Integrity Micro Cap Value Equity Strategy
First Quarter 2024 Performance Summary

Commentary Highlights:

- Relative performance was about breakeven. Financials and industrials were the largest sources of contribution, mostly from stock selection.
- Health care was the most significant negative largely due to our underweight allocation. Weak stock selection in technology was an additional headwind.
- Sector allocations were a negative due to the sizeable underweight to health care, mainly biotechs, which materially outperformed.
- RadNet, Inc (RDNT), Heritage Insurance Holdings, Inc (HRTG), and DXP Enterprises, Inc (DXPE) were the three largest contributors.
- Not owning Cleanspark, Inc (CLSK), not owning Avidity Biosciences Inc (RNA), and Comtech Telecommunications Corp (CMTL) were the three largest detractors.

Top 5 Holdings – Representative Account

12/31/2023			3/31/2024		
Ticker	Name	Weight	Ticker	Name	Weight
BKD	Brookdale Senior Living Inc.	1.58	BKD	Brookdale Senior Living Inc.	1.41
RDNT	RadNet, Inc.	1.37	RDNT	RadNet, Inc.	1.40
CMCO	Columbus McKinnon Corporation	1.22	CMCO	Columbus McKinnon Corporation	1.36
ICHR	Ichor Holdings, Ltd.	1.19	ICHR	Ichor Holdings, Ltd.	1.32
NTST	NETSTREIT Corp.	1.19	NTST	NETSTREIT Corp.	1.26

Comments
No changes to the top five holdings.

Sector Weights – Representative Account

	12/31/2023	O/U	3/31/2024	O/U
Communication Services	4.33	1.28	4.48	1.51
Consumer Discretionary	13.73	3.84	13.23	4.14
Consumer Staples	0.00	-1.15	0.00	-1.11
Energy	6.47	-0.66	7.42	0.06
Financials	25.40	-4.03	24.02	-2.63
Health Care	6.39	-12.29	5.78	-15.85
Industrials	17.80	4.96	19.49	5.78
Information Technology	12.08	4.46	12.08	3.89
Materials	6.67	2.54	6.27	2.26
Real Estate	4.63	-0.70	4.48	-0.17
Utilities	0.70	-0.04	0.71	0.12

Comments
The weight to consumer discretionary, financials, and health care decreased. The weight to energy and industrials increased.

In consumer discretionary, we sold Solo Brands, Inc. Class A (DTC) and Genesco, Inc. (GCO). We exited Solo Brands, Inc. Class A (DTC) following a negative earnings preannouncement and an unexpected CEO transition. We sold Genesco Inc. (GCO) on execution concerns following a guidance cut. Wolverine World Wide, Inc. (WWW) and PlayAGS, Inc. (AGS) were replacements. We bought Wolverine World Wide, Inc. (WWW) as the company has a new CEO focused on de-leveraging and improving operations. PlayAGS, Inc. (AGS) trades at a discount to peers, with a management team focused on de-leveraging and revenue diversification.

Financials lagged, and this resulted in a lower absolute weight. Banks underperformed after a strong rally and reduced expectations for near-term interest rate cuts.

Our health care weight declined as we eliminated Community Health Systems, Inc. (CYH). Cashflow conversion has been weak and could drive liquidity concerns with a highly levered balance sheet.

In energy, we purchased Ardmore Shipping Corporation (ASC), which has significant spot market exposure to capitalize on higher tanker rates. Longer voyages from the Red Sea disruptions, lower new-builds, and higher utilization continue to support a robust tanker market. Strong free cash generation supports the 6.2% dividend yield. We did harvest some gains in Teekay Tankers Ltd. Class A (TNK).

Strong stock selection and outperformance of the group led to the higher industrials weight. We added three new holdings and purged three positions. Thermon Group Holdings, Inc. (THR) trades at a discount to peers after a recent pullback. It has diversified away from the more volatile and cyclical oil and gas markets. Thermon Group Holdings, Inc. (THR) should benefit from electrification and decarbonization efforts. Liquidity Services, Inc. (LQDT) continues to increase its registered buyers and auction participants, highlighting the value of its platform. It has a superior balance sheet with net cash that allows for accretive deals. Higher shipping rates due to Red Sea disruptions and limited fleet growth should lead to improving results at Pangaea Logistics Solutions Ltd. (PANL). It has a solid balance sheet and has consistently outperformed industry benchmarks thanks to a cargo-first focus and asset-light strategy. We exited Hawaiian Holdings, Inc. (HA) to take our gains as it is being acquired and there are concerns the deal may be blocked by regulators. SP Plus Corporation (SP) and Sterling Check Corp. (STER) were eliminated. They are being acquired.

In technology, we are moving on from Comtech Telecommunications Corp. (CMTL) and Lantronix, Inc. (LTRX) as their turnarounds have taken longer than expected. Comtech Telecommunications Corp. (CMTL) announced a surprise CEO change, the third in just over two years. A recent CEO change likely extends the turnaround timeline at Lantronix, Inc. (LTRX). We swapped proceeds into Infinera Corporation (INFN), which is well positioned to benefit from an optical networking recovery.

Top Contributors/Detractors (Quarter ended 3/31/2024) – Representative Account
Contribution to Return Relative to Benchmark

Best			Worst		
Ticker	Name	Total Effect	Ticker	Name	Total Effect
RDNT	RadNet, Inc.	+0.47	CLSK	Cleanspark, Inc.*	-0.53
HRTG	Heritage Insurance Holdings, Inc.	+0.35	RNA	Avidity Biosciences Inc.*	-0.45
DXPE	DXP Enterprises, Inc.	+0.33	CMTL	Comtech Telecommunications Corp.	-0.32
MOD	Modine Manufacturing Company	+0.33	SSP	E. W. Scripps Company Class A	-0.31
CRAI	CRA International, Inc.	+0.28	RRGB	Red Robin Gourmet Burgers, Inc.	-0.29

*Not Owned

Comments
Despite news of a strategic investment, shares of Comtech Telecommunications Corp. (CMTL) lagged on the lack of a finalized debt refinancing and cautious demand commentary from communications equipment peers. Despite better-than-expected earnings results, E. W. Scripps Company Class A (SSP) lagged on softer-than-expected political advertising guidance and the suspension of their preferred stock dividend payment. Cautious demand commentary from peers also contributed to the underperformance. Red Robin Gourmet Burgers, Inc. (RRGB) reported disappointing earnings and guidance as results lagged on tough comparisons and weather disruption.

Attribution – Representative Account
Q1 2024
Relative performance was about breakeven. Financials and industrials were the largest sources of contribution, mostly from stock selection. Health care was the most significant negative, largely due to our underweight allocation. Weak stock

selection in technology was an additional headwind. Sector allocations were a negative due to the sizeable underweight to health care, mainly biotechs, which materially outperformed.

Within financials, an underweight to banks helped as the group underperformed after a strong rally and reduced expectations for near-term interest rate cuts. First Internet Bancorp (INBK) was a substantial positive. Better-than-expected results and outlook as net interest margins improved led to a gain of 44%. Dime Community Bancshares, Inc. (DCOM) was a notable detractor due to worries about its rent-regulated multi-family exposure. Strong consumer demand and better margins led to stellar results at EZCORP (EZPW). Our insurance holdings were a significant contributor. Heritage Insurance Holdings, Inc. (HRTG) rebounded 63% as strong results were driven by improved pricing and lower weather/catastrophe losses. Similar dynamics led to a 33% gain for HCI Group, Inc. (HCI).

Industrials were a sizeable contributor. DXP Enterprises, Inc. (DXPE) was the largest positive. It advanced 59% due to improved margins and the closure of three small acquisitions that enhance margins and growth. CRA International, Inc. (CRAI) rebounded 52% after reporting exceptional results as client activity increased. Strong execution and year-end budget flushes benefitted Willdan Group (WLDN) earnings. Interface, Inc. (TILE) rallied thanks to lower input costs, share gains, and continued debt paydown.

Performance in consumer discretionary was a small positive. Modine Manufacturing Company (MOD) gained 59%. It reported another strong quarter and announced an acquisition to further expand its data center exposure for HVAC systems. Latham Group Inc. (SWIM) shares rallied 51% as expectations for Federal Reserve interest rate cuts started to be priced into the market. It makes residential vinyl pools, which are sensitive to financing costs. Conversely, Red Robin Gourmet Burgers, Inc. (RRGB), Solo Brands, Inc. Class A (DTC), and OneWater Marine Inc. Class A (ONEW) were disappointments. Red Robin Gourmet Burgers, Inc. (RRGB) reported disappointing earnings and guidance as results lagged on tough comparisons and weather disruption. Solo Brands, Inc. Class A (DTC) negatively preannounced earnings and an unexpected CEO transition. OneWater Marine Inc. Class A (ONEW) reported disappointing earnings as boat inventory levels remain elevated.

Real estate and energy were very minor positives, as our holdings slightly outperformed.

The lack of biotech ownership was the most sizeable negative in health care. The average biotech was up almost 23%, which cost us 245 basis points. RadNet, Inc. (RDNT) and Collegium Pharmaceutical, Inc. (COLL) were the main highlights. RadNet, Inc. (RDNT) reported a strong quarter, with top- and bottom-line-beating estimates driven by strong volume trends. It also reiterated upbeat guidance. Collegium Pharmaceutical, Inc. (COLL) was up 26% as results exceeded estimates.

Technology was a detractor due to weakness within software and communications equipment. In software, we did not own Cleanspark, Inc. (CLSK), a bitcoin mining company, which was up more than 92%. In communications equipment, Comtech Telecommunications Corp. (CMTL) and Lantronix, Inc. (LTRX) hurt performance. Despite news of a strategic investment, shares of Comtech Telecommunications Corp. (CMTL) lagged on the lack of a finalized debt refinancing and cautious demand commentary from communications equipment peers. Lantronix, Inc. (LTRX) issued weaker-than-expected guidance resulting from excess inventory at customers and a product pushout. Kimball Electronics, Inc. (KE) also hindered performance as demand softness coupled with changing customer production schedules and delivery date requirements pressured results. Semiconductors were a modest positive as we did not own some of the worst performers.

Performance in materials was a very minor negative. Radius Recycling Inc. Class A (RDUS) was hurt by lower scrap volumes and pricing.

Performance in communication services was about breakeven. PubMatic, Inc. Class A (PUBM) was a notable winner. It reported strong earnings and guidance, powered by growth in monetized impressions and emerging revenue streams. However, this was offset by E. W. Scripps Company Class A (SSP). Despite better-than-expected earnings results, it lagged on softer-than-expected political advertising guidance and the suspension of their preferred stock dividend payment. Cautious demand commentary from peers also contributed to the underperformance.

Outlook

And all that is now
And all that is gone
And all that's to come
And everything under the sun is in tune
But the sun is eclipsed by the moon

– Pink Floyd

We had to have an "eclipse" reference this month. It was either Pink Floyd or Bonnie Tyler ("Total Eclipse of the Heart"). Classic rock won out.

Anticipation of Federal Reserve interest rate policy seems to eclipse everything else in the market. The first quarter of 2024 witnessed a reversal of some of the rate-cut euphoria of Q4 2023. The Q4 2023 expectations for significant rate reductions weighed on Q4 portfolio performance. The portfolios benefitted in Q1 from some lessening of those expectations.

We are not sure when or by how much the Federal Reserve will cut interest rates. Furthermore, while not the most likely, we don't completely discount the possibility of zero cuts this year or further increases down the road. We were happy to hear Federal Reserve Chairman Powell state something we have been harping on for some time. Interest rates are not going back to pre-pandemic levels. The post-2008 interest rate environment was unique, not normal. Powell does not think it is likely that we would return to long-run rates that are in the 2% range. He also doesn't see long-term rates around the world returning to levels at or below zero.

Money-losing, long-duration equities have been a big beneficiary of ultra-low interest rates. We've written in the past about the high concentration of these companies in our value benchmarks and our significant underexposure to them. These stocks react favorably to rate reduction expectations. We continue to look for companies that meet our investment criteria and respond favorably to lower rates. We have found some investments, but not enough to completely offset our underexposure.

The upcoming Russell rebalance holds a sliver of good news. Some of the value indexes will likely see the weight of non-earners slightly decrease. Our lead risk analyst, Mike Wayton, projects that non-earners would decrease by approximately 1.6 percentage points in the Russell 2000® Value Index, by almost 1% in the Russell Midcap® Value Index benchmark, and remain roughly the same in the Russell 2500™ Value Index. The exposure will still be significant, but we will take any relief we can find.

Mike also estimates the rebalanced benchmarks will have slightly lower betas, smaller growth rates, and lower valuations. In short, they will be more value-like. The Russell rebalance is scheduled for Friday, June 28. The first official, preliminary index membership lists are expected to be released on Friday, May 24. We will have more certainty around these characteristics as well as sector weights at that time.

Here in Cleveland, we are within the path of totality of the April 8, 2024 eclipse. The last time this happened was 1806. The next occurrence will be 2444. That's about as rare as seeing near-zero to negative interest rates. We don't know if it will be 400 years before zero rates happen again, but we don't think it will be soon. As we have stated before, we believe "normal" rates could provide the catalyst to reverse the significant underperformance of small-caps vs. large-caps and value vs. growth. Time will tell. In the meantime, we will continue to apply our flexible value strategy, searching for undervalued stocks with a catalyst, keeping a close eye on the risk in our portfolios, and striving for consistent, long-term performance for our clients.

INTEGRITY MICRO CAP VALUE EQUITY – REPRESENTATIVE ACCOUNT

TOP 10 ACTIVE OVERWEIGHTS

Ticker	Company Name	Active Weight
BKD	Brookdale Senior Living Inc.	1.41
RDNT	RadNet, Inc.	1.40
VECO	Veeco Instruments Inc.	1.13
HCI	HCI Group, Inc.	1.08
BHE	Benchmark Electronics, Inc.	1.06
EZPW	EZCORP, Inc. Class A	1.02
HLIT	Harmonic Inc.	0.99
COLL	Collegium Pharmaceutical, Inc.	0.97
DHIL	Diamond Hill Investment Group, Inc.	0.92
ICHR	Ichor Holdings, Ltd.	0.91

TOP 10 ACTIVE UNDERWEIGHTS

Ticker	Company Name	Active Weight
CLSK	Cleanspark, Inc.	-1.31
UEC	Uranium Energy Corp.	-0.95
CRNX	Crinetics Pharmaceuticals Inc.	-0.94
RNA	Avidity Biosciences Inc.	-0.69
PLAB	Photronics, Inc.	-0.63
GEO	GEO Group Inc.	-0.62
POWL	Powell Industries, Inc.	-0.48
ACMR	ACM Research, Inc. Class A	-0.44
DYN	Dyne Therapeutics Inc.	-0.44
FDMT	4D Molecular Therapeutics, Inc.	-0.43

INTEGRITY MICRO CAP VALUE EQUITY – REPRESENTATIVE ACCOUNT

NEW POSITIONS

Ticker	Company Name
AGS	PlayAGS, Inc.
ASC	Ardmore Shipping Corp.
INFN	Infinera Corporation
LQDT	Liquidity Services, Inc.
PANL	Pangaea Logistics Solutions Ltd.
THR	Thermon Group Holdings, Inc.
WWW	Wolverine World Wide, Inc.

CLOSED POSITIONS

Ticker	Company Name
CMTL	Comtech Telecommunications Corp.
CYH	Community Health Systems, Inc.
DTC	Solo Brands, Inc. Class A
GCO	Genesco Inc.
HA	Hawaiian Holdings, Inc.
LTRX	Lantronix, Inc.
SP	SP Plus Corporation
STER	Sterling Check Corp.

Composite Performance (%)
As of December 31, 2023

	Quarter	YTD	1-Year	3-Year	5-Year	10-Year	Since Inception (02/01/11)
Integrity Micro Cap Value Equity (Gross)	16.87	16.14	16.14	12.84	11.99	8.95	11.97
Integrity Micro Cap Value Equity (Net)	16.58	14.99	14.99	11.72	10.87	7.86	10.86
Russell Microcap® Value Index	16.30	8.86	8.86	6.93	9.54	6.87	8.99

Past performance cannot guarantee future results. Returns for periods greater than one year are annualized; returns reflect the reinvestment of dividends and other earnings.

A GIPS® Report is provided at the end of this document.

Integrity Micro Cap Value strategy focuses on micro-cap companies that are currently trading below our estimate of intrinsic value and are characterized by improving investor sentiment.

Index returns are provided to represent the investment environment during the periods shown. Index returns include the reinvestment of dividends and capital gains but do not include transaction costs, management fees or other costs. One cannot invest directly in an index.

Information relating to portfolio holdings is based on the representative account in the composite and may vary for other accounts in the strategy due to asset size, client guidelines and other factors. The representative account is believed to most closely reflect the current portfolio management style.

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 holdings for the previous 12 months, each holding's contribution to the strategy's performance, and the calculation methodology used to determine the holdings' contribution to performance is available on request. Victory Capital Management Inc., and its affiliates, as agents for their clients, and any of its officers or employees, may have a beneficial interest or position in any of the securities mentioned, which may be contrary to any opinion or projection expressed in this report.

Contributors and Detractors Source: FactSet. The top contributors and detractors are presented to illustrate examples of the portfolio's investments and may not be representative of the portfolio's current or future investments. The percent displayed is contribution to return. Holdings are as of quarter end and may change at any time.

Integrity Asset Management is a Victory Capital Franchise. Advisory services offered by Victory Capital Management Inc., an SEC-registered investment adviser.

V17.049 // 1Q 2024 INTGY Micro Cap Val Strategy COM

INTEGRITY ASSET MANAGEMENT

VICTORY COMPOSITE PERFORMANCE

INTEGRITY MICRO CAP VALUE EQUITY STRATEGY

Year Ending	Gross Return	Net Return	Benchmark	3yr Annualized Standard Deviation (%) Composite	3yr Annualized Standard Deviation (%) Benchmark	Number of Portfolios	Internal Dispersion	Composite Assets (mm)	Total Franchise Assets (mm)	Total Firm Assets (mm)
12/31/2023	16.14%	14.99%	8.86%	22.86%	23.49%	≤5	N/M	$113	$5,355	$145,153
12/31/2022	-10.73%	-11.63%	-16.70%	30.38%	27.99%	≤5	N/M	$128	$4,691	$135,073
12/31/2021	38.58%	37.20%	34.84%	28.82%	26.41%	≤5	N/M	$198	$5,308	$163,030
12/31/2020	-0.29%	-1.27%	6.34%	29.53%	26.39%	≤5	N/M	$160	$4,331	$144,348
12/31/2019	22.93%	21.71%	21.28%	16.69%	16.07%	≤5	N/M	$224	$5,326	$147,934
12/31/2018	-14.69%	-15.54%	-11.96%	16.99%	16.55%	≤5	N/M	$137	$4,659	$51,500
12/31/2017	12.13%	11.02%	11.09%	15.53%	15.47%	≤5	N/M	$182	$6,283	$60,297
12/31/2016	31.06%	29.75%	30.59%	16.47%	16.71%	≤5	N/M	$198	$6,031	$42,934
12/31/2015	1.08%	0.07%	-5.77%	14.28%	14.67%	≤5	N/M	$110	$5,182	$30,889
12/31/2014	5.56%	4.52%	3.65%	13.26%	14.31%	≤5	N/M	$117	$5,164	$33,679

1. Victory 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. Victory Capital Management Inc. has been independently verified for the period from January 1, 2001, through December 31, 2022. 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 Integrity Micro Cap Value Equity Composite has had a performance examination for the periods January 1, 2014, through December 31, 2022. The verification and performance examination reports are available upon request.
2. Victory Capital Management Inc. (VCM) is a diversified global investment adviser registered under the Investment Advisers Act of 1940 and comprises multiple investment franchises: Integrity Asset Management, Munder Capital Management, New Energy Capital Partners, NewBridge Asset Management, RS Investments, Sophus Capital, Sycamore Capital, THB Asset Management, Trivalent Investments, Victory Income Investors (formerly USAA Investments, a Victory Capital Investment Franchise), and the VictoryShares & Solutions Platform. Munder Capital Management and Integrity Asset Management became part of the VCM GIPS firm effective November 1, 2014; RS Investments and Sophus Capital effective January 1, 2017; Victory Income Investors, effective July 1, 2019; THB Asset Management, effective March 1, 2021, and New Energy Capital effective November 1, 2021. Effective September 1, 2023, INCORE Capital Management is no longer part of the VCM GIPS firm.
3. The Integrity Micro Cap Value Equity Composite includes all accounts, except wrap fee paying accounts, and focuses on micro-cap companies that are currently trading below our estimate of intrinsic value and are characterized by improving investor sentiment. The composite creation date is February 2011, and the composite inception date is February 2011.
4. The benchmark of the composite is the Russell Microcap® Value Index. Prior to October 2015, the benchmark is the Russell Microcap® Index. The benchmark was changed prospectively as the firm believes the current benchmark provides a more representative comparison of the composite strategy. The Russell Microcap Value Index measures the performance of the micro capitalization value segment of the U.S. equity market. It includes those companies with lower price-to-book ratios and lower forecasted growth rates in the Russell Microcap® Index, which comprises the smallest 1,000 companies in the Russell 2000® Index plus 1,000 smaller U.S. equities. You cannot invest directly in an index. The Russell Microcap® Index measures the performance of the microcap segment of the U.S. equity market. Microcap stocks make up less than 3% of the U.S. equity market (by market cap) and consist of the smallest 1,000 securities in the small-cap Russell 2000® Index, plus the next 1,000 smallest eligible securities by market cap. The benchmark returns are provided to represent the investment environment existing during the time periods shown and are not covered by the report of independent verifiers. For comparison purposes, the index is fully invested, which includes the reinvestment of income. The returns have been taken from a published source and do not include any transaction fees, management fees, or other costs.
5. The internal dispersion of annual returns is measured by the standard deviation of asset-weighted gross returns of accounts included in the composite for the full year. If less than six portfolios are included in the composite for the full year, no dispersion measure is presented, as it is not considered meaningful (N/M). The three-year annualized ex-post standard deviation measures the variability of the composite's gross returns, and the benchmark returns over the preceding 36-month period. It is not required to be presented for annual periods prior to 2011 or when a full three years of composite performance is not yet available.
6. Composite and benchmark returns are presented net of non-reclaimable withholding taxes. Gross-of-fees returns are presented before management and custodial fees but after all trading expenses. Net-of-fees returns are calculated by deducting 1/12 of the highest tier of the standard fee schedule in effect for the period noted (the model fee). The composite model fee for each period is either the highest tier of the current fee schedule or a higher value, whichever is required to ensure the model composite net-of-fee return is lower than or equal to the composite net-of-fee return calculated using actual fees. 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. The complete fee schedule for this product is:

Market Value	Annual Fee
First $15,000,000	1.00% (Min. Annual Fee: $50,000)
Next $35,000,000	0.90%
Next $50,000,000	0.80%
Thereafter	0.75%

7. Valuations and returns are stated in U.S. dollars. Past performance should not be considered indicative of future performance. Composite returns reflect the reinvestment of dividends and other earnings. A list of broad distribution pooled funds, composite and limited distribution pooled fund descriptions and policies of valuing investments, calculating performance, and preparing GIPS Reports are available upon request. Registration with the SEC does not imply a certain level of skill or training.
8. The composite is managed by Integrity Asset Management, a Victory Capital Management Inc. investment franchise. Performance prior to October 2014 occurred while the team was affiliated with a prior firm. The investment management team has managed the composite strategy since inception and the investment process has not changed. The historical performance has been linked to performance earned at Victory Capital Management Inc.
9. 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.