) 0.85% annual investment advisory fee would reduce the portfolio’s value by \$8,892 in the first year, by \$51,223 over five years and \$123,351 over 10 years. Actual investment advisory fees incurred by clients will vary.

### Benchmark Definition

The Russell 3000® Index measures the performance of the 3,000 largest U.S. companies based on total market capitalization, which represents approximately 98% of the investable U.S. equity market.

The Russell 2000 Index® offers investors access to the small-cap segment of the U.S. equity universe. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. The Russell 2000 includes the smallest 2000 securities in the Russell 3000. (Source: Russell).

These indexes have been displayed as comparisons to the performance of the Small Cap Core Equity Composite.

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